

# Octopus Renewables Infrastructure Trust

## ESG Policy

Last Reviewed and Approved May 1<sup>st</sup>, 2020



## Introduction

Octopus Renewables Infrastructure Trust's investment mandate lends itself to climate change mitigation, but our intention is to seek out positive impact opportunities beyond that, and find ways to enhance the environment and communities we operate in.

ORIT has developed an ESG and Impact strategy which is based around three stakeholder pillars: Performance, Planet and People. This framework embeds ESG considerations into investment decision making processes, asset management and reporting.

This environmental, social and governance ("ESG") policy is one element of the ORIT's broader Impact and ESG Strategy and sets out the approach to mitigating ESG risks in relation to Performance, Planet and People when investing and managing renewable assets whilst achieving its core impact objective to accelerate net zero emissions.

## Purpose

The purpose of this policy is to outline principles and objectives for how we consider risks and opportunities for each of our stakeholder groups: Performance, Planet and People. Specifically, it is in place to ensure that the Investment Manager considers ESG risk factors when making investment decisions and in managing our assets, applying our risk management framework as appropriate.

This policy holds the investment manager to account for executing the policy, and reporting against specific KPIs which are tracked against targets and reviewed on an annual basis.

## ESG Risk Management Framework

To manage ESG risk factors the Investment Manager applies one, or more, of four key principles:

- **Avoid:** Informed decision not to become involved with a risk. e.g. decline investments with significant ESG risks identified during due diligence
- **Transfer:** Shift the risk to someone else, e.g. insuring or contractual guarantees;
- **Mitigate:** Appropriate policies, processes, procedures to reduce either the likelihood of an occurrence or its consequence or both; and
- **Accept:** Informed decision to accept risk or the residual risk having considered the above potential impacts.

## ESG Principles

The table below outlines our ESG principles for mitigating ESG related risks as well as opportunities for additional impact and how the Investment Manager intends to implement them.

	Principle	How
Performance	Comply with all applicable laws and respect international good practice.	<ul style="list-style-type: none"> <li>• We will uphold high standards of business integrity and honesty.</li> <li>• We will act in good faith, albeit enforcing contracts robustly where necessary to protect shareholders, employees, the community or the environment.</li> <li>• We will not directly or indirectly offer, pay, solicit or accept bribes in any form and have put in place an anti-bribery policy and annual staff training.</li> </ul>
	Provide safe and healthy working conditions for employees and contractors.	<ul style="list-style-type: none"> <li>• We have an established H&amp;S management system overseen by our Octopus HSE Director and take action when needed to mitigate safety risks</li> <li>• We collate, manage and track to close out all safety, environmental and significant quality issues as part of the</li> </ul>

		<p>KPI Management process. The output from this is including in our regular reporting frameworks.</p> <ul style="list-style-type: none"> <li>We will encourage whistleblowing and maintain open communication channels between employees / contractors and management. We have put in place a whistleblowing policy.</li> </ul>
	Strive for a high standard of performance through a governance structure that robustly implement controls and risk management frameworks	<ul style="list-style-type: none"> <li>Will consider ESG risk factors in investment decisions, ensuring appropriate due diligence is undertaken.</li> <li>We have a robust conflicts management process documented in the Octopus Conflicts Policy</li> <li>Investment Transactions are governed through the Octopus Renewables Allocation Committee and Investment Committee</li> <li>Internal governance, risk and oversight committees are in place for portfolio management through the Octopus Renewables Asset Board &amp; Customer Board, with oversight by the AIFM Board</li> <li>We will set asset performance goals and report against those</li> <li>We will seek to be proactive in asset management optimisation assessments and implementation of return-generating projects</li> </ul>
Planet	Considers the impact of any operations on the environment, mitigating potential adverse effects	<ul style="list-style-type: none"> <li>We will assess the impact of operating on the environment, contracting our outsourcers to comply with all planning and development conditions.</li> <li>We will consider improvement initiatives e.g. Biodiversity, focusing on sites where there is robust local support for such issues, particularly from the landowner(s).</li> </ul>
	Implements social and environmental policies and procedures which enable identification, management and monitoring of any risks/opportunities provides a framework for action	<ul style="list-style-type: none"> <li>We will review contracted outsourcers environmental policies and ways of working</li> <li>We will seek to engage key stakeholders to identify areas of materiality for impact measurement</li> <li>We will seek to collaboratively develop impact goals and plans and trajectories for achieving them with associated KPIs</li> </ul>
	Recognises the importance of the sustainable use of natural resources and the protection of the environment and supports investors communicate the positive impact of their investment	<ul style="list-style-type: none"> <li>We will seek to identify opportunities for additional environmental protection/enhancement and include initiatives to build these into the ongoing site management strategies</li> <li>We will monitor and report environmental KPIs e.g. Carbon, Homes powered annually through the provision of an environmental social and governance report</li> </ul>
People	Promote fair treatment of all employees, irrespective of matters such as race, gender, nationality, disability, political or religious beliefs.	<ul style="list-style-type: none"> <li>We will seek to avoid the risk of indirectly supporting modern slavery or human rights abuses and have put in place Octopus equal opportunities and modern slavery policies.</li> <li>We mandate that the Tier 1 Suppliers and Contractors implement effective strategies and that these include their supply chain. Where possible we require the identification and prior approval of the supply chain to the contract terms.</li> </ul>
	Considers the impact of any operations on local communities, mitigating potential adverse effects	<ul style="list-style-type: none"> <li>We will work with our outsourcers to engage with local communities to assess, monitor and address, where possible, social and community impacts.</li> <li>We will consider ways to share some of the benefit of the operation with local communities.</li> <li>We will encourage, where possible, local employment by our contractors.</li> </ul>

<p>Seek a 'just transition' for workers and communities as the world's economy responds to climate change</p>	<ul style="list-style-type: none"> <li>• We will work, where possible, with contractors to promote job creation in the local community (within 30km)</li> <li>• We will engage key stakeholders early-on for inclusive collaboration</li> </ul>
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## Responsible Investment

ORIT has selected an investment manager, Octopus Renewables, who has become a signatory of the United Nations Principles for Responsible Investment (UN PRI). The PRI were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

## Related Practices

In addition to this policy, our investment manager, Octopus Renewables, has a number of policies and processes that support our commitment to ESG matters, including an equal opportunities policy, modern slavery policy, whistleblowing policy and conflicts policy. Their ESG Committee monitors fund management teams' adherence to the Group and fund policies.

The ORIT Board of Directors will oversee the assessment of the performance of the Investment Manager and its other contractors annually.

The Fund has in place an Independent Board of Directors, Audit and Risk Committee, Nomination Committee and Remuneration Committee. A Board effectiveness review will be conducted annually.