

Bluefield Solar Income Fund Limited

Annual Report and  
Financial Statements

FOR THE YEAR ENDED 30 JUNE 2024

Company Registration Number: 56708

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## General Information

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### **Board of Directors** (all non-executive)

John Scott (Chair and Chair of Nomination Committee)

Elizabeth Burne (Chair of Audit and Risk Committee)

Michael Gibbons CBE (Senior Independent Director and Chair of Remuneration Committee)

Meriel Lenfestey (Chair of Environmental, Social and Governance Committee)

Paul Le Page (retired 30 September 2023)

Chris Waldron (appointed 1 December 2023) (Chair of Management Engagement and Service Providers Committee)

### **Registered Office**

PO Box 286

Floor 2, Trafalgar Court

Les Banques, St Peter Port

Guernsey, GY1 4LY

### **Investment Adviser**

Bluefield Partners LLP

6 New Street Square

London, EC4A 3BF

### **Administrator, Company Secretary and Designated Manager**

Ocorian Administration (Guernsey) Limited

Floor 2, Trafalgar Court

Les Banques, St Peter Port

Guernsey, GY1 4LY

### **Sponsor, Broker and Financial Adviser**

Deutsche Numis

45 Gresham Street

London, EC2V 7BF

### **Independent Auditor**

KPMG Channel Islands Limited

Gategny Court, Gategny Esplanade

St Peter Port

Guernsey, GY1 1WR

### **Legal Advisers to the Company**

(as to English law)

Norton Rose Fulbright LLP

3 More London Riverside

London, SE1 2AQ

### **Registrar**

Computershare Investor Services (Guernsey) Limited

13 Castle Street

St Helier

Jersey, JE1 1ES

### **Legal Advisers to the Company**

(as to Guernsey law)

Carey Olsen

PO Box 98, Carey House

Les Banques, St Peter Port

Guernsey, GY1 4BZ

### **Principal Bankers**

NatWest International plc

35 High Street

St Peter Port



Guernsey, GY1 4BE



# Highlights

As at 30 June 2024 / 30 June 2023

<p><b>Net Asset Value (NAV)</b></p> <p><b>£781.6m</b> <del>£854.2m</del></p> <p>NAV per share</p> <p><b>129.75p</b> <del>139.70p</del></p>	<p><b>Dividend Target per Share</b></p> <p><b>8.80pps</b> <del>8.40pps</del></p> <p><b>Actual Dividend Declared</b></p> <p><b>8.80pps</b> <del>8.60pps</del></p>
<p><b>Underlying Earnings<sup>1</sup></b> (pre amortisation of debt)</p> <p><b>£94.6m</b> <del>£108.4m</del></p> <p><b>Underlying Earnings per share<sup>1</sup></b> (pre amortisation of debt)</p> <p><b>15.51p</b> <del>17.72p</del></p> <p><b>Underlying Earnings per share available for distribution<sup>1</sup></b> (post amortisation of debt)</p> <p><b>10.57p</b> <del>14.74p</del></p>	<p><b>Total Shareholder Return<sup>2</sup></b></p> <p><b>-4.67%</b> <del>-2.03%</del></p> <p><b>Total Return in year<sup>3</sup></b></p> <p><b>-0.83%</b> <del>5.45%</del></p> <p><b>Total return to Shareholders since IPO</b></p> <p><b>84.19%</b> <del>89.79%</del></p>

<p><b>Environmental, Social and Governance (ESG)</b></p>	
<p><b>ESG KPIs<sup>4</sup></b></p> <ul style="list-style-type: none"> <li>➤ Generated 810,602 MWh of renewable energy (June 2023: 836,231 MWh)</li> <li>➤ Powered the equivalent of 300,000 UK homes<sup>5</sup> (June 2023: 288,000)</li> <li>➤ Avoided 167,800 tonnes of CO2e emissions<sup>6</sup> (June 2023: 173,000)</li> </ul> <p><b>ESG Highlights</b></p> <ul style="list-style-type: none"> <li>*Undertook a second physical scenario analysis to examine the potential impacts of changing wind speeds on the Company's wind portfolio.</li> <li>*Developed near-term Net Zero targets, covering the Company's scope 1, 2 and 3 emissions.</li> <li>*Developed a nature framework, aligned with the recommendations of the Task Force on Nature-related Financial Disclosures ("TNFD").</li> </ul>	 

<p><b>Construction and Development Pipeline</b></p> <ul style="list-style-type: none"> <li>• 93 MW under construction</li> <li>• 774 MW approved</li> <li>• 375 MW in planning</li> <li>• 315 MW potential capacity</li> </ul>	
	<p><b>1.56 GW</b></p> <p>(954 MW Solar, 603 MW battery)</p>

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. It is defined in the Alternative Performance Measure appendix.

2. Total Shareholder Return is based on share price movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.

3. Total Return is based on the NAV movement and dividends paid in the year. It is defined in the Alternative Performance Measure appendix.

4. Performance relates to the Company's 100% owned portfolio.

5. Based on Ofgem's Typical Domestic Consumption Values (TDCV). The TDCV has reduced, hence this metric has increased despite a decrease in generation compared with the previous year.

6. Based on generation data aligned with the relevant 2024 Government CO2e conversion factor. In the current Year, the Company reported avoided emissions on a gross basis, reflecting its equity share in investments but without allocating any avoided emissions to debt finance providers

## Highlights (continued)

### Results Summary:

	For the year ended 30 June 2024	For the year ended 30 June 2023
Total operating income	<b>(£7,410,520)</b>	<b>£49,069,809</b>
Total comprehensive income before tax	<b>(£9,600,983)</b>	<b>£46,793,621</b>
Total underlying earnings (pre amortisation of debt) <sup>1</sup>	<b>£94,580,146</b>	<b>£108,367,331</b>
Earnings per share (per page 66)	<b>(1.57p)</b>	<b>7.65p</b>
Total underlying EPS available for distribution <sup>2</sup>	<b>12.00p</b>	<b>18.13p</b>
Total declared dividends per share for year	<b>8.80p</b>	<b>8.60p</b>
Underlying earnings per share carried forward (See Page 24)	<b>3.40p</b>	<b>9.53p</b>
NAV per share	<b>129.75p</b>	<b>139.70p</b>
Share price at 30 June	<b>105.60p</b>	<b>120.00p</b>
Total return <sup>3</sup>	<b>(0.83)%</b>	<b>5.45%</b>
Total Shareholder Return <sup>4</sup>	<b>(4.67)%</b>	<b>(2.03)%</b>
Total Shareholder Return since inception <sup>5</sup>	<b>84.19%</b>	<b>89.79%</b>
Dividends per share paid since inception	<b>78.59p</b>	<b>69.79p</b>

1. Underlying earnings is an alternative performance measure employed by the Company to provide insight to the Shareholders by linking the underlying financial performance of the operational projects to the dividends declared and paid by the Company. It is defined in the Alternative Performance Measure appendix.

2. Total underlying EPS is calculated using underlying earnings available for distribution, including unutilised prior year underlying earnings per share carried forward, divided by the average number of shares.

3. Total return is based on NAV per share movement and dividends paid in the year.

4. Total Shareholder Return is based on share price movement and dividends paid in the year.

5. Total Shareholder Return since inception is based on share price movement and dividends paid since the IPO.

# Corporate Summary

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## **Investment Objective**

The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of regular income distributions, by being invested primarily in solar energy assets located in the UK. The Company also invests a minority of its capital into other renewable assets including wind and energy storage.

## **Structure**

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it is regulated by the GFSC as a registered closed-ended collective investment scheme and as a Green Fund after successful application under the Guernsey Green Fund Rules to the GFSC on 16 April 2019. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the LSE following its IPO on 12 July 2013. On 29 July 2024, the UK Listing Rules were updated and as a result, the Company is now a member of the Equity Shares in Commercial Companies ("ESCC") category. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling.

The Company makes its investments via its wholly owned subsidiary (Bluefield Renewables 1 Limited) and has the ability to use long term and short term debt at the holding company level, as well as having long term, non-recourse debt at the SPV level.

## **Investment Adviser**

The Investment Adviser to the Company during the year was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508.

In May 2015, Bluefield Services Limited (BSL), a company with the same ownership as the Investment Adviser, commenced providing asset management services to the investment SPVs held by the Company's wholly owned UK subsidiary, Bluefield Renewables 1 Limited (BR1).

In August 2017 Bluefield Operations Limited (BOL), a company with the same ownership as the Investment Adviser, commenced providing operation and maintenance services to the Company and provides services to approximately 80% of the capacity of the investment portfolio held by the Company as at year-end.

In December 2020, Bluefield Renewable Developments Limited (BRD), a company with the same ownership as the Investment Adviser, commenced providing BSIF with new build development opportunities in addition to arrangements in place with the Company's other development partners.

In October 2023, Bluefield Construction Management Limited (BCM), a company with the same ownership as the investment adviser, commenced providing BSIF with construction management services on the new build portfolio.

# Chair's Statement

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## Introduction

The year ended 30 June 2024 (the “Year”) has produced many challenges for your Company and its Investment Adviser. Despite a political environment which is strongly supportive of renewable electricity, our shares – along with all others in our sector - have traded at a persistent discount to underlying NAV, effectively preventing us from raising fresh capital in the stock market, a strategy which has served us and our Shareholders well for the first ten years of our existence. This is a problem to which I referred last year, and I am sorry to report that, with discounts widening across the sector, in the intervening twelve months the issue has become more acute; at one point, BSIF's discount exceeded 25%. We have therefore adopted a fresh approach to the twin questions of: from where do we access the funds needed to finance our growth; and what is the optimum allocation of the capital resources available to us?

BSIF's operating performance, which saw generation fall by 3%, was hampered by two factors. We suffered from a number of planned outages as inverters were replaced by newer and more reliable designs. The other factor was the weather, the Year in question seeing irradiation levels which were some 4.3% below expectations. Those who can remember the water-logged months of July/August 2023 and May/June 2024 will probably be surprised that the shortfall is not greater.

The most important development for BSIF, announced in December 2023, is our broad partnership with GLIL Infrastructure (“GLIL”), whereby we agreed under Phase One to co-invest in the acquisition of a 247MW portfolio of UK solar assets; and, in Phase Two, to sell to GLIL a 50% stake in one of our existing portfolios of operating solar assets, a transaction that was concluded in September 2024. As well as providing the Company with capital to invest in new developments, it has also allowed us to reduce our floating rate debt.

In light of the discount at which our shares have been trading, in February 2024 we announced a share buyback programme. Between the beginning of March and 30 June 2024, BSIF bought back over 9 million of its own shares at a cost of approximately £9.4 million. Buying at a discount to NAV added 0.4 pps to the Company's net asset value and the shares repurchased are held in treasury. Since Year end, we have continued to buy back shares and as at 26 September we have repurchased over 14 million shares and the discount stands at approximately 18%.

Although we did not complete any new solar projects during the Year, two of our largest solar investments – Mauxhall Farm (44.4MW) and Yelvertoft (48.4MW) - were energised at the end of July 2024 and the beginning of August 2024, respectively. Currently, our total generating capacity (including our 50% share in the assets which were the subject of Phase Two of our strategic partnership with GLIL) stands at 883MW, comprising 824.7MW of solar and 58.3MW of wind.

## Highlights of the year

- Total generation of the 100% owned portfolio, at 811GWh, fell by 3% as compared with the 836GWh generated in the year ended 30 June 2023;
- Total declared dividends for the Year increased to 8.80pps, in line with our previously declared target (30 June 2023: 8.60pps) and with dividends covered 1.36 times by current earnings;
- Irradiation was 4.3% below expectations and we suffered from significant plant downtime, largely on account of planned inverter replacements;
- Our income rose 3.1%, despite spot electricity prices falling - thanks to contracts struck earlier and to our high proportion of regulated and inflation-linked revenues;
- On 25 January 2024, the Company announced the completion of Phase One of its strategic partnership with GLIL, which was an investment of £20 million of equity, alongside £200 million from GLIL, to fund the acquisition of a 246.6MW portfolio of UK solar assets.
- Subsequent to our Year end, we have completed Phase Two of our partnership with GLIL, comprising the sale of a 50% stake in a 112.2MW portfolio of operating solar assets, resulting in a payment to BSIF of circa £70 million, of which £50.5 million was used to repay the Company's Revolving Credit Facility (“RCF”). Following completion, the Company's equity stake in the combined portfolios increased to approximately 25%;

## Chair's Statement (continued)

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### Highlights of the year (continued)

- Work on the Company's development pipeline continued, with planning consents being secured on 223MW of solar projects and 90MW of battery projects, while the wider pipeline grew to 954MW of solar and 603MW of battery storage;
- The NAV per share fell to 129.75pps (30 June 2023: 139.70pps), the reduction reflecting lower long term electricity prices and lower inflation expectations;
- BSIF's shares traded at a persistent discount to NAV, the closing price on 30 June 2024 being 19% below the NAV (30 June 2023: 14% discount);
- Subsequent to 30 June 2024, two major solar plants, with a combined capacity of 92.8MW, were energised.

At the Year end, the Group's total outstanding debt stood at £607 million, with leverage at 43% of GAV (30 June 2023: 41% of GAV).

### Underlying Earnings and Dividends

The Underlying Earnings for the Year, before amortisation of long-term debt, were £94.6 million, or 15.5pps, and underlying earnings available for distribution, post debt repayments of £30.1m (4.9pps), were £64.5 million (10.6pps). Thus, the Company has earned comfortably in excess of its total dividend of 8.80pps for the Year.

This has enabled the declaration of a fourth interim dividend of 2.20pps, bringing the total dividend for the Year to 8.80pps (Prior Year: 8.60pps); the yield on our shares - based on a share price of 106.40pps on 26 September 2024 - is 8.3%. The Board has set a target dividend for the year ended 30 June 2025 of not less than 8.90pps. This extends our record of progressive increases, and reflects our intention to repay borrowings and continue a programme of share buybacks, while also investing in the development of our pipeline to generate and store electric energy.

### Valuation and Discount Rate

There has been considerable activity in the secondary market for renewable electricity projects; demand for solar portfolios remains strong, providing ample evidence to validate the asset values adopted by BSIF. Prices seen in the market over the past two years range between £1.20m/MW and £1.45m/MW and over 1GW of operational capacity has been brought to market in the Year.

Some of this activity involves BSIF as a seller of operating solar investments; by entering into its partnership with us, GLIL acquired a 50% stake in a selection of BSIF's solar assets in Phase Two of the strategic partnership, for a price which values the 112MW portfolio at circa £140 million. The financial assumptions underlying this transaction are consistent with those used by the Company in publishing its latest NAV of 129.75pps as at 30 June 2024. The portfolio discount rate is unchanged at 8% for the valuation and the enterprise value of the Company's operational portfolio is £1,136.5m, representing £1.24m/MW for the solar assets (30 June 2023: £1.35m/MW).

### Inflation

UK inflation has abated in the past year; in June 2023 RPI inflation was running at 10.7%, whereas this fell to 2.9% for June 2024. On a CPI basis, the figures were 7.9% and 2.0%, respectively. Sterling interest rates, however, have been slower to fall. In August 2024 the Bank of England reduced Base Rate by just 0.25%, to 5.00%, and the UK 5 year gilt rate is now below 4%, down from approximately 4.5% one year ago.

BSIF is a net beneficiary of inflation, since our regulated income is index-linked, boosting our revenues from ROCs and FiTs faster than the increase in our operating costs. The Company also adopts a prudent approach to leverage, with most of our debt being fixed at the historically low interest rates which prevailed until 2022; lower interest rates assist BSIF by reducing the cost of our revolving credit facility.



## Chair's Statement (continued)

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### **Power Prices**

Spot electricity prices have softened considerably in the Year, but the Company's PPA strategy of fixing power prices for between one and three years in advance has allowed the Company to benefit from power contracts which are insulating the Company from short term price weakness. The average weighted prices for these contracts were £149/MWh for June 2024 (June 2023: £230/MWh).

### **Environmental, Social and Governance ("ESG")**

I am pleased to say that our significantly enhanced ESG reporting has been well received by Shareholders and other commentators. We continue to build on our approach and once again I express BSIF's appreciation for the work done by the Investment Adviser to align the Company with best practice in this field. This year is the Company's second year of implementing and monitoring its ESG performance against its KPIs and further information is available on page 47.

### **Capital allocation and gearing**

As noted earlier, with BSIF's shares trading at a significant discount, we continue to buy back our own shares on a regular basis and, since the commencement of this programme in February, total buybacks now exceed 14 million shares, all held in treasury. At the same time, we are steadily reducing the balance on our RCF and it is the Board's intention, within the constraints of the resources available to the Company, to persevere with both programmes.

### **The Board**

As noted in our Interim Report, in November 2023 Chris Waldron joined the BSIF Board as a non-executive director.

Having been a member of this Board since the flotation of the Company in 2013, I intend to retire in 2025. Thus, the forthcoming AGM will be the final time I shall be seeking re-election to the Board. The Board is at an advanced stage of an exercise, involving an external search agency, to identify an additional director to be appointed during our current financial year.

### **The AGM**

The Company's Annual General Meeting will take place at 10.30am on 6 December 2024 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. Shareholders who are unable to be present in person are encouraged to submit questions in advance of the meeting.

### **Conclusion**

BSIF is required every five years to give Shareholders the opportunity to vote for the continuation or otherwise of the Company. Your Board was delighted when the vote held at the 2023 AGM resulted in a 98.56% vote in support of the continuation of the Company and we interpret this as a strong vote of confidence in our business and in our Investment Adviser, Bluefield Partners.

It is clear from their early weeks in office that the incoming Labour Government regards the expansion of indigenously produced renewable energy as one of its priorities and recent announcements regarding investment in significantly increased grid capacity suggest to us that they are entirely serious about fostering a three-fold increase in solar power by 2030 and that the opportunities for our business are legion. Our main constraint remains accessing the capital that is needed to develop the opportunities that exist. As well as our operating portfolio of nearly 900MW of wind and solar capacity, BSIF has a significant development pipeline, comprising nearly 1GW of solar projects and over 600MW of batteries.

## Chair's Statement (continued)

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### Conclusion (continued)

Your Company is currently responsible for the generation of some 5% of all solar power in the UK and it is our intention to participate fully in the planned expansion of this resource. The recently established publicly owned energy company, Great British Energy, has been designed to accelerate clean energy deployment and we welcome this, as well as the other initiatives announced to date which will support the path to both net zero emissions and greater energy security and independence. At the same time, the Government recognises the need to reform electricity market arrangements to deliver the pace and scale of change required to meet its target of decarbonisation of the electricity system and continues to assess its options following a second round of consultations in May 2024. We are active participants in this debate.

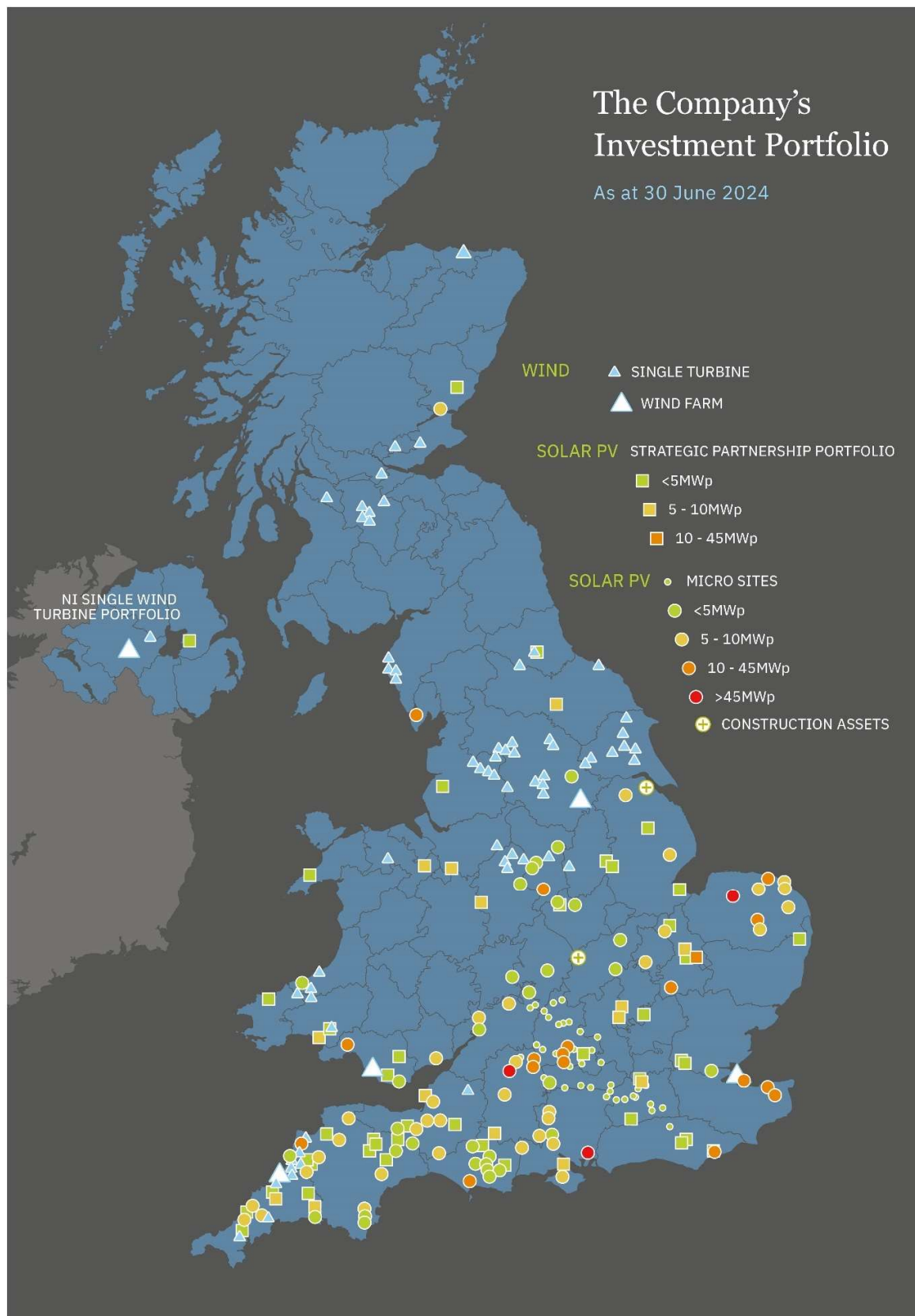
Our primary objective for the current year is to progress those investments which meet our investment return criteria and which can be built and grid connected soonest, while working forensically on our existing portfolio to improve and update what is there, all with the objective of maximising the operating performance. We are fortunate to have a very significant volume of index-linked regulated revenue which, combined with our Investment Adviser's successful strategy of fixing medium term power sales contracts, gives us confidence in the prospects for BSIF and our ability to continue to provide our Shareholders with a rising dividend.

**John Scott**

Chair

27 September 2024

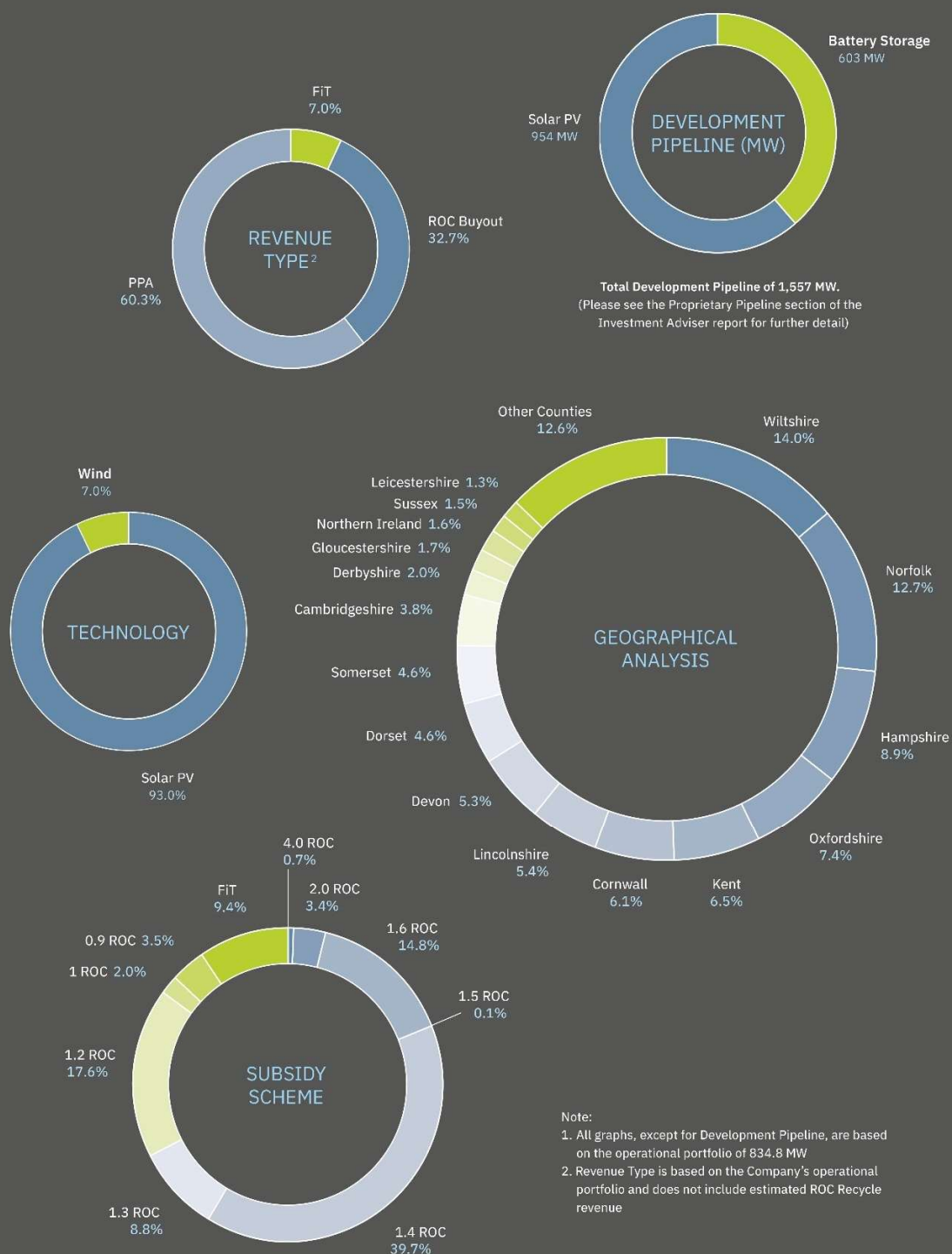
## The Company's Investment Portfolio



# Analysis of the Company's Investment Portfolio

## Analysis of the Company's Investment Portfolio<sup>1</sup>

As at 30 June 2024



# Report of the Investment Adviser

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## Introduction from the Managing Partner of the Investment Adviser

In the year to 30 June 2023, the Company delivered the strongest earnings in its 10 year history and whilst records cannot be broken every year, the financial performance for the period to 30 June 2024 has once again been strong with the dividend target of 8.80p comfortably covered by in period earnings (net of debt and taxes).

The Company's highly successful power price strategy has once again delivered material value to shareholders, but for the first time in its operating history the portfolio has suffered the twin effects of below budget irradiation (-4.3%) and below budget operational performance (-5.1%).

Whilst the Board and the Investment Adviser have no control over the amount of irradiation and wind speed, it is important to note the operational challenges faced by the portfolio are principally the result of one-off DNO outages and isolated challenges with particular inverter models.

The Investment Adviser, Bluefield Services and Bluefield Operations, have addressed this with a targeted inverter replacement programme, investing over £3.6m to June 2024 and the results of which are already delivering performance back towards expectations.

Stepping outside of the Company, the equity markets over the past twelve months have continued to present a challenging year for the listed renewables sector. Across the sector, Bluefield Solar included, share price discounts to NAVs have persisted and so the prospect of capital raises from the equity markets has remained unattainable.

This has presented a multi layered challenge to the Company as it balances the need to continue progression of its extensive pipeline of development opportunities, to prevent the risk of loss of value, whilst simultaneously creating liquidity to reduce drawings under the Company's RCF balance and provide support to the Company's share buyback programme.

Despite these considerable challenges, it is highly pleasing to be able write about a series of actions the Company has taken over the past year which have made material strides in specifically addressing these challenges. These were:

1. **Strategic Partnership with GLIL:** The announcement in December 2023 of the commencement of a Strategic Partnership with GLIL, the large infrastructure investor. This innovative arrangement, unique amongst the actions being taken by other listed peers, was structured to simultaneously address an attractive acquisition opportunity, provide liquidity for reducing the Company's RCF and progression of a selected portion of the Company's development pipeline.

The partnership covers three phases:

- a. Phase One of the partnership, completed in January 2024, enabled Bluefield Solar to acquire a minority stake in a highly attractive operational portfolio alongside GLIL as the majority investor. The agreement also has the option for Bluefield to increase its stake, assuming there are available funds.
- b. Phase Two of the partnership, completed in August 2024, was the sale by Bluefield Solar of a 50% stake in a 112MWp operational portfolio owned 100% by the Company. The sale, completed in line with the Company's prevailing NAV, realised proceeds of circa £70m and enabled a material initial repayment (being circa £50m) of the Company's drawn RCF balance (leaving it at circa £134m at the time of writing)
- c. Phase Three of the partnership, which is currently in progress, is a commitment for GLIL and Bluefield Solar to co-invest into a selected portfolio of circa 10% of the Company's proprietary development pipeline and enable construction over the next two to three years.



# Report of the Investment Adviser (continued)

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## Introduction from the Managing Partner of the Investment Adviser (continued)

2. **Share buyback Programme:** Turning attention to the challenge of the share price discount relative to the Company's NAV, in February 2024 the Board announced a share buyback programme of £20m in order to provide direct support to the share price. As at 30 June 2024, the Company had spent £9.4m of this allocation.

Whilst there has been considerable success with the various strategic initiatives deployed over the past twelve months, the steps that are taken next are just as important in ensuring performance of the Company continues to match that of the previous decade. What does this mean in practice?

On a direct basis, it means reviewing options for prospective disposals of up to a third of the Company's development pipeline (in line with the Company's previous statements on the percentage of retention) to deliver capital recycling and secure value from development activities as well as consideration of further sales, on a limited capacity basis, of the Company's operational assets. Both these initiatives will facilitate further reductions in the Company's RCF balance, as well as providing funds to progress and protect the value of the Company's remaining developments. An example of this is over 300MW of solar and co-located battery developments in the north east of England that we are looking to sell in part or as a single package. On completion this will provide additional liquidity to the Fund and should provide a material return to BSIF, who is the majority shareholder.

Further to this, we are actively looking at whether there are further sales of operational assets to recycle funds, and support the initiatives of further paying down of the RCF, and a continued share buyback strategy. And we also looking at making sure our structural debt is optimised for the long term benefit of the shareholders.

On a wider basis, it means continuing to operate the Company in keeping with the five core strengths that have been so successful in driving out performance for shareholders over the past decade:

1. **Capital Structure:** continued focus on prudent use of leverage and in the near term a gradual reduction in RCF drawings, with long term financings secured at attractive rates on a fixed interest basis (a current average cost of debt of c.3.4% on £430m of long-term borrowings),
2. **Power Sales Strategy:** striking Power Price Agreements contracts at the short end of the power curve (6-30 months), through competitive tender processes, enabling it to maximise value for shareholders from the most liquid part of the power market.
3. **Active Management:** continuing to provide a dedicated workforce of 130 within Bluefield Partners and Bluefield Services, providing an end to end service, offering from development through construction to operation and long term management, all with ESG embedded across each function.
4. **Proprietary Pipeline:** constantly applying the DNA of the business around accessing primary opportunities (as highlighted by the 1.5GW solar and storage proprietary pipeline the Investment Adviser has built up exclusively for BSIF) to provide a platform for continued growth or value accretive sales.
5. **Capital Discipline:** Since listing in 2013, a judicious approach to deployment of capital has been paramount as periods of significant investment activity have been combined with periods of restraint. This approach was at the forefront of the structuring of the Strategic Partnership with GLIL.

A lot has been achieved in challenging market conditions and we believe that the actions taken over the past year are showing real evidence of being able to address the issues at hand whilst allowing the Company's long term ambitions to remain undimmed.

**James Armstrong**  
Managing Partner, Bluefield Partners LLP

# Report of the Investment Adviser (continued)

## 1. About Bluefield Partners LLP ('Bluefield')

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in renewable energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The Bluefield team has been involved in over £6.7 billion renewable funds and/or transactions in both the UK and Europe, including over £1.6 billion in the UK since December 2011.

Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, operations, finance, legal and portfolio executives. As Investment Adviser, Bluefield takes responsibility for selection, origination and execution of investment opportunities for the Company, having executed over 200 individual SPV acquisitions on behalf of BSIF and European vehicles.

## 2. Portfolio: Acquisitions, Performance and Value Enhancement

### Portfolio Overview

As at 30 June 2024, the Company owned 100% of an operational solar portfolio of 129 photovoltaic ("PV") plants (consisting of 87 large scale sites, 39 micro sites and 3 roof top sites), 6 wind farms and 109 small scale UK onshore wind turbines, all 100% owned by the Company, with a total capacity of 812.6MW (30 June 2023: 812.6MW). In addition to this, the Company has a 9% stake in a 246.6MW portfolio of UK solar assets, acquired during the Year in partnership with GLIL Infrastructure, taking the total portfolio capacity to 834MW, comprising 776MW of solar and 58MW of onshore wind.

During the Year, the combined solar and wind portfolio, on the 100% owned assets, generated an aggregated total of 810.6GWh (Prior Year: 836.2GWh), representing a generation yield of 997.6 MWh/MW (30 June 2023: 1,029 MWh/MW).

### Investment Approach, Acquisitions, and Divestments in the year

The Company has taken a disciplined approach to the deployment of capital since listing, investing only when there are projects of suitable quality at attractive returns to complement the existing portfolio. Rigorous adherence to restrained capital deployment inevitably means there can be periods where acquisition activity falls, even when sector activity appears in contrast, but this controlled approach is beneficial in driving long term, sustainable growth for Shareholders, as evidenced by the Company's record of sector leading returns since listing over a decade ago.



# Report of the Investment Adviser (continued)

## 2. Portfolio: Acquisitions, Performance and Value Enhancement (continued)

In December 2023, the Company announced a three-phase strategic partnership with GLIL, which envisages both parties investing together into UK focused solar assets, from development through to operational plants. The partnership will also facilitate deleveraging of the Company.

On 25 January 2024, the Company announced the successful completion of Phase One of the partnership with GLIL, which was an investment by BSIF of £20 million of equity, alongside £200 million from GLIL, to fund the acquisition of a 246.6MW portfolio of UK solar assets. BSIF's ownership stake in the portfolio was 9%.

After 30 June 2024, the Company announced the execution of Phase Two of the strategic partnership with GLIL, which was the sale of a 50% stake in a 112.2MW portfolio of UK solar assets owned by BSIF. Following amalgamation with the Phase One acquisition, the Company's equity stake across the combined portfolios has increased to 25%.

### Portfolio Performance and Optimisation

#### Solar PV Performance

In the Year, irradiation levels were 4.3% lower than the Company's forecasts and 9.9% lower than the Prior Year, whilst generation at 647.9GWh, was 9.5% lower than forecast.

During the Year, the solar portfolio achieved a Net PR of 75.4% (Prior Year: 76.2%) against a forecast of 79.96%, due to key component downtime driven primarily by supply chain challenges for key High Voltage ('HV') equipment. Consequently, generation yield was 859.15MWh per MW of installed capacity, 7.8% lower than recorded in the Prior Year.

Table 1. Summary of Solar Fleet Performance for the Year:<sup>4</sup>

	Year Actual	Year Forecast	Delta to Forecast (% change)	Prior Year Actual	Delta Year to Prior Year Actual (% change)
Portfolio Total Installed Capacity (MW)	754.2	N/A	N/A	754.2	0.0%
Weighted Average Irradiation (Hrs) <sup>1,2</sup>	1,136.3	1,187.2	-4.3%	1,260.7	-9.9%
Total Generation (MWh)	647,920	715,894	-9.5%	702,428	-7.8%
Generation Yield (MWh/MW)	859.13	949.26	-9.5%	959.90	-10.5%
Average Total Unit Price (£/MWh) <sup>3</sup>	£247.01	£262.87	-6.0%	£223.68	10.4%

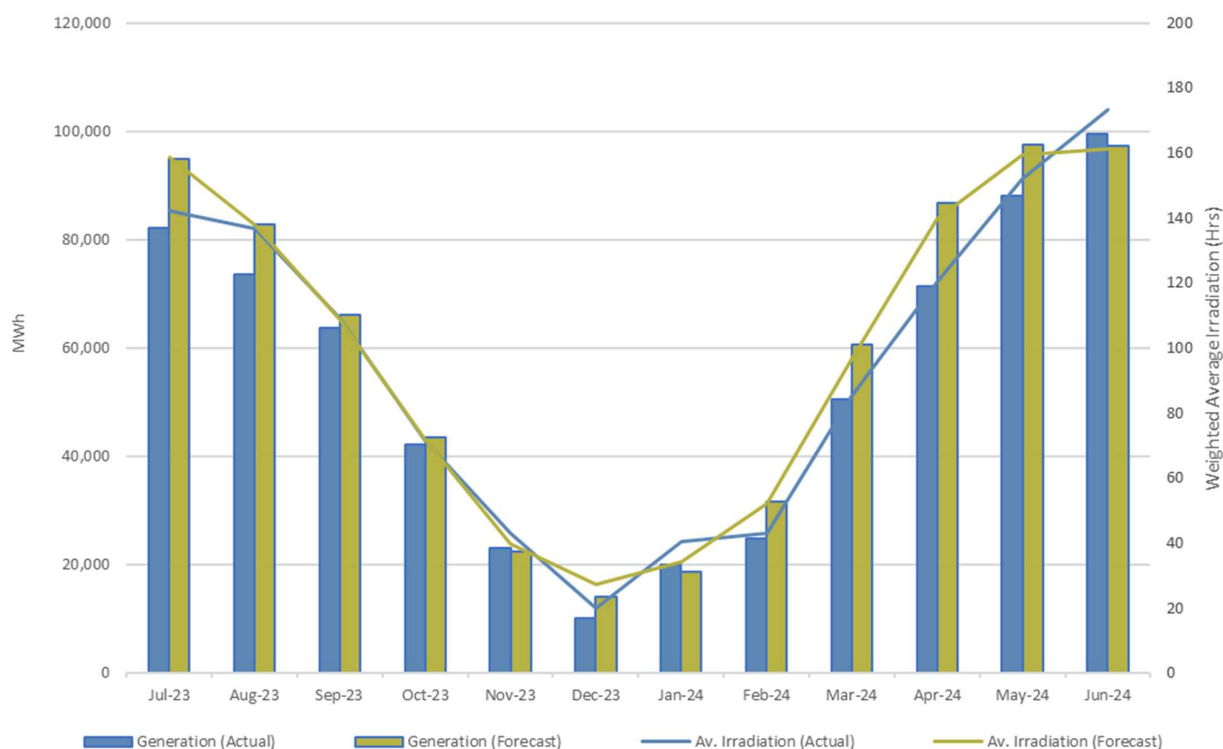
Notes to Table 1.

1. Periods of irradiation where irradiance exceeds the minimum level required for generation to occur (50W/m<sup>2</sup>)
2. Excluding grid outages and significant periods of constraint or curtailment that were outside the Company's control (for example, DNO-led outages and curtailments)
3. Average Total Unit Price includes all income associated with the sale of power, all subsidy payments, liquidated damages and insurance claims amounts. ROC recycle revenue is included assuming a 10% recycle rate for both actual and forecast revenue
4. Excludes the strategic partnership with GLIL

# Report of the Investment Adviser (continued)

## 2. Portfolio: Acquisitions, Performance and Optimisation (continued)

### Solar PV Performance (continued)



Total revenue for the Year was £160.5 million, 13.75% lower than forecast but 1.9% higher than the Prior Year. PPA agreements which commenced during the Year were the principal reason for the increased revenue, as the average power price rose 17% to £165/MWh in the Year, up from £141/MWh in the Prior Year.

Operational costs for the Year (incorporating all fixed, contracted costs such as lease payments, O&M fees etc.) totalled £29.5 million, including expenditure associated with the optimisation & enhancement projects (see below).

# Report of the Investment Adviser (continued)

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## 2. Portfolio: Acquisitions, Performance and Optimisation (continued)

### Solar PV Optimisation & Enhancement Activity

The Investment Adviser is taking proactive steps to mitigate risks to both the short- and long-term operational performance of the portfolio. This is achieved through a rolling capital investment programme to proactively address key risks to operational performance. The Investment Adviser has identified that one of the key causes of lower than expected availability is a long lead time for spare parts for major high voltage components, notably central inverters.

Large central and string inverter revamping projects were completed during the Year, with many of the projects being completed in the final quarter of the Year. These projects improved performance during that final quarter, and it is expected that the performance uplifts from these projects will be fully realised in FY 2024/25, with further inverter repowering and optimisation projects planned during that year.

As at 30 June 2024, 494.6 MW of the PV portfolio (being 66% of the solar PV portfolio) have leases that allow for terms beyond 30 years, of which 362 MW (100% of applications successful) benefit from planning terms in excess of 30 years. The Investment Adviser continues to pursue lease extensions on the remaining assets in the portfolio.

### GLIL Partnership Portfolio

Further to Phase One of the strategic partnership with GLIL, the acquisition of a 246.6MW UK Solar portfolio from Lightsource bp was completed on 24 January, with BSIF holding an equity stake of 9%. During the period from January 2024 to June 2024, this portfolio's generation was 5% below forecast, primarily driven by the below expected irradiation (-7.2%).

### Onshore Wind Performance

As at 30 June 2024, the Company held an operational onshore wind portfolio of 135 installations, comprising 109 small scale turbines (55-250kW) and 26 larger turbines (850kW-2,300kW), with an aggregated capacity 58.4MW.

During the Year, the wind portfolio generated 162.7 GWh, 2% below forecast. This was largely due to several major component failures, resulting in extended downtimes across the portfolio. Despite this, generation has improved significantly compared to the Prior Year, up 21.6% due to a combination of improved availability and wind speeds.



# Report of the Investment Adviser (continued)

## 2. Portfolio: Acquisitions, Performance and Optimisation (continued)

### Onshore Wind Performance (continued)

Table 2. Aggregated Wind Portfolio Performance for the Year

	Year Actual	Year Forecast	Delta to Forecast (% change)	Prior Year Actual	Delta Year to Prior Year Actual (% change)
Portfolio Total Installed Capacity (MW)	58.4	N/A	N/A	58.4	0.0%
Total Generation (MWh)	162,682.4	165,930.3	-2.0%	133,804.0	21.6%
Generation Yield (MWh/MW)	2,785.7	2,841.3	-2.0%	2,292.7	21.5%
Average Total Unit Price (£/MWh)	186.0	188.1	-1.1%	208.3	-10.7%

Notes to Table 2.

1. Actual & Forecast Average Total Power Price exclude ROC recycle estimates
2. Average Total Power Price includes LDs, Insurance & Mutualisation Rebate

Total revenue for the Year was £30.3 million (Prior Year: £27.9 million), with an average revenue per MWh of £186. Revenues achieved were 3% below forecast, though these were 9% higher compared to Prior Year, due to increased generation.

### Onshore Wind Optimisation & Enhancement Activity

In Northern Ireland, 17 of the 29 small-scale turbines were identified for repowering with replacement EWT 250kW turbines. This will increase both efficiency and output, whilst maintaining their respective NIRO accreditation status.

As at 30 June 2024, 13 turbines have been repowered and returned to operation, with the remaining four turbines having received planning approval for repowering, with a new 25-year term. One project has received turbine delivery, with repowering planned by 31 December 2024.

### General Portfolio

#### OFGEM Audits

As part of the industry-wide audits of FiT and RO-accredited generating assets, the Asset Manager has been working closely with the regulator on certain assets that have been selected, at random, for audit. All closed OFGEM audits have had relevant enquiries satisfied, with the respective assets' accreditation being maintained. The Asset Manager is working closely with OFGEM to close enquiries on the remaining open audits.

#### Health & Safety Activities & Cyber Security

Please refer to the Environmental, Social and Governance report for further information on health & safety activities and cyber security.

## Report of the Investment Adviser (continued)

### 3. Power Purchase Agreements

The Company actively monitors power market conditions, ensuring that contract renewals are spread evenly through any 12-month period, with competitive tender processes on both fixed and floating price options run for each PPA renewal in the 3 months prior to the commencement of a new fixing period.

Flexibility within the Company's capital structure enables PPA counterparties to be selected on a competitive basis and not influenced by lenders requiring long term contracts with one offtaker. This means the programme of achieving value and diversification from contracting with multiple counterparties (which in turn reduces offtaker risk) is executed for the benefit of Shareholders.

By rolling PPA fixes during the Year and targeting the most liquid area of the power market (one to three years), the Company was able to complete a number of fixes during periods, with average levels turning out above day-ahead base-load settlement prices over the same period. Evidence of this is reflected in the Company's average seasonal weighted power price, which for the Year was £148.80/MWh (Prior Year: £141.00/MWh), while the average day-ahead base load settlement price was £72.79/MWh (Prior Year: £169.97).

As at 30 June 2024, the average term of the fixed-price PPAs across the portfolio is 32.5 months (Prior Year: 26.2 months) and the Company has a price confidence level of 67% to December 2024 and 48% to June 2025 (on a capacity basis), representing the percentage of the Company's portfolio that already has fixed prices in place and thus no exposure to power market fluctuations. Looking ahead, the strategy has also secured power fixes, and thus revenue certainty, at levels that are in excess of the latest forecaster expectations.

Table 3. PPA Fixed Power Prices (average for fixes completed vs blended average forecaster price during the Year)

Price as at six-months ended:	Jul-24	Jan-25	Jul-25	Jan-26
BSIF Portfolio Weighted Average Contract Price (£/MWh)	129.2 (625MW)	131.5 (595MW)	135.4 (313MW)	115.1 (96MW)
% of BSIF total capacity under PPA Fixed Power Price contract	77%	73%	38%	12%
Blended Average of forecasters nominal terms power prices per 30 June 2024 valuation (£/MWh)	63.3	67.3	69.1	67.6

Footnote: MW stated in the BSIF portfolio weighted average contract price refers to the total amount of the portfolio fixed for that year; excludes assets under the Strategic Partnership portfolio.

The Investment Adviser believes its PPA policy is the best strategy for Shareholders, who are looking for stable revenues and forecastable, sustainable dividends with high visibility of revenues on a rolling multiyear basis. It is this approach that has delivered almost a decade of sector leading dividend cover (covered by current earnings and post debt amortisation).

### 4. Proprietary Pipeline

Over the past five years, the Company has continued to implement its new build strategy across the solar value chain to ensure that the Company continues to build its market share amongst UK solar power producers, with the Company signing co-development agreements to fund new sites. The Company also expanded its strategy to battery storage, which will enable the diversification of the Company's revenues and allow us to monetise the expected increases in volatility of power prices in the future.

This focus on development activities has enabled the Company to identify a significant pipeline of assets which can be built over the next five years. As these projects progress, the Company is working with selected construction contractors to ensure that projects are designed and built to a high specification for long term performance.

# Report of the Investment Adviser (continued)

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## 4. Proprietary Pipeline (continued)

The new build strategy has delivered well on its objectives thus far; the development pipeline now stands at over 1.5 GW and the first two developments to enter the construction phase (Yelvertoft and Mauxhall Farm) connected to the electricity network shortly after 30 June 2024. Yelvertoft will receive a Contract for Difference (“CfD”) for its output under AR4.

The following sections provide a more detailed update on both our construction and development programmes.

### Construction Programme

As at 30 June 2024, 93 MW of projects were under construction. These projects are Yelvertoft Solar Farm (a 49MW solar PV park in Northamptonshire) and Mauxhall Farm Energy Park (a 44MW solar PV project in North East Lincolnshire). Mauxhall Farm is planned to be a co-located project and construction of a 25MW battery energy storage scheme is expected to commence in the year ending 30 June 2025.

As at the end of the Year, the Company had a pipeline of future solar assets with a capacity of 541MW and battery storage assets with 233MW capacity that are fully consented and are in pre-construction. The projects have connection dates between 2024 and 2030.

Of this, the Company is actively exploring EPC contracts for two projects (17MW capacity in total), both of which have CfDs under AR4 and it plans to launch tenders for a selection of its AR5 accredited projects in the year ending 30 June 2025.

EPC agreements for the Company’s new build projects are expected to be fixed price contracts comparable to Yelvertoft and Mauxhall Farm and will require contractors to provide full procurement activity and to supply all materials. The Investment Adviser completes a full assessment of each contractor’s procurement and supply chain management processes to ensure compliance with the Company’s ESG policies and standards.

### Development Programme

The Investment Adviser has been pursuing its development strategy since 2019 to enable the Company to continue to be a key player in the UK renewable energy market. Since this time, a portfolio of 954MW of solar and 603MW of batteries has been built up across 28 projects. The Company has an investment limit in pre-construction development stage activities, restricted to 5% of gross assets; less than 3% is currently committed.

Currently, no value is attributed to projects without planning consent. Once developments receive planning consent and move from the development stage to pre-construction, the Investment Adviser believes it is appropriate to reflect this change in the Company’s valuation. At this point in their lifecycle, the projects will have received all the necessary planning consents, land rights and valid grid connection offers and so have discernible value beyond the direct costs of development.

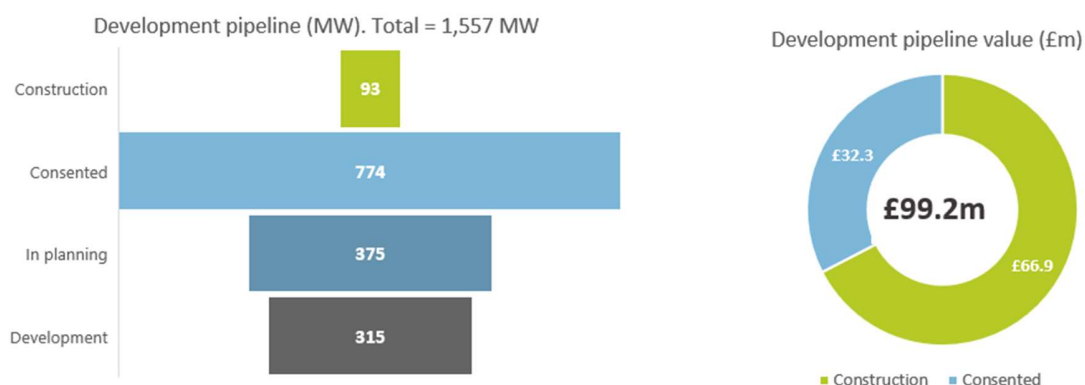
The current pipeline status and valuation is summarised in the graphic below.

## Report of the Investment Adviser (continued)

### 4. Proprietary Pipeline (continued)

#### Development Programme (continued)

#### Current pipeline status and valuation at 30 June 2024



### 5. Analysis of underlying earnings

The total generation and revenue earned in the Year by the Company's portfolio, split by subsidy regime, is outlined below:

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FIT	61,611	5.0	12.4
4.0 ROC	17,415	1.4	4.1
2.0 ROC	19,548	1.5	2.4
1.6 ROC	105,055	12.8	10.4
1.4 ROC	281,932	45.9	23.4
1.3 ROC	65,521	8.1	5.2
1.2 ROC	129,664	22.8	10.2
1.0 ROC	46,536	3.9	2.8
0.9 ROC	83,320	7.0	4.5
<b>Total</b>	<b>810,602</b>	<b>108.4</b>	<b>75.4</b>

The Company includes ROC recycle assumptions within its long term forecasts and applies a market based approach on recognition within any current financial year, including prudent estimates within its accounts where there is clear evidence that participants are attaching value to ROC recycle for the Year.

The key drivers behind the changes in Underlying Earnings between this Year and the Prior Year are the combined effects of lower PPA pricing, debt interest and tax (including EGL).

## Report of the Investment Adviser (continued)

### 5. Analysis of underlying earnings (continued)

#### Underlying Portfolio Earnings

	Year (£m)	Prior Year (£m)	Year to 30 June 22 (£m)	Year to 30 June 21 (£m)
Portfolio Revenue	183.8	184.4	111.4	73.1
Liquidated damages and Other Revenue <sup>1</sup>	12.6	5.4	1.6	2.0
Net Earnings from Acquisitions in the year	0.0	0.0	0.0	5.1
<b>Portfolio Income</b>	<b>196.4</b>	<b>189.8</b>	<b>113.0</b>	<b>80.2</b>
Portfolio Costs	-38.2	-36.3	-27.8	-17.6
Project Finance Interest Costs	-12.7	-13.6	-4.7	-1.8
<b>Total Portfolio Income Earned</b>	<b>145.5</b>	<b>139.9</b>	<b>80.5</b>	<b>60.8</b>
Group Operating Costs <sup>2,3</sup>	-38.7	-25.4	-8.3	-7.5
Group Debt Costs	-12.2	-6.1	-5.4	-4.7
<b>Underlying Earnings</b>	<b>94.6</b>	<b>108.4</b>	<b>66.8</b>	<b>48.6</b>
Group Debt Repayments	-30.1	-18.3	-13.8	-9.3
<b>Underlying Earnings available for distribution</b>	<b>64.5</b>	<b>90.1</b>	<b>53.0</b>	<b>39.3</b>
	Year (£m)	Prior Year (£m)	Full year to 30 June 22 (£m)	Full year to 30 June 21 (£m)
Brought forward reserves	58.4	20.9	13.4	8.4
Repayment of RCF	-10.0	0.0	0.0	0.0
Share Buybacks	-9.4	0.0	0.0	0.0
Acquisitions and CapEx	-30.1	0.0	0.0	0.0
<b>Total funds available for distribution</b>	<b>73.4</b>	<b>111.0</b>	<b>66.4</b>	<b>47.7</b>
<b>Target distribution<sup>4</sup></b>	<b>53.1</b>	<b>51.4</b>	<b>45.2</b>	<b>34.3</b>
<b>Actual Distribution</b>	<b>53.1</b>	<b>52.6</b>	<b>45.5</b>	<b>34.3</b>
<b>Underlying Earnings carried forward</b>	<b>20.3</b>	<b>58.4</b>	<b>20.9</b>	<b>13.4</b>

1 Other Revenue includes ROC mutualisation, ROC recycle late payment CP21, insurance proceeds, O&M settlement agreements and rebates received.

2 Includes the Company, BR1 and any tax charges within the group.

3 Excludes one-off transaction costs and the release of up-front fees related to the Company's debt facilities

4 Target distribution is based on funds required for total target dividend for each financial year.



## Report of the Investment Adviser (continued)

### 5. Analysis of underlying earnings (continued)

#### *Underlying Portfolio Earnings (continued)*

The table below presents the underlying earnings on a 'per share' basis.

	Year (£m)	Prior Year (£m)	Year to 30 June 22 (£m)	Year to 30 June 21 (£m)
Actual Distribution	53.1	52.6	45.5	34.3
<b>Total funds available for distribution (including reserves)</b>	<b>73.4</b>	<b>111.0</b>	<b>66.4</b>	<b>47.7</b>
Average Number of shares in year*	609,849,113	611,452,217	554,042,715	429,266,617
Target Dividend (pps)	8.80	8.40	8.16	8.00
<b>Total funds available for distribution (pps)</b>	<b>12.00</b>	<b>18.13</b>	<b>12.22</b>	<b>11.19</b>
Total Dividend Declared & Paid (pps)	8.80	8.60	8.20	8.00
Reserves carried forward (pps) **	3.40	9.53	3.39	2.67

\* Average number of shares is calculated based on shares in issue at the time each dividend was declared.

\*\* Reserves carried forward are based on the shares in issue at the point of Annual Accounts publication (being 597m shares for 30 June 2024 and 611m shares for 30 June 2023).

### 6. NAV and Valuation of the Portfolio

The Investment Adviser is responsible for advising the Board in determining the Directors' Valuation and, when required, carrying out the fair market valuation of the Company's investments.

Valuations are carried out on a quarterly basis at 30 September, 31 December, 31 March and 30 June each year, with the Company committed to conducting independent reviews as and when the Board believes it benefits Shareholders.

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines published by the BVCA (the British Venture Capital Association). The application of these guidelines is considered consistent with the requirements of compliance with IFRS 9 and IFRS 13.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2024 was £965.5 million (30 June 2023: £1,018.4 million).

The table below shows a breakdown of the Directors' valuations over the last three financial years:

<b>Valuation Component (£million)</b>	<b>June 2024</b>	<b>June 2023</b>	<b>June 2022</b>
DCF Enterprise Value of Portfolio	1,100.0	1,195.2	1,180.6
DCF Enterprise Value of JV Portfolio	36.5	-	-
Consented development/construction and repowering projects	110.3	67.5	13.8
Deduction of Project Co debt	-423.2	-430.8	-390.3
Project Net Current Assets	141.9	186.5	135.8
<b>Directors' Valuation</b>	<b>965.5</b>	<b>1,018.4</b>	<b>939.9</b>
<b>Portfolio Size (MW)</b>	<b>834.0</b>	<b>812.6</b>	<b>766.2</b>

# Report of the Investment Adviser (continued)

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## 6. NAV and Valuation of the Portfolio (continued)

### Discounting Methodology

The Directors' Valuation is based on the discounting of post-tax, projected cash flows of each investment, based on the Company's current capital structure, with the result then benchmarked against comparable market multiples, if relevant. The discount rate applied on the project cash flows is the weighted average discount rate. In addition, the Board continues to adopt the approach under the 'willing buyer/willing seller' methodology, that the valuation of the Company's portfolio be appropriately benchmarked to pricing against comparable portfolio transactions.

### Key factors behind the valuation

There have been several factors that have been considered in the Investment Adviser's recommendation to the Directors' Valuation (and which are quantified in the NAV movement chart on page 28):

- (i) Power price forecasts and costs have been inflated to June 2024 terms using actual inflation data published on the Office for National Statistics webpage. The Fund's RPI assumption for 2025 remains unchanged at 3.00% (June 2023: 3.00%). On 1 August 2024, the Bank of England cut Base Rate for the first time since the beginning of the pandemic in March 2020, reducing Base Rate from 5.25% to 5.00%, the same rate as it was in June 2023.
- (ii) The Company's previous inflation assumptions for ROC revenues had been slightly below the reported number and in utilising actual inflation for ROC sites, the valuation has increased.
- (iii) Renewable Energy Guarantees of Origin for the period 2026-2030 have been included for the first time in the 30 June 2024 valuation. This adoption follows evidence that reasonable value is now being achieved through power purchase agreements signed and expectations from forecasters that some value will continue to be secured for REGOs in the future.
- (iv) The portfolio discount rate has been maintained at 8.00% (June 2023: 8.00%).
- (v) Inclusion of the latest forecasters' power price curves as at 30 June 2024 has resulted in a decline in the valuation as prices have normalised following a prolonged period of higher power prices, driven largely by increases in commodity prices exacerbated by the impact of the Russian invasion of Ukraine on wholesale gas prices. Further information regarding power prices is included in section 3 of this report.
- (vi) The value attributed to the Company's development and construction portfolio has risen during the Year, reflecting sites receiving planning permission and further progress and investment into construction projects.
- (vii) Working capital has declined in the Year, reflecting the payment of dividends through the Year, the execution of the Company's share buyback programme, and performance compared to forecasts.
- (viii) Investments into Joint Ventures (JVs) have been included in the valuation for the first time following the successful completion of Phase One of the strategic partnership with GLIL. The JV continues to progress with the post year-end signing of Phase Two of the strategic partnership in the form of a sale of operational assets from BSIF into the JV, and the forthcoming Phase Three, whereby the Company and GLIL intend to commit capital to a selection of the Company's development and construction pipeline.

# Report of the Investment Adviser (continued)

## 6.NAV and Valuation of the Portfolio (continued)

### Key factors behind the valuation (continued)

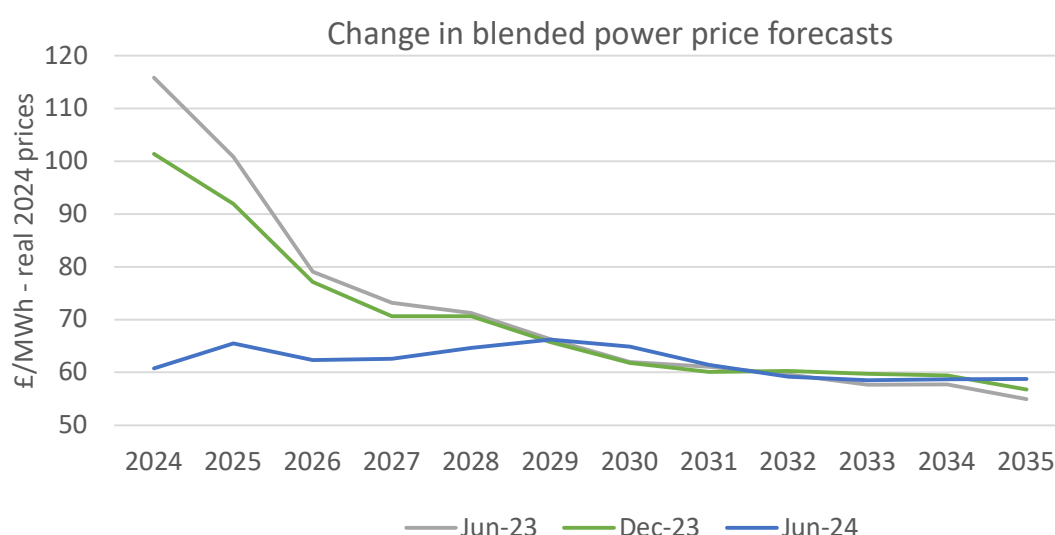
By reflecting the core factors above within the Directors' Valuation for 30 June 2024, the enterprise value of the operational portfolio is £1,136.5 million (June 2023: £1,195.2 million), representing an effective price for the solar component of £1.24m/MW (June 2023: £1.35m/MW). These metrics sit within the pricing range of precedent market transactions and the 'willing buyer-willing seller' methodology upon which the Directors' Valuation is based.

### Power Prices

A blended forecast of three leading consultants is used within the latest Directors' Valuation<sup>1</sup>, as shown in the graph below. This is based on forecasts released in the three months ended 30 June 2024. For illustration purposes, the graph below also includes the blended curve used in the Company's accounts for the Prior Year.

The curves used in the 30 June 2024 Directors' Valuation reflect the following key updates:

1. Short-term European gas prices have fallen amid strong gas storage levels and an evolving gas supply chain following Russia's invasion of Ukraine, with Norwegian supply and LNG imports from across the globe providing substitutes for Russian gas, with a similar trend reflected in the wholesale power price curve;
2. Higher renewable generation capacity deployment levels in the medium term (with ambitions for up to 60GW offshore wind and 30GW onshore wind by 2030) as the UK strives to meet its net zero targets and fully decarbonise its power system by 2030; and
3. Annual demand for electric power in Great Britain, driven principally by electrification of heat and transport, is expected to rise from 298TWh in 2024 to 423TWh by 2035.

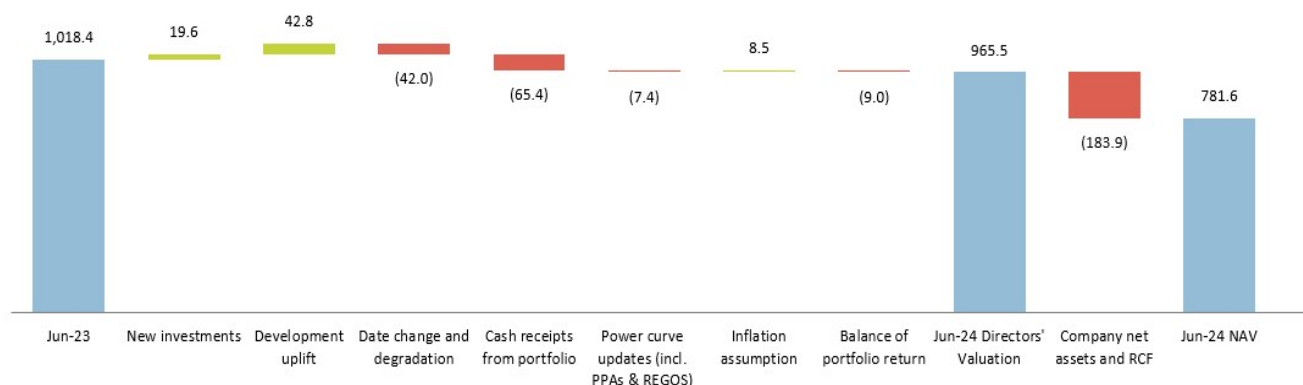


<sup>1</sup> Please note, the blended forecast varies depending on whether the asset is a solar or a wind project, reflecting different forecasts for technology specific capture rates. The solar forecast is shown in the chart on this page.

## Report of the Investment Adviser (continued)

### 6.NAV and Valuation of the Portfolio (continued)

#### Directors' Valuation and NAV Movement (£m)



#### Directors' Valuation movement

(£ million) As % of valuation

30 June 2023 Valuation		1,018.4	
New investments	19.6		1.9%
Development uplift	42.8		4.2%
Date change and degradation	-42.0		-4.1%
Cash receipts from portfolio	-65.4		-6.4%
Power curve updates (incl. PPAs & REGOS)	-7.4		-0.7%
Inflation assumption	8.5		0.8%
Balance of portfolio return	-9.0		-0.9%
30 June 2024 Valuation		965.5	(5.2)%

# Report of the Investment Adviser (continued)

## 6. NAV and Valuation of the Portfolio (continued)

There have been no material changes to assumptions regarding the future performance of the portfolio when compared to the Directors' Valuation of 30 June 2023. A cost optimisation on expiry of subsidies has been introduced for business rates and insurance. This has been introduced to reflect that these costs are directly related to the level of income received by the assets, which will fall once the subsidies expire.

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

### Reconciliation of Directors' Valuation to Balance sheet

Category	Balance (£ million)		
	30 June 2024	30 June 2023	30 June 2022
Directors' Valuation	965.5	1,018.4	939.9
Portfolio Holding Company Working Capital	(1.5)	(12.5)	(13.6)
Portfolio Holding Company Debt	(184.0)	(153.0)	(70.0)
<b>Financial Assets at Fair Value per Balance sheet</b>	<b>780.0</b>	<b>852.9</b>	<b>856.3</b>
<b>Gross Asset Value</b>	<b>1,388.7</b>	<b>1,438.0</b>	<b>1,316.7</b>
<b>Gearing (% GAV*)</b>	<b>43%</b>	<b>41%</b>	<b>35%</b>

\*GAV is the Financial Assets, as at 30 June 2024, at NAV of £781.6m plus RCF of £184.0m and third party portfolio debt of £423.1m (giving total debt of £607.1m).

### Enterprise Valuation sensitivities

Valuation sensitivities are set out in tabular form in Note 8 of the financial statements. The following diagram reviews the sensitivity of the EV of the portfolio to the key underlying assumptions within the discounted cash flow valuation.





## Report of the Investment Adviser (continued)

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### 7. Financing

#### *Debt Strategy*

Since its IPO, the Company has focused on a simple and defensive approach to debt. This means having debt agreements that have, primarily, fixed interest rates and are amortising. Debt is split into (1) long-term asset-level debt, and (2) a revolving credit facility at fund-level for short-term funding. Debt in the portfolio is generally not subject to stringent lender requirements on PPAs, allowing the Company to take advantage of more competitive PPA pricing.

The Company's weighted average cost of long-term debt at 30 June 2024 is 3.53% (30 June 2023: 3.50%) and is largely locked-in via fixed interest rates. Whilst the Company has some index-linked debt, it also has significant levels of RPI linked revenues, leaving the Company a net beneficiary of inflation.

The revolving credit facility, detailed below, is the only floating-rate debt instrument in the portfolio and represents 30% of the total debt balance. 71% of asset-level debt has a fixed interest rate. 29% of principal for long-term debt is inflation-linked.

#### *Revolving Credit Facility*

The Company's subsidiary BR1 has a revolving credit facility with RBS International, Santander UK and Lloyds Bank Plc, with a total committed amount of £210 million and facility margin of 1.9% (the 'RCF'). The RCF also has an uncommitted accordion feature allowing it to be increased by up to a further £30 million.

The maturity of the facility is May 2025. The Company is in discussions with the lenders to extend the RCF by an additional two years. As at 30 June 2024, £184 million was drawn from the RCF (30 June 2023: £153 million). After the year-end, following the completion of Phase Two of the strategic partnership with GLIL, £50.5 million was repaid, reducing the drawn balance to £133.5 million.

#### *External Debt*

Excluding the Company's RCF, total outstanding loans from third-party lenders as at 30 June 2024 total £423 million, with each loan secured against a portfolio of assets and fully amortising within the life of the respective asset's subsidies. The average interest cost, excluding the Company's RCF, across the external debt facilities in the table below is 3.53%.

# Report of the Investment Adviser (continued)

## 7. Financing (continued)

### External Debt (continued)

Debt	Principal Outstanding (£m)	Maturity	% of Interest Fixed <sup>(a)</sup>	All-in Interest Rate
Syndicate - Fund RCF	184	May-25	0%	7.00%
Bayern LB - Project Finance	6	Sep-29	100%	5.50%
Syndicate - Project Finance	66	Dec-33	100%	3.50%
Aviva (fixed) - Project Finance	82	Sep-34	100%	2.88%
Aviva (index-linked) - Project Finance	65	Sep-34	100%	3.70%
Macquarie (fixed) - Project Finance	7	Mar-35	100%	4.60%
Macquarie (indexed-linked) - Project Finance	20	Mar-35	100%	4.70%
Gravis (index-linked) - Project Finance	36	Jun-35	100%	6.48%
NatWest – Project Finance	121	Dec-39	85%	2.70%
Strategic Partnership Portfolio	19.5	Jun-37	100%	3.40%
<b>Total/Wtd Avg</b>	<b>607</b>		<b>67%</b>	<b>4.59%</b>
<b>Total/Wtd Avg excl. RCF</b>	<b>423</b>		<b>96%</b>	<b>3.53%</b>

Note: Index-linked debt treated as fixed for the purposes of this table as proportion fixed represents interest rate risk only

### GAV Leverage

The Group's total outstanding debt as at 30 June 2024 was £607 million (30 June 2023: £584 million) and its leverage stands at 43% of GAV (30 June 2023: 41%), within the 35% - 45% preferred range the Directors have outlined as desirable for the Company.

## 8. Market Developments

### UK renewable generation capacity and deployment

At 31 March 2024, Government data shows that UK solar PV capacity stands at 16.7GW across 1.6 million installations. Of this amount, around 7.3GW (46% of the total solar capacity in the UK) and 5.1GW (32%) is accredited under the RO and FiT schemes, respectively, 3.4GW (21%) is unaccredited and less than 1% is under the CfD scheme. Onshore and offshore wind installed capacity stands at around 15.5GW and 14.7GW, respectively. The UK has 4.4GW of operational battery storage capacity, according to data from energy association RenewableUK.

The UK's total renewable generation capacity is projected to continue to grow over the coming years as the Government strives to meet its net zero targets and meet power demand from the electrification of the domestic heat, transport and industrial sectors. Deployment is expected to be supported by several policy initiatives, including the CfD scheme and various planning and grid reforms which are described in more detail in the next section of this report.

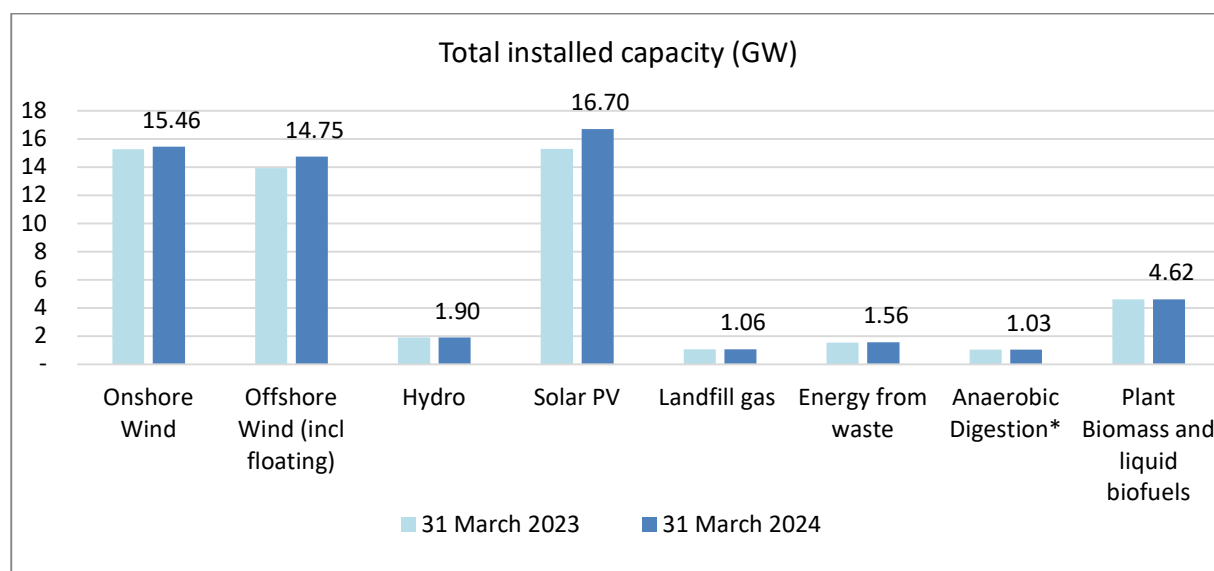
The incoming Labour Government has set ambitious targets to double onshore wind, triple solar generation capacity and quadruple offshore wind by 2030. To support this ambition, several first-of-a-kind initiatives such as a new Mission Control for Clean Power 2030, headed by the former chief executive of the Climate Change Committee (Chris Stark), an Onshore Wind Industry Taskforce and a publicly owned energy company (Great British Energy) have been set up, all of which should support greater renewable energy roll out over the upcoming years.

The chart below illustrates the distribution of total installed capacity across different renewable generation technologies at 31 March 2024 compared with a year earlier.

# Report of the Investment Adviser (continued)

## 8. Market Developments (continued)

*UK renewable generation capacity and deployment (continued)*



Source: UK government Department for Business, Energy & Industrial Strategy \*Anaerobic Digestion includes sewage sludge digestion, animal biomass

### *Secondary market transactions, development and construction activity*

Transactional activity in the UK renewables market has eased to some extent, with several infrastructure funds completing capital recycling via asset disposal programmes to demonstrate value and support deleveraging efforts. Activity in the UK development market has continued to be driven by factors such as ambitious decarbonisation targets, increasing preferences by customers for clean energy, demand for ESG investments and the inclusion of solar PV in upcoming CfD auction rounds.

Development activity has been noticeable in the battery storage area, with developers seeking to provide solutions to help manage the grid as larger quantities of intermittent renewables are added to the system. Solar development activity has been somewhat slower, primarily due to grid constraints.

Some construction activity has been observed in the UK solar and battery storage area, although this is against a backdrop of supply chain challenges and elevated development costs. Converting the UK's significant development pipeline into operational solar and storage projects over the next five years will require developers to adopt an innovative approach to overcome challenges surrounding high construction costs, grid connection lead times and access to new capital.

With 776MW of operational solar capacity, the Company maintains a strong position within the UK solar market, owning 5% of the UK's utility-scale solar PV capacity.

# Report of the Investment Adviser (continued)

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## 9. Regulatory Environment

The regulatory environment remains under the spotlight as the Government seeks to support renewable energy deployment under particularly tough macroeconomic conditions. Key themes are outlined below.

### *Update on Contracts for Differences (CfD)*

In September 2023, the Government awarded support for 3.7GW of new build renewable generation capacity through its CfD scheme – allocation round 5 (AR5). Solar projects represented the majority share at 52% (1.9GW) and onshore wind at 40% (1.5GW), while no offshore projects were successful. This was the lowest overall renewable capacity procurement level since 2017 and just over a third of the total 10.8GW that was procured in the AR4. The overall budget for AR5 (across successful pot technologies) was £227 million per year, down from £295 million per year in AR4.

In September 2024, the AR6 results were published. A total of 9.6GW of renewable energy projects were successful, of which 3.3GW solar projects won contracts (or 34% of total awarded capacity), onshore wind at 990MW (10%), offshore wind at 4.9GW (51%) and floating offshore at 400MW (4%). The Government revised the overall AR6 budget to £1.6 billion, up by £0.5 billion from the previous level amid calls from industry to help meet renewable targets. Most of the budget uplift went to offshore wind, while established technologies including solar and onshore wind rose by £65 million to £185 million. The AR6 administrative strike prices across all technologies rose from the previous round, with solar and wind up by 30% and 21% respectively, at £61/MWh and £64/MWh, respectively.

The Government's consultation on the proposed amendments to AR7 and future rounds closed in March 2024. Several changes were put forward, such as the inclusion of onshore wind full repowering as a new eligible technology, the introduction of hybrid metering to better accommodate co-located projects and changes to the inflation indexation methodology for allocation rounds further ahead. The market awaits a formal Government response to this consultation.

### *Electricity Generator Levy*

The Electricity Generator Levy – a 'temporary' 45% tax on income from electricity sold above the benchmark price – is set to be in place until 31 March 2028. It applies to extraordinary returns made by renewable (solar, wind, biomass), nuclear and energy from waste generators that are connected to the UK national transmission or local distribution networks. Revenues from CfDs are excluded from this levy.

### *Review of Electricity Market Arrangements*

The Government's second consultation on the UK's Review of Electricity Market Arrangements ("REMA") closed in May 2024. REMA aims to identify necessary reforms needed to transition to a cost effective, lower carbon and secure electricity system. The most significant reform options at the time included the possibility of zonal locational pricing and potential changes to the Contract-for-Difference scheme. The market awaits a formal response to the REMA second consultation.

**Bluefield Partners LLP**

27 September 2024

# Environmental, Social and Governance Report

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## 1. Introduction

### *An introduction from the Chair*

I am pleased to present the Company's ESG progress within this report. The Company remains dedicated to contributing to a cleaner and more resilient energy system, and its ability to adapt – evidenced through its strategic partnerships, accretive use of capital, and evolving ESG approach – will support the Company in delivering long-term value to its Shareholders.

Despite a challenging year for listed renewable funds, we continue to deliver renewable energy at scale, helping to tackle the global emergencies of climate change and biodiversity loss. The recent change in Government brings a fresh perspective on energy policy, with a commitment to deliver zero-carbon electricity by 2030. To achieve this, the UK needs rapid, large-scale deployment of renewable technology and the infrastructure to support these installations. This will not only accelerate the transition to net zero, but also deliver energy security and affordable energy pricing.

As such, I am proud of the achievements made by the Company during the Year, particularly the construction of two major new solar assets which have been energised in recent weeks. On an annual basis, these assets are expected to generate enough renewable energy to power approximately 33,000 UK homes and avoid the equivalent of 18,800 tonnes of CO<sub>2</sub>e.

As the sector grows, responsibility must be taken for both the positive and negative impacts of renewable energy operations, with industry players working together to drive responsible business practice across global supply chains. The Company recognises, and works to manage and minimise, the potential adverse impacts of its business operations, considering them within its responsible investment approach. At the same time, ESG opportunities, such as those relating to nature enhancement, present an exciting avenue through which the Company can create additional value.

*John Scott,  
Chair*

### *An introduction from the Investment Adviser*

This report marks a continuation of the Company's commitment to transparency and accountability by consistently reporting its ESG performance, maintaining year-on-year alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations, and sustaining its reporting practices under the EU's Sustainable Finance Disclosure Regulation ("SFDR"). As the Investment Adviser, we continue to work on the Company's behalf to increase the availability and quality of ESG data relating to the Company's assets, to better inform our strategic decision-making.

The Company continues to respond to a dynamic ESG regulatory and reporting landscape, and work has been undertaken to review the Company's alignment with new disclosure rules. As part of its horizon scanning, the Investment Adviser proactively monitors for emerging ESG trends and assesses the interdependencies of ESG topics material to the Company, such as the linkage between decarbonisation and biodiversity, or the social impact of a growing renewable sector. This insight is used to inform the Company's management of ESG risks and opportunities.

# Environmental, Social and Governance Report (continued)

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## 1. Introduction (continued)

*An introduction from the Investment Adviser (continued)*

The Investment Adviser's business model, with in-house expertise across development, investment, construction and operational activities, facilitates the integration of ESG across the asset lifecycle<sup>2</sup>. The Investment Adviser's commitment to strengthening its ESG capabilities is reflected in the expansion of its ESG team, who work to build resilience into the Company's investments. We look forward to continuing to deliver the Company's ESG aspirations, and help protect Shareholder value, by further refining our ESG commitments, KPIs, and strategic approach in the coming years.

*James Armstrong,  
Managing Partner of Bluefield Partners LLP*

## 2. ESG Highlights

During the Year, the Company:

- Executed a second physical scenario analysis, which examined the potential impacts of changing wind speeds on the Company's wind portfolio.
- Developed near-term net zero targets, covering the Company's scope 1, 2 and 3 emissions.
- The Company's West Raynham Solar Farm was the first site in the UK to be awarded gold certification from Wild Power®, an independent certifier, for its biodiversity enhancement efforts.
- Developed a nature framework, aligned with the recommendations of the Task Force on Nature-related Financial Disclosures ("TNFD").
- Delivered 13 classroom workshops and 16 solar site visits to schools in the vicinity of the Company's assets<sup>3</sup>.

## 3. Purpose of this Report

This ESG report summarises the Company's approach to responsible investment during the Year, including a summary of ESG risks and opportunities material to the Company, and how these are being managed to help build resilience and create additional value within the Company's investments. In particular, the report demonstrates to Shareholders, and other stakeholders, the continued commitment of the Company to review, assess, and enhance its ESG performance. The content within this report is supported by additional information published within the Company's regulatory disclosures, available on its website.

Please note, the figures presented within this report relate to the Company's wholly owned investments. Relating to the Company's new strategic partnership, the Company is in the process of onboarding these assets onto its ESG reporting regime, whilst at the same time reviewing existing KPIs to ensure they remain relevant for strategic partnerships as opposed to sole ownership. As a result, the Company has reported the ESG performance associated with its 9% equity share<sup>4</sup> against a subset of its ESG KPIs, presented in the ESG Appendix. Please refer to the case-study presented on page 38 for information on how the Company applied its responsible investment approach to these investments.

Whilst the Company has significantly enhanced its ESG reporting in recent years, the reporting landscape continues to evolve. The International Sustainability Standards Board published its sustainability disclosure standards (IFRS S1 and S2) in June 2023. The Company has undertaken an assessment of its ESG and climate-related disclosures against these standards and will review its reporting approach in light of these requirements over the coming months.

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<sup>2</sup> Where asset lifecycle is referred to throughout this report, it references development, investment, and operational stages of the asset lifecycle. It does not include the manufacturing or end-of-life processing of materials.

<sup>3</sup> Workshops and site visits delivered between Sept 23 – July 24.

<sup>4</sup> As at 30 June 2024.

# Environmental, Social and Governance Report (continued)

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## 4. ESG Strategy

### *ESG Context*

As a renewable energy business, the Company is supporting the UK's transition to a net zero economy through the provision of renewable energy. With renewables powering a significant portion of the UK grid mix in the past year<sup>5</sup>, the Company is well-positioned to further support the UK in achieving its legally binding target to bring all Greenhouse Gas emissions ("GHG") to net zero by 2050<sup>6</sup>.

The Company recognises its broader ESG impacts and responsibilities, and its ESG strategy has identified a range of priority topics across various ESG areas, which underpin its responsible investment approach. These priorities have been integrated into a comprehensive framework designed to help deliver value for stakeholders and support long-term returns for Shareholders.

### *Regulation & Framework Alignment*

#### *EU Sustainable Finance Disclosure Regulation ("SFDR") & EU Taxonomy*

The Company is classified as an Article 8 product under the SFDR and published its second PAI statement in June 2024. Please refer to Periodic Annex IV and the Company's website for further information regarding its ongoing compliance with the SFDR and EU Taxonomy.

#### *UK Sustainability Disclosure Requirements & UK Green Taxonomy*

As a non-UK AIF, the Company is not currently in scope of the UK Sustainability Disclosure Requirements ("SDR"). However, the applicability of the framework to overseas funds is currently pending. The Company is monitoring the guidance and will be prepared to review its alignment, subject to any new legislation.

As a UK authorised firm, the Investment Adviser is within scope of the SDR's anti-greenwashing rule and has implemented processes to support the Investment Adviser's compliance.

#### *Task Force on Climate-related Financial Disclosures ("TCFD") & Task Force on Nature-related Financial Disclosures ("TNFD")*

The Company has voluntarily adopted the recommendations of the TCFD and its third TCFD report is presented on page 52. The Company has developed a nature framework aligned with the recommendations of the TNFD, as described on page 42.

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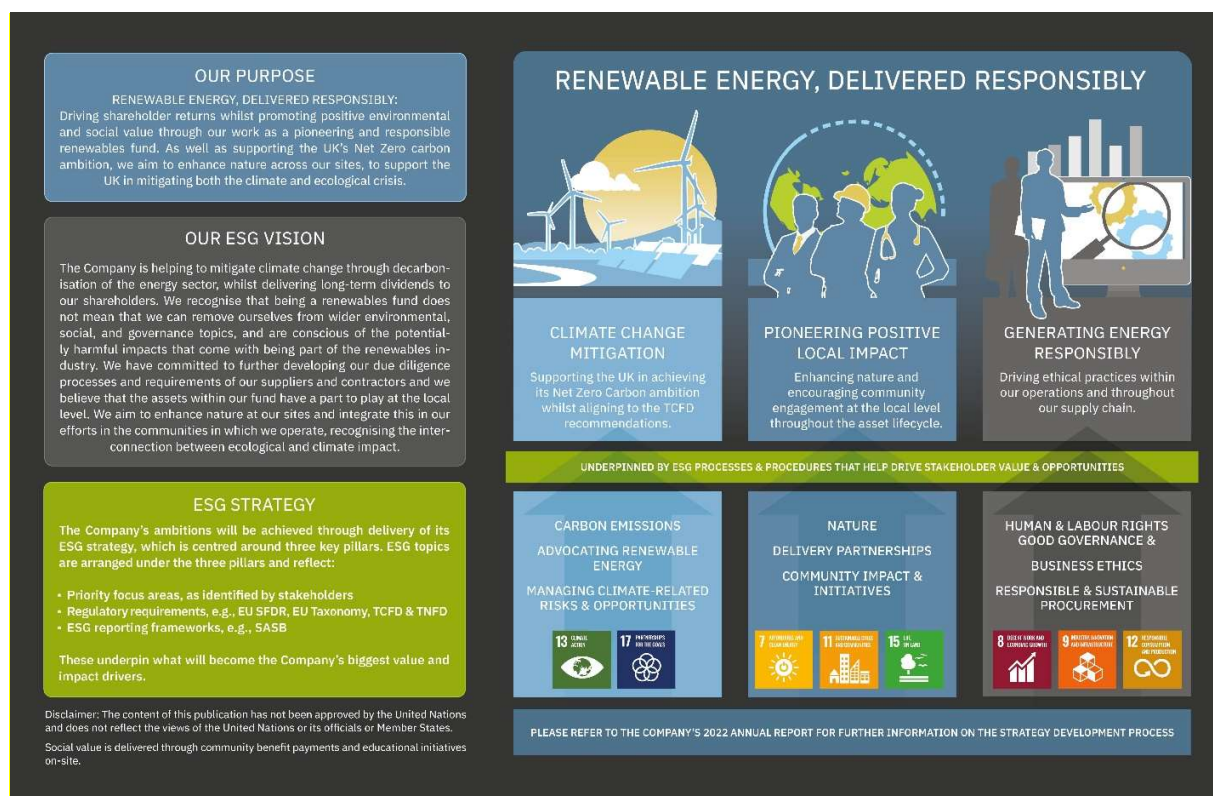
<sup>5</sup> <https://www.solarpowerportal.co.uk/2023-sees-cleanest-uk-electricity-mix-in-66-years/>

<sup>6</sup> [UK enshrines new target in law to slash emissions by 78% by 2035 - GOV.UK \(www.gov.uk\)](#)

# Environmental, Social and Governance Report (continued)

## 4. ESG Strategy (continued)

### ESG Framework



### Sustainable Development Goals<sup>7</sup>



The United Nations Sustainable Development Goals (“SDGs”) have been mapped against the Company’s ESG pillars, following the alignment protocol. In total, eight goals have been identified where the Company believes it can make a positive contribution. The Company’s largest contributions will be in relation to Goal 7, ‘Affordable and Clean Energy’ and Goal 13, ‘Climate Action’. The Company’s portfolio generated 810,602 MWh of renewable energy during the Year, supporting domestic energy security and decarbonisation of the UK energy market. The Company reports and endeavours to minimise the negative impacts of its operations, as described throughout its ESG and regulatory disclosures. Further information on the Company’s alignment with the SDGs can be found on the Company’s website ([www.bluefieldsif.com](http://www.bluefieldsif.com)).

<sup>7</sup> Disclaimer: The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States.



# Environmental, Social and Governance Report (continued)

## 4. ESG Strategy (continued)

### *Commitments & KPIs*

Key commitments for the Year are presented in Table 1. A full breakdown of the Company's commitments and KPIs, and performance against these, is presented in the ESG Appendix. Commitments and KPIs are reviewed annually to align with the Company's evolving ESG strategy, with any changes approved and monitored by the Board.

Pillar	Key Commitments
Climate Change Mitigation	<ul style="list-style-type: none"><li>• Report renewable energy generation annually;</li><li>• Invest in industry collaborations to support the energy transition;</li><li>• Continue to build climate resilience and inform business strategy through climate risk assessments and scenario analysis; and</li><li>• Develop a net zero pathway.</li></ul>
Pioneering Positive Local Impact	<ul style="list-style-type: none"><li>• Evaluate biodiversity net gain across the operational portfolio and achieve at least 20% biodiversity net gain on new solar developments;</li><li>• Conduct independent biodiversity assessments across at least 10% of sites annually (relating to assets over 1MW in capacity);</li><li>• Continue to promote positive action within the communities the Company operates within through community benefit funds and educational sessions; and</li><li>• Develop a nature framework, building upon existing biodiversity commitments and encompassing the recommendations of the TNFD.</li></ul>
Generating Energy Responsibly	<ul style="list-style-type: none"><li>• Ensure 100% of the Company's assets are covered by a Human Rights Policy, which covers United Nations Global Compact principles and OECD guidelines;</li><li>• Require adoption of the Company's Supplier Code of Conduct by priority Tier 1 and, where possible, Tier 2 suppliers; and</li><li>• Continue to develop due diligence mechanisms to identify, prevent and mitigate human rights impacts across the Company's operations and, where possible, its supply chain.</li></ul>

*Table 1 – Key ESG commitments for the Company*

The Investment Adviser engages the Company's key service providers to enable the monitoring of asset-level sustainability aspects. However, some aspects of data collection remain challenging. As a result, data gaps still exist, and estimates continue to be used in certain circumstances. Work will continue to improve the accuracy and quality of ESG data over time. The Investment Adviser is currently embedding an ESG system on behalf of the Company, which will enable enhanced data insights and analytical capabilities.

### *ESG Oversight*

The Board has ultimate responsibility and oversight of ESG risks and opportunities, and ESG is considered by the Directors as part of Board meetings, investment decisions and risk management. The Board has an ESG Committee, chaired by Meriel Lenfestey, which meets at least once a year.

Operationally, ESG is managed by the Investment Adviser, with regular updates provided to the Board through investment committee papers, ESG committee meetings, Board meetings and ad hoc calls or written updates. The Investment Adviser is responsible for embedding and monitoring ESG initiatives across the portfolio, working to integrate ESG into all stages of the asset lifecycle. The Investment Adviser's Head of ESG provides updates to the Board of the Investment Adviser through quarterly Board reports, and regularly reports ESG progress to the Investment Director and Managing Partner.

# Environmental, Social and Governance Report (continued)

## 4. ESG Strategy (continued)

### ESG Oversight (continued)

Figure 1 – The Company's ESG Governance Structure



### Responsible Investment

The Company recognises the importance of sustainability in all aspects of investment. The Company is well positioned to consider ESG within its investments, given the long-term nature of its business model.

ESG is embedded within the Company's investment process, and a standalone ESG due diligence questionnaire ensures detailed checks are made in relation to ESG risks and opportunities, as identified by SASB standards. Diligence is also undertaken in relation to requirements of the SFDR, including PAI indicators and climate risk screening, and the EU Taxonomy's Do No Significant Harm (DNSH) criteria. Further information can be found in the Company's Sustainable Investment Policy, available on its website.

*The Company's Investment Adviser has been a signatory of the UN Principles for Responsible Investment since 2019.*

### Case Study: Co-investment

On 22 December 2023, the Company announced a long-term strategic partnership with GLIL Infrastructure, through which both parties committed to acquiring a portfolio of 58 UK solar assets. This acquisition was announced on 25 January 2024, and the Company acquired a 9% equity share in the portfolio. Although a minority stakeholder, a priority for the Company was to apply its responsible investment approach to these investments. The Company:

- Performed comprehensive ESG due diligence on the 246.6MW portfolio of assets, including checks regarding SFDR and EU Taxonomy requirements;
- Included ESG schedules and obligations with respect to the Company's ESG policies in agreements with asset management and Operation & Maintenance (O&M) providers; and
- Created a post-investment ESG plan, to guide follow-up action from Asset Management and O&M service providers.

The Company continues to work to onboard the assets into its ESG reporting regime.

# Environmental, Social and Governance Report (continued)

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## 5. Climate Change Mitigation

### *Key Commitments*

- Report renewable energy generation annually;
- Invest in industry collaborations to support the energy transition;
- Continue to build climate resilience and inform business strategy through climate risk assessments and scenario analysis; and
- Develop a net zero pathway.

### *Advocating Renewable Energy*

As a UK-focused renewable energy business, the Company contributes towards climate change mitigation and remains committed to supporting the UK's decarbonisation agenda. Achievements during the Year include:

- Generated 810,602 MWh of renewable energy;
- Powered the equivalent of 300,000 UK homes with renewable electricity for a year;
- Avoided 167,800 tonnes of CO<sub>2</sub>e emissions; and
- Had 93MW of solar infrastructure under construction at Year end, which on completion is estimated to generate an additional 91,000 MWh of renewable energy annually.

In recognition of its positive environmental contribution, the Company has been awarded the following accreditations: TISE Sustainable/Guernsey Green Fund/LSE Green Economy Mark

### *Political Engagement*

During the Year, the Investment Adviser emphasised the cost and speed at which solar can be deployed and developed through responses to policy consultations, direct engagement with policymakers (including through briefings and letters), and appearances at Government-related committees and inquiries. Please refer to page 77 for a summary of engagement during the Year.

With the change of UK Government in July 2024, and the formation of the Department of Energy Security and Net Zero, the Company and its Investment Adviser look forward to re-engaging with the Government to continue these efforts through meetings, attendance at relevant events, and participating in appropriate formal Select Committee inquiries and consultations.

### *Industry Engagement*

The Investment Adviser partners with trade industry bodies to engage UK policymakers across the political spectrum in advocating for renewable energy. Engaging with industry groups also enables the Investment Adviser to inform and contribute to best practice, stay abreast of market developments, and support the UK's energy transition. Bluefield employees are active participants in trade body working groups. For example, the Head of ESG for the Investment Adviser contributes to the Solar Energy UK Natural Capital Steering Group, and representatives of Bluefield Operations are part of the Solar Energy UK Skills Steering Group.

As the renewable sector grows, industry collaboration will be essential in addressing emerging social and environmental risks, such as those relating to supply chain or asset end-of-life. The Company has committed to investing in industry collaborations supporting the energy transition; please refer to page 72 for further information.

# Environmental, Social and Governance Report (continued)

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## 5. Climate Change Mitigation (continued)

### *Carbon Emissions*

#### *GHG inventory*

The Company reviews and reports its GHG emissions every six months. Please refer to page 59 of the Company's TCFD report for the GHG inventory relating to the Year.

#### *Carbon targets and the net zero pathway*

The Company has developed near-term targets on its journey to align to net zero by no later than 2050. The targets follow the core principles of the Science Based Target Initiative ("SBTi") near-term criteria for Financial Institutions (FI), but are not SBTi validated. The Investment Adviser views that the current guidance is not well suited to the investments made by the Company, particularly regarding the criteria relating to scope 3 emissions, where the majority of the Company's emissions lie.

Therefore, the Company has adopted holistic near-term targets for financed emissions, including a 50% absolute reduction in project scope 1 and scope 2 emissions<sup>8</sup> by 2030 (from a 2023 calendar base year), and to engage 75% of project suppliers, by emissions, to set their own scope 1 and scope 2 targets by 2029. These targets currently apply to the Company's wholly owned investments; the application of the targets to the Company's strategic partnership is under review. The Company will review its position on SBTi validation over coming years if revisions are made to the relevant standards, or if more applicable standards are released.

Monitoring carbon emissions is a vital step on the pathway to net zero, but there are challenges, particularly regarding the collaborative action needed to drive down scope 3 emissions. The Company is aware that its ability to decarbonise will rely on wide-scale change across the industry and economy, requiring significant Governmental support. Nevertheless, the Company has developed this initial set of net zero targets to guide action across its investments over coming years, and is committed to reviewing and adjusting these targets over time so that they remain appropriate to the nature of the Company's investments. Whilst the net zero pathway has been modelled, the focus over coming months will be to formalise target-specific roadmaps to support the Company in delivering the required emissions reductions.

#### *Managing climate-related risks & opportunities*

The Company is committed to building climate resilience within its portfolio. During the Year, the Company undertook a second physical scenario analysis, focused upon the potential impact of changing wind speeds, and developed a climate adaptation plan. Please refer to the Company's TCFD report for further information.

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<sup>8</sup> 'Project' refers to the GHG emissions that sit within the Company's scope 3 category 15 investments.

# Environmental, Social and Governance Report (continued)

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## 6. Pioneering Positive Local Impact

### *Key Commitments*

1. Evaluate biodiversity net gain across the operational portfolio and achieve at least 20% biodiversity net gain on new solar developments;
2. Conduct independent biodiversity assessments across at least 10% of sites annually (relating to assets over 1MW in capacity);
3. Continue to promote positive action within the communities the Company operates within through community benefit funds and educational sessions; and
4. Develop a nature framework, building upon existing biodiversity commitments and encompassing the recommendations of the TNFD.

### *Land use and land management*

Nature is an area of focus and commitment for the Company. The UK has been assessed as one of the most nature-depleted countries in the world<sup>9</sup>, and the Company recognises the significant risk that nature loss may present to businesses and the economy. Nature's intrinsic relationship with climate requires a unified response, and through its land under management, the Company seeks to enhance nature across its portfolio and promote environmental stewardship as part of asset lifecycle management.

The construction and operation of renewable infrastructure assets can impact the local environment, for example through land use change or disturbance to habitats and species. The Company endeavours to minimise its negative impacts where possible, and the collection of asset-level environmental data supports the Company in monitoring adverse environmental impacts over time.

Solar farms can support agricultural activities while providing an alternative revenue source for farmers. During the Year, conservation grazing was introduced to one of the Company's solar assets, to better manage the land for wildlife. Sheep are typically removed from fields during the wildflower window between April and early August, allowing plants to set seed and bloom. Additionally, at Stow Longa solar farm in Cambridgeshire, information gained from ecological assessments has been used to amend land management activities to better support farmland bird species. Further information can be found on the Company's website ([www.bluefieldsif.com](http://www.bluefieldsif.com)).

### *Quantifying Biodiversity*

The Company has continued to measure the biodiversity across its portfolio to establish a baseline from which opportunities to enhance nature, through the addition of site-specific measures, can be identified. During the reporting year, the Company conducted an additional 15 biodiversity net gain<sup>10</sup> assessments across operational assets, bringing the total to 45 since the introduction of this approach in 2023.

The Company also conducted ecological assessments across 10 operational solar assets. Following industry best-practice, assessments on botany, invertebrates, breeding birds and soil were undertaken. For the first time, environmental DNA (eDNA) was analysed, which focused upon invertebrate and fungi identification. The results of the biodiversity net gain assessments and ecological surveys will be used to identify nature enhancement activities for the coming year.

*The Company shares ecological data with the UK trade body Solar Energy UK, for inclusion within industry-wide datasets and annual solar habitat reports. This contribution supports the understanding of ecological trends and the development of industry best practice.*

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<sup>9</sup> [https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report\\_2023\\_FULL-DOC-v12.pdf](https://stateofnature.org.uk/wp-content/uploads/2023/09/TP25999-State-of-Nature-main-report_2023_FULL-DOC-v12.pdf)

<sup>10</sup> Biodiversity net gain is calculated using the DEFRA Biodiversity Metric. Data was taken from ecological monitoring surveys. In all cases, including those where data was lacking, a precautionary approach was taken.

# Environmental, Social and Governance Report (continued)

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## 6. Pioneering Positive Local Impact (continued)

### *Case study – [Wild Power® Gold certification](#)*

In May 2024, West Raynham Solar Farm was awarded gold certification from Wild Power®, an independent certifier providing tools and processes to help developers and operators measure, manage, monitor and report on their biodiversity efforts<sup>11</sup>.

Biodiversity and land management specialists from Bluefield Operations and Wychwood Biodiversity conducted an ecological survey which identified appropriate management improvements for the site. The existing measures and new additional features contributed to the site achieving its Wild Power® gold certification. The site already hosted approximately 40 acres of wildflower meadow with conservation grazing, and five acres of young tree plantings. Enhancement work included increasing ecological data monitoring and availability, conducting an ecosystem services assessment, and installing additional microhabitats for protected species including birds, reptiles, and a maternity bat roost box.

Joe Arafa, Director of Wild Power® said: “We are delighted to have issued the UK’s first Wild Power® certification to Bluefield’s West Raynham Solar Farm. We commend Bluefield for their work to enhance the biodiversity measures at the site and congratulate them for achieving Wild Power’s gold standard at West Raynham.”

### *Nature Framework*

The Company has developed a nature framework during the Year, building upon and bringing together previous nature activity. Its aim is to provide an overarching strategy through which the Company can identify and manage its nature-related risks and opportunities; communicate activities associated with nature in a consistent and clear manner; and align with emerging regulatory and framework requirements. It will also guide actions to integrate nature more fully across the asset lifecycle, from development through to end-of-life.

To inform the framework, workshops were held with representatives from the Investment Adviser and other service providers, including from O&M, asset management, investment, commercial, construction and development teams, to explore nature-related impacts, dependencies, risks and opportunities which exist across the asset lifecycle. This information was combined with that obtained from a landscape review, which evaluated broader nature impacts and dependencies associated with the solar & wind energy sectors, market analysis, and consideration of the localities of the Company’s assets.

Key focus areas within the framework include:

- Land management
- Nature protection & improvement
- Engagement & education
- Materials sourcing & supply chain

Focus over coming months will be to finalise KPIs which can be used by the Company to monitor and communicate its nature activities.

### *Community Impact and Initiatives*

An increasing number of communities may be impacted by renewable energy projects as the industry grows. As the owner of infrastructure assets, the Company recognises the importance of maintaining a social licence to operate and seeks to build and maintain positive relationships with the communities close to its investments. Local stakeholders, including landowners, residents, and parish council members, are engaged as appropriate across the asset lifecycle, including during project development, construction and operation.

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<sup>11</sup> <https://wildpower.org/>

# Environmental, Social and Governance Report (continued)

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## 6. Pioneering Positive Local Impact (continued)

### *Community Impact and Initiatives (continued)*

The Company has continued its partnership with Earth Energy Education to deliver an educational programme to schools close to the Company's assets, equipping students with knowledge about climate change and the role renewable energy can play in powering a more sustainable future. Between Sept 23 – July 24, the Company delivered 13 classroom workshops and facilitated 16 site visits with support from site engineers and other Bluefield employees.

The Company has also paid over £296,000 to community benefit schemes<sup>12</sup>, funding local community projects. For example, in connection with Bradenstoke Solar Farm, a £10,000 grant was used towards the construction of a new, larger village hall, serving the communities of East Tytherton, Tytherton Lucas and neighbouring villages and hamlets within the Bremhill civil parish.

### *Case study: Community engagement during the construction of Yelvertoft Solar Farm*

Since 2022, the Company has proactively engaged with the community surrounding its new 48.4 MWp Yelvertoft Solar Farm in Northamptonshire, aiming to keep residents informed about progress on construction and invite feedback. The Company's development partner, Bluefield Renewable Developments, and EPC contractor for the site, Equans, have facilitated this process. The Company has shared updates on its measures to protect biodiversity at the site (in line with planning requirements) and the drainage management systems installed to help prevent flooding, which had previously caused issues in the area. Positive feedback on the impact of the flood mitigation measures has already been received.

A community benefit fund has also been established, with the Company providing an annual contribution to the Yelvertoft parish council to support initiatives benefiting local residents. In addition, the Company has facilitated site visits and solar energy lessons for children at local primary schools, providing students with an insight into the construction process and how the constituent elements of a solar farm work together to produce renewable energy.

### *Delivery Partnerships*

Engagement with key service providers is the primary method for implementing sustainable business practices by the Company. During the 2022/2023 Year, several policies were adopted by the Company, including a Sustainable Procurement Policy, Human Rights Policy, Waste Management Policy and Supplier Code of Conduct.

Focus during the Year was on the implementation of these policies across the Company's operations. For example, an external consultant was engaged to support the Company in reviewing human rights due diligence processes across the asset lifecycle. There was continued roll-out of the Company's Supplier Code of Conduct, with a spend-based approach taken to identify priority suppliers to engage with. A webinar was held in June 2024 to offer suppliers the opportunity to learn more about the Code and how it applies. Bluefield also adopted its own Supplier Code of Conduct, relating to its UK operations<sup>13</sup>, enabling the cascade of the Company's ESG expectations onto a subset of its tier 2 (i.e., not directly engaged by the Company) suppliers. Work will continue over the coming year to further integrate the policies across the Company's operations and key service providers.

### *Case Study: Engaging with Engineering, Procurement, and Construction (EPC) Contractors*

The Company recently engaged a new EPC contractor to deliver construction works for an upcoming project. The Investment Adviser engaged and supported the EPC to calculate their carbon footprint for the first time. Such actions demonstrate the Company's efforts to positively influence contractors and suppliers in the sector and support them in their responsible business approach.

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<sup>12</sup> This total represents the community benefit payments the Company is contractually due to pay each year.

<sup>13</sup> Relating to Bluefield Partners LLP, Bluefield Services Limited, Bluefield Operations Limited, Bluefield Renewable Developments Limited and Bluefield Construction Management Limited.

# Environmental, Social and Governance Report (continued)

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## 6. Pioneering Positive Local Impact (continued)

### *Health & Safety*

The Investment Adviser continues to ensure health and safety (H&S) awareness, policies, processes and procedures remain at the forefront of activity around the Company's portfolio. Asset H&S policies are reviewed at least annually by a third-party H&S advisor. All main O&M contractors are audited annually by a qualified third-party specialist consultant, with any key findings followed up on by the Asset Manager.

EPC contractors, O&M Contractors, and Asset Managers provide updates on their H&S performance on a regular basis. For the Year, the Company recorded:

- Lost time incident rate (*calculated per 100,000 employees*): 1.16
- Number of reportable accidents (RIDDOR)<sup>14</sup>: 3
- Number of near misses: 169

The majority of near misses were reported by Bluefield Operations, where identifying, investigating, and reporting near miss incidents is culturally ingrained within the organisation (helping reduce the probability of H&S incidents occurring). Therefore, the relatively high number of near misses is reflective of a proactive risk management culture.

## 7. Generating Energy Responsibly

### *Key Commitments*

- Ensure 100% of the Company's assets are covered by a Human Rights Policy, which covers United Nations Global Compact principles and OECD guidelines;
- Require adoption of the Company's Supplier Code of Conduct by priority<sup>15</sup> Tier 1 and, where possible, Tier 2 suppliers; and
- Continue to develop due diligence mechanisms to identify, prevent and mitigate human rights impacts across the Company's operations and, where possible, its supply chain.

### *Human and Labour Rights*

Human and labour rights remain high priorities for the Company. While the Company recognises that its supply chains are complex and full transparency has not yet been achieved, it will continue to monitor its processes in relation to human and labour rights, committing to make improvements as the approach to conducting due diligence evolves. The Company also recognises that human rights due diligence is an ongoing process, where stakeholder engagement is important at each step. Please refer to the Company's website ([www.bluefieldsif.com](http://www.bluefieldsif.com)) for further information on its approach to this area.

In June 2023, the Company adopted a Human Rights Policy aligned to international standards and guidelines, notably the United Nations Guiding Principles on Business and Human Rights. Following adoption of this policy, focus has turned to its implementation, with the Company firstly reviewing its human rights due diligence processes. Key stages of the project included:

- Identification of key stakeholder groups where human rights due diligence should be focused;
- High-level assessment of human rights risk for each of these stakeholder groups, informed by a risk workshop attended by Bluefield stakeholders (who are involved at different stages of the asset lifecycle). The result was the identification of high priority risks and the potential impact of each on rightsholders;
- An environmental & social risk analysis on the Company's top 20 suppliers, following a spend based approach;

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<sup>14</sup> RIDDOR: Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. Metric reflects incidents which occurred on the Company's sites.

<sup>15</sup> Following a spend-based approach.



# Environmental, Social and Governance Report (continued)

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## 7. Generating Energy Responsibly (continued)

### *Human and Labour Rights (continued)*

- Review of the Company's current human rights KPIs; and
- Review of the Company's human rights communication processes.

This analysis led to recommendations tailored to the asset lifecycle and identified actions to be taken, where needed, at each lifecycle stage (e.g. development, construction and ongoing operation). The Company also mapped mitigations currently taken against identified risks and steps required to further advance its due diligence approach. The Company will continue to monitor and update its human rights due diligence processes, where appropriate, across the portfolio.

### *Examples of the Company's human rights due diligence and management mechanisms:*

- *Human rights considerations embedded within pre-investment due diligence;*
- *Comprehensive ESG due diligence undertaken on key third parties such as EPCs, or O&M service providers as part of transactions;*
- *Obligation for new key suppliers to adhere to the Company's Supplier Code of Conduct;*
- *Human rights considerations built into procurement oversight processes for key infrastructure, specifically solar PV and battery energy storage systems;*
- *Adoption of policies aligned to human rights frameworks;*
- *Social audits requested for solar PV manufacturing facilities as part of EPC engagements; and*
- *External ESG risk analysis undertaken on key solar and battery manufacturers.*

*The Company's Modern Slavery Statement is available on its website ([www.bluefieldsif.com](http://www.bluefieldsif.com)).*

### *Responsible and Sustainable Procurement*

Since the turn of the century, the renewables industry has scaled rapidly and achieved significant growth. However, due in part to the long lifespan of renewable energy infrastructure, which can reach 40 years, there has historically been a limited focus on end-of-life processes. As the first generation of solar and wind farms approach the end of their economic lifetimes, responsible decommissioning of sites and equipment is becoming a key sustainability topic. Increased scrutiny on ESG credentials has brought this issue to the attention of the industry, investors, and the media, highlighting the potential environmental impact and the opportunity to improve circularity by reusing materials and reducing waste. Addressing this challenge could unlock emissions reduction opportunities and value in constituent materials.

During the Year, the Company partnered with Lancaster University to launch a research programme focused on end-of-life decision-making for renewable assets. The first stage of the programme, due for completion in September 2024, was a project focused upon the development of a 'materials passport' for a new build solar farm. The aim of the project was to map the constituent equipment and components needed to build a solar farm, enabling insight into opportunities to enhance the recyclability, recycled content, and recovery of materials.

Materials passports are a concept gaining traction across the construction industry<sup>16</sup>, and the Company is pleased to have applied this principle to a UK solar project<sup>17</sup>. This material mapping exercise may also unlock opportunities or points of leverage from an emissions reduction, climate adaptation, and nature perspective. This project will enable the Company to better consider circular economy principles in future construction projects.

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<sup>16</sup> [Materials Passports: Accelerating Material Reuse in Construction.](#) / [Costa, Ana](#); Hoolahan, Rachel.

London: Orms designers and architects ltd, 2024. 74 p.

<sup>17</sup> Note that materials passports are applied in other contexts across the globe, signalling the direction of travel; for example, the recent amendment to the EU Directive 2006/66/EC Battery Regulation, introduces a requirement for all EV and industrial batteries over 2kWh to have a unique 'battery passport' by 1 February 2027.

# Environmental, Social and Governance Report (continued)

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## 7. Generating Energy Responsibly (continued)

### *Good Governance and Business Ethics*

#### *Corporate Governance*

Please refer to page 91 for the Company's Corporate Governance Report.

As an FCA-regulated entity, the Investment Adviser maintains high standards of professional conduct. Key policies, including in relation to anti-bribery, anti-corruption and anti-money laundering, conflicts of interest, and compliance are in place, and third-party compliance advisers are used to ensure regulatory obligations are met through quarterly reviews and the undertaking of an annual audit of business activities. As part of an employee's induction process, employees are guided through the Investment Adviser's position on anti-bribery and corruption. To ensure ongoing awareness, all employees are required to complete computer-based training on this topic. In addition, in support of the Investment Adviser's approach towards appropriate conduct and ethics, employees are required to sit computer-based training on Bullying and Harassment, and Whistleblowing.

#### *Diversity*

Diversity is an important consideration for the effective functioning of the Company's Board. Please refer to page 92 of the Corporate Governance Report for further information on the Board's commitment in this area.

#### *Board Training*

The Board undertook training sessions to build awareness of climate-related issues. One session focused upon net zero targets and pathways, including the different accreditation frameworks available and the Company's proposed targets up to 2030. The other session, in July 2024, explored the climate risk work undertaken by the Company to date, with special consideration of topics such as extreme heat, changing wind patterns, and the Company's climate adaptation plan.

#### *Cybersecurity*

Cyber security risk is managed under the Company's overarching risk management framework, and the Company looks to continually evolve its approach to cyber security, including through periodic reviews and engagement with key service providers. The Investment Adviser has continued to arrange penetration testing of 74% of the portfolio (excluding small scale sites) by a specialist external consultant, as part of a cyber security review. Further tests are planned for the coming financial year.

## 8. Looking Forward

As the Company looks to 2025, its commitment to sustainability and responsible investment remains resolute. Recognising the dynamic nature of ESG factors and the evolving regulatory landscape, the Company is poised to enhance its approach to align with best practices and emerging standards. With a clear vision and adaptive strategy, the Company is confident in its ability to deliver sustainable value for its shareholders in an increasingly changing world.

# Environmental, Social and Governance Report (continued)

## ESG Appendix

The following table highlights the Company's ESG performance for the Year. Performance has been reported separately for wholly owned assets and the strategic partnership with GLIL Infrastructure. Where referenced, unless otherwise stated, 'assets' refers to operational and construction assets.

Pillar	Commitment	Supporting KPIs	Prior Year (wholly owned assets)	Year (wholly owned assets)	Year <sup>18</sup> (strategic partnership)
Climate Change Mitigation	Report renewable energy generation annually.	Renewable energy generated (MWh)	836,231	810,602	11,160
		CO <sub>2</sub> e avoided <sup>19</sup> (tCO <sub>2</sub> e)	173,000	167,800	2,300
		Equivalent houses powered (#)	288,000	300,000	4,100
		Additional solar infrastructure under construction (MW)	93	93	-
		Estimated additional annual renewable energy generation (MWh)	91,000	91,000	-
		Battery assets under construction (MW)	-	-	-
	Invest in industry collaborations to support the energy transition.	Revenue targeting industry collaboration (£)	£0 <sup>20</sup>	£25,000	-
	Report against the Company's carbon emissions annually. <sup>21</sup>	Scope 1 GHG Emissions (tCO <sub>2</sub> e)	19	45	1
		Scope 2 GHG Emissions (tCO <sub>2</sub> e) <sup>22</sup>	1,422	399	0
		Scope 3 GHG Emissions (tCO <sub>2</sub> e)	27,963	18,299	54
		Total GHG Emissions (tCO <sub>2</sub> e)	29,404	18,743	55
		Carbon Footprint (tCO <sub>2</sub> e)	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a> .	-
		GHG intensity (tCO <sub>2</sub> e / EUR Rev)	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a> .	-
	Develop a net zero pathway.	Net zero pathway	No	Yes – targets developed.	-

<sup>18</sup> ESG performance relating to the period 1 Jan 2024 – 30 Jun 2024 and apportioned according to the Company's 9% equity stake (where appropriate).

<sup>19</sup> KPI updated from 'savings' to 'avoided'.

<sup>20</sup> £50,000 was allocated but the project was not finalised until the current Year.

<sup>21</sup> Please note that the emissions stated for the current Year are not comparable with the prior Year due to a change in methodology. Further details are provided within the TCFD disclosure, on p.60.

<sup>22</sup> Market-based emissions are stated.

		developed (Y/N)			
	Implement renewable energy import tariffs across the portfolio. <sup>23</sup>	Installed capacity with renewable energy import tariffs (%) <sup>24</sup>	85%	80%	100%
		Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources (%)	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a>	-
	Continue to build climate resilience and inform business strategy through climate risk assessments and scenario analysis. <sup>25</sup>	Scenario analysis undertaken (Y/N)	Yes	Yes	-
		Climate adaptation plan developed (Y/N) <sup>26</sup>	No	Yes	-
	Pioneering Positive Local Impact	Evaluate biodiversity net gain across the operational portfolio and achieve at least 20% biodiversity net gain on new solar developments <sup>27</sup> .	New developments that have had biodiversity net gain assessment (%)	100%	100%
New solar developments with at least 20% biodiversity net gain achieved (%)			100%	67% <sup>28</sup>	-
Existing sites with biodiversity net gain assessment (#)			30	45	-
Conduct independent biodiversity assessments across		Operational assets independently assessed (relating to assets over 1MW in capacity) (%)	11%	11%	-

<sup>23</sup> The KPI of 'Relative percentage of renewable and non-renewable energy consumed by the Company (%)' has been removed. Renewable energy consumption will continue to be tracked via the KPI of 'Installed capacity with renewable energy import tariffs'.

<sup>24</sup> Relates to assets where the Company has control over the procurement of imported electricity.

<sup>25</sup> The KPI of 'climate change risk and vulnerability assessment undertaken (Y/N)' has been removed as this has been completed.

<sup>26</sup> Updated from 'Assets covered by a climate adaptation plan (%)'.

<sup>27</sup> Relating to planning applications submitted by the Company together with its development partners during the Year.

<sup>28</sup> One planning application submitted during the Year did not reach a 20% uplift on hedgerow units (but did achieve >55% uplift on habitat units).

	at least 10% of sites annually (relating to assets over 1MW in capacity).	Notable species identified (e.g., red and amber listed species) (#)	Red listed bird species: 12 Amber listed bird species: 17	Red listed bird species: 15 Amber listed bird species: 17	-
		Assets without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas (%)	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a>	-
	Develop a nature framework, building upon existing biodiversity commitments and encompassing the recommendations of the TNFD.	Nature framework developed (Y/N)	No	Yes	-
Minimise potential risks posed to threatened species by the Company's assets and apply industry best practice to new sites under development.		Assets that are located in or near to <sup>29</sup> biodiversity-sensitive areas (%)	27% <sup>30</sup>	27%	30%
		Assets that negatively affect biodiversity-sensitive areas (%)	0% - Please refer to the Company's <a href="#">PAI statement</a> .	0% - Please refer to the Company's <a href="#">PAI statement</a>	-
		Assets which are deemed to have operations that affect threatened species (%)	0% - Please refer to the Company's <a href="#">PAI statement</a> .	0% - Please refer to the Company's <a href="#">PAI statement</a>	-
Continue to promote positive action within the communities the Company operates within through community benefit funds and educational sessions.		Revenue given to partnerships benefiting the local community (£)	£20,000	£28,000	-
		Revenue paid to community benefit schemes (£)	>£287,000 <sup>31</sup>	>£296,000	-
		Young people engaged (#)	647 (between May – Jul 23).	501 (between Sep 23 – July 24)	-
		Educational workshops delivered (including site visits) (#)	25, including 17 school workshops and 8 site visits (between May – Jul 23).	29, including 13 school workshops and 16 site visits (between Sep 23 – July 24)	-

<sup>29</sup> Defined as within 1 kilometre of a biodiversity-sensitive area.

<sup>30</sup> KPI has been updated from 22% (as presented in the 2023 Annual Report & Financial Statements).

<sup>31</sup> Note that the figure of >£253,000 published within the 2023 Annual Report & Financial Statements was restated.

	Insist that Tier 1 suppliers that directly service the portfolio <sup>32</sup> report H&S performance on a quarterly basis.	Lost time incident rate (per 100,000 employees)	-	1.16	-
		Number of reportable accidents (RIDDOR) (#)	6	3	1
		Number of near misses (#)	154	169	32
		Bluefield employees who have received H&S training (%)	100% (as at 28 Sept 23)	100% (as at 1 Aug 24)	-
	Map the Company's supply chains, with priority given to Tier 1 suppliers.	Tier 1 suppliers mapped by spend (%) <sup>33</sup>	100%	100%	-
		Tier 2 suppliers mapped by spend (relating to Bluefield service providers) (%) <sup>34</sup>	100%	100%	-
	Ensure 100% of the Company's assets are covered by a Human Rights Policy, which covers United Nations Global Compact principles and OECD guidelines.	Assets with Human Rights Policy (%)	100%	100%	-
	Continue to develop due diligence mechanisms to identify, prevent and mitigate human rights impacts across the Company's operations and, where possible, its supply chain.	Assets with a due diligence process to identify, prevent, mitigate, and address adverse human rights impacts (%)	100%	100%	-
		Share of investments in assets without policies to monitor compliance with the United Nations Global Compact principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the United Nations	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a>	-

<sup>32</sup> Suppliers relates to EPC, O&M, and asset management contractors.

<sup>33</sup> Updated from 'Tier 1 supply chains mapped (%)'.

<sup>34</sup> Updated from 'Tier 2 supply chains mapped (relating to Bluefield service providers) (%)'.

		Global Compact principles or OECD Guidelines for Multinational Enterprises (%)			
	Implement mechanisms to measure the Company's hazardous waste ratio.	Tonnes of hazardous waste and radioactive waste generated by assets per million EUR invested, expressed as a weighted average	Please refer to the Company's <a href="#">PAI statement</a> .	Please refer to the Company's <a href="#">PAI statement</a>	-
	Clearly communicate the ESG governance structure.	Clear governance structures in ESG report (Y/N)	Yes	Yes	-
	Further diversify the Company's Board.	Ratio of female to male board members expressed as a percentage of all board members (%)	40%	40%	33%
		Number of board positions held by a woman (#)	2	2	1
		Number of board members from a non-white ethnic minority background (#)	-	-	-
	Ensure 100% of the Company's assets are covered by a sustainable procurement policy.	Assets with sustainable procurement policy (%)	100%	100%	-
	Require adoption of the Company's Supplier Code of Conduct by priority Tier 1 and, where possible, Tier 2 suppliers	Tier 1 suppliers signed Supplier Code of Conduct (#)	26	30	-
		Tier 2 suppliers signed Supplier Code of Conduct (#)	-	22	-
	Encourage O&M contractors to follow the waste hierarchy principles.	Assets with a waste management policy (%)	100%	100%	-

# Task Force for Climate-related Financial Disclosures (TCFD)

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## 1. Introduction

The Company's core objective, to provide attractive returns to Shareholders through investment in renewable energy infrastructure assets, sets it in an advantageous position to capitalise upon opportunities that arise from the transition to a low carbon economy. However, climate change is dynamic and uncertain, and societal response will be shaped by climate events of varying severity and impact, depending on the trajectory that global emissions take. The Company is committed to having a climate resilient strategy in place, supported by scenario analysis and risk management processes, to strengthen its ability to deliver shareholder value in a changing world. The following report explains how the Company is working to comply with all eleven recommendations of the TCFD.

Please note the impact of the Company's new strategic partnership (namely the emissions associated with the Company's 9% equity share) has been considered within the GHG inventory table on page 60.

## 2. Governance

### *Board oversight*

The Board has ultimate responsibility for and oversight of climate-related risks and opportunities; please refer to page 37 for how the Board oversees progress against ESG (including climate) commitments, KPIs and targets. Any sustainability or climate-specific targets in development (e.g. a net zero target) are presented to the Board by the Investment Adviser so they can review, challenge and, if satisfied, approve.

The Board remains well-informed of developing physical and transitional risks and opportunities associated with climate change, and how these might materialise in the Company's short-, medium- and long-term future, through close engagement with the Investment Adviser. In July 2024, the Board was trained on the use of scenario analysis as a tool to inform risk management and strategic decision-making and presented with the combined results of physical scenario analyses undertaken over the last 18 months.

Every investment decision considered by the Board is associated with renewable energy infrastructure. Therefore, the Board is conversant in assessing climate-related opportunities. Increased consideration of climate-related risks, particularly physical risks, has therefore been the main area of focus for the Company since adopting the TCFD recommendations.

The consideration of trade-offs is inherent to the Board's decision-making process. For example, the Board recognises that CO<sub>2</sub>e emissions are incurred during the construction of new assets, both from the embodied carbon and installation process. However, the Company quantified these emissions, through a lifecycle carbon assessment for a new build 50MW solar asset based in the UK. The results indicated an estimated payback period of between one to three years, thereby demonstrating a net positive effect on the lifetime avoided emissions of the asset once operational. Such analyses inform the Board's decision to build out a development pipeline in order to support the decarbonisation of the energy sector long-term.

### *Management*

The Investment Adviser is responsible for day-to-day management of ESG, including climate matters, and progress is communicated to the Board as described on page 37. ESG is an agenda item for both the Board and the Investment Adviser, where it is discussed as part of wider strategic priorities and risk management.

Roles and responsibilities are defined within the Company's ESG structure on page 38. The Investment Adviser oversees the implementation of the Company's ESG Strategy, which includes a climate change mitigation pillar, under which specific climate-related commitments and KPIs have been developed. In line with this strategy, the Investment Adviser works with the Company's key service providers to continue to integrate climate considerations across the asset lifecycle, including pre-investment due diligence, asset management and reporting. Asset data collected from service providers is collated by the Investment Adviser and used to inform the ongoing assessment of climate-related risks and opportunities.



# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

## 2. Governance

### *Management (continued)*

Remuneration of the Investment Adviser is not directly linked to sustainability metrics and targets (e.g. GHG emissions). However, the nature of the Company's asset class targets climate change mitigation, and the successful pursuit of that objective is reflected in remuneration. This creates alignment between Shareholder interest, climate change mitigation and the Investment Adviser's commercial interest.

## 3. Strategy

The Company's strategy is aligned to climate change mitigation, which seeks to tackle one of the primary root causes of climate-related risk and take advantage of any feasible opportunities. To inform its strategy, the Company has continued to employ scenario analysis<sup>35</sup> as a tool to better characterise its most material climate-related risks, and opportunities, understanding how those risks and opportunities could materialise over short-, medium- and long-term time horizons (2030, 2040 and 2050, respectively). Key insights from these analyses are described in the following section, which is concluded with an overall assessment of the Company's resilience to climate change in each emissions scenario.

### Approach to Scenario Analyses

Three scenario analyses have been undertaken to date: the first assessed risks associated with the transition to a low carbon economy, the second focused upon the impact of extreme heat for solar PV and battery storage assets, and the third analysed the impact of projected changes in wind speed on wind assets. These were identified as potentially financially material physical risks to the Company during climate screening workshops. These workshops were held with representatives from the Bluefield service provider companies and steered by consideration of forward-looking climate projections. Flood risk was also considered to be potentially financially material, but this is subject to extensive assessment and mitigation as part of the standard regulatory planning and development process.

Table 1: Scenarios used for transitional and physical scenario analyses, based on established climate models. Broad alignment exists between each set of scenarios, despite slight differences in warming implications.

	Description of Scenario	Warming implications	
		Physical	Transitional
<b>Net Zero by 2050</b>	Global cooperation for effective regulation & mitigation of emissions, avoiding the worst impacts of climate change. Shifts occur gradually toward a more sustainable & inclusive path, meeting Paris Agreement goals.	<2°C	1.5°C
<b>Delayed Transition</b>	Progress is delayed; effective policies are not introduced until 2030 or later, and in a more rapid and disruptive manner. Warming exceeds 2°C and a degree of environmental degradation occurs, but damages are constrained by improvements in energy and resource use.	2-4°C	<2°C
<b>Current Policies</b>	Continued emphasis on economic growth and technological progress. Effective policies to decarbonise are not introduced globally and there is continued reliance on fossil fuels, leading to high levels of warming, which could exceed 4°C.	>4°C	>3°C

<sup>35</sup> Assumptions and limitations: The Company acknowledges the uncertainty offered by climate change scenarios, and thus the results of the scenario analyses will be used as an approximate, rather than definitive, guide.

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

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## 3. Strategy (continued)

The scenarios used in the physical analysis were derived from Representative Concentration Pathways (“RCPs”)<sup>36</sup> and Shared Socioeconomic Pathways (“SSPs”)<sup>37</sup>; the transitional scenarios were derived from global climate models produced by the Network for Greening the Financial System (“NGFS”)<sup>38</sup>. The SSP pathways denote higher warming potential, which better highlights physical risks, whilst the NGFS pathways more effectively portray transitional impacts. The results of these analyses are presented in the ‘Strategy’ section and continue to be developed and integrated into business strategy and financial planning.

Whilst there is some variance in the results of the analyses by scenario up to 2050, it should be noted that the primary divergence in impact between scenarios is expected to be seen between 2050 and 2100. The remaining weighted average life of the Company’s portfolio of assets means there is limited exposure to variability in these scenarios. The impact assessment below can therefore be read across all scenarios and is not specific to certain variabilities of these scenarios.

### Results of Physical Scenario Analysis

The following section summarises the extreme heat and wind-focused physical scenario analyses, setting out the potential impact on the business model and value chain. Please refer to the Company’s [2023 TCFD report](#) (Table 2, page 44 of the Company’s 2023 Annual Report) for a more detailed breakdown of the impact of extreme heat across the different scenarios referenced above.

### Physical Analysis – Impacts of extreme heat on yield

Above a certain temperature threshold (around 25°C), heat can start to affect multiple components of PV systems, resulting in efficiency losses in PV modules, accelerated PV cell degradation, and inverter failure. As average temperatures increase with climate change, the IPCC predicts extreme heat events will become more frequent and severe<sup>39</sup>, presenting a risk to the Company’s portfolio over the short, medium, and long-term. Heat is expected to manifest as a risk to solar asset performance in two ways: the chronic effects of long-term average temperature rise on PV cell efficiency, and acute failure of key components (i.e., inverters) during heatwaves, both of which can impact yield.

### *Acute Risk*

Extreme heat events (e.g. heatwaves) are typically short-term spikes that can lead to failures in constituent components within a PV system. The threshold at which failures are more commonly observed was agreed by Bluefield to be 33°C, informed by past events on the solar portfolio. The number of days exceeding this temperature are likely to increase, primarily impacting PV systems through their ancillary equipment (e.g. inverters). Although there are associated losses to revenue during downtime, the results of the scenario analysis imply that this may not be financially material. However, it should be noted that this analysis does not consider the full suite of risks that extreme heat events could present to the Company; for instance, the cost of equipment replacement or repair, or compound risks associated with multiple climate-related events playing out at once, which were not modelled. Nevertheless, considerate design, procurement and planning can help mitigate the impact of heat. For example, inverters can be located away from other equipment to

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<sup>36</sup> The [RCPs](#) pre-dated the SSP scenario’s and were developed by the International Panel on Climate Change, they were the dominate scenarios used in Coupled Model Intercomparison Project (CMIP) 5

<sup>37</sup> The [SSPs](#) are a range of new “pathways” built by the International Panel on Climate Change in CMIP 6 to examine how global society, demographics and economics might change over the next century with climate change.

<sup>38</sup> The [NGFS](#), established at the Paris “One Planet Summit” in 2017 by eight central banks and supervisors, has developed global climate models to provide granular data on transition pathways and climate impacts, to understand how climate change, climate policy and technology trends could evolve in different futures.

<sup>39</sup> [Chapter 11: Weather and Climate Extreme Events in a Changing Climate | Climate Change 2021: The Physical Science Basis \(ipcc.ch\)](#)

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

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## 3. Strategy (continued)

### *Physical Analysis – Impacts of extreme heat on yield*

#### Acute Risk (continued)

prevent overheating, and increasingly, technologies with a greater capacity to dissipate heat (through fans or internal cooling systems) are becoming available to the market.

In addition to PV systems, the impact of extreme heat on battery storage systems was evaluated. Analysis of technical specifications revealed that battery storage systems<sup>40</sup> appear resilient to the UK temperature ranges predicted across all three scenarios, with in-built cooling systems able to maintain internal ambient air temperature and therefore optimal asset performance. Thus, extreme heat should not present a material risk to the operation of battery storage systems adopted into the Company's portfolio in the future.

The Company notes that components of wind turbines may also be exposed to risk of overheating. However, this was not considered likely to become material during initial climate screening workshops, and thus has not been modelled to date.

#### Chronic Risk

Average temperature rise represents a more sustained financial risk to the solar portfolio. PV systems begin to experience curtailments in output efficiency due to heat at approximately 25°C. Although technologies vary, every degree of temperature rise over this threshold is considered to result in an approximately 0.41% reduction in efficiency. As average temperatures rise, solar cells will be pushed beyond their optimal operating temperature more frequently and to a greater extent, in line with the trajectory of global emissions.

Whilst the impact of extreme heat on yield is not considered to be financially material at present, the Company notes the unpredictability of climate projections, and thus is assessing adaptive measures to address these risks. Technological advancements of PV systems are helping to mitigate this risk in part; PV panels with improved temperature coefficients are becoming available to the market. The Company considers the heat resilience of PV technologies installed within new build projects, capturing this information within asset-specific adaptation plans<sup>41</sup>. The Investment Adviser will assess the feasibility of additional mitigation measures, including novel solutions entering the market.

### *The Impact of Changing Wind Speed on Yield<sup>42</sup>*

Modelling changes to wind speed associated with climate change is a highly complex and uncertain exercise. The many determinants of storms and high winds, and non-linear dynamics within the global climate system, make them difficult to model compared with temperature change. Increasingly severe storms and high wind speeds have been noted in the UK over the past 40 years<sup>43</sup>, and it is acknowledged that this could increase further with climate change. Moreover, the chronic effect of the 'global stilling' phenomenon, whereby polar regions have warmed faster than tropical regions, reducing atmospheric pressure differences and wind speeds as a result, has been detected over similar timeframes and is expected to continue in some projections<sup>44</sup>. Despite the uncertainty, it is essential to have a forward-looking view of these factors and understand how they may be exacerbated by climate change, as both have the potential to impact wind asset performance.

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<sup>40</sup> Please note that the battery storage system modelled was deemed to be representative of those currently available on the market. However, specifications do vary.

<sup>41</sup> Note asset-specific adaptation plans are produced for all new build assets, of which the Company has completed two to date.

<sup>42</sup> The Company is aware that in extreme cases, high winds can cause damage to solar assets. Although not modelled within the wind scenario analysis, these events are isolated and are not expected to be financially material.

<sup>43</sup> <https://www.metoffice.gov.uk/research/climate/understanding-climate/uk-and-global-extreme-events-wind-storms>

<sup>44</sup> [Global 'Stilling': Is Climate Change Slowing Down the Wind? - Yale E360](#)

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

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## 3. Strategy (continued)

### *The Impact of Changing Wind Speed on Yield (continued)*

#### *Acute Risk*

High wind speeds present a double-edged sword for wind turbines; up to a certain threshold, they can drive greater generation yields and create more revenue. However, when wind speeds exceed approximately 55-65mph, turbines may shut down to prevent asset damage. This is a key mitigation to acute damage caused by high winds and storms to protect the turbines.

Acute high wind speed events are expected to increase with climate change. The analysis indicated that the highest winds will be felt in the extremities of the UK (i.e., Northern Scotland and Cornwall). Although more frequent turbine shutdowns in these areas may lead to lost revenue, the benefit of higher wind speeds across the rest of the UK is likely to outweigh this cost to the Company. Diversity in the portfolio between geography and asset classes enables the Company to take advantage of any beneficial weather conditions that climate change may bring whilst helping mitigate the negative impacts.

#### *Chronic Risk*

Despite an increase in extreme wind events, current projections suggest that overall annual average wind speeds will continue to decline across the UK. Scientific consensus and model agreement on the probable trajectory of wind stalling has not yet been reached, and therefore this scenario remains highly variable. Wind stalling poses a risk to average revenues as generation from turbines would decline. However, given the minority exposure of the Company's investments to wind<sup>45</sup> and the relatively slight impact on average speeds, it is not considered to be financially material at this time. However, given recent instability in power prices, the extent of possible financial impact is difficult to determine with a high degree of certainty.

### Results of Transitional Scenario Analysis

Transitional opportunities are expected to predominate over transitional risks due to the nature of the Company and its role in providing low carbon energy to a decarbonising economy. Risks associated with the low carbon transition are likely to become more apparent from 2030 onwards, as the realities of needing to meet net zero goals solidify. However, the accompanying opportunities are high, with taxes on emissions-intensive industries and broader regulatory shifts that should encourage further investment into renewables.

Please refer to the Company's [2023 TCFD report](#) for a detailed summary of the transitional scenario analysis, conducted in 2022, which qualitatively assessed the impact of potential policy, regulatory, technology, and market changes associated with mitigative and adaptive responses to climate change.

Key insights from this analysis are discussed together with physical risks within the context of resilience in the next section.

### Assessment of resilience

Drawing on the results from all three scenario analyses, the Company has assessed its resilience to climate-related risk in each of the scenarios, summarised below. Work will continue to integrate findings from the scenario analyses into the Company's risk management processes, strategic and investment-related decisions, and financial planning.

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<sup>45</sup> Limited to a maximum of 25% of the Company's Gross Asset Value as per its [Investment Policy](#).

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

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## 3. Strategy (continued)

### Assessment of resilience (continued)

#### Net Zero (1.5°C – 2°C)

Due to the nature of its investments, few transitional risks are expected to present a high risk to the Company. The greatest risks in this scenario come from technology change in the long-term. This could quicken the rate of asset depreciation and require large scale investment to install new technologies across the portfolio. However, the Company views the accompanying opportunity as high. Technological progress may lead to greater yielding PV assets as well as better battery storage solutions, combining to increase revenues. Policy and legal shifts are also likely to present high opportunities over the long-term, which the Company is well placed for, as they create conditions conducive to growth of the portfolio.

#### Delayed Transition (2-4°C)

In a Delayed Transition, the medium-term is more disruptive than the other scenarios. This is due to significant shifts required to move to a low-carbon trajectory, compensating for previous inaction. Again, this creates both risks and opportunities to the Company. Market shifts are particularly likely: service providers may face supply chain issues, and revenues may be exposed to risk from volatility in power prices. However, the opportunity from a disorderly transition is that there is a sudden shift away from fossil fuels, which is likely to cause a demand spike for renewable energy. With the Company's growing portfolio and development pipeline, it has the opportunity to facilitate this increased demand. Reputational opportunities are also highest in this scenario in the long-term, as increased value is placed on sustainability credentials to limit warming. In a 2-4°C scenario, chronic physical risk increases over time, but to a lesser extent than in the >4° scenario; greater yield losses are felt for PV, due to rising temperatures, and for wind turbines, should stilling take effect. Incidences of acute wind and heat events similarly increases over time but are less impactful in this scenario, as much of the Company's generation capacity is located away from the worst affected counties.

#### Current Policies (>3, >4°C)

The Company is generally exposed to lower transitional risks and opportunities in this scenario. As a provider of renewable energy, it stands to gain from a transition to a low carbon economy. If this does not occur, there may be limited opportunities to grow the portfolio beyond those experienced currently, across even the longest time horizons. A lack of climate policy and action will result in the greatest exacerbation of climate hazards, making physical risk to assets highest in this scenario, though not to the extent that is expected to cause a material financial impact to the Company. The value chain impact is potentially significant; climate-related disruption in the supply chain for new assets could lead to shortages of supply and price spikes, with polysilicon being a particularly volatile component of a PV system<sup>46</sup>.

The Company will use the results of the climate modelling to inform investment decision-making and mitigation measures to enhance the long-term resilience of its portfolio to evolving physical climate risks.

## 4. Risk Management

### *Governance*

For information relating the Board's approach to risk management, which is inclusive of climate risk, please refer to page 67.

### *Physical risk management*

Overall, the physical scenario analyses indicate that extreme heat and changing wind patterns do not currently pose a financially material risk to the Company with respect to asset yield and revenue generation.

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<sup>46</sup> <https://energy.economictimes.indiatimes.com/news/renewable/unprecedented-polysilicon-price-volatility-threatening-solar-power-capacityinvestments/98382153>

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

## 4. Risk Management (continued)

### *Physical risk management (continued)*

The Company is, however, aware of the limitations of scenario analysis and the evolving nature of climate hazards. Of note is the fact that climate-related risks are unlikely to occur in isolation; compound risks associated with the assets themselves and the broader supply chain may play out simultaneously, heightening the risk posed.

To enable a dynamic response to physical climate risk, the Company has developed a portfolio-wide adaptation plan, which will help the Company monitor climate-related risks, further inform investment decisions, and identify opportunities to enhance resilience. The plan is structured around stages of the asset lifecycle, to support a holistic understanding of physical climate change impacts to the Company's direct operations and key service providers, and to map out accountability across key stakeholders. It will also serve as an evidence base from which data to monitor risk can be refined and fed into strategic decision-making where necessary.

### *Transitional risk management*

The management of transitional risk is integrated within the responsibilities of the Investment Adviser. Mitigation measures pertaining to key transitional risk areas, as identified in the transitional scenario analysis, are presented in Table 2.

Table 2: Mitigation measures used by the Company to manage transitional climate-related risks.

<b>Technology advances</b>	The Investment Adviser models the operational asset life, taking account of depreciation and physical degradation, to forecast NAV and portfolio revenue. Outputs are listed in the Company's risk register and are regularly updated to inform long-term scenario planning. This enables active risk management, including the arrangement of appropriate contingency funds for equipment failure and longer-term decision-making around asset repowering and equipment upgrades, helping reduce NAV depreciation. Diversification is another important resilience mechanism, allowing the Company to expand into alternative technologies. The Company's development pipeline also gives it greater scope to implement new technologies as they become commercially viable.
<b>Business reputation</b>	The Company's continued transparency regarding the climate actions it is taking, including voluntary alignment with the TCFD, helps mitigate against reputational risks. Robust compliance with ESG regulation further supports this. Within its ESG report, the Company aims to disclose information relating to both achievements (through a comprehensive set of commitments and KPIs) and challenges, helping to provide a balanced perspective. These actions stand to strengthen the Company's reputation and financial benefit could be realised in the form of increased investment, as investor preferences shift towards low carbon energy and sustainable investment.
<b>Policy &amp; legal action</b>	The Investment Adviser's legal counsel keeps abreast of upcoming policy and legal changes, and external legal and technical advisers support the Company in maintaining compliance with applicable policy and regulation. The Company has developed a robust set of policies to externalise ESG expectations to third parties, helping cascade responsible business practice across key service providers. As a FCA regulated entity, the Investment Adviser evidences high standards of professional conduct.
<b>Market disruption</b>	The Company's investment strategy of owning and operating predominantly subsidised assets provides strong visibility of revenues and helps protect the Company against future regulatory changes in power markets. The Investment Adviser supplements this by continuously monitoring new long-term fixed revenue streams that are becoming available. For example, it secures contracts for difference, enhancing revenue visibility and security. In the future, the Company is expected to diversify its revenue streams through investment in batteries, which benefit from power price volatility. Novel revenue streams and technologies are continually evaluated for their ability to enhance the resilience of the Company's long-term investment objective.

### *Ongoing risk identification & assessment*

Climate-related risks and opportunities are identified and assessed on an ongoing basis at different stages of the asset lifecycle. Climate considerations are integrated into pre-investment ESG due diligence

# Task Force for Climate-related Financial Disclosures (TCFD) (continued)

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## 4. Risk Management (continued)

### *Ongoing risk identification & assessment (continued)*

and are a key consideration within the Company's ESG strategy, aiding the long-term management of climate matters post-investment. Development partners, including Bluefield Renewables Development Limited, ensure that climate factors are considered during the development process of new assets, for example through flood risk assessments.

On a daily basis, asset management and O&M service providers identify, escalate, and respond to climate-related incidents impacting the Company's assets. Irregularities in generation are flagged in real time by monitoring teams who diagnose the issue, classify the risk, and communicate it to asset management and O&M teams through incident reports. Examples of risks classified as "climate-related" include string-level identification of inverter failures during heatwaves and downtime of wind turbines due to storm activity.

The Company is also taking steps to engage its supply chain on climate risk through its net zero targets. Please refer to the ESG report on page 40.

## 5. Metrics and Targets

### *Metrics*

The financial performance and overall success of the Company is intrinsically linked to opportunities that result from the transition to a low carbon economy. The Company monitors this through metrics relating to returns and dividends paid to Shareholders, which are underpinned by the total generation yield of the portfolio.

The Company also tracks its ESG performance against a set of commitments and KPIs, enabling the Company to manage its ESG risks and opportunities alongside financial objectives (see ESG Appendix on page 47). As an infrastructure owner, the Company's assets are vulnerable to physical and transitional climate risks, a selection of which have been explored quantitatively through scenario analysis (see Strategy section). Insights from scenario analyses will be used to inform metrics used by the Company to assess and monitor climate-related risks and opportunities, and steer portfolio resilience measures.

### *GHG Inventory results*

The Company's GHG inventory relating to the Year is presented in Table 3<sup>47</sup>, calculated in line with the GHG Protocol Corporate Accounting Standard and the Partnership for Carbon Accounting Financials. DEFRA GHG reporting conversion factors, DEFRA conversion factors by SIC, and power provider specific emissions factor datasets were used in the analysis (corresponding with the period emissions were incurred). Some aspects of data collection remain challenging, and as a result, a proportion of data was estimated or extrapolated.

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<sup>47</sup> Calculation of the carbon footprint was supported by a third-party consultant, but it has not been externally verified.

## Task Force for Climate-related Financial Disclosures (TCFD) (continued)

### 5. Metrics and Targets (continued)

#### GHG Inventory results (continued)

Table 3: the Company's GHG emission inventory for the period 1 July 2023 – 30 June 2024, highlighting emission results per scope, including a breakdown of scope 3 categories. These figures are inclusive of the emissions associated with the Company's investment stake in the strategic partnership with GLIL Infrastructure as of 30 June 2024.

	Location-Based Emissions (tCO <sub>2</sub> e)	% of total	Market-Based Emissions (tCO <sub>2</sub> e)	% of total
Scope 1	46	0.24	46	0.24
Scope 2	748	3.91	399	2.12
Scope 3	18,353	95.85	18,353	97.63
<i>Purchased Goods &amp; Services</i>	<i>18,065</i>		<i>18,065</i>	
<i>Fuel- and Energy-Related Activities</i>	<i>260</i>		<i>260</i>	
<i>Waste Generated in Operations</i>	<i>19</i>		<i>19</i>	
<i>Water Consumption</i>	<i>0.1</i>		<i>0.1</i>	
<i>Upstream Leased Assets<sup>48</sup></i>	<i>9</i>		<i>9</i>	
<b>Total</b>	<b>19,147</b>		<b>18,798</b>	

During the Year, the Company updated the boundaries of its GHG inventory to align with reporting done under the EU's SFDR. Previously, an organisational boundary based on the operational control approach was defined; now, an equity share approach has been adopted. This also aligns with the financial reporting approach, which was deemed more appropriate given the Company's recent strategic partnership. The Company has also had regard to guidance from the Partnership for Carbon Accounting Financials during this process, adjusting for the impact of debt in the structure.

This change increased the accuracy of the Company's inventory, and the Company will continue to evaluate and adjust its GHG accounting methodology as it evolves its approach. The Company will review opportunities to enhance the accuracy of scope 3 data, particularly in relation to new asset construction, including the embodied carbon of supplied modules and emissions arising from installation.

The Company's scope 1 emissions have increased during the Year. This change pertains to a combination of increased generator usage for planned electricity network operator outages and essential maintenance and repair activities, as well as solar and wind asset repowering activities. The Company has observed a decrease in scope 2 emissions following the transfer of several assets onto renewable import tariffs. The Company's adjusted scope 3 emissions appear to have decreased; however, it is noted that this is largely due to the described methodology changes.

#### Climate-related targets

The Company takes its role in the transition to net zero seriously and has developed net zero targets during the Year. The Company has also been identifying its dependencies to reach net zero; the business model means that operational assets rely on a number of third-party firms, and engagement with these providers will be critical to reduce carbon emissions across the supply chain. Please refer to page 40 for further information.

<sup>48</sup> Please note this category relates to emissions from electricity consumed by assets where the Company does not have control over the electricity import tariff.



# Strategic Report

## 1. Company's Objectives and Strategy

The Company seeks to provide Shareholders with an attractive and sustainable return, principally in the form of quarterly income distributions, by investing primarily in solar energy assets located in the UK. The Company also invests a minority of its capital into other renewable assets, including wind and energy storage.

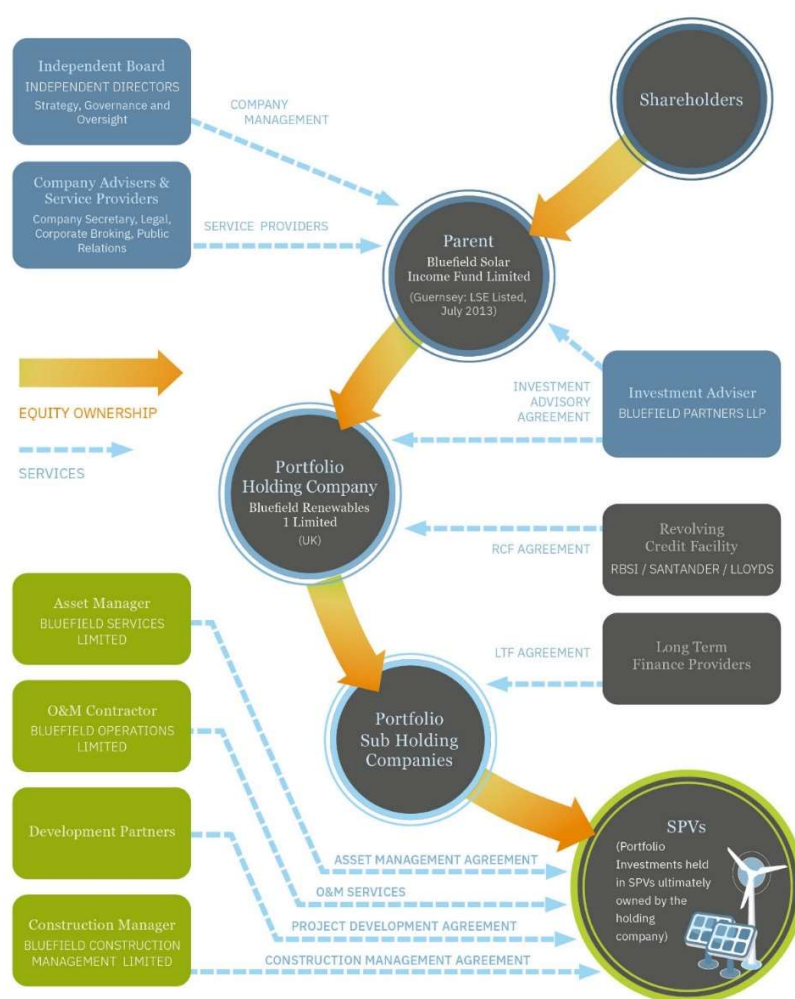
Subject to maintaining a prudent level of reserves, the Company aims to achieve quarterly income distributions through optimisation of asset performance, acquisitions and the use of gearing. The Company's dividend target for the Year was 8.8opps and by declaring a fourth interim dividend of 2.2opps following three interim dividends of 2.2opps, the Company's total dividend of the Year was 8.8opps .

The Operational and Financial Review section on page 65 provides further information relating to performance during the year.

## 2. Company's Operating Model

### Structure

The Company holds and manages its investments through a UK limited company, Bluefield Renewables 1 Limited (BR1), in which the Company is the sole shareholder.



# Strategic Report (continued)

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## 2. Company's Operating Model (continued)

### Management

#### *Board and Committees*

The independent Board is responsible to Shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy, approval of new investments, oversight of the Investment Adviser, approval of changes in strategy, risk assessment, Board composition, capital structure, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company. The Board consists of five independent non-executive Directors, three of whom are Guernsey residents. See the Corporate Governance Report for further details.

#### *Investment Adviser*

The Investment Adviser's key responsibilities include identifying and recommending suitable investments for the Company and negotiating the terms on which such investments will be made.

Under a technical services agreement with BR1, the Investment Adviser is responsible for supervising and monitoring all existing investments. Additionally, the Investment Adviser has the same ownership as several key entities that provide essential services to the Company's portfolio. BSL delivers asset management services, while BOL and BRD manage the operational aspects of most investments and oversee the pipeline of development projects, respectively. BCM, also under the same ownership as the Investment Adviser, provides construction management services for the new build portfolio.

During the Year, the Investment Adviser received a fee equivalent to 0.8% of NAV (Prior Year: 0.8%). A summary of the fees paid to the Investment Adviser is given in Note 16 of the financial statements. The fees paid to BSL, BRD, BOL and BCM are also detailed in Note 16.

#### *Administrator*

The Board delegated administration and company secretarial services to the Administrator. Further details on the responsibilities assigned to the Administrator can be found in the Corporate Governance Report.

### Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are listed on pages 87 to 88.

### Investment Process

Through its record of investment in the UK renewable energy market, the Investment Adviser has developed a rigorous approach to investment selection, appraisal and commitment.

#### *Repeat transaction experience with specialist advisers*

The Investment Adviser has worked with a range of specialist advisers from multiple disciplines in each of the transactions it has executed in the UK and European markets and is able to source relevant expertise to address project issues both during and following a transaction.

#### *Application of standardised terms developed from direct experience*

The Investment Adviser has developed standardised terms which have been specifically tested by reference to real transaction and project operational experience. Whilst contract terms are specifically negotiated and tailored for each individual project, the Investment Adviser always includes contractual protection regarding recovery of revenue losses for underperformance and obligations for correction of defects.

# Strategic Report (continued)

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## 2. Company's Operating Model (continued)

### Investment Process (continued)

#### *Rigorous internal approval process*

All investment recommendations issued to the Company are made following the formalised review process described below:

#### *(1) Investment origination and review by the Investment Adviser's managing partners*

Before incurring costs in relation to the preparation of a transaction, a project is concept reviewed by the Investment Adviser's managing partners, following which a letter of interest or memorandum of understanding is issued, and project exclusivity is secured.

#### *(2) Director Concept Approval*

In the event that material costs are to be incurred in pursuing a transaction, a concept paper is issued by the Investment Adviser for review by the Board. This fixes a project evaluation budget as well as confirming the project proposal is in line with the Company's investment policy and strategy and aligned to ESG principles.

#### *(3) Due diligence*

In addition to applying its direct commercial experience in executing renewable energy acquisitions and managing operational projects, the Investment Adviser engages legal, technical, ESG and, where required, insurance, tax and accounting advisers from its extensive network to undertake independent due diligence.

#### *(4) Investment Adviser Investment Committee*

Investment recommendations issued by the Investment Adviser are made following the submission of a detailed investment paper to the Investment Committee. The Investment Committee operates on the basis of unanimous consent and has a record of making detailed evaluation of project risks. The investment paper submitted to the Investment Committee discloses all interests which the Investment Adviser and any of its affiliates may have in the proposed transaction.

#### *(5) Board approval*

Following approval by the Investment Adviser's Investment Committee, investment recommendations are issued by the Investment Adviser for review by the Board of the Company. The Board undertakes detailed review meetings with the Investment Adviser to assess the recommended projects. If the Board of the Company approve the relevant transaction, the Investment Adviser is authorised to execute it in accordance with the Investment Adviser's recommendation and any condition stipulated in the Board's approvals. The Board is regularly updated on the pipeline of potential new investments to help provide context for capital allocation decisions.

#### *(6) Closing memorandum*

Prior to executing the transaction, the Investment Adviser completes a closing memorandum confirming that the final transaction is in accordance with the terms presented in the investment paper to the Investment Adviser's Investment Committee, and the board of the Company; detailing any material variations and outlining how any conditions to the approval of the Investment Committee and/or Board approval have been addressed. This closing memorandum is countersigned by an appointed member of the Investment Adviser's Investment Committee prior to completing the transaction.

### Managing conflicts of interest

The Investment Adviser is regulated by the FCA and is bound by conduct of business rules relating to management of conflicts of interest. The Board noted that the Investment Adviser has other clients and has satisfied itself that the Investment Adviser has procedures in place to address potential conflicts of interest which, together with any mitigation measures, are disclosed in the investment recommendation for each investment.

## Strategic Report (continued)

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### 3. Investment Policy

The Company invests in a diversified portfolio of renewable energy assets, all located within the UK, with a focus on utility scale assets and portfolios on greenfield, industrial and/or commercial sites. With a focus on solar PV, the Company has the ability to invest up to 25% of the Company's GAV into complementary renewable technologies, principally wind and storage. The Company's responsible investment approach is discussed in Environmental, Social and Governance Report on page 33.

Individual assets or portfolios of assets are held within SPVs into which the Company invests through equity and/or debt instruments. The Company typically seeks legal and operational control through direct or indirect stakes of normally 100% in such SPVs, but may participate in joint ventures or minority interests to gain exposure to assets which the Company would not be able to acquire on a wholly-owned basis. In the situation of joint ventures or minority interests, the Company would ensure a high degree of influence over decisions.

The Company may, at a holding company level, make use of both short-term debt finance and long term structural debt, but such holding company level debt (when taken together with the SPV finance noted above) will not exceed 50% of the GAV. It may also make use of non-recourse finance at the SPV level to provide leverage for specific renewable energy infrastructure assets or new portfolios provided that at the time of entering into (or acquiring) any new financing, total non-recourse financing within the portfolio will not exceed 50% of GAV.

While it is not the Company's policy to be a long term holder of non-UK assets, the Company can invest up to 10% of GAV into assets outside the UK to enable it to acquire portfolios with a mix of UK and non-UK assets. Furthermore, up to 5% of the GAV may be invested into pre-construction UK solar development opportunities. As at 30 June 2024 this is less than 3% (30 June 2023: 2%). The aggregate exposure to other renewable energy assets, energy storage technologies, UK solar development opportunities and non-UK assets will be limited to 30% of the Company's GAV.

No single asset (excluding any third-party funding or debt financing in such asset) will represent, on acquisition, more than 25% of the NAV.

The Company derives its revenues from the sale of ROCs, FiTs and CfDs (or any such regulatory regimes that may replace them from time to time) alongside the sale of electricity under power purchase agreements with counterparties such as co-located industrial energy consumers and wholesale energy purchasers.

The Company may invest up to 5% of GAV into developing further UK solar development opportunities and purchase assets pre- or post-construction in order to:

1. Maximise quality and scale of deal flow;
2. Optimise the efficiency of the acquisitions;
3. Minimise risk via appropriate contractual agreements; and
4. Acquire assets using prudent assumptions.

## Strategic Report (continued)

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### 3. Investment Policy (continued)

#### Listing Rule Investment Restrictions

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

- 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 must, 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 the published investment policy; and
- not more than 10% of the GAV at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the prior approval of the FCA and Shareholders.

### 4. Operational & Financial Review for the year

#### Key Performance Indicators

	As at 30 June 2024	As at 30 June 2023
Market capitalisation (£m)	<b>636.0</b>	<b>733.7</b>
Total dividends per share declared in relation to the year	<b>8.80p</b>	<b>8.60p</b>
NAV (£m)	<b>781.6</b>	<b>854.2</b>
NAV per share	<b>129.75p</b>	<b>139.70p</b>
Total Shareholder Return	<b>(4.67)%</b>	<b>(2.03)%</b>

#### Market capitalisation (1)

The Directors regard the Company's market capitalisation as an important secondary indicator of the trading liquidity in its shares. The Company's market capitalisation (the market value of its Ordinary Shares) at 30 June 2024 was £636 million, down from £734 million at 30 June 2023. This principally reflects a widening in the discount to underlying NAV and the buyback of 9 million shares.

#### Total dividends per share declared (1)

The Company generates returns primarily in the form of distributions and the Company has a progressive dividend target. The dividend grew by 2.3% to 8.80pps in the Year, from 8.60pps in the Prior Year.

## Strategic Report (continued)

### 4. Operational & Financial Review for the year (continued)

#### NAV

The Company's average NAV forms the denominator of the Total Expense Ratio calculation and is thereby a determinant of BSIF's total expense ratio. As the variable costs of running the company tend to reduce with increasing NAV a larger NAV will reduce the TER. The finite life of renewable asset leases will ultimately lead to attrition of the Company's NAV. The Directors recognise this as a significant feature and have expanded the mandate of the Company in part to mitigate this effect.

#### NAV Per Share<sup>(1)</sup>

Whilst the Company's principal goal is to produce income, the NAV per share movement informs our shareholders and the Board whether this income has been produced at the expense of capital growth. The NAV per share fell during the year and produced a negative return to capital, reflecting lower long term electricity prices and lower inflation expectations.

#### Total Shareholder Return<sup>(1)</sup>

This is a measure of the combined return to Shareholders from dividend income and share price movements and whilst this should be positive in the long-term, short-term fluctuations in shareholder and market sentiment can cause this number to be positive or negative. The return of -4.67% for 2024 compared to the return of -2.03% in 2023 largely reflects the reduction in share price during the year to 30 June 2024 following a widening of the discount to NAV that has arisen. In August 2023, the Bank of England increased the Base Rate to 5.25% and held it at that level until August 2024, when it announced a 25bps reduction.

#### Acquisitions

See the Investment Adviser's Report in Section 2.

#### Portfolio Performance

See the Investment Adviser's Report under Sections 2 and 5.

The Company's PPA strategy is to enter into 12 to 36 month electricity sales contracts, with contracting periods spread quarterly across the portfolio in order to minimise the portfolio's sensitivity to short term price volatility.

#### Summary Statement of Comprehensive Income

	Year ended 30 June 2024 £ million	Year ended 30 June 2023 £ million
Total Income (Note 4 of the financial statements)	0.9	0.9
Change in fair value of assets (Note 8 of the financial statements)	(8.3)	48.2
Administrative expenses (Note 5 of the financial statements)	(2.2)	(2.3)
<b>Total comprehensive (loss)/income</b>	<b>(9.6)</b>	<b>46.8</b>
<b>Earnings per share</b>	<b>(1.57p)</b>	<b>7.65p</b>

(1) please see Alternative Performance Measures on pages 148 to 150 for further details.

# Strategic Report (continued)

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## 4. Operational & Financial Review for the period (continued)

### Summary Statement of Comprehensive Income (continued)

Income for the period is the monitoring fees paid by BR1 to BSIF.

The total comprehensive loss before tax of (£9.6) million reflects the performance of the Company when valuation movements and operating costs are included. Further detail on the valuation movements of BSIF's portfolio is given in the Report of the Investment Adviser.

The Company's ongoing charges ratio for the Period was 1.02% (2023: 1.00%), calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and uses the average NAV in its calculation. See page 150 for a tabular calculation of the Company's ongoing charges ratio.

## 5. Directors' Valuation\* of the Company's portfolio

The Investment Adviser, or an independent external valuer, is responsible for preparing the fair market valuation recommendations for the Company's investments for review and approval by the Board. Valuations are carried out quarterly, as at 30 September, 31 December, 31 March and 30 June, with an external review as and when the Board deems appropriate.

The fair market value adopted for the portfolio was £965.5m (Note 8 of the financial statements) and is confirmed by an alternative approach using a combination of discounted cash flows of income generated from the portfolio of investments.

The Board reviews the recommendations of the Investment Adviser to form an opinion of the fair value of the Company's investments. A detailed analysis of the Directors' Valuation is presented in the Report of the Investment Adviser.

\* Directors' Valuation is an alternative performance measure to show the gross value of the SPV investments held by BR1, including their holding companies. A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.

## 6. Principal Risks and Uncertainties

In line with the FCA's Disclosure Guidance and Transparency Rules, the Board identifies the material inherent risks to which the Company is exposed and takes appropriate steps to mitigate and control these risks to a level that is deemed acceptable by the Board.

The Board is ultimately responsible for defining the level and type of risk that the Company considers acceptable, ensuring its activities remain in line with the Company's Investment Policy while pursuing its Investment Objective.

The risk appetite that the Company is willing to accept is dependent on the potential likelihood and severity of impact caused by the relevant risk events or circumstances, and the timescale over which they may occur.

The risk framework adopted by the Company ensures clear and transparent descriptors and parameters of acceptable risk in regard to the operation of the Company and management of the investment portfolio, designed to prevent excessive risk taking, whilst maximising shareholder return.

When assessing strategic and external risks, such as wider political or economic circumstances, that are outside the Board's ability to control, these are deemed as accepted risks of doing business. Although not fully controllable by the Company, these risks are monitored closely, mitigated where possible, and are factored into all decision making.

Without compromise, the Board has zero-tolerance for fraud, bribery, corruption, money laundering, tax evasion, terrorist financing, proliferation financing and any other forms of financial crime. In addition, the Board will seek to follow best practice and remain compliant with all applicable laws, rules, and regulations.

## Strategic Report (continued)

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### 6. Principal Risks and Uncertainties (continued)

All inherent risks identified (including those classified as ‘emerging’) that could have a material adverse effect on the Company’s performance and value of Ordinary Shares are recorded in the Company’s risk matrix (and associated reporting) which is reviewed by the Board at least twice a year.

The Company’s risks are categorised as follows:

- Strategic and external risks
- Investment portfolio management risks
- Fund operation risks
- Regulatory and Compliance risks
- Emerging risks

Those inherent risks that are determined as having the potential to threaten the Company’s business model, future performance, solvency or liquidity and reputation are classified as ‘Principal Risks’ and are set out in the table below. These Principal Risks are a small subset of the comprehensive set of risks which the Board reviews.



## Strategic Report (continued)

### 6. Principal Risks and Uncertainties (continued)

#### INVESTMENT PORTFOLIO MANAGEMENT

Risk	Potential Impact	Mitigation
<b>1. Transaction Pricing Risk</b>	<ul style="list-style-type: none"> <li>A failure to identify and secure opportunities to either acquire or divest of certain assets that would be of strategic importance to the portfolio could lead to the portfolio not having the required mix of technology or mix of age of asset</li> <li>A failure to transact at appropriate prices could lead to sites being acquired at too high a value or sites being sold at an undervalue.</li> <li>Both failures could lead to shareholder concern and could impact negatively on the Company's finances. Both failures could also lead the Board to query if the Investment Adviser is acting in accordance with the Investment Advisory Agreement and if an effective control environment within the Investment Adviser exists.</li> </ul>	<ul style="list-style-type: none"> <li>The Company maintains a diverse portfolio of assets across various technologies (wind, solar and BESS), ages, and operational stages, reducing the impact of poor transaction outcomes due to concentration on any single asset type.</li> <li>The Company's established presence and reputation in the market attract high quality opportunities and afford good negotiation opportunities.</li> <li>The Company's Investment Adviser maintains strong working relationships with other industry players, including developers, off takers, land agents, existing landlords on current sites, advisors, etc which ensures it receives insights and access to quality investment opportunities potentially ahead of the market.</li> </ul>
<b>2. Poor performance of operational sites</b>	<ul style="list-style-type: none"> <li>Predicted generation and associated revenue may be negatively impacted and affect the Company's ability to meet its dividend targets, leading to shareholder concern and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>The Portfolio consists of a large number of assets therefore minimal risk arises from a single operational plant not being managed effectively.</li> <li>Project companies hold appropriate agreements with experienced service providers for the effective management of operational plants, including routine preventative maintenance activity</li> </ul>
<b>3. Supply Chain Risks</b>	<ul style="list-style-type: none"> <li>There is a risk of reputational damage or financial loss if the supply chain is not adequately managed with appropriate due diligence conducted and oversight of key suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>The Bluefield Group represents a high proportion of the Company's supply chain spend, over which BSIF has a high degree of influence.</li> <li>All industry players share the same risk in relation to forced labour within the polysilicon supply chain.</li> </ul>

## Strategic Report (continued)

### 6. Principal Risks and Uncertainties (continued)

#### FUND OPERATIONS

Risk	Potential impact	Mitigation
<b>4. Levels of capital available for allocation are constrained</b>	<ul style="list-style-type: none"> <li>The NAV would decrease over time if the Company does not identify and exploit available sources of capital to grow the portfolio.</li> </ul>	<ul style="list-style-type: none"> <li>A diversified capital raising strategy that includes a mix of equity, debt, and alternative financing options to reduce reliance on any single source of capital.</li> <li>Strong relationships with a wide range of financial institutions, investors, and potential joint venture partners ensure layers of redundancy and consistent access to capital for allocation even where some sources are unavailable or overdrawn</li> </ul>
<b>5. Valuation risk</b>	<ul style="list-style-type: none"> <li>Valuations of the SPV investments may be over or understated.</li> </ul>	<ul style="list-style-type: none"> <li>Valuations presented by the Investment Adviser are underpinned by comparisons with other market transactions and confirmed by the use of long term DCF modelling. The valuations are reviewed and challenged by the Board as a minimum on a semi-annual basis.</li> <li>The Investment Adviser has recently improved the valuation model to reduce the risk of errors. Detailed controls and internal review procedures are in place to mitigate the risk of error.</li> <li>Given the high level of judgement and subjectivity involved in setting the assumptions that drive the model, the Board robustly challenges assumptions made on a semi-annual basis and uses third party data wherever possible to support inputs.</li> <li>For example, to mitigate the impact of future power price volatility on the Company's portfolio valuation, blended power price curves from three leading forecasters are used in the portfolio cash flow model. The portfolio benefits from Government subsidy in the form of FiT and ROC income.</li> <li>The Board will consider the frequency of independent reviews of the financial model in conjunction with the Investment Adviser.</li> </ul>

## Strategic Report (continued)

### 6. Principal Risks and Uncertainties (continued)

#### STRATEGIC AND EXTERNAL

Risk	Potential impact	Mitigation
<b>6. Physical and Transitional Climate Related Risks</b>	<ul style="list-style-type: none"> <li>Global climate change presents both risks and opportunities to the Company. Whilst the Company is well positioned to benefit from the opportunities arising from a decarbonising economy, physical climate impacts, particularly extreme heat and changing wind patterns, have the potential to cause damage to assets and impact generation, ultimately impacting revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Climate change presents both risks and opportunities to the Company: climate change opportunities are the basis on which the fund's strategic aims have been founded. Monitoring and managing transitional risks (such as technology advances, policy changes etc) forms part of the day today management of a renewable energy fund.</li> <li>Some key equipment and infrastructure (such as inverters and wind turbines) have inbuilt climate resilience measures, such as cooling systems prevent overheating or automatic shutdown thresholds to prevent damage caused by high winds.</li> </ul>
<b>7. Volatility in power prices</b>	<ul style="list-style-type: none"> <li>Without the delivery of an effective power sales strategy, there is a risk that the power generated will be unsold, or not sold at an appropriate level, leading to reduced revenue.</li> <li>If downside risk associated with power market volatility is not managed via an effective power sales strategy, there is a risk that the Company becomes unreasonably exposed to sustained periods of low power prices, or even negative prices.</li> <li>These factors would adversely influence the Company's ability to deliver against dividend targets.</li> </ul>	<ul style="list-style-type: none"> <li>Each asset sells generated power (and any associated benefits) via a separate Power Purchase Agreement (PPA), meaning it is therefore unlikely that material amounts of power will be uncontracted at any point.</li> <li>Approximately 40% of the Company's revenues arise from subsidy payments that are fixed (increasingly annually in line with inflation) and guaranteed by the UK Government, reducing exposure to power price volatility.</li> </ul>

## Strategic Report (continued)

### 6. Principal Risks and Uncertainties (continued)

#### STRATEGIC AND EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
<b>8. Loss of Popularity of Renewable Energy Infrastructure Sector</b>	<ul style="list-style-type: none"> <li>The challenging macro-economic environment (e.g. higher interest rates, volatile energy prices etc) has led to a fall in popularity of the whole renewable energy infrastructure sector leading to companies in the sector operating at discounts in excess of 10% to NAV, constraining their ability to raise new equity. This has had a negative impact on investor confidence/satisfaction and has made investors more reluctant to invest, triggering continuation votes in some vehicles, increased the level of M&amp;A activity in the market and put pressure on Boards to take action.</li> </ul>	<ul style="list-style-type: none"> <li>The NAV of BSIF's portfolio is heavily insulated from the volatility in energy prices and elevated interest rates as a result of the Company's power fixing strategy and high weighting to fixed debt which is fully amortising.</li> <li>BSIF also benefits from having an extremely experienced investment advisory team who are able to secure innovative strategic partnerships (such as the one with GLIL) and implement strategies to recycle capital, ensures optimal deployment of available resources when the ability to raise new capital from the public markets is constrained.</li> <li>Transparent, fair, balanced and timely communications with all shareholders is a key priority of the BSIF Board, the Investment Adviser and the Company's broker. Being open to feedback and listening to shareholders views forms a critical part of the Board's wider decision-making process.</li> </ul>
<b>9. Reform of Energy Markets Risk</b>	<ul style="list-style-type: none"> <li>The UK Government is currently consulting with industry on plans to reform the UK Electricity Market (REMA), which may involve controls on future sales prices for renewable generators.</li> </ul>	<ul style="list-style-type: none"> <li>The Investment Adviser provides regular updates in this regard within the quarterly Board papers.</li> <li>The Investment Adviser takes a proactive approach to supporting the energy transition, not only through its advisory role to the Company, but also by engaging and supporting the Government to create a policy framework which can enable net zero. This includes responding to government consultations, meeting with political leaders across the political spectrum to discuss renewable energy and working with partners in the sector to engage in relevant discussions via the government's Solar Energy Taskforce.</li> </ul>

## Strategic Report (continued)

### 6. Principal Risks and Uncertainties (continued)

#### STRATEGIC AND EXTERNAL (CONTINUED)

Risk	Potential impact	Mitigation
<b>10. Cyber and Ransomware risk</b>	<ul style="list-style-type: none"> <li>Cyber and Ransomware attacks could become more frequent and difficult to identify and prevent therefore causing financial loss, business disruption, data loss or theft and reputational damage.</li> </ul>	<ul style="list-style-type: none"> <li>Separate SCADA platforms used per asset (per site) reduce the risk of attacks on all sites simultaneously.</li> <li>The Investment Adviser (and other key service providers from within the Bluefield group of companies) have dedicated IT resources focusing on information security and cyber security.</li> <li>Penetration testing at asset level for solar PV portfolio has been conducted and follow up recommendations are being implemented across the portfolio to improve security.</li> </ul>

#### Longer-term viability statement

#### Assessing the Prospects of the Company

The corporate planning process is underpinned by scenarios that encompass a wide spectrum of potential outcomes. These scenarios are designed to explore the resilience of the Company to the potential impact of significant risks set out below.

The scenarios are designed to be severe but plausible and take full account of the likely effectiveness of the actions to be taken to avoid or reduce the impact of the underlying risks and which would be open to management. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on page 67, is taken into account.

The Board reviewed the impact of stress testing the quantifiable risks to the Company's cash flows in the previous pages and concluded that the Company, assuming current and envisaged leverage levels, would be able to continue to produce distributable income in the event of the following scenarios:

Strategic Report Risk Factor	
2.	Plant performance degradation of 1.0% per annum versus 0.4% per annum
2.	Plant availability reduced to 95%
5.	P90 irradiation
7.	Power price set to £23/MWh

The Board considers that this stress testing based assessment of the Company's prospects is reasonable in the circumstances of the inherent uncertainty involved.

## Strategic Report (continued)

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### 6. Principal Risks and Uncertainties (continued)

#### Longer term viability statement (continued)

##### The period over which we confirm longer term viability

Within the context of the corporate planning framework discussed above, the Board assessed the prospects of the Company over a five-year period ending 30 June 2029, and have determined that the five-year period remains an appropriate period to provide this viability statement as this period accords with the Company's planning purposes.

This period is used for our mid-term business plans and has been selected because it presents the Board with a reasonable degree of confidence whilst still providing an appropriate longer-term outlook.

##### Confirmation of longer-term viability

Based upon the robust assessment of the principal and emerging risks facing the Company and its stress testing-based assessment of the Company's prospects, the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 30 June 2029.

These inherent risks associated with investments in the renewable energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

The Company's risks are mitigated and managed by the Board through continual review, policy setting and half yearly review of the Company's risk matrix by the Audit and Risk Committee to ensure that procedures are in place with the intention of minimising the impact of the above-mentioned risks. The Board last carried out a review of the risk matrix at the Audit and Risk Committee meeting held on 20 May 2024. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Company faces. When required, external experts, including tax advisers, legal advisers and ESG advisers, are employed.

### 7. Stakeholder Engagement

#### Directors' Responsibilities Pursuant to Section 172 of the Companies Act 2006

The Directors of the Company, by abiding by the AIC Code, aim to achieve high standards in corporate governance. According to the AIC Code, all member businesses, regardless of where they are headquartered, are required to report on the items outlined in Section 172 of the UK Companies Act 2006.

Section 172 recognises that directors are responsible for acting in a way that they consider, in good faith, is the most likely to promote the success of the company for the benefit of its shareholders as a whole, with focus on the consequences of any decision in the long term. In doing so, they are also required to consider the broader implications of their decisions and operations on other key stakeholders and their impact on the wider community and the environment. A key stakeholder is one that either has a direct stake in the Company or directly impacts the long-term performance of the Company. Key decisions are those that are either material to the company or are significant to any of the Company's key stakeholders.

The Board considers that the interests of the Company and its stakeholders must be balanced for the Company to succeed. As a result, the Board has summarised below some of the methods by which it develops and maintains connections with its stakeholders, while also considering the Company's effects on the environment and broader society.

## Strategic Report (continued)

### 7. Stakeholder Engagement (continued)

Stakeholder Group	Methods of Engagement
<p><b>Shareholders and Prospective Investors</b></p> <p>Our Shareholders and prospective investors are integral to every decision made by the Board. A knowledgeable and supportive shareholder base is vital to the long-term sustainability of our business. Understanding the views and priorities of our Shareholders is, therefore, crucial to retaining their continued support.</p>	<p>The Company engages with its Shareholders through the issue of regular portfolio updates in the form of RNS announcements and quarterly factsheets.</p> <p>The Company provides in-depth commentary on the investment portfolio performance, corporate governance and corporate outlook in its annual and interim reporting.</p> <p>In addition, the Company, through its brokers and Investment Adviser, undertakes regular meetings with existing and prospective investors to solicit their feedback, understand any areas of concern, and share forward-looking investment commentary.</p> <p>The Company receives quarterly feedback from its brokers in respect of their investor engagement and investor sentiment.</p>
<p><b>Bluefield Partners LLP (the Investment Adviser)</b></p> <p>Our Investment Adviser is fundamental to the Company's investment and business objectives. Key responsibilities include identifying and recommending suitable investments for the Company to the Board and negotiating the terms on which such investments will be made on behalf of the Board.</p>	<p>The Board frequently engages with the Investment Adviser through planned and ad hoc Board and committee meetings to receive updates on operations of existing investments and acquisitions.</p> <p>The Board receives quarterly board packs from the Investment Adviser, delivering the most pertinent and informative data on which the Board can base its decisions.</p> <p>The Investment Adviser and the Board review the Company's power price fixing strategy and portfolio valuation on a quarterly basis and detailed cash flow forecasts are discussed prior to each dividend declaration.</p> <p>The Board engages in strategic planning with the Investment Adviser with the aim of aiding the Company in attaining its investment goals and accomplishing its purpose.</p> <p>In January 2024, the Company completed Phase One of its long-term strategic partnership with GLIL, a UK pension fund which invests into core UK infrastructure with a portfolio value of £3 billion of infrastructure assets.</p> <p>The strategic partnership with GLIL enables the Company to deliver on a number of key areas simultaneously: to continue to keep investment momentum in a difficult time for public market</p>

## Strategic Report (continued)

### 7. Stakeholder Engagement (continued)

	infrastructure funds and judiciously diversify the portfolios' revenues; to provide an additional external validation of asset values; to create additional liquidity and lower the Company's overall debt burden; and to partner with a like-minded investment group.
<p><b>Ocorian Administration (Guernsey) Limited (the Administrator, Company Secretary &amp; Designated Manager)</b></p> <p>Our Administrator provides essential services to the Board, ensuring that Board procedures are followed and that it complies with the Law and applicable rules and regulations of the GFSC and the LSE.</p>	<p>The Board interacts with the Administrator for day-to-day administrative, fund accounting and company secretarial services via emails, calls and formal and informal meetings.</p> <p>The Company monitors ongoing performance at regular board meetings and the Management Engagement and Service Providers Committee ("MESPC") reviews terms of engagement and quality of service provision annually.</p>
<p><b>Regulators</b></p> <p>Regulators are important stakeholders in maintaining the Company's listing and ensuring a sufficient and transparent level of disclosure in its communications and reporting. Because of this, Shareholders obtain accurate, timely, and relevant details regarding the Company. Regulators include the FCA in its function as the UK Listing Authority, the FRC in its supervision of UK governance and accounting, as well as the GFSC. Membership of the AIC and compliance with the AIC Code is a fundamental part of ensuring the Company complies with relevant guidance and regulation.</p>	<p>Activities of the Audit and Risk Committee ("ARC"), including regular review of principal and emerging risks, oversight of the Administrator and Investment Adviser's adherence to internal control systems and procedures, and thorough review of the interim and annual report and financial statements ensures compliance with required regulation.</p> <p>On 27 September 2023, the board agreed to adopt an Audit Committee and External Audit Minimum Standards Checklist which was prepared by the Administrator with board review, following guidance from the FRC.</p>
<p><b>Other Key Stakeholders and Advisers (Legal Advisors, Brokers, Auditors, etc.)</b></p> <p>Establishing a productive and collaborative working relationship with our other key service providers and advisers ensures that we receive high quality services to help deliver the Company's investment and business objectives.</p>	<p>The Company has identified its key service providers and on an annual basis the MESPC undertakes a review of performance based on a questionnaire through which it seeks feedback. The MESPC also regularly reviews all material contracts for service quality and value. Conclusions and recommendations drawn by the MESPC are fed back to the Board for approval.</p> <p>The Board and its sub-committees engage regularly with its service providers on a formal and informal basis.</p>



## Strategic Report (continued)

### 7. Stakeholder Engagement (continued)

<p><b>Lenders</b></p> <p>It is important to maintain a strong working relationship with our existing lenders as it is essential for the Company to have funding available, as it is needed, for investment and development pipeline purposes. We aim to build strong relationships with existing lenders and potential lenders who may provide debt facilities in the future.</p>	<p>The Investment Adviser provides quarterly compliance reporting to lenders in accordance with the terms of the relevant facility agreements.</p> <p>The Company consults with the lenders on matters which may require their consent under the relevant facility agreements.</p> <p>The Board reviews the Company's re-financing needs on a regular basis and encourages early engagement with lenders.</p> <p>The Investment Adviser is currently in discussions with BR1's RCF lenders to extend the maturity on the RCF.</p>
<p><b>Government and Policy makers</b></p> <p>The Board believes that as the Company provides a critical element of the United Kingdom's electricity generation infrastructure and decarbonisation plans, that it is important to engage with the Government to help to ensure that the country's required levels of the supply of renewable energy are achieved.</p> <p>Engagement with the Government and policy makers also assists the Company in its strategic planning.</p>	<p>The Board encourages the Investment Adviser to engage with senior political leaders and their respective staff both directly in face-to-face meetings and indirectly via membership of industry representative bodies such as the Solar Industry Association.</p> <p>During the Year, engagement focused on the impact of the Energy Generator Levy on investor confidence. The Investment Adviser called for an investment allowance that would not incentivise fossil fuels above renewables. Independent Director Michael Gibbons appeared at the House of Lords Industry and Regulators Committee. Managing Director of BRD (Jonathan Selwyn) also provided spoken evidence as part of the Energy Security and Net Zero Committee inquiry, <i>'Keeping the power on: our future energy technology mix'</i>, following a <a href="#">written evidence submission</a>.</p>
<p><b>PPA Counterparties</b></p> <p>These are counterparties who purchase the electricity generated by the Company.</p>	<p>The Investment Adviser ensures that when PPAs are put in place, the end dates of the contracts are phased to ensure a constant flow of revenue. PPA counterparties are selected on a competitive basis but with a clear focus on achieving diversification of counterparty risk. A quarterly update on the contracts is provided by the Investment to the Board.</p>
<p><b>Joint Venture Partner</b></p> <p>A joint venture partner refers to a business entity that co-invests with the Company to acquire assets to grow the BSIF portfolio and build out a portion the Company's development pipeline.</p>	<p>The Company currently has one joint venture partner, GLIL.</p> <p>The Investment Adviser engages with GLIL as co-investors of a Strategic Partnership portfolio.</p>

## Strategic Report (continued)

### 7. Stakeholder Engagement (continued)

<p>The Board recognises the opportunity the joint venture partnership provides in enabling the growth of the portfolio and maximising value for our shareholders over the long term.</p>	<p>The Investment Adviser provides commercial, and operational oversight services to the Strategic Partnership portfolio including day to day management of the PPA counterparty, Lenders, Asset Manager, O&amp;M Contractor, and Network Service Provider, including site attendance as required for major works.</p> <p>The Board receives quarterly updates from the Investment Adviser on the Strategic Partnership portfolio and progression on executing the agreed three phases of the relationship.</p> <p>The Board views the Strategic Partnership as an opportunity for both BSIF and GLIL to invest in a portion of the sizeable renewable energy pipeline which our Investment Adviser has identified, while maximising value for our shareholders over the long term.</p>
<p><b>Portfolio Level Stakeholders</b></p> <p>This includes O&amp;M service providers, grid connectors, planning authorities, landowners and developers.</p>	<p>The Company has agreements with O&amp;M providers to provide active operation and maintenance services for the operational portfolio.</p> <p>The Investment Adviser engages with developers, for example Light Rock Power Ltd or BRD, to provide new build development opportunities or run the solar farms by joint venture. These developers interact with planning authorities, landowners and local communities and assess the viability of projects.</p>
<p><b>Community and Environment</b></p> <p>The Company recognises that its investments can have an impact at the local level. Community perception of renewable technology is important as it feeds into local decision making, policy development and ultimately planning requirements. Engagement undertaken as part of the planning process helps develop positive relationships with local stakeholders and obtain community support. The Company's operations also have environmental impacts and dependencies, and the Company recognises the opportunity it has to enhance nature across its portfolio.</p>	<p>The Company has adopted a suite of ESG policies to convey ESG expectations to key suppliers who service its portfolio.</p> <p>'Pioneering Positive Local Impact' is a central pillar within the Company's ESG strategy, and social and environmental risks are considered within the Company's risk management processes.</p> <p>Community stakeholders are engaged as part of the development process of new assets, and once operational, engagement is maintained through administration of community benefit funds (where applicable). During the Year, the Company delivered an educational programme to local schools; please refer to the ESG report for further information.</p>

## Strategic Report (continued)

### 7. Stakeholder Engagement (continued)

	<p>The construction and operation of renewable infrastructure assets can impact the local environment, for example through land use change or disturbance to habitats and species. The Company endeavours to minimise negative impacts where possible, and the collection of asset-level environmental data supports the Company in monitoring adverse environmental impacts. Nature is also a key area of focus for the Company; please refer to the ESG report for further information.</p>
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Based on stakeholder interaction mentioned in the previous table, by way of example, a few key decisions made in the Year to meet investor objectives are described in the following table:

Key Decision	Impact on Long-term Success	Stakeholder consideration
<p>The Board announced in December 2023 the signing of a Memorandum of Understanding ("MOU") with GLIL regarding the formation of the long-term Strategic Partnership which commits both parties to investing together into UK focused solar assets, from development through to operational plants.</p>	<p>Current capital market conditions make it difficult to raise new capital using the instruments which have served the Company and its shareholders well through the past ten years. In response, the Board has been evaluating how best to continue BSIF's development programme, while maximising value for our shareholders over the long term. The Strategic Partnership with GLIL creates the opportunity for both parties to invest in the sizeable renewable energy pipeline which our Investment Adviser has identified, while responding to shareholder feedback in reducing our short-term debt position.</p>	<p>The Strategic Partnership is acting on feedback from our shareholders and enables BSIF to deliver on a number of key areas simultaneously: to continue to keep investment momentum in a difficult time for public market infrastructure funds and diversify the portfolios revenues; to provide an additional external validation of asset values; to create additional liquidity and lower the Company's overall debt burden; and to partner with a like-minded investment group.</p>
<p>The Board announced in February 2024 the commencement of a share buyback programme, allocating £20 million for the purchase of its own shares.</p>	<p>The share buyback programme addresses shareholder concerns on the excessive discount at which the Company's shares currently trade relative to the underlying NAV, managing share price volatility.</p>	<p>The Board keeps its capital allocation policy under regular review, evaluating the relative merits of further investment (into both new and existing assets), the management of debt and returning value to shareholders via dividends or through other methods such as share buybacks.</p>

## Strategic Report (continued)

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### 7. Stakeholder Engagement (continued)

Delivery of educational site visits to its recently completed construction project, Yelvertoft Solar Farm, for local community members.	Engagement with communities can support local understanding of how renewable projects contribute to climate change mitigation, as well as strengthening community relationships. This in turn supports the Company's social license to operate.	Following engagement with the local community via its development partner, Bluefield Development, the Company delivered educational site visits to Yelvertoft Solar Farm for a local primary school and scout group.
Commitment to adopt net zero targets.	As a renewable energy company, the Company is well positioned to support decarbonisation of the UK energy sector. However, it also takes responsibility for its own carbon emissions and recognises the importance of reducing these as part of evidencing its own commitment to the net zero transition.	The Investment Adviser relayed to the Board Shareholders' increasing focus on net zero alignment. The Company has subsequently adopted decarbonisation targets during the reporting period.
The Board continues to engage with a PR specialist to assist in taking proactive steps to influence HM Government on proposed energy policies and gain support for renewable and sustainable energy.	Educate stakeholders on importance of solar power for energy security, reduced emissions and cost-reduction	Build pro-solar allies and generate political relationships to aid progress on the decarbonisation of the UK energy markets.

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024

# Report of the Directors

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The Directors hereby submit the annual report and financial statements of the Company for the year ended 30 June 2024.

## General Information

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the GFSC as a registered closed-ended collective investment scheme and as a Green Fund after successful application under the Guernsey Green Fund Rules to the GFSC on 16 April 2019. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange following its IPO which completed on 12 July 2013.

## Principal Activities

The principal activity of the Company is to invest in a portfolio of large scale UK based solar, wind and renewable energy infrastructure assets.

The Company has a progressive dividend target. The dividend target for the financial year ending 30 June 2025 is 8.90pps.

## Business Review

A review of the Company's business and its likely future development is provided in the Chair's Statement on pages 7 to 10, in the Report of the Investment Adviser on pages 13 to 32 and Strategic Report on pages 61 to 80.

## Listing Requirements

The Company has complied with the applicable Listing Rules throughout the year.

## Results and Dividends

The results for the year are set out in the financial statements on pages 114 to 141.

The dividends for the year are set out in the financial statements in Note 14 on pages 134 and 135.

## Report of the Directors (continued)

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### Share Capital

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100% of the total issued nominal value of all share capital. Under the Company's Articles, on a show of hands, each shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

### Shareholdings of the Directors

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2024 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2024	% holding at 30 June 2024	Ordinary Shares of £1 each held 30 June 2023	% holding at 30 June 2023
John Scott*	683,929	0.11	625,619	0.10
Elizabeth Burne	15,000	0.00	15,000	0.00
Michael Gibbons	37,800	0.01	-	-
Meriel Lenfestey	7,693	0.00	7,693	0.00
Chris Waldron*	55,000	0.01	N/A	N/A
Paul Le Page	N/A	N/A	35,000	0.01

\*Including shares held by PCAs

## Report of the Directors (continued)

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### **Directors' Authority to Buy Back Shares**

The Board believes that the most effective means of minimising any discount to NAV which may arise on the Company's share price is to deliver strong, consistent performance from the Company's investment portfolio in both absolute and relative terms. However, the Board recognises that wider market conditions and other considerations will affect the rating of the Ordinary Shares. During the year, the Company commenced share buybacks as it was assessed to be an economically attractive investment opportunity. The share buybacks have been done by means of the the Company repurchasing its Ordinary Shares. Therefore, subject to the requirements of the Listing Rules, the Law, the Articles and other applicable legislation, the Company may purchase Ordinary Shares in the market in order to address any imbalance between the supply of and demand for Ordinary Shares or to enhance the NAV of Ordinary Shares.

In deciding whether to make any such purchases the Board will have regard to what it believes to be in the best interests of Shareholders and to the applicable Guernsey legal requirements which require the Board to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Law and any other requirements in its Articles. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders. Any such repurchases would only be made through the market for cash at a discount to NAV.

On incorporation, the Company passed a written resolution granting the Board general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission. A resolution to renew such authority was passed by Shareholders at the AGM held on 28 November 2023. Therefore, authority was granted to the Board to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following the AGM held on 28 November 2023 at a price not exceeding the higher of (i) 5% above the average mid-market values of Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. The Board intends to seek renewal of this authority from the Shareholders at the AGM scheduled to be held on 6 December 2024.

Pursuant to this authority, and subject to the Law and the discretion of the Board, the Company may purchase Ordinary Shares in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares.

Ordinary Shares purchased by the Company may be cancelled or held as treasury shares. The Company may borrow and/or realise investments in order to finance such Ordinary Share purchases.

The Company purchased 9,078,000 Ordinary Shares for treasury during the Year.

## Report of the Directors (continued)

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### Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 12 July 2024.

### Substantial Shareholdings

As at 30 June 2024, the Company had been notified of the following substantial voting rights over 3% as Shareholders of the Company.

Shareholder	Shareholding	% Holding
BlackRock	78,036,722	12.96
Hargreaves Lansdown, stockbrokers (EO)	36,854,524	6.12
Gravis Capital Management	31,949,080	5.30
LGT Wealth Management	30,650,661	5.09
CCLA Investment Management	25,953,700	4.31
Interactive Investor (EO)	22,193,663	3.68
<b>Total</b>	<b>225,638,350</b>	<b>37.46</b>

The Directors confirm that there are no securities in issue that carry special rights with regard to the control of the Company. The Company also provides the same information as at 2 September 2024, being the most current information available.

Shareholder	Shareholding	% Holding
BlackRock	78,036,722	13.04
Hargreaves Lansdown, stockbrokers (EO)	38,111,215	6.37
Gravis Capital Management	31,094,184	5.19
LGT Wealth Management	29,233,759	4.88
Interactive Investor (EO)	23,294,453	3.89
CCLA Investment Management	21,389,838	3.57
West Yorkshire PF	18,873,092	3.15
AJ Bell, stockbrokers	18,007,124	3.01
<b>Total</b>	<b>258,040,387</b>	<b>43.10</b>

### Independent Auditor

KPMG has been the Company's external Auditor since the Company's incorporation. The Audit and Risk Committee recommends retaining KPMG as Auditor, subject to Shareholder approval at the forthcoming AGM. A resolution will be proposed to reappoint them as Auditor and authorise the Directors to determine the Auditor's remuneration for the ensuing year. The Audit and Risk Committee will periodically review the appointment of KPMG. Further information on the work of the Auditor is set out in the Report of the Audit and Risk Committee on pages 101 to 106.



# Report of the Directors (continued)

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## Articles of Incorporation

The Company's Articles may be amended only by special resolution of the Shareholders.

## Going Concern

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, as well as the performance of the solar and wind plants currently in operation.

The Group has a committed Revolving Credit Facility (RCF) of £210 million, with an uncommitted accordion feature that allows for an additional £30 million. The facility is set to mature in May 2025. As of 30 June 2024, the Group had drawn £184 million from the RCF. After the year-end, following the completion of Phase Two of the strategic partnership with GLIL, £50.5 million was repaid, reducing the drawn balance to £133.5 million.

The Investment Adviser is currently in discussions with lenders to refinance and extend the RCF by an additional two years in early 2025. Lenders have indicated a strong interest in the extension. With robust cash generation, the Board is confident that all debt repayments will be met and confirms that no covenant breaches occurred during the year.

UK inflation dropped from 10.7% (RPI) in June 2023 to 2.9% in June 2024. In August 2024, the Bank of England cut the Base Rate to 5.00%, with 5 year gilt rates now below 4%. Lower interest rates reduce BSIF's credit costs, while fixed-rate debt has significantly shielded it from rate hikes.

BSIF has built a robust development pipeline exceeding 1.5 GW, with two major solar projects, Yelvertoft (48.4MW) and Mauxhall Farm (44.5MW), connected to electricity network shortly after the Year end. Over 750 MW of the pipeline is fully consented, ready for construction within five years.

The Investment Adviser, with BSIF Board approval, is actively managing the large pipeline, and is planning to sell around a third of this based on funding availability, a strategy which continues to be reviewed on a regular basis.

BSIF's Investment Adviser focuses on protecting and enhancing the operational portfolio through proactive risk mitigation. A rolling capital investment programme addresses key risks, such as long lead times for high voltage spare parts, particularly central inverters. Significant inverter revamping projects were completed, boosting performance in late FY2023/24, with full benefits expected in FY2024/25. Additional optimisation and repowering projects are planned for the upcoming year.

The Board also notes that at the AGM held on 28 November 2023, the shareholders of the Company voted overwhelmingly in favour for the continuation of the Company for a further 5 years.

Taking the above into account, at the time of approving these accounts the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing the financial statements and does not consider there to be any material threat to the viability of the Company. The Board has therefore concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

# Report of the Directors (continued)

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## Internal controls review

Taking into account the information on Principal Risks and Uncertainties provided on pages 67 to 74 of the strategic report and the ongoing work of the Audit and Risk Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors

- are satisfied that they have carried out a robust assessment of the Principal Risks and Uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified.

## Fair, Balanced and Understandable

The Board has considered whether the Annual Report taken as a whole is fair, balanced and understandable, taking into account the commentary and tone and whether it includes the requisite information needed for Shareholders to assess the Company's business model, performance and strategy. In addition, the Board also questioned the Investment Adviser on information included and excluded from the Annual Report, and considered whether the narrative at the front of the report is consistent with the financial statements. As a result of this work, each of the Board members considers that the Annual Report is fair, balanced and understandable and includes the requisite information needed for Shareholders to assess the Company's business model, performance and strategy.

## Financial Risks Management Policies and Procedures

Financial Risks Management Policies and Procedures are disclosed in Note 15.

## Principal Risks and Uncertainties

Principal Risks and Uncertainties are discussed in the Strategic Report on pages 67 to 74.

## Annual General Meeting

The AGM of the Company will be held at 10.30am on 6 December 2024 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to Shareholders together with this Annual Report.

Members of the Board will be in attendance at the AGM and will be available to answer shareholder questions.

By order of the Board

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024

## Board of Directors

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### **John Scott (Chair and Chair of the Nomination Committee)**

John Scott was appointed as a non-executive director of the Company on 12 June 2013 and is a former investment banker who spent 20 years with Lazard and has served on the boards of several investment trusts. Mr Scott was Chair of Impax Environmental Markets plc between May 2014 and May 2023. He has been Chair of JP Morgan Global Core Real Assets since its flotation in 2019. In June 2017, he retired as Chair of Scottish Mortgage Investment Trust PLC. He has an MA in Economics from Cambridge University and an MBA from INSEAD.

### **Elizabeth Burne (Chair of the Audit and Risk Committee)**

Elizabeth Burne was appointed as a non-executive director of the Company in October 2021, is a Fellow of the Association of Chartered Certified Accountants with a First Class Honours degree in Applied Accounting and over twenty years' experience within the financial services sector across the Channel Islands and Australia. Prior to becoming a non-executive director Ms Burne was an audit director at PwC, working in alternative asset management and insurance, assisting clients with strategic, financial, risk and corporate governance matters. Ms Burne holds a portfolio of non-executive directorships including HarbourVest Global Private Equity Limited (a constituent of the FTSE 250 Index), as well as a number of private companies in the venture capital, private equity, real estate and insurance sectors.

### **Michael Gibbons (Senior Independent Director and Chair of Remuneration Committee)**

Michael Gibbons was appointed as a non-executive director of the Company on 7 October 2022, holds an MA from Downing College, Cambridge, is a Fellow of the Energy Institute, and was awarded an OBE in 2008 and CBE in 2015 for services to regulatory reform. Mr Gibbons has held a very wide range of senior appointments in the private and public sectors, including chairing the government's independent Regulatory Policy Committee from 2009 – 2017. The main part of his private sector career has been in the energy industry, taking senior positions in ICI, Powergen and Elexon, who run central systems in the GB wholesale electricity market, and where he was Chair from 2013-2022. Mr Gibbons has also worked on carbon capture and storage at Board level for several developers and became Chair of the Carbon Capture and Storage Association in 2014-2017. He was also Chair of the British Committee of the World Energy Council from 2009 to 2014.

### **Meriel Lenfestey (Chair of the Environmental, Social and Governance Committee)**

Meriel Lenfestey was appointed as a non-executive director of the Company in April 2019. Ms Lenfestey founded Flow Interactive in 1997, a London based Customer Experience Consultancy assisting clients across many sectors embracing digital transformation. Since exiting the business in 2016 she has held a portfolio of non-executive director and advisory roles across Energy, Telecoms, Transport, Infrastructure, Technology and local charities. She is a non-executive director at International Public Partnerships (FTSE 250), Boku (FTSE AIM), and Ikigai Ventures (FTSE All share). She also Chairs Jersey Telecom (privately owned) as well as acting as a non-executive director at Art for Guernsey, a local charity. Until February 2023 she was Chair at Gemserv. She has an MA in Computer Related Design from the Royal College of Art, a Financial Times Non-Executive Director Diploma, is a Fellow of the RSA and sits on the Guernsey IoD.

## Board of Directors (continued)

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### **Chris Waldron (Chair of the Management Engagement and Service Providers Committee)**

Chris Waldron was appointed as a non-executive director of the Company on 1 December 2023. Mr Waldron has over 35 years' experience as an investment manager, specialising in fixed income, hedging strategies and alternative investment mandates and until 2013 was Chief Executive of the Edmond de Rothschild Group in the Channel Islands. Prior to joining the Edmond de Rothschild Group in 1999, Mr Waldron held investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis but he is now primarily an independent non-executive director of a number of listed funds and investment companies. He is a Fellow of the Chartered Institute of Securities and Investment.

## Directors' Statement of Responsibilities

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The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Law requires the Directors to prepare financial statements for each financial year. Under the Law, the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law. The financial statements are required by Law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that 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 Law. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Law.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of Financial Statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024

## Responsibility Statement of the Directors in Respect of the Annual Report

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Each of the Directors, whose names are set out on pages 87 and 88 in the Board of Directors section of the annual report, confirms that to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS, as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Management Report (comprising Chair's Statement, Strategic Report, Report of the Directors and Report of the Investment Adviser) 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 on pages 67 to 74; and

Having taken advice from the Audit and Risk Committee, the Directors consider the annual report and financial statements, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024

# Corporate Governance Report

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The Board recognises the importance of sound corporate governance, particularly the requirements of the AIC Code. The Company is currently complying with the latest AIC code effective 1 January 2019.

The Company has been a member of the AIC since 15 July 2013. The Board has considered the principles and provisions of the AIC Code. The AIC Code provides a 'comply or explain' code of corporate governance and addresses all the principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to Shareholders.

The GFSC issued a Guernsey Code which came into effect on 1 January 2012. The introduction to the Guernsey Code states that "Companies which report against the UK Code or the AIC Code of Corporate Governance are also deemed to meet this Code". Therefore, AIC members which are Guernsey-domiciled and which report against the AIC Code are not required to report separately against the Guernsey Code.

The AIC Code is available on the AIC's website ([www.theaic.co.uk](http://www.theaic.co.uk)). The UK Code is available from the FRC's website ([www.frc.org.uk](http://www.frc.org.uk)). The Guernsey code is available from the GFSC's website ([www.gfsc.gg](http://www.gfsc.gg)).

Throughout the year ended 30 June 2024, the Company has complied with the provisions of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed; as an investment company, however, the Company has no employees and therefore has no requirement for a chief executive. Until its inaugural meeting on 28 November 2023, the Company had not established a remuneration committee which was not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 7 of the AIC Code respectively. The absence of an internal audit function is discussed in the Report of the Audit and Risk Committee on page 104.

## **The Board**

The Directors' biographies are provided on pages 87 and 88 which set out the range of investment, financial and business skills and experience represented.

John Scott was appointed on 12 June 2013, Meriel Lenfestey was appointed on 1 April 2019, Elizabeth Burne was appointed on 7 October 2021, Michael Gibbons was appointed on 7 October 2022 and Chris Waldron was appointed on 1 December 2023. The Board appointed Michael Gibbons as Senior Independent Director effective from 29 November 2022 to fulfil any function that is deemed inappropriate for the Chair to perform. Paul Le Page was appointed on 12 June 2013 and he retired as a Director of the Company on 30 September 2023.

The five Directors submit themselves for re-election at the next AGM, which is due to take place on 6 December 2024.

Any Director who is elected or re-elected at that meeting is treated as continuing in office throughout. If they are not elected or re-elected, they shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in their place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

## Corporate Governance Report (continued)

### The Board (continued)

The Board is of the opinion that members should be re-elected because they believe that they have the right skills and experience to continue to serve the Company. As recommended in Principle 7 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. As at 30 June 2024, one director had been on the Board for approximately eleven years. The Board is cognisant of the AIC guidance around Board member tenure and has taken positive action to address this by implementing a carefully thought through succession plan that manages the transition of corporate knowledge, recognises the benefits of bringing new perspectives and diversity, all whilst ensuring independence.

The Company's succession planning includes the engagement of Fletcher Jones, a UK based Executive Search practice which is independent of the Company. Fletcher Jones were involved in the processes whereby Michael Gibbons and Chris Waldron were appointed as Directors on 7 October 2022 and 1 December 2023 respectively. They are also currently assisting the Company in the search for an additional Director in advance of the planned retirement of John Scott in 2025, as noted in the Chair's Statement.

The Board meets at least four times a year in Guernsey, with unscheduled meetings held where required to consider investment related or other issues. In addition, there is regular contact between the Board, the Investment Adviser and the Administrator. Furthermore, the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Company has adopted a share dealing code which applies to the Board and any persons discharging managerial responsibilities. This is to ensure compliance by the Board, and relevant personnel of the Investment Adviser, with the requirements of the UK Market Abuse Regulations.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender (as stated in Principle 7 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's aspiration to have well-diversified representation, and it continues to value directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds that enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members and notes that we have 40% female representation, exceeding the Hampton-Alexander Review target.

Gender identity	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	2
Women	2	40%	-
<b>Ethnic background</b>			
White British or other White (including minority-white groups)	5	100%	2
Other ethnic group	-	-%	-

The above information is based upon an annual self-declaration from the Directors.

The Company has only two of the senior roles specified by the Listing Rules, namely the positions of Chair and Senior Independent Director. Both of these roles are occupied by men. However, the Board considers that the chairs of its permanent sub-committees are all senior positions. Currently the Audit and Risk Committee and the ESG Committee are chaired by women. The Board is cognisant that it does not currently have minority ethnic representation and this is a key focus of its succession planning.



## Corporate Governance Report (continued)

### Directors' Remuneration

The Chair was entitled to an annual remuneration of £81,000 (2023: £68,906). The other Directors were entitled to an annual remuneration of £54,000 (2023: £43,050). The Chair of the Nomination Committee receives an additional annual fee of £3,000 (2023: N/A). The Chair of the Remuneration Committee receives an additional annual fee of £3,000 (2023: N/A). The Chair of the Environmental, Social and Governance Committee receives an additional annual fee of £7,000 (2023: £5,250). The Chair of the Audit and Risk Committee receives an additional annual fee of £11,000 (2023: £8,768). The Chair of the Management Engagement and Service Providers Committee receives an additional annual fee of £4,000 (2023: £3,150).

The remuneration earned by each Director in the past two financial years was as follows:

Director	Year ended 30 June 2024 £	Year ended 30 June 2023 £
John Scott (appointed Chair on 29 November 2022)	75,960	58,326
Elizabeth Burne	57,943	45,389
Michael Gibbons (appointed 7 October 2022)	49,802	31,267
Meriel Lenfestey	54,650	46,965
Chris Waldron (appointed 1 December 2023)	32,839	N/A
Paul Le Page (retired 30 September 2023)	12,972	51,759
John Rennocks (retired 22 February 2023)	N/A	37,928

The total Directors' fees expense for the year amounted to £284,166 (2023: £271,634). As disclosed in Note 16, John Scott and Michael Gibbons are directors of BR1, and have received remuneration in respect of BR1.

All of the Directors are non-executive and each is considered independent for the purposes of Chapter 15 of the Listing Rules.

In accordance with Article 22 of AIFMD, the Company shall disclose the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF. As the Company is categorised as an internally managed Non-EU AIFM for the purposes of AIFMD, Directors' remuneration reflects this amount.

### Duties and Responsibilities

The Board has overall responsibility for optimising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- investment strategy and management;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

## Corporate Governance Report (continued)

### Duties and Responsibilities (continued)

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with the Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company.

The Company maintains appropriate directors' and officers' liability insurance in respect of legal action against its Directors.

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 89. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The attendance record of the Directors for the year to 30 June 2024 is set out below:

Director	John Scott	Elizabeth Burne	Michael Gibbons	Meriel Lenfestey	Chris Waldron*	Paul Le Page**
Scheduled Board Meetings (max 4)	4	4	4	4	2 (max 2)	1 (max 1)
Ad-hoc Board Meetings (max 20)	15	20	18	18	10 (max 12)	5 (max 5)
Audit and Risk Committee Meetings (max 9)	9	9	9	7	5 (max 5)	3 (max 3)
Management Engagement and Service Providers Committee Meetings (max 3)	3	3	3	3	1 (max 1)	N/A
ESG Committee Meetings (max 3)	3	3	3	3	2 (max 2)	1 (max 1)
Nomination Committee Meetings (max 2)	2	2	2	2	1 (max 1)	N/A
RemCo Committee Meetings (max 4)	4	4	4	4	2 (max 3)	N/A

20 ad-hoc Board Meetings were held during the year to formally review and authorise each investment made by the Company and to consider interim dividends, amongst other items.

The Board believes that, as a whole, it comprises an appropriate balance of skills, experience, age, knowledge and length of service. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance when making new appointments. Any new Director appointed to the Board will be provided with a bespoke induction programme tailored to the individual needs of the Director.

### Performance Evaluation

In accordance with Principle 7 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. A formal evaluation of the performance of the Board as a whole, including the Chair, is scheduled for completion in Q1 2025. The evaluation is undertaken utilising self-appraisal questionnaires and is followed by a detailed discussion of the outcomes which includes an assessment of the Directors' continued independence.

\*Appointed 1 December 2023

\*\*Retired 30 September 2023

# Corporate Governance Report (continued)

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## **Committees of the Board**

### **Audit and Risk Committee**

The Board established an Audit and Risk Committee in 2013. It is chaired by Elizabeth Burne. At the date of this report the committee comprised all of the Directors set out on page 3. The role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit and Risk Committee on pages 101 to 106. The Committee operates within clearly defined terms of reference which are available on the Company's website ([www.bluefieldsif.com](http://www.bluefieldsif.com)).

### **Nomination Committee**

The Board established a Nomination Committee in 2022. It is chaired by John Scott and at the date of this report comprised all of the Directors set out on page 3. The principal functions of the Committee are to assist the Board in filling vacancies on the Board and its committees and to review and make recommendations regarding Board structure, size and composition. The Committee shall meet at least once a year.

The primary matters discussed and activities undertaken by the Committee during the year were:

- undertaking a Board evaluation review following completion of a questionnaire by each individual Director;
- conducting a review of the Committee's own performance;
- instigating a recruitment and appointment process for the appointment of a sixth director which was ongoing at the year end; and
- planning for an external board evaluation.

### **Management Engagement and Service Providers Committee**

The Board established a Management Engagement and Service Providers Committee in 2022. It is chaired by Chris Waldron and at the date of this report comprised all of the Directors set out on page 3. The principal function of the Committee is to review annually the contractual relationships with, and scrutinise and hold to account the performance of, the Investment Adviser. Additionally, the Committee shall review annually the performance and terms of engagement of any other key service providers to the Company as considered appropriate. The Committee shall meet at least once a year.

The primary matters discussed and activities undertaken by the Committee during the year were:

- receiving a presentation from the Investment Adviser summarising their performance and key differentiating factors;
- carrying out a formal review of the Investment Advisory Agreement, resulting in a change to the Investment Advisory Fee;
- conducting a review of the Committee's own performance;
- Board members performed on-site visits to the Investment Adviser's offices in London as well as a local solar farm site, with members from GLIL, the Company's strategic partner; and
- conducting a detailed review of the performance of the Company's key service providers.

## Corporate Governance Report (continued)

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### ESG Committee

The Board established an ESG Committee in 2022. It is chaired by Meriel Lenfestey and at the date of this report comprised all of the Directors set out on page 3. The principal function of the Committee is to provide a forum for mutual discussion, support and challenge of the Investment Adviser with respect to ESG including, with respect to the policies adopted by the Company, in respect to investment and divestment and by the Investment Adviser with respect to asset management activities and their reporting on ESG matters to the Committee and Board. The Committee will also assist on such other matters related to ESG as may be referred to it by the Board. The Committee shall meet at least once a year.

The primary matters discussed and activities undertaken by the Committee from the beginning of the financial year to date were:

- receiving a presentation, and subsequently adopting, net zero Targets for the Company;
- receiving a presentation to upskill the Committee on climate risk activities undertaken for the Company, including development of a climate adaptation plan; and
- conducting a review of the Committee's own performance.

Please refer to the ESG report for further information on these activities.

### Remuneration Committee

The Board established a Remuneration Committee in 2023. It is chaired by Michael Gibbons and at the date of this report comprised all of the Directors set out on page 3. The principal duties of the Committee include regular reviews of the levels of remuneration of the Directors of the Company and of BR1 and consideration of the need to appoint external remuneration consultants and the terms of reference for any such consultants. The Committee shall also ensure that all provisions and requirements regarding the disclosure and reporting of remuneration arrangements are fulfilled.

The primary matters discussed and activities undertaken by the Committee during the year were as follows:

- establishing the terms of reference of the committee with the Board;
- a Remuneration Review was undertaken with input from Trust Associates, resulting in a Director fee uplift with effect from 1 January 2024 and a further increase in line with inflation with effect from 1 July 2024 in order to align the fees with the Company's financial year;
- a Remuneration Policy was adopted;
- conducting a review of the Committee's own performance;
- an increase in BR1 fees was recommended to the BR1 Board of Directors; and
- a resolution will be proposed at this year's AGM to increase the Directors' Fee Cap in the Articles to allow for the appointment of an additional Director to facilitate the Board succession plan.

### Internal Control and Financial Reporting

The Board acknowledges that it is responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. The Audit and Risk Committee reviews all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- the Board has delegated the day-to-day operations of the Company to the Administrator and the Investment Adviser; however, it remains accountable for all of the functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisers;

# Corporate Governance Report (continued)

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## Internal Control and Financial Reporting (continued)

- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which it reports to the Board.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control.

It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Board at its quarterly meetings. Each year a detailed review of performance pursuant to their terms of engagement is completed by the Management Engagement and Service Providers Committee and recommendations made to the Board.

## Investment Advisory Agreement

In accordance with Listing Rule 15.6.2(2)R, the Directors formally appraise the performance and resources of the Investment Adviser.

The Investment Adviser, Bluefield Partners, is led by its managing partners, James Armstrong and Giovanni Terranova, who founded the Bluefield business in 2009 following their prior work together in European solar energy. Neil Wood, who joined in 2013, was appointed partner in 2020 and runs the Investment Adviser alongside the two founders. The Investment Adviser's team has a combined record, prior to and including Bluefield Partners LLP, of investing more than £1.6 billion in renewable projects. The Investment Adviser's non-executive team includes Mike Rand, Bluefield Partners founder and former Managing Partner, William Doughty, the founding CEO of Semperian; Dr. Anthony Williams, the former chair of the Risk Committee for the Fixed Income, Currencies & Commodities Division, and Partner at Goldman Sachs & Co; and Jon Moulton, former managing partner and founder of Alchemy Partners.

The MESPC meets formally twice a year to review the performance of key service providers and dedicates one meeting to a detailed review of the Investment Adviser. At that meeting in May 2024, the MESPC considered the resources and experience of the Investment Adviser, its long term record of investment and its operational performance. No material issues were identified and the MESPC's recommendation to the Board was that the continuing appointment of the Investment Adviser was in the best interests of shareholders.

## Dealings with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its shareholders. The Company's AGM will provide a forum for shareholders to meet and discuss issues with the Directors of the Company. Members of the Board will also be available to meet with shareholders at other times, if required. In addition, the Company maintains a website which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and information on the Board.

# Corporate Governance Report (continued)

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## Principal and Emerging Risks

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating, controlling and monitoring these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating, controlling and monitoring any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Company's Principal and Emerging Risks are discussed in detail on pages 67 to 74 of the Strategic Report. The Company's financial instrument risks are discussed in Note 15 to the financial statements.

## Changes in Regulation

The Board monitors and responds to changes in regulation as they affect the Company and its policies.

## AIFMD

The EU Alternative Investment Fund Managers Directive ("EU AIFMD") was introduced in 2014 in order to harmonise the regulation of alternative investment fund managers ("AIFMs") and imposed obligations on AIFMs who manage or distribute alternative investment funds ("AIFs"), such as the Company, in the EU (which at that time also included the UK) or who wished to market shares in such funds to professional investors in the EU (including the UK). Since Brexit, EU AIFMD has been transposed into UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended, ("UK AIFMD" and together with EU AIFMD, "AIFMD"), with EU AIFMD continuing to regulate AIFMs' activities in the EU and the marketing of an AIF's shares to professional investors in the EU, and UK AIFMD similarly applying to such activities in the UK and the marketing of an AIF's shares to UK professional investors.

The Company was established in Guernsey in 2013 as a self-managed Non-EU/Non-UK AIF. Additionally, upon the implementation of EU AIFMD, the Company took advice on and implemented sufficient and appropriate policies and procedures that enable the Board to fulfil its role in relation to the functions of both portfolio management and risk management. The Company is therefore categorised as an internally managed Non-EU/Non-UK AIFM for the purposes of AIFMD and as such neither it nor the Investment Adviser is required to seek authorisation under AIFMD.

The marketing of shares in AIFs that are established outside the UK and the EU (such as the Company) to UK professional investors or to professional investors in any EU member state is prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the UK (or relevant EU member state, as applicable) entering into regulatory co-operation agreements with one another.

Currently, the Company is only able to market its shares to professional investors in the UK and the EU to the extent that it complies with the applicable National Private Placing Regime ("NPPR"), if any.

The Board is currently permitted to market the Company's shares to professional investors in the UK pursuant to Regulation 59 of the UK Alternative Investment Fund Managers Regulations 2013 (as amended). In addition, the Company is also permitted to market its shares to professional investors in The Republic of Ireland, the Netherlands and Luxembourg pursuant to their respective NPPRs. The Board works with the Company's professional advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under each applicable NPPR to enable the Company to continue marketing its shares to professional investors in the UK and the other relevant EU member states. In conjunction with the Company's professional advisers, the Board also monitors any developments in AIFMD which might impact the Company in the future.

# Corporate Governance Report (continued)

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## Changes in Regulation (continued)

### AIFMD (continued)

Any regulatory changes arising under AIFMD, the applicable NPPRs or otherwise that limit the Company's ability to market future issues of its shares to professional investors in the UK and/or the EU may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objectives, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of its shares.

### FATCA and CRS

The Company is registered under FATCA and continues to comply with FATCA and the Common Reporting Standard's requirements to the extent relevant to the Company.

### PRIIPs

The Company is in compliance with the requirement to publish a key information document ("KID") under both the EU and UK PRIIPs Regulations. The current KIDs (one prepared in accordance with the EU PRIIPs Regulation and the other prepared in accordance with the UK PRIIPs Regulation) are available on the Company's website.

### Consumer Duty

On 31 July 2023 the FCA introduced a new Principle for Businesses (Principle 12) applicable to authorised firms in the UK which carry on 'retail market business' and who can determine, or materially influence retail customer outcomes. This new Principle 12 was accompanied by a package of rules and guidance, which are collectively known as the Consumer Duty.

The Company is not subject to the Consumer Duty as it is not an FCA authorised firm. However, the Company is aware that its shares may be held by or on behalf of retail customers, and that other firms within the distribution chain of its shares are within scope of the Consumer Duty requirements. Accordingly, it is the Board's intention that the Company will respond to information and other requests from UK authorised firms in the distribution chain of the Company's shares in such a way as to support their compliance with the Consumer Duty.

### NMPI

The UK Financial Conduct Authority's rules (the "FCA Rules") restrict the marketing within the UK of certain pooled investments or funds referred to in the FCA Rules as "non mainstream pooled investments" ("NMPIs") to ordinary retail clients. These rules took effect on 1 January 2014. The Company conducts its affairs such that its shares are excluded from the FCA's restrictions which apply to NMPI products because its shares are shares in an investment company which, if it were domiciled in the UK, would currently qualify as an "investment trust". It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner that its shares can continue to be recommended by independent financial advisers to UK retail investors in accordance with the FCA Rules relating to NMPIs.

## Corporate Governance Report (continued)

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### **Guernsey Green Fund Status**

The Guernsey Green Fund aims to provide a platform for investments into various green initiatives and gives investors a trusted and transparent product that contributes to the internationally agreed objectives of mitigating environmental damage and climate change. The Company successfully obtained Guernsey Green Fund Status on 16 April 2019.

Following an application to the GFSC, the Company was deemed to have met the following investment criteria outlined in the Guernsey Green Fund Rules, 2021:

- The Property of a Guernsey Green Fund shall be invested with the aim of spreading risk and with the ultimate objective of mitigating environmental damage resulting in a net positive outcome for the environment;
- A Guernsey Green Fund shall comprise 75% assets by value that meet the Guernsey Green Fund Rules criteria. The remaining 25% must not lessen or reduce the Guernsey Green Fund's overall objective of mitigating environmental damage nor comprise an investment of a type specified within schedule 3 of the Guernsey Green Fund Rules, 2021;
- A Guernsey Green Fund shall only comprise assets permitted to be held under its principal documents or prospectus and of a nature described in its prospectus; and
- A Guernsey Green Fund shall not be invested in contravention of limits or restrictions imposed under its principal documents or prospectus.

The Company fulfils the above investment criteria by investing in a diversified portfolio of renewable energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield sites. The Group targets long life renewable energy infrastructure, expected to generate energy output over asset lives of at least 25 years. The Company incorporates Environmental Social & Governance policies into its investment processes and is actively monitoring and working to improve its environmental and social impact. The production of renewable energy equates to a significant amount of CO<sub>2</sub> emissions saved, representing a sustainable and ethical investment.

By order of the Board

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024



## Report of the Audit and Risk Committee

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The Audit and Risk Committee, chaired by Elizabeth Burne and comprising all of the Directors set out on page 3, operates within clearly defined terms of reference (which are available from the Company's website, [www.bluefieldsif.com](http://www.bluefieldsif.com)) and includes all matters indicated by Rule 7.1 of the UK FCA's DTRs and the AIC Code. It is also the formal forum through which the Auditor will report to the Board of Directors.

The Audit and Risk Committee meets no less than three times a year, and at such other times as the Audit and Risk Committee shall require, and meets the Auditor at least twice a year. Any member of the Audit and Risk Committee may request that a meeting be convened by the company secretary. The Auditor may request that a meeting be convened if they deem it necessary. Any Director who is not a member of the Audit and Risk Committee, the Administrator and representatives of the Investment Adviser shall be invited to attend the meetings as the Directors deem appropriate.

The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect, with one of its members who is a qualified accountant and three members with an investment background.

### Responsibilities

The main duties of the Audit and Risk Committee are:

- monitoring the integrity of the interim and annual financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas;
- reviewing the valuation of the Company's investments prepared by the Investment Adviser, and making a recommendation to the Board on the valuation of the Company's investments;
- reviewing the going concern assumption and any statements regarding the future prospects or longer-term viability of the Company;
- meeting regularly with the Auditor to review their proposed audit plan (including the audit approach) and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- making recommendations to the Board in relation to the appointment, reappointment or removal of the Auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification and non-audit work;
- considering annually whether there is a need for the Company to have its own internal audit function;
- keeping under review the effectiveness of the accounting and internal control systems of the Company;
- reviewing compliance with the Listing Rules, Disclosure Guidance and Transparency Rules, the provisions of the UK Corporate Governance Code, AIC Code of Corporate Governance and associated guidance and other legal and regulatory requirements; and
- overseeing and assessing the effectiveness of the Company's risk framework to ensure appropriate risk management and regulatory compliance processes are operating.

## Report of the Audit and Risk Committee (continued)

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### **Responsibilities (continued)**

The Audit and Risk Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

The Auditor is invited to attend the Audit and Risk Committee meetings as the Committee deems appropriate and at which they have the opportunity to meet with the Committee without representatives of the Investment Adviser or the Administrator being present at least once per year.

### **Financial Reporting**

In relation to the financial reporting, the Audit and Risk Committee, with the Administrator, Investment Adviser and the Auditor, reviewed the appropriateness of the interim and annual financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements were applied or there had been discussion with the Auditor;
- that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- addressing any correspondence from regulators in relation to the Company's financial reporting.

To aid its review, the Audit and Risk Committee considered reports from the Administrator and Investment Adviser and also reports from the Auditor on the outcomes of their half year review and annual audit. Like the Auditor, the Audit and Risk Committee displayed the necessary professional scepticism their role requires.

### **Meetings**

The Committee has met formally on 10 occasions in the year covered by this report. The matters discussed and challenged at those meetings were:

- consideration and agreement of the terms of reference of the Audit and Risk Committee for approval by the Board;
- review of the Company's risk framework, including the Company's risk appetite, business objectives, risk cards and risk matrix;
- determination of the Company's Principal Risks and Uncertainties;
- review of the internal controls systems;
- review of the accounting policies and format of the interim and annual financial statements;

## Report of the Audit and Risk Committee (continued)

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### Meetings (continued)

- review and approval of the terms of engagement, audit/non-audit fees and the audit plan of the Auditor and timetable for the interim and annual financial statements;
- review of the valuation policy and methodology of the Company's investments applied in the interim and annual financial statements;
- detailed review of the interim and annual report and financial statements;
- assessment of the audit tenure, independence and effectiveness of the external audit process as described below; and
- assessment of the Committee's performance.

### Primary Area of Judgement

The Audit and Risk Committee determined that the key risk of misstatement of the Company's financial statements is the fair value of the investments held by the Company in the context of the high degree of judgement involved in the assumptions and estimates underlying the discounted cash flow calculations.

As outlined in Note 8 of the financial statements, the fair value of the BR1's investments (Directors' Valuation) as at 30 June 2024 was £965,549,054 (2023: £1,018,350,175). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash flow methodology. The Directors have also considered transactions in similar assets and used these to infer the discount rate. Significant inputs such as the discount rate, rate of inflation, power price forecast and the amount of electricity the renewable energy infrastructure assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 8 in the financial statements.

The valuation of BR1's portfolio of renewable energy infrastructure assets (Directors' Valuation) as at 30 June 2024 has been determined by the Board based on information provided by the Investment Adviser.

The Audit and Risk Committee also reviewed and suggested factors that could impact BR1's portfolio valuation and its related sensitivities to the carrying value of the investments as required in accordance with IPEV Valuation Guidelines.

The Audit and Risk Committee remains satisfied that the valuation techniques used are appropriate for the Company's investments and consistent with the requirements of IFRS. The Audit and Risk Committee, informed by the Company's Administrator, Investment Adviser and Auditor, ensures that the Board is kept regularly informed of relevant updates or changes to IFRS that may impact the Company, including but not limited to valuation principles.

# Report of the Audit and Risk Committee (continued)

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## **Risk Management and Internal Controls**

The Audit and Risk Committee is responsible for the Company's system of internal controls and overall risk framework, it considers the potential impact and likelihood of each of the Company's material risks occurring and monitors the effectiveness of the material controls/mitigants in operation. As part of this process the Committee also takes time to consider emerging risks at least twice a year as well as whether there is a need for the Company to engage third party experts to perform separate assurance engagements over specific risk areas.

The risk management framework used by the Company ensures that all decisions taken in pursuit of the Company's business objectives are within the Company's risk appetite parameters. However, the Board acknowledges that internal controls can only be designed to manage rather than irradicate risks that could threaten the Company's business objectives being achieved. They provide reasonable, but not absolute assurance against material misstatement or loss and rely on the internal control environments at its key service providers operating effectively.

A full review of the Company's risk framework, including the way in which material risks are identified/assessed, how effectively they are controlled/mitigated and how they are reported was conducted during the year enhancing the relevancy and quality of information delivered to the Committee for consideration. A key outcome of the Committee's work is the assessment of the Principal Risks and Uncertainties as set out on pages 67 to 74 of the Strategic Report.

## **Internal Audit**

The Audit and Risk Committee considers at least once a year whether there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

## **FRC Reviews**

The Audit Quality Review Team of the Financial Reporting Council ("FRC") performed a review of the audit of the Company for the year ended 30 June 2023 with no major findings arising from their review. In the opinion of the Audit and Risk Committee the outcome was satisfactory, which provides further comfort on the effectiveness of KPMG.

The FRC also reviewed the Company's Annual Report and Financial Statements for the year ended 30 June 2023. Based on their review, the FRC wrote to the Company on 29 February 2024 stating there were no questions or queries that the FRC wished to raise with the Company at that time. However, the FRC noted some matters where they believed that users of the financial statements would benefit from improvements to the existing reporting.

The Company has endeavoured to address these matters in the financial statements. This included additional disclosure on the significant judgements involved in determining that the Company is an investment entity (see note 2 (c) on page 119) and providing more clarity on the amount of gains or losses on financial assets attributable to changes in unrealised gains or losses (see note 8 on page 126).

The FRC notes that its review does not provide assurance that the Annual Report and Financial Statements are correct in all material respects and that its role is not to verify the information provided but to consider compliance with reporting requirements.

## **External Audit**

KPMG was initially appointed as the Company's external auditor at inception of the Company and retained appointment following an extensive, robust and competitive audit tender process being conducted in the prior year. The conclusion from this process was that, of those firms who participated in the tender, KPMG

## Report of the Audit and Risk Committee (continued)

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### External Audit (continued)

offered the most compelling case for the provision of a high quality audit at good value for Shareholders. The resolution to reappoint KPMG was passed at the Company's AGM in November 2023.

The Auditor is required to rotate the audit partner every five years. The current Audit Partner, Barry Ryan, is in his third year of tenure. There are no contractual obligations restricting the choice of external auditor.

The objectivity of the Auditor is reviewed by the Audit and Risk Committee which also reviews the terms under which the external Auditor may be appointed to perform non-audit services. The Audit and Risk Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to any non-audit work that the Auditor may undertake.

In order to safeguard Auditor independence and objectivity, the Audit and Risk Committee ensures that any advisory and/or consulting services provided by the external Auditor do not conflict with its statutory audit responsibilities. Advisory and/or consulting services will generally cover only reviews of interim financial statements and capital raising work. Any non-audit services conducted by the Auditor outside of these areas will require the consent of the Audit and Risk Committee before being initiated.

During the year, KPMG was engaged to provide a review of the Company's interim financial statements. Total fees paid by the Company and its subsidiaries amounted to £873,285 (30 June 2023: £864,174), fees for the Company itself amounted to £171,315 for the year ended 30 June 2024 (30 June 2023: £157,325) of which £123,815 related to audit and audit related services to the Company (30 June 2023: £112,325) and £47,500 in respect of non-audit services (30 June 2023: £45,000).

The Audit and Risk Committee considers KPMG to be independent of the Company and that the provision of services relating to the review of the interim financial statements (being considered a non-audit service) is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

In line with the Company's policy on the provision of non-audit services, the external Auditor may not undertake any work for the Company in respect of the following matters: preparation of the financial statements; provision of investment advice; taking management decisions; advocacy work in adversarial situations; provision of tax and tax compliance services; promotion of, dealing in, or underwriting the Company's shares; provision of payroll services; design or implementation of internal control or risk management or financial information technology systems, provision of valuation services, provision of services related to internal audit; and provision of certain human resources functions.

To fulfil its responsibility regarding the independence of the Auditor, the Audit and Risk Committee has considered:

- the discussions with, and reports from the Auditor describing how they safeguard and maintain their independence and the arrangements in place to identify, report and manage any actual or perceived conflicts of interest;
- the extent of non-audit services provided by the Auditor; and
- arrangements in place to ensure the Auditor's objectivity, robustness and perceptiveness when handling key accounting and audit judgements.

To assess the effectiveness of the Auditor, the Committee sought feedback from the Company's Auditor, Investment Adviser and Company Administrator/Secretary on the conduct and quality of the previous year's audit. The feedback received, via the use of a detailed questionnaire and follow-up discussion session, focused on:

- the Auditor's fulfilment of the agreed audit plan (including the audit approach) and variations from it;
- the quality, objectivity, robustness (level of challenge and professional scepticism) and independence of the audit;

## Report of the Audit and Risk Committee (continued)

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### External Audit (continued)

- the robustness of the Auditor in handling key accounting and audit judgements;
- the audit team structure and culture;
- the quality and timeliness of reporting and communication; and
- any issues that arose during the course of the audit.

Based on the findings of the review, the Audit and Risk Committee concluded it was satisfied with KPMG's effectiveness, robustness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them, and therefore concluded that KPMG's appointment as the Company's auditor should be continued.

### Other matters

In line with the Committee's terms of reference, a review of the performance of the Committee was conducted during the year which concluded that all responsibilities of the Committee had been sufficiently undertaken.

If any shareholders would like further information about the Audit and Risk Committee's activities and operations the Chair of the Audit and Risk Committee, or any of the other members of the Committee, would be pleased to discuss, otherwise will be available at the AGM to answer any questions.

On behalf of the Audit and Risk Committee

**Elizabeth Burne**

Chair of the Audit and Risk Committee

27 September 2024

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited

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## *Our opinion is unmodified*

We have audited the financial statements of Bluefield Solar Income Fund Limited (the "Company"), which comprise the statement of financial position as at 30 June 2024, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

## *In our opinion, the accompanying financial statements:*

- give a true and fair view of the financial position of the Company as at 30 June 2024, and of the Company's financial performance and cash flows for the year then ended;
- are prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## *Key audit matters: our assessment of the risks of material misstatement*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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. These matters were 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 these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2023):

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

The risk	Our response
<p><i>Valuation of financial assets held at fair value through profit or loss</i></p> <p>£780,043,000 (2023: £852,844,000)</p> <p>Refer to Report of the Audit and Risk Committee on pages 101 to 106, note 2(j) accounting policy and note 8 disclosures.</p>	<p><b>Basis:</b></p> <p>The Company's investment in its immediate subsidiary is carried at fair value through profit or loss and represents a significant proportion of the Company's net assets (2024: 99.8%; 2023: 99.8%). The fair value of the immediate subsidiary, which reflects its net asset value, predominantly comprises of the fair value (£965,549,000) of underlying special purpose vehicle renewable project investments ("SPVs") and the immediate subsidiary level debt (see note 8).</p> <p>The fair value of the SPVs has been determined using the income approach, discounting the future cash flows of underlying renewable projects (the "Valuations"), for which there is no liquid market. The Valuations incorporate certain assumptions including discount rate, power price forecasts, inflation, energy yield, and other macro-economic assumptions. The non-operational renewable asset SPVs are valued at their costs as an approximation of their fair value.</p> <p>The Valuations are adjusted for other specific assets and liabilities of the SPVs.</p> <p><b>Risk:</b></p> <p>The Valuations represent both a risk of fraud and error associated with estimating the timing and amounts of long term forecast cash flows alongside the significant judgement involved in the selection, and application, of appropriate assumptions. Changes to long term forecast cash flows and/or the selection and application of different assumptions may result in a materially different valuation of financial assets held at fair value through profit or loss.</p> <p>We therefore determined that the Valuations have a high degree of estimation uncertainty giving rise to a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements disclose in note 8 the sensitivities estimated by the Company.</p> <p><b>Our audit procedures included, but were not limited to:</b></p> <p><b>Control evaluation:</b></p> <p>We assessed the design and implementation of the control over the Valuation of financial assets held at fair value through profit or loss.</p> <p><b>Valuation model integrity and model inputs:</b></p> <ul style="list-style-type: none"> <li>• We tested the valuation model for mathematical accuracy including, but not limited to, material formulae errors;</li> <li>• We agreed a risk based selection of key inputs used in the valuation model, such as power price forecasts, contracted revenue and operating costs to supporting documentation;</li> <li>• We agreed a value driven sample of balances within the residual net asset amounts at subsidiary and SPV levels to supporting documentation, such as independent bank confirmations and other source documentation;</li> <li>• We obtained and vouched significant additions to non-operational renewable assets during the year to supporting documentation; and</li> <li>• In order to assess the reliability of management's forecasts, for a risk based selection, we assessed the historical accuracy of the cash flow forecasts against actual results.</li> </ul> <p><b>Benchmarking the valuation assumptions:</b></p> <p>With support from our KPMG valuation specialist, we challenged the appropriateness of the Company's valuation methodology and key assumptions including discount rate, power price forecasts, inflation, energy yield</p>



# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

The risk	Our response
	<p>and other macro-economic assumptions applied, by:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of the valuation methodology applied by the Investment Adviser;</li> <li>• benchmarking against independent market data and relevant peer group companies;</li> <li>• challenging the energy yield assumptions in the valuation model, by reference to due diligence reports prepared by third-party engineers or historical performance;</li> <li>• comparing, where appropriate, the valuation of underlying renewable projects to market transactions in close proximity to year end; and</li> <li>• using our KPMG valuation specialist's experience in valuing similar investments.</li> </ul>
	<p><b>Assessing transparency:</b></p> <p>We considered the appropriateness and adequacy of the disclosures made in the financial statements (see notes 2(j), 3 and 8) in relation to the use of estimates and judgements regarding the fair value of investments, the valuation estimation techniques inherent therein and fair value disclosures for compliance with International Financial Reporting Standards as adopted by the EU.</p>

## Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £16,600,000, determined with reference to a benchmark of net assets of £781,557,000, of which it represents approximately 2% (2023: 2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality for the Company was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £12,400,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £830,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

## Our application of materiality and an overview of the scope of our audit (continued)

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments; and
- Ability of the Company's subsidiaries to refinance or repay debt and to comply with debt covenants

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

We considered whether the going concern disclosure in note 2(b) to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

## Fraud and breaches of laws and regulations – ability to detect (continued)

### Identifying and responding to risks of material misstatement due to fraud (continued)

override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as the valuation of unquoted investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- assessing significant accounting estimates for bias.

Further detail in respect of valuation of unquoted investments is set out in the key audit matter section of this report.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

## Other information (continued)

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. 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.

## Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Longer-term viability statement (pages 73 and 74) that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the Longer-term viability statement (pages 73 and 74) as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Longer-term viability statement, set out on pages 73 and 74 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

## Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

# Independent Auditor's Report to the Members of Bluefield Solar Income Fund Limited (continued)

## Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 89, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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.

**Barry Ryan**

**For and on behalf of KPMG Channel Islands Limited**

*Chartered Accountants and Recognised Auditors*

*Guernsey*

27 September 2024

# Statement of Financial Position

As at 30 June 2024

	Note	30 June 2024 £'000	30 June 2023 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets held at fair value through profit or loss	8	780,043	852,844
<b>Total non-current assets</b>		<b>780,043</b>	<b>852,844</b>
<b>Current assets</b>			
Trade and other receivables	9	924	910
Cash and cash equivalents	10	1,253	969
<b>Total current assets</b>		<b>2,177</b>	<b>1,879</b>
<b>TOTAL ASSETS</b>		<b>782,220</b>	<b>854,723</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accrued expenses	11	663	534
<b>Total current liabilities</b>		<b>663</b>	<b>534</b>
<b>TOTAL LIABILITIES</b>		<b>663</b>	<b>534</b>
<b>NET ASSETS</b>		<b>781,557</b>	<b>854,189</b>
<b>EQUITY</b>			
Share capital		654,441	663,809
Retained earnings		127,116	190,380
<b>TOTAL EQUITY</b>	<b>13</b>	<b>781,557</b>	<b>854,189</b>
<b>Ordinary Shares in issue at year end</b>	<b>13</b>	<b>602,374,217</b>	<b>611,452,217</b>
<b>Net asset value per Ordinary Share (pence)</b>	<b>7</b>	<b>129.75</b>	<b>139.70</b>

These financial statements were approved and authorised for issue by the Board of Directors on 27 September 2024 and signed on their behalf by:

**Meriel Lenfestey**  
Director  
27 September 2024

**Elizabeth Burne**  
Director  
27 September 2024

The accompanying notes form an integral part of these financial statements.

## Statement of Comprehensive Income

*For the year ended 30 June 2024*

		Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
	Note		
<b>Income</b>			
Income from investments	4	900	900
Bank interest		25	6
		<b>925</b>	<b>906</b>
Net (losses)/gains on financial assets held at fair value through profit or loss	8	(8,336)	48,164
<b>Operating income</b>		<b>(7,411)</b>	<b>49,070</b>
<b>Expenses</b>			
Administrative expenses	5	2,190	2,277
<b>Operating expenses</b>		<b>2,190</b>	<b>2,277</b>
<b>Operating (loss)/profit</b>		<b>(9,601)</b>	<b>46,793</b>
<b>(Loss)/profit and total comprehensive (loss)/income for the year</b>		<b>(9,601)</b>	<b>46,793</b>
<b>Earnings per share:</b>			
Basic and diluted (pence)	12	(1.57)	7.65

All items within the above statement have been derived from continuing activities.

The accompanying notes form an integral part of these financial statements.

## Statement of Changes in Equity

*For the year ended 30 June 2024*

	Note	Number of Ordinary Shares	Share capital  £'000	Retained earnings  £'000	Total equity  £'000
<b>Shareholders' equity at 1 July 2023</b>		<b>611,452,217</b>	<b>663,809</b>	<b>190,380</b>	<b>854,189</b>
Purchase of Ordinary shares into Treasury	<b>13</b>	(9,078,000)	(9,368)	-	(9,368)
Dividends paid	<b>13,14</b>	-	-	(53,663)	(53,663)
Total comprehensive loss for the year		-	-	(9,601)	(9,601)
<b>Shareholders' equity at 30 June 2024</b>		<b>602,374,217</b>	<b>654,441</b>	<b>127,116</b>	<b>781,557</b>

*For the year ended 30 June 2023*

	Note	Number of Ordinary Shares	Share capital  £'000	Retained earnings  £'000	Total equity  £'000
<b>Shareholders' equity at 1 July 2022</b>		<b>611,452,217</b>	<b>663,809</b>	<b>194,582</b>	<b>858,391</b>
Dividends paid	<b>13,14</b>	-	-	(50,995)	(50,995)
Total comprehensive income for the year		-	-	46,793	46,793
<b>Shareholders' equity at 30 June 2023</b>		<b>611,452,217</b>	<b>663,809</b>	<b>190,380</b>	<b>854,189</b>

The accompanying notes form an integral part of these financial statements.



## Statement of Cash Flows

For the year ended 30 June 2024

	Note	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
<b>Cash flows from operating activities</b>			
Total comprehensive (loss)/income for the year		(9,601)	46,793
Adjustments:			
Increase in trade and other receivables		(14)	(28)
Increase in other payables and accrued expenses		23	44
Net losses/(gains) on financial assets held at fair value through profit or loss	8	8,336	(48,164)
<b>Net cash used in operating activities*</b>		<b>(1,256)</b>	<b>(1,355)</b>
<b>Cash flows from investing activities</b>			
Receipts from investments held at fair value through profit or loss**	8	64,465	51,700
<b>Net cash generated from investing activities</b>		<b>64,465</b>	<b>51,700</b>
<b>Cash flow from financing activities</b>			
Purchase of Ordinary shares into Treasury	13	(9,262)	-
Dividends paid	14	(53,663)	(50,995)
<b>Net cash used in financing activities</b>		<b>(62,925)</b>	<b>(50,995)</b>
Net increase/(decrease) in cash and cash equivalents		284	(650)
Cash and cash equivalents at the start of the year		969	1,619
<b>Cash and cash equivalents at the end of the year</b>	10	<b>1,253</b>	<b>969</b>

The accompanying notes form an integral part of these financial statements.

\*Net cash used in operating activities includes £900,000 (2023: £900,000) of investment income.

\*\*Receipts from investments held at fair value through profit or loss comprises loan principal of £31.3 million (2023: £29.9 million) repaid by BR1 and £33.2 million (2023: £21.8 million) of interest received from BR1. Investment acquisition costs at project level as referred to in the Investment Advisors report do not appear in the Statement of Cash Flows as the financial statements are not consolidated.

# Notes to the Financial Statements for the year ended 30 June 2024

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## 1. General information

The Company is a non-cellular company limited by shares and was incorporated in Guernsey under the Law on 29 May 2013 with registered number 56708 as a closed-ended investment company. It is regulated by the GFSC.

The financial statements for the year ended 30 June 2024 comprise the financial statements of the Company only (see Note 2 (c)).

The investment objective of the Company is to provide Shareholders with an attractive return, principally in the form of quarterly income distributions, by being invested primarily in solar energy assets located in the UK. It also has the ability to invest a minority of its capital into wind and energy storage assets.

The Company has appointed Bluefield Partners LLP as its Investment Adviser.

## 2. Summary of material accounting policies

### a) Basis of preparation

The financial statements included in this annual report have been presented on a true and fair basis and prepared in accordance with IFRS as adopted by the EU and the DTR of the UK FCA.

These financial statements have been prepared under the historical cost convention with the exception of financial assets measured at fair value through profit or loss, and in compliance with the provisions of the Law.

### Standards, interpretations and amendments to published standards adopted in the period

#### New and Revised Standards

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Company has not adopted early any standards, amendments or interpretations to existing standards that have been published and will be mandatory for the Company's accounting periods beginning after 1 July 2024 or later periods.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company.

The Board expects that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments are not expected to have a material impact on the Company's financial statements.

### b) Going concern

The Board, in its consideration of going concern, has reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, as well as the performance of the solar and wind plants currently in operation.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 2. Summary of material accounting policies (continued)

### b) Going concern (continued)

The Group has a committed Revolving Credit Facility (RCF) of £210 million, with an uncommitted accordion feature that allows for an additional £30 million. The facility is set to mature in May 2025. As of 30 June 2024, the Group had drawn £184 million from the RCF. After the year-end, following the completion of Phase Two of the strategic partnership with GLIL, £50.5 million was repaid, reducing the drawn balance to £133.5 million.

The Investment Adviser is currently in discussions with lenders to refinance and extend the RCF by an additional two years in early 2025. Lenders have indicated a strong interest in the extension. With robust cash generation, the Board is confident that all debt repayments will be met and confirms that no covenant breaches occurred during the year.

UK inflation dropped from 10.7% (RPI) in June 2023 to 2.9% in June 2024. In August 2024, the Bank of England cut the Base Rate to 5.00%, with 5 year gilt rates now below 4%. Lower interest rates reduce BSIF's credit costs, while fixed-rate debt has significantly shielded it from rate hikes.

BSIF has built a robust development pipeline exceeding 1.5 GW, with two major solar projects, Yelvertoft (48.4MW) and Mauxhall Farm (44.5MW), connected to electricity network shortly after the Year end. Over 750 MW of the pipeline is fully consented, ready for construction within five years.

The Investment Adviser, with BSIF Board approval, is actively managing the large pipeline, and is planning to sell around a third of this based on funding availability, a strategy which continues to be reviewed on a regular basis.

BSIF's Investment Adviser focuses on protecting and enhancing the operational portfolio through proactive risk mitigation. A rolling capital investment programme addresses key risks, such as long lead times for high voltage spare parts, particularly central inverters. Significant inverter revamping projects were completed, boosting performance in late FY2023/24, with full benefits expected in FY2024/25. Additional optimisation and repowering projects are planned for the upcoming year.

The Board also notes that at the AGM held on 28 November 2023, the shareholders of the Company voted overwhelmingly in favour for the continuation of the Company for a further 5 years.

Taking the above into account, at the time of approving these accounts the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the date of signing the financial statements and does not consider there to be any material threat to the viability of the Company. The Board has therefore concluded that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### c) Basis of Non-Consolidation

The Company makes its investments in the SPVs through its wholly owned subsidiary, BR1. The Company meets the definition of an investment entity as described by IFRS 10. Under IFRS 10 investment entities are required to hold subsidiaries at fair value through profit or loss rather than consolidate them.

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

- obtains funds from one or more investors for the purpose of providing these investors with investment management services;
- 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
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 2. Summary of material accounting policies (continued)

### c) Basis of Non-Consolidation (continued)

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

- the Company is an investment company that invests funds obtained from multiple investors in a diversified portfolio of renewable energy infrastructure assets and has appointed the Investment Adviser to advise on the Company's investments;
- the Company's purpose is to invest funds for investment income and potential capital appreciation and will exit its investments at the end of their economic lives or when their planning permissions expire and may also exit investments earlier for reasons of portfolio balance or profit; and
- the Board evaluates the performance of the Company's investments on a fair value basis with the fair value of operational SPVs being calculated on a discounted cash flow basis in accordance with the IPEV Valuation Guidelines. The Investment Adviser recommends the fair value on a quarterly basis, which includes a complete review of all valuation assumptions on a semi-annual basis, subject to the Board's approval as at 30 June and 31 December each year.

Taking these factors into account, the Directors are of the opinion that the Company has all the typical characteristics of an investment entity and meets the definition set out in IFRS 10.

The Board considered the investment entity status of BR1 and concluded that it is, like the Company, an investment entity based on the same factors as listed above. As such the Company is not permitted to consolidate BR1 in the preparation of its financial statements and all subsidiaries are recognised at fair value through profit or loss.

### d) Functional and presentation currency

These financial statements are presented in Sterling, which is the functional currency of the Company as well as the presentation currency. All amounts are stated to the nearest thousand unless otherwise stated. The Company's funding, investments and transactions are all denominated in Sterling.

### e) Income

Monitoring fee income is recognised on an accruals basis.

Interest income on cash and cash equivalents is recognised on an accruals basis using the effective interest rate method.

### f) Expenses

Operating expenses are the Company's costs incurred in connection with the ongoing administrative costs and management of the Company's investments. Operating expenses are accounted for on an accruals basis.

### g) Finance costs

Finance costs are recognised in the Statement of Comprehensive Income in the period to which they relate on an accruals basis using the effective interest rate method. Arrangement fees for finance facilities are amortised over the expected life of the facility.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 2. Summary of material accounting policies (continued)

### h) Dividends

Dividends declared and approved are charged against equity. A corresponding liability is recognised for any unpaid dividends prior to year end. Dividends approved but not declared will be disclosed in the notes to the financial statements.

### i) Segmental reporting

IFRS 8 'Operating Segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Company is engaged in a single segment of business, being investment in UK renewable energy infrastructure assets via its holding company and SPVs, and therefore the Company has only a single operating segment.

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these financial statements.

The Board has overall management and control of the Company and will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus, which cannot be radically changed without the approval of Shareholders. The Board has delegated the day-to-day implementation of the investment strategy to its Investment Adviser but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. Although the Board obtains advice from the Investment Adviser, it remains responsible for making final decisions in line with the Company's policies and the Board's legal responsibilities.

### j) Financial instruments

#### **Classification and measurement of 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.

#### ***i) Financial assets held at fair value through profit or loss***

##### ***Classification***

The Company's investment in BR1 is accounted for as a financial asset rather than consolidated as the Company qualifies as an investment entity under IFRS 10, therefore the Company's investment is held at fair value through profit or loss in accordance with the requirements of IFRS 9.

##### ***Recognition and de-recognition***

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. A financial asset is de-recognised either when the Company has transferred all the risks and rewards of ownership; or it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or the contractual right to receive cash flow has expired.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 2. Summary of material accounting policies (continued)

### j) Financial instruments (continued)

#### *Measurement*

Subsequent to initial recognition, investment in BR1 is measured at each subsequent reporting date at fair value. The Company holds all of the shares in the subsidiary, BR1, which is a holding vehicle used to hold the Company's SPV investments. The Directors believe it is appropriate to value this entity based on the fair value of its portfolio of SPV investment assets held plus its other assets and liabilities. The SPV investment assets held by the subsidiary are valued semi-annually as described in Note 8 on a discounted cash flow basis which is benchmarked against market transactions.

Gains or losses, through profit or loss, are made up of BR1's profit or loss, which comprises mainly cash receipts from its SPVs, the fair value movement of BR1's SPV portfolio and cash received in respect of Eurobond instrument interest. Furthermore, cash receipts made to the Company by BR1 are accounted for as a repayment of loans and not reflected in the Company's income, apart from monitoring fees (see Note 4).

#### *ii) Cash and cash equivalents and trade and other receivables*

Cash and cash equivalents comprise cash on hand and short term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

#### *iii) Financial liabilities*

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on the trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's financial liabilities consist of only financial liabilities measured at amortised cost.

#### *Financial liabilities measured at amortised cost*

These include trade payables and other short term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

#### *Derecognition of financial liabilities*

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires, or is cancelled. Any gain or loss on derecognition is taken to profit and loss.

### k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Direct issue costs include those incurred in connection with the placing and admission which include fees payable under the Placing Agreement, legal costs and any other applicable expenses.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 2. Summary of material accounting policies (continued)

### k) Equity instruments (continued)

Treasury shares are recognised at acquisition cost and are presented as a deduction from shareholders' equity.

### 3. Critical accounting judgements, estimates and assumptions in applying the Company's accounting policies

The preparation of these financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The area involving a high degree of judgement and/or complexity and/or area where assumptions and estimates are significant to the financial statements has been identified as the valuation of the Company's investment in BR1 which is estimated predominantly on the valuation of the portfolio of investments held by BR1 (see Note 8).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

As disclosed in Note 8, the Board believes it is appropriate for the Company's portfolio to be benchmarked on a £m/MW basis against comparable portfolio transactions and on this basis a weighted average discount rate of 8.00% (8.00% as at 30 June 2023) has been utilised.

Use of a blended power forecast is unchanged. The inflation assumption also remains unchanged at 3.5% in 2024, and 3% from 2025 to 2029 as a medium-term rate (June 2023: 3%), before reducing to a long term assumption of 2.25% (June 2023: 2.25%) thereafter.

The Directors' Valuation as at 30 June 2024 is based on a weighted average life of the portfolio of 27 years (vs. 28 years in June 2023), reflecting both new acquisitions and asset life extensions.

## 4. Income from investments

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Monitoring fee in relation to loans supplied (Note 16)	900	900
	<b>900</b>	<b>900</b>

The Company provides monitoring and loan administration services to BR1 for which an annual fee is charged, payable in arrears.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 5. Administrative expenses

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Investment advisory base fee * (see Note 16)	663	729
Legal and professional fees	322	300
Administration fees	504	542
Directors' remuneration	284	272
Audit fees	124	112
Non-audit fees	48	45
Broker fees	50	50
Regulatory Fees	66	58
Registrar fees	35	88
Insurance	14	12
Listing fees	43	45
Other expenses	37	24
	<b>2,190</b>	<b>2,277</b>

\*The Investment advisory base fee is paid by both the Company (10%) and BR1 (90%). The amount shown above reflects the amount paid by the Company only. Note 16 shows the full fee paid to the Investment Adviser.

### ***Investment Advisory Agreement***

The Company, BR1 and the Investment Adviser have entered into an Investment Advisory Agreement, under which the Investment Adviser has overall responsibility for the non-discretionary management of the Company's assets and any of BR1's SPVs (including uninvested cash) in accordance with the Company's investment policies, restrictions and guidelines.

The Investment Adviser is entitled to a base fee, which is payable quarterly in arrears, on the following scale:

- NAV up to and including £750,000,000, 0.8% per annum
- NAV above £750,000,000 > £900,000,000, 0.75% per annum
- NAV above £900,000,000, 0.65% per annum.

The fee is based on the NAV reported in the most recent quarterly NAV calculation. The above fee scale is effective from 21 December 2023 following the approval of an updated Investment Advisory Agreement during the year. Previously, the fee was calculated at a rate of 0.8% per annum of the NAV up to and including £750,000,000, 0.75% per annum of the NAV above £750,000,000 and up to and including £1,000,000,000 and 0.65 per annum of the NAV above £1,000,000,000.

Under the amended and restated Investment Advisory agreement dated 21 December 2023, the Investment Adviser is also entitled, subject to exceptional circumstances, to receive a 20% Development Profit Margin Commission on the disposal of development projects to third parties.

In the event that the Company terminates the Investment Advisory Agreement prior to the expiry of the lease on the Investment Adviser's office in London, the Company has agreed to meet 80% of the rent and other charges until the expiry of the current lease.



# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 5. Administrative expenses (continued)

### *Investment Advisory Agreement (continued)*

On 11 June 2014, BSIFIL (as the previous holding company) entered into a Technical Services Agreement with the Investment Adviser, with a retrospective effective date of 25 June 2013, in order to delegate the provision of the consultancy services to the Investment Adviser in its capacity as technical adviser to the SPVs. On the same date the Group entered into a base fee offset arrangement agreement, whereby the aggregate technical services fee and base fee payable (under the Investment Advisory Agreement) shall not exceed the base fee that would otherwise have been payable to the Investment Adviser in accordance with the Investment Advisory Agreement had no fees been payable under the Technical Services Agreement.

The fees incurred for the year and the amount outstanding at the year end are shown in Note 16.

### *Administration Agreement*

The Administrator has been appointed to provide day-to-day administration and company secretarial services to the Company, as set out in the Administration Agreement dated 24 June 2013.

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £7,500 and £3,000 for the provision of a compliance officer and money laundering reporting officer, respectively.

The Administrator is entitled to an investment related transaction fee charged on a time spent basis, which is capped at a total of £5,000 per investment related transaction. All reasonable costs and expenses incurred by the Administrator in accordance with this agreement are reimbursed to the Administrator quarterly in arrears.

The Administrator also receives a fee of £5,000 per annum in relation to the administration of the Company's Guernsey Green Fund Status.

For the year ended 30 June 2024, the Company incurred fees to the Administrator of £503,977 (2023: £542,176), of which £129,908 (2023: £135,992) was outstanding at the year end.

## 6. Taxation

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it paid an annual fee of £1,600 (2023: £1,200) (included within regulatory fees).

The income from the Company's investments is not subject to any further tax in Guernsey although the subsidiary and underlying SPVs, as UK based entities, are subject to the current prevailing UK corporation tax rate. The standard rate of UK corporation tax is 25% (2023: 25%).

## 7. Net asset value per Ordinary Share

The calculation of NAV per Ordinary Share is based on NAV of £781,557,386 (2023: £854,189,487) and the number of shares in issue at 30 June 2024 of 602,374,217 (2023: 611,452,217) Ordinary Shares.

## Notes to the Financial Statements for the year ended 30 June 2024 (continued)

### 8. Financial assets held at fair value through profit or loss

The Company's accounting policy on the measurement of these financial assets is discussed in Note 2(j)(i) and below.

	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance (Level 3)	<b>852,844</b>	856,380
Cash receipts from non-consolidated subsidiary*	(64,465)	(51,700)
Realised gains on investment in non-consolidated subsidiary**	33,167	21,838
Unrealised change in fair value of financial assets held at fair value through profit or loss***	(41,503)	26,326
<b>Closing balance (Level 3)</b>	<b>780,043</b>	<b>852,844</b>

#### Analysis of net (losses)/gains on financial assets held at fair value through profit or loss (per statement of comprehensive income)

	<b>Year ended</b>	<b>Year ended</b>
	<b>30 June 2024</b>	<b>30 June 2023</b>
	<b>£'000</b>	<b>£'000</b>
Unrealised change in fair value of financial assets held at fair value through profit or loss***	(41,503)	26,326
Realised gains on investment in non-consolidated subsidiary**	33,167	21,838
<b>Net (losses)/gains on financial assets held at fair value through profit or loss</b>	<b>(8,336)</b>	<b>48,164</b>

\*Comprising of repayment of Eurobond loans issued by BR1 and Eurobond interest received

\*\*Interest received on Eurobond loans issued by BR1

\*\*\*The movement in unrealised losses for the year ended 30 June 2023 of (£3,536,000) as stated in the prior year's financial statements has been amended to reflect the amended presentation of the principal repayments in the table above.

Investments at fair value through profit or loss comprise the fair value of the investment portfolio, which the Investment Adviser recommends on a quarterly basis, including a complete review of all valuation assumptions on a semi-annual basis, subject to the Board's approval, and the fair value of BR1, the Company's single, direct subsidiary being its cash, working capital and debt balances. A reconciliation of the investment portfolio value to financial assets at fair value through profit or loss in the Statement of Financial Position is shown on page 127.

The above tables as presented in the prior year's financial statements have been revised to show more clearly the impact on realised and unrealised gains of cash receipts from non-consolidated subsidiary. These receipts totalling £51,700,000 in the prior year comprised repayments of Eurobond loan principal of £29,862,000 and Eurobond interest received of £21,838,000.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 8. Financial assets held at fair value through profit or loss (continued)

	30 June 2024	30 June 2023
	Total	Total
	£'000	£'000
SPV investment portfolio, Directors' Valuation	965,549	1,018,350
Immediate Holding Company		
Cash	28,671	26,407
Working capital	(30,177)	(38,913)
Debt	(184,000)	(153,000)
	(185,506)	(165,506)
<b>Financial assets at fair value through profit or loss</b>	<b>780,043</b>	<b>852,844</b>

### Fair value measurements

IFRS 13 'Fair Value Measurement' 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 three levels.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instrument carried at fair value is the investment held by the Company, BR1, which is fair valued at each reporting date. The Company's investment has been classified within Level 3 as BR1's investments are not traded and contain unobservable inputs.

### Transfers during the year

There have been no transfers between levels during the year ended 30 June 2024. Any transfers between the levels will be accounted for on the last day of each financial year. Due to the nature of the investments, these are always expected to be classified as Level 3.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 8. Financial assets held at fair value through profit or loss (continued)

### Directors' Valuation methodology and process

The same valuation methodology and process for operational assets is followed in these financial statements as was applied in the preparation of the Company's financial statements for the year ended 30 June 2023.

Before planning has been achieved, no value is attributed (beyond costs incurred), to the Company's development pipeline.

However, once the projects receive planning permission they are then valued according to the following criteria:

- Projects purchased by the Company from developers are valued at investment cost (deemed to approximate fair value).
- Other projects in the Company's pipeline are valued on an asset-by-asset basis and benchmarked against values from wider market processes.

During the construction stages assets continue to be valued at investment cost (deemed to be approximate fair value). The Investment Adviser intends for newly built projects to be valued on a DCF basis shortly after they become operational.

Investments that are operational are valued on a DCF basis over the life of the asset (typically more than 25 years) and, under the 'willing buyer-willing seller' methodology, prudently benchmarked on a £/MW basis against comparable transactions for large scale portfolios.

Each investment is subject to full UK corporate taxation at the prevailing rate with the tax shield being limited to the applicable capital allowances from the Company's SPV investments.

The Investment Adviser recommends the fair value on a quarterly basis, which includes a complete review of all valuation assumptions on a semi-annual basis, subject to the Board's approval. The key inputs, as listed below, are derived from various internal and external sources. The key inputs to a DCF based approach are: the equity discount rate, the cost of debt (influenced by interest rate, gearing level and length of debt), power price forecasts, long term inflation rates, asset life, irradiation forecasts, average wind speeds, operational costs and taxation. Given discount rates are a product of not only the factors listed previously but also regulatory support, perceived sector risk and competitive tensions, it is not unusual for discount rates to change over time. Evidence of this is shown by way of the revisions to the original discount rates applied between the first renewable acquisitions and those witnessed in the past twelve months.

Both the current and prior year valuations saw the inclusion of the Electricity Generator Levy ("the Levy") on excess profits produced by electricity generators as announced by the Chancellor of the Exchequer in the Autumn Statement in November 2022. The Levy is a temporary 45% tax on the extraordinary returns made by electricity generators towards the end of 2022 while European energy prices soared in the wake of Russia's invasion of Ukraine. The Levy will be in place from 1 January 2023 until 31 March 2028, with the benchmark price linked to UK Consumer Price Inflation. The Investment Adviser previously sought external advice from its legal and tax advisers on how to model the Levy within the valuation methodology.

Given discount rates are subjective, there is sensitivity within these to the interpretation of factors outlined above.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 8. Financial assets held at fair value through profit or loss (continued)

### Directors' Valuation methodology and process (continued)

The weighted average discount rate has been maintained at 8.00% as at 30 June 2024 (2023: 8.00%). The Board have determined that an effective price of £1.24m/MW (2023: £1.35m/MW) is an appropriate basis for the valuation of the BSIF portfolio as at 30 June 2024. The reduction compared to 30 June 2023 is mainly due to a decline in working capital levels due to debt repayments, dividends and investment into construction assets and declines in power forecasts.

In order to smooth the sensitivity of the valuation to forecast timing or opinion taken by a single forecast, the Board continues to adopt the application of blended power curves from three leading forecasters.

The fair values of operational SPVs are calculated on a discounted cash flow basis in accordance with the IPEV Valuation Guidelines. The Investment Adviser recommends the fair value on a quarterly basis, which includes a complete review of all valuation assumptions on a semi-annual basis, subject to the Board's approval as at 30 June and 31 December each year.

### Sensitivity analysis

The table below analyses the sensitivity of the fair value of the Directors' Valuation to an individual input, while all other variables remain constant.

The Directors consider the changes in inputs to be within a reasonable range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

Input	Change in input	30 June 2024		30 June 2023	
		Change in fair value of Directors' Valuation £m	Change in NAV per share (pence)	Change in fair value of Directors' Valuation £m	Change in NAV per share (pence)
Discount rate	+ 0.5%	(20.6)	(3.43)	(18.8)	(3.07)
	- 0.5%	16.4	2.73	19.4	3.17
Power prices	+10%	58.1	9.65	54.2	8.86
	-10%	(62.9)	(10.45)	(56.9)	(9.31)
Inflation rate	+ 0.5%	44.5	7.39	31.7	5.19
	- 0.5%	(46.5)	(7.73)	(30.2)	(4.94)
Energy yield	10-year P90	(102.8)	(17.07)	(105.0)	(17.17)
	10-year P10	104.7	17.37	111.9	18.30
O&M	+10%	(11.6)	(1.93)	(9.1)	(1.49)
	-10%	6.9	1.14	9.1	1.49

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 8. Financial assets held at fair value through profit or loss (continued)

### Subsidiaries and Associates

The Company holds investments through subsidiary companies which have not been consolidated as a result of the adoption of IFRS 10: Investment entities exemption to consolidation. Below is the legal entity name and ownership percentage for the SPVs which are all incorporated in the UK except for Bluefield Durrants GmbH which is incorporated in Germany.

Name	Ownership percentage	Name	Ownership percentage
Bluefield Renewables 1 Limited	100	Gypsum Solar Farm Limited	100
Bluefield Renewables 2 Limited	100	Holly Farm Solar Park Limited	100
Bluefield SIF Investments Limited	100	Kellingley Solar Farm Limited	100
Bunns Hill Solar Limited	100	Little Bear Solar Limited	100
HF Solar Limited	100	Place Barton Farm Solar Park Limited	100
Hoback Solar Limited	100	Willows Farm Solar Limited	100
Littlebourne Solar Farm Limited	100	Southwick Solar Limited	100
Molehill PV Farm Limited	100	Butteriss Down Solar Farm Limited	100
Pashley Solar Farm Limited	100	Goshawk Solar Limited	100
ISP (UK) 1 Limited	100	Kite Solar Limited	100
Solar Power Surge Limited	100	Peregrine Solar Limited	100
West Raynham Solar Limited	100	Promothames 1 Limited	100
Sheppey Solar Limited	100	Rookery Solar Limited	100
Capelands Solar Farm Limited	100	Mikado Solar Projects (2) Limited	100
North Beer Solar Limited	100	Mikado Solar Projects (1) Limited	100
WEL Solar Park 2 Limited	100	KS SPV 5 Limited	100
Hardingham Solar Limited	100	Eagle Solar Limited	100
Redlands Solar Farm Limited	100	Kislingbury M1 Solar Limited	100
WEL Solar Park 1 Limited	100	Thornton Lane Solar Farm Limited	100
Saxley Solar Limited	100	Gretton Solar Farm Limited	100
Frogs Loke Solar Limited	100	Wormit Solar Farm Limited	100
Old Stone Farm Solar Park Limited	100	Langlands Solar Limited	100
Bradenstoke Solar Park Limited	100	Bluefield Merlin LTD	100
GPP Langstone LLP	100	Harrier Solar Limited	100
Ashlawn Solar Limited	100	Rhydy Pandy Solar Limited	100
Betingau Solar Limited	100	New Energy Business Solar Limited	100
Grange Solar Limited	100	Corby Solar Limited	100
Hall Solar Limited	100	Falcon Solar Farm Limited	100
Oulton Solar Limited	100	Folly Lane Solar Limited	100
Romsey Solar Limited	100	New Road Solar Limited	100
Salhouse Solar Limited	100	Blossom 1 Solar Limited	100
Tollgate Solar Limited	100	Blossom 2 Solar Limited	100
Trethosa Solar Limited	100	New Road 2 Solar Limited	100
Welbourne Energy LLP	100	GPP Eastcott LLP	100
Barvills Solar Limited	100	GPP Blackbush LLP	100
Clapton Farm Solar Park Limited	100	GPP Big Field LLP	100
Court Farm Solar Farm Limited	100	WSE Hartford Wood Limited	60
East Farm Solar Park Limited	100	Oak Renewables 2 Limited	100
Galton Manor Solar Park Limited	100	Oak Renewables Limited	100

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 8. Financial assets held at fair value through profit or loss (continued)

### Subsidiaries and Associates (continued)

Name	Ownership percentage	Name	Ownership percentage
Creathorne Farm Solar Park Limited (formerly Good Energy Creathorne Farm Solar Park (003) Limited)	100	Wind Energy Scotland (Fourteen Arce Fields) Limited	100
Lower End Farm Solar Park Limited (formerly Good Energy Lower End Farm Solar Park (026) Limited)	100	Wind Energy Scotland (Birkwood Mains) Limited	100
Woolbridge Solar Park Limited (formerly Good Energy Woolbridge Solar Park (010) Limited)	100	Wind Energy Scotland (Holmhead) Limited	100
Rook Wood Solar Park Limited (formerly Good Energy Rook Wood Solar Park (057) Limited)	100	Mosscliff Power 5 Limited	100
Carloggas Solar Park Limited (formerly Good Energy Carloggas Solar Park (009) Limited)	100	Mosscliff Power 10 Limited	100
Cross Road Plantation Solar Park Limited (formerly Good Energy Cross Road Plantation Solar Park (028) Limited)	100	Mosscliff Power 2 Limited	100
Delabole Windfarm Limited (formerly Good Energy Delabole Windfarm Limited)	100	Mosscliff Power 3 Limited	100
Hampole Windfarm Limited (formerly Good Energy Hampole Windfarm Limited)	100	Mosscliff Power 4 Limited	100
Renewable Energy Assets Limited (formerly Wind Energy Generation Assets No.1 Limited and Good Energy Generation Assets No.1 Limited)	100	Mosscliff Power 6 Limited	100
Wind Energy 1 Hold Co Limited	100	Mosscliff Power 7 Limited	100
Aisling Renewables Limited	100	Mosscliff Power Limited	100
Wind Energy 3 Hold Co	100	E2 Energy PLC	100
Wind Energy (NI) Limited	100	Wind Energy One Limited	100
Ash Renewables No 3 Limited	100	Wind Energy Two Limited	100
Ash Renewables No 4 Limited	100	New Road Wind Limited	100
Ash Renewables No 5 Limited	100	Yelvertoft Solar Farm Limited	100
Ash Renewables No 6 Limited	100	Paytherden Solar Farm Limited (formerly Peradon Solar Farm Limited)	100
Wind Beragh Limited	100	Lower Tean Leys Solar Farm Limited	60
Wind Camlough Limited	100	Lower Mays Solar Farm Limited	100
Wind Cullybackey Limited	100	Longpasture Solar Farm Limited	60
Wind Dungormon Limited	100	Leeming Solar Farm Limited	60
Wind Killeenan Limited	100	Wallace Wood Solar Farm Limited	60
Wind Mowhan Limited	100	LEO1B Energy Park Limited	60
Wind Mullanmore Limited	100	LH DNO Grid Services Limited	60
Carmoney Energy Limited	100	Sweet Briar Solar Farm Limited	60
Errigal Energy Limited	100	BF31 WHF Solar Limited	60
Galley Energy Limited	100	BF27 BF Solar Limited	60
S&E Wind Energy Limited	100	BF13A TF Solar Limited	60
Wind Energy 2 Hold Co Limited	100	HW Solar Farm Limited	100
Boston RE Ltd	100	AR108 Bolt Solar Farm Limited	100

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 8. Financial assets held at fair value through profit or loss (continued)

### Subsidiaries and Associates (continued)

Name	Ownership percentage	Name	Ownership percentage
DC21 Earth SPV Limited	100	BF33C LHF Solar Limited	60
E5 Energy Limited	100	AR006 GF Solar Limited	100
E6 Energy Limited	100	Mauxhall Farm Energy Park Limited	100
E7 Energy Limited	100	BF16D BHF Solar Limited	100
Hallmark Powergen 3 Limited	100	BF33E BHF Solar Limited	60
Warren Wind Limited	100	BF58 Hunts Airfield Solar Ltd	60
Wind Energy Three Limited	100	Lightning 1 Energy Park Limited	100
Wind Energy Holdings Limited	100	Abbots Ann Farm Solar Park Limited	100
Crockbaravally Wind Holdco Limited	100	Canada Farm Solar Park Limited	100
Crockbaravally Wind Farm Limited	100	Kinetica 846 Limited	100
Dayfields Solar Limited	100	Kinetica 868 Limited	100
Farm Power Apollo Limited	100	Twineham Energy Limited	60
Freathy Solar Park Limited	100	Sheepwash Lane Energy Barn Limited	100
IREEL FIT TopCo Limited	100	Whitehouse Farm Energy Barn Limited	100
IREEL FIT HoldCo Limited	100	Bluefield Durrants GmBH	100
IREEL Wind TopCo Limited	100	New Road Solar 3 Limited	100
IREEL Solar HoldCo Limited	100	New Road Solar 4 Limited	100
IREL Solar HoldCo Limited	100	Renewable Energy Hold Co Limited (formerly Wind Energy Holding Company No.1 Limited and Good Energy Holding Company No.1 Limited)	100
Ladyhole Solar Limited	100	Westover Gridco Limited	50
Morton Wood Solar Limited	100	Lyceum Solar Limited	9
Nanteague Solar Limited	100	Wind Energy 4 Hold Co Limited	100
Newton Down Wind HoldCo Limited	100	West Raynham X Energy Park Limited	60
Newton Down Windfarm Limited	100		
Padley Wood Solar Limited	100		
Peel Wind Farm (Sheerness) Limited	100		
Port of Sheerness Wind Farm Limited	100		
Sandys Moor Solar Limited	100		
St Johns Hill Wind Holdco Limited	100		
St Johns Hill Wind Limited	100		
Trickey Warren Solar Limited	100		
Whitton Solar Limited	100		
LPF UK Equityco Limited	100		
LPF UK Solar Limited	100		
LPF Kinetica UK Limited	100		



# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 9. Trade and other receivables

	30 June 2024 £'000	30 June 2023 £'000
<b>Current assets</b>		
Income from investments	900	900
Other receivables	24	10
	<b>924</b>	<b>910</b>

There are no material past due or impaired receivable balances outstanding at the year end.

The Directors consider that the carrying amount of all receivables approximates to their fair value.

## 10. Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short term bank deposits held with maturities of up to three months. The carrying amount of these assets as at 30 June 2024 was £1,253,168 (2023: £968,878) and approximated their fair value. Cash held by BR1, the Company's immediate wholly owned subsidiary, as at 30 June 2024 is shown in Note 8.

## 11. Other payables and accrued expenses

	30 June 2024 £'000	30 June 2023 £'000
<b>Current liabilities</b>		
Investment advisory fees	162	164
Administration fees	130	136
Audit fees	120	109
Payable for Treasury shares purchased	106	-
Directors' fees	85	72
Other payables	60	53
	<b>663</b>	<b>534</b>

The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit period. The Directors consider that the carrying amounts of all payables approximate to their fair value.

## 12. Earnings per share

	Year ended 30 June 2024	Year ended 30 June 2023
(Loss)/profit attributable to Shareholders of the Company	(£9,600,983)	£46,793,621
Weighted average number of Ordinary shares	609,849,113	611,452,217
<b>Basic and diluted earnings from continuing operations and (loss)/profit for the year (pence per share)</b>	<b>(1.57)</b>	<b>7.65</b>

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 13. Share capital

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which, upon issue, the Directors may designate into such classes and denominate in such currencies as they may determine.

Number of Ordinary Shares	Year ended 30 June 2024 Number	Year ended 30 June 2023 Number
<b>Opening balance</b>	611,452,217	611,452,217
Purchase of Ordinary shares into Treasury	(9,078,000)	-
<b>Closing balance</b>	<b>602,374,217</b>	<b>611,452,217</b>

### Treasury Shares

On 15 February 2024, the Company announced a share buyback programme in which it had allocated £20 million to purchase its own shares post closed period. During the year ended 30 June 2024, 9,078,000 Treasury shares were purchased at an average price of 103.19 pence per share. The total amount spent on the buyback was £9,368,038.

The Company held 9,078,000 Treasury shares at the year end (2023: nil).

Shareholders' Equity	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
<b>Opening balance</b>	854,189	858,391
Purchase of Ordinary shares into Treasury	(9,368)	-
Dividends paid	(53,663)	(50,995)
Total comprehensive (loss)/income	(9,601)	46,793
<b>Closing balance</b>	<b>781,557</b>	<b>854,189</b>

### Rights attaching to shares

The Company has a single class of Ordinary Shares, which are entitled to dividends declared by the Company. At any general meeting of the Company, each ordinary Shareholder is entitled to have one vote for each share held. The Ordinary Shareholders also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided *pari passu* among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

## 14. Dividends

On 7 August 2023, the Board declared a third interim dividend of £12,840,497, in respect of the year ended 30 June 2023, equating to 2.10pps (third interim dividend in respect of the year ended 30 June 2022: 2.05pps), which was paid on 1 September 2023 to Shareholders on the register on 18 August 2023.

On 28 September 2023, the Board declared a fourth interim dividend of £14,063,401 in respect of the year ended 30 June 2023, equating to 2.30pps (fourth interim dividend in respect of the year ended 30 June 2022: 2.09pps), which was paid on 6 November 2023 to Shareholders on the register on 6 October 2023.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 14. Dividends (continued)

On 26 January 2024, the Board declared its first interim dividend of £13,451,949, in respect of the year ending 30 June 2024, equating to 2.20pps (first interim dividend in respect of the year ended 30 June 2023: 2.10pps), which was paid on 9 March 2024 to Shareholders on the register on 9 February 2024.

On 14 May 2024, the Board declared a second interim dividend of £13,307,233, in respect of the year ended 30 June 2024, equating to 2.20pps (second interim dividend in respect of the year ended 30 June 2023: 2.10pps), which was paid on 24 June 2024 to Shareholders on the register on 24 May 2024.

## 15. Risk management policies and procedures

The Company is exposed to a variety of financial risks, including market risk (including price risk, currency risk and interest rate risk), credit risk, liquidity risk and portfolio operational risk. The Investment Adviser and the Administrator report to the Board on a quarterly basis and provide information to the Company which allows it to monitor and manage financial risks relating to its operations.

The Company's overall risk management programme focuses on the unpredictability of financial markets and government energy policy and seeks to minimise potential adverse effects on the Company's financial performance, as referenced in the Principal Risks and Uncertainties section in the Strategic Report.

The Board is ultimately responsible for the overall risk management approach within the Company. The Board has established procedures for monitoring and controlling risk. The Company has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

In addition, the Investment Adviser monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Further details regarding these policies are set out below:

### Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company, in particular through the Company's subsidiary, BR1, will fluctuate because of changes in market prices.

Market price risk will arise from changes in electricity prices whenever PPAs expire and are renewed. The timing of these is staggered to minimise risk.

BR1's future SPV investments are subject to fluctuations in the price of secondary assets which could have a material adverse effect on the BR1's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

The Company's overall market position is monitored by the Investment Adviser and is reviewed by the Board of Directors on an ongoing basis.

### Currency risk

The Company does not have any direct currency risk exposure as all its investments, borrowings and other transactions are in Sterling. The Company is however indirectly exposed to currency risk on future equipment purchases, made through BR1's SPVs, where equipment is imported.

### Interest rate risk

Interest rate risk is the risk that the value of financial instruments and related income from the cash and cash equivalents will fluctuate due to changes in market interest rates.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 15. Risk management policies and procedures (continued)

### Interest rate risk (continued)

The Company is also exposed, through BR1, to interest rate risk on drawings under its RCF. Please see page 29 in the Investment Adviser's report for details of the third party debt within the Company's subsidiaries.

The Company's interest bearing financial assets consist of cash and cash equivalents. The interest rates on the short term bank deposits are fixed and do not fluctuate significantly with changes in market interest rates.

The following table shows the portfolio profile of the financial assets at year end:

	Interest rate	Total as at 30 June 2024 £'000
<b>Floating rate</b>		
RBSI	1.83%	976
<b>Fixed rate</b>		
Lloyds	0.00%	277
		<b>1,253</b>
	Interest rate	Total as at 30 June 2023 £'000
<b>Floating rate</b>		
RBSI	1.70%	753
<b>Fixed rate</b>		
Lloyds	0.00%	216
		<b>969</b>

The valuation of BR1's SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash flow technique when valuing the investments. The Investment Adviser reviews the discount rates semi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. The Group is exposed to interest rate risk on the Directors' Valuation of £965.6m (2023: £1,018.4m).

### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 15. Risk management policies and procedures (continued)

### Credit risk (continued)

The underlying SPVs are contracted only with investment grade counter parties, mitigating PPA counterparty risk. The Directors do not have any concerns around the continuing purchasing of power through its current PPAs.

The Company's credit risk exposure is due to a portion of the Company's assets being held as cash and cash equivalents and accrued interest. The Company maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the year end date. As at 30 June 2024, the maximum credit risk exposure in relation to cash and cash equivalents held by the Company was £1,253,168 (2023: £968,878). If the cash and cash equivalents held by BR1 are included, this increases to £29,923,873 (2023: £27,375,878). All cash and cash equivalents held by the Company and BR1 is with banks that have a credit rating which is of investment grade.

	Cash £'000	Fixed deposit £'000	Total as at 30 June 2024 £'000
RBSI	976	-	976
Lloyds	-	277	277
	<b>976</b>	<b>277</b>	<b>1,253</b>
	Cash £'000	Fixed deposit £'000	Total as at 30 June 2023 £'000
RBSI	753	-	753
Lloyds	-	216	216
	<b>753</b>	<b>216</b>	<b>969</b>

The carrying amount of these assets approximates their fair value.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 15. Risk management policies and procedures (continued)

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its liabilities as they fall due. The Investment Adviser and the Board continuously monitor forecasted and actual cash flows from operating, financing and investing activities.

As the Company's investments, through BR1, are in the SPVs, which are private companies that are not publicly listed, the return from these investments is dependent on the income generated or the disposal of renewable energy infrastructure assets by the SPVs and will take time to realise.

The Company, through BR1, expects to comply with the covenants of its revolving credit facility.

The following table details the Company's expected maturity for its financial assets and liabilities. These are undiscounted contractual cash flows:

	Less than one year £'000	Between one and five years £'000	After five years £'000	Total as at 30 June 2024 £'000
<b>Assets</b>				
Financial assets held at fair value through profit or loss*	-	-	423,162	<b>423,162</b>
Trade and other receivables**	924	-	-	<b>924</b>
Cash and cash equivalents	1,253	-	-	<b>1,253</b>
<b>Liabilities</b>				
Other payables and accrued expenses	(663)	-	-	<b>(663)</b>
	1,514	-	423,162	<b>424,676</b>

\* the Company passes debt to BR1 under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above in addition to the interest income

\*\*excluding prepayments

As part of the financing terms provided by all third party lenders to companies within the Group, lenders have security packages which include charges over the shares of the borrower entity and any wholly owned subsidiaries.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 15. Risk management policies and procedures (continued)

### Liquidity risk (continued)

	Less than one year £'000	Between one and five years £'000	After five years £'000	Total as at 30 June 2023 £'000
<b>Assets</b>				
Financial assets held at fair value through profit or loss*	-	-	454,460	<b>454,460</b>
Trade and other receivables**	910	-	-	<b>910</b>
Cash and cash equivalents	969	-	-	<b>969</b>
<b>Liabilities</b>				
Other payables and accrued expenses	(534)	-	-	<b>(534)</b>
	<b>1,345</b>	<b>-</b>	<b>454,460</b>	<b>455,805</b>

\* the Company passes debt to BR1 under loan agreements; as at the year end there is an additional amount of non-contractual cash which is not reflected above

\*\*excluding prepayments

### Portfolio operational risk

Portfolio operational risk is defined as the risk that renewable energy infrastructure assets perform below expectation after acquisition and revenue received from the sale of electricity is reduced. This risk is mitigated by BSL ensuring that operation and maintenance contractors are compliant with their contractual obligations including reaction times, maintenance plans and service levels.

### Concentrations of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. All assets are located in the UK and consist of solar, wind and energy storage assets.

### Capital management policies and procedures

The Company's capital management objectives are to ensure that the Company will be able to continue as a going concern while maximising the capital return to equity Shareholders.

In accordance with the Company's investment policy, the Company's principal use of cash (including the proceeds of any share issuance and loan facilities) is to fund BR1's projects, as well as expenses related to fundraising, the share issues, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.

# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

## 15. Risk management policies and procedures (continued)

### Capital management policies and procedures (continued)

The Board, with the assistance of the Investment Adviser, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company has no imposed capital requirements.

The capital structure of the Company consists of issued share capital and retained earnings.

## 16. Related party transactions and Directors' remuneration

In the opinion of the Directors, the Company has no immediate or ultimate controlling party.

The Chair was entitled to an annual remuneration of £81,000 (2023: £68,906). The other Directors were entitled to an annual remuneration of £54,000 (2023: £43,050). The Chair of the Nomination Committee receives an additional annual fee of £3,000 (2023: N/A). The Chair of the Remuneration Committee receives an additional annual fee of £3,000 (2023: N/A). The Chair of the Environmental, Social and Governance Committee receives an additional annual fee of £7,000 (2023: £5,250). The Chair of the Audit and Risk Committee receives an additional annual fee of £11,000 (2023: £8,768). The Chair of the Management Engagement and Service Providers Committee receives an additional annual fee of £4,000 (2023: £3,150).

The total Directors' fees expense for the year amounted to £284,166 (2023: £271,634) of which £85,414 was outstanding at 30 June 2024 (2023: £71,517).

At 30 June 2024, the number of Ordinary Shares held by each Director is as follows:

	<b>2024</b>	<b>2023</b>
	<b>Number of</b>	<b>Number of</b>
	<b>Ordinary Shares</b>	<b>Ordinary Shares</b>
John Scott*	683,929	625,619
Elizabeth Burne	15,000	15,000
Michael Gibbons	37,800	-
Meriel Lenfestey	7,693	7,693
Chris Waldron*	55,000	N/A
Paul Le Page	N/A	35,000
	<b>799,422</b>	<b>683,312</b>

\*Including shares held by PCAs

John Scott and Michael Gibbons are Directors of BR1. They received an annual fee of £6,828 (2023: £6,565) each for their services to this company. Neil Wood and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL and BR1.

The Company and BR1's investment advisory fees for the year amounted to £6,510,644 (2023: £7,052,064) of which £512,618 (2023: £554,919) was outstanding at the year end. James Armstrong, Giovanni Terranova and Neil Wood, who are partners of the Investment Adviser, hold a 0.03%, 0.07% and 0.01% interest in the Company as at 30 June 2024, respectively.



# Notes to the Financial Statements for the year ended 30 June 2024 (continued)

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## 16. Related party transactions and Directors' remuneration (continued)

Fees paid during the year by SPVs to BSL, a company which has the same ownership as that of the Investment Adviser totalled £5,795,140 (2023: £4,456,173). BSL provides asset management and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the year by SPVs to BOL, a company which has the same ownership as that of the Investment Adviser totalled £15,819,315 (2023: £10,156,959). BOL provides O&M and other services relating to the operation of daily management activities of the renewable energy project companies.

Fees paid during the year by SPVs to BRD, a company which has the same ownership as that of the Investment Adviser, totalled £808,168 (2023: £1,624,024). BRD locates and manages a pipeline of development projects for the Company and the amount includes £Nil (2023: £966,681) for BRD's share of development projects sold.

Fees paid during the year by SPVs to BCM, a company which has the same ownership as that of the Investment Adviser totalled £335,223 (2023: £Nil). BCM provides construction management services on the new build portfolio.

The Company's monitoring fee income received from BR1 amounted to £900,000 (2023: £900,000) of which £900,257 was outstanding at the year end (2023: £900,257).

## 17. Subsequent events

### The following events happened after the end of the Company's reporting period on 30 June 2024

On 22 July 2024, the Company announced the signing of Phase Two of its long term strategic partnership with GLIL, being the sale of a 50% stake in a 112.2MW portfolio of UK solar assets which had been 100% owned by the Company. On 5 September 2024, the Company announced completion of the sale for c.£70 million, of which £50.5 million was used to partially repay the RCF. The remaining proceeds will be used to provide funding for the Company's construction pipeline. After completion of Phase Two, the Company's equity stake in the combined portfolios increased to approximately 25%. This includes the acquisition of the Lightsource BP Portfolio, in which Bluefield Solar secured a 9% equity interest alongside GLIL during Phase One of the Strategic Partnership in December 2023.

Post year end, on 19 August 2024, the Board declared a third interim dividend of £13,171,273 in respect of the year ended 30 June 2024, equating to 2.20pps (third interim dividend in respect of the year ended 30 June 2023: 2.10pps), which will be paid on or around 30 September 2024 to Shareholders on the register on 30 August 2024.

Post year end, Meriel Lenfestey bought an additional 12,307 Ordinary Shares and Chris Waldron bought an additional 35,000 Ordinary Shares of the Company.

Post year end, on 27 September 2024, the Board approved a fourth interim dividend in respect of the year ended 30 June 2024 of 2.20pps (fourth interim dividend in respect of the year ended 30 June 2023: 2.30pps), which will be declared on 30 September 2024 and will be paid on or around 15 November 2024 to Shareholders on the register on 11 October 2024.

During the period from 1 July 2024 up to and including 26 September 2024, the Company purchased 5,505,000 Treasury shares at a total cost of £5,930,527.

## Glossary of Defined Terms (continued)

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**Administrator** means Ocorian Administration (Guernsey) Limited

**AGM** means the Annual General Meeting

**AIC** means the Association of Investment Companies

**AIC Code** means the Association of Investment Companies Code of Corporate Governance

**AIF** means Alternative Investment Fund

**AIFM** means Alternative Investment Fund Management

**AIFMD** means the Alternative Investment Fund Management Directive

**Articles** means the Memorandum of 29 May 2013 as amended and Articles of Incorporation as adopted by special resolution on 7 November 2016

**Auditor** means KPMG Channel Islands Limited (see KPMG)

**Aviva Investors** means Aviva Investors Limited

**BCM** means Bluefield Construction Management Limited

**BEIS** means The Department for Business, Energy and Industrial Strategy

**BEPS** means Base erosion and profit shifting

**BESS** means battery energy storage systems

**Bluefield** means Bluefield Partners LLP

**Bluefield Group** means Bluefield Partners LLP and Bluefield Companies

**BOL** means Bluefield Operations Limited

**Board** means the Directors of the Company

**BR1** means Bluefield Renewables 1 Limited being the only direct subsidiary of the Company

**BRD** means Bluefield Renewable Developments Limited

**Brexit** means departure of the UK from the EU

**BSIF** means Bluefield Solar Income Fund Limited

**BSL** means Bluefield Asset Management Services Limited

**BSUoS** means Balancing Services Use of System charges: costs set to ensure that network companies can recover their allowed revenue under Ofgem price controls

**Business days** means every official working day of the week, generally Monday to Friday excluding public holidays

**CAGR** means compound annual growth rate

**Calculation Time** means The Calculation Time as set out in the Articles of Incorporation

**CCC** means Committee on Climate Change

**CfD** means Contract for Difference

## Glossary of Defined Terms (continued)

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**Company** means Bluefield Solar Income Fund Limited

**Companies Law** means the Companies (Guernsey) Law 2008, as amended (see Law)

**Cost of debt** means the blended cost of debt reflecting fixed and index-linked elements

**CO<sub>2</sub>e** means Carbon Dioxide emissions

**CRS** means Common Reporting Standard

**CSR** means Corporate Social Responsibility

**DCF** means Discounted Cash Flow

**DEFRA** means the Department for Environment, Food and Rural Affairs

**DESNZ** means the Department for Energy Security and Net Zero

**Defect Risk** means that there is an over-reliance on limited equipment manufacturers which could lead to large proportions of the portfolio suffering similar defects

**Directors' Valuation** means gross value of the SPV investments held by BR1, including their holding companies.

**DNO** means Distribution Network Operator

**DNSH** means Do No Significant Harm

**DSCR** means debt service cover ratio

**DTR** means the Disclosure Guidance and Transparency Rules of the UK's FCA

**EBITDA** means Earnings before interest, tax, depreciation and amortisation

**EGL** means Electricity Generator Levy

**EGM** means Extraordinary General Meeting

**EIS** means Enterprise Investment Scheme

**EPC** means Engineering, Procurement & Construction

**EPS** means Earning per share

**ESCC** means Equity Shares in Commercial Companies category

**ESG** means Environmental, Social & Governance

**EU** means the European Union

**EV** means enterprise valuation

**FAC** means Final Acceptance Certificate

**FATCA** means the Foreign Account Tax Compliance Act

**FI** means Financial Institution

**Financial Statements** means the audited annual financial statements

## Glossary of Defined Terms (continued)

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**FiT** means Feed-in Tariff

**FRC** means Financial Reporting Council

**GAV** means Gross Asset Value

**GDPR** means General Data Protection Regulation

**GFSC** means the Guernsey Financial Services Commission

**GHG** means greenhouse gas

**GHG Protocol** supplies the world's most widely used greenhouse gas accounting standards

**GLIL** means GLIL Infrastructure LLP

**Group** means Bluefield Solar Income Fund Limited, its subsidiaries and associates

**Guernsey Code** means the Guernsey Financial Services Commission Finance Sector Code of Corporate Governance

**GWh** means Gigawatt hour

**GW** means Gigawatt peak

**IAS** means International Accounting Standard

**IASB** means the International Accounting Standards Board

**IFRS** means International Financial Reporting Standards as adopted by the EU

**Investment Adviser** means Bluefield Partners LLP

**IPCC** means Intergovernmental Panel on Climate Change

**IPEV Valuation Guidelines** means the International Private Equity and Venture Capital Valuation Guidelines

**IPO** means initial public offering

**IRR** means Internal Rate of Return

**IVSC** The International Valuation Standards Council

**KID** means Key Information Document

**KPI** means Key Performance Indicators

**KPMG** means KPMG Channel Islands Limited (see Auditor)

**kWh** means Kilowatt hour

**kW** means Kilowatt

**Law** means Companies (Guernsey) Law, 2008 as amended (see Companies Law)

**LD** means liquidated damages

**Listing Rules** means the set of FCA rules which must be followed by all companies listed in the UK

**Lloyds** means Lloyds Bank Group plc

## Glossary of Defined Terms (continued)

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**LSE** means London Stock Exchange plc

**LTF** means long term facility provided by Aviva Investors Limited

**Macquarie** means Macquarie Bank Limited

**Main Market** means the main securities market of the LSE

**MESPC** means Management Engagement and Service Providers Committee

**MW** means Megawatt (a unit of power equal to one million watts)

**MWh** means Megawatt hour

**NatWest** means NatWest International plc

**NAV** means Net Asset Value as defined in the prospectus

**NGFS** means Network for Greening the Financial System

**NIRO** means Northern Ireland Renewables Obligation

**NMPI** means Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion

**NPPR** means the AIFMD National Private Placement Regime

**O&M** means Operation and Maintenance

**OECD** means The Organisation for Economic Cooperation and Development

**Official List** means the Premium Segment of the UK Listing Authority's Official List

**Ofgem** means Office of Gas and Electricity Markets

**Ordinary Shares** means the issued ordinary share capital of the Company, of which there is only one class

**Outage Risk** means that a higher proportion of large capacity assets hold increased exposure to material losses due to curtailments and periods of outage

**P10** means Irradiation estimate exceeded with 10% probability

**P90** means Irradiation estimate exceeded with 90% probability

**PAI** means Principle Adverse Indicators

**PCA** means Persons Closely Associated

**PCAF** means Partnership for Carbon Accounting Financials

**PPA** means Power Purchase Agreement

**pps** means pence per share

**PR** means Performance Ratio (the ratio of the actual and theoretically possible energy outputs)

**PRIIPS** means Packaged Retail and Insurance-Based Investment Products

**PV** means Photovoltaic

## Glossary of Defined Terms (continued)

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**RBSI** means Royal Bank of Scotland International Limited

**RCF** means Revolving Credit Facility

**RCP** means Representative Concentration Pathway

**REGO** means Renewable Energy Guarantees of Origin

**REMA** means Review of Electricity Market Arrangements

**RIDDOR** means Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

**RO Scheme** means the Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of the electricity they supply to customers from eligible renewable sources, or pay a penalty

**ROC** means Renewable Obligation Certificates

**ROC recycle** means the payment received by generators from the redistribution of the buy-out fund. Payments are made into the buy-out fund when suppliers do not have sufficient ROCs to cover their obligation.

**RPI** means the Retail Price Index

**Santander UK** means Santander UK plc

**SASB** means Sustainability Accounting Standards Board

**SBTI** means Science Based Targets Initiative

**SCADA** means Supervisory Control and Data Acquisition

**SDG** means the United Nations Sustainable Development Goals

**SDR** means Sustainability Disclosure Requirements

**SFDR** means the Sustainable Finance Disclosure Regulation

**SIC** means Standard Industrial Classification

**SONIA** means Sterling Overnight Index Average

**SPA** means Share Purchase Agreement

**SPVs** means the Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets

**SSP** means Shared Socioeconomic Pathways

**Sterling** means the Great British pound currency

**TCFD** means Task Force for Climate-related Financial Disclosures

**TNFD** means Taskforce on Nature-related Financial Disclosures

**TISE** means The International Stock Exchange (formerly CISE, Channel Islands Securities Exchange)

**UK** means the United Kingdom of Great Britain and Northern Ireland

## Glossary of Defined Terms (continued)

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**UK Code** means the United Kingdom Corporate Governance Code

**UK FCA** means the UK Financial Conduct Authority

**UNGC** means the United Nations Global Compact

**United Nations Principles for Responsible Investment** means an approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long-term returns

## Alternative Performance Measures *Unaudited*

APM	Definition	Purpose	Calculation
Total return	The percentage increase/(decrease) in NAV, inclusive of dividends paid, in the reporting period.	A key measure of the success of the Investment Adviser's investment strategy.	The change in NAV for the period plus any dividends paid divided by the initial NAV. $(129.75 - 139.70 + 2.10 + 2.30 + 2.20 + 2.20) / 139.70 = (0.83)\%$
Total Shareholder Return	The percentage increase/(decrease) in share price, inclusive of dividends paid, in the reporting period.	A measure of the return that could have been obtained by holding a share over the reporting period.	The change in share price for the period plus any dividends paid divided by the initial share price. $(105.60 - 120.00 + 2.10 + 2.30 + 2.20 + 2.20) / 120.00 = (4.67)\%$ . The measure excludes transaction costs.
Total Dividends Declared in Period	This is the sum of the dividends that the Board has declared relating to the reporting period.	A measure of the income that the company has paid to shareholders that can be compared to the Company's target dividend.	The linear sum of each dividend declared in the reporting period.
Underlying Earnings	Total net income of the Company's investment portfolio.	A measure to link the underlying financial performance of the operational projects to the dividends declared and paid by the Company.	Total income of the Company's portfolio minus Group operating costs minus Group debt costs.
Market Capitalisation	The total value of the Company's issued share capital.	This is a key indicator of the Company's liquidity.	The price per share multiplied by the number of shares in issue.
NAV per Ordinary Share	The Company's closing NAV per share at the year end.	A measure of the value of one Ordinary Share.	The net assets attributable to Ordinary Shares on the statement of financial position (£781.6m) divided by the number of ordinary shares in issue (602,374,217) as at the calculation date.
Sale of Electricity	The total proportion of revenue generated by the Company's portfolio that is attributable to electricity sales.	A measure to understand the proportion of revenue attributable to sales of electricity.	The amount of revenue attributable to electricity sales divided by the total revenue generated by the Company's portfolio, expressed as a percentage.
Total Revenue	Total net income of the Company's investment portfolio.	A measure to outline the Total revenue of the portfolio on per MW basis.	Total income of the Company's portfolio owned for a full 12 months.
PPA Revenue	Revenue generated through PPAs.	A measure to outline the revenue earned by the portfolio from power sales.	Total revenue from all power price sales during the period from the Company's portfolio.



## Alternative Performance Measures (continued) *Unaudited*

Regulated Revenue	Revenue generated from the sale of FiTs and ROCs.	A measure to outline the revenue earned by the portfolio from government subsidies.	Total revenue from all subsidy income earned during the year from the Company's portfolio.
Ongoing charges ratio	The recurring costs that the Company and its Immediate Holding Company has incurred during the year excluding performance fees and one off legal and professional fees expressed as a percentage of the Company's average NAV for the year.	A measure of the minimum gross profit that the Company needs to produce to make a positive return for Shareholders.	Calculated in accordance with the AIC methodology detailed in the table below.
Weighted Average ROC	A relative indicator of the regulatory revenues within a renewable portfolio.	A measure of the Company's portfolio earnings as a proportion of its assets.	Total Regulated Revenue received by the portfolio divided by the product of the current market value of a ROC and the annual generation capacity of the portfolio.
Weighted Average Life	The average operational life of the Company's portfolio.	A measure of the Company's progress in extending the life of its portfolio beyond the end of the subsidy regime in 2036.	The sum of the product of each plant's operational capacity in MW and the plant's expected life divided by the total portfolio capacity in MW.
Directors' Valuation	The gross value of the SPV Investments held by BR1, including their holding companies minus Project level debt.	An estimate of the sum that would be realised if the Company's portfolio was sold on a willing buyer, willing seller basis.	A reconciliation of the Directors' Valuation to Financial assets at fair value through profit and loss is shown in Note 8 of the financial statements.
Gross Asset Value	The Market Value of all Assets within the Company.	A measure of the total value of the Company's Assets.	The total assets attributable to Ordinary Shares on the Statement of Financial Position.
Total Outstanding Debt	The total outstanding balances of all debt held within the Company and its subsidiaries.	A measure that is used to establish the Company's level of gearing.	The sum of the Sterling equivalent values of all loans held within the Company.

## Alternative Performance Measures (continued) *Unaudited*

Ongoing Charges	Year to 30 June 2024		Total £'000s
	The Company £'000s	Immediate Holding Company £'000s	
Fees to Investment Adviser	662,531	5,909,672	6,572,203
Legal and professional fees	190,897	309,739	500,636
Administration fees	503,977	-	503,977
Directors' remuneration	284,166	14,035	298,201
Audit fees	123,815	18,060	141,875
Other ongoing expenses	246,273	165,090	411,363
Total ongoing expenses	<b>2,011,659</b>	<b>6,416,596</b>	<b>8,428,255</b>
Average NAV			824,192,892
Ongoing Charges (using AIC methodology)			<u>1.02%</u>

# SFDR Periodic Disclosures (continued) *Unaudited*

## ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**The EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Bluefield Solar Income Fund **Legal entity identifier:** 2138004ATNLYEQKY4B30  
Limited (the Company)

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ Yes ☒ ☐ No

- |  |  |
|--|--|
| <input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> _%                      | <input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it had a proportion of 99.72% <sup>49</sup> of sustainable investments |
| <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy        | <input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy   |
| <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy   |
|  | <input type="checkbox"/> with a social objective   |
| <input type="checkbox"/> It made <b>sustainable investments with a social objective</b> _%                               | <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>  |



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product

**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

Bluefield Solar Income Fund Limited (the Company) is an investment company focused on the acquisition and long-term management of a diversified portfolio of renewable assets in the UK. As the first solar focused investment company listed on the London Stock Exchange (LSE), the Company's mandate has since widened to include minority investment in other renewable asset types, including onshore wind and storage technologies.

<sup>49</sup> As at 30 June 2024.

## SFDR Periodic Disclosures (continued) *Unaudited*

As a renewable energy infrastructure fund, the Company has an intrinsic environmental focus. The Company promotes the following environmental characteristics: climate change mitigation; reduction of reliance on fossil fuels; and facilitation of the UK's transition to a net zero economy through the provision of renewable energy infrastructure and contribution to domestic energy security. The Company achieves these environmental characteristics through investment in renewable energy assets and supporting technologies.

Given that the Company only invested in renewable energy assets during the reporting period (including development stage projects), it met the environmental characteristics described above. However, the Company recognises that it has broader environmental and social impacts, and that these must be considered alongside good governance as part of supporting its long-term success. The Company's ESG strategy has been developed with a focus upon priority ESG risks and opportunities, considered as part of the Company's responsible investment approach. These have been integrated into a holistic framework through which the Company aims to deliver value for its stakeholders, and which aims to support delivery of long-term returns for shareholders. The Company communicates its ESG performance through a comprehensive set of commitments and KPIs. Please refer to the Company's 2024 ESG Report within its Annual Report for further information.

### ● **How did the sustainability indicators perform?**

The sustainability indicators used to measure the attainment of the environmental characteristics promoted by the Company are presented below. The Company's performance during the reporting period is presented in the third column. Performance relates to both the Company's wholly owned assets and Company's 9% equity stake<sup>50</sup> in a strategic partnership with GLIL infrastructure:

Commitment	KPIs	As at 30 June 2024	As at 30 June 2023
We will report our renewable energy generation annually.	Renewable energy generated (MWh)	821,762 MWh	836,231 MWh
	CO2e emissions avoided <sup>51</sup> (tCO2e)	170,100 tonnes	173,000 tonnes
	Equivalent houses powered (#)	304,100	288,000
	Additional solar infrastructure under construction (MW)	93MW	93MW
	Estimated additional annual renewable energy generation (MWh)	91,000 MWh	91,000 MWh
	Battery assets under construction (MW)	0 MW	0 MW

<sup>50</sup> As at 30 June 2024.

<sup>51</sup> Please note this indicator has been updated from 'CO2e savings achieved'.

## SFDR Periodic Disclosures (continued) *Unaudited*

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‘CO2e emissions avoided’ are calculated using generation data and the appropriate greenhouse gas conversion factor from the UK Government. In the current year, the Company reported avoided emissions on a gross basis, reflecting its equity share in investments but without allocating any avoided emissions to debt finance providers.

‘Equivalent number of homes powered’ is calculated using UK Office of Gas and Electricity Markets’ (Ofgem) Typical Domestic Consumption Values for a medium-sized household.

- ***... and compared to previous periods?***

Please see the table above.

- ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Company promotes environmental characteristics but does not have as its objective sustainable investment. However, the Company considers that the vast majority of its investments are environmentally sustainable under the EU Taxonomy (contributing to the environmental objective of Climate Change mitigation) and qualifying as sustainable investments under the SFDR.

The Company considers that all of its investments in renewable energy infrastructure and supporting technologies support the Company’s environmental characteristics of climate change mitigation, reduction of reliance on fossil fuels, and facilitation of the UK’s transition to a net zero economy through the provision of renewable energy infrastructure and contribution to domestic energy. In relation to alignment with the EU Taxonomy, this is assessed and disclosed by the Company annually as part of its periodic reporting.

ESG is embedded within the Company’s investment process, and a standalone ESG questionnaire enables detailed checks to be made in relation to ESG risks and opportunities, as identified by SASB standards. Diligence is also undertaken in relation to requirements of the EU SFDR, including in relation to PAI indicators and climate risk screening, and the EU Taxonomy’s Do No Significant Harm (DNSH) criteria. Further information can be found in the Company’s Sustainable Investment Policy.

During the reporting period, the Company acquired a 9% equity share in a portfolio of 58 UK solar assets, as part of a strategic partnership with GLIL infrastructure. Diligence in relation to ESG considerations was undertaken as part of the transaction process, as described above. The Company also made investments into development projects and repowering activities associated with existing assets.

Alignment with the EU Taxonomy is considered within the investment due diligence process undertaken on new assets, as described above. The Company also continues to undertake activities to better align its portfolio with the EU Taxonomy, including climate modelling and activities relating to human rights, nature and circular economy considerations.

The Company acknowledges that ongoing work will be required to maintain alignment with the EU Taxonomy, including through the due diligence mechanisms described above, and is committed to continual improvement in its ESG approach. Please refer to the Company’s 2024 ESG Report for information on progress made during the reporting period.

## SFDR Periodic Disclosures (continued) *Unaudited*

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

The Company recognises that it has broader environmental and social impacts, and that these must be considered alongside good governance as part of supporting its long-term success. The Company's ESG strategy has been developed with a focus on priority ESG risks and opportunities, considered as part of the Company's responsible investment approach. These have been integrated into a holistic framework through which the Company aims to deliver value for its stakeholders, and which aims to support delivery of long-term returns for shareholders. The Company communicates its ESG performance through a comprehensive set of commitments and KPIs. Please refer to the Company's 2024 ESG Report within its Annual Report for further information.

ESG is embedded within the Company's investment process, and a standalone ESG questionnaire enables detailed checks to be made in relation to ESG risks and opportunities, as identified by SASB standards. Diligence is also undertaken in relation to requirements of the SFDR, including in relation to PAI indicators and climate risk screening, and the EU Taxonomy's DNSH criteria. The SFDR's social indicators, including 'Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises' and 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises' are included within this.

Once acquired into the portfolio, there is active management of sustainability issues over the operational lifetime of the assets, in line with the Company's ESG strategy. Each asset is subject to routine ESG data reporting to allow the monitoring of ESG performance and fulfilment of ESG reporting requirements.

Activities undertaken during the reporting period to support the Company's alignment with the EU Taxonomy's DNSH criteria include:

- Undertaking a second physical scenario analysis, this time focused upon the potential impact of changing wind patterns on the Company's wind assets. The scenario analysis considered all regions of the UK, therefore encompassing all regions in which the Company has investments. The results of the three scenario analyses undertaken to date have been used to create a climate adaptation plan for the portfolio. This work further supports the Company's alignment to DNSH criteria relating to 'Climate Change Adaptation'.
- The Company partnered with Lancaster University to launch a research programme focused on end-of-life decision-making for renewable assets. The first project focused on the development of a 'materials passport' for a newly built solar farm. Such activities further support the Company's alignment with DNSH criteria relating to 'Transition to a Circular Economy'.
- The Company has developed a nature strategy, to guide actions to integrate nature more fully across the asset lifecycle<sup>52</sup>, from development through to end-of-life. Such supports the Company's alignment with DNSH

<sup>52</sup> Where asset lifecycle is referred to throughout this report, it references development, investment, and operational stages of the asset lifecycle. It does not include the manufacturing or end-of-life processing of materials.

## SFDR Periodic Disclosures (continued) *Unaudited*

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criteria relating to 'Protection and Restoration of Biodiversity and Ecosystems'.

Please refer to the Company's ESG and TCFD reports, disclosed within its 2024 Annual Report, for further information on these activities and the broader ESG progress made by the Company during the reporting period.

- *How were the indicators for adverse impacts on sustainability factors taken into account?*

The SFDR prescribes 14 mandatory PAI indicators that the Company must consider and report against. For each of these indicators, the Company has undertaken an assessment to identify which of these relate to the activities of the fund. The Company has also identified an additional two PAI indicators to report against:

- Lack of a human rights policy: Share of investments in entities without a human rights policy.
- Natural species and protected areas: Share of investments in investee companies whose operations affect threatened species; Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas.

The Company's 2024 PAI statement, relating to the 2023 calendar year, is available on its website.

As referenced, sustainability considerations are integrated into the Company's investment process (please refer to the Company's Sustainable Investment Policy) and PAI indicators are included within the Company's investment ESG due diligence questionnaire.

Post-investment, a range of sustainability data is routinely collected from each asset within the Company's portfolio, which is used to produce annual PAI disclosures. The development of the Company's ESG strategy was also informed by regulatory drivers, including the PAI indicators.

*Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The Company recognises the importance of fair treatment of those involved in the delivery of its infrastructure projects along the supply chain and is committed to appropriate due diligence and implementation of policy and practice to help combat modern slavery and human trafficking. The Company has zero tolerance for any form of human rights abuse, as reflected in the Company's Modern Slavery Statement, available on its website.

The SFDR's social indicators, including 'Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises' and 'Lack of processes and

## SFDR Periodic Disclosures (continued) *Unaudited*

compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises' are included within the Company's investment ESG due diligence questionnaire. Human rights are also considered more broadly within this, including in relation to any O&M arrangements which may form part of the investment opportunity.

The Company has also adopted a Human Rights Policy and Supplier Code of Conduct, informed by these frameworks. During the reporting period, the Company undertook a review of its human rights due diligence processes; please refer to the 2024 ESG report for further information.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### **How did this financial product consider principal adverse impacts on sustainability factors?**

The Company takes into consideration the PAIs of its investment decisions on sustainability factors. During the reporting period, the Company published its second PAI report covering the reporting period of 1 January to 31 December 2023. Within this, the Company improved its methodology to reporting against the PAI indicators; please refer to the disclosure, available on the Company's website, for further information.

The Company considered and disclosed against the following PAI indicators:

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas



## SFDR Periodic Disclosures (continued) *Unaudited*

8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
15. Natural species and protected areas
16. Lack of a human rights policy

As an investment company, the Company has no employees and management of the portfolio is outsourced to key service providers. Through its Investment Adviser, the Company works collaboratively with key service providers to establish processes for the collection of PAI (sustainability) data. However, PAI reporting requires a breadth and depth of data that the industry is still adjusting to, and as such data collection remains challenging in some areas. The Company is committed to working with its key service providers to support the continual improvement in the availability and quality of sustainability-related data, which is expected to improve as data collection processes mature over time.



The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: **1 July 2023 – 30 June 2024**

### What were the top investments of this financial products?

Please note that the table below relates to the top 10 investments held by the Company during the reporting period.

Largest investments	Sector	% Assets <sup>53</sup>	Country
Solar Asset	Energy	10.9%	United Kingdom

<sup>53</sup> Calculated using the Total Investment Value of the asset as a proportion of the Company's Total Assets. The Company is availing itself of the derogation available in Article 52(b) of Commission Delegated Regulation (EU) 2022/1288.

## SFDR Periodic Disclosures (continued) *Unaudited*

Solar Asset	Energy	7.3%	United Kingdom
Solar Asset	Energy	6.9%	United Kingdom
Solar Asset	Energy	5.7%	United Kingdom
Construction Asset	Energy	4.5%	United Kingdom
Construction Asset	Energy	4.1%	United Kingdom
Solar Asset	Energy	4.0%	United Kingdom
Wind Asset	Energy	3.3%	United Kingdom
Repowering Activity	Energy	3.1%	United Kingdom
Solar Asset	Energy	3.0%	United Kingdom



### Asset allocation

describes the share of investments in specific assets.

### What was the proportion of sustainability-related investments?

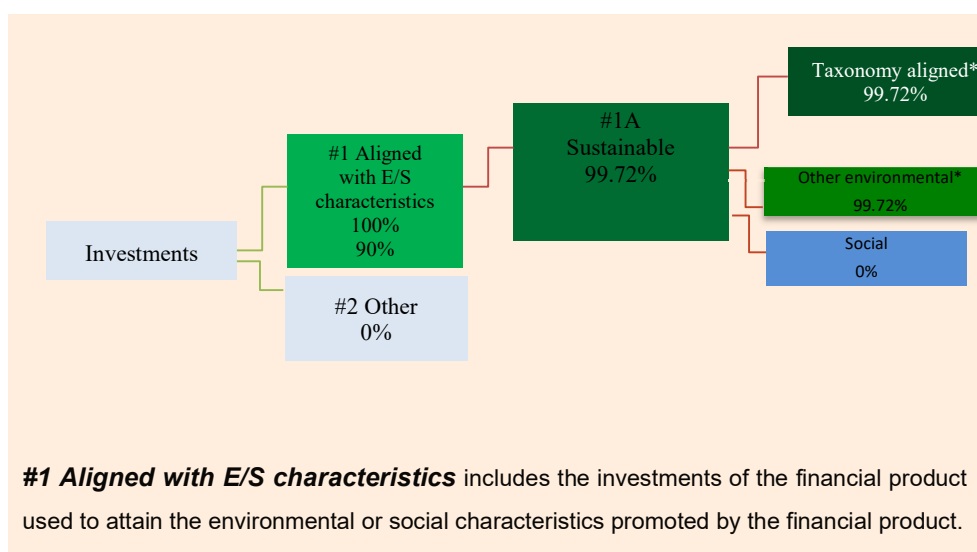
#### ● What was the asset allocation?

As of 30 June 2024, sustainability-related investments accounted for 99.72% of the Company's Total Assets. The remaining 0.28% consisted of non-sustainable investments, primarily cash holdings and trade and other receivables.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



## SFDR Periodic Disclosures (continued) *Unaudited*

**#2 Other** includes the remaining investments of the financial product, which are neither aligned with the environmental or social characteristics nor are qualified as sustainable investments.

*The category #1 Aligned with E/S characteristics covers:*

- *The sub-category #1A Sustainable covers environmentally and socially sustainable investments.*

\*The percentage of sustainable investments that are aligned to the EU Taxonomy or an Other Environmental objective are disclosed in the charts below.

### ● ***In which economic sectors were the investments made?***

The Company invests primarily in solar energy infrastructure assets, with minority exposure to other forms of renewable energy infrastructure (including wind assets) and supporting technologies, such as battery storage.



### ● **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?** <sup>54</sup>

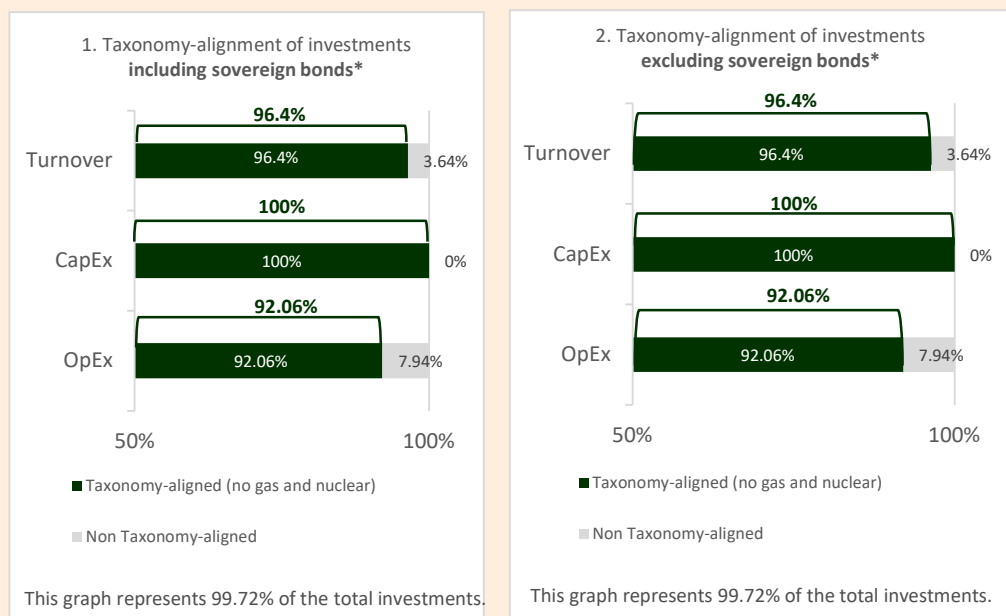
***The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***

<sup>54</sup> % of OpEx alignment was calculated using the methodology outlined in the EU Taxonomy regulation. The numerator includes direct costs specifically tied to EU Taxonomy-aligned activities, while the denominator comprises all direct expenses incurred by the Company. % of Turnover alignment was determined based on the Company's revenue, excluding that of interest rate swaps, as a proportion of total Company revenue during the reporting period.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

## Periodic Disclosures (continued) *Unaudited*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

Non-aligned activities within the assets are predominantly associated with operational expenses and turnover. Typically, non-aligned operational expenses include indirect corporate services that cannot be directly attributed to a specific aligned activity, such as professional services. Non-aligned turnover stems from financial income like interest rate SWAPs in the calculation. It is important to note that all non-aligned activities have undergone assessment and have been determined to cause no significant harm to the EU Taxonomy's objectives.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>55</sup>?**



Yes:



In fossil gas



In nuclear energy



No

<sup>55</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

## SFDR Periodic Disclosures (continued) *Unaudited*

- **What was the share of investments made in transitional and enabling activities?**

The share of investments made in enabling activities was 0.79%<sup>56</sup> as at 30 June 2024, which is related to the Company's battery investment value (based on operational and controlled pipeline). No investments were made in transitional activities.



- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Revenue Alignment: 96.4% (2023: 97.5%)  
CapEx Alignment: 100% (2023: 100%)  
OpEx Alignment: 92.06% (2023: 98.9%)

For the current disclosure, the EU Taxonomy alignment assessment process has been enhanced, particularly with regard to Operating Expenses. This has increased the accuracy of alignment calculations, but limits comparability with the EU Taxonomy assessment of the previous year.

### **What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

Revenue non-alignment: 3.6% (2023: 2.5%)  
CapEx non-alignment: 0% (2023: 0%)  
OpEx non-alignment: 7.94% (2023: 1.1%)

During the year, the EU Taxonomy alignment assessment process has been enhanced, particularly with regard to Operating Expenses. This has increased the accuracy of alignment calculations.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### **What was the share of socially sustainable investments?**

0%. The Company does not hold investments that would be considered to be socially sustainable investments.



### **What investments are included under "other", what was their purpose and were there any minimum environmental or social safeguards?**

The Company's investments classified as "non-sustainable" consist of cash and cash-equivalents, along with trade and other receivables. Cash and cash-equivalents refer to highly liquid assets like bank deposits and short-term investments. Trade and other receivables represent money owed to the Company for goods or services provided but not yet paid for by customers or other parties. Certain categories of Operating Expenses were excluded if they were not directly related to the operation of renewable energy assets.

<sup>56</sup> The battery energy storage system's ('BESS') portion of the Enterprise Value, including pre-operational projects.



## **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

The Company considers that all of its investments in renewable energy infrastructure and supporting technologies support the Company's environmental characteristics of climate change mitigation, reduction of reliance on fossil fuels, and facilitation of the UK's transition to a net zero economy through the provision of renewable energy infrastructure and contribution to domestic energy.

During the reporting period, the Company acquired a 9% equity share in a portfolio of 58 UK solar assets, as part of a strategic partnership with GLIL infrastructure. The Company also made investments into development projects and repowering activities associated with existing assets.

The Company reports its wider ESG progress within its annual ESG report; please refer to the 2024 Annual Report for further information.

## **How did this financial product perform compared to the reference benchmark?**

The Company has not designated an index as a reference benchmark to determine its alignment with the environmental and social characteristics that it promotes.

- ***How does the reference benchmark differ from a broad market index?***

Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable.

- ***How did this financial product perform compared with the broad market index?'***

Not applicable.



Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.