

ESG Report

AQUILA EUROPEAN RENEWABLES PLC



Key Metrics¹:

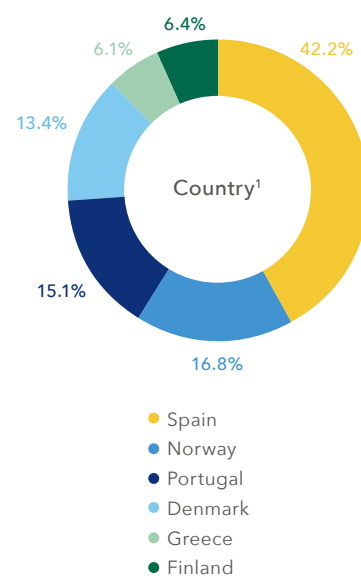
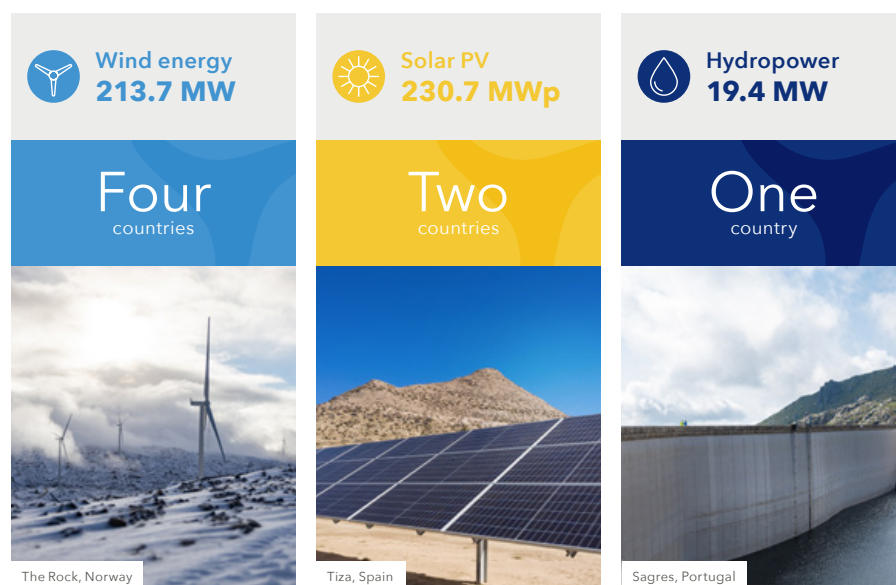
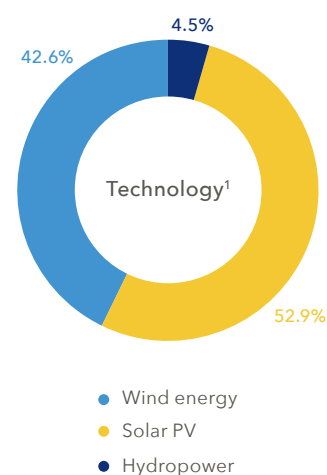
Total capacity in MW	463.8
Produced energy since IPO in MWh	2,692.3
SFDR classification	Article 8

Diversified Technologies

Aquila European Renewables Plc's ("AER" or the "Company") objective is to provide investors with an attractive long-term, income-based return in EUR through a diversified portfolio of wind, solar PV and hydropower investments across continental Europe and Ireland.

Through diversification of generation technologies, the seasonal production patterns of these asset types complement each other to balance cash flow, while geographic diversification serves to reduce exposure to any one single energy market.




In addition, a balance is maintained between government supported revenues, fixed price power purchase agreements ("PPA"s) and market power price risk.



Environmental

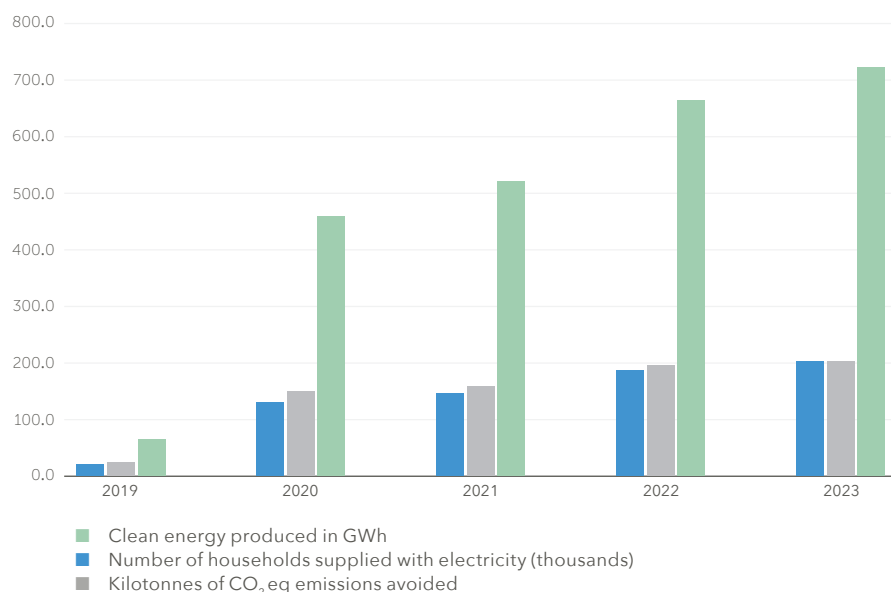
UN Sustainable Development Goals

AER contributes to the following three UN Sustainable Development Goals:

Contribution Towards UN Sustainable Development Goal	Overview	Goal
	<ul style="list-style-type: none"> AER's portfolio produces renewable energy, which contributes to Europe's electricity mix Renewable energy is a cost-effective source of energy compared to other options AER's investments in renewable assets help support and encourage further investment in the industry 	Ensure access to affordable, reliable, sustainable and modern energy for all
	<ul style="list-style-type: none"> AER targets renewable investments that are supported by high quality components and infrastructure to optimise the energy yield and subsequent return to investors AER's investments help support the construction of shared infrastructure (e.g. substations), which enables the further expansion of renewable energy sources AER's Investment Adviser, Aquila Capital, is responsible for monitoring and optimising the Company's day-to-day asset performance. This process also involves actively exploring how new technologies and other forms of innovation can be utilised to enhance asset performance and sustainability (energy yield, O&M and asset life) 	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
	<ul style="list-style-type: none"> The Company's 463.8 MW portfolio powered approximately 199.3k households and avoided approximately 199.1k tonnes of CO₂eq emissions over the first three quarters of 2023. AER has ambitious goals to expand its portfolio, which will be accretive to further CO₂eq avoidance over time As a signatory to the UN Principles for Responsible Investments ("UN PRI"), the Company's Investment Adviser has integrated ESG criteria all along its investment process for real assets, which includes considerations of climate change 	Take urgent action to combat climate change and its impacts

ESG Metrics

In the first three quarters of 2023, the Company's operating assets avoided a total of 199.1k tonnes of CO₂eq. The renewable electricity produced over that period would be equivalent to the average energy consumption of approximately 199.3k households in the EU. Since 2018, the operating assets have been able to avoid a total of 797.5k tonnes of CO₂eq. This corresponds to the avoided CO₂ emissions of approximately 742.3k households.



Environmental continued

Environmental Initiatives

Below is a selection of initiatives implemented across AER's portfolio in order to preserve and improve flora and fauna, undertaken over the first nine months of 2023.

Spanish Solar PV Environmental Initiatives

The natural environment around some of the Company's solar PV parks is the Desierto de Tabernas National Park, situated to the south-east of Spain and representing the only desert in the entire European continent. This constitutes a rich biodiversity of environmental resources that is of particular geological interest. Specialist advisers have been commissioned to implement environmental measures to mitigate the impact of the solar PV plants on the environment and create habitats for flora and fauna. Several visits per month are made to implement the measures, monitor their evolution and make necessary adjustments. Below is a selection of closely monitored measures that have been implemented across some of the Company's solar PV parks for local flora and fauna.

Flora

- Translocation of rain-fed olive trees
- Planting of broom and palmetto trees to promote landscape integration and the creation of biotopes appropriate for local species
- Clearing of vegetation through sheep grazing
- Regular maintenance measures and monitoring



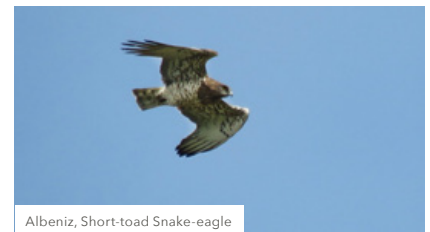
Albeniz, Translocated olive trees

Fauna

- Drinking troughs, feeding troughs and perches were installed in order to favour the local fauna
- A hunting fence was installed in order to protect wildlife
- Bird nest boxes were installed, specifically for the nesting of the lesser kestrel, common kestrel, barn owl and little owl species
- A study was commissioned to analyse the degree of adaptation of bird species to the presence of the solar PV parks, with special emphasis on the lesser kestrel and Montagu's harrier species
- Stands for wild rabbits have been built in order to help the breeding and permanence of this species



Greco, European Owl



Albeniz, Short-toad Snake-eagle

Desfina Wind Farm Reforestation

In May 2023, two thousand trees were planted in Greece's Parnassos National Park. The project company will ensure their maintenance and watering for the following three years. A wooden cabin was also constructed in 2022 at the entrance of the park for the benefit of the local Forestry Authority.



Parnassos National Park, Greece



Benfica III, Spain

Social

Renewable energy projects can have an inherent major positive impact on the environment with their ability to decarbonise the energy sector, aiding the Company in the transition to a low carbon economy. In light of the European Green Deal boosting renewable energy projects, investment into clean energy assets has accelerated over recent years. As renewable energy deployment increases, pressure on land is growing. The need to protect biodiversity may result in conflicts over agricultural and renewable energy land usage.

Conflicts can arise when new renewable projects compete against other types of land usage, such as residential housing, recreational areas, agriculture and nature conservation, or when they cause landscape disruptions. Engagement with local communities is an integral part of the Company's investment philosophy. The assets continue to support communities through contracting local service providers, payment of local taxes, as well as lease payments for utilisation of the land.

Workshop with University Students at Jaén

On 30 November 2023, the Investment Adviser's Asset Management team hosted a training session on solar photovoltaic energy for a group of Electrical and Industrial Engineering students from Spain's University of Jaén at the Company's 50 MW solar plant located in the same municipality.

The students were given the opportunity to see first-hand how a solar PV plant operates and to gain technical knowledge of the plant's components, as well as learn about the development and execution of a project of these characteristics.

This initiative is part of the proactive social management approach carried out at all the Company's assets, with the aim of having a positive impact on the regions and local communities in which the assets operate.



Jaén, Spain

Governance

Independent Board of Directors

The independent Board of Directors is responsible for AER’s governance and sustainability policy and its implementation, with the daily operations being delegated to its independent AIFM, FundRock Management Company (Guernsey) Limited (“FundRock”). FundRock monitors environmental, social and governance risks, which are fully integrated across every single stage of its investment process. The Aquila Group publishes its own Sustainability Report (2022_Sustainability-Report_Aquila-Group.pdf), describing the Investment Adviser’s approach to sustainability within the investment process. Aquila Capital regards integrity and diversity as key pillars in its governance and it has been vital for the growth and success of the Company. The Investment Adviser is fully regulated and supervised by the Federal Financial Supervisory Authority in Germany.



Appointment of New Non-Executive Director

The Company was pleased to announce the appointment of Myrtle Dawes as a non-executive Director on 1 September 2023, joining the Board of Directors as a member of the Remuneration and Nomination Committee and the Audit and Risk Committee. Myrtle, a chartered chemical engineer, has over 30 years’ experience in the energy sector, both in the UK and overseas, covering leadership roles in engineering, project management, technology and digital transformation. Currently, she is CEO of the Net Zero Technology Centre and non-executive Director at FirstGroup plc and the Centre for Process Innovation. In 2017, Myrtle featured in Breaking the Glass Ceiling and was selected as one of ‘100 Women to Watch’ in the Cranfield FTSE Board Report 2017. In 2021, she was recognised by TE:100 as one of the ‘Women of the Energy Transition’. Myrtle participated in the 2023 United Nations Climate Change Conference (COP28) as a judge on the panel of the Decarbonization Technology Challenge led by ADNOC Group in collaboration with Amazon Web Services (AWS), BP, Hub71 and Net Zero Technology Centre, awarding one million US dollars to Oxford Flow, a UK industrial machinery start-up.



AER Board¹:



Portfolio Asset Managers¹:



Board and Employee Diversity²

The Board of Directors is appointed based on expertise and merit, being mindful of the benefits generated by diversity. The Board is comprised of members with different skills and experiences, whilst endeavouring to comply with the Listing Rules on diversity.

The current Board is comprised of three men and two women, all non-executive Directors who have a significant number of years of experience in their relevant fields.



Corruption Perception Index

The Company's second and fourth largest holdings are in Norway and in Denmark (16.8% and 13.4%, respectively). These countries rank fourth and first – measured by the corruption perceptions index – in terms of country-specific corruption risks. Norway and Denmark have long been in the top ten countries on the list and there are no indications that this will change in the near future³.

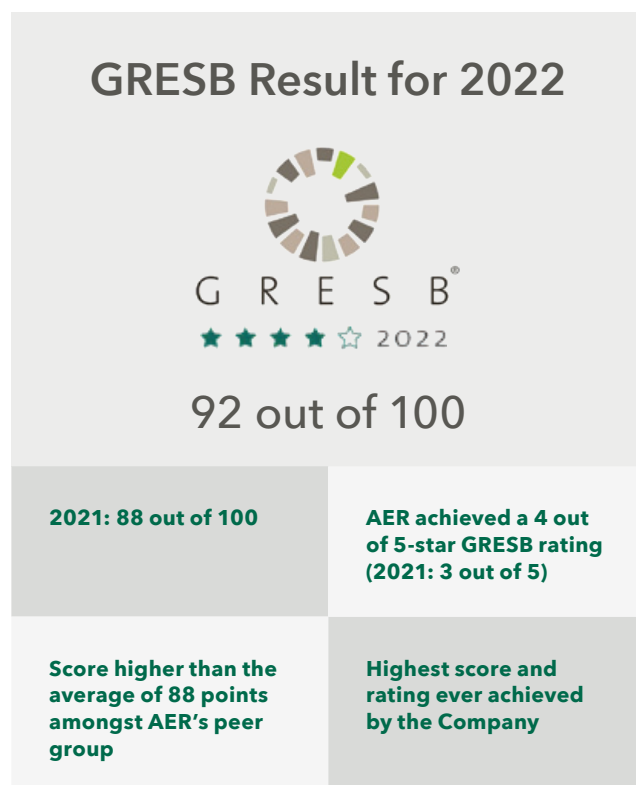
Country	% of portfolio ⁴	Rank		Score	
		2022	2021	2022	2021
Denmark	13.4%	1	1	90	88
Finland	6.4%	2	1	87	88
Norway	16.8%	4	4	84	85
Portugal	15.1%	33	32	62	62
Spain	42.2%	35	34	62	61
Greece	6.1%	51	58	52	49

GRESB

GRESB is a global ESG benchmark-provider and membership organisation for the real estate and infrastructure sector which synthesises data and provides actionable insights to its members, partners, and investors.

In its third year of participation in the GRESB assessment, the Company has achieved an improvement in both its overall GRESB score and rating for the period. While the GRESB score is an absolute measure, the GRESB rating is an overall relative measure of ESG management and performance of the Company highlighting improvement over time.

At the portfolio level, compared to its last GRESB assessment, the results show an improvement in performance in the categories of Reporting (e.g. ESG investor reporting and incident management) and Risk Management (e.g. risk management systems at asset level, social risk assessments and incident reporting), whilst the score in Stakeholder Engagement was maintained. At the asset level, the ratings upgrade recognises AER's strong risk management framework and improved Stakeholder Engagement, whilst the performance in resource and emission management was maintained for AER's assets.



Overview of Principle Adverse Impact ("PAI") Indicators (2022)

Scope 1 greenhouse gas emissions tCO ₂ eq	Scope 2 greenhouse gas emissions tCO ₂ eq	Scope 3 greenhouse gas emissions tCO ₂ eq
30.7	86.3	1,598.7
Total greenhouse gas emissions in tCO ₂ eq	Carbon footprint in tCO ₂ eq/mEUR invested	Greenhouse gas emissions intensity of investee companies in tCO ₂ eq/mEUR invested
1,715.6	5.9	100.5
Share of non-renewable energy consumption/production ⁵	Activities negatively affecting biodiversity-sensitive areas	Emissions to water in t/mEUR
49.0%/0.0%	0%	0
Hazardous waste and radioactive waste ratio in t/mEUR	Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
0	0%	0%
Portfolio asset managers gender diversity ⁶	Non-recycled waste ratio in t/mEUR	Insufficient whistleblower protection
12.8%	0	0%

Investment Adviser - Aquila Capital

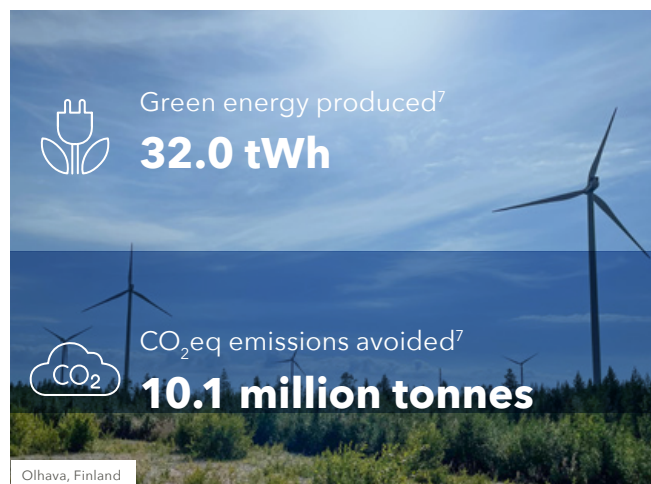
Proven Track Record

Aquila Capital has set a group-wide goal to avoid 1.5 billion tonnes of CO₂eq by 2035 in its portfolio's lifetime, highlighting its commitment to sustainability.

Managing ESG risks and identifying ESG opportunities is ensured by setting up the proper tools, due diligence procedures and the use of experts, to ensure, all material ESG factors are identified, assessed, and mitigated with the aim to protect investors from any potential financial downside and to consider the impact on society and the environment.

Key responsibilities of the Investment Adviser include originating, analysing, and assessing suitable renewable energy infrastructure investments to advise the AIFM accordingly.

Track Record since 2020



	2022	2021	2020
Installed capacity in MW/MWp	13,937	10,558	9,156
Installed capacity in MW (incl. acquisitions and divestments) ⁸	18,999	15,524	10,751
Clean energy produced in tWh	7.4	6.0	5.4
Clean energy produced in tWh (incl. acquisitions and divestments) ⁸	32.0	24.0	18.0
Avoided emissions in tCO ₂ eq (incl. acquisitions and divestments) ⁸	10.1	7.9	6.1
Households supplied with clean energy in million	2.0	1.7	1.5
Number of employees	688	679	523
Women	42%	45%	46%
Men	58%	55%	54%
Share of women in leadership positions	27%	30%	31%
Number of nationalities	56	43	39

Sustainable Supply Chain Management

The Investment Adviser's membership in associations such as the Global Infrastructure Investor Association ("GIIA") and the Global Listed Infrastructure Organization ("GLIO") accord it the opportunity to lobby for human and labour rights along the value chain of several manufacturers to prevent trade disruptions. In addition, membership in the associations is also beneficial in highlighting the economic interests of the Investment Adviser to the relevant authorities. The Investment Adviser is also a member of SolarPower Europe since 2022, a leading solar PV association influencing regulations and business landscapes for the sector. The Investment Adviser's Head of Procurement is Chair of the Supply Chain Sustainability Workgroup for SolarPower Europe.

The Investment Adviser takes a multi-faceted approach to the mitigation of governance risks, limiting exposure to risks within the supply chain. All Engineering, Procurement, and Construction ("EPC") and Operations and Maintenance ("O&M") contracts are negotiated with contractors operating in a country adhering to the European Union's labour minimum standards.

Any sourcing of raw materials, components, equipment or services from suppliers domiciled in countries linked to the use of forced labour is made with guarantees that such components are not associated with human rights violations.

Moreover, an in-house on boarding and screening process for suppliers is in place to prevent and mitigate any risk of human rights violations, including a pre-screening of counterparties in terms of bad press risk and a fully-fledged Know Your Customer ("KYC") process. All counterparties are monitored by the Investment Adviser according to internal compliance and procurement policies. Measures include the selection of geographies with strong regulatory frameworks, comprehensive internal due diligence processes that examine counterparties and their governance frameworks, and the use of specialist advisers to conduct technical and legal due diligence analyses at the project level. All governance measures are audited by major audit firms on a regular basis.

Notes:

1. Data as at 30 September 2023.
2. Gender diversity and adviser split is calculated at asset company level. The Company's share in the assets was taken into account, therefore someone who is a managing director in more than one asset company is counted several times.
3. As at 31 January 2023.
4. Data as at 30 September 2023, based on Fair Value.
5. Share of non-renewable energy consumption/production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.
6. Share of female portfolio asset managers, as at 30 September 2023.
7. Investment Adviser's track record since January 2020, as at 31 December 2022, sourced from the Aquila Capital annual Sustainability Report: <https://www.aquila-capital.de/en/sustainability/our-disclosures>.
8. Incl. all acquisitions and divestments since January 2020.

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Read more about our
commitment to sustainability at
www.aquila-capital.com/esg/

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