

INVESTMENTS  
WITH PURPOSE  
FOR PROFIT  
BY PEOPLE  
FROM TRIPLE POINT

TRIPLE POINT ENERGY TRANSITION PLC – ANNUAL REPORT 2023



INVESTMENTS  
WITH PURPOSE  
FOR PROFIT  
BY PEOPLE  
FROM TRIPLE POINT



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Triple Point is the trading name for the Triple Point Group which includes the following companies and associated entities: Triple Point Investment Management LLP registered in England & Wales no. OC321250, authorised and regulated by the Financial Conduct Authority no. 456597, Triple Point Administration LLP registered in England & Wales no. OC391352 and authorised and regulated by the Financial Conduct Authority no. 618187, and TP Nominees Limited registered in England & Wales no.07839571, all of 1 King William Street, London, EC4N 7AF, UK.

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Triple Point  
**Energy Transition**  
PLC

Annual Report 2023



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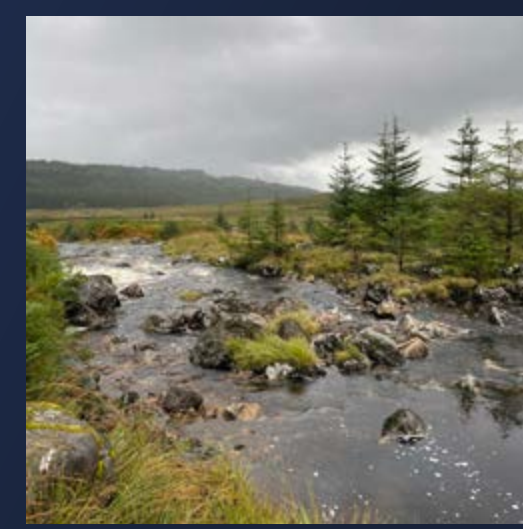
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# Company Overview

# Who we are

Triple Point Energy Transition plc ("TENT") is an investment trust listed on the Premium Segment of the Main Market of the London Stock Exchange, which supports the transition to Net Zero by investing holistically across the energy sector whilst targeting a diversified and sustainable income for investors.

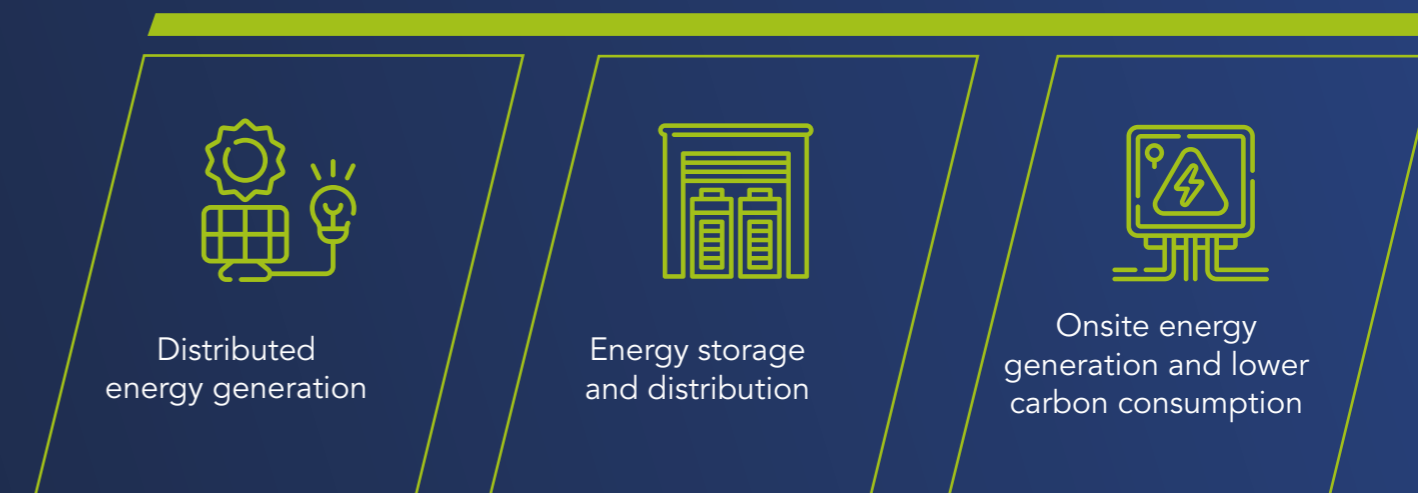
We invest in assets which generate, store, or consume energy and which contribute to our target total net asset value ("NAV") return of 7- 8% per annum to shareholders.



# What we do

The Group invests across the full spectrum of the energy transition, targeting niche opportunities that have an attractive risk and return profile whilst supporting the transition to Net Zero by 2050. Investing across the breadth of the energy transition also drives diversification in the Group's investments.

The Group aims to accomplish this through investing across three thematic areas:



The backbone of the Net Zero economy is a Net Zero power sector, which is why the UK Government has set this goal as a target by 2035. Achieving this requires a move away from centralised fossil fuel generation towards decentralised renewable and lower carbon baseload power. The Group seeks to achieve this through investing into assets such as: hydroelectric power, solar PV development, energy from waste, and biomass generation.

Both the generation of, and demand for, energy are becoming more unpredictable, driven by intermittent renewable generation and the electrification of energy consumption, for example through heat pumps and electric vehicles ("EVs"). Balancing supply and demand are important to the efficient operation of the energy system and so the Group invests in storage assets, such as Battery Energy Storage Systems ("BESS"), which also improve the resilience of the energy system through frequency response services.

Reducing the demands of businesses and consumers for energy from grid networks reduces emissions and energy wastage. This can be achieved through investing in measures to reduce demand, for example light emitting diodes ("LEDs") or building retrofit, or through generating and storing the energy required on site, for example rooftop solar, behind-the-meter batteries or embedded Combined Heat and Power ("CHP").

# A Holistic Approach

We take a holistic approach and look at investments which improve the efficiency of the whole UK energy system as part of the energy transition: from generation to consumption.

**1**

**DISTRIBUTED ENERGY GENERATION**

Lower carbon, decentralised energy generation in place of centralised fossil fuel generation.

**2**

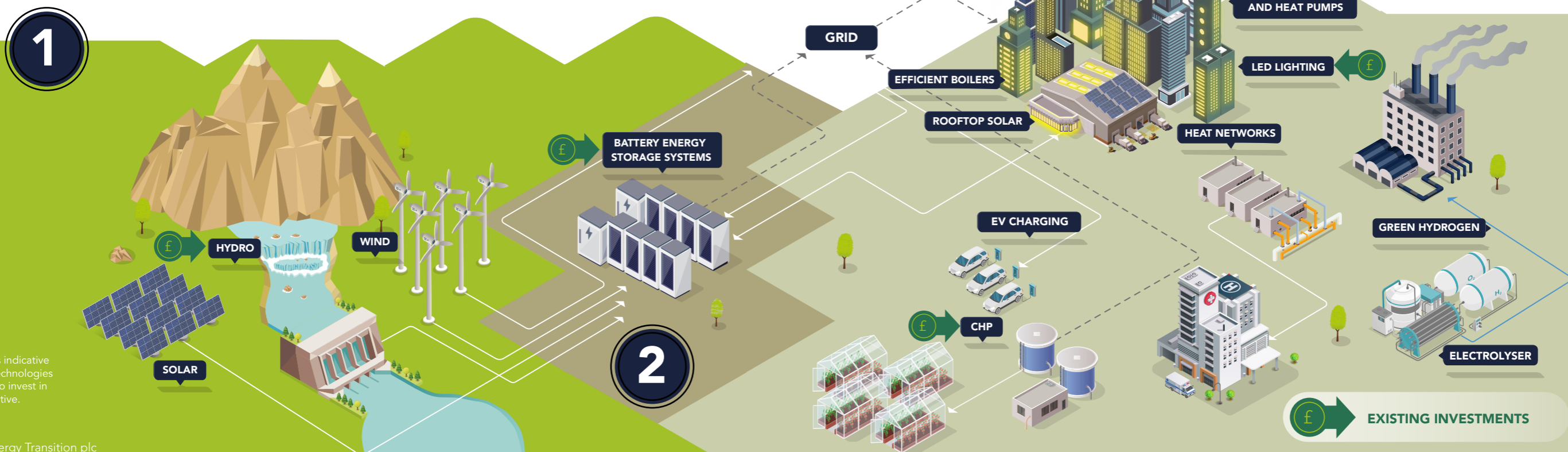
**ENERGY STORAGE AND DISTRIBUTION**

Better aligning the supply and demand for energy and providing frequency response to deliver a more resilient and efficient energy system.

**3**

**ONSITE ENERGY GENERATION AND EFFICIENT CONSUMPTION**

Reducing demands placed on the energy system, either through generating energy onsite or through demand reduction measures.



This illustration is indicative of the types of technologies TENT may look to invest in but is not exhaustive.

# Highlights

## DIVIDEND PER SHARE

**5.50p**

(31 March 2022: 5.50p)

Dividends declared in respect of the year ended 31 March 2023 totalled 5.50 pence per share, in line with the Company's target.

## NET ASSET VALUE ("NAV") PER SHARE

**99.44p**

(31 March 2022: 96.12p)

NAV as at 31 March 2023 was £99.4 million, equal to 99.4 pence per share, resulting in NAV growth of 3.5% for the year ended 31 March 2023.

## DIVIDEND COVER<sup>1</sup>

**1.1x**

(31 March 2022: 0.14x)

The Company delivered a dividend for the year cash covered 1.1x (2022: 0.14x).

## TOTAL NAV RETURN<sup>1</sup>

**9.2%**

(31 March 2022: 4.9%)

During the financial year a total NAV return of 9.2%, exceeding the targeted return. This was delivered through dividends paid of 5.7% and capital growth of 3.5%.

The target total NAV return is 7%-8% per annum.

## PORTFOLIO VALUATION £90.1 MILLION

(31 March 2022: £79.0 million)

Portfolio valued at £90.1 million on an IFRS basis as at 31 March 2023.

## ONGOING CHARGES RATIO ("OCR")<sup>1</sup>

**1.94%**

(31 March 2022: 1.38%)

The ongoing charges ratio was 1.94% as at 31 March 2023 and is a ratio of ongoing charges expressed as a percentage of average NAV from 1 April 2022 to 31 March 2023.

## TONNES OF CO<sub>2</sub> AVOIDED<sup>1</sup>

**27,112**

(31 March 2022: 17,074 tonnes)

In respect of the year ended 31 March 2023, the Group's activities lowered emissions by 27,112 tonnes of CO<sub>2</sub><sup>2</sup>.

## RENEWABLE ENERGY GENERATED<sup>1</sup>

**18,965 MWh**

(31 March 2022: 9,425 MWh)

In respect of the year ended 31 March 2023 the Group generated 18,965 MWh of renewable energy<sup>2</sup>.

Further details and calculations for the data presented can be found within the KPIs section on pages 34 to 35 and pages 154 to 155



1. Alternative performance measure  
 2. The data presented is for the year ended 31 March 2023, and where an investment was made part way through the year, the data for that asset is from the point of investment to 31 March 2023.

# The Year in Brief



**14 JUNE 2022**

The Company declared a dividend of 1.375 pence per Ordinary Share for the period from 1 January 2022 to 31 March 2022.



**24 JUNE 2022**

The Company announced the appointment of J.P. Morgan Cazenove as its sole Corporate Broker.



**25 AUGUST 2022**

Following approval at the Company's Annual General Meeting, the Company adopted a revised investment policy, focused on investing in the energy transition and providing for a proportion of European assets.



**25 AUGUST 2022**

The Company declared a dividend of 1.375 pence per Ordinary Share for the period from 1 April 2022 to 30 June 2022.



**30 AUGUST 2022**

Following shareholder approval at the Company's Annual General Meeting, the Company changed its name to Triple Point Energy Transition plc.



**28 OCTOBER 2022**

The Company was admitted to trading on the Premium Segment of the London Stock Exchange.



**30 NOVEMBER 2022**

The first project in the BESS Portfolio commenced operations. The project is located in Oldham, Greater Manchester and has a capacity of 20MW / 20MWh.



**2 DECEMBER 2022**

The Company announced its results for the six-months ended 30 September 2022 and declared a dividend of 1.375 pence per Ordinary Share for the period from 1 July 2022 to 30 September 2022.



**8 MARCH 2023**

The Company declared a dividend of 1.375 pence per Ordinary Share for the period from 1 October 2022 to 31 December 2022.



**14 MARCH 2023**

The Group completed an extension of its £40 million revolving credit facility with TP Leasing Limited.



**JULY 2022 – MARCH 2023**

The Group provided funding of £2.2 million to a lighting solutions provider, which has installed efficient lighting and controls at a large retail logistics specialist.



**20 MARCH 2023**

The Company announced its unaudited NAV for the quarter ended 31 December 2022 was 99.53 pence per share.



**31 MARCH 2023**

The Group committed a £5 million debt investment to Innova Renewables to help fund its development pipeline of solar, battery and energy storage systems across the UK. The facility was fully drawn on 3 April 2023.



**POST BALANCE SHEET ACTIVITY**

In June 2023, the Group deployed a further £3.9 million to the BESS Portfolio. The remaining commitment now stands at £35.5 million.

In June 2023, the Group successfully completed their first drawdown of the revolving credit facility.



# Strategic Report





JOHN ROBERTS, Chair

# Chair's Statement

The energy system is undergoing a fundamental transformation to achieve Net Zero emissions by 2050. This opens up enormous opportunities and exciting challenges for energy investors who can adapt to the changing markets and policies. The Company has a holistic mandate that enables it to invest in a wide range of assets that support the low-carbon transition and offer significant opportunities for value creation. The Company has fully committed its capital and is well placed to reap the benefits of its diversified portfolio. The Company has also delivered a dividend that is cash covered 1.1x, demonstrating its strong financial performance.

Dear Shareholder,

I am pleased to present the results for Triple Point Energy Transition plc ("TENT" or the "Company") for the year ended 31 March 2023. This is our first set of annual results reported under our new mandate and name, announced in August 2022, which consolidated the Company's focus on investing across the energy sector to support the transition to Net Zero.

Our investment mandate covers three thematic areas:

- distributed energy generation
- energy storage and distribution
- onsite energy generation and lower carbon consumption

This strategy reflects our conviction that a holistic, system-wide approach to reducing emissions across every part of the energy sector is vital to supporting the transition to Net Zero and to delivering attractive returns for our investors. We also believe that this approach gives us a highly differentiated position in our sector, offering shareholders exposure to a diversified portfolio of attractive investments in sectors and investment classes which are not typically targeted by many other investment trusts.

The past year has been marked by unprecedented challenges and opportunities in the global energy sector. The devastating war in Ukraine, which has now entered its second year, and the resulting energy crisis have exposed the vulnerabilities and risks of relying on fossil fuels, especially imported gas, for meeting our energy needs. This has also led to a cost-of-living crisis and inflation increases, putting pressure on consumers and businesses. At the same time, the events have triggered a wave of policy and market developments which are designed to accelerate the energy transition. The EU's REPowerEU plan, the US Inflation Reduction Act, China's 14th Five-Year Plan, and other initiatives by major economies have created a huge investment potential for clean energy technologies globally, through a strong regulatory framework and incentives for deployment. Moreover, global investment in clean energy technologies matched that of fossil fuels for the first time in 2022, signalling a shift in investor preferences and expectations.

These global developments have a direct impact on the UK and EU markets, which are the focus of our mandate. The UK and the EU are both committed to achieving Net Zero emissions by 2050 and have set ambitious targets and policies to accelerate the decarbonisation of their

energy systems. The UK's Powering Up Britain, the EU's Green Deal, and the Glasgow Climate Pact are some of the key initiatives that demonstrate this commitment and provide a clear direction for our investment strategy. The UK and the EU are also facing increasing energy security concerns and rising energy costs, which create an urgent need for more domestic, diversified, and reliable sources of energy. This is where our investment portfolio can provide solutions and value for our shareholders and society.

By investing holistically across the energy sector, in assets that generate, distribute or conserve electricity or heat, we are able to capture the opportunities and mitigate the risks arising from these developments. Our three thematic areas of focus are complementary and synergistic, as they enable a lower-carbon, more resilient, and more flexible energy system. They also generate stable and predictable income for our investors, from long-term contracts with high-quality counterparties or from wholesale or merchant markets.

## / INVESTMENT ACTIVITY

I am delighted to report that the Company's remaining capital has been fully committed to a portfolio of broadly diversified opportunities across the energy transition sector. This achievement reflects our ability to discern and execute attractive deals in a competitive market. We have strategically utilised the funds to invest in multiple asset classes and capital structures, providing a solid defence against risks and challenges. Importantly we balance both debt and equity investments to ensure a consistent income stream, capital preservation, and capital growth.

The Group has continued to advance funds under the £45.6 million debt facility to a subsidiary of Virmati Energy Ltd to fund a 110MW portfolio of four BESS assets (the "BESS Portfolio"). During the period, £6.2 million of the facility was utilised, with commitment fees being received in respect of the undrawn balance. Post the balance sheet date, a further £3.9 million was drawn.

The Group has also invested in new asset classes – LED lighting and solar project development – through debt financing. This further enhances our diversification, resilience to negative trends, and participation in innovative technologies.

The Group's £2 million investment in the installation of new Light Emitting Diodes ("LEDs") in several warehouses of an investment-grade global logistics company, has led to a c.58% reduction in the warehouses' energy consumption.

These investments not only showcase our commitment to advancing this important energy transition industry but also enable us to leverage the stability of debt financing to support projects which reduce energy waste and drive sustainability.

## / PORTFOLIO PERFORMANCE

The portfolio continued to deliver a strong performance with all asset classes contributing positively to the financial performance of the Company.

The Hydroelectric Portfolio performed marginally below expectation. The annual generation performance was c. 5% lower than forecast, due to a local grid curtailment of some of the schemes in March 2023. One scheme has commenced development of water storage capacity and is progressing to the next stage. This provides the opportunity to increase the annual generation capacity by 1,250 MWh and allows the scheme to target periods of peak load generation through a controlled release of the flow.

The deployment of the BESS Portfolio has progressed during the year, with the asset located in Oldham now operational and the asset located in Gerrards Cross under construction and expected to reach commercial operations in late 2023. The third and fourth projects are expected to be operational during 2024. Once fully deployed, the BESS assets will contribute to reduce grid constraints and allow the inclusion of more renewable energy generators to the energy mix.

The CHP Portfolio continues to benefit from the volatile gas and electricity wholesale market which illustrates the resilience of the economic model of these assets, as they benefit from dual revenue sources (wholesale market and private offtake of heat and power).

## / FINANCING

The Group, via its wholly owned subsidiary, TENT Holdings Limited ("TENT Holdings"), has a £40 million Revolving Credit Facility ("RCF") with TP Leasing Limited, and in March 2023, we completed a 12-month extension of the RCF to 28 March 2025. The interest rate charged is a fixed rate coupon of 6% pa on drawn amounts.

TP Leasing Limited is an established private credit and asset leasing business which is managed by the Investment Manager and, as a result, is deemed to be a related party as defined in the Listing Rules. The extension to the RCF was deemed to be a "smaller related party transaction" for the purposes of LR11.1.10R and, therefore, was undertaken in accordance with the relevant requirements of the Listing Rules.

The Group will make use of the RCF to fund its committed portfolio. The Group will follow a prudent approach to gearing with a target medium-term gearing of up to 40% of Gross Asset Value ("GAV") and a maximum gearing that will not exceed 45% of GAV at the time of drawdown, in line with the Company's borrowing policy.

As at 31 March 2023, the RCF had not been drawn, however it is expected that the RCF will be fully utilised during 2024.

## / FINANCIAL RESULTS

During the year, TENT achieved a total profit and comprehensive income of £8.8 million (31 March 2022: £4.8 million), which is reflective of the growing investment portfolio that has increased in value by 14% in the financial year. Further information on profitability and financial performance can be found on pages 128 to 153.

The Company generated a total NAV return for shareholders of 9.2%, in excess of the Company's target. The NAV per share is 99.44 pence per share as at 31 March 2023 (31 March 2022: 96.12 pence per share), an annual growth rate of 3.5%, which was made possible through a combination of robust contractual revenues and the revaluation of the investment portfolio.

TENT has delivered a dividend of 5.5 pence per share for the year, which was cash covered 1.1x (31 March 2022: 0.14x). The enhancement in coverage reflects the full deployment of the IPO proceeds in the financial year. As a result, cash income generation has increased approximately 300% to £9.0 million (31 March 2022: £2.2 million).

## / SHARE PRICE

During the year, as part of a number of actions to improve the share price liquidity and attract new investors, the Board decided to migrate to the Premium Segment of the Main Market of the London Stock Exchange, having been listed on the Specialist Fund Segment since the IPO in October 2020. The Company commenced trading on the Premium Segment on 28 October 2022.

The Board continues to monitor the Company's share price, which has suffered following the mini budget in September 2022 and in the higher interest rate environment. At the financial year end, the Company's share price was 62.5 pence, representing a 37% discount to NAV (31 March 2022: 84.5 pence, representing a 12% discount to NAV). The Board believes that the discount to NAV is unwarranted, is driven in large part by illiquidity of the shares and does not reflect the quality of the Group's portfolio, the robust nature of contractual earnings, and the future potential of its strategy.

The Board is concerned by the continuing level of share price discount to NAV, and continues to consider ways to address the discount.

The Investment Manager has been actively engaging with stock market analysts, existing and potential new shareholders and has an active investor relations programme planned for the remainder of 2023.

In accordance with the Investment Management Agreement, the Investment Manager has used 20% of the annual investment management fee (net of relevant taxes) to acquire Ordinary Shares in the Company. The Investment Manager purchased the following Ordinary Shares during the financial year:

- 28 September 2022 – 41,550 Ordinary Shares at an average price of 80.86 pence per share
- 22 December 2022 – 57,616 Ordinary Shares at an average price of 80.00 pence per share

As at 31 March 2023, including other shares purchased in the year, the Investment Manager held a total of 1,042,157 Ordinary Shares in the Company, representing approximately 1.0% of the total issued share capital.

## / DIVIDENDS

The Board is pleased to confirm the dividend in respect of the quarter to 31 March 2023 of 1.375 pence per share, payable on or around 14 July 2023 to holders of Ordinary Shares on the register on 30 June 2023, bringing the total annual dividend to the target of 5.50 pence per share. Cash received in the Company's wholly owned subsidiary TENT Holdings, from the investee companies by way of distributions, which includes interest and dividends, was £9.0 million. After operating and finance costs, the cash flow within the Company and TENT Holdings was £5.9 million, cash covering the dividends paid during the year of 5.50 pence per share by 1.1x.

The Company has set a dividend target of 5.50 pence per share for the year ending 31 March 2024<sup>3</sup>. The Company notes that the deployment of the loans to the BESS Portfolio and Innova is expected to provide further income with which to cover dividends over the course of FY24.

## / ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

The Company has adopted an approach to ESG which reflects the importance of sustainability to the investment policy and to maximise the potential for our ESG considerations to add value to the portfolio.

Throughout the year there has been a focus on developing relationships with asset owners (where we have debt investments) and O&M contractors (where we own the asset) to improve data collection and identify where discussion may lead to improved action and ESG management of our portfolio. Climate and Net Zero analysis are also a key priority with significant time allocated to the evolution of these activities, which have been captured in our voluntary reporting against the TCFD framework. The Board continues to engage fully to support and seek progress on these fast evolving and important areas. The Sustainability Report contains full details on the approach including reporting aligned with a range of relevant industry frameworks and best practice.

3. The dividend and return targets stated are Pounds Sterling denominated returns targets only and not a profit forecast. There can be no assurance that these targets will be met, and they should not be taken as an indication of the Company's expected future results.

## / SUMMARY & OUTLOOK

The energy market is undergoing a seismic transformation, driven by the urgent need for decarbonisation and a growing emphasis on energy security and independence. The Company's broader investment mandate positions it for success in this rapidly evolving landscape by diversifying its portfolio across three thematic areas: distributed energy generation, onsite energy generation and lower carbon consumption, and energy storage and distribution. This approach not only mitigates risk and enhances resilience but also supports the Net Zero pathway, presenting a favourable outlook for the Company's investment prospects.

The Company is well-positioned to capitalise on the immense potential arising from the ambitious renewable energy targets and various legislative initiatives in the UK and EU markets, such as Powering Up Britain and REPowerEU. These programmes aim to unlock a vast amount of investments and create a favourable environment for the growth of clean energy technologies, opening up a market worth \$5.3 trillion across Europe<sup>4</sup>. By investing in innovative solutions for the decarbonisation of buildings and transport and leveraging its expertise in cutting-edge sectors such as battery storage, green hydrogen, and LED lighting, the Company aims to drive transformative change and contribute to the global shift towards a low-carbon economy. The Company also intends to pursue market-driven unsubsidised projects that can offer higher returns with lower risks, as they are less exposed to policy changes and provide increased flexibility. These projects further diversify the Group's portfolio compared to other peers in the space and differentiate the risk profile.

On behalf of the Board, I remain confident in the Company's ability to continue generating sustainable income and capital growth for our shareholders. We would like to extend the Board's thanks to shareholders for their ongoing support and belief in our differentiated investment case.



**John Roberts**  
Chair

16 June 2023



4. Europe's Path to Clean Energy: A \$5.3 Trillion Investment Opportunity | BloombergNEF (bnef.com)

# Strategy and Business Model

The Company's purpose is to invest into infrastructure assets that contribute to the energy transition and generate a stable and growing long-term income stream for investors.



## OVERVIEW

TENT originates across the spectrum of the energy transition.

TENT invests across the capital structure of an energy transition investment.

TENT operate and optimise assets based on a two pronged approach.

TENT's strategy is to hold investments to maturity.

Our business activities result in:

## COMPETITIVE ADVANTAGE

This enables the Company to identify the most attractive risk and return characteristics of opportunities across the energy transition space.

This typically means that TENT invests in more niche areas of the transition and avoids areas with elevated valuations, such as subsidised large scale UK solar and wind generation.

TENT seeks to build long-term partnerships with developers and partners to secure repeat deal flow.

In certain technologies such as CHP or BESS, investing in debt may enable TENT to achieve better risk adjusted returns than equity.

In others, inflation protected contracts in more established technologies, such as hydro-electric power, may offer more attractive equity opportunities.

Firstly, TENT seeks to have exposure to strong management teams in an energy sub sector. For example, it has backed one of the leading renewables developers in the UK, Innova Renewables.

Working with a diverse range of specialist management teams across a range of energy sub sectors provides further diversification to investors.

Secondly, the Investment Manager's inhouse portfolio management team actively manages the investments, identifying opportunities to enhance performance and mitigate risks.

This long-term stewardship approach enables TENT to more successfully originate opportunities, with a view to aligning interests with project counterparties over the investment period.

**Income** for shareholders

**5.50p** Dividends declared for the year ended 31 March 2023

**Tonnes of CO<sub>2</sub> avoided**

**27,112** in the year ended 31 March 2023

## RISK MANAGEMENT

Read more about our rigorous approach to risk management on page 76

## GOVERNANCE

Read about our approach to governance on page 88

## / CHANGES TO THE COMPANY'S INVESTMENT POLICY

Following approval at the Company's AGM on 25 August 2022, the Company revised its Investment Policy, shifting focus from solely Energy Efficiency investments in the United Kingdom towards a broader spectrum of Energy Transition Assets in both the UK and Europe. This revision to the Investment Policy reflects a strategic adaptation to the evolving energy market and global trends. By focusing on Energy Transition Assets and expanding its geographical scope, the Company is positioning itself to capitalise on the growing demand for sustainable and renewable energy solutions. This is in line with global efforts to combat climate change and transition towards a low-carbon economy. It allows the Group to invest in innovative businesses that are contributing to the energy transition, thereby potentially enhancing the Company's portfolio and returns.

## / INVESTMENT OBJECTIVE

The Company's Investment Objective is to generate a total return for investors comprising sustainable and growing income and capital growth.

## / INVESTMENT POLICY

The Company intends to achieve its investment objective by investing in a diversified portfolio of Energy Transition Assets typically via the acquisition of equity in, or the provision of debt financing to, the relevant Investee Company. The Company may invest in opportunities in the United Kingdom (and the Crown Dependencies) and Europe.

The Group will invest in a range of Energy Transition Assets which meet the following criteria:

- contribute towards the energy transition to lower, or zero, carbon emissions
- are established technologies
- contribute to the generation of stable and predictable income across the Company's portfolio, as a whole, arising from:
  - long-term revenues based on availability, usage, consumption or energy savings-based contracts

with good quality industrial, governmental, and corporate Counterparties or off-takers (as assessed by the Investment Manager's due diligence processes), including Counterparties which represent multiple end-users; or

- assets with income from wholesale or merchant sources (including, but not limited to, battery energy storage, pumped storage or other power storage and discharge systems and renewable power assets), typically where the Investee Company benefits from an option to put in place a long-term fixed contractual price if it deems it necessary to do so and where operated by a reputable operator; and
- entitle the Company to receive cash flows over the medium to long-term in Developed Country Currencies. The Company may, but does not intend to, enter into any currency hedging arrangements.

The Group's portfolio of Energy Transition Assets will predominantly comprise operational Energy Transition Assets. It will invest in either single assets or portfolios of multiple assets.

Subject to the investment restrictions set out below, the Group may also invest in assets that are in the Development Phase or the Construction Phase, either directly or through funding of a third-party developer, where such investments will deliver an attractive risk adjusted return.

In addition, the Company may invest in or acquire minority interests in companies with a strategy that aligns with the Company's overarching investment objective, such as developers, operators or managers of Energy Transition Assets ("**Other Related Companies**").

The Group will seek to diversify its commercial exposure through contractual relationships, directly or indirectly (through the Investee Company), with a range of different Counterparties and off-takers, as appropriate to the relevant investment.

Investments may be acquired from a single or a range of vendors and the Group may also enter into joint venture arrangements alongside one or more co-investors, where the Group retains control or has strong minority protections. Recognising the different risk profiles and business models of the various technologies, the Group can invest across both debt and equity investments. Debt investments will include market standard downside protections including, but not limited to, cash reserve accounts, security and have robust contractual and covenant protections.

## INVESTMENT RESTRICTIONS

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no single debt commitment or debt investment to fund, via an Investee Company, one or more Energy Transition Asset(s) will represent more than 20% of Adjusted Gross Asset Value. No single equity investment into an Energy Transition Asset directly or via an Investee Company, will represent more than 20% of Adjusted Gross Asset Value except, where the Group has control over an Investee Company which holds multiple Energy Transition Assets and such assets are standalone economic operations, between which risk can be apportioned separately, this restriction shall apply to each individual Energy Transition Asset;
- the aggregate maximum exposure to any Counterparty will not exceed 20% of Adjusted Gross Asset Value (and where an Energy Transition Asset derives revenues from more than one source, the relevant Counterparty exposure in each case shall be calculated by reference to the proportion of revenues derived from payments received from the Counterparty, rather than any other source). This restriction does not apply to circumstances where all, or substantially all, of the revenue generated by an Energy Transition Asset is derived through connection to the wholesale electricity market, for example, transmission or distribution networks, where there are multiple potential off-takers;
- the aggregate maximum exposure to assets in the Development Phase and the Construction Phase will not exceed, 25% of Adjusted Gross Asset Value, provided that, within this limit, the aggregate maximum exposure to assets in the Development Phase will not exceed 5% of Adjusted Gross Asset Value, and the aggregate exposure to any one Developer will not exceed 10% of Adjusted Gross Asset Value. The restriction on Construction Phase assets will not apply to assets where on-site commissioning is expected to be completed within a period of three months and any equipment on order is sufficiently insurance wrapped;
- at least 70% of the value of the Group's portfolio of Energy Transition Assets will comprise United Kingdom based investment;

- the Group will not invest more than 5% of Adjusted Gross Asset Value, in aggregate, in the acquisition of minority stakes in Other Related Companies, and at all times such investments will only be made with appropriate minority protections in place;
- neither the Group nor any of the Investee Companies will invest in any UK listed closed-ended investment companies; and
- the Company will not conduct any trading activities which are significant in the context of the Group as a whole.

Compliance with the above investment limits will be measured at the time of investment or in the case of commitment at the time of commitment, and noncompliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

For the purposes of the foregoing, the term "Adjusted Gross Asset Value" shall mean the aggregate value of the total assets of the Company as determined using the accounting principles adopted by the Company from time to time as adjusted to include any third-party debt funding drawn by, or available to, any unconsolidated Holding Entity.

## BORROWING POLICY

The Directors intend to use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. However, the Company will always follow a prudent approach for the asset class with regards to gearing, and the Group will maintain a conservative level of aggregate borrowings.

Gearing will be employed either at the level of the Company, at the level of any Holding Entity or at the level of the relevant Investee Company and any limits set out in this document shall apply on a look-through basis. The Company's target medium term gearing for the Wider Group will be up to 40% of Gross Asset Value, calculated at the time of drawdown.

The Group may enter into borrowing facilities at a higher level of gearing at the Investee Company or Holding Entity, provided that the aggregate borrowing of the Wider Group shall not exceed a maximum of 45% of Gross Asset Value, calculated at the time of drawdown.

Debt may be secured with or without a charge over some or all of the Wider Group's assets, depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Intra-group debt between the Company and (i) Holding Entities and/or (ii) Investee Companies subsidiaries will not be included in the definition of borrowings for these purposes.

#### HEDGING AND DERIVATIVES

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management.

The Wider Group will only enter into hedging contracts (in particular, in respect of inflation, interest rate, currency, electricity price and commodity price hedging) and other derivative contracts when they are available in a timely manner and on acceptable terms. The Company reserves the right to terminate any hedging arrangement in its absolute discretion. Any such hedging transactions will not be undertaken for speculative purposes. The Company can, but does not intend to, enter into any currency hedging.

#### CASH MANAGEMENT

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

# The Strategy in Practice:



## / BESS PORTFOLIO CASE STUDY

<b>Borrower</b>	Field
<b>Type</b>	Fixed rate senior debt
<b>Stage</b>	Construction and operation
<b>Technology</b>	Battery Energy Storage System
<b>Term</b>	18.25 years
<b>Amount</b>	£45.6 million

#### INVESTMENT THESIS:

BESS are part of the second of TENT's three thematic investment areas – Energy Storage and Distribution. The growing penetration of intermittent renewable generation has transformed the way the power system functions.

As a result, the demand and supply within a given settlement period are increasingly not balanced and the grid requires more corrective actions to maintain its frequency and power factor. These two components – balancing and stabilising – can be supported by BESS shifting power between settlement periods and providing ancillary services to stabilise the grid.

Battery assets can be a more cost-effective means to address the current needs of the grid as the capital required can be lower than traditional solutions, such as new transmission lines, and faster to deploy. BESS projects can be deployed in small increments and in strategic locations. They will not supersede the need for major grid infrastructure upgrades as the production of renewable energy in the generation mix is scaling up, but they address an immediate need to avoid delaying the transition due to the current grid limitations leading to curtailment of renewable generators (Curtailment of wind generation due to grid constraints cost £299 million and £507 million to the electricity customers respectively in 2020 and 2021<sup>5</sup>.)

The business model of BESS projects is based on a diverse range of revenue sources. These include ancillary services, the balancing mechanism, power trading and capacity market.

#### INVESTMENT OVERVIEW:

In March 2022, TENT committed £45.6 million to fund a portfolio of four geographically diverse BESS assets in the UK. The debt facility is provided to a subsidiary of Virmati Energy Ltd (trading as "Field"). Field was established in 2020 with a vision to finance, build, operate and monetise the renewable infrastructure needed to reach Net Zero, starting with battery storage, and has aspirations to be a market leader in sustainable practices in energy storage.

The portfolio, once built, will have a total capacity of 110MW. The first BESS asset, located in Oldham in the North of England, a 20MW capacity one-hour duration battery project, became operational in Q3 of the financial year ended 31 March 2023.

The second asset, at Gerrards Cross, located at the border of Greater London, is a 20MW – one hour storage project and is under construction. The other two BESS assets will be located in Scotland (two-hour duration battery; total capacity 50MW), and Wales (two-hour duration battery; total capacity 20MW) and are expected to commence construction in the summer 2023 and to be operational in 2024.

5. Source: LCP, Renewable curtailment and the role of long duration storage, Report for DRAX, May 2022

# / CASE STUDY BESS Portfolio



## OVERVIEW

In 2021, TENT identified BESS as a crucial asset class for the energy transition and one with an increasingly proven technology and performance track record.

Field was looking for a long-term financing partner to provide a bespoke debt financing solution to invest in the construction of their portfolio of BESS assets.

TENT succeeded in a tender process to secure the right to invest into Field through tailoring a financing offering enabling Field to construct and operate the assets in a way that allowed for the maximisation of net revenues. The structure includes some unique elements such as a revenue share, providing upside to TENT's return case, and further income sharing in the event of higher-than-forecast inflation.

The investment case was also based on a conservative expectation for the long-term trading conditions for BESS.

As part of its desire to create a positive ESG impact through its investments, TENT introduced strong incentives for the developer to improve the KPIs of the projects at all stages of the lifecycle:

- **Procurement:** Robust provisions around responsible sourcing.
- **Operation:** The borrower is incentivised to maximise the positive impact on the grid carbon intensity through a mechanism providing a reduction of interest rate when demonstrating a maximum arbitrage between the grid carbon intensity during the charging and discharging period of the battery cycles. The "Interest Ratchet Clause for Carbon Saving" clause has been shared with The Chancery Lane Project and is an open source available for other borrowers/lenders to replicate.
- **End of life:** Consent rights over recycling strategy at end of cell life to ensure it meets its environmental standards.

The assets are managed on a day-to-day basis by Field's technical team. The Investment Manager also monitors the assets from construction to operation, in conjunction with third-party technical experts, providing a robust level of scrutiny and performance management.

The tenor of the investment reflects the long-term commitment of TENT to Field and the BESS asset class. In addition to the scope of the original transaction – £45.6 million debt secured against four projects – TENT has a right of first refusal on the pipeline of future projects developed by Field up to a pipeline of 500MW or 650MWh of further assets to be commissioned by Field.

Stable contractual income for TENT over 18 years

## COMPETITIVE ADVANTAGE

TENT leveraged its flexible investment strategy to focus on originating credit opportunities into BESS assets. At the point of signing heads of terms there had only been three other debt financing parties to BESS assets in the UK, providing TENT with early mover advantage in this sector.

The early mover advantage in the debt market for BESS enabled TENT to secure attractive rates of return at the upper end of TENT's target return range. Meanwhile, equity returns were impacted by higher capital costs and developer premiums, which rose as a function of a significant increase in the equity capital targeting these assets.

Investing through debt provides the advantage of strong downside protection, with TENT able to achieve its target returns even in the event that forecast revenues were lower than projected at financial close.

Market revenues to date in 2023 of £k55,000/MW have been considerably lower than 2022 revenues of £153,000/MW as a function of the saturation of ancillary revenues<sup>6</sup>. TENT's returns are not impacted at these lower revenue levels. Further down-side protection comes through the cross-collateralisation of the four assets and reserve accounts, enabling TENT to receive its target return in the event that one of the BESS assets underperforms for example.

The breadth of expertise across both the specialist management team at Field and the Investment Manager provides additional value beyond what an in-house team alone could provide to shareholders.

The secured pipeline provides a contractually underpinned pathway to scaling TENT at an attractive rate of return.

<sup>6</sup> Revenue assumptions based on Modo Energy - Modo Revenue Benchmark and Modo Energy Annual GB battery fleet revenues by revenue stream.

# The Strategy in Practice:

## / PROJECT DEVELOPMENT (SOLAR AND BESS) CASE STUDY

<b>Borrower</b>	Innova Renewables Limited
<b>Stage</b>	Development
<b>Technology</b>	Co-located solar and storage
<b>Term</b>	12 months; fixed rate
<b>Value</b>	£5 million



### INVESTMENT THESIS

Investing in renewable energy generation is the first of TENT's three target segments, with renewables being the backbone of a Net Zero power system.

The UK Government has set a target of a Net Zero power system by 2035, and solar energy has a critical role to play in providing the required power to the system.

In the last 2-3 years, the duration of the development cycle for renewable generation assets has increased due to grid connection delays, increases in the time taken to determine planning applications and supply chain constraints. Recycling capital after exiting previous projects is no longer always sufficient to support the funding requirements for developers scaling up their pipeline.

### INVESTMENT OVERVIEW:

- Innova Renewables Limited ("Innova"), part of the wider Innova group, is responsible for development and construction of large-scale subsidy-free renewable energy projects within the UK. To date, Innova has created a large portfolio of fully consented and development stage projects.
- The security against the £5 million debt provided by TENT is a portfolio of solar and BESS assets across the UK in various stages of development ranging from early development stage up to submission of planning and grid connection applications to Ready to Build stage when the project is fully consented, and the construction and off-take contracts have been negotiated.





/ CASE STUDY  
**Innova**



OVERVIEW

Debt finance secured against project rights is an attractive solution for experienced developers with growing pipelines of large assets given the increased time and cost of development. The Company has been seeing growing demand for this sort of facility from renewable developers over the last 6-12 months.

The facility was sized with a conservative loan to value, providing significant project rights coverage of the outstanding loan balance.

Whilst the investment is into development, rather than operating assets, the TENT and Innova's teams oversee the project development process on an ongoing basis.

While the development debt facility agreed between TENT and Innova has a 12-month term, Innova has a large portfolio in development which TENT could support with a follow-up loan or refinance in a larger facility.

Diversification of the Group's portfolio and strong fixed-rate returns.

COMPETITIVE ADVANTAGE

The opportunity originated from an ongoing relationship between Innova and the Investment Manager which started in 2017, which the Company leveraged to identify the opportunity. Many asset owners invest in development to provide a pipeline of assets which they subsequently own. TENT's more flexible strategy enabled it to target development as a standalone opportunity in its own right, offering a more compelling proposition to developers who do not wish to restrict themselves to partnering with a single investor partner.

Development debt finance attracts higher returns than construction and operation stage investments to compensate for the potential abandonment of a project in case of unsuccessful applications (planning and grid connection) as well as the uncertainty around the timing of consent being granted. This is mitigated by lending against a large portfolio of projects developed by an experienced team.

Furthermore, this is an area to which banks typically have not lent given the more complex nature of the security used for the loan.

As new projects are developed, the value of the security increases, further de-risking the investment for TENT.

By being an early mover into development debt financing for renewables projects, TENT has established a growing pipeline of additional development opportunities.

**BESS**



Number of Assets	<b>4</b>
Valuation (£'000)	<b>45,647</b>
Percentage of Portfolio	<b>35%</b>

**HYDRO-ELECTRIC**



Number of Assets	<b>9</b>
Valuation (£'000)	<b>54,252</b>
Percentage of Portfolio	<b>41%</b>

**CHP**



Number of Assets	<b>3</b>
Valuation (£'000)	<b>25,101</b>
Percentage of Portfolio	<b>19%</b>

**LED**



Number of Assets	<b>3</b>
Valuation (£'000)	<b>2,079</b>
Percentage of Portfolio	<b>2%</b>

**DEVELOPMENT**



Number of Assets	<b>0*</b>
Valuation (£'000)	<b>5,000</b>
Percentage of Portfolio	<b>4%</b>

\* 63 development projects in the pipeline.

**/ PORTFOLIO LOCATION**



	NAME	SECTOR	CAPACITY (MW)	INVESTMENT/ FIRST DRAWDOWN DATE	LOCATION
1	ALT DUBH		0.75	10-DEC-21	GREATER MANCHESTER
2	CHEANNA		0.5	10-DEC-21	HIGHLANDS
3	LOCH BLAIR		0.319	10-DEC-21	HIGHLANDS
4	BHALACHAIN		0.8	26-NOV-21	HIGHLANDS
5	SHALACHAIN		0.47	26-NOV-21	HIGHLANDS
6	LADAIDH		1.35	26-NOV-21	HIGHLANDS
7	LU Aidhe		0.5	26-NOV-21	HIGHLANDS
8	PHOCACHAIN		0.5	26-NOV-21	HIGHLANDS
9	LARAIRIDH		0.5	26-NOV-21	HIGHLANDS
10	OLDHAM		20/20***	01-DEC-22	GREATER MANCHESTER
11	GERRARDS CROSS		20/20***	08-JUN-23	BUCKINGHAMSHIRE
12	NEWPORT		20/40***	COMMITTED UNDRAWN	SOUTH WALES
13	AUCHTERAW		50/100***	COMMITTED UNDRAWN	FORT AUGUSTUS
14	HARVEST		11	18-MAR-21	ISLE OF WIGHT
15	GLASSHOUSE		11	18-MAR-21	ISLE OF WIGHT
16	SPARK STEAM		6.6	28-MAY-21	MIDDLESBROUGH
17	SHERBURN		5,460*	31-JUL-22	WEST YORKSHIRE
18	OLLERTON		4,730*	31-DEC-22	SOUTH YORKSHIRE
19	ROTHERHAM		695*	30-NOV-22	SOUTH YORKSHIRE
20	INNOVA		641**	03-APR-23	VARIOUS UK

\*Number of LED replacement bulbs.

\*\* Based on a pipeline of 63 development projects.

\*\*\* export MW/storage MWh

# Key Performance Indicators ("KPIs")

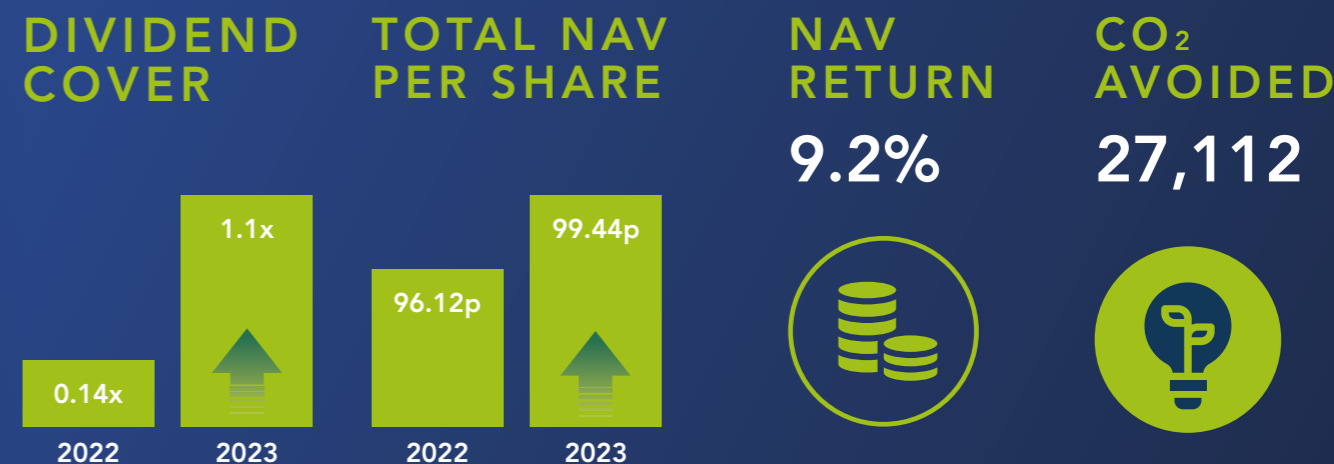
The Company sets out below its KPIs which it uses to track the performance of the Company over time against the objectives as described in the Strategic Report on pages 14 to 85.

The Board believes that the KPIs detailed below provide shareholders with sufficient information to assess how effectively the Company is meeting its objectives. The Board monitors these KPIs on an ongoing basis.

KPI AND DEFINITION	RELEVANCE TO STRATEGY	PERFORMANCE	COMMENT
<b>DIVIDENDS PER SHARE<sup>7</sup></b>			
Dividends paid to shareholders and declared in relation to the year.	The dividend reflects the Company's ability to deliver a low-risk income stream from the portfolio.	The Company is paying a 5.50 pence per share dividend in respect of the year ended 31 March 2023 (5.50 pence per share for the period to 31 March 2022).	The Company's target was to pay a dividend of 5.50 pence per share in respect of the year to 31 March 2023, which it achieved.
<b>TOTAL NAV RETURN (%)<sup>8</sup></b>			
NAV growth and dividends paid per share in the year.	The total NAV return measure highlights the gross return to investors including dividends paid.	9.2% (4.9% for the year to 31 March 2022).	Total NAV return for the year ended 31 March 2023 is 1.2% above the target of 7% - 8%. NAV return was generated through dividends paid of 5.7% and capital growth of 3.5%.
<b>NAV PER SHARE (PENNY)</b>			
NAV divided by number of shares outstanding as at the period end.	The NAV per share shows our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	99.44 pence per share. (96.12 pence per share for the year to 31 March 2022).	NAV of £99.5 million or 99.44 pence per share as at 31 March 2023.
<b>CASH DIVIDEND COVER<sup>7,8</sup></b>			
Operational cash flow divided by dividends paid to shareholders during the year.	Reflects the Company's ability to cover its dividends from the income received in its wholly owned subsidiary, TENT Holdings, from the portfolio companies.	1.1x. The Company delivered a dividend for the year cash covered 1.1x (0.14x for the year to 31 March 2022).	The Company has successfully paid a cash covered dividend and has experienced the advantages of a full year of income since the IPO proceeds were fully deployed and committed.

7. Investors should note that references to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

8. Alternative Performance Measure.



KPI AND DEFINITION	RELEVANCE TO STRATEGY	PERFORMANCE	COMMENT
<b>CONTRACTUAL REVENUE</b>			
Average percentage of underlying forecast income contractually underpinned over the next 10 years.	The forecasted revenue contractually underpinned and due to the Group encompassing two key components: interest payments on debt facilities and government subsidies received by the equity investee companies.	92% of forecasted income is contractually underpinned and due to the Group over the next 10 years.	The Group has stable and predictable income stream from interest payments and government subsidies, ensuring the financial stability and growth of the organisation.
<b>ONGOING CHARGES RATIO ("OCR")<sup>8</sup></b>			
Annualised ongoing charges (i.e., excluding acquisition costs and other non-recurring items, such as the premium listing application costs) divided by the average published undiluted NAV in the period, calculated in accordance with Association of Investment Companies guidelines.	Ongoing charges shows the effect of the operational expenses incurred by the Company.	1.94% annualised (1.38% for the year to 31 March 2022).	Company level budgets are approved annually by the Board and actual spend is reviewed quarterly. This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends. The increase in OCR has mainly been driven by the increase in management fees. In the prior financial year, the management fee calculation was 0.9% of deployed IPO proceeds until 10 December 2021. At this date 75% of net IPO proceeds had been deployed and the investment management fee calculation changed to 0.9% of NAV.
<b>AVOIDED EMISSIONS<sup>8</sup></b>			
The carbon emissions avoided by the Company's investments.	A measure of our success in investing in projects that have a positive environmental impact through a decrease in CO <sub>2</sub> emissions compared to an equivalent asset.	27,112 tonnes CO <sub>2</sub> avoided in the year ended 31 March 2023 (17,074 tonnes CO <sub>2</sub> avoided for the year to 31 March 2022).	The tCO <sub>2</sub> avoided has increased compared to end of year 2022 as expected, due to continued deployment and the inclusion of full-year data for the Hydroelectric Portfolio.
<b>GROSS LOAN TO VALUE ("LTV")<sup>8</sup></b>			
The proportion of our GAV that is funded by borrowings.	The LTV measures the prudence of our financing strategy, balancing the potential amplification of returns and portfolio diversification that come with using debt against the need to successfully manage risk.	0% (0% for the year to 31 March 2022).	The Group will follow a prudent approach to gearing with a target medium-term target gearing of up to 40% of GAV and a maximum gearing that will not exceed 45% of GAV, at the time of drawdown.  On full drawdown of the RCF, the gross LTV is expected to be around 30%, based on prevailing NAV and all the existing commitments.

# The Investment Manager

TPIM possesses a wealth of specialised knowledge and a proven history of successfully initiating, organising, and overseeing investments in the energy transition sector.



## / JONATHAN HICK

Jonathan Hick has a 14-year track record in investment in the energy transition sector, from origination through to execution and asset management. His previous experience was as an investment director at Armstrong Capital (and investment management in the clean energy sector) and prior to that companies including KPMG, Social and Sustainable Capital and PwC. He holds a degree in Management with Chinese from Nottingham University, a master's in finance from London Business School and is a chartered accountant.



## / CHRISTOPHE ARNOULT

Christophe Arnoult joined the Investment Manager in June 2022 as portfolio director. He is an experienced portfolio director in the renewable energy sector covering all major technologies and has a strong background in the waste and bioenergy industry, ranging from operation to development, design and construction. He was previously head of projects at enfinium, senior asset manager at Equitix Energy Efficiency Fund and Energy Saving Investment and delivery coordination manager at the Cornwall Energy Recovery Centre for Vinci.



## / ARIANE BRUNEL

Ariane Brunel joined the Investment Manager as an investment director in October 2022. Prior to that, she was an associate director in the energy team of the European Bank for Reconstruction and Development (EBRD) in London. Ariane has over 12 years of experience investing in or financing sustainable infrastructure assets internationally. She is a graduate of ESSEC Business School (Paris & Singapore).



## / JAN LIBICEK

Jan Libicek joined the Investment Manager as an investment director in November 2022. He has 14 years' experience in the energy sector. Jan previously worked at Bluefield Partners, overseeing European investments, and spent five years working on strategy and investments in Asia at TerraForm Power and at Canadian Solar.



## / CHLOE SMITH

Chloe Smith is the Fund Finance Director at the Investment manager and has over 10 years of experience in the financial services sector. She spent 8 years at Close Brothers responsible for the Asset Finance division Financial Control and later Financial Planning & Analysis and Investments, before moving to Kvik Banki, where she led the UK finance team and held a board position for a bridging lender. Chloe is fellow of ACCA and qualified in audit.



JONATHAN HICK,  
Fund Manager

## Investment Manager's Report

The Company, having fully allocated all its capital to diversified investments in innovative areas such as LED lighting, battery storage, and project development, is firmly positioned in today's dynamic market, with shares now trading on the Premium Segment of the London Stock Exchange. ESG remains a key strategic pillar, with ongoing efforts towards reducing emissions intensity and aligning assets with broader sustainability goals. The Company boasts a robust pipeline which, subject to capital availability, could yield an average return of 8.8%. As the energy landscape continues to evolve, the Company is well-placed to leverage opportunities in renewable energy, storage, and onsite generation, underscoring its dedication to shareholder value and contributing to the global shift towards a low-carbon economy.

# Investment Manager's Report

## / REVIEW OF THE PERIOD

The past year has been significant for the Company, marked by fully committing all of the Group's remaining capital, broadening of the Company's investment mandate with the change in Company name to reflect this, as well as the migration of the Company's shares to trading on the Premium Segment of the Main Market of the London Stock Exchange. These events reflect our strategic vision and ambition to drive sustainable growth and positive impacts in today's challenging energy market.

A diversified mandate provides numerous advantages, such as greater flexibility to invest in a wide array of opportunities and the ability to adapt to market changes. This diversification mitigates risk and allows us to stay competitive in the face of emerging technologies and regulatory shifts.

The Group's strategic investments are unaffected by the Electricity Generator Levy. Our successful transactions to date have demonstrated the Investment Manager's expertise, showcasing our experience in managing a range of asset classes and capital structures, whilst building a compelling pipeline. In the deals closed to date, 92% of the Group's revenues are contracted for the next ten years, with 47% of the Group's revenues being linked to inflation, providing a high level of visibility and security over the Group's income stream.

As we continue to expand our portfolio, during the financial year we have ventured into new asset classes and capital structures, for example receivables financing of LED lighting and solar and BESS project development through a debt structure. These investments not only underscore our commitment to advancing innovative technologies but also allow us to leverage the stability of debt financing to support projects that drive energy transition and sustainability, whilst generating ongoing contractual returns for the Group at an attractive risk adjusted rate.

The investment trust market as a whole has had a challenging year, and this compounded with the scale and illiquidity of the Company's shares has driven its discount to NAV. We do not believe that the Company's discount to NAV is reflective of the quality of the Group's portfolio.

## / INVESTMENTS

### LED

During the period, the Group's lighting service partner completed multiple projects installing LED lighting at logistics warehouses, totalling c.£2.2 million. Starting in September 2022, the Group has received monthly repayments for its fixed rate receivables financing, with "hell or high water"<sup>9</sup> income contracted over the next five years.

### SOLAR DEVELOPMENT FINANCING

In March 2023 the Group committed to providing a £5 million development debt facility to Innova Renewables Limited, ("Innova"), part of the Innova group, one of the UK's leading solar and BESS developers and operators. The facility will be used to develop ground-mounted solar and BESS assets across the UK. The facility has a 12-month term and delivers fixed rate contractual returns to investors that are materially higher than the Group's target return of 7-8%pa, reflecting the flexibility of the Group's investment strategy. The facility was fully drawn on 3 April 2023.

### BESS PORTFOLIO

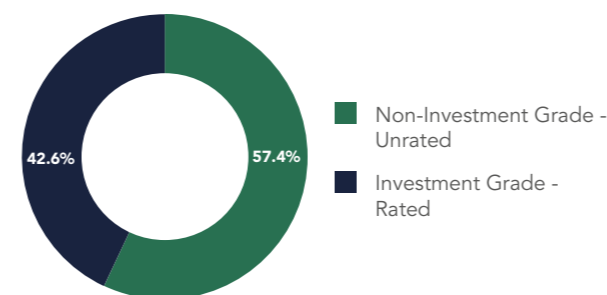
In March 2022, the Group committed £45.6 million fixed rate debt facility to fund a portfolio of four geographically diverse BESS assets in the UK. The debt facility is provided to a subsidiary of Virmati Energy Ltd and £6.3 million was drawn at 31 March 2023, with a further drawdown subsequent to the balance sheet date of £3.9 million, resulting in 78% of the facility remaining undrawn. It is expected that the facility will be fully drawn in 2024.

9. With an absolute payment obligation.

# Portfolio Overview

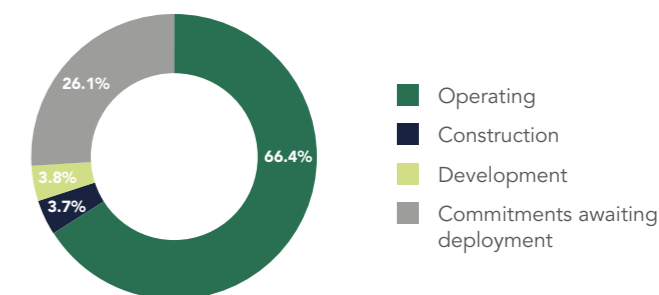
## UNDERLYING COUNTERPARTY EXPOSURE<sup>10</sup>

As at 31 March 2023



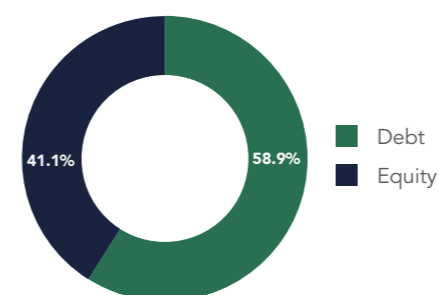
## LIFECYCLE STAGE<sup>10</sup>

As at 31 March 2023



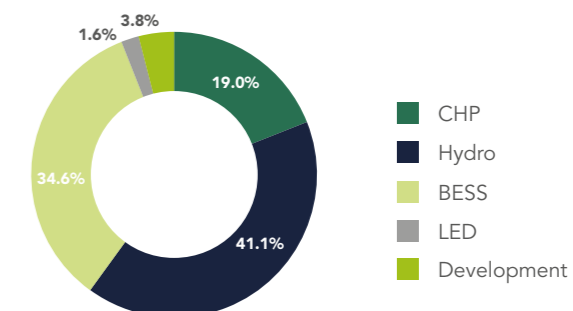
## INVESTMENT TYPE<sup>10</sup>

As at 31 March 2023



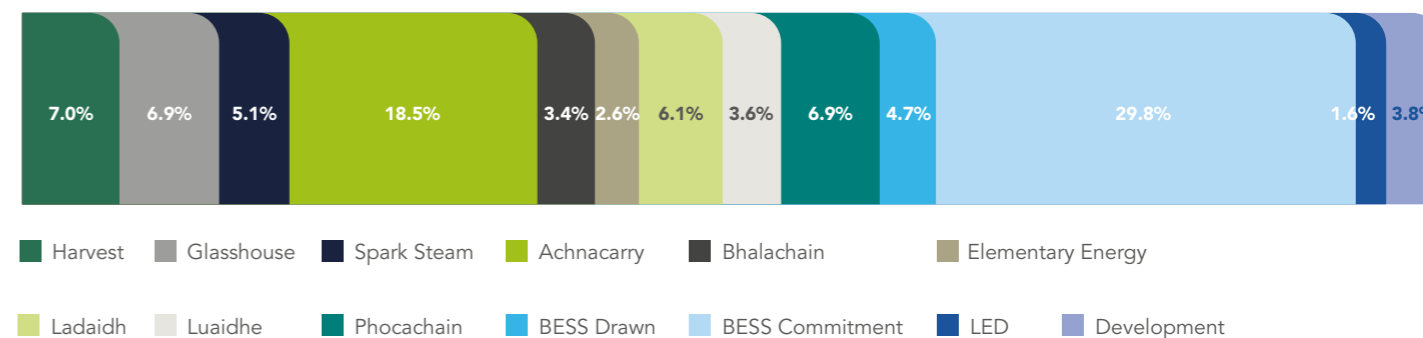
## TECHNOLOGY EXPOSURE<sup>10</sup>

As at 31 March 2023



## ASSET EXPOSURE<sup>10</sup>

As at 31 March 2023



10. Weighted on the sum of underlying portfolio held at fair value and commitments waiting deployment held at cost.

# Portfolio performance

## / CHP PORTFOLIO

In 2021 the Group made fixed rate debt investments into a portfolio of three Combined Heat and Power (“CHP”) Energy Service Centre Companies (“ESCOs”) which deliver heat and power to glasshouses leased by a large-scale tomato grower. These ESCOs have continued to perform above the budget in the financial year. This demonstrates the benefits of the economic model underlying these projects, which generate revenues from both the wholesale electricity market and/or direct offtake of heat and power by the glasshouse occupiers.

The benefit of the CHP assets’ business model is that it has two countercyclical sources of revenue, thereby providing a stable income which, in turn, underpins the loan repayments to the Group, as highlighted this year. Under ordinary conditions, where energy prices are lower than they are currently, the revenues generated by the CHP projects are predominantly from the demand from the tomato producers which purchase the heat and power produced by the CHP assets to operate their glasshouses. However, during times of higher energy prices, the electricity produced by the CHP assets during peak load periods is able to be exported and provides the projects with significant revenues from the

wholesale electricity market instead.

In December 2022, following a difficult trading period, the company leasing the glasshouses underwent a change of ownership resulting in a stronger counterparty for the Group. The recapitalised tomato grower has boosted the management team to support and reposition the business. This provided an opportunity for the Group to renegotiate some of the terms of the facility agreement and introduce more reporting requirements.

The duality of the model also underpins the dual purpose of the assets in supporting the grid by providing electricity during the peak demand periods and supporting the UK local food supply at a time when both sectors were challenged by their respective constraints.

This year, the CHP Portfolio avoided 18,098 tCO<sub>2</sub> equivalent emissions<sup>11</sup>.

11. details of calculation can be found in Annex 1 – Reporting Principles and Methodologies



## / HYDROELECTRIC PORTFOLIO

The financial year ended 31 March 2023 marked the first full year of ownership of the Hydroelectric Portfolio. During the period, the nine hydroelectric schemes performed marginally below expectation. The annual generation performance of the portfolio was closely aligned to the long-term energy yield forecast, with a variance of less than 5%. The marginal variance was due to a temporary period of curtailment imposed on certain schemes by the local grid operator in March 2023.

Portfolio performance since the commissioning of the nine assets has been reliable and closely corroborates with the power generation forecasts based on historical rainfall data. Accordingly, the average annual generation performance over the last six years is within 1% of the P50 estimate.

With the current high level of technical availability and reliable forecasting at our disposal, it has become imperative for us to focus on pursuing optimisation to maximise the scheme’s potential. Loch Blair is the largest generator of the Hydroelectric Portfolio in MWh per year and we have focused on optimising this scheme. The optimisation will involve construction of a small dam upstream of the intake. The reservoir created will attenuate peak rainfall which combined with a control of the release of the flow feeding the existing plant will increase the annual generation. This will enable the scheme to target the peak load period of the tariff in the PPA, increasing revenues from the power wholesale.

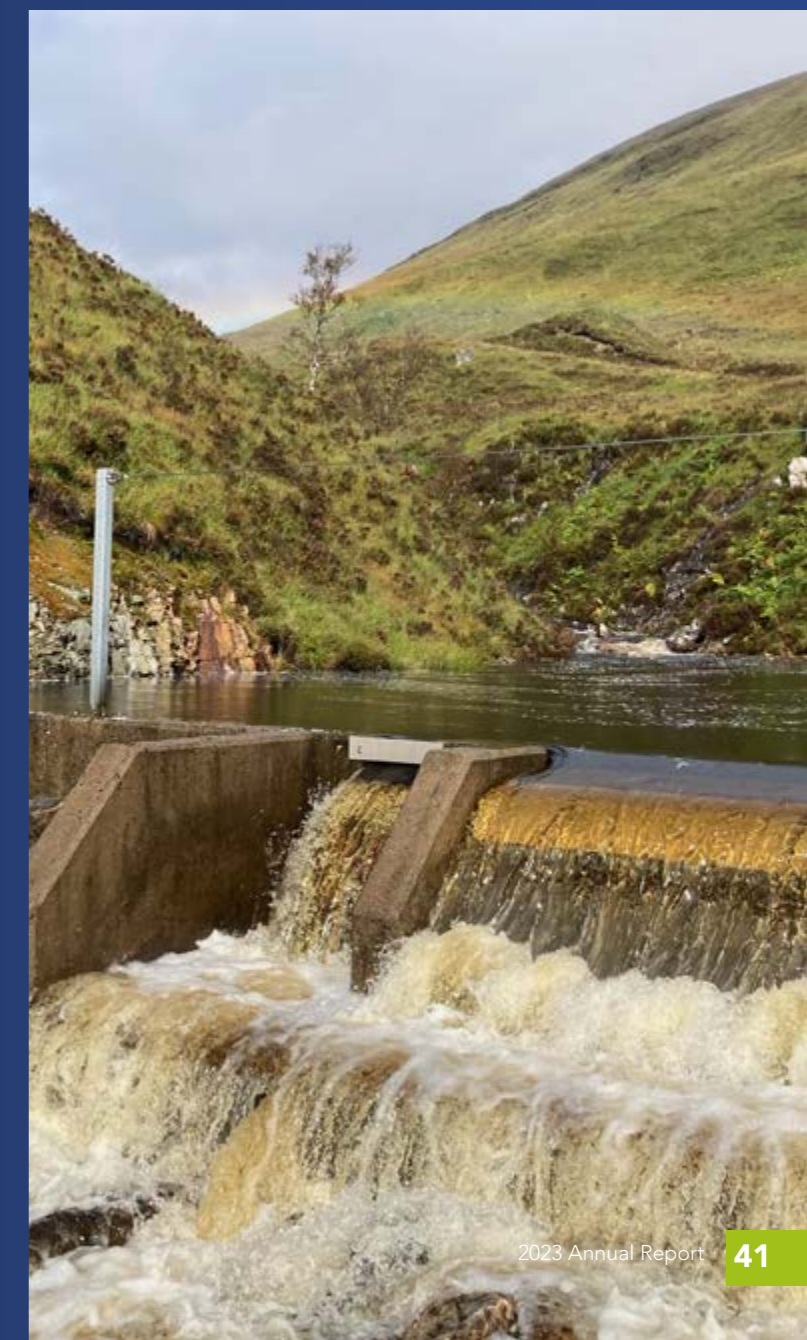
All Feed-in Tariff revenues enjoy annual indexation to UK RPI. This has resulted in Feed-in Tariff rates being adjusted upwards by RPI of 13.40% in 2023. 3.00% is forecast from 2024 to 2031 and 2.40% is forecast thereafter, which has given an uplift to revenues and underpins the highly defensive and attractive nature of this portfolio.

Considering the robustness of our projected revenues, which are safeguarded by a dependable generation forecast and the Feed-in Tariff, our management team is actively evaluating prospects to enhance profitability related to the sale of electricity in the wholesale market, with various options available.

The portfolio generated 18,965 MWh of renewable

energy and avoided 8,866 tCO<sub>2</sub> equivalent emissions. Please see page 51 of the Sustainability Report for further detail.

The total generation of the portfolio remains under the threshold of the Electricity Generation Levy and therefore the Group will not be subject to the increased tax rate in the coming years.



## / BESS PORTFOLIO

The BESS Portfolio has a total capacity of 110MW. The first BESS asset, located in Oldham, a one-hour duration battery project, reached its Commercial Operation Debut ("COD") on 1 December 2022. It is located in the North of England and has a total capacity of 20MW.

The second asset, located in Gerrards Cross, located at the border of Greater London, is also a one hour duration 20MW project and is under construction with the COD expected in late 2023. The remaining two BESS assets are located in Scotland (two-hour duration battery; total capacity 50MW) and Wales (two-hour duration battery; total capacity 20MW) and are expected to commence construction in summer 2023 and to be operational in 2024.

While these projects are greenfield projects, the construction risk is mitigated through the modular nature of the design where high value components (the batteries) are manufactured off-site and delivered ready to install. This reduces the risk of interface issues and construction delay. The bespoke elements of the projects, mainly the power step-up and export to the grid, are similar to other renewable energy and conventional generation projects. Given the relatively conservative loan to cost ratio the construction risks are substantially borne by the equity investors.

## / PORTFOLIO VALUATION

The Investment Manager is responsible for conducting the fair market valuation of the Group's investments. The Company engages Mazars LLP as an external, independent, and qualified valuer to assess the validity of the discount rates used by the Investment Manager in the determination of fair value. During the financial year the Company transitioned to reporting quarterly financial updates and portfolio valuations, reporting for the periods 30 September, 31 December and 31 March in 2022/23.

For non-market traded investments (being all the investments in the current portfolio), the valuation is based on a discounted cash flow ("DCF") methodology and adjusted in accordance with the International Private Equity Valuation Guidelines where appropriate to comply with IFRS 13, given the special nature of portfolio investments.

The valuation of each investment within the portfolio is determined through the application of a suitable discount rate, which accounts for the perceived risk to the investment's future cash flows and by applying this discount rate, the present value of the investment's expected cash flows is derived. The Investment Manager exercises its judgement in assessing the expected future cash flows from each investment based on the project's expected life and the financial model produced by each project entity. In determining the appropriate discount rate, the Investment Manager considers the relative risks associated with the revenues. For the year ending 31 March 2023, the discount rates range from 5.6% to 8.3% pa (31 March 2022: range from 5% to 8%).

The valuation of the portfolio by the Investment Manager and reviewed and supported by the Directors as at 31 March 2023 was £90.1 million (31 March 2022: £78.8 million).

## / VALUATION MOVEMENTS

Although UK gilt rates have increased over the past 12 months, the CHP Portfolio has been held at par during the financial year. This is supported by the underlying trading performance of the portfolio, exceeding budget for the second year in a row at a revenue and profit level, which flowed through to higher debt servicing cover ratios. Furthermore, during the financial year, the borrowers' on-site customer was acquired and benefited from a cash injection and balance sheet restructure. This reduction in counterparty risk broadly offset increased movements in the risk-free rate and the Company believes the discount rate applied is consistent with market pricing for investments of this nature.

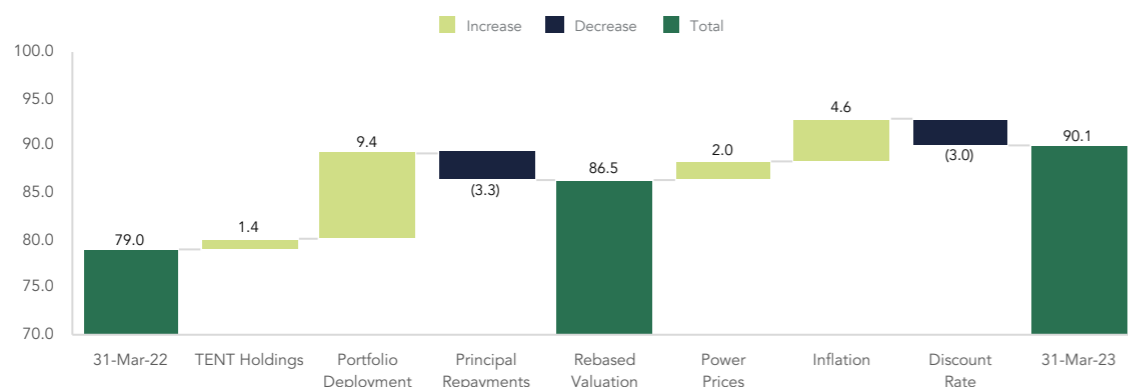
During the financial year, the Group deployed 13.7% of the committed debt proceeds into the BESS portfolio and it is expected that during 2023 and 2024 the remaining commitment will be drawn.

The valuation of the debt financing for the receivables from the energy-efficient lighting portfolio has largely stayed consistent throughout the financial year, with only a negligible change. This stability reflects the high quality of the counterparties involved and the associated risk-return ratio.

Due to the debt investments being valued at or close to par, the fair value movements observed during the financial year primarily stem from the equity investment into the Hydroelectric Portfolio. A breakdown of the movement in the Directors' portfolio valuation is detailed and explained below.



## VALUATION MOVEMENT IN THE YEAR TO 31 MARCH 2023 (£MILLIONS)



The opening valuation as at 31 March 2022 was £79.0 million. When considering the in year cash investments through the Company's wholly owned subsidiary, the rebased valuation was £86.45 million. Each movement between the valuation at the start of the financial year and the rebased valuation is considered in turn below:

## / INFLATION

The war in Ukraine, in addition to the multiple primary impacts felt in Ukraine itself, has driven an increase in energy and commodity prices. This, along with supply chain bottlenecks has continued to place significant upward pressure on inflation.

During the financial period, inflation forecasts for 2022 and 2023 have increased significantly and as a result have caused a valuation uplift of £4.6 million. The methodology adopted in relation to inflation, for both RPI and CPI, follows the latest available (March 2023) Office for Budget Responsibility forecast for the 12 months from the 31 March 2023 valuation date. Thereafter, a long-term 3.00% assumption is made in relation to RPI, dropping to 2.40% in 2031 to reflect the 0.60% reduction as RPI is phased out and replaced with CPI.

The Company's long-term assumption for CPI remains at 2.25%. We also model a power curve indexation assumption, as wholesale power prices are not intrinsically linked to consumer prices, of 3.00%.

## / POWER PRICES

The valuation as at 31 March 2023 applies long-term, forward looking power prices from a leading third-party consultant. A blend of the two most recent quarters' central case forecasts are taken and applied, consistent with the approach applied in previous periods. The Company adopts this approach due to the unpredictability and fluctuations in power price forecasts. Where fixed price arrangements are in place, the valuation model reflects this price for the relevant time period and subsequently reverts to the power price forecast using the methodology described. The updated power price forecast has been accretive to the valuation of the Hydroelectric Portfolio by £2.0 million in the year ended 31 March 2023. The Company notes that the outlook for power prices is expected to decline over the course of FY24, however the power price forecast for the Hydroelectric Portfolio are underpinned by the Feed-in Tariff export rate.

## / DISCOUNT RATES

A range of discount rates are used when calculating the fair value of the portfolio valuations and are representative of the view of the Investment Manager and Board, who benefit from Company's independent valuer's guidance. The discount rates are indicative of the rate of return in the market for assets with similar characteristics and risk profiles. The weighted average discount rate of the investments made as at 31 March 2023 is 6.6%, an increase of 46 basis points since 31 March 2022. The weighted average discount rate of the deployed and committed portfolio as at 31 March 2023 is 7.2%.

During the financial year, the discount rate increase has caused a reduction in the valuation in the Hydroelectric Portfolio of £3.0 million. The discount rate movement is reflective of the significant increase in gilt yields since the prior financial year, and although the yields fell between the peak in September 2022 and the year end, they remain higher than they were at the start of the financial year.

## / INVESTMENT OBLIGATIONS

At 31 March 2023, the Group had two outstanding investment commitments totalling £44.4 million, one in relation to the BESS Portfolio which has a total capacity of 110MW and a second with a leading solar, battery and energy storage systems developer, for a 12-month development finance facility.

The committed investment into the BESS Portfolio totals £45.6 million, via a fixed rate debt facility, of which £6.2 million has been drawn and £39.4 million remains committed at the financial year end, with a further £3.9 million being deployed in June 2023.

The solar PV development fixed rate finance facility with Innova is for £5.0 million and was fully drawn on 3 April 2023.

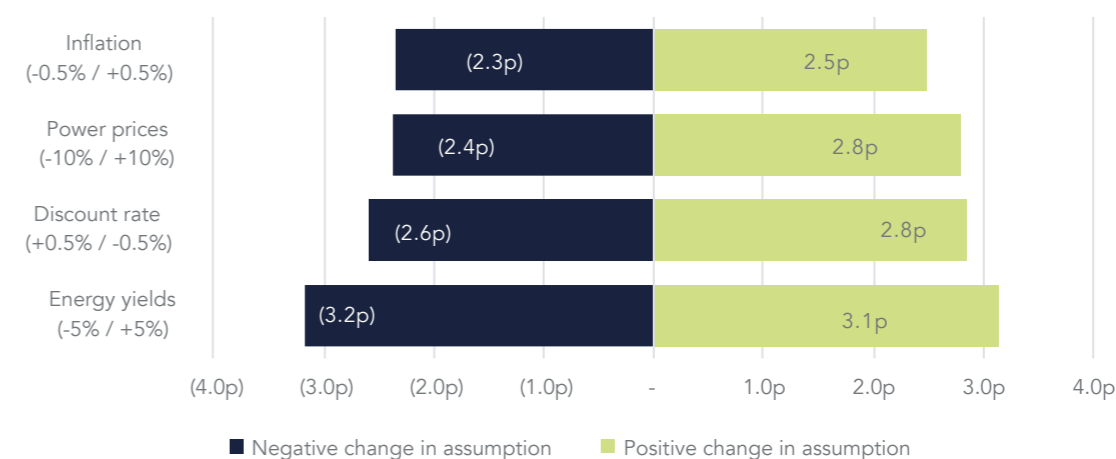
## / FULLY INVESTED PORTFOLIO VALUATION

The valuation of the portfolio on a fully invested basis can be derived by adding the valuation at 31 March 2023 and the expected outstanding commitments are as follows:

	£ million
Underlying Portfolio valuation as at 31 March 2023	£87.7
Valuation of TENT Holdings Limited as at 31 March 2023	£2.4
Future investments committed at cost	£44.4
Portfolio valuation once fully invested	£134.5

## / KEY SENSITIVITIES

The following chart illustrates the sensitivity of the Company's NAV per share to changes in key input assumptions (with labels indicating the impact on the NAV in pence per share of the sensitivities). The total portfolio is affected by changes in the discount rate, whereas the other sensitivities pertain only to the Hydroelectric Portfolio.





For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the portfolio remains static throughout the modelled life.

## / FINANCIAL REVIEW

The Company applies IFRS 10 and qualifies as an investment entity. IFRS 10 requires that investment entities measure investments, including subsidiaries that are themselves investment entities, at fair value except for subsidiaries that provide investment services which are required to be consolidated.

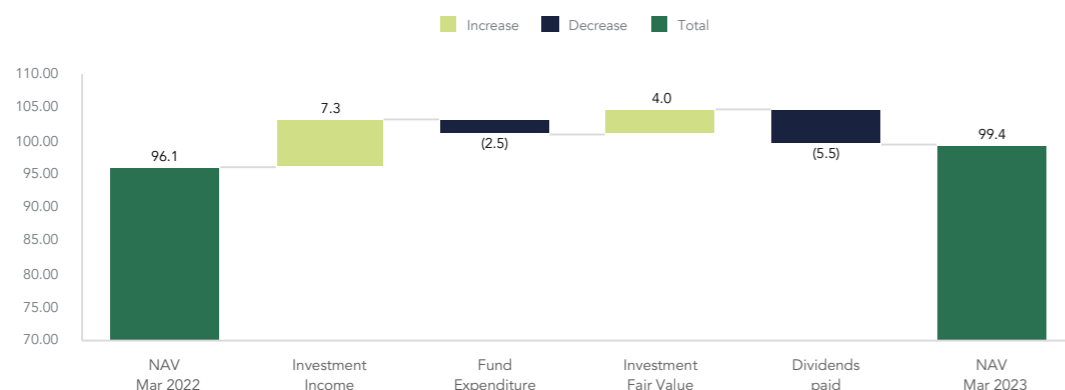
The Company's single, wholly owned subsidiary, TENT Holdings, is the ultimate holding company for all the Company's investments.

It is, itself, an investment entity and is therefore measured at fair value.

## / NAV

The Company's NAV and investment portfolio valuations are now calculated on a quarterly basis on 30 June, 30 September, 31 December and 31 March each year. Valuations are prepared by the Investment Manager and reviewed by Mazars LLP. The other assets and liabilities of the Company are calculated by the Administrator. The NAV is reviewed and approved by the Board. All variables relating to the performance of the underlying assets are reviewed and incorporated in the process of identifying relevant drivers of the DCF valuation.

### NAV BRIDGE FOR THE YEAR ENDED 31 MARCH 2023 (£MILLIONS)



The movement in NAV was driven by investment income of £7.3 million representing the interest and dividend income to TENT, via TENT Holdings, the Company's sole wholly owned subsidiary through which investments are purchased and measured at fair value. Income was offset by investment management fees and other expenses, as well as dividends paid to investors. The Investment portfolio benefited from an increase in valuation, resulting in an unrealised fair value gain of £4.0 million. The NAV at 31 March 2023 has increased by £3.3 million.

## / OPERATING RESULTS

The profit before tax of the Company has increased by 85% during the financial year to £8.8 million (31 March 2022: £4.8 million), with earnings per share of 8.81 pence (31 March 2022: 4.76 pence).

## / OPERATING EXPENSES AND ONGOING CHARGES

The operating expenses for the year ended 31 March 2023 amounted to £2.5 million (31 March 2022: £1.3 million). During the financial year the Company incurred one-off expenditure of £0.6 million in relation to the application to trading on the Premium Segment of the Main Market of the London Stock Exchange.

During the financial year the management fee was calculated based on NAV and in the prior financial year the management fee was partly calculated in reference to deployed funds. In accordance with the terms of the Investment Management Agreement once 75% of the net IPO proceeds were deployed (achieved in December 2021), the annual fee is calculated based on the Net Asset Value of the Company.

The Company's OCR is 1.94% (31 March 2022: 1.38%). The primary factor contributing to the increase is the management fee charge, as described above. The ongoing charge ratio has been calculated as an annualised ongoing charge (excluding non-recurring items), divided by the average Net Asset Value in the period. With the exception of the management fee, the operating expenses of the Company are predominantly fixed and predetermined. As a result, as the scale of the fund increases, the Operating Cost Ratio (OCR) is expected to decline.

## / CASH DIVIDEND COVER

The Company measures dividend cover on a look through basis, by consolidating the income and operating expenses of its sole wholly owned subsidiary, TENT Holdings. The below table summarises the cash income, cash expenses and finance costs incurred by the Company and TENT Holdings in the financial year ended 31 March 2023. The cash flow statement for the Company alone does not capture the total income and expenses of the Group as the interest income, financing costs and further expenses are received and paid for by TENT Holdings.

In the year, the Company has delivered a cash dividend cover of 1.1x (2022: 0.14x). However, it is important to note that this calculation includes one-off expenditure associated with the migration to trading to the Premium Segment of the Main Market of the London Stock Exchange and excluding the impact of this exceptional one-off expenditure, the dividend cover increases to 1.2x.

The below table outlines the cash income and expenditure of the Company and its wholly owned subsidiary TENT Holdings:

	<b>31 March 2023</b>
	<b>£millions</b>
Consolidated cash income	9.0
Consolidated operating Cash Expenses and Finance Costs	(3.0)
Dividends paid per Statement of Changes in Equity	5.5
<b>Cash dividend cover</b>	<b>1.1x</b>

## / GEARING AND LIQUIDITY

At the year ending 31 March 2023, the Group had cash balances of £11.2 million (31 March 2022: £17.4 million).

The Group has a committed £40 million RCF in place and intends utilise the facility to fund the commitments to the BESS Portfolio.

## / ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Investment Manager is committed to promoting ESG when assessing investment opportunities and has been a signatory to the United Nations' Principles for Responsible Investing ("PRI") since 2019.



In addition, the Investment Manager is a certified B Corp which formalises its consideration of social and environmental impact.



We have continued to focus on our ESG impact through the TENT portfolio and during the year we enhanced the portfolio from an ESG perspective through, for example, health and safety audits conducted across the assets.

The overall TENT portfolio generated 18,965 MWh of renewable energy and avoided 27,122 tonnes of CO<sub>2</sub> in the year ended 31 March 2023.

The Group targets a wide range of assets that contribute to energy transition and the Investment Manager and Board believe that TENT's investments are well-aligned to the energy transition through the resulting avoided carbon. The Company also recognises the importance of continuing to reduce the emissions intensity of assets and will continue to track a pathway to Net Zero and will report on reduction in emissions intensity of the assets each year, along with continued reporting of avoided emissions. The Investment Manager, with the oversight of the Board, has also conducted extensive analysis to determine its ability to set an overarching Net Zero target, to reduce its emissions intensity in line with the accepted scientific consensus on reducing global temperature rises to 1.5°C. At this time there is currently no established methodology, or combination of methodologies, available to show the Net Zero alignment of the diversified asset base that the Company holds. The Investment Manager will continue to actively monitor this position for future reporting.

## / PIPELINE

Sector	Pipeline £millions	% of Total Pipeline	Weighted Average Return
Distributed	55	10%	6.4%
Efficient Storage	254	47%	7.6%
Onsite Generation/ Demand Reduction	236	43%	10.6%
<b>Total</b>	<b>545</b>	<b>100%</b>	<b>8.8%</b>

The current pipeline comprises opportunities that would deliver an average yield of 8.8%, indicating a high potential to further support the dividend cover and deliver a progressive dividend return to shareholders. The pipeline includes both debt and equity opportunities, covering a range of technologies and sectors in the Company's three thematic areas. Potential investments include BESS, onsite generation, low-carbon energy consumption, and green hydrogen.

The pipeline also includes early-stage development, mid-stage development, pre-construction projects, and operational assets. This means that the Company can use the pipeline to select a balanced set of investments to deliver attractive risk-adjusted returns to investors while also considering risk-return profiles and time horizons. By investing a small part of the portfolio in early-stage development, the Company can create value by taking projects from concept to consent, capturing a larger proportion of the project margin.

The pipeline includes several joint venture opportunities, outright project purchases, and alternative debt funding structures, including senior and mezzanine. This enhances the benefit of diversifying capital deployment, allowing the Company to strike the right balance of risk and return. The pipeline offers multiple types of investment opportunities, which have different implications on capital allocation and portfolio composition. By engaging in JV opportunities, the Company can share risks and rewards with other partners, while leveraging their expertise and resources. By pursuing outright project purchases, the Company can gain full ownership and control over the assets, as well as optimise their design and operation. By providing alternative debt funding structures, the Company can generate attractive returns with lower risks than equity investments.

## / OUTLOOK

### ENERGY SYSTEM TRANSFORMATION

The transition towards Net Zero emissions by 2050, propelled by the ambitious targets and robust policies of the UK and EU, is precipitating a profound transformation in the energy system. This shift, from centralised fossil fuel-based sources to decentralised, renewable, and flexible energy systems, creates substantial opportunities for investors well-positioned to navigate these changes.

The intermittency of renewable energy sources and increased electrification of assets presents a complex dynamic of challenges and opportunities. Balancing grid stability against the unpredictability of energy supply and demand necessitates innovative solutions. The Company's diversified mandate provides a robust framework to navigate these uncertainties, mitigate risk, and tap into alternative sources of income, enhancing resilience.

Decarbonisation of buildings and transport, sectors with significant contributions to greenhouse gas emissions and energy consumption, represents a key component of this transition. Strategic investment decisions today in these sectors will shape the emissions trajectory for the coming decades.

### COMPANY STRATEGY

In addition to optimising the existing portfolio and maximising its value for shareholders, the long-term strategy of the Company is designed to capitalise on the opportunities presented by the energy transition as soon as additional capital is available. The unique mandate allows for investments across three thematic areas aligned with the key drivers of energy system transformation, offering potential for significant value creation.

The Company will strengthen its focus on distributed energy generation, specifically on renewable and lower-carbon assets. Emerging technologies such as green hydrogen and carbon capture are recognised for their potential, and the Company will actively assess the viability of investing in these areas.

Energy storage and its distribution form critical parts of the Company's strategy. By investing in assets like battery storage systems, the Company aims to support the increased integration of renewable energy sources into the grid, which is becoming increasingly important in the context of volatility in energy supply and demand.

The Company's commitment to onsite energy generation and lower carbon consumption underscores its dedication to driving energy transition and reducing emissions. By investing in solutions such as rooftop solar and demand reduction measures, the aim is to decrease dependence on grid connections, mitigating risks associated with grid availability and volatile power prices.

In a market environment characterised by falling power prices, the Company's diversified mandate offers a significant advantage. This approach provides insulation from single-technology risks and enables income generation from a wide range of sources. The Company is confident that its strategic focus will continue to drive shareholder value and contribute positively to the global transition to a low-carbon economy.

**Jonathan Hick**  
TENT Fund Manager

16 June 2023

# Sustainability Report

## / INTRODUCTION

This report provides a summary of the Group's sustainability outcomes, approach and ambition (as implemented by the Investment Manager). The report includes Environmental, Social and Governance performance, with a particular focus on how the Group's investments align with its energy transition theme. It also provides detail on the Investment Manager's credentials and resources to implement this process.

TENT's approach to sustainability is predicated on the belief that a low carbon economy and a Net Zero future can only be achieved through the adoption of transition technologies: technologies which offer decarbonised energy, support decarbonisation, or enable existing economic activity to continue whilst reducing carbon footprint, until more radical carbon-free solutions become available. As a result, ensuring carbon avoided against an appropriate counterfactual is essential to the selection of every investment.

To implement a meaningful energy transition strategy it is also essential that assets are considered for possible unintended negative social and environmental impacts, which may undermine their energy transition benefits. Or where possible, that the opportunity to improve the ESG performance of an asset is implemented. ESG analysis is used throughout the investment process to manage this consideration, and to improve outcomes where possible.

## / SELECTING ASSETS FOR AVOIDED CARBON AND ENERGY TRANSITION ALIGNMENT

For an asset to qualify as a TENT investment, it must be possible to demonstrate that its operation results in avoided carbon, relative to the expected status quo or other sensible or relevant counterfactual. There is no current industry methodology for quantifying avoided carbon. TENT approaches this challenge by ensuring transparency in our assessment and a willingness to continue to critically reflect on how these calculations are made, can be justified, and can be improved. Details of the counterfactual approach are provided in the Methodology and Principles section, Annex 1.

Data is collected during the due diligence stage of a deal to determine an estimate of avoided carbon over the lifetime of the asset, accounting where necessary for shifting counterfactuals such as a decarbonising grid. This estimate is refined throughout the deal process, and then tracked and refined further as necessary during exposure to the asset. Agreement is sought early on from the O&M or other asset manager to ensure the relevant carbon data is provided. The alignment of the asset to a recognised energy transition pathway is also assessed. In the UK, the alignment of assets to the Balanced Pathway from the Climate Change Committee's 6th Budget is assessed.

The table details how each of the operational assets contributes to the theme of energy transition, through avoided carbon or renewable energy generation.

		LIFETIME AVOIDED CARBON ESTIMATION (tCO <sub>2</sub> ) <sup>12</sup>	AVOIDED CARBON FOR REPORTING PERIOD (tCO <sub>2</sub> )	RENEWABLE ENERGY GENERATION (MWh)
CHP	Harvest	53,000	5,396	N/A
	Glasshouse	49,000	7,900	N/A
	Spark Steam	23,000	4,802	N/A
Hydroelectric		186,000	8,865	18,965
BESS	Oldham	3,000	-10	N/A
Lighting	LED project	620	158	N/A

Data is for the year ended 31 March 2023, or from the point of acquisition, if the investment was made during the course of the year.

12. Avoided carbon for the reporting period is based on estimated energy savings from the point of investment.

## / MANAGING WIDER ESG RISK AND OPPORTUNITY

The Company recognises it is important to balance supporting assets which will result in avoided carbon with the potential wider impacts on environment and society. Failure to take due care could result in unintended negative impacts as a result of the investment decisions taken by the Company. ESG integration helps to manage this risk and also identify where improved practice can be implemented to drive positive outcomes for people and planet.

The Investment Manager's approach to ESG integration is to ensure it is embedded at each stage of the investment process. Each step of the investment process represents an opportunity to consider how ESG factors may influence the short and long-term success of a project.



## / TOPICS OF ASSESSMENT

While the approach to ESG must take into account the individual nature of the target asset, for example, its size and type, region, operational environment and stage of project cycle, there are common measures that can be systematically applied to calculate the longevity of an infrastructure asset's value. For responsible infrastructure investments, the following areas are considered relevant:

### ENVIRONMENTAL

We consider use, generation type, and carbon intensity of energy, along with water use and its pollution. We also look at levels of waste generated, avoided and disposed of approach to raw material sourcing and supply chain sustainability, and build in impacts on biodiversity and habitat by understanding management and protection measures. Carbon analysis is also carried out to ensure the asset will avoid emissions compared to an appropriate counterfactual.

### SOCIAL

We consider the asset quality and fit with a more sustainable economy, including relevance/appropriateness to the locality. We seek reassurance of good customer and stakeholder relations, including management of land rights, accessibility, and social

### OPERATIONAL ESG OUTCOMES:

The following information provides high-level outcomes of the ESG credentials within TENT's investments.

		ENVIRONMENTAL		SOCIAL				GOVERNANCE		
		ENVIRONMENTAL INCIDENTS	HEALTH & SAFETY INCIDENTS (RIDDOR/NON-RIDDOR)	WORKERS RECEIVE LIVING WAGE	MODERN SLAVERY POLICY IN PLACE	LOCAL EMPLOYMENT	APPRENTICESHIPS	H&S POLICY REVIEW/AUDIT <sup>5</sup>	GENDER DIVERSITY OF SPV DIRECTORS (% FEMALE)	O&M CONTRACTORS REVIEW/AUDIT
CHP Portfolio	Harvest	Non reported	Non reported	Y	Y	2	0	Y	0	n/a <sup>7</sup>
	Glasshouse	Non reported	Non reported	Y	Y	2	1	Y	0	n/a <sup>7</sup>
	Spark Steam	Non reported	Non reported	Y	Y	1	0	Y	0	n/a <sup>7</sup>
Hydroelectric Portfolio		0	0/0	Y	N	5 <sup>5</sup>	0.25 <sup>5</sup>	Y (external)	0	Y
BESS Portfolio	Oldham	0	40/4 <sup>2</sup>	Y <sup>4</sup>	Y	0	0	Y	0	Y
	Gerrards Cross	0	0/0	Y <sup>4</sup>	Y	0	0	Y	0	Y
Lighting	LED Project	1 <sup>1</sup>	0/2 <sup>3</sup>	Y	Y	0	0	Y	0	n/a <sup>8</sup>

Operational ESG outcomes for each of the Group's investments. Reporting at the asset level unless stated otherwise.

1. Broken fluorescent tube
2. Non Riddor incidents: Incorrect site discharging; fire alarm reset without incident, site lost communication briefly; attempted site break in
3. Non Riddor incidents: Broken tube fragments falling to floor; computer monitor accidentally damaged
4. Refers to pay levels within the O&M
5. Number reported in full time equivalent positions – the TENT O&M contracts represent circa 20% time equivalent of a 25 person workforce and 2 apprentices at the O&M level
6. Audit reviews conducted internally unless stated otherwise
7. On-going long-term contract
8. No maintenance in contract

inclusion of access to the asset. We expect strong management and reporting of health and safety (during and after build) as well as good labour management. This includes staff wellbeing, good diversity and inclusion practices, appropriate training, and presence of fair pay, including reassurance of the absence of modern slavery.

### GOVERNANCE

We scrutinise management, at the level where it is most material to the success of the asset, to promote accountability and responsiveness to stakeholders by addressing issues such as Boards and senior management, pay structure, ownership and accounting practices. We also look for evidence of best practice in approaches to tax policy, management of bribery and corruption and conflicts of interest.

### CLIMATE ANALYSIS

Within initial deal scanning and on-going pre acquisition due diligence, the Investment Manager considers the implications of climate change on the long-term value of the Company. Details on the approach to date in the management of climate change are captured in our voluntary reporting under the Task Force on Climate related Financial Disclosure (TCFD) framework.

The portfolio is regularly reviewed for opportunities to improve these ESG credentials and look for other opportunities to create additional social or environmental opportunities or risk management. The details below provide further insight on some specific outcomes linked to particular environmental and social themes, or particular assets.

TENT is committed to the health and safety of employees, contractors and the public. Over the period, the Investment Manager has conducted a two-tiered audit process to assess the Hydroelectric Portfolio. The first step consisted of a site visit by the technical adviser whereby some observations and recommendations were highlighted. The second step involved a desktop review by a specialised health and safety consultancy who confirmed that the observations had been recognised by the O&M service and were already progressing with improvements. The consultancy concluded from the audit that there were no major concerns regarding the current O&M service and that significant assurance can be taken that there is no significant or ongoing health and safety risks. TENT will continue to arrange periodic health and safety audits and continue to monitor the progress of corrective actions. The BESS, CHP and LED portfolios continue to report on health and safety requirements as per the reporting agreements. The owners carried out internal H&S audits in the period.

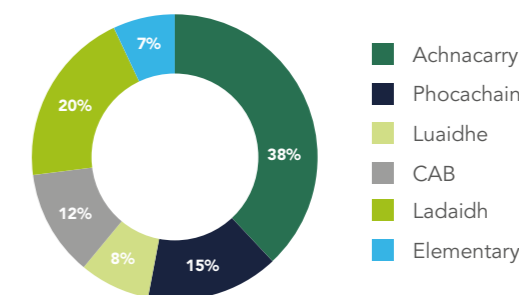
### RECOGNISING THE NEED FOR A RESPONSIBLE SUPPLY CHAIN IN BESS

BESS assets have an important role to providing much-needed resiliency to an ever more renewable grid. Despite this positive impact, there are potential ESG risks, in particular, within the supply chain of BESS assets, that the Investment Manager has aimed to mitigate: human rights issues may exist within mineral supply chains, embodied emissions are significant, and circular end-of-life options for the assets are not well established. To minimise the risk of human rights issues in the supply chain, agreements are in place at the Gerrards Cross site to ensure that the EPC contractor conducts appropriate supply chain due diligence to establish supply chain transparency compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. Additionally, all battery cells in use avoid the use of the riskiest mineral, cobalt. This transparency, combined with waste and emissions data collection for the construction phase of the assets, will be used to refine a lifecycle carbon assessment of the assets, to identify emissions hotspots and reduce embodied emissions for future projects. The Facility Agreement with the borrower further includes an interest rate reduction in the period where cells are disposed of, to fund responsible recycling.

### WIDENING THE VALUE OF THE HYDROELECTRIC PORTFOLIO TO BENEFIT LOCAL COMMUNITIES

The Hydroelectric Portfolio contributes to local communities with payments averaging around £42,000 per year. These funds are used to support community projects including teaching Gaelic in primary schools, community woodlands preservation, heritage societies, village upkeep such as updating fire alarms systems and roof repairs. One particular community has used the contribution to provide grants to students attending tertiary education who would otherwise struggle with considerable travel costs from living in a remote location.

SPV BREAKDOWN OF COMMUNITY PAYMENTS - FY23



### / INVESTMENT MANAGER'S CREDENTIALS AND APPROACH

The Investment Manager is a purpose-led investor, committed to responsible investment and aligning the funds it manages to sustainability themes.

TPIM became signatories to the PRI in 2019 and will receive their first public star rating in November 2023. The Investment Manager is also B Corp certified since December 2022 with a score of 97.6.

Responsibility for the ESG integration strategy sits with the Head of Sustainability. There are a number of oversight functions in place to ensure the effective implementation of ESG by investment teams with the support of the Sustainability Team.

The Investment Manager operates a Sustainability Group which consists of senior partners and managers from across the Investment Manager. This group meets monthly to discuss sustainability initiatives. The Sustainability Group is chaired by TPIM's Co-Managing Partner; and both Managing Partners sit on the group. The Sustainable Investment Subgroup (SISG) reports

to the Sustainability Group. The SISG consists of senior investment team members from across the Investment Manager. This SISG meets every eight weeks to share best practice, latest industry activity and ESG ideas from across the business. It can also be called to review an investment opportunity for critical debate should it present a complex sustainability profile.

During the reporting period, one investment opportunity was presented to the SISG to discuss more complex sustainability and responsible investment themes associated with the opportunity. Based on this review process, the deal was supported and ultimately progressed to funding.

The Sustainability Team conducts an annual ESG monitoring programme to assess the effectiveness of ESG integration for TENT. The ESG integration policy is reviewed, including opportunities for development and evolution. The findings of this audit are presented to the Sustainability Group for discussion and further action if appropriate and is also reported to the TENT Board.

The Sustainability Team are also subject to quarterly risk reviews by the risk team, and any identified sustainability risks are recorded on the TPIM risk register and on TENT's risk register where relevant, which are both reviewed quarterly by the Investment Manager's Risk Committee. The Head of Sustainability also sits on the Risk Committee to ensure that the Investment Manager's outlook for risk appropriately considers sustainability issues.

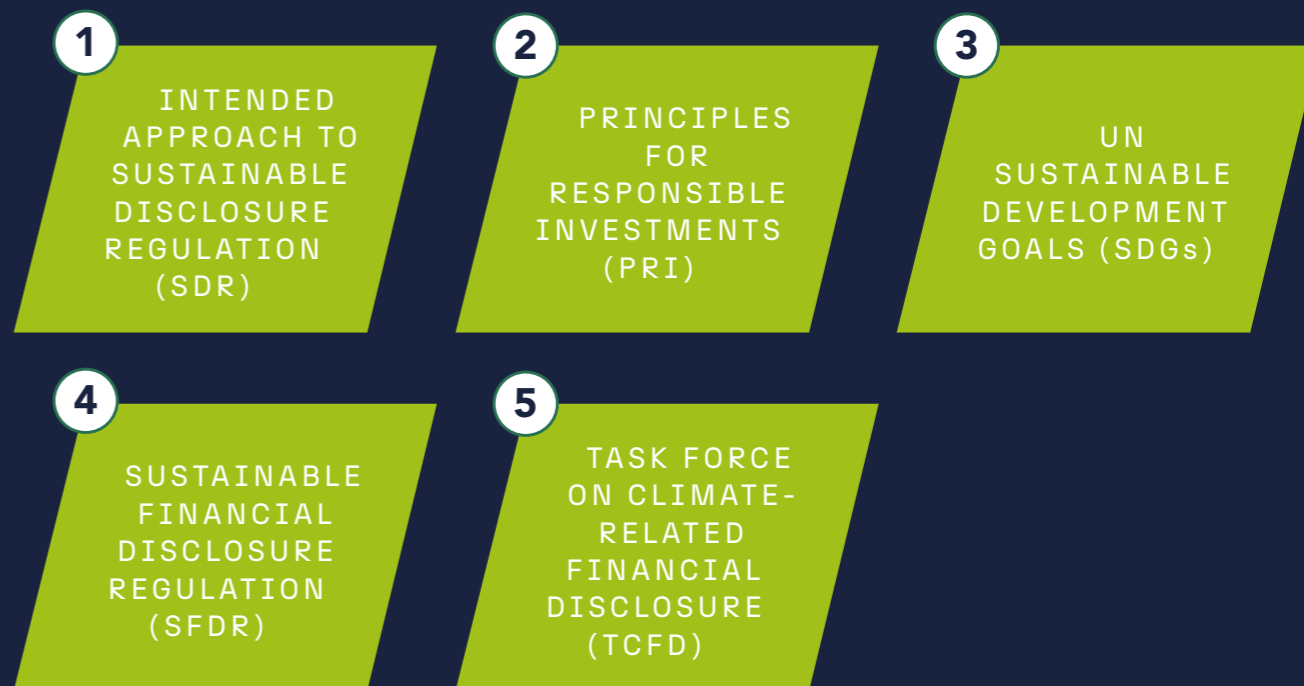
The Board is actively engaged in discussion in relation to sustainability risks and opportunities facing portfolio companies and assets, through information provided by the investment team and sustainability team, including deep dives into sustainability integration, engagement, target setting and performance.

For further details on Investment Manager Governance processes please refer to page 63.

The transparency of TENT's sustainability activities is an important aspect of the Investment Manager's commitment. The data provided reflects avoided carbon and alignment to the energy transition theme and disclosures in line with a number of external frameworks and regulations. TENT is not currently required to report against any of these frameworks, however the Investment Manager and Board recognise the importance of structured and comparable sustainability information for the Group and as such follows a range of reporting frameworks. These frameworks have their limitations and challenges in interpretation and the Investment Manager looks to implement a value-adding approach to TENT which is not driven solely by frameworks.

## / REPORTING ALIGNED WITH INDUSTRY FRAMEWORKS AND BEST PRACTICE

Transparency and enabling fair comparison of sustainability approach and outcome contribute to accountability and drive improved behaviours. The following section presents TENT's sustainability activities in relation to a range of relevant industry frameworks.



1

**INTENDED APPROACH TO THE UK FCA'S SUSTAINABLE DISCLOSURE REGULATION (SDR) PREDICTED RELEASE Q3 2023**

The Investment Manager is monitoring information and guidance emerging around the FCA's consultation on Sustainable Disclosure Regulation and has begun to consider options applicable to TENT. Once the consultation is finalised the Investment Manager, in consultation with the Board, expects to apply one of the proposed sustainability labels to the Company. We intend to apply best practice, wherever possible, ahead of required disclosure timelines.

2

**PRINCIPLES FOR RESPONSIBLE INVESTMENTS (PRI)**

The table below demonstrates how the six principles of responsible investment are implemented by the Investment Manager for TENT

SIGNATORY OF PRI: PRINCIPLES FOR RESPONSIBLE INVESTMENT	PRI PRINCIPLE	PRINCIPLE ADOPTION FOR TENT
PRI is recognised as the leading global network for investors who are committed to integrating ESG considerations into their investment practices and ownership policies. The principles demonstrate best practice in ESG integration, guide signatories in improvements and promote closer alignment between the objectives of institutional investors and those of society at large. TPIM became a member of PRI in 2019. The first Assessment Report period of 2020-2021 was a fallow reporting year for PRI to accommodate the launch of a new reporting and scoring system. TPIM's first assessment report will be published in 2023.	1	We will incorporate ESG issues into investment analysis and decision-making processes. ESG analysis is considered by the investment team and shared in Investment Committee papers to inform the final investment decision.
	2	We will be active owners and incorporate ESG issues into our ownership policies and practices. TPIM is responsible for asset management of the portfolio and uses initial ESG analysis to understand how operational control of the asset can be improved to enhance ESG behaviours and/or outcomes.
	3	We will seek appropriate disclosure on ESG issues by the entities in which we invest. ESG topics are investigated in all due diligence of acquisitions/investments. ESG topics are monitored through Board meetings and the ESG engagement programme and reported on annually.
	4	We will promote acceptance and implementation of the principles within the investment community. The value of the principles and importance of the role of ESG factors in good decision making are proactively promoted.
	5	We will work together to enhance the effectiveness in implementing the principles. TENT uses the best practice promoted by the principles to inform asset optimisation recommendations.
	6	We will each report on our activities towards implementing the principles. The Company has committed to reporting annually on ESG activities. The Investment Manager reports on responsible investments activities annually through the PRI assessment process. The next and first published assessment report for TPIM will be in 2023.



3




**UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)**

The UN Sustainable Development Goals (SDGs) provide a useful framework for the energy transition alignment of TENT's strategy and also provides a framework through which other environmental and social outcomes associated with the Company can be considered. The ESG due diligence analysis carried out for TENT provides the main assessment of potential negative impacts against SDGs. As the Company matures, we will look to address an increased number of the potential positive alignments to a wider set of goals, and how we can maximise our related outcomes. The seventeen goals adopted in 2015 by 193 nations present a roadmap to end poverty, promote prosperity and well-being for all and protect the planet.






**The following two tables provide detail on how TENT firstly aligns with the UN SDGs, and secondly how TENT may create negative outcomes if sustainability risks are not managed.**

**TENT Alignment with UN SDGs**

UN SDG	UN SDG TARGET	HOW TENT CONTRIBUTES TO THIS GOAL AND TARGET	TENT ASSETS THAT CAN ALIGN
 Affordable & Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy for all	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix Investing in renewable energy assets which feed into the electricity grid contributes to the renewable energy mix. Investing in energy storage technology provides greater supply consistency, acts as an enabler to grid decarbonisation and can contribute to reduced wasted renewable electricity in the event of overproduction	Hydroelectric Portfolio BESS Portfolio
	7.3	By 2030, double the global rate of improvement in energy efficiency The CHP Portfolio provide a route for the efficient use of the fuel burnt, to provide usable heating solutions alongside the electricity production.	CHP Portfolio
	7.a	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology The investment strategy of TENT has been conceived with the express purpose of contributing to low carbon, cleaner and energy transition solutions	All assets
 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities The investment strategy of TENT has been conceived with the express purpose of contributing to energy transition solutions, which can be applied to existing industry and infrastructure to reduce their reliance and use of carbon-based fuels	All assets

UN SDG	UN SDG TARGET	HOW TENT CONTRIBUTES TO THIS GOAL AND TARGET	TENT ASSETS THAT CAN ALIGN
 Sustainable Cities & Communities: Make cities and human settlements inclusive, safe, resilient and sustainable	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Clean energy solutions such as the Hydroelectric Portfolio, reduce the need for more polluting energy sources  Lower-carbon solutions such as the CHP Portfolio, reduce the amount of energy used for industrial processes reducing pollution created. Energy storage contributes to the efficiency of a decarbonised grid and improves resilience in the energy system.  Lower energy lighting solutions such as LED instalment reduces energy demand and waste.	All assets
 Responsible Consumption & Production: Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Investing in responsibly managed and sustainable assets that enable other manufacturers to improve their production efficiency contributes to a reduction in natural resource use.  Seeking best practice in circular economy production and end of life in our assets, such as the end of life and supply chain provisions agreed within the BESS assets	All assets
 Take urgent action to combat climate change and its impacts	13.2 Integrate climate change measures into national policies, strategies and planning	Investing in assets which support national ambitions to reduce GHGs in economic activity contributes to action on climate change.	All assets

Alongside the thematic alignment of the Company to a number of SDGs (as shown above) there is always the potential to negatively impact the goals being achieved through unintended consequences. The ESG analysis carried out on each investment opportunity is intended to minimise negative outcomes and the risks they may bring to the assets. The table below indicates the most likely areas of negative outcome which the Company and Investment Manager continually work to minimise.

UN SDG	UN SDG TARGET	WHERE TENT MUST MITIGATE RISK OF NEGATIVE IMPACT	WHERE THE RISK MAY APPLY
 Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere	The sector has not traditionally had a high proportion of female workers. Tent should encourage wherever possible the potential for female employment.	All
 Decent work and economic growth	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour	Investing in the assets whose construction relies on complex supply chains in jurisdictions where modern slavery is a higher risk. The manager recognises the need for greater understanding of supply chains and to influence for best practice wherever possible.	BESS Portfolio
 Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Infrastructure assets, even those designed to reduce carbon emissions can result in natural resource depletion through their construction supply chain. Seeking to improve the quality of supply chain practices can reduce this impact	All
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	At end of life energy infrastructure should be disposed of with regards to the environment and with max levels of recycling and reuse and no inappropriate disposal	All
 Life below water	14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Ensuring our hydro assets have no unintended impact on the river aquatic life. Ensuring appropriate management of water use by CHPs	Hydroelectric Portfolio, CHP Portfolio
 Life on land	15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Constructing and running energy infrastructure can degrade the natural habitat of a site, which must be considered and mitigated.	Hydroelectric Portfolio, CHP Portfolio and BESS Portfolio



4

**SUSTAINABLE FINANCIAL DISCLOSURE REGULATION (SFDR)**

As an EU framework, disclosure relative to this regulation is voluntary for TENT. The Investment Manager, as AIFM, has determined, with the Board's support, that TENT is subject to Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). Article 8 applies where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices. The full disclosure is on the website: <https://www.tpenergytransition.com/>. The table below presents the indicators and results in line with those sought by SFDR, including current Level 2 Regulatory Technical Standard requirements. The Investment Manager, with the Board, will continue to review the implications of voluntarily reporting against this standard which remain in flux, and new requirements may be deemed inappropriate for TENT. Data is presented for the year ended 31 March 2023, or from the point of investment for assets held for less than 12 months in the portfolio. All energy use and emissions occur within the UK.



ADVERSE SUSTAINABILITY INDICATOR	METRIC		IMPACT 2021	IMPACT 2022
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>				
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions	37,855	37,364
		Scope 2 GHG emissions (location-based)	79	270
		Scope 2 GHG emissions (market-based)	117	542
		Total GHG emissions (Scope 1 & 2)	37,933	37,634
	Carbon footprint	Carbon footprint	395	379
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%
	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	96%	96%
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Share of investments in Investee Companies with sites/operations location in or near to biodiversity-sensitive areas where activities of those Investee Companies negatively affect those areas	0%	0%
Water	Emissions to water	Tonnes of emissions to water generated by Investee Companies per million GBP invested, expressed as a weighted average	0	0
Waste	Hazardous waste ratio	Tonnes of hazardous waste generated by Investee Companies per million GBP invested, expressed as a weighted average	0	0
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>				
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in Investee Companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	n/a	0%
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in Investee Companies without policies to monitor compliance with the UNGC principles or OECD guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	n/a	0%
	Board gender diversity	Average ratio of female to male board members in Investee Companies	n/a	0
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in Investee Companies involved in the manufacture or selling of controversial weapons	n/a	0
	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	n/a	0%

Table Note: GHG intensity of Investee Companies and Energy consumption intensity per high impact climate sector excluded (TENT invests at an asset level, rather than in operational companies where these metrics are relevant), and unadjusted pay gap excluded (no female employees).



5

THE COMPANY'S  
 PROGRESS TO  
 DATE ON TCFD  
 RECOMMENDATIONS

INTRODUCTION

This is TENT's second year of disclosure using the framework of the Task Force on Climate Related Financial Disclosure (TCFD). This report outlines an assessment of the Group's operational climate-related risks and opportunities, against the four key areas of governance, strategy, risk management, and metrics and targets. It highlights how these risks and opportunities are being managed and their short, medium or long-term impact on the Group.

The report has been prepared with reference to TCFD All Sector Guidance and Supplemental Guidance for the Financial sector. In addition to upcoming UK government requirements, the FCA made it a requirement for listed businesses to publish disclosures against the TCFD framework on a comply or explain basis from January 2022 and also many regulated investment management firms are now also required to publish TCFD-aligned climate disclosures on their website, with effect from January 2023. While not in scope of any of these requirements yet, the Company has decided to voluntarily produce its second report showing its progress towards TCFD reporting to demonstrate its support for the disclosures.

RECOMMENDATION	RECOMMENDED DISCLOSURES	PAGES
<b>GOVERNANCE</b>		
Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	63
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	64
<b>STRATEGY</b>		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	66-68
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	66-68
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	68-70
<b>RISK MANAGEMENT</b>		
Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	64-65
	b. Describe the organisation's processes for managing climate-related risks.	64-65
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	64-65
<b>METRICS AND TARGETS</b>		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	71
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	71
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	71

GOVERNANCE

- Describe the board's oversight of climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

The Board holds ultimate responsibility for setting the risk appetite and for overseeing the management of the risks including the climate-related risks faced by the Group. Updates on material climate risks, as defined by the Board's risk appetite framework, are provided to the Board for consideration by the Investment Manager's risk team, Head of Sustainability, and investment team. Climate-related risks are formally captured in the TENT Risk Register, which is reviewed and updated by the Investment Manager on a quarterly basis and owned by the Board. The Board holds the Investment Manager to account on continued progress in the maturity of the climate management for the assets and the associated disclosure, through the course of normal quarterly board reporting.

Pre-investment

During pre-acquisition due diligence, TPIM's central sustainability team collaborates with the investment team to examine potential investments and identify any significant climate-related risks. Key climate-related risks and opportunities are assessed using a standardised process, including scenario analysis, and the results of this are included in the materials presented to the Investment Committee. The committee also assesses the timeframe over which the risks are significant, potential mitigations, and any opportunities that a specific risk may offer for other parts of the portfolio. The TENT Board receives investment committee papers and feeds in its views, including on climate risks, to the Investment Committee.

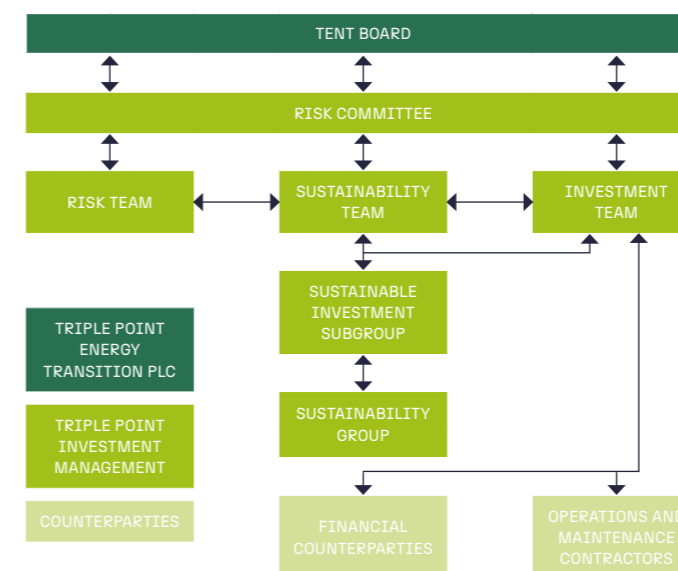
The broader structure of Triple Point's sustainability governance is detailed in the sustainability report including the role of the Sustainability Group and Sustainable Investment Subgroup.

Post-investment

Due to the nature of the investments made by the Group through its subsidiary, ongoing risk monitoring and mitigation activities are a collaboration between TPIM's investment management team, equity investors, and Operations & Maintenance providers.

Where equity investments are made and a majority shareholding exists, TPIM's investment management team have direct oversight of the assets and oversee any necessary mitigation activities. Portfolio managers within the investment team receive data and updates from the contractors responsible for the construction or operation of its assets and engage with them to plan and deliver mitigation activities, overseen by the Investment Director.

Where debt investments are made, TENT does not have direct control of the assets and instead focuses on ensuring that strong data and reporting requirements are in place so that risks can be monitored on an ongoing basis. TPIM actively engages with the equity investors on any issues.



At the Investment Manager level, assessment and management of climate-related risks and opportunities is shared across the investment team and the wider TPIM business through the Risk Committee and dedicated investment meetings. TPIM's sustainability and risk teams co-ordinate these processes.

**RISK MANAGEMENT**

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

**Risk Identification**

As an energy transition business, much of the climate-related transition risk facing the Group is considered part of its core business risk and forms a major part of its assumptions around power prices, business models and future opportunities. A standardised process for identifying potential climate risks to assets is followed as part of the Company’s overall ESG framework.

Climate-related risks and opportunities affecting the Group are formally identified in an annual workshop between the investment team and sustainability team within TPIM. This allows for risks and opportunities to be considered holistically at the portfolio-level, outside of the ongoing identification and mitigation actions. During this workshop, risks across physical and transition categories are considered for all of the asset types that the Group has exposure to, using forward-looking analysis to identify risks under future markets, weather and legislation to determine the likelihood and impact of each identified. The ability to assess the financial impact of these risks is also assessed. Given the reliance of the assets on supply chains, supporting infrastructure and markets, the value chain for each asset is mapped out during this session, to allow for risks to be identified across its entire length. Climate risks identified are captured in the risk register where the Board also has the opportunity to review and input.

The process for assessing the significance of each climate risk facing the Group is aligned to the Group’s overall risk management framework, on a matrix with a 3-point scale for both likelihood and impact:

- **Likelihood:** low, moderate, high.
- **Impact:** low, moderate, high.

This alignment allows for integration of the risks into wider risk management and mitigation processes. Climate-related risks are reported into TENT’s risk register which is reviewed during a quarterly portfolio risk review meeting. This meeting involves members of the TENT, sustainability and risk teams and the resulting risk register is reviewed by TPIM’s Risk Team. It is then reviewed and discussed with the Board and subsequently approved by the Board.

The period over which each risk first becomes material is defined as:

- **Short-term:** 0-5 years
- **Medium-term:** 5-10 years
- **Long-term:** over 10 years

These time scales are aligned to the Group’s overall risk management framework, considering the nature of the Group’s assets and liabilities (see page 76). The average remaining asset lifetime in the portfolio is 25 years, necessitating a long-term view of the climate risks to the Group.

The Company further utilises an external provider, Climate X, to analyse and quantify the risk of physical damage to its assets resulting from climate change. Climate X uses high resolution climate models, combined with a physical model of the Earth’s geology and hydrology, to determine the risk of physical damage to assets resulting from acute and chronic changes in climate. Expected physical damage due to surface flooding, for example, depend on changing precipitation patterns, as well as the underlying geology and hydrology of the asset and its ability to absorb water. Risks are modelled under different climate scenarios (aligned to the Net Zero and Current Policies scenarios described on page 68):

**HAZARDS ASSESSED BY THE CLIMATE X MODEL:**

River Flooding	Subsidence	Heat Stress
Coastal Flooding	Landslides	Storm
Surface Flooding	Coastal Erosion	Droughts & Wildfires

Climate X estimate future value-at-risk, expressed as expected losses per annum, as a percentage of the total building reinstatement cost for each asset.

**RISK MANAGEMENT**

The due diligence processes outlined above effectively manage the climate-related risk of assets entering the Group’s portfolio. Where potential risks are identified pre- or post-acquisition, the Group works with the counterparties responsible for maintaining its assets to ensure these are sufficiently monitored and hedged against.

The strategic diversification of the portfolio across different technology types, encompassing both generation and consumption of electricity limits exposure to any individual risk. Climate-related data collection and horizon scanning of emerging regulatory requirements is in place to monitor the exposure to risks such as carbon pricing and inform a management response if the likelihood or impact of these risks materially changes.



**Strategy**

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
- Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.
- Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Overall, as a UK focused Energy Transition company, the Company’s business model is fundamentally well aligned to the energy transition. Nonetheless, different risk and opportunities are present under different future scenarios with differing levels of decarbonisation. Scenario analysis is undertaken to identify the most prominent risks under different futures – some were sweeping policy changes that ensure limited warming but entail high transition risk, and others in which failure to act accelerates warming and heightens physical risks. The main risks faced by the Group and the resilience of its strategy to three different scenarios are assessed below.

**TRANSITION**

- 1 Carbon pricing
- 2 Price cannibalisation
- 3 Faster than expected deployment of energy storage
- 4 Introduction of nodal pricing
- 5 Grid constraints
- 6 Shortage of raw material for BESS

**PHYSICAL**

- 1 Physical damage to assets due to extreme weather
- 2 Reduce BESS operation under extreme temperatures
- 3 Increased seasonality of rainfall
- 4 Increasingly volatile weather patterns
- 5 Reduced demand for heat

TRANSITION RISKS						
RISK	1. CARBON PRICING	2. PRICE CANNIBALISATION	3. RAPID DEPLOYMENT OF ENERGY STORAGE	4. INTRODUCTION OF NODAL PRICING	5. GRID CONSTRAINTS	6. SHORTAGE OF RAW MATERIAL FOR BESS
ASSET TYPE	CHP, BESS	Hydro, BESS	BESS	Portfolio	Portfolio	BESS
TYPE	Policy and Legal	Market	Market	Market	Market	Market
DESCRIPTION	<ul style="list-style-type: none"> <li>The CHP Portfolio emit carbon dioxide and may be in scope for future carbon taxes.</li> <li>Carbon pricing may also affect the prices of components used in the assets, such as steel and concrete or BESS components.</li> <li>Carbon pricing or passed through costs of decarbonising shipping could increase freight rates.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing renewable penetration in the grid is likely to reduce the price of electricity, leading to "price cannibalisation".</li> </ul>	<ul style="list-style-type: none"> <li>The BESS Portfolio trade on energy market volatility that would be reduced by increased competition from additional BESS capacity.</li> <li>Alternative sources of grid flexibility, such as demand-side-response or smart grids, may cause market saturation.</li> </ul>	<ul style="list-style-type: none"> <li>Currently, Britain has a single energy market, but this could be split into "Nodes" in the future, to make system balancing more efficient in a more renewable grid.</li> <li>Nodal pricing would mean that TENT's investments would trade in different markets, with different dynamics.</li> </ul>	<ul style="list-style-type: none"> <li>Britain's grid is designed for large, centralised generation.</li> <li>As the energy transition gathers pace, there are bottlenecks in the speed at which grid connections can be made and assets can be developed.</li> </ul>	<ul style="list-style-type: none"> <li>The BESS Portfolio require repowering and cell replacement during their lifetime.</li> <li>Battery demand is rapidly increasing due to the electrification of transportation and BESS rollout.</li> <li>This increase in demand could push up prices for raw materials such as lithium.</li> <li>Upstream carbon pricing could further increase costs.</li> </ul>
FINANCIAL IMPACT	<ul style="list-style-type: none"> <li>As the Group holds debt in the emitting assets, it would not be directly liable for any future carbon pricing.</li> <li>Carbon pricing at a sufficient level could mean that the counterparty cannot repay the debt.</li> <li>Carbon pricing in the supply chain would result in increased future capital expenditure for projects.</li> </ul>	<ul style="list-style-type: none"> <li>Reduced electricity prices reduce revenues for the Group's generation assets.</li> <li>This is particularly the case for the CHP assets, which have flat costs of gas and could experience a negative spark spread, where the cost of gas outweighs the revenue from electricity generation.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in competition and decrease in revenues for BESS assets as demand for flexibility is met by other assets.</li> </ul>	<ul style="list-style-type: none"> <li>Potential reduction in revenues for assets within nodes with less demand.</li> <li>Difficult to forecast cash flows.</li> </ul>	<ul style="list-style-type: none"> <li>The lack of grid connection availability could reduce the supply of eligible projects, increasing competition and increasing prices.</li> <li>This could limit the Company's ability to grow and deploy capital.</li> </ul>	<ul style="list-style-type: none"> <li>If increased demand is not met by an increase in supply, prices could rise.</li> <li>Repowering costs could increase, as cells increase in cost.</li> <li>Potential upside exists in the recycling value of depleted cells.</li> </ul>
LIKELIHOOD	Moderate	Moderate	Moderate	High	Moderate	Moderate
IMPACT	Moderate	Low	Low	Low	Low	Low
TIME HORIZON	Short	Medium	Medium	Medium	Short	Long
MITIGATION AND RESILIENCE	<ul style="list-style-type: none"> <li>Short loan length means exposure is reduced as Carbon prices increase.</li> <li>The assets currently hold a small emitter exemption from the UK ETS.</li> <li>Carbon taxation is paid by the equity holder and shared with the offtaker of heat.</li> <li>For BESS assets, supply chain carbon assessments are conducted.</li> </ul>	<ul style="list-style-type: none"> <li>Increased electrification drives electricity demand and puts upwards pressure on prices.</li> <li>CHP assets generate heat as well as electricity, diversifying revenue streams.</li> </ul>	<ul style="list-style-type: none"> <li>Practically, an increase in BESS rollout would likely be accompanied by a rollout of renewables.</li> <li>Modelling shows limited effects of aggressive BESS rollout scenarios and new revenue streams.</li> </ul>	<ul style="list-style-type: none"> <li>Geographic distribution of assets, spread across Britain, diversifying against the risk.</li> <li>May introduce additional trading strategies for flexibility assets.</li> </ul>	<ul style="list-style-type: none"> <li>The wide mandate of the Company allows for diversification of this risk, which only affects generation assets.</li> </ul>	<ul style="list-style-type: none"> <li>Global lithium reserves are high and an increase in demand would likely be met by an increase in supply. Current shortages are attributable to lack of extraction and refining capacity.</li> <li>Cell costs only represent a minority of total costs for a BESS project.</li> </ul>

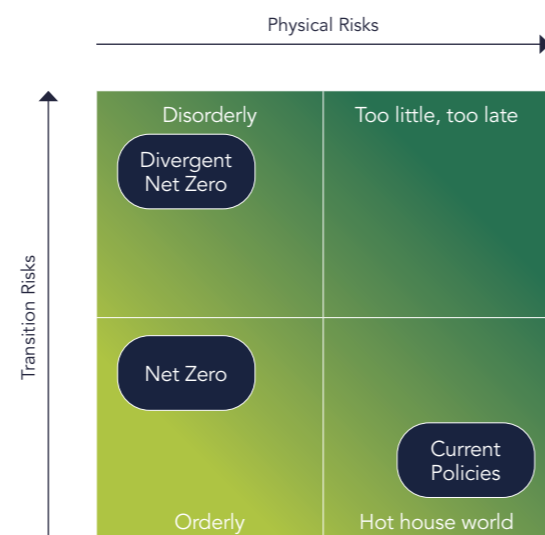
PHYSICAL RISKS						
RISK	1. PHYSICAL DAMAGE TO ASSETS DUE TO EXTREME WEATHER	2. REDUCED BESS OPERATION UNDER EXTREME TEMPERATURES	3. INCREASED SEASONALITY OF RAINFALL	4. INCREASINGLY VOLATILE WEATHER PATTERNS	5. REDUCED DEMAND FOR HEAT	6. REDUCED AGRICULTURAL OUTPUT
SUBSECTOR	Portfolio	BESS	Hydro	Hydro	CHP	CHP
DESCRIPTION	<ul style="list-style-type: none"> <li>Increasing frequency and severity of extreme weather events under climate change may damage TENT's assets or their supporting infrastructure, such as grid connections and road access.</li> </ul>	<ul style="list-style-type: none"> <li>Increased temperatures have a number of effects across the portfolio.</li> <li>BESS operation requires an internal temperature to be maintained – higher external temperatures increase the energy required for cooling and decrease round trip efficiency.</li> <li>Under an extreme scenario, increased temperatures increase cell degradation rates and can increase fire risk.</li> </ul>	<ul style="list-style-type: none"> <li>An increase in the seasonality of rainfalls may lead to more inconsistent generation of the hydro assets across the year.</li> <li>As the hydroelectric schemes have a limited capacity, increases in seasonality may lead to a reduction in overall generation, as increases in winter river flows cannot compensate for a reduction in summer river flows.</li> </ul>	<ul style="list-style-type: none"> <li>Increasingly volatile weather patterns cause fluctuations in renewable energy supply and market volatility.</li> </ul>	<ul style="list-style-type: none"> <li>An increase in average ambient temperatures could reduce the amount of heat required by the CHP's agricultural offtakers.</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural output is highly dependent on weather conditions. Under drought, extreme heat or flooding, the agricultural output of the CHP's heat offtake could be significantly affected.</li> </ul>
FINANCIAL IMPACT	<ul style="list-style-type: none"> <li>Increased Capex costs to repair damage to the assets.</li> <li>Increased insurance costs.</li> <li>Severed grid connections may prevent operation of assets and decrease revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Increased energy expenditure to maintain temperatures.</li> <li>Increased Capex to replace degraded cells more frequently.</li> </ul>	<ul style="list-style-type: none"> <li>Less consistent and reliable generation leading to more unpredictable cash flows.</li> <li>A potential decrease in overall generation, reducing cash flows.</li> </ul>	<ul style="list-style-type: none"> <li>This volatility may affect cash flows for the Hydroelectric Portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Reduced demand for heat reduces revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Decreased output reduces the revenues of the counterparty and could potentially lead to a stranded asset if the location was no longer viable for agricultural production.</li> </ul>
LIKELIHOOD	Low	Low	High	Moderate	Low	Low
IMPACT	Low	Low	Low	Moderate	Low	Low
TIME HORIZON	Medium	Medium	Medium	Long	Long	Long
MITIGATION AND RESILIENCE	<ul style="list-style-type: none"> <li>The Company utilises third-party risk modelling software to assess the vulnerability of all of its assets and predict any increases in Capex due to this risk.</li> </ul>	<ul style="list-style-type: none"> <li>Fire protection systems in all BESS units, tested regularly.</li> <li>Insurance against fire risk.</li> <li>Cooling systems capable of maintaining a consistent internal temperature up to 40 degrees, extreme temperatures are unlikely to cause battery degradation.</li> </ul>	<ul style="list-style-type: none"> <li>The financial impacts of this risk have been modelled in detail, and shown to be marginal.</li> <li>The Manager is introducing optimisation projects to manage flows.</li> </ul>	<ul style="list-style-type: none"> <li>Electricity is sold via long-term Power-purchase agreements, reducing exposure to market volatility.</li> </ul>	<ul style="list-style-type: none"> <li>Heat production is one of three revenue streams for the CHPs, along with electricity and CO2.</li> <li>Modelling shows a limited relationship between increasing temperatures and heat demand.</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural activity takes place within a greenhouse, that limits exposure to most types of extreme weather.</li> <li>Options exist for alternative crops with different tolerances to be grown.</li> </ul>

OPPORTUNITIES					
OPPORTUNITY	1. ELECTRIFICATION	2. INCREASED GRID VOLATILITY	3. INCREASE IN SHARE PRICE AND LOWER COST OF CAPITAL	4. INCREASED DEMAND FOR RENEWABLE ENERGY	5. INTRODUCTION OF ADDITIONAL GOVERNMENT SUBSIDIES
SUBSECTOR	Portfolio	BESS	Portfolio	Hydros	Portfolio
TYPE	Markets	Markets	Markets	Markets	Markets
DESCRIPTION	<ul style="list-style-type: none"> <li>As the energy transition progresses sectors such as transportation and residential heating will increasingly be electrified.</li> <li>This will significantly increase demand for electricity.</li> </ul>	<ul style="list-style-type: none"> <li>An increasing proportion of non-dispatchable renewable generation on the grid will cause volatility and greater fluctuations in electricity prices.</li> </ul>	<ul style="list-style-type: none"> <li>Under net zero scenarios investor demand for exposure to the energy transition may increase.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate demand for renewable energy is increasing as companies set Net Zero targets.</li> <li>This has increased prices for renewable energy certificates such as REGOs.</li> </ul>	<ul style="list-style-type: none"> <li>During the transition to Net Zero the government may introduce new subsidies as has previously occurred for renewable generation.</li> <li>Technologies such as heat pumps or green hydrogen may be subsidised.</li> </ul>
FINANCIAL IMPACT	<ul style="list-style-type: none"> <li>Increase electrification increases demand for electricity and acts to increase costs.</li> <li>This increases revenues for the assets and hedges against the risk of cannibalisation.</li> </ul>	<ul style="list-style-type: none"> <li>BESS assets trade energy and benefit from greater spreads.</li> <li>Revenues increase when volatility is higher.</li> </ul>	<ul style="list-style-type: none"> <li>The Company may benefit from an increase in its share price and be able to raise growth capital.</li> <li>The Group may be eligible for green loans that reduce its cost of capital.</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue from REGOs.</li> </ul>	<ul style="list-style-type: none"> <li>Given the wide investment mandate of the Company, investments could be made in these newly subsidised sectors.</li> <li>An increase in opportunities with attractive returns.</li> </ul>
LIKELIHOOD	High	High	Moderate	Low	Low
IMPACT	High	Moderate	Low	Low	Moderate
TIME HORIZON	Medium	Medium	Short	Short	Medium

## / SCENARIO ANALYSIS

Scenario analysis was utilised to understand the impact of each of the most significant risks and opportunities identified under different potential climate outcomes, where relevant quantitative data was available. Climate scenarios represent possible futures with varying level of responses to, and impacts from, climate change. As part of the annual climate risk workshop, a range of possible scenarios was discussed and three were ultimately selected, each with a different balance of physical and transitional risk, all based on the scenarios outlined by the Network for Greening the Financial System (NGFS):

- Current Policies:** (3-degrees+): a business-as-usual case, in which no further climate policies are introduced and emissions rise until 2080 before falling slowly, leading to significant warming and high level of physical risk.
- Net Zero:** (1.4-degrees, orderly): an immediate and ambitious introduction of climate-related policies, in a globally coordinated manner across sectors, leading to a rapid decrease in emissions.
- Divergent Net Zero:** (1.4-degrees, disorderly): net zero is achieved by 2050, with higher costs due to divergent policies across sectors and geographies, and a quicker phase out of fossil fuels. Decarbonisation is more stringent in the transportation and building sectors than in the energy and industrial sectors, due to failure to coordinate action across sectors, with a higher cost on consumers.



A trade-off between the comparability of scenarios and the availability of quantitative, sector- or geography-specific data for modelling financial impacts was noted during the selection process. For this reason, the scenarios used draw on a number of additional different sources:

- Current Policies:** NGFS Current Policies, IPCC RPC 8.5, UK Met Office 4°C.
- Net Zero:** NGFS Net Zero, IPCC RPC 2.6, UK Met Office 1.5°C.
- Divergent Net Zero:** NGFS Divergent Net Zero, IPCC RPC 4.5, UK Met Office 1.5°C.

The table below shows the change in the climate metrics utilised under all three scenarios by 2050, as well as the potential impacts of each risk on selected financial variables. These risks are explored in turn below and the impacts of each scenario on the Company's performance is considered.

RISK		CLIMATE RISK			FINANCIAL IMPACT			
		CURRENT POLICIES 2050	NET ZERO 2050	DIVERGENT NET ZERO 2050	CURRENT POLICIES 2050	NET ZERO 2050	DIVERGENT NET ZERO 2050	
TRANSITION	<b>Carbon Pricing</b>	Carbon Price (OECD + EU) (\$ 2010)			Change in EBITDA (CHP)	Slightly Higher	Lower	Much Lower
	<b>Price Cannibalisation</b>	Average baseload power price (% difference from base-case)			Change in revenue (Hydro + CHP)	Slightly Lower	Higher	Negligible
	<b>Faster than expected deployment of energy storage</b>	Increase in BESS rollout compared to base case			Change in gross margins (BESS)	Higher	Lower	Slightly Higher
PHYSICAL	<b>Physical damage to assets due to climate change</b>	14 modelled physical hazards			Losses per annum (% of replacement value)	Low	Low	Low
	<b>Reduced demand for heat</b>	Change in daily maximum air temperature (°C)			Change in revenue (CHP)	Negligible	Negligible	Negligible
	<b>Increased seasonality of rainfall</b>	Increase in rainfall seasonality (%)			Change in valuation	Higher		Higher

### 1. CARBON PRICING

The CHP Portfolio generates carbon dioxide emissions as part of their operation. Carbon pricing is seen as a key policy lever for limiting emissions and achieving net zero and, indeed, is already in place in the UK under the UK Emissions Trading Scheme (UK ETS).

In this scenario analysis, the small emitter exemptions that the Group's investments benefit from was removed and the effect of future carbon prices on the asset's profitability was assessed. Carbon prices were modelled under the NGFS scenarios, which are considered by the Investment Manager to be unlikely worst-case scenarios, with real carbon prices reaching c.£600/tCO<sub>2</sub> in real terms over the investment lifetime in the Divergent Net Zero scenario.

Carbon pricing at these levels has a significant financial impact on the CHP Portfolio. The Company believes that it has sufficient protections in place to mitigate this risk – most notably the small emitter exemptions for the assets which are in place for the majority of the asset lifetime, and the sharing of risk between the different parties involved.

### 2. PRICE CANNIBALISATION

Electricity prices are set at any time by the marginal, most expensive, generator in the market. As more renewables are rolled out, this is increasingly less likely to be a fossil fuel powered asset, decreasing electricity prices and potentially reducing revenue across the market.

To assess this risk, price forecasts for each scenario were obtained from third party modelling of energy system dynamics. For the CHPs, correlated changes in the price of gas under each scenario were also considered, and the change in revenue under each scenario was assessed.

Impacts differ under all three scenarios but are limited in each case. In the Current Policies scenario low gas and carbon prices combine with weaker demand caused by lower levels of electrification to marginally decrease prices, while prices increase in the Net Zero scenario due to strong power demand combined with higher fuel and carbon costs. Prices remain similar to the base case in Divergent Net Zero due to the speed of rollout of renewables, pushing higher marginal cost fossil fuel generators out of the stack. In all scenarios, changes in revenues occur at acceptable levels.

### 3. RAPID DEPLOYMENT OF ENERGY STORAGE

The BESS Portfolio trades on energy market volatility that could be reduced by increased competition from additional BESS capacity.

To assess this risk, the Company commissioned third party energy systems modelling to determine the effect of different BESS rollout scenarios in the UK, assessing the effect on gross margins. A base case was considered as a "most likely" view. The Net Zero scenario involved BESS capacity doubling, while it halves under the Current Policies scenario. The Divergent Net Zero scenario maintained a similar level of BESS capacity to the base case, while increasing renewable capacity.

Impacts to BESS margins under all three scenarios were limited, having a slight positive effect where BESS capacity is limited, and a slight negative effect where BESS capacity is increased. Renewable energy rollout serves to counter the effect of increased competition, due to the greater volatility and imbalance pricing.

### 4. PHYSICAL DAMAGE TO ASSETS DUE TO EXTREME WEATHER

The Group's investments are widely distributed throughout Britain, sometimes in exposed locations, and are vulnerable to damage from an increasing frequency of extreme weather events, as well as chronic changes in weather patterns under future climate scenarios.

Climate X, a third-party climate modelling tool was used to simulate the effects of future climate change on the Group's physical assets, modelling the impacts of hazards such as storm damage, subsidence, and flooding.

Portfolio-level risks were shown to be low and similar under all scenarios considered. Most of the risk is derived from an increase in the likelihood of river flooding and an increased risk of subsidence and landslides in the more remote assets within the Hydroelectric Portfolio. The results of this analysis will be used to assess the assets in detail and ensure that any necessary mitigation works are undertaken.

### 5. INCREASED SEASONALITY OF RAINFALL

Under climate scenarios, rainfall in Scotland is predicted to become more seasonal, with an increase in winter rainfall and a corresponding decrease in summer rainfall, affecting river levels. A potential risk for the portfolio lies in the potentially non-compensatory nature of this increase in seasonality, with the limited generation capacity of the Hydroelectric Portfolio not being able to capture the additional winter flows to make up for a loss of summer generation.

To assess this risk, the generation of the assets was modelled under different seasonality scenarios, with the impact on revenues subsequently derived. While no clear data is available under the NGFS scenarios, Net Zero 2050 was assumed to involve no change in seasonality, due to the global scale of response limiting the effects of climate change. Divergent Net Zero was assumed to result in a slight increase and Current Policies a significant increase.

Overall, an increase in seasonality of rainfall was shown to increase generation and revenues, contrary to the expected pattern. This occurs as there is sufficient "headroom" in the generation capacity of the assets to capitalise on greater winter flows, which are responsible for the majority of the total generation

### RESILIENCE OF THE COMPANY'S STRATEGY

Overall, the Company's strategy is considered to be resilient to a number of different climate scenarios. In all cases, the financial impacts of the major risks identified are considered to be manageable, with sufficient risk diversification and mitigations in place. The Company was shown to be most resilient to the Current Policies "worst case" scenario due to the lack of carbon pricing and competition from additional energy storage in the grid, with increased physical impacts of climate change having little effect on the Group's investments or, as is the case for the Hydroelectric Portfolio, potentially improving performance. Whilst financial impacts were greater in the Net Zero scenarios due to high carbon prices and additional energy storage, this was substantially offset by increased power prices compared to the Current Policies scenario, as well as the potential benefits from the climate opportunities identified.

### METRICS AND TARGETS

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

GHG emissions and non-renewable energy production are currently tracked to understand climate risk and opportunity exposure. Avoided emissions, energy saved, and renewable energy production are expected to increase as the Company further capitalises on the available opportunity. The Company also looks to extend the metrics linked to risk management, taking a forward-looking approach to physical and transition risks and this remains a work in progress for the strategy.

RISK INDICATORS	Scope 1 emissions	37,634	tCO <sub>2</sub> e
	Scope 2 emissions (location-based)	270	tCO <sub>2</sub> e
	Scope 2 emissions (market-based)	542	tCO <sub>2</sub> e
	Total emissions	37,634	tCO <sub>2</sub> e
	Non-renewable energy production	174,530	MWh
OPPORTUNITY INDICATORS	Avoided emissions	27,112	tCO <sub>2</sub> e
	Energy saved	8,861	MWh
	Renewable energy production	18,965	MWh

The Group targets a wide range of assets that contribute to energy transition and the Investment Manager and Board believe that TENT's investments are well-aligned to the energy transition through the resulting avoided carbon. The Company also recognises the importance of continuing to reduce the emissions intensity of assets and will continue to track a pathway to Net Zero and will report on reduction in emissions intensity of the assets each year, along with continued reporting of avoided emissions. The Investment Manager, with the oversight of the Board, has also conducted extensive analysis to determine its ability to set an overarching Net Zero target, to reduce its emissions intensity in line with the accepted scientific consensus on reducing global temperature rises to 1.5°C. At this time there is currently no established methodology, or combination of methodologies, available to show the Net Zero alignment of the diversified asset base that the Company holds. The Investment Manager will continue to actively monitor this position for future reporting.

# Section 172(1) Statement

The Board is committed to promoting the long-term success of the Company whilst conducting business in a fair, ethical, and transparent manner.

The Board makes every effort to understand the views of the Company's key stakeholders and to take into consideration these views as part of its decision-making process. Our key stakeholders are our shareholders, the Investment Manager, our service providers, the asset-level service counterparties, the investee companies/borrowers and our lenders. Information on our stakeholder engagement, including how the Board keeps itself informed about stakeholder's views and how we take their views into account in decision-making, can be found on pages 74 to 75.

The majority of the key stakeholder groups interface with the Company primarily through the Investment Manager. The Investment Manager is responsible for communicating stakeholder concerns to the Board, such that they can input on actions as required.

As an investment company, the Company does not have any employees and conducts its core activities through third-party service providers. The Board seeks to ensure each service provider has an established track record and is required to have in place suitable policies and procedures to ensure they maintain high standards of business conduct, treat shareholders fairly, and employ corporate governance best practice.

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) when performing their duty under s172 and forms the Directors' statement required under section 414CZA of the Act.



#### The likely consequence of any decision in the long term

The nature of our business means that the Board have to consider the long-term impact of their decisions, given that the Company's investments are generally held for the long term.

The Board hold a strategy day annually, which allows for the effectiveness of past decisions to be assessed and to consider the actions of the Company going forward.

Please refer to the Investment Objectives and business model on pages 20 to 24



#### The interests of the Company's employees

As a closed-ended investment company, the Company does not have any employees but maintains close working relationships with the Investment Manager and Administrator.

Please refer to stakeholder engagement section on pages 74 to 75



#### The need to foster the Company's business relationships with suppliers, customers and others

The Company's primary suppliers are our service providers, principally the Investment Manager and Administrator. The Board engages regularly with both, as well as at its Board meetings.

Please refer to stakeholder engagement section on pages 74 to 75



#### The impact of the Company's operations on the community and the environment

Having a positive environmental impact is central to the Company's operations, given that its strategy is to invest in assets, support the transition to a lower carbon economy, and help the UK achieve Net Zero.

Please refer to the sustainability report on pages 50 to 54



#### The desirability of the Company maintaining a reputation for high standards of business conduct

The Directors have a duty to promote the success of the Company for the benefit of shareholders. As such they are dedicated to ensuring the maintenance of high standards of business conduct and corporate governance.

Please refer to page 88 of the Corporate Governance Statement



#### The need to act fairly as between members of the Company

The Board actively engages with shareholders and considers their interests when setting the Company's strategy.

Please refer to stakeholder engagement section on pages 74 to 75

## / PRINCIPAL DECISIONS

Principal decisions have been defined as those that have a material impact to the Group and its key stakeholders. In taking these decisions, the Directors considered their duties under section 172 of the Act. Below we describe some of the principal decisions made by the Board in the year and demonstrate how the Board took account of stakeholders' interest in making those decisions.

### MIGRATION TO THE PREMIUM SEGMENT OF THE MAIN MARKET OF THE LONDON STOCK EXCHANGE

With effect from 28 October 2022, the Company migrated the trading of its shares to the Premium Segment of the Main Market of the London Stock Exchange and listed on the FCA's Official List. In its decision making process, the Board considered the associated costs of the migration and the expected benefits. The Company's shareholders, were the key stakeholder impacted by this decision and the Board gave due consideration to their interests, concluding that it was in the best interests of the Company and its shareholders, as it would provide the opportunity to increase the diversity of the shareholder base and improve liquidity of the Company's shares.

### NET ZERO PLANNING

During the year the Board had multiple discussions regarding sustainability and has held workshops with the Investment Manager and the Carbon Trust to discuss the approach to Net Zero planning and setting targets. In considering Net Zero planning, the Board considered the interests of shareholders and also the Investee Companies and Borrowers in which the Group has invested. The decisions made by the Board in respect to Net Zero planning will directly impact the Investee Companies and Borrowers. The Investment Manager has been continuously engaged with those key stakeholders to support them in providing data and reporting required by the Company. Further the Board recognises the ever growing importance of sustainability to its shareholders and therefore considers tracking progress towards Net Zero to be aligned with shareholder interests.

### RISK APPETITE

The Board has an established risk appetite, which was updated during the year, to reflect the updated Investment Policy and to better align the categories with those in the risk register. In updating the risk appetite, the Board considered the interests of the shareholders, the Investment Manager and the lenders. The intention of the risk appetite is to provide guidance to the Investment Manager on what level of risk the Board are comfortable taking in the pursuit of achieving the Company's Investment Objective. The risk appetite provides an effective way for the Board to monitor the Investment Manger's activity and ensures that the interests of the shareholders are appropriately protected.

# Stakeholder Engagement

STAKEHOLDER	SHAREHOLDERS
Why is it important to engage?	Shareholders and their continued support are critical to the continuing existence of the business and delivery of our long-term strategy.
How have the Investment Manager/Directors engaged?	The way in which we engage with our shareholders is set out on page 97 of the Corporate Governance Report. During the year, the Investment Manager met with the majority of existing shareholders as well as prospective investors. The Chair and the Senior Independent Director met with a number of shareholders following publication of the Company's interim results for the period ended 30 September 2022.
What were the key topics of engagement?	The key topics of discussion included: deployment of capital, frequency of communications with shareholders, the Company's share price discount to NAV, the change of the Company's name and Investment Policy.
What was the feedback obtained and/or the outcome of the engagement?	A key piece of feedback received, was that the Company did not communicate regularly enough, about the progress of the underlying assets in the portfolio, with the market through RNS announcements and other channels. Following due consideration, the Board approved the publication of the Company's unaudited NAV and portfolio update on a quarterly basis.
STAKEHOLDER	INVESTMENT MANAGER
Why is it important to engage?	The Investment Manager is responsible for executing the Investment Objective within the Investment Policy of the Company.
How have the Investment Manager/Directors engaged?	The Board maintains regular and open dialogue with the Investment Manager at Board meetings and has regular contact on operational and investment matters outside of meetings. The Management Engagement Committee is responsible for conducting periodic reviews of the Investment Manager.
What were the key topics of engagement?	A key topic of conversation during the year revolved around the Company's share price discount to NAV and the development of a strategy to reduce the discount.
What was the feedback obtained and/or the outcome of the engagement?	In developing a strategy to manage the Company's share price discount to NAV, it was decided to change the Company's name and investment policy to better reflect the nature of the current portfolio of investments and offer a greater number of opportunities for investment in the future. Following this change, the Investment Manager has been heavily engaged with shareholders and prospective investors to promote the Company.
STAKEHOLDER	SERVICE PROVIDERS
Why is it important to engage?	As an externally managed Company, we are reliant on our service providers to conduct our core activities. We believe that fostering constructive and collaborative relationships with our service providers will assist in the promotion of the success of the Company.
How have the Investment Manager/Directors engaged?	The Board maintains regular contact with its service providers, both through Board and Committee meetings, as well as outside the regular meeting cycle. The Management Engagement Committee is responsible for conducting periodic reviews of service providers.
What were the key topics of engagement?	In discussion with the Investment Manager, the Board considered the appointment of a new broker.
What was the feedback obtained and/or the outcome of the engagement?	On 24 June 2022, the Company announced the appointment of J.P. Morgan Cazenove as its sole broker. Since their appointment, J.P. Morgan Cazenove have been highly engaged with shareholders and the Company have undertaken several activities in an attempt to reduce the Company's share price discount to NAV.

STAKEHOLDER	ASSET-LEVEL COUNTERPARTIES
Why is it important to engage?	Asset-level counterparties are an essential stakeholder group and engagement with them is important to ensure assets are operating safely and effectively.
How have the Investment Manager/Directors engaged?	The Investment Manager has developed strong working relationships with the asset-level counterparties and has regular communication with them to ensure the assets are being managed appropriately.
What were the key topics of engagement?	During the year, the O&M contracts for the Hydroelectric Portfolio were renegotiated.
What was the feedback obtained and/or the outcome of the engagement?	The renegotiated contracts ensure that fair working mechanisms between the operator and the owner are embedded in the contract, as well as providing visibility and business continuity to the operator who has since hired more personnel.
STAKEHOLDER	INVESTEES COMPANIES/BORROWERS
Why is it important to engage?	Investee companies and borrowers are companies in which TENT Holdings has invested either by debt or equity. They are an essential stakeholder and engagement with them, particularly the individuals responsible for their operations, is important to ensure the maintenance and performance of each investee company.
How have the Investment Manager/Directors engaged?	The Investment Manager holds Board positions on the Hydroelectric Portfolio. Each investee company and borrower have certain reporting obligations to the Group.
What were the key topics of engagement?	The Investment Manager engaged with the boards and senior management of the investee companies to discuss the relationship going forward, including frequency of reporting.
What was the feedback obtained and/or the outcome of the engagement?	During the year the Investment Manager has renegotiated the reporting requirements and information disclosure with the Hydroelectric Portfolio O&M contractors and the borrowers, specifically requiring reporting on ESG KPIs.
STAKEHOLDER	LENDERS
Why is it important to engage?	The lenders provide an essential source of finance for the Group, allowing it to pursue investment opportunities.
How have the Investment Manager/Directors engaged?	The Investment Manager provides reporting to the Lender on covenant compliance and communicates with them as required.
What were the key topics of engagement?	During the year the Group, via the Investment Manager, negotiated an extension of its existing £40 million RCF with TP Leasing Limited.
What was the feedback obtained and/or the outcome of the engagement?	The £40 million RCF was successfully extended to 28 March 2025 on advantageous terms including a very competitive annual coupon despite a rising interest rate environment.

# Risk Management

The Board and the Investment Manager recognise that risk is inherent in the operation of the Company and are committed to effective risk management to ensure that shareholder value is protected and maximised.

As an externally managed investment company, the Company outsources key services to the Investment Manager and other service providers and relies on their systems and controls. The Board has ultimate responsibility for oversight of risk management and internal controls within the Company. The Board sets the risk appetite for the Company, and reviewed and updated it in the year. The Investment Manager presents the Company's top risks, changes since the previous quarter, risks outside of appetite and emerging risks to the Board on a quarterly basis for their review. The Board assesses and challenges the effectiveness of the Investment Manager's risk management against the risk appetite and controls to manage risks within that appetite, particularly those which would threaten its business model, future performance, solvency, valuation, liquidity or reputation. Further details of the Board's activities relating to risk can be found on pages 76 to 82.

The Investment Manager has responsibility for identifying potential risks at an early stage, escalating risks or changes to risk, and relevant considerations and implementing appropriate mitigations which are recorded in the Group's risk register. Where relevant the financial model is stress tested to assess the potential impact of certain risks against the likelihood of occurrence. In assessing risks, both internal controls and external factors that could mitigate the risk are considered. A post mitigation risk score is then determined for each principal risk. The Group's detailed risk register identifying risks and controls to mitigate their potential impact and/or likelihood is maintained by the Investment Manager, and subject to an annual review by the Board.

## / RISK APPETITE

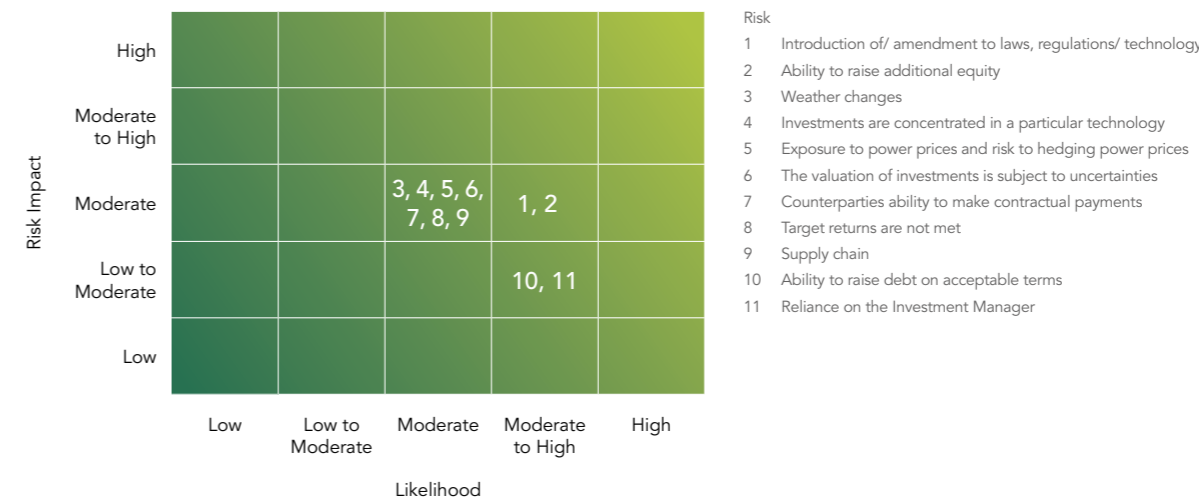
Managing risk is fundamental to the delivery of the Company's strategy, and this is achieved by defining risk appetite and managing risks within that appetite. Risk appetite is the level of risk the Company is willing to take to achieve its strategic objectives. The Board has defined its risk appetite using a category of risks inherent to the environment in which the Company operates. This enables the actual risks which are identified by the Investment Manager to be compared to the defined appetite, to identify where any additional mitigation activity is required. The Company manages its risks within the tolerance set. Any risks outside of appetite are subject to additional oversight and action planning.

The Board has reviewed the Company's appetite for each of the principal risks set out below. The Company seeks to take risk in executing its strategy and in line with its Investment Policy. The Company's risk management framework is designed to manage rather than eliminate the risk of failure to achieve objectives and breaches of risk appetite.

The Board reviews and monitors the Company's risk appetite on, at least, an annual basis to ensure that it remains appropriate and consistent with the Investment Policy.

## / PRINCIPAL RISKS AND UNCERTAINTIES

The table below sets out what we believe to be the principal risks and uncertainties facing the Group. The table does not cover all of the risks that the Group may face. The Board defines the Group's risk appetite, enabling the Group, in both quantitative and qualitative terms, to judge the level of risk it is prepared to take in achieving its overall objectives. Additional risks and uncertainties not presently known to management or deemed to be less material at the date of this report may also have an adverse effect on the Group.



1. INTRODUCTION OF, OR AMENDMENT TO LAWS, REGULATIONS, OR TECHNOLOGY (ESPECIALLY IN RELATION TO CLIMATE CHANGE)			
RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
<p>A technological or regulatory change could occur which could have the effect of rendering an investment in which the Group has invested obsolete or materially change the way in which a service or product is delivered or alter the return profile of an investment.</p> <p>In addition, environmental regulators may seek to impose injunctions or other sanctions on an investment's operation due to changes in laws or regulations that may have a material adverse effect on its financial condition. Carbon pricing is a particular risk.</p>	<p>The future legislative prohibition or tax of particular fuels (such as natural gas) or as a result of technological innovation or otherwise by changes to law and regulation that renders an investment obsolete could threaten the profitability of such an investment, in particular due to the financing projections that are dependent on an extended project life. If such a change were to occur, these assets would have very few alternative uses should they become obsolete.</p>	<p>As part of the Group's acquisition process, the Investment Manager conducts a thorough due diligence process on all projects that takes account of the technology, regulatory environment, potential future regulatory changes and the robustness of any Government subsidy.</p> <p>In particular, the Group considers how to manage the risk of carbon pricing through using carbon price forecasts and offsetting carbon cost risk to off-takers where possible. The Group monitors government guidance and is looking to build the portfolio in line with this guidance. See the Company's reporting toward TCFD on pages 62 to 71 for further detail.</p> <p>The Group's Investment Strategy focuses on a diverse range of assets across various energy transition sub-sectors, which reduces the impact on the Group should any such changes impact any one sector. As a result, the Group is not impacted by the recent Electricity Generation Levy.</p>	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate to High
CHANGE IN YEAR	Stable		



## 2. ABILITY TO RAISE ADDITIONAL EQUITY

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
Ability to raise additional equity, may limit the Group's ability to achieve its Investment Objective.	It may be difficult to raise further equity given that the share price has been trading below NAV for some time, as part of a broader market background where most other investment trusts in energy are also trading at a discount.  Without sufficient funding, the Group will be unable to pursue suitable investments in line with its Investment Policy.	The Board has been closely monitoring the Company's share price discount to NAV and liquidity and is keeping options for managing the discount and liquidity under review.  The Company has increased the frequency of its communications with investors, for example by publishing unaudited quarterly NAV and portfolio updates.  The Company has delivered a fully covered dividend for the year ended 31 March 2023, demonstrating the quality of the portfolio to potential equity investors.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate to High
			CHANGE IN YEAR
			Stable

## 3. WEATHER CHANGES

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
Hydro, solar, wind or other renewable production levels may be lower than forecast or more drastic as a result of climate change	This would affect their ability to perform as well as expected, causing detriment to the revenues and Net Asset Value of the Group.	The Investment Manager is introducing optimisation projects in the Hydroelectric Portfolio; installing log barriers to expand the pooling storage of the water, so that there is a greater amount in reserve to cater for lower rain levels or to capture excess rainfall.  Energy forecasts take into account predicted changes in energy resource.  The Company utilises an external provider, Climate X, to analyse and quantify the risk of physical damage to its assets resulting from climate change.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			New

## 4. INVESTMENTS ARE CONCENTRATED IN A PARTICULAR TECHNOLOGY

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The Group's performance may be negatively impacted if its portfolio is overly concentrated in any one technology type.	Different technologies are at risk of poor operational and financial performance in the event of mechanical breakdown, or obsolescence caused by disruptive technologies. This would affect their ability to perform as well as expected, causing detriment to the revenues and Net Asset Value of the Group.	The Group's portfolio is being built up in phases with technology exposure being monitored and a variety of technologies in its investment pipeline.  The technologies that TENT invests in are proven technologies, with established operating track records. Further diversification has been achieved during the year ended 31 March 2023, with the addition of two technologies into the portfolio bringing the total to five technology types.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			Stable

## 5. EXPOSURE TO POWER PRICES AND RISK TO HEDGING POWER PRICES

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The Group makes investments in projects and concessions with revenue exposure to power prices. The market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange.	Changes in market demand for electricity, including changes in consumer demand patterns, could have a material adverse effect on the Company's profitability, the Net Asset Value, the Company's earnings and returns to shareholders.  To the extent that the Group enters into contracts to fix the price that it receives on the electricity generated or enters into derivatives with a view to hedging against fluctuations in power prices, the Group will be exposed to risk related to delivering an amount of electricity over a specific period. If there are periods of non-production the Group may need to pay the difference between the price it has sold the power at and the market price at that time.	The Company targets Energy Transition projects where a significant portion of revenues are set by long-term contracts with an end user and/or off-taker, to mitigate the volatility of commodity prices. Alternatively, the company may invest through debt structures, with the equity sponsor taking the primary exposure to commodity prices.  In addition, the Group believe that the transition to a lower carbon economy, increased usage of smart grids and residential participation in renewable energy generation should all positively impact demand levels and patterns for electricity.  The Group aims to spread credit risk by putting in place PPAs with a range of different counterparties.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			Stable

## 6. THE VALUATION OF INVESTMENTS IS SUBJECT TO UNCERTAINTIES

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The valuation of assets is inherently subjective leading to uncertainty about how projects are valued from period to period. These uncertainties arise from project valuation assumptions and as well as macro-economic factors, such as inflation and interest rates, which feed into operating assumptions and discount rates, with higher discount rates leading to lower Net Asset Values.	Changes in values attributed to investments during each quarter may result in volatility in the Net Asset Values that the Group reports from period to period.	The Investment Manager is responsible for carrying out the fair market valuation of the Group's investments, but the Group engages external independent valuers to assess the validity of these valuations, with quarterly reviews and annual audits.  Valuations are prepared using external market benchmarks and externally-sourced power market curves from reputable providers or a blend from more than one. The fair valuation of investments is calculated in accordance with IPEV (International Private Equity and Venture Capital) valuation guidelines.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			Stable

## 7. COUNTERPARTIES' ABILITY TO MAKE CONTRACTUAL PAYMENTS

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The Group's revenue derives from the investments in the portfolio, and the Group is exposed to the financial strength of the counterparties to such projects and their ability to meet their contractual payment obligations.	The failure by a counterparty to pay the contractual payments due, or the early termination of an investment due to insolvency, may materially affect the value of the portfolio and could have a material adverse effect on the performance of the Group, the Net Asset Value, the Group's earnings and returns to shareholders.	As part of the Group's acquisition process, the Investment Manager conducts a thorough due diligence process on all projects that includes a credit check on counterparties.  The Investment Manager will look to build in suitable mechanisms to protect the Group's income stream from the relevant investment, which may include parent guarantees and liquidated damages payments on termination.  Following asset acquisitions, the Investment Manager puts in place, and follows, an ongoing management plan tailored to the specific asset.  The Group's exposure to defaults may be further mitigated by contracting with counterparties who are public sector or quasi-public sector bodies or who are able to draw upon government subsidies to partly fund contractual payments.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			Stable

## 8. TARGET RETURNS ARE NOT MET

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The Group's targeted returns are targets only, based on estimates and assumptions which are subject to significant uncertainties, including competitive market pricing being lower than targeted returns, and actual returns may be materially lower than targeted returns.	Generating returns which are lower than the targeted returns would probably affect the share price of the Company, which would affect its ability to raise further finance.	There are regular reviews of the investment environment, competition, the pipeline, the portfolio, and future cash flow focused on monitoring the Group's returns. The Group has the flexibility to structure investments to be as competitive as possible through the overall terms of a funding solution rather than just on price.  In addition, the Group's Revolving Credit Facility has given the Group access to funding with a cheaper cost of capital which should help towards achieving its target returns.  The Group's average pipeline return is 9%, with a broad range of opportunities across a range of sectors, asset classes and return profiles. The ability to reinvest capital into higher returning opportunities should help towards achieving its target returns.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			Stable

## 9. SUPPLY CHAIN

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
Increases in the costs of raw materials and shipping increase the overall supply chain costs.  High demand for energy transition assets increases the length of time taken to receive key items.	Delays to delivery of key items required for the construction of energy transition assets can result in delays to projects being funded by the Group, therefore impacting returns.	Long lead time items, such as with BESS assets, are typically secured through deposit payments, with penalties for delays passed onto contractual counterparties, therefore limiting the impact on the Group.  Alternative methods for sourcing raw materials are being developed, which will ease supply chain pressures over time.  With the exception of the BESS Portfolio, this risk has a limited impact on the remainder of the portfolio given the operational nature of assets.  Spare parts strategies have been established to limit the impact of supply chain issues for each of the respective investments.	Moderate
			POST MITIGATION LIKELIHOOD
			Moderate
			CHANGE IN YEAR
			New

## 10. ABILITY TO RAISE DEBT ON ACCEPTABLE TERMS

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
Ability to raise debt on acceptable terms, may limit the Group's ability to deliver the target returns and dividend coverage.	Should debt not be available at the terms assumed in the financial model, TENT may be unable to meet the total NAV return target and/or may reduce dividend cover.	The Company, through its wholly owned subsidiary, TENT Holdings, successfully extended its existing £40 million RCF to 28 March 2025 on acceptable terms. This provides funding for the Group to invest into the BESS Portfolio and allow it to reinvest the capital recycled into an attractive pipeline of opportunities above the current blended return of the portfolio.	Moderate to High
			POST MITIGATION LIKELIHOOD
			Low to Moderate
			CHANGE IN YEAR
			Decrease

## 11. RELIANCE ON THE INVESTMENT MANAGER

RISK DESCRIPTION	RISK IMPACT	MITIGATION	POST MITIGATION IMPACT
The Group relies on the Investment Manager's services and its reputation in the energy and infrastructure market. As a result, the Group's performance will, to a large extent, depend on the Investment Manager's abilities in the energy transition market.	The performance of the Group depends, in part, on the ability of the Investment Manager to provide competent and efficient services to the Group.  The departure of any of the key personnel of the Investment Manager without adequate replacement may also have a material adverse effect on the Group's performance. In addition, if any such personnel were to do anything or were alleged to have done something that may be the subject of public criticism or other negative publicity or may lead to investigation, litigation or sanction, this may have an adverse impact on the Group and its reputation by association.  Termination of the Investment Management Agreement would severely affect the Group's ability to effectively manage its operations and may have a negative impact on the share price of the Company.	Unless there is a default, either party may terminate the Investment Management Agreement by giving notice, such notice not being served before the fourth anniversary of the date of Admission (which was October 2020).  The Board regularly reviews and monitors the Investment Manager's performance. In addition, the Board meets regularly with the Investment Manager to ensure that we maintain a positive working relationship.  The key personnel of the Investment Manager are subject to a six-month notice period which would provide sufficient time for the Investment Manager to find a suitable replacement with relevant industry experience.	Moderate to High
			POST MITIGATION LIKELIHOOD
			Low to Moderate
			CHANGE IN YEAR
			Decrease

Since the last Annual Report, the following risks have been removed from the Principal Risks table:

- Significant abortive costs in terms of financial cost and time
- Geopolitical

Each of these risks are still being actively managed through our risk management process.

The risk of ability to raise additional finance has been broken out into ability to raise debt on acceptable terms and ability to raise additional equity.

## / EMERGING RISKS

Emerging risks are characterised by a degree of uncertainty and the Investment Manager and the Board consider new and emerging risks every six months, the risk register is then updated to include these considerations.

The Board have recognised climate change as a risk since fund inception and where known risks have been identified, and considered material, they enter the risk register, and in some cases the principal risk register, as is the case, for example, with carbon pricing and weather effects. Our inclusion of climate change in emerging risks is recognition of the continued uncertainty which exists on the severity of physical climate change and the scale and nature of political action to counter it.

### CLIMATE CHANGE

Scientific knowledge continues to develop and the latest Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report, published in March 2023, confirmed that latest data indicates remaining within a 1.5 degree world is unlikely to be achievable, and that staying within a 4 degree world is the more realistic target still requiring urgent and significant action to be achieved. In the face of this latest insight, we see increasing risk of laws and/or regulation being introduced with the purpose of driving a transition to lower carbon emissions which may impact a given asset's activities. Assets are also at increased risk from physical climate risks resulting from the more turbulent and unpredictable weather and environmental conditions, caused by a warming climate.

### TRANSITION RISKS

The risk that results from changing policies, practices and technologies that arise as countries and societies work to decrease their reliance on carbon. In the near and medium term, transition risks to portfolio investments may arise from any unexpected changes to existing government policies. This could have a negative impact on the valuation of the Group's portfolio. For the top-rated transition risks please refer back to the progress report under the Task Force on Climate-related Financial Disclosures framework.

### PHYSICAL EFFECTS OF CLIMATE CHANGE

While efforts to mitigate climate change continue to progress, the physical impacts are already emerging in the form of changing weather patterns. For example, 2022 saw both heatwaves and flash flooding throughout the UK and Europe. We assess for ten major extreme weather events: flooding (river, coastal, surface), subsidence, landslides, coastal erosion, heat stress, storm, droughts and wildfires, which may potentially impair the operations of existing and future portfolio companies at certain locations or impacting locations of companies within their supply chain. The Investment Manager now uses a specialist external data platform to identify predicted physical risk exposure (ten major physical risks) for TENT's investments, or future prospective assets, in a <1.5- and 3-degree warming environment. For the top-rated physical risks please refer back to the progress report under the Task Force on Climate-related Financial Disclosures framework.

# Going Concern and Viability Statement

## / GOING CONCERN

The Directors have adopted the going concern basis in preparing the Annual Report for the year ended 31 March 2023. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expenditure commitments, until September 2024.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Investment Manager's Report. The Group faces a number of risks and uncertainties, as set out in the Strategic Report. The financial risk management objectives and policies of the Group, including exposure to credit risk, price risk and market risk are disclosed in Note 17 to the financial statements.

The Group continues to meet day to day liquidity needs through its cash resources.

As at 31 March 2023, the Company had net assets of £99.4 million including cash balances of £9.3 million. The Company's sole wholly owned subsidiary, TENT Holdings, has a £40 million RCF which is undrawn and a £2 million cash balance which, on a Group basis, offer sufficient cash flow to meet the Company's obligations, including investment commitments of £44.4 million, as they fall due. The covenants on the RCF are limited to gearing and interest cover and the Group is expecting to comply with these covenants on drawdown and in future periods. The Company acknowledges the current trend of rising interest rates, and while the Group's Revolving Credit Facility (RCF) interest rate is fixed until March 2025, there is a possibility of future increases. As part of the assessment of its ongoing operations and viability, the Group has analysed the potential impact of such a scenario. The findings indicate that the Company would continue to operate as a going concern and maintain ample liquidity.

The Group's investment portfolio consists of fixed-rate debt investments, with most of these investments having contractual maturities between 2031 and 2035. Additionally, the Group has the Hydroelectric Portfolio, which is fully operational and has an economic lifespan of over 30 years. As a result, the Group benefits from long-term contractual cash flows and a set of risks that can be identified and assessed. The loan investments contribute a fixed return, and the Hydroelectric Portfolio benefits from upward only RPI linked revenue flow under a UK government scheme. The Hydroelectric Portfolio also benefits from fixed price PPAs, with institutional counterparties, for the next financial year. Forecast revenues thereafter are subject to wholesale power prices, the levels of which are based upon qualified independent forecasts.

The Group's cash outflows encompass operational expenses, debt servicing, dividend payments, and costs associated with acquiring new assets. These outflows are anticipated to be covered by the Group's current cash reserves and cash generated from its operations. The Company actively monitors its cash obligations on a regular basis to ensure it maintains adequate liquidity.

The war in Ukraine continues into 2023 and the impact of sanctions placed on Russia aimed to weaken the Russian economy have had considerable impact on its affiliated countries during the year. Although sanctions are a foreign policy tool deployed in several contexts, the coordinated sanctions on Russia are significant to the global economy due to the size of the Russian economy. The Company does not have any direct exposure to Russia and no assets located in nearby jurisdictions, however we, the Company, continues to monitor the macroeconomic consequences on the investment portfolio closely, including energy price volatility, increase risk of political intervention to regulate prices, change in inflation, taxes and further sanctions. The Directors do not consider that the effects of the conflict have created a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## VIABILITY STATEMENT

The Directors have assessed the viability of the Group over a five-year period to March 2028.

In making this statement the Directors have considered the resilience of the Group, taking account of its current position, the principal risks facing the business (especially the level of future energy prices and our counterparties' ability to make contractual payments), in severe but plausible downside scenarios and the effectiveness of any mitigating actions.

The Directors have determined that the five-year period to March 2028 is an appropriate period over which to provide this viability statement as this period accords with the Group's business planning exercises and is appropriate for the investments owned by the Group. The Group's risk management processes, described in the Risk Management section, consider the key risks during this five-year period and beyond. These include sustainability-related risks that take into account ESG considerations, including the physical and transition risks of climate change (in line with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD")).

The viability analysis has been prepared on the assumption that the Group's investments comprise fixed rate debt investments and a portfolio of hydroelectric assets which are fully operational with economic lives well in excess of the period being considered. As a result, the Group benefits from long-term cash flows and a set of risks that can be identified and assessed. Over the next five years, the loan investments contribute a fixed return, and the Hydroelectric Portfolio contributes returns based on its upward only RPI linked revenue flow under a UK government-backed arrangement. The Hydroelectric Portfolio also benefits from fixed price PPAs, with institutional counterparties, for the next year. Forecast revenues thereafter are subject to wholesale power prices whose levels are based upon qualified independent forecasts. The projects are each supported by detailed financial models.

The Directors believe that portfolio diversification of asset classes across the energy transition landscape with fixed rate debt in multiple technologies and equity investments in hydroelectric assets helps to withstand and mitigate risks it is most likely to meet.

The Investment Manager prepares and considers, and the Board reviews, summary cash flow projections bi-annually as part of management reporting, business planning and dividend approval processes. The projections consider cash balances, key covenants and limits, dividend cover, investment policy compliance and other key financial indicators over the five-year period.

These projections are based on the Investment Manager's expectations of future asset performance, income and costs, and are consistent with the methodology applied to produce the valuation of the investments.

In the viability assessment, the Company has thoroughly evaluated its capacity to sustain operations in various challenging scenarios. These scenarios include a potential decrease in income and an increase in Group expenditure, higher interest rates and even an extreme scenario involving a substantial valuation write-down. The assessment has confirmed that both the Company and the Group would remain viable, fulfilling all obligations, while also maintaining adequate liquidity and (except in the extreme scenario where a waiver would be necessary) meeting the covenant conditions associated with the RCF.

The Directors continue to encourage the Investment Manager to ensure that the portfolio of investments is able to operate as effectively as possible. The Investment Manager has performed downside risk scenario planning encompassing a range of potential outcomes including a breakeven scenario where the model is stressed to failure, illustrating a highly unlikely outcome. The other downside scenarios demonstrate that whilst profitability may be adversely affected, the Company and its investments are expected to remain viable.

Based on this review, the Directors confirm that 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 five-year period to March 2028.

## / BOARD APPROVAL OF THE STRATEGIC REPORT

The Strategic Report has been approved by the Board of Directors and signed on its behalf by the Chair.



**John Roberts**  
Chair

16 June 2023





Governance

# Chair's Introduction



**JOHN ROBERTS,**  
CHAIR

conflicts of interest and bribery and corruption. I am pleased with the good governance to date. I will continue to provide leadership and will build upon the standards that have already been implemented. In this section of the annual report, we report on our compliance with the principles of corporate governance and highlight the key governance events which have taken place in the year.

## / STATEMENT OF COMPLIANCE

The Board has considered the Principles and Provisions of the AIC Code of Corporate Governance ("AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), as well as setting out additional Provisions on issues that are of specific relevance to Triple Point Energy Transition plc.

The Board considers that, as an investment company, reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders, than the UK Code. The Company has fully complied with the Principles and Provisions of the AIC Code or otherwise explained non-compliance below. The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

On behalf of the Board:

**John Roberts**  
Chair  
16 June 2023

I am pleased to introduce the corporate governance report for the year ended 31 March 2023.

The Board is dedicated to ensuring robust governance processes are in place and that suitable and thorough information is received from the Investment Manager and other third-party service providers. We believe that good governance provides the foundation for an open, informed and transparent environment which supports good decision making and encourages constructive communications with our shareholders.

The Board is proud to demonstrate gender diversity, with 50% of non-executive Directors being female, and believes that the composition of the Board provides benefit, in accessing different perspectives and better decision making.

The Board and its Committees have in place detailed agendas of items to review and monitor internal control systems. The Board has implemented key policies and has developed its risk appetite to help mitigate potential risks, to the extent possible, and established best practice procedures for areas such as the Market Abuse Regulation,

# Application of AIC Code Principles

The table below explains how we have applied the main principles of the AIC Code.

	/ AIC CODE PRINCIPLE	/ COMPLIANCE STATEMENT	/ INSTANCES OF NON-COMPLIANCE
A	A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	The Directors are considered to have the appropriate balance of skills, experience, length of service and knowledge of the Company, the energy sector and the investment trust sector to act effectively. The Directors act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regards to other stakeholders.	None
B	The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.	The Board believes that a strong corporate governance culture is essential for the Company to achieve its Investment Objective. This culture promotes openness and transparency with all its key stakeholders, particularly its shareholders. The Board is responsible for the Group's Investment Objective and Investment Policy and has overall responsibility for ensuring the Group's activities are in line with the overall strategy.	None
C	The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Audit Committee reviews the Group's internal financial controls and the Group's internal control and risk management systems, as explained on page 99. The Group has in place the following key internal controls: <ul style="list-style-type: none"> <li>▲ Board risk appetite, reviewed and updated annually, as required;</li> <li>▲ a quarterly report to the Board, identifying the top risks, movements since the prior quarter, emerging risks and any risks outside of the Board's appetite;</li> <li>▲ a risk register identifying risks and controls to mitigate their potential impact and/or likelihood is maintained by the Investment Manager, subject to the supervision and oversight of the Board;</li> <li>▲ reporting on compliance with the investment trust conditions;</li> <li>▲ internal control reports of the Investment Manager, Administrator and other key service providers are reviewed by the Audit Committee;</li> <li>▲ Annual review of the Company's financial position and prospects procedures memorandum;</li> <li>▲ the Investment Manager and Administrator prepare forecasts and management accounts which allow the Board to assess performance; and</li> <li>▲ there is an agreed and defined Investment Policy, specified levels of authority and exposure limits in relation to investments.</li> </ul>	None
D	In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.	The Board encourages participation from its shareholders at its AGM. The Company's Broker offered calls with the Chair to key shareholders each year. The Investment Manager are in regular contact with the Company's key stakeholders and report to the Board at least quarterly. The s.172 statement on page 72 provides a further explanation on the Board's approach to stakeholder engagement.	None

	/ AIC CODE PRINCIPLE	/ COMPLIANCE STATEMENT	/ INSTANCES OF NON-COMPLIANCE
E	The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.	The Chair promotes constructive debate and facilitates a supportive, co-operative and open environment between the Investment Manager and the Directors.  The Chair sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors, and sufficient time is given in meetings to review all agenda items thoroughly.	None
F	The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board's decision making.	All Board members are independent non-executive Directors, who continue to be independent of the Investment Manager.	None
G	Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third party service providers to account.	As part of the process for the appointment of the Directors, the Directors are made aware of the expected time commitment of their role.  The Directors assess their time commitment to the role as part of the annual Board evaluation.  The Directors hold or have held senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board.  The Management Engagement Committee undertakes an annual review of the Investment Manager and other key service providers.	None
H	The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Chair sets the agenda for the Board and, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors five working days prior to the meeting.  The Board has implemented various policies and procedures to ensure the Company runs effectively and efficiently.	None
I	Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Board has yet to consider any new Board appointments. All Board appointments will be made on merit and have regard to diversity regarding factors such as gender, skills, background and experience.  During the year, the Nomination Committee discussed succession planning.  The Board is currently comprised of two male and two female Directors.	None
J	The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.	The Directors hold or have held senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board.  The Board considers that the length of time each Director, including the Chair, serves on the Board should not be limited and has not set a finite tenure policy. Length of service of current Directors and future succession planning is reviewed each year by the Nomination Committee.	None

	/ AIC CODE PRINCIPLE	/ COMPLIANCE STATEMENT	/ INSTANCES OF NON-COMPLIANCE
K	Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	During the year the Board conducted a performance evaluation of its own performance, its committees and individual Directors, as explained on page 96.	None
L	The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee monitors the performance, objectivity and independence of the external auditors and this is assessed by the committee each year. In evaluating BDO's performance, the Audit Committee examines the robustness of the audit process, independence and objectivity of the auditor and the quality of delivery.	None
M	The board should present a fair, balanced and understandable assessment of the company's position and prospects.	The Audit Committee satisfies itself that the annual report taken as a whole is fair, balanced and understandable. The assessment of the performance during the year and the judgements, estimates and assumptions made throughout the annual report are considered formally as a committee agenda item.	None
N	The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The Company relies on third party service providers to conduct its day-to-day operations. The Audit Committee receive internal control reports from the Investment Manager, Administrator, and other key service providers, which provide assurance as to the effectiveness of each of their internal control and risk management systems.  The Board has set its risk appetite and updated it during the year. The Board receive a quarterly report from the Investment Manager which details the top risks, movements since the prior quarter, emerging risks and any risks outside of the Board's appetite. The Board conducts a detailed review of the entire risk register on at least an annual basis.  The Board receives a quarterly depositary report prepared by INDOS Financial Limited who are responsible for cash monitoring, asset verification and oversight of the Group. Additionally, the Board receives quarterly reporting from the Investment Manager in performing its functions under the AIFMD.	None
O	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	The Group does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent. Full details of the remuneration policy can be seen on page pages 108 to 109.	None
P	A formal and transparent procedure for developing policy remuneration should be established. No director should be involved in deciding their own remuneration outcome.	The Company does not have any executive Directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent.	None
Q	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	During the year there have been no major decisions or changes related to the Directors' remuneration.  Directors do not consider their own remuneration and in any case the Group's Remuneration Policy has no variable element to be applied.	None

# Board of Directors



## DR JOHN ROBERTS CBE, NON-EXECUTIVE CHAIR (77)

<b>Appointed:</b>	21 August 2020
<b>Skills and experience:</b>	<p>Dr John Roberts has significant experience in the energy and utilities sectors with a 40-year executive career including senior roles at Manweb plc, Hyder plc and culminating with his role as Chief Executive of United Utilities plc (a long-term constituent of the FTSE 100) from which he retired in 2006. John is a keen advocate for the environment and, amongst other roles, was a member of the Royal Commission on Environmental Pollution, Ofgem's Environmental Advisory Panel and the Renewables Advisory Board, he was also previously Chairman of the North-West Energy Council.</p> <p>A qualified engineer and Chartered Certified Accountant, John was made a Doctor of Engineering by the University of Liverpool and an Honorary Fellow of Liverpool John Moores University.</p> <p>He was awarded a CBE in 2004 for his services to the utilities industry.</p>
<b>Committee memberships:</b>	Management Engagement Committee Nomination Committee
<b>Principal external appointments:</b>	None



## ROSEMARY BOOT, NON-EXECUTIVE SENIOR INDEPENDENT DIRECTOR (60)

<b>Appointed:</b>	21 August 2020
<b>Skills and experience:</b>	<p>Rosemary Boot has an investment banking background with 16 years at UBS Warburg, following which she was appointed Group Finance Director of The Carbon Trust, a position she held for over 10 years. Rosemary then held senior executive positions including at Circle Housing and, finally, was Chief Financial Officer of Future Cities Catapult, stepping down in 2016. Rosemary's knowledge of the wider low carbon technology sector has been built up over 20 years with other current roles including trustee of the Green Alliance Trust, co-founder, director and steering group member of Chapter Zero Limited. She is also a Non-Executive Director of a number of listed and unlisted companies.</p>
<b>Committee memberships:</b>	Audit Committee (Chair) Management Engagement Committee Nomination Committee
<b>Principal external appointments:</b>	Chapter Zero Limited (Co-Founder and Non-Executive Director) Impact Healthcare REIT plc (Non-Executive Director) The Green Alliance Trust (Trustee) Urban&Civic plc (Non-Executive Director)

## SONIA MCCORQUODALE, NON-EXECUTIVE DIRECTOR (48)

<b>Appointed:</b>	21 August 2020
<b>Skills and experience:</b>	<p>Sonia McCorquodale has a background in the renewable energy sector with an executive career with a range of companies spanning start up, operational, PFI managed and an A-rated utility group. In her current role as Trading and Optimisation Director for Drax she manages teams optimising hydro, run of river, biomass and trading global commodities. Prior to this, she was Managing Director for the Commercial division of Welsh Water Limited and prior to that she was Head of Commercial Projects for AIM listed renewable energy company, Good Energy Limited. Over the past 20 years, Sonia has sat on numerous steering committees and trade bodies including, more recently, the CBI Heat Policy Group and Entrepreneurial Women in Renewable Energy (EWIRE).</p>
<b>Committee memberships:</b>	Audit Committee Management Engagement Committee Nomination Committee (Chair)
<b>Principal external appointments:</b>	Cairnbe Limited (Director) Drax Power Limited (Trading and Optimisation Director)



## DR ANTHONY WHITE MBE, NON-EXECUTIVE DIRECTOR (70)

<b>Appointed:</b>	21 August 2020
<b>Skills and experience:</b>	<p>Dr Anthony White has over 35 years' experience in international power markets and the low carbon economy from capital markets, analytical and industry strategy roles. His key executive responsibilities included establishing the Uplift Management Incentive Scheme at National Grid, where he became Group Head of Strategy in the 1990s, and being lead analyst for Citigroup's top ranked pan-European power team. More recently, Anthony was a Managing Director of Climate Change Capital, a specialist low carbon advisory and asset management business, and still consults on developments in the low carbon economy through his company, BW Energy Limited. Anthony has participated in numerous government advisory bodies on UK energy and power including the Energy Advisory Panel, Commission on Environmental Markets and Economic Reform, Energy Networks Strategy Group and the House of Commons Select Committee on Energy &amp; Climate Change.</p> <p>Anthony was appointed an MBE in 2004 for services to UK energy policy.</p>
<b>Committee memberships:</b>	Audit Committee Management Engagement Committee (Chair) Nomination Committee
<b>Principal external appointments:</b>	Green Energy Options Ltd (Director) B W Energy Limited (Director) Pickfords Wharf RTM Company Limited (Director) Bialik-Langworth Limited (Director) Longspur Capital (Senior Advisory Board)





# Corporate Governance

## / RESPONSIBILITIES

The Board aligns its purpose, values and strategy through a strong corporate governance culture.

The Board is responsible for leading and controlling the Company and has oversight of the management and conduct of the Company's business, strategy and development. The Board determines the Investment Objectives and Investment Policy and risk appetite and has overall responsibility for the Group's activities, including review of investment activity and performance.

The Board is also responsible for the control and supervision of the Investment Manager (who is also the Company's AIFM) and compliance with the principles and recommendations of the AIC Code. The Board ensures the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and reviews the overall effectiveness of systems in place. The Board is responsible for approval of any changes to the capital, corporate and/or management structure of the Company.

The Board's main focus is to promote the sustainable long-term success of the Company, to deliver value for shareholders and contribute to wider society. The Board does not routinely involve itself in day-to-day business decisions, but there is a formal schedule of matters that requires the Board's specific approval. In all interactions with the Investment Manager, its service providers, and particularly with its shareholders, the Board values openness and transparency.

The Investment Manager is responsible for making investments in line with the Investment Objectives, Investment Policy and Board approved risk appetite, portfolio management and risk management of the Company pursuant to AIFMD.

The key matters reserved to the Board, include but are not limited to:

- ▲ approval of Board appointments and removals and agreement of continue in office of Directors;
- ▲ review of the structure, size and composition of the Board, taking account of recommendations from the Nomination Committee;

- ▲ conducting an annual review of its own performance, including assessment of independence of Directors and tenure;
- ▲ the appointment, termination, and regular assessment of the performance of the principal advisers, including the Investment Manager, Tax Advisers, Legal Advisers, Financial Advisers, Administrator and Company Secretary, Brokers, Registrar, Depositary and Auditor;
- ▲ managing conflicts of interest of Directors;
- ▲ overall leadership of the Company and setting of its purpose, culture, values and standards;
- ▲ setting the business strategy, including the ongoing review of the Company's Investment Objectives, Policy and restrictions;
- ▲ the approval of annual and half yearly financial reports, to 31 March and 30 September respectively, dividends, quarterly unaudited NAV announcements, accounting policies and significant changes in accounting practices;
- ▲ Stock Exchange related matters, including the approval of communications to the Stock Exchange, and communications with shareholders, other than announcements of a routine nature;
- ▲ ensuring the maintenance of a system of internal controls and risk management;
- ▲ establishing a risk appetite and providing supervision and oversight of the risk register;
- ▲ the review of the adequacy of corporate governance procedures;
- ▲ approval of changes to the capital structure, dividend policy, borrowing facilities and any banking relationships, hedging strategy, cash management strategy and policies;
- ▲ approval of any related party transactions subject to further regulatory requirements; and
- ▲ oversight of the Company's operations ensuring compliance with statutory and regulatory obligations.

## / BOARD MEMBERSHIP AND ATTENDANCE

During the year to 31 March 2023, the number of meetings attended by each Director was as follows:

Director	Scheduled Quarterly Board meetings*	Ad-hoc Board meetings
Dr John Roberts	4/4	8/8
Rosemary Boot	4/4	8/8
Dr Anthony White	4/4	8/8
Sonia McCorquodale	4/4	8/8

\* Number of scheduled meetings attended/maximum number of meetings that the Director could have attended.

The ad-hoc Board meetings were convened at shorter notice to discuss various matters including, but not limited to, the migration to the premium segment of the London Stock Exchange, risk appetite, and shareholder feedback. The Board also held a strategy day in the year.

## / COMPOSITION

The Company has a non-executive Chair and three other non-executive Directors, including a Senior Independent Director, all of whom were considered independent on and since their appointment. All the Directors are independent of the Investment Manager.

John Roberts is the Chair of the Board and is responsible for the Board's overall effectiveness in directing the Company. The Chair, in conjunction with the Company Secretary, ensures that accurate, timely and clear information is circulated to the Directors, and that sufficient time is given in meetings to consider and discuss all agenda items thoroughly. He promotes a culture of openness and constructive debate to ensure the effective contribution of all Directors, facilitating a co-operative environment between the Investment Manager and the Directors, and encourages Directors to critically examine information and reports to constructively challenge the Investment Manager and hold third party service providers to account where appropriate.

The Chair has put mechanisms in place to ensure effective communication between shareholders and the Board, to ensure that their views, issues and concerns are considered as part of the decision-making process. Rosemary Boot is the Senior Independent Director and, if required, will act as a sounding board and intermediary for the other Directors and shareholders.

The Directors hold or have held senior positions in industry and commerce and contribute a wide range of skills, experience and objective perspective to the Board. The Board committees allow the Directors to focus in greater detail and depth on key matters such as strategy, governance, internal controls and risk management.

The Directors' other principal commitments are listed on pages 92 to 93. During the year, the Board satisfied itself that all Directors were and remain able to commit sufficient time to discharge their responsibilities effectively having given due consideration to their other significant commitments. Changes in any Director's commitments outside the Group are required to be, and have been, disclosed and approved prior to the acceptance of any such appointment. No external appointments accepted during the year were considered to be significant for the relevant directors, taking into account the expected time commitment and nature of these roles.

## / BOARD COMMITTEES

The Board has established a Management Engagement Committee, an Audit Committee and a Nomination Committee. Given that the Company has no executive Directors or other employees; the Board does not consider it necessary to establish a separate remuneration committee and those functions are undertaken by the whole Board. The functions and activities of each of the committees are described in their respective reports.

## / BOARD MEETINGS

The Board meets formally on, at least, a quarterly basis with additional meetings as required from time to time. The Chair, in conjunction with the Company Secretary, sets the agenda for meetings and ensures that Directors receive accurate, clear and timely information to help them to discharge their duties.

The meetings focus on a review of portfolio performance and associated matters such as pipeline and future investment considerations, ESG matters, investment restrictions and regulatory matters.

## / DISCUSSIONS OF THE BOARD

During the period the Board considered the following matters:

- ▲ approval for the Group to extend the £40 million RCF with TP Leasing Limited, pursuant to the requirements of Chapter 11 of the FCA's Listing Rules ("Related Party Transactions");
- ▲ approval of the Company migrating to the premium segment of the Main Market of the London Stock Exchange and listing on the FCA's Official List;
- ▲ approval of quarterly unaudited NAV announcements;
- ▲ the Company's share price discount to NAV and strategies to attempt to rectify it;
- ▲ discussion of feedback from shareholders meetings with the Investment Manager and also the Chair/ Senior Independent Director;
- ▲ approval of J.P. Morgan Cazenove as the Company's sole broker;
- ▲ discussion of ESG related matters including Net Zero planning and approval of the Company classifying itself as an SFDR Article 8 Fund;
- ▲ review and update of the Board's risk appetite;
- ▲ annual detailed review of the Company's risk register;
- ▲ quarterly reporting on the Company's top risks, changes since the prior quarter, emerging risks and risks outside of appetite;
- ▲ the Director's remuneration benchmarked against its peer group;
- ▲ considering the application of the Company's investment policy and restrictions to potential new investments;
- ▲ the Company's compliance with the investment trust conditions;
- ▲ the annual expense budget and monitoring;
- ▲ pipeline review and monitoring; input to investment opportunities being reviewed by the Investment Manager in its role as the AIFM;
- ▲ approval of various Company policies;
- ▲ the key performance indicators by which the Company measures success;
- ▲ approval of quarterly dividends and qualifying interest payments; and
- ▲ approval of the interim results.

## / PERFORMANCE EVALUATION

The Directors recognise that an evaluation process is a significant opportunity to review the practices and performance of the Board, its committees and its individual Directors and to implement actions to improve the Board's focus and effectiveness which contribute to the Company's success. During the year, the Nomination Committee conducted a formal internal process to evaluate Board performance. The Directors were asked to complete a questionnaire that considered amongst other areas, the Board and Committees, Board composition and diversity, leadership, efficiency of Board processes and stakeholder engagement. The Directors were also asked to provide feedback on the performance of themselves and their fellow Directors, which was then reported back to them individually by the Chair (with the SID providing feedback to the Chair).

The results of the performance evaluation demonstrated that there is consensus that the performance and functioning of the Board remains effective. However, there were areas of improvement identified. The key challenges and recommendations of next steps are outlined below. The recommendations will be monitored at the quarterly Board meetings to ensure progress is made.

/ CHALLENGES	/ RECOMMENDATION OF NEXT STEPS
Efficiency of process	To re-examine information flows and timing to allow for greater Board scrutiny.
Diversity	To keep diversity of the Board under regular review, particularly when a recruitment exercise is undertaken.

It is intended that an externally facilitated evaluation will be conducted once every three years.

## / CONFLICTS OF INTEREST

The Group operates a Conflict of Interest Policy that has been approved by the Board and sets out the approach to be adopted and procedures to be followed where a Director, or such other persons to whom the Board has determined the policy applies, has an interest which conflicts, or potentially may conflict, with the interests of the Group. Under the policy and the Company's Articles of Association, the Board may authorise potential matters of conflict that may arise, subject to imposing limits or conditions when giving authorisation, if this is appropriate.

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. All Directors must inform the Board as soon as they become aware of the possibility of an interest that conflicts or might possibly conflict, with the interests of the Group. A register of interests is maintained by the Company Secretary and is reviewed at Board meetings to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

From its admission to trading on the Specialist Fund Segment of the Main Market of the LSE, the Company voluntarily complied with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Subsequent to the migration of the Company's Ordinary Shares to trading on the Premium Segment of the Main Market of the LSE and listing the FCA's Official List, the Company is now subject to the relevant requirements of the Listing Rules, including the provisions of Chapter 11.

## / PROFESSIONAL DEVELOPMENT

The Directors received a comprehensive induction programme on joining the Board that covered the Group's investment activities, the role and responsibilities of a Director and guidance on corporate governance and applicable regulatory and legislative landscape. The Directors' training and development will ordinarily be considered as part of the annual effectiveness evaluation and, in any event, the Chair reviews and discusses any development needs with each Director. Each Director is aware that they should take responsibility for their own individual development needs and take the necessary steps to ensure they are fully informed of regulatory and business developments.

During the period, the Directors received periodic guidance on regulatory and compliance changes at quarterly Board meetings.

## / SHAREHOLDER ENGAGEMENT

The Board seeks to attract long-term investors in the Company and acknowledges the importance of building and maintaining strong relationships to achieve this. During the year the Investment Manager and the brokers held a series of investor events which facilitated more informal, but regular, dialogue with shareholders. The Chair and the Senior Independent Director met with some shareholders following publication of the 2022 annual results.

Shareholders are encouraged to attend and vote at the Company's shareholder meetings, so they can discuss governance and strategy and the Board can enhance its understanding of shareholder views. The Board attends the Company's shareholder meetings to answer any shareholder questions and the Chair will make himself available, as necessary, outside of these meetings to speak to shareholders.

The Board is committed to providing investors with regular announcements of significant events affecting the Group.

In addition, the Board seeks to communicate with shareholders regularly through the following: annual and interim accounts; unaudited quarterly NAV, quarterly factsheets and investor presentations.

All investor documentation is available to download from the Company's website <https://www.tpenergytransition.com/>

## / WHISTLEBLOWING

The Board has considered the arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisations. proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisations.

# Audit Committee Report

The following pages set out the Audit Committee's report on how it has discharged its duties in accordance with the AIC Code and its activities in respect of the year ended 31 March 2023.

The Audit Committee has been in operation throughout the year and operates within clearly defined terms of reference.

## / RESPONSIBILITIES

The Audit Committee has the primary responsibility for reviewing the financial statements and the accounting principles and practices underlying them, liaising with the external auditors and reviewing the effectiveness of internal controls.

The main role of the Audit Committee is to:

- ▲ monitor the integrity of the financial statements of the Company and any formal announcements relating to the financial performance and reviewing significant financial reporting judgements contained in them;
- ▲ provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the AIC Code and to maintain an appropriate relationship with the external auditors;
- ▲ review the investment valuations and underlying assumptions and provide advice to the Board;
- ▲ provide advice to the Board on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- ▲ monitor the integrity of the financial statements of the Company and any formal announcements relating to the financial performance and reviewing significant financial reporting judgements contained in them;
- ▲ review the internal financial controls and the internal control and risk management systems of the Company;
- ▲ consider the appropriateness of the Company establishing an internal audit function;
- ▲ review the adequacy of the Company's arrangements

as they relate to compliance, whistleblowing and fraud;

- ▲ review the contents of external non-financial reporting (including sustainability and progress towards TCFD) and KPIs to ensure they are fair and reasonable;
- ▲ make recommendations to the Board to put to the shareholders for their approval in general meeting in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- ▲ review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- ▲ develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- ▲ report to the Board on significant issues relating to the financial statements and how they were addressed; its assessment of the effectiveness of the audit process; any key matters raised by the external auditor and any other issues on which the Board has requested the Committee's opinion; and
- ▲ report to the Board on how it has discharged its responsibilities.

## / COMMITTEE MEMBERSHIP

The Audit Committee comprises all the Directors with the exception of John Roberts and is chaired by Rosemary Boot.

The Board is satisfied that at least one member of the Audit Committee has recent and relevant financial experience. Rosemary Boot was the chief financial officer of Future Cities Catapult, and from 2001 to 2011 she was group finance director of the Carbon Trust and she is a member of a number of other listed and unlisted company Audit Committees. The Board is also satisfied that the committee as a whole has competence relevant to the sector in which the Group operates.

## / MEETING ATTENDANCE

The Committee met three times in the year ended 31 March 2023, the meetings were attended by each member as follows:

Director	Attendance
Rosemary Boot	3/3
Sonia McCorquodale	3/3
Anthony White	3/3

## / ACTIVITIES

The Audit Committee meets three times a year to consider the annual report, interim report, review year end audit planning and to consider any other formal financial performance announcements and any other matters as specified under the Committee's terms of reference and reported to the Board on how it discharged its responsibilities.

During the year the Audit Committee discussed and considered the following key matters:

- ▲ the external auditor's performance, objectivity and independence;
- ▲ the external auditor's re-appointment;
- ▲ accounting policies and significant accounting judgements and estimates;
- ▲ the risk register and specifically the effectiveness of the mitigating controls;
- ▲ various ESG related matters including reporting on SFDR and towards TCFD;
- ▲ tax matters for the Company and the decision to make a qualifying interest payment;
- ▲ robust challenge of the Company's valuation of investments;
- ▲ review of the Company's policies including; non-audit services, valuations, liquidity and anti-bribery and the prevention of tax evasion;
- ▲ review of internal control reports from key service providers;
- ▲ long-term viability and going concern;
- ▲ possible areas for future internal audit assurance; and
- ▲ annual review and update of the Company's financial position and prospects procedures memorandum.

## / PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal review process undertaken in the year and was felt to be functioning satisfactorily.

## / INTERNAL CONTROL AND RISK MANAGEMENT

The Company has put a process in place for identifying, evaluating and managing the principal and emerging risks it faces.

During the year, the Board satisfied itself that the procedures for identifying the information needed to monitor the business and manage risk so as to make proper judgements on the financial position and prospects were robust. The Group has in place the following key internal controls:

- ▲ An initial risk appetite was agreed in May 2021, and was updated in the year to reflect the updated Investment Policy and to better align the categories with that in the risk register. The risks outside of appetite are reported to the Board on a quarterly basis for consideration.
- ▲ The Investment Manager presents the Company's top 10 risks, changes since the previous quarter and emerging risks to the Board on a quarterly basis.
- ▲ A detailed risk register identifying risks and controls to mitigate their potential impact and/or likelihood is maintained by the Investment Manager, and subject to an annual review by the Board.
- ▲ Internal control reports of the Investment Manager, Administrator and Depositary are reviewed by the Audit Committee bi-annually.
- ▲ The Company's Financial Position and Prospects Procedures Memorandum is updated annually by the Investment Manager.
- ▲ The Investment Manager and administrator prepare budgets and then forecasts and management accounts which allow the Board to assess performance.
- ▲ There is an agreed and defined Investment Policy and specified exposure limits in relation to investments and leverage.
- ▲ Compliance reporting is reviewed at each quarterly Board meeting.
- ▲ Company policies have been established and/or updated for a variety of matters including, but not limited to; treasury, anti-bribery and prevention of tax evasion and liquidity.

The Board also receives a quarterly depositary report prepared by INDOS Financial Limited, which is responsible for cash monitoring, asset verification and oversight of the Company and the Investment Manager in performing its functions under the AIFMD. The Depositary reports its findings on a quarterly basis during which it monitors and verifies all new acquisitions, share issues, loan facilities, shareholder distributions and other key events. In addition, on an ongoing basis, the Depositary tests the quarterly management accounts, bank reconciliations and performs a quarterly review of the Company when discharging its duties.

Taking into account the review of the reports provided and its knowledge of the business, the Audit Committee has reviewed and approved any statements included in the annual report concerning internal controls and risk management and has determined that the effectiveness of the internal controls were satisfactory. The principal risks and uncertainties identified from the risk register can be found on pages 77 to 79.

## / SIGNIFICANT AREAS OF FOCUS

The following details the key areas of focus by the Audit Committee in relation to the financial statements for the year, which were discussed and debated with the Investment Manager and BDO. The Audit Committee determined that the key risk of material misstatement of the Company's financial statements related to the valuation of its underlying investments, regarding in particular forecast assumptions used and discount rates applied.

### / SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT COMMITTEE

#### VALUATION OF INVESTMENTS

As outlined in Note 12 to the financial statements, the total carrying value of the underlying investments held by TENT Holdings at fair value at 31 March 2023 was £90.1 million (31 March 2022: £78.8 million). Market quotations are not available for these financial assets, and as such, their valuation is determined using a DCF methodology. This requires a series of material judgements to be made as further explained in Note 3 to the financial statements.

The valuation process and methodology is unchanged from the previous financial year. It was discussed by the Audit Committee with the Investment Manager at the time of the interim review, in November 2022, for the interim reporting period ended 30 September 2022, prior to the year end valuation process and again in June 2023 as part of the year-end valuation process. The Committee met with the auditor when it reviewed and agreed the auditor's audit plan and at the conclusion of the audit of the financial statements, discussing the valuation process. With effect from 31 December 2022, the Investment Manager carries out a valuation quarterly. The Company also engaged Mazars as an external, independent, and qualified valuer to assess the validity of the discount rates used for the valuations in the year. Mazars provided a report to the Audit Committee in June 2023 confirming the discount rates adopted at 31 March 2023 were appropriate.

### / SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT COMMITTEE

#### GOING CONCERN AND VIABILITY STATEMENTS

The Board is required to consider and report on the longer-term viability of the business as well as assess the appropriateness of applying the going concern assumption, as well as the assumptions and scenarios reviewed in the long-term viability assessment.

The Audit Committee reviewed the solvency and liquidity position of the Company from the financial statements and the information provided by the Investment Manager on the forecasted cash flow for the Company. As a result, the Audit Committee recommended that the Board adopt the going concern basis of preparation of the financial statements.

## / INTERNAL AUDIT

The Board has considered the appropriateness of establishing an internal audit function and, having regard to the structure and nature of the Company's activities, has concluded that the function is not necessary.

The Audit Committee receive and review internal control reports from the Investment Manager and other third-party service providers to ensure that a sound system of internal control is maintained.

The Audit Committee will review on an annual basis the need for this function and make appropriate recommendations to the Board.

## / EXTERNAL AUDITORS, AUDIT FEES AND NON-AUDIT SERVICES

BDO were appointed as the external auditors of the Company on 21 August 2020 with Peter Smith as the audit partner. It is the Committee's responsibility to monitor the performance, objectivity, and independence of the external auditors and this will be assessed by the Committee each year. In evaluating BDO's performance, the Committee examines the robustness of the audit process, independence and objectivity and the quality of delivery.

BDO were appointed as the external auditors following a tender process undertaken prior to IPO. On an annual basis the Audit Committee reviews the external auditor's performance, objectivity, and independence. During the year the Audit Committee conducted such a review, taking into account the views of the Investment Manager and concluded that the external auditor's performance was adequate and they remained objective and independent.

The Audit Committee has approved a non-audit services policy, that is aligned with the FRC Ethical Standard, and which determines the services that BDO can provide and the maximum fee that may be raised for non-audit services in comparison to the statutory audit fee.

BDO are prohibited from providing services to the Group that would be considered to jeopardise their independence such as tax services, bookkeeping and preparation of accounting records, financial systems design

and implementation, valuation services, internal audit outsourcing and services linked to the financing, capital structure and allocation. All of which are prohibited under the FRC Ethical Standard.

The policy is reviewed annually, by the Audit Committee, to ensure it continues to be in line with best practice.

The total fees for non-audit services provided by the external auditor to the Group shall be limited to no more than 70% of the average of the statutory audit fee for the Group paid to the auditor in the last three consecutive financial years.

Total fees paid to BDO during the year totalled £153,000, of which £44,000 was paid for non-audit services relating to the interim review for the half-year ended 30 September 2022. The Audit Committee considered it appropriate to engage BDO for the interim review as: it is not prohibited under the non-audit services policy; BDO have knowledge of the Company; and it would not be efficient or practical to have another auditor conduct this service.

**Rosemary Boot**  
Audit Committee Chair  
16 June 2023

# Management Engagement Committee Report

## / RESPONSIBILITIES

The main function of the Management Engagement Committee is to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Investment Manager (which is the Company's AIFM).

The Management Engagement Committee regularly reviews the composition of the key executives performing the services on behalf of the Investment Manager and monitors and evaluates the performance of other key service providers to the Company.

The Management Engagement Committee has been in operation throughout the year and operates within clearly defined terms of reference.

## / COMMITTEE MEMBERSHIP

The Management Engagement Committee comprises all the Directors and is chaired by Dr Anthony White.

## / MEETING ATTENDANCE

The Committee met once in the year ended 31 March 2023, the meetings were attended by each member as follows:

Director	Attendance
Anthony White	1/1
Rosemary Boot	1/1
Sonia McCorquodale	1/1
John Roberts	1/1

## / ACTIVITIES

During the period, the Management Engagement Committee conducted a review of the key agreements with its service providers, and a detailed review of the performance, composition and personnel of the Investment Manager. The discussion included an assessment of performance and suitability of the services provided in the contract, the fees paid to each provider, and a review of the termination period of each agreement.

The Management Engagement Committee considered the terms of the Investment Management Agreement, to ensure it continues to properly reflect the commercial arrangements agreed between the Company and the Investment Manager and were satisfied that this was the case.

## / PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal review process undertaken in the year and was felt to be functioning satisfactorily.

## / MANAGEMENT ARRANGEMENTS

The Company operates as an externally managed alternative investment fund for the purposes of the AIFMD. In its role as AIFM, the Investment Manager is responsible for making investments in line with the Company's Investment Objectives, Investment Policy and risk appetite, portfolio management and risk management of the Group pursuant to the AIFMD, subject to the overall control and supervision of the Directors.

The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying out its responsibilities under the Investment Management Agreement.

Under the Investment Management Agreement, the Investment Manager is entitled to receive an annual management fee on the following basis:

Net asset value	Annual Management Fee (percentage of Net Asset Value)
On such part of the Net Asset Value that is up to and including £650 million	0.9%
On such part of the Net Asset Value that is above £650 million	0.8%

The annual fee to the Investment Manager under the Investment Management Agreement for the year ended 31 March 2023 was £883,000, exclusive of VAT (31 March 2022: £436,000).

Under the terms of the agreement, the Investment Manager must use 20% of the management fee received to acquire shares in the Company. On a semi-annual basis, following the announcement of the Net Asset Value for the semi-annual periods ending 31 March and 30 September in each year, the Investment Manager shall procure that the Wider Triple Point Group shall apply an amount, in aggregate, equal to 20% of the Annual Management Fee for the relevant six-month period as follows:

- where the Ordinary Shares are trading at, or at a premium to, the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall use the relevant amount to subscribe for new Ordinary Shares issued at the latest published Net Asset Value per Ordinary Share applicable at the date of issuance; or
- where the Ordinary Shares are trading at a discount to the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall, as soon as reasonably practicable use the relevant amount to make market purchases of Ordinary Shares within four months of the relevant Net Asset Value publication date.

Even though the Annual Management Fee is payable on a quarterly basis, Ordinary Shares will only be acquired by the Wider Triple Point Group on a half-yearly basis. In addition, any such Ordinary Shares acquired by the Wider Triple Point Group are subject to a minimum lock-in period of 12 months.

There are no performance fees payable to the Investment Manager.

The Investment Management Agreement may be terminated by the Investment Manager or the Company by not less than 12 months' written notice, with such notice not being served before the fourth anniversary of the date of Initial Admission.

## / CONTINUING APPOINTMENT OF KEY SERVICE PROVIDERS

The Management Engagement Committee met in the period and reviewed the continuing appointment of the Investment Manager and other key service providers. A thorough process was undertaken, reviewing the performance of the Investment Manager and key service providers, following which feedback was provided, including any areas of improvement. It was concluded that the continuing appointment of the Investment Manager and key service providers, on the terms agreed, remained in the best interests of shareholders as a whole. During the year, the Board approved the appointment of J.P. Morgan Securities plc (trading as J.P. Morgan Cazenove) as sole corporate broker effective from 24 June 2022.

### Dr Anthony White

Management Engagement Committee Chair  
16 June 2023

# Nomination Committee Report

## / RESPONSIBILITIES

The Nomination Committee's main function is to lead the process for appointments, ensuring plans are in place for orderly succession to the Board, overseeing the development of a diverse pipeline for succession and any other matters as specified under the Committee's terms of reference. This includes ensuring that any appointments and succession plans are based on merit and objective criteria, and, within this context, promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nomination Committee has been in operation throughout the year and operates within clearly defined terms of reference.

## / COMMITTEE MEMBERSHIP

The Nomination Committee comprises all of the Directors and is chaired by Sonia McCorquodale.

## / MEETING ATTENDANCE

The Committee met twice in the year ended 31 March 2023, the meetings were attended by each member as follows:

Director	Attendance
Sonia McCorquodale	1/1
Rosemary Boot	1/1
John Roberts	1/1
Anthony White	1/1

## / ACTIVITIES

During the year, the Nomination Committee discussed matters including, but not limited to, tenure policy, diversity policy, Board composition, time commitments, Director independence, succession planning and Board performance.

## / APPOINTMENT AND REPLACEMENT OF DIRECTORS

There were no changes to the composition of the Board in the year.

## / PERFORMANCE EVALUATION

The Committee was evaluated as part of the internal review process undertaken in the year and was felt to be functioning satisfactorily.

## / RE-ELECTION OF DIRECTORS

The Board considers that the performance of each Director continues to be effective and demonstrates the commitment required to continue in their present roles, and that each Director's contribution continues to be important to the Company's long-term sustainable success. This consideration is based on, amongst other things, the business skills and industry experience of each of the Directors (refer to the biographical details of each Director as set out below), as well as their knowledge and understanding of the Company's business model.

The Board has also considered the other contributions which individual Directors may make to the work of the Board, with a view to ensuring that:

- ▲ the Board maintains a diverse balance of skills, knowledge, backgrounds and capabilities leading to effective decision-making;
- ▲ each Director is able to commit the appropriate time necessary to fulfilling their roles; and
- ▲ each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account.

All Directors will submit themselves for re-election on an annual basis. Therefore, all Directors in office as at the date of this report are to be proposed for re-election at the 2023 AGM.

## / DIVERSITY AND INCLUSION

During the year the Nomination Committee reviewed and updated the Company's diversity policy to take into account the FCA's diversity targets and the corresponding reporting requirements under Listing Rule 14.3.33R and 9.8.6R(10).

### DIVERSITY POLICY

The Board recognises the benefits of all types of diversity and supports the recommendations of the Hampton-Alexander Review and the Parker Review. All Board and Committee appointments will be made on merit, and promote diversity of all kinds including gender, ethnicity, sexual orientation, disability or educational, professional and socioeconomic backgrounds and neurodiversity. This will ensure that any such appointment will develop and enhance the operation of the Board to best serve the Company's strategy.

The Board recognises the importance of diversity in the boardroom, which introduces different perspectives to Board debate and considers it to be in the interests of the Group and its shareholders to take into consideration diversity criteria when appointing a new individual to the Board. When undertaking the appointment of a new Director, the Nomination Committee will generally instruct an external search consultancy to undertake an open and transparent process that includes potential candidates from a variety of backgrounds.

The Board is committed to maintaining that the Board, as a whole, will have at least 40% representation of either gender.

The Board will continue to monitor diversity, taking such steps as it considers appropriate to maintain its position as a meritocratic and diverse business.

### FCA LISTING RULE REQUIREMENTS

The following table sets out the gender and ethnic diversity of the Board as at 31 March 2023 in accordance with the FCA's Listing Rules, the disclosure of which in this report having been approved by each of the Directors:

Gender Diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board*
Men	2	50%	1
Women	2	50%	1
Not specified / prefer not to say	–	–	–

### Ethnic Diversity

White British or other White (including minority white groups)	4	100%	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified / prefer not to say	–	–	–

\* In accordance with the Listing Rules, as an externally managed investment Company, we consider these rules inapplicable as we do not have any executive management, including the roles of CEO or CFO, who are Directors of the Company. The Company considers the SID and Chair to be the only applicable senior roles within the business and have reported against these in the table above.

At the period end, the Board comprised of the Chair and three Non-Executive Directors; two male and two female, therefore fulfilling the requirement for at least 40% of the Board to be women. Rosemary Boot is the Senior Independent Director therefore fulfilling the requirement for at least one senior Board position to be held by a woman.

The Company has reported against the Listing Rules on diversity and has complied with the targets or otherwise explained non-compliance below.

/ REQUIREMENT	/ EXPLANATION
A minimum of one board member is from a minority ethnic background	The size of the Company, and also of the Board, make meeting this target challenging. The Nomination Committee considered the appointment of a fifth Director, but concluded that it would not be in the best interests of the Company to incur the additional expense, as the Board has an appropriate mix of skills, knowledge and experience. The Company is committed to progressing towards meeting the recommended targets as soon as practicable and at such time as recruitment activity is undertaken, the Board will ensure that appropriate action is taken to help attract diverse candidates.

## / TENURE POLICY

The Board's policy for Directors, including the Chair, is that they serve for no more than nine years, other than in exceptional circumstances. This ensures the regular refreshment of the Board and its Committees and forms an integral part of the Board's succession planning.

## / EXTERNAL SEARCH CONSULTANCY

In identifying suitable candidates for an appointment to the Board, the Nomination Committee may use open advertising or the services of external advisers to facilitate the search. There were no appointments during the period and therefore an external search consultancy was not required during the period.

## / COMPANY'S SUCCESSION PLANS

The Nomination Committee gave due consideration to the succession planning of the Board during the year and will reassess on an annual basis to ensure progressive refreshing of the Board, taking into account the challenges and opportunities facing the Board and the balance of skills and expertise that are required in the future.

**Sonia McCorquodale**  
Nomination Committee Chair  
16 June 2023



# Directors' Remuneration Report

## / ANNUAL STATEMENT

Dear shareholder,

I am pleased to present the Directors' Remuneration Report on behalf of the Board for the year ended 31 March 2023. It is set out in two sections in line with legislative reporting regulations

- ▲ Directors' Remuneration Policy (on pages 108 to 109) – This sets out our Remuneration Policy for Directors of the Company that has been in place since 26 August 2021 following approvals by shareholders.
- ▲ Annual Report on Directors' Remuneration (on pages 110 to 112) – This sets out how our Directors were paid for the year ended 31 March 2023 and how we intend to apply our Policy for the year ending 31 March 2024. There will be an advisory shareholder vote on this section of the report at our 2023 AGM.

Prior to our IPO in October 2020, the Company introduced a remuneration framework to ensure that remuneration was aligned with best market practice whilst attracting and securing the right non-executive directors to deliver our investment objectives.

The scale and structure of the Directors' remuneration was determined by the Company, prior to the IPO in 2020, in consultation with the sponsor and other advisers having been benchmarked against companies of a similar size in the sector and having regard to the time commitment and expected contribution to the role. The Board conducted a remuneration benchmarking exercise during the year which confirmed that the Directors' remuneration remained at an appropriate level.

The Group does not have any executive directors or employees, and, as a result, operates a simple and transparent remuneration policy with no variable element, that reflects the non-executive Directors' duties, responsibilities and time spent.

## / DISCRETION EXERCISED UNDER THE DIRECTORS' REMUNERATION POLICY

At the date of this report, no discretion is intended to be exercised under the Directors' Remuneration Policy.

We value engagement with our shareholders and for the constructive feedback we receive and look forward to your support at the forthcoming AGM.

**Dr John Roberts**  
Chair  
16 June 2023

# Directors' Remuneration Policy

## / APPROVAL OF REMUNERATION POLICY

Our Directors' Remuneration Policy was last approved by shareholders at the Annual General Meeting of the Group held on 26 August 2021 and became effective from the conclusion of that meeting. In accordance with section 439A of the Act, the provisions of the policy will apply until they are next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or if the Remuneration Policy is varied, in which event shareholder approval for the new Remuneration Policy will be sought.

The policy applies to the non-executive Directors; the Company has no executive Directors or employees. There are no planned changes to the policy in the upcoming financial year.

## / REMUNERATION POLICY OVERVIEW

The Company's objective is to have a simple and transparent remuneration structure, aligned with the strategy. The Company aims to provide remuneration packages with no variable element which will retain non-executive directors with the skills and experience necessary to maximise shareholder value on a long-term basis. The remuneration packages for non-executive Directors will be set with reference to the remuneration packages of comparable businesses.

The Board will assess the appropriateness of the Remuneration Policy on an annual basis and shareholder approval will be sought in the event of any changes being proposed.

## / SERVICE CONTRACTS

The Directors are engaged under letters of appointment and do not have service contracts with the Company.

## / DIRECTORS' TERM OF OFFICE

Under the terms of the Directors' letters of appointment, each directorship is for an initial period of 12 months and thereafter terminable on three months' written notice by either the Director or the Company. Each Director will be subject to annual re-election by shareholders at the Company's Annual General Meeting in each financial year.

## / POLICY ON PAYMENT FOR LOSS OF OFFICE

Upon termination, a Director shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred to that date.

## / CONSIDERATION OF SHAREHOLDER VIEWS

The Company is committed to establishing ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the Directors' Remuneration Report.

## / POLICY TABLE

The Directors are entitled only to the fees as set out in the table below from the date of their appointment. No element of Directors' remuneration is subject to performance factors.

/ COMPONENT	/ HOW IT OPERATES	/ MAXIMUM FEE	/ LINK TO STRATEGY
Annual fee	Each Director receives a basic fee which is paid on a quarterly basis. The Audit Committee Chair is entitled to an additional fee over and above their normal Director fee, reflecting their additional duties and responsibilities in those roles.	The total aggregate fees that can be paid to the Directors is calculated in accordance with the articles of association and will not exceed in aggregate £300,000 per annum.	The level of the annual fee has been set to attract and retain high calibre Directors with the skills and experience necessary for the role. The fee has been benchmarked against companies of a similar size.
Additional fees	Where a Director performs services, which in the opinion of the Board, are outside the ordinary duties of a Director, they will be entitled to an additional fee.	The quantum of any additional remuneration paid to Directors shall be determined by the Board.	The additional fee for services outside of the scope of ordinary duties offers flexibilities for a Director to be awarded additional remuneration to adequately compensate a Director where this is considered appropriate for the effective functioning of, or in furtherance of, the Company's aims.
Other benefits	The Directors shall be entitled to be repaid expenses.	All reasonable travelling, hotel and other expenses properly incurred in the performance of their duties as Director.	In line with market practice, the Company will reimburse the Directors for expenses to ensure that they are able to carry out their duties effectively.





# Annual Report on Directors' Remuneration

## / CONSIDERATION OF REMUNERATION MATTERS

The Board does not consider it necessary to establish a separate remuneration committee as it has no executive Directors. The Board as a whole considers the remuneration of the Directors.

## / DIRECTORS' FEES

The Directors are each paid an annual fee of £40,000 other than the Chair of the Audit Committee who is entitled to an additional £5,000, with an annual fee of £45,000, and the Chair who is entitled to receive an annual fee of £75,000. Directors are also entitled to recover all reasonable expenses properly incurred in connection with performing their duties as a Director. No other remuneration was paid or payable during the year to any Director.

## / SINGLE TOTAL FIGURE (AUDITED INFORMATION)

The fees paid to Directors in respect of the year ended 31 March 2023 and the prior year are shown below.

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Fixed Remuneration	Discretionary remuneration	Total	Fixed Remuneration	Discretionary remuneration	Total
Dr John Roberts (Chair)	£75,000	£Nil	£75,000	£75,000	£Nil	£75,000
Rosemary Boot (Audit Committee Chair)	£45,000	£Nil	£45,000	£45,000	£Nil	£45,000
Sonia McCorquodale	£40,000	£Nil	£40,000	£40,000	£Nil	£40,000
Dr Anthony White	£40,000	£Nil	£40,000	£40,000	£Nil	£40,000
<b>Total</b>	<b>£200,000</b>	<b>£Nil</b>	<b>£200,000</b>	<b>£200,000</b>	<b>£Nil</b>	<b>£200,000</b>

The Company does not provide bonuses, pension benefits, share options, long-term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company.

Information required on executive Directors and employees has been omitted because the Company has neither and therefore it is not relevant.

The Directors only receive fees and reasonable expenses for services as non-executive directors. The Directors' fees are shown in the table above. The Directors' expenses for the year ended 31 March 2023 totalled £485 (31 March 2022: £643). No other remuneration or taxable benefits were paid or payable during the period to any Director.

## / ANNUAL PERCENTAGE CHANGE IN THE DIRECTORS' REMUNERATION

The annual percentage change in remuneration in respect of the financial years prior to the current year in respect of each Director role is detailed in the table below. The annual percentage change is calculated based on the aggregate annual base Directors' remuneration plus an additional fee for acting in the role as either Chair of the Company or Chair of the Audit Committee.

	Date Appointed	Financial year to 31 March 2021	Financial year to 31 March 2022	Financial year to 31 March 2023
Dr John Roberts (Chair)	21 August 2020	N/A	Nil	Nil
Rosemary Boot (Audit Committee Chair)	21 August 2020	N/A	Nil	Nil
Sonia McCorquodale	21 August 2020	N/A	Nil	Nil
Dr Anthony White	21 August 2020	N/A	Nil	Nil

## / STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED TABLE)

Detailed in the table below are details of the Directors' shareholdings as at 31 March 2023. There has been no change in shareholding in the period between 31 March 2023 and the date of this report.

The Directors are not required to hold any shares of the Company by way of qualification. A Director who is not a shareholder of the Company shall nevertheless be entitled to attend and speak at shareholders' meetings.

	Ordinary Shares of 1p each held at 31 March 2023	% of issued Ordinary Share capital
Dr John Roberts	40,000	0.04
Rosemary Boot (through her self-invested personal pension)	40,000	0.04
Sonia McCorquodale	10,000	0.01
Dr Anthony White	40,000	0.04

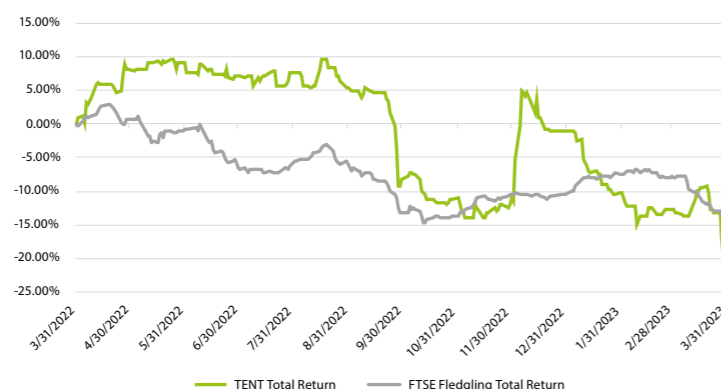
## / RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the total spend on remuneration compared to the distributions to shareholders by way of dividends, share buybacks and the management fees incurred by the Company. As the Group has no employees the total spend on remuneration comprises only the Directors' fees.

	31 March 2023 £'000	31 March 2022 £'000
Dividends paid	5,501	6,125
Share buybacks	Nil	Nil
Management fee	883	436
<b>Directors' emoluments</b>	<b>200</b>	<b>200</b>

## / TOTAL SHAREHOLDER RETURN

As required under regulation, the graph below illustrates the total shareholder return of the Company for the year ended 31 March 2023. This is mapped against the total shareholder return on a hypothetical holding over the same period in the FTSE Fledgling Index. This index has been chosen as it is considered to be the most appropriate benchmark against which to assess the relative performance of the Company as the FTSE Fledgling represents companies of a similar capital size and is in line with our peer group.



## / CONSIDERATION OF SHAREHOLDER VIEWS

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the Directors' Remuneration Report.

During the period the Group did not receive any communications from shareholders specifically regarding Directors' pay.

The resolutions to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) and the Directors' Remuneration Policy were passed on a poll at the Annual General Meeting on 25 August 2022 and 26 August 2021 respectively.

	Votes for	Votes against	Votes withheld
Remuneration Report	99.98%	0.02%	12,566
Remuneration Policy	100%	0%	0

On behalf of the Board:

**Dr John Roberts**  
 Chair  
 16 June 2023

# Report of the Directors

The Directors are pleased to present the annual report, including the Company's audited financial statements as at, and for the period ended 31 March 2023. The information that fulfils the requirements of the Corporate Governance statement in accordance with rule 7.2 of the Disclosure and Transparency Rules ("DTR") can be found in this Directors' report and in the Governance section on pages 88 to 112 all of which is incorporated into this Directors' report by reference.

Details of significant events since the balance sheet date are contained in Note 21 to the financial statements.

An indication of likely future developments of the Company and details of the outlook and pipeline are included in the Strategic Report. Information about the use of financial instruments by the Company and its subsidiaries is given in Note 2 to the financial statements.

## / PRINCIPAL ACTIVITY

The Company is a registered investment company under section 833 of the Act, incorporated in the UK. Its shares trade on the Premium Segment of the Main Market of the London Stock Exchange.

## / DIRECTORS

The names of the Directors who served from 1 April 2022 to 31 March 2023 are set out in the Board of Directors section on pages 92 to 93, together with their biographical details and principal external appointments.

## / INVESTMENT MANAGER AND AIFM

A summary of the principal contents of the Investment Management Agreement are set out in the Management Engagement Committee report on pages 102 to 103.

## / INVESTMENT TRUST STATUS

The Company has been approved as an Investment Trust Company ("ITC") under sections 1158 and 1159 of the Corporation Taxes Act 2010. The Company had to meet relevant eligibility conditions to obtain approval as an ITC and must adhere to ongoing requirements to maintain its ITC status, including, but not limited to, retaining no more than 15% of its annual income.

During the period, the Company has continued to conduct its affairs to ensure it complies with these requirements. The Board continues to monitor compliance with the ITC conditions.

## / FINANCIAL RESULTS AND DIVIDENDS

The financial results for the year can be found in the Company Income Statement on page 128. The Company declared the following interim dividends in respect of the year to 31 March 2023, amounting to 5.5 pence per share.

Relevant period	Dividend per share (p)	Ex-dividend date	Record date	Payment date
1 April to 30 June 2022	1.375	8 September 2022	9 September 2022	30 September 2022
1 July to 30 September 2022	1.375	15 December 2022	16 December 2022	6 January 2023
1 October to 31 December 2022	1.375	16 March 2023	17 March 2023	31 March 2023
1 January to 31 March 2023	1.375	29 June 2023	30 June 2023	14 July 2023

## / POWERS OF THE DIRECTORS

The powers given to the Directors are contained within the current articles of association of the Company (the "Articles"), are subject to relevant legislation and, in certain circumstances (including in relation to the issuing or buying back by the Company of its shares), are subject to the authority being given to the Directors by shareholders in general meetings.

The Articles govern the appointment and replacements of Directors.

## / DIRECTORS' INDEMNITY

Subject to the provisions of the Act, the Company has agreed to indemnify each Director against all liabilities which any Director may suffer or incur arising out of or in connection with any claim made, or proceedings taken against him/her, or any application made by him/her, on the grounds of his/her negligence, default, breach of duty or breach of trust in relation to the Company or any associated Company.

This policy remained in force during the financial period and also at the date of approval of the financial statements.

The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

## / FINANCIAL RISK MANAGEMENT

The information relating to the Company's financial risk management and policies can be found in Note 17 of the financial statements.

## / POST-BALANCE SHEET EVENTS

Important events that have occurred since the end of the financial year can be found in Note 21 of the notes to the financial statements.

## / AMENDMENT TO THE ARTICLES

The Articles may only be amended with shareholders' approval in accordance with the relevant legislation.

## / SHARE CAPITAL

As at 31 March 2023, the Company had 100,014,079 Ordinary Shares in issue. All of the Ordinary Shares are fully paid and carry one vote per share.

There are no restrictions on the transfer of securities in the Company other than certain restrictions which may be impaired by law, for example, Market Abuse Regulations, and the Company's Share Dealing Code. The Company is not aware of any agreements between shareholders that restrict the transfer of Ordinary Shares.

The Directors are generally and unconditionally authorised, in accordance with s.551 of the Act, to exercise all powers of the Company to allot Ordinary Shares up to an aggregate nominal value of £10,000,000, with the authority expiring on 22 July 2025.

## / PURCHASE OF OWN ORDINARY SHARES

At the Company's Annual General Meeting on 25 August 2022, the Company was granted authority to make market purchases up to a maximum of 10,000,000 Ordinary Shares.

The Company made no purchases of its own shares during the period.

## / MAJOR SHAREHOLDINGS

In accordance with DTR 5, the Company was advised of the following significant direct and indirect interests in the issued Ordinary Share capital of the Company as at 31 March 2023.

	Number of Ordinary Shares held	% of voting rights
East Riding of Yorkshire Council	15,000,000	15.000%
Aviva plc	9,700,000	9.700%
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	5,875,000	5.875%
Liontrust Investment Partners LLP	5,000,000	5.000%
South Yorkshire Pensions Authority	5,000,000	5.000%
Brewin Dolphin Limited	4,499,929	4.499%

The Company has not been informed of any changes to notifiable interests between 31 March 2023 and the date of this report.

## / DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the auditor is unaware.

The Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## / RELATED PARTY TRANSACTIONS

Related Party transactions for the year to 31 March 2023 can be found in Note 19 of the financial statements.

## / RESEARCH AND DEVELOPMENT

No expenditure on research and development was made during the period.

## / DONATIONS AND CONTRIBUTIONS

No political or charitable donations were made during the period.

## / BRANCHES OUTSIDE THE UK

There were no branches of the business located outside the United Kingdom.

## / STREAMLINED ENERGY CARBON REPORTING

In relation to the Streamlined Energy and Carbon Reporting ("SECR"), implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, for the year ended 31 March 2023 the Group is considered to be a low energy user (<40,000KWh) and therefore falls below the threshold to produce an energy and carbon report.

Nevertheless, the Board has disclosed in the Sustainability Report on page 61 GHG emissions metrics for the Group's investments for the year ended 31 March 2023.

## / ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 31 August 2023.

## / BUSINESS RELATIONSHIPS

The Company has a set of third party corporate service providers that ensure the smooth running of the Group's activities. The Group's key service providers are listed on page 160 and the Management Engagement Committee annually reviews the effectiveness and performance of these service providers, taking into account any feedback received. Each of these relationships is critical to the long-term success of the business. Therefore, the Company and the Investment Manager maintain high standards of business conduct by acting in a collaborative and responsible manner with all its service providers that protects the reputation of the Group as a whole.

The s.172 statement on page 72 provides more detail on how the Board considers the interests of such stakeholders in its decision making.

## / SIGNIFICANT AGREEMENTS

There are no significant agreements that take effect, alter or terminate on change of control of the Company following a takeover. Additionally, there are no agreements with the Company or a subsidiary in which a Director is or was materially interested or to which a controlling shareholder was a party.

## / EMPLOYEES

The Company has no employees and accordingly there is no requirement to separately report on this area.

The Investment Manager is an equal opportunities employer that respects and seeks to empower each individual and the diverse cultures, perspectives, skills and experiences within its workforce. The Investment Manager places great importance on company culture and the wellbeing of its employees and considers various initiatives and events to ensure a positive working environment.

## / ANTI-BRIBERY POLICY

The Company has a zero-tolerance policy towards bribery and is committed to carrying out its business fairly, honestly and openly. The anti-bribery policies and procedures apply to all its Directors and to those who represent the Company.

## / HUMAN RIGHTS

The Company is not within the scope of the Modern Slavery Act 2015 because it has not exceeded the turnover threshold and is therefore not obliged to make a slavery and human trafficking statement.

The Board considers the Company to be a low risk given the services supplied to or on behalf of the Company and believes the Company's current procedures and ability to rely on regulatory oversight in relation to professional services are sufficient in this regard.

## / INFORMATION INCLUDED IN THE STRATEGIC REPORT

The information that fulfils the reporting requirements relating to the following matters can be found on the pages identified.

### Subject matter

Likely future developments  
On behalf of the Board:



**Dr John Roberts**

Chair  
16 June 2023

### Page reference

14 to 85

# Directors' Responsibility Statement

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

The Directors have delegated the hosting and maintenance of the Company's website content to TPIM and its materials are published on the TPIM website [www.triplepoint.co.uk](http://www.triplepoint.co.uk). Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## / DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

## / APPROVAL

This Directors' responsibilities statement was approved by the Board of Directors and signed on its behalf by:



**Dr John Roberts**

Chair  
16 June 2023

# Independent Auditor's Report

## / TO THE MEMBERS OF TRIPLE POINT ENERGY TRANSITION PLC

### OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- ▲ the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and profit for the year then ended;
- ▲ the Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- ▲ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Triple Point Energy Transition Plc (the 'Company') for the year ended 31 March 2023 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholder's Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

### BASIS FOR OPINION

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

### Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 21 August 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including tenders and reappointments is three years, covering the years ended 31 March 2021 to 31 March 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### CONCLUSIONS RELATING TO GOING CONCERN

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

- ▲ Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the contractual investment commitments and forecast expenditure.

- ▲ Assessing assumptions used within the valuation models to supporting documentation per the Key audit matter noted below and considering how these impact on the ability of the portfolio companies to make distributions to the Company and therefore on the Company's ability to meet its commitments as they fall due;
- ▲ Calculating financial ratios to ascertain the financial health of the Company; and
- ▲ Performing stress testing of extreme downside scenarios and cash flow forecasts, as well as conducting a robust review of the Company's liquidity position.

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

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

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

### OVERVIEW

		2023 Yes	2022 Yes
<b>Key audit matter</b>	Valuation of Unquoted Investments		
<b>Materiality</b>	Company financial statements £1.50m (2022:£1.44m) based on 1.5% (2022: 1.5%) of net assets		

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. 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.

### How the scope of our audit addressed the key audit matter

#### Key audit matter

##### Valuation of unquoted investments

See Note 12 and accounting policy on page 134 to-135.

The Company holds an investment its subsidiary TENT Holdings Limited. As the Company meets the definition of an investment entity it measures this investment at fair value through profit and loss rather than consolidating it.

The fair value of the Company's investment is determined in reference to the fair values of the underlying investments held by TENT Holdings Limited, which comprise both loan investments and the Hydro asset investment (which is a combination of equity and loan investments). These investments have been classified within level 3 as they are not traded and contain certain unobservable inputs and there is a high level of estimation uncertainty involved in determining the investment valuations.

The Investment Manager's fee is based on the value of the net assets of the company. The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations.

We, therefore, have determined the valuation of investments to be a key audit matter.

We performed the following procedures around the valuation of the loan investments held by TENT Holdings Limited as at 31 March 2023:

- ▲ Agreed the terms of the loan from agreement such as interest rates and contractual cash flows, to the relevant valuation models;
- ▲ Agreed the cash outflow associated with making the loan investments to the bank statement;
- ▲ Assessed the determination of the market discount rate applied to the valuation of the loans through, inter alia, consideration of the expected Internal Rate of Return over its life, movements in base rates, and changes in the credit quality of counterparties
- ▲ Consulted with our internal valuations expert on the appropriateness of the market discount rate applied to the valuation of the loans
- ▲ Considered the independence and credentials of management experts engaged to perform valuations of the renewable assets in the portfolio and held discussions with management's experts regarding their key assumptions applied;

In respect of the unquoted investments in the Hydro assets held by TENT Holdings Limited as at 31 March 2023 (combined equity and loan investments), which are valued using discounted cash flow models ("DCF"), we performed the following procedures:

- ▲ Reviewed and challenged the key assumptions including, inter alia, discount factors, inflation, asset life, energy yield and power price applied by benchmarking these to available industry data and verifying these to supporting evidence
- ▲ Consulted with our internal valuations experts on the appropriateness of the assumptions, including the discount rate, inflation, power price, and asset life.
- ▲ Considered the independence and credentials of management experts engaged to perform valuations of the renewable assets in the portfolio and held discussions with management's experts regarding their key assumptions applied;
- ▲ Used spreadsheet analysis tools to assess the integrity of the models;
- ▲ Performed sensitivity analysis by adjusting certain key inputs in order to calculate a reasonable range of possible valuations where appropriate; and
- ▲ Considered the accuracy of forecasting by comparing previous forecasts to actual results.

#### Key Observations:

Based on the procedures performed, consider the estimates and judgements made in the valuation of investments to be appropriate.

### OUR APPLICATION OF MATERIALITY

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

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

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

	2023	2022
<b>Materiality</b>	£1.50m	£1.44m
<b>Basis for determining materiality</b>	1.5 % of Net assets	1.5 % of Net assets
<b>Rationale for the benchmark applied</b>	Net Asset Value is a key indicator of performance and as such was considered to be the most relevant benchmark on which to base materiality for the users of the financial statements.	Net Asset Value is a key indicator of performance and as such was considered to be the most relevant benchmark on which to base materiality for the users of the financial statements.
<b>Performance materiality</b>	£1.12m	£1.08m
<b>Basis for determining performance materiality</b>	75% of materiality	75% of materiality
<b>Rationale for the percentage applied for performance materiality</b>	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.

#### Specific materiality

We also determined that for Revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items impacting revenue return of £251k based on 5% of revenue return before tax (2022: £125k lower testing threshold which is 10% of revenue return before tax). We further applied a performance materiality level of 75% (2022: NIL since we used lower testing threshold) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

## Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £29k (2022:£27k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## CORPORATE GOVERNANCE STATEMENT

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

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

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>▲ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 100; and</li> <li>▲ The Directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate 100.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>▲ Directors' statement on fair, balanced and understandable set out on page 117;</li> <li>▲ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 76;</li> <li>▲ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 99; and</li> <li>▲ The section describing the work of the audit committee set out on page 98.</li> </ul>

## OTHER COMPANIES ACT 2006 REPORTING

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

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

## RESPONSIBILITIES OF DIRECTORS

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

Non-compliance with laws and regulations:

Based on:

- ▲ Our understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates;
- ▲ Discussion with management and those charged with governance;
- ▲ Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;

we considered the significant laws and regulations to include (but not limited to) compliance with the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Association of Investments Companies' Statement of Recommended practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP"), requirements of s.1158 of the Corporation Tax Act, and the applicable financial reporting framework.

Our procedures in respect of the above included

- ▲ Agreement of the financial statement disclosures to underlying supporting documentation;
- ▲ Enquiries of directors and those charged with governance of their knowledge of non-compliance with laws and regulations;
- ▲ Review of minutes of board meetings throughout the period to identify any instances of non-compliance with laws and regulations and corroborate our above inquiries; and
- ▲ Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain their Investment Trust Status.

#### Fraud:

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

- ▲ Enquiry with management and those charged with governance (including Audit Committee) regarding any known or suspected instances of fraud;
- ▲ Obtaining an understanding of the Company's policies and procedures relating to:
  - a) Detecting and responding to the risks of fraud; and
  - b) Internal controls established to mitigate risks related to fraud.
- ▲ Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- ▲ Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- ▲ Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

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

Our tests included, but were not limited to:

- ▲ The procedures set out in the Key Audit Matters section above;
- ▲ Obtaining independent evidence to support the ownership of investments;
- ▲ Recalculating investment management fees in total;
- ▲ Obtaining independent confirmation of bank balances; and
- ▲ Testing journals posted in the process of preparation of financial statements and a sample of expense entries to introduce and element of unpredictability by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

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

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

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

#### USE OF OUR REPORT

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



Peter Smith (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

16 June 2023

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





# Financial Statements

# Income Statement

For the year ended 31 March 2023

	Note	Year Ended 31 March 2023			Year Ended 31 March 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income	5	7,282	–	7,282	2,451	–	2,451
Profit arising on the revaluation of investments at the year end		–	4,017	4,017	–	3,634	3,634
<b>Investment return</b>		<b>7,282</b>	<b>4,017</b>	<b>11,299</b>	<b>2,451</b>	<b>3,634</b>	<b>6,085</b>
Investment management fees	4	662	221	883	327	109	436
Other expenses	6	1,581	22	1,603	867	21	888
		2,243	243	2,486	1,194	130	1,324
<b>Profit before taxation</b>		<b>5,039</b>	<b>3,774</b>	<b>8,813</b>	<b>1,257</b>	<b>3,504</b>	<b>4,761</b>
Taxation	8	–	–	–	–	–	–
<b>Profit/(Loss) after taxation</b>		<b>5,039</b>	<b>3,774</b>	<b>8,813</b>	<b>1,257</b>	<b>3,504</b>	<b>4,761</b>
Other comprehensive income		–	–	–	–	–	–
<b>Total comprehensive income</b>		<b>5,039</b>	<b>3,774</b>	<b>8,813</b>	<b>1,257</b>	<b>3,504</b>	<b>4,761</b>
<b>Basic &amp; diluted earnings per share (pence)</b>							
Ordinary Shares	9	5.04p	3.78p	8.81p	1.26p	3.50p	4.76p

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

All revenue and capital items in the above statement derive from continuing operations.

This Income Statement includes all recognised gains and losses.

The accompanying Notes on pages 132 to 153 are an integral part of this statement.

# Balance Sheet

at 31 March 2023

Company Number: 12693305

	Note	31 March 2023 £'000	31 March 2022 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	12	90,060	78,952
<b>Current assets</b>			
Trade and other receivables	13	374	453
Cash and cash equivalents		9,257	17,144
		9,631	17,597
<b>Total assets</b>		<b>99,691</b>	<b>96,549</b>
<b>Current liabilities</b>			
Trade and other payables	14	(242)	(412)
		(242)	(412)
<b>Net assets</b>		<b>99,449</b>	<b>96,137</b>
<b>Equity attributable to equity holders</b>			
Share capital	15	1,000	1,000
Share premium		13	13
Special distributable reserve		91,037	91,444
Capital reserve		7,093	3,319
Revenue reserve		306	361
<b>Total equity</b>		<b>99,449</b>	<b>96,137</b>
<b>Shareholders' funds</b>			
Net asset value per Ordinary Share (pence)	11	99.44p	96.12p

The statements were approved by the Directors and authorised for issue on 16 June 2023 and are signed on behalf of the Board by:



**Dr John Roberts**  
Chair  
16 June 2023

The accompanying Notes on pages 132 to 153 are an integral part of this statement.

# Statement of Changes in Shareholders' Equity

For the year ended 31 March 2023

	Note	Issued Capital £'000	Share Premium £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
<b>For the year ended 31 March 2023</b>							
<b>Opening balance</b>		<b>1,000</b>	<b>13</b>	<b>91,444</b>	<b>3,319</b>	<b>361</b>	<b>96,137</b>
Issue of share capital	15	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	3,774	5,039	8,813
Dividends paid	10	–	–	(407)	–	(5,094)	(5,501)
<b>Balance at 31 March 2023</b>		<b>1,000</b>	<b>13</b>	<b>91,037</b>	<b>7,093</b>	<b>306</b>	<b>99,449</b>

	Note	Issued Capital £'000	Share Premium £'000	Special Distributable Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
<b>For the year ended 31 March 2022</b>							
<b>Opening balance</b>		<b>1,000</b>	<b>–</b>	<b>97,009</b>	<b>(185)</b>	<b>(336)</b>	<b>97,488</b>
Issue of share capital	15	–	13	–	–	–	13
Total comprehensive income for the year		–	–	–	3,504	1,257	4,761
Dividends paid	10	–	–	(5,565)	–	(560)	(6,125)
<b>Balance at 31 March 2022</b>		<b>1,000</b>	<b>13</b>	<b>91,444</b>	<b>3,319</b>	<b>361</b>	<b>96,137</b>

The capital reserve represents the proportion of Investment Management fees and other expenses, where applicable, charged against capital and realised/unrealised gains or losses on the disposal/revaluation of investments. The unrealised element of the capital reserve is not distributable. The special distributable reserve was created on court cancellation of the share premium account. The revenue, special distributable and realised capital reserves are distributable by way of dividend and total £90.0 million (31 March 2022: £91.6 million).

The accompanying Notes on pages 132 to 153 are an integral part of this statement.

# Statement of Cash Flows

For the year ended 31 March 2023

	Note	Year ended 31 March 2023 £'000	Period ended 31 March 2022 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		8,813	4,761
Gain on revaluation of investments held at fair value through profit or loss	12	(4,017)	(3,634)
Cash flows from operations		4,796	1,127
Interest income	5	(3,402)	(2,451)
Interest received		2,541	1,646
Decrease in receivables	13	(57)	34
Increase/(Decrease) in payables	14	(170)	263
Net cash flows from operating activities		<b>3,708</b>	<b>619</b>
<b>Cash flows from investing activities</b>			
Purchase of financial assets at fair value through profit or loss	12	(9,433)	(56,019)
Loan principal repaid	12	3,339	2,103
Net cash flows used in investing activities		<b>(6,094)</b>	<b>(53,916)</b>
<b>Cash flows used in financing activities</b>			
Issue of shares	15	–	13
Dividends paid		(5,501)	(6,125)
Net cash flows from financing activities		<b>(5,501)</b>	<b>(6,112)</b>
Net decrease in cash and cash equivalents		<b>(7,887)</b>	<b>(59,409)</b>
<b>Reconciliation of net cash flow to movements in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		17,144	76,553
Net decrease in cash and cash equivalents		(7,887)	(59,409)
<b>Cash and cash equivalents at end of year</b>		<b>9,257</b>	<b>17,144</b>

The accompanying Notes on pages 132 to 153 are an integral part of this statement.

# Notes to the Financial Statements

## / 1. CORPORATE INFORMATION

The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales under number 12693305 pursuant to the Act. The address of its registered office, which is also its principal place of business, is 1 King William Street, London EC4N 7AF.

On 28 October 2022, the ordinary shares of the Company were admitted to the premium listing segment of the Official List of the Financial Conduct Authority and were admitted to the Premium Segment of the Main Market of the London Stock Exchange. Prior to which, with effect from IPO, the Company's ordinary shares traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The financial statements comprise only the results of the Company, as its investment in TENT Holdings is included at fair value through profit or loss as detailed in the key accounting policies below.

The Company has appointed Triple Point Investment Management LLP as its Investment Manager (the "Investment Manager") pursuant to the Investment Management Agreement dated 25 August 2020. The Investment Manager is registered in England and Wales under number OC321250 pursuant to the Act. The Investment Manager is regulated by the FCA, number 456597.

The Company intends to achieve its Investment Objective by investing in a diversified portfolio of energy transition investments mostly in the United Kingdom. The Company, through TENT Holdings, will invest in a range of energy transition assets which will contribute, or are already contributing, to energy transition.

## / 2. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

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

The Company prepares its financial statements in compliance with UK-adopted International Accounting Standards.

The financial statements have been prepared in accordance with the guidelines outlined in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC") in April 2021. This ensures that the financial statements are relevant and applicable to the Company.

In line with the SORP, supplementary information has been provided to analyse the Statement of Comprehensive Income and distinguish between items of a revenue and capital nature. This supplementary information is presented alongside the total Statement of Comprehensive Income, allowing for a comprehensive understanding of the Company's financial performance and the breakdown between revenue and capital activities.

The financial statements are prepared on the historical cost basis, except for revaluation of certain financial investments at fair value through profit or loss. The principal accounting policies adopted are set out below and consistently applied, subject to changes in accordance with any amendments in IFRS.

The Company regularly reviews estimates and underlying assumptions. Any revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected. The significant estimates, judgements, or assumptions made during the period are detailed on pages 137 to 138.

### BASIS OF CONSOLIDATION

The sole objective of the Company, through its subsidiary TENT Holdings, is to make investments, via individual corporate entities. The Company typically will subscribe for equity in or issue loans to TENT Holdings in order for it to finance its investments.

The Directors have concluded that in accordance with IFRS 10, the Company meets the definition of an investment entity having evaluated the criteria that needs to be met (see below). Under IFRS 10, investment entities are required to hold subsidiaries at fair value through the Income Statement rather than consolidate them on a line-by-line basis, meaning TENT Holdings' cash, debt and working capital balances are included in the fair value of the investment rather than in the Company's assets and liabilities. However, in substance, TENT Holdings is investing the funds of the investors of the Company on its behalf and is effectively performing investment management services on behalf of many unrelated beneficiary investors. TENT Holdings Limited meets the criteria to be classified as an independent investment entity in accordance with IFRS 10, thereby meeting the criteria of exemption from consolidating its subsidiaries. The Company therefore does not consolidate its Subsidiaries.

### CHARACTERISTICS OF AN INVESTMENT ENTITY

There are three key conditions to be met by the Company for it to meet the definition of an investment entity. For each reporting period, the Directors will continue to assess whether the Company continues to meet these conditions:

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

In satisfying the second criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. The Company intends to hold its investments through TENT Holdings for the remainder of their useful life to preserve the capital value of the portfolio. However, as the energy transition assets are expected to have no residual value after their life, the Directors consider

that this demonstrates a clear exit strategy from these investments.

Subsidiaries are therefore measured at fair value through profit or loss, in accordance with IFRS 13 "Fair Value Measurement", IFRS 10 "Consolidated Financial Statements" and IFRS 9 "Financial Instruments".

The Directors believe the treatment outlined above provides the most relevant information to investors.

### GOING CONCERN

The Directors have adopted the going concern basis in preparing the Annual Report for the year ended 31 March 2023. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expenditure commitments, until September 2024.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Investment Manager's Report. The Group faces a number of risks and uncertainties, as set out in the Strategic Report. The financial risk management objectives and policies of the Group, including exposure to credit risk, price risk and market risk are disclosed in Note 17 to the financial statements.

The Group continues to meet day to day liquidity needs through its cash resources.

As at 31 March 2023, the Company had net assets of £99.4 million including cash balances of £9.3 million. The Company's sole wholly owned subsidiary, TENT Holdings, has a £40 million RCF which is undrawn and a £2 million cash balance which, on a Group basis, offer sufficient cash flow to meet the Company's obligations, including investment commitments of £44.4 million, as they fall due. The covenants on the RCF are limited to gearing and interest cover and the Group is expecting to comply with these covenants on drawdown and in future periods. The Company acknowledges the current trend of rising interest rates, and while the Group's Revolving Credit Facility (RCF) interest rate is fixed until March 2025, there is a possibility of future increases. As part of the assessment of its ongoing operations and viability, the Group has analysed the potential impact of such a scenario. The findings indicate that the Company would continue to operate as a going concern and maintain ample liquidity.

The Group's investment portfolio consists of fixed-rate debt investments, with most of these investments having contractual maturities between 2031 and 2035. Additionally, the Group has the Hydroelectric Portfolio, which is fully operational and has an economic lifespan of over 30 years. As a result, the Group benefits from

# Notes to the Financial Statements

long-term contractual cash flows and a set of risks that can be identified and assessed. The loan investments contribute a fixed return, and the Hydroelectric Portfolio benefits from upward only RPI linked revenue flow under a UK government scheme. The Hydroelectric Portfolio also benefits from fixed price PPAs, with institutional counterparties, for the next financial year. Forecast revenues thereafter are subject to wholesale power prices, the levels of which are based upon qualified independent forecasts.

The Group's cash outflows encompass operational expenses, debt servicing, dividend payments, and costs associated with acquiring new assets. These outflows are anticipated to be covered by the Group's current cash reserves and cash generated from its operations. The Company actively monitors its cash obligations on a regular basis to ensure it maintains adequate liquidity.

The war in Ukraine continues into 2023 and the impact of sanctions placed on Russia aimed to weaken the Russian economy have had considerable impact on its affiliated countries during the year. Although sanctions are a foreign policy tool deployed in several contexts, the coordinated sanctions on Russia are significant to the global economy due to the size of the Russian economy. The Company does not have any direct exposure to Russia and no assets located in nearby jurisdictions, however we, the Company, continues to monitor the macroeconomic consequences on the investment portfolio closely, including energy price volatility, increase risk of political intervention to regulate prices, change in inflation, taxes and further sanctions. The Directors do not consider that the effects of the conflict have created a material uncertainty over the assessment of the Company as a going concern."

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are to be de-recognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for de-recognition in accordance with IFRS 9 Financial Instruments.

### Financial assets

The Company classifies its financial assets as either investments at fair value through profit or loss or financial assets at amortised cost. The classification depends on the purpose for which the financial assets are acquired. The Investment Manager determines the classification of its financial assets at initial recognition.

### Investments at fair value through profit or loss

At initial recognition, the Company measures its investments, through its investment in TENT Holdings, at fair value through profit or loss and any transaction costs are expensed to profit or loss. The Company subsequently, through its investment in TENT Holdings, continues to measure all investments at fair value and any changes in the fair value are recognised as gains or losses on investments at fair value through profit or loss within investment income.

Investments at fair value through profit or loss are recognised upon initial recognition as financial assets at fair value through profit or loss in accordance with IFRS 9. Investments held at fair value through profit or loss consist of the Company's subsidiary, TENT Holdings.

The Company's investment in TENT Holdings comprises both equity and loan notes. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

In determining the fair value, the Board will consider any observable market transactions and will measure fair value using assumptions that market participants would use when pricing the asset, including any assumptions regarding risk surrounding the transaction.

### Financial assets at amortised cost

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as "financial assets at amortised cost". Trade receivables, loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the reporting date, in which case they are to be classified as non-current assets. The Company's financial assets held at amortised cost comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

### Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising other non-derivative financial instruments, including trade and other payables, which are to be measured at amortised cost using the effective interest method.

### Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

### Fair value estimation for investments at fair value

The Group's investments are not typically traded in active markets. Fair value is calculated by discounting at an appropriate discount rate future cash flows expected to be received, by TENT Holdings, from the investment portfolio. The underlying cash flows are from investments in both equity (dividends and equity redemptions), shareholder, inter-company and third-party loans (interest and repayments). The valuations are based on the expected future cash flows, using reasonable assumptions and forecasts for revenues, operating costs, macro-level factors and an appropriate discount rate.

The discount rates used in the valuation exercise represent the Investment Manager's best assessment of the rate of return in the market for assets with similar characteristics and risk profile. The discount rates are reviewed on a regular basis and updated, where appropriate, to reflect changes in the market and in the project risk characteristics.

Investments, which are entered into by TENT Holdings, are designated upon initial recognition as held at fair value through profit or loss. Gains or losses resulting from the movement in fair value of the investments are reflected in the valuation of TENT Holdings and recognised in the Statement of Comprehensive Income at each quarterly valuation point.

The Company's loan and equity investment in TENT Holdings is held at fair value through profit or loss which is measured by reference to the net asset value of TENT Holdings. Gains or losses resulting from the movement in fair value are recognised in the Company's Statement of Comprehensive Income at each quarterly valuation point.

For each quarterly valuation period the Company engages external, independent and qualified valuers to assess the validity of the forecast cash flow assumptions and discount rates used by the Investment Manager in determination of fair value. The Board reviews and approves the valuations following appropriate challenge and examination.

## REVENUE RECOGNITION

Gains and losses on fair value of investments in the income statement represent gains or losses that arise from the movement in the fair value of the Company's investment in TENT Holdings.

Investment income comprises interest income and dividend income received from the Company's subsidiary, TENT Holdings. Interest income is recognised in the Income Statement using the effective interest method.

Dividends from TENT Holdings are recognised when the Company's right to receive payment has been established.

## SHARE CAPITAL AND SHARE PREMIUM

The Company's Ordinary Shares are classified as equity and are not redeemable. Costs associated or directly attributable to the issue of new equity shares are recognised as a deduction in equity and are charged from the share premium account.

# Notes to the Financial Statements

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. At 31 March 2023, the Company's cash balances were held in the Company's bank current account.

There are no expected credit losses and the counterparty risk is mitigated as the banking institution that the Company holds balances with has high credit ratings assigned by international credit rating agencies.

## FOREIGN CURRENCIES

Items included in the financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Company operates and is the Company's functional currency.

## Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

## DIVIDENDS

Dividends to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the Annual General Meeting.

## FUND EXPENSES

Expenses are accounted for on an accruals basis. Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account. The Company's investment management fee, administration fees and all other expenses are charged through the Income Statement.

## CAPITAL EXPENSES

In accordance with the Company's investment objective, it is anticipated that income returns will constitute the majority of the Company's long-term return and based on the estimated apportionment of future returns (which cannot be guaranteed), 25% of the investment management fee is charged as a capital item within the Income Statement.

All expenditures are carefully assessed to determine whether they are related to revenue or capital. Subsequently, the expenditure will be appropriately allocated to the respective section in the income statement.

## TAXATION

Under the current system of taxation in the UK, the Company is liable to taxation on its operations in the UK. Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit or the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or

credited to the Income Statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are not discounted.

## NEW, REVISED AND AMENDED STANDARDS APPLICABLE TO FUTURE REPORTING PERIODS

There were no new standards or interpretations effective in the year that have had a significant impact on the Company's financial statements. Furthermore, none of the amendments to the standards summarised below have had a significant effect on the financial statements.

## NEW AND REVISED STANDARDS NOT APPLIED

At the date of authorisation of these financial statements, the following amendments had been published and will be mandatory for future accounting periods beginning on or after 1 January 2023:

- ▲ Amendments to IFRS 17, "Insurance contracts" – this standard replaced IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts.
- ▲ Narrow-scope amendments to IAS 1 "Presentation of Financial Statements", practise statement 2 and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".
- ▲ Amendments to IAS 12 "Income Taxes" – deferred tax related to assets and liabilities arising from a single transaction.

Effective for accounting periods beginning on or after 1 January 2024:

- ▲ Amendments to IAS 1 on classification of liabilities clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and amendments to Non-current Liabilities with covenants.
- ▲ Amendments to IFRS 16 on Lease Liability in a Sale and Leaseback.

The impact of these standards is not expected to be material to the reported results of the Company.

## SEGMENTAL REPORTING

The Chief Operating Decision Maker (the "CODM") being the Board of Directors, is of the opinion that the Company is engaged in a single segment of business, being investment. All the investments are based in the UK.

The Company has no single major customer. The internal financial information to be used by the CODM on a quarterly basis to allocate resources, assess performance and manage the Company will present the business as a single segment comprising the portfolio of investments in energy transition assets.

## / 3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. It is possible that actual results may differ from these estimates.

The preparation of the financial statements requires the Board to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates, by their nature, are based on judgement and available information, hence actual results may differ from these judgements, estimates and assumptions.

The key estimates that have a significant impact on the carrying values of underlying investments that are valued by reference to the discounted value of future cash flows are the useful life of the assets, the discount rates, the rate of inflation, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce. The sensitivity analysis of these key assumptions is outlined in Note 12 to the financial statements, on page 142.

For equity investments, entered into by TENT Holdings, useful lives are based on the Investment Manger's estimates of the period over which the assets will generate revenue which are periodically reviewed for continued appropriateness. Where land is leased from an external landlord, the operational life assumed for the purposes of the asset valuations is valued at lease expiry or end of contractual extension options. For the loan investments the future cash flows are as per contractual maturity of the facility.

# Notes to the Financial Statements

The discount rates are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different value. The discount rates applied to cash flows are reviewed regularly by the Investment Manager to ensure they are at an appropriate level. The Investment Manager will take into consideration market transactions, of similar nature, when considering changes to the discount rates used. For the year end and half-year accounts and the other quarterly NAV updates, the Company engages external, independent and qualified valuers to assess the validity of the discount rates used by the Investment Manager in determination of fair value.

For equity investments, by TENT Holdings, the revenues and expenditure of the investee companies are frequently or wholly subject to indexation and an assumption is made as to near term and long-term rates. For debt investments, by TENT Holdings, the cash flows are determined by reference to contractual arrangements.

The price at which the output from the generating equity assets is sold is a factor of both wholesale electricity prices and the revenue received from the Government support regimes such as the Feed in Tariffs. Future power prices are estimated using external third-party forecasts which take the form of special consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment.

TENT Holdings' investments in unquoted investments are valued by reference to valuation techniques approved by the Directors and in accordance with the International Private Equity and Venture Capital ("IPEV") Guidelines.

As noted above, the Board has concluded that the Company meets the definition of an investment entity as defined in IFRS 10. This conclusion involved a degree of judgement and assessment as to whether the Company meets the criteria outlined in the accounting standards.

## / 4. INVESTMENT MANAGEMENT FEES

The Company and the Investment Manager entered into an Investment Management Agreement on 25 August 2020.

During the financial year the Annual Management Fee was calculated at 0.9% of Net Asset Value. In the prior financial year, the Annual Management Fee was calculated on the deployed cash funds arising from IPO, until 10 December 2021. At this date 75% of net IPO proceeds had been deployed and therefore for the remaining part of the financial year 2022 the fee was calculated at 0.9% of NAV.

Under the terms of the agreement, the Investment Manager must use 20% of the management fee received (net of taxes) to acquire shares in the Company. On a semi-annual basis, following the announcement of the Net Asset Value for the semi-annual periods ending 31 March and 30 September in each year, the Investment Manager shall procure that the Wider Triple Point Group shall apply an amount, in aggregate, equal to 20% of the Annual Management Fee for the relevant six-month period as follows:

(a) where the Ordinary Shares are trading at, or at a premium to, the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall use the relevant amount to subscribe for new Ordinary Shares issued at the latest published Net Asset Value per Ordinary Share applicable at the date of issuance; or

(b) where the Ordinary Shares are trading at a discount to the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall, as soon as reasonably practicable, use the relevant amount to make market purchases of Ordinary Shares within four months of the relevant Net Asset Value publication date.

The Annual Management Fee is payable on a quarterly basis, and Ordinary Shares are acquired by the Wider Triple Point Group on a half-yearly basis. Any such Ordinary Shares acquired by the Wider Triple Point Group are subject to a minimum lock-in period of 12 months.

Investment management fees paid or accrued during the year were as follows:

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Cash element	662	221	883	317	106	423
Equity element*	–	–	–	10	3	13
	<b>662</b>	<b>221</b>	<b>883</b>	<b>327</b>	<b>109</b>	<b>436</b>

\* During the financial year ended 31 March 2023, the Investment Manager purchased shares in the Company through the open market, as the share price was trading at a discount to NAV. In the prior financial year, the Company issued new shares to the Investment Manager, as the shares were trading at a premium to NAV.

## / 5. INVESTMENT INCOME

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on cash deposits	48	–	48	5	–	5
Interest income from investments	3,354	–	3,354	2,446	–	2,446
Dividend income from investments	3,880	–	3,880	–	–	–
	<b>7,282</b>	<b>–</b>	<b>7,282</b>	<b>2,451</b>	<b>–</b>	<b>2,451</b>

## / 6. OPERATING EXPENSES

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment Management fees</b>	<b>662</b>	<b>221</b>	<b>883</b>	<b>327</b>	<b>109</b>	<b>436</b>
Directors' fees*	200	–	200	200	–	200
Company's audit fees:						
- in respect of audit services	109	–	109	70	–	70
- in respect of non-audit services	44	–	44	25	–	25
Premium Listing fees	547	–	547	–	–	–
Other operating expenses	681	22	703	572	21	593
	<b>2,243</b>	<b>243</b>	<b>2,486</b>	<b>1,194</b>	<b>130</b>	<b>1,324</b>

\*Directors' fees exclude employer's national insurance contributions and travel expenses which are included as appropriate in other operating expenses. Travel expenses for the year ended 31 March 2023 totalled £485 (31 March 2022: £643).

# Notes to the Financial Statements

## / 7. EMPLOYEES

The Company had no employees during the period.

Full detail on Directors' fees is provided in Note 19. The Directors' fees exclude employer's national insurance contribution which is included as appropriate in other operating expenses. There were no other emoluments during the period.

## / 8. TAXATION

Analysis of charge in the period

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	–	–	–	–	–	–

The effective UK corporation tax rate applicable to the Company for the period is 19%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Profit before taxation</b>	<b>5,039</b>	<b>3,774</b>	<b>8,813</b>	<b>1,257</b>	<b>3,504</b>	<b>4,761</b>
Corporation tax at 19%	957	717	1,674	239	666	905
<b>Effect of:</b>						
Capital (gain) not deductible	–	(763)	(763)	–	(690)	(690)
Interest distributions	(646)	–	(646)	(239)	–	(239)
Dividends received not taxable	(737)	–	(737)	–	–	–
Disallowed expenditure	108	–	108	–	–	–
Group relief of excess management expenses	318	46	364	–	24	24
<b>Tax charge for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The Directors are of the opinion that the Company has complied with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010. This allows certain capital profits of the Company to be exempt from UK tax.

Additionally, the Company has in the financial year utilised the interest streaming election which allows the Company to designate dividends wholly or partly as interest distributions for UK tax purposes. Interest distributions are treated as tax deductions against taxable income of the Company so that investors do not suffer double taxation on their returns.

The financial statements do not directly include the tax charges for the Company's intermediate holding company, as TENT Holdings is held at fair value. TENT Holdings is subject to taxation in the United Kingdom at the current main rate of 19%.

## / 9. EARNINGS PER SHARE

	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit attributable to the equity holders of the Company (£'000)	5,039	3,774	8,813	1,257	3,504	4,761
Weighted average number of Ordinary Shares in issue (000)	100,014	100,014	100,014	100,014	100,014	100,014
Profit per Ordinary share (pence) – basic and diluted	5.04p	3.77p	8.81p	1.26p	3.50p	4.76p

Dilution of the earnings per share as a result of the equity element of the investment management fee as disclosed in Note 4, is not expected to have a material impact on the basic earnings per share.

There is no difference between the weighted average Ordinary and diluted number of Shares.

## / 10. DIVIDENDS AND INTEREST DISTRIBUTIONS

Interim dividends paid during year ended 31 March 2023	Dividend per share pence	Interest distribution per share pence	Total dividend £'000
Final quarter interim dividend for the year ended 31 March 2022	0.678	0.697	1,375
First quarter interim dividend for year ended 31 March 2023	0.799	0.576	1,375
Second quarter interim dividend for year ended 31 March 2023	0.799	0.576	1,375
Third quarter interim dividend for year ended 31 March 2023	0.799	0.576	1,376
	3.075	2.425	5,501
Interim dividends declared after 31 March 2023 and not accrued in the year	Dividend per share pence	Interest distribution per share pence	Total dividend £'000
Fourth quarter interim dividend for the year ended 31 March 2023	0.370	1.005	1,375
	0.370	1.005	1,375

As at the date of this report, the Board declared a fourth quarter interim dividend of 1.375 pence per share with respect to the period ended 31 March 2023. The dividend is expected to be paid on or around 14 July 2023 to shareholders on the register on 30 June 2023. The ex-dividend date is 29 June 2023. The Company has chosen to designate part of this interim dividend as an interest distribution. 1.005 pence per share will be paid as an interest payment and 0.370 as an ordinary dividend.

Shareholders in receipt of an interest distribution will be treated for UK tax purposes as though they received a payment of interest. This will result in a reduction in the corporation tax payable by the Company.



# Notes to the Financial Statements

## / 11. NET ASSETS PER ORDINARY SHARE

	31 March 2023 £'000	31 March 2022 £'000
Total shareholders' equity (£'000)	99,449	96,137
Number of Ordinary Shares in issue ('000)	100,014	100,014
<b>Net asset value per Ordinary Share (pence)</b>	<b>99.44p</b>	<b>96.12p</b>

## / 12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As set out in Note 2, the Company designates its interest in its wholly owned direct subsidiary as an investment at fair value through profit or loss.

Summary of the Company's valuation is below:

	31 March 2023 £'000	31 March 2022 £'000
Fair value at start of the year	78,952	20,883
Loan advanced to TENT Holdings Limited in the year	7,964	32,704
Shareholding in TENT Holdings Limited invested in the year	1,469	23,315
Capitalised interest	997	519
Loan principal repaid	(3,339)	(2,103)
Fair value of other net assets in intermediate holding company	4,017	3,634
<b>Fair Value of Company's investments as at end of the year</b>	<b>90,060</b>	<b>78,952</b>

Loans advanced to TENT Holdings in the year totalled £7,964,000. The advances were made at an interest rate of 7% to enable TENT Holdings to complete the loan investment in BESS and LEDs.

The Company owns five shares in TENT Holdings, representing 100% of issued share capital, allotted for a consideration of £24.8 million. The fair value of the investment in TENT Holdings on 31 March 2023 is £90.1 million (31 March 2022: £79.0 million).

Capitalised interest represents interest recognised in the income statement but not paid. This is instead added to the loan balance on which interest for future periods is computed. The loan from the Company to TENT Holdings, which enabled TENT Holdings to complete investments into Harvest, Glasshouse and Spark Steam, carry commensurate terms and repayment profiles. All payments from the borrower and capitalised interest are in accordance and in line with the contractual repayments with the respective underlying facility agreements with Harvest, Glasshouse and Spark Steam as agreed at inception.

## Reconciliation of Portfolio Valuation:

	31 March 2023 £'000	31 March 2022 £'000
Portfolio Valuation	87,680	78,787
Intermediate holding company cash	1,982	293
Intermediate holding company debt*	329	454
Intermediate holding company net working capital	69	(582)
<b>Fair Value of Company's investments as at end of the period</b>	<b>90,060</b>	<b>78,952</b>

\* Debt arrangement costs of £329,000 (31 March 2022: £454,000) which are capitalised and expensed to profit or loss under amortised cost. At 31 March 2023 nil debt was drawn (31 March 2022: nil).

## FAIR VALUE MEASUREMENTS

As set out in Note 2, the Company accounts for its interest in its wholly owned direct subsidiary, TENT Holdings, as an investment at fair value through profit or loss.

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following three 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. Observable data is considered 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 financial instruments held at fair value are the instruments held by the Group in the investee companies, which are fair valued at each reporting date. The investments have been classified within level 3 as the investments are not traded and contain certain unobservable inputs. The Company's investments in TENT Holdings are also considered to be level 3 assets.

As the fair value of the Company's equity and loan investments in TENT Holdings is ultimately determined by the underlying fair values of the equity and loan investments, made by TENT Holdings, the Company's sensitivity analysis of reasonably possible alternative input assumptions is the same as for those investments.

There have been no transfers between levels during the period.

Valuations are derived using a discounted cash flow methodology in line with IPEV Valuation Guidelines and consider, inter alia, the following:

- i. due diligence findings where relevant;
- ii. the terms of any material contracts including PPAs;
- iii. asset performance;
- iv. power price forecasts from leading consultants; and
- v. the economic, taxation or regulatory environment.

# Notes to the Financial Statements

The DCF valuation of the Group's investments represents the largest component of GAV and the key sensitivities are considered to be the discount rate used in the DCF valuation and assumptions relating to inflation, energy yield and power prices.

The shareholder loan and equity investments, in TENT Holdings, are valued as a single asset class at fair value in accordance with IFRS 13 Fair Value Measurement.

## SENSITIVITY

Sensitivity analysis is produced to show the impact of changes in key assumptions adopted to arrive at the valuation. For each of the sensitivities, it is assumed that potential changes occur independently of each other with no effect on any other base case assumption, and that the number of investments in the portfolio remains static throughout the modelled life.

The analysis below shows the sensitivity of the portfolio value (and its impact on NAV) to changes in key assumptions as follows:

## DISCOUNT RATE

The weighted average valuation discount rate applied to calculate the portfolio valuation is 6.57% (31 March 2022: 6.11%).

An increase or decrease in this rate by 0.5% points has the following effect on valuation.

Discount Rate	NAV per share impact Pence	-0.5% change £'000	Total portfolio value £'000	+0.5% change £'000	NAV per share impact £'000
Valuation – March 2023	2.84	92,896	90,060	87,478	(2.58)

## ENERGY YIELD

The table below shows the sensitivity of the Hydroelectric Portfolio valuation to a sustained decrease or increase of energy generation by minus or plus 5% on the valuation, with all other variables held constant. The fair value of the Hydroelectric Portfolio is assessed on a "P50" level of electricity generation, representing the expected level of generation over the long term.

A change in the forecast energy yield assumptions by plus or minus 5% has the following effect.

Energy Yield	NAV per share impact Pence	-5% change £'000	Total portfolio value £'000	+5% change £'000	NAV per share impact £'000
Valuation – March 2023	(3.18)	86,880	90,060	93,193	3.13

## POWER PRICES

The sensitivity considers a flat 10% movement in power prices for all years, i.e. the effect of adjusting the forecast electricity price assumptions applicable to the Hydroelectric Portfolio down by 10% and up by 10% from the base case assumptions for each year throughout the operating life of the Hydroelectric Portfolio.

A change in the forecast electricity price assumptions by plus or minus 10% has the following effect.

Power Prices	NAV per share impact Pence	-10% change £'000	Total portfolio value £'000	+10% change £'000	NAV per share impact Pence
Valuation – March 2023	(2.37)	87,686	90,060	92,855	2.79

## INFLATION

The Hydroelectric Portfolio's income streams are principally subsidy based, which is amended each year with inflation, with the remaining income being from the power price, which the sensitivity assumes will move with inflation.

Operating expenses relating to the Hydroelectric Portfolio, typically move with inflation, but debt payments on the shareholder loans are fixed. This results in the portfolio returns and valuations being positively correlated to inflation. The average long-term inflation assumptions across the portfolio are 3.00% for RPI from 2024 to 2030 (inclusive) and 2.40% thereafter, 2.25% for CPI from 2024. The Company models wholesale power prices inflating at 3% from 2024 onwards as power prices are not intrinsically linked to consumer prices, unlike costs of sales and labour.

The sensitivity illustrates the effect on the portfolio of a 0.5% decrease and a 0.5% increase from the assumed annual inflation rates in the financial model throughout the operating life of the portfolio.

Inflation	NAV per share impact Pence	-0.5% change £'000	Total portfolio value £'000	+0.5% change £'000	NAV per share impact Pence
Valuation – March 2023	(2.34)	87,721	90,060	92,540	2.48

## / 13. TRADE AND OTHER RECEIVABLES

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Prepayments	111	114
Other receivables	263	339
	<b>374</b>	<b>453</b>

## / 14. TRADE AND OTHER PAYABLES

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Accrued expenses	219	125
Other payables	23	287
	<b>242</b>	<b>412</b>

# Notes to the Financial Statements

## / 15. SHARE CAPITAL AND RESERVES

### FOR THE YEAR ENDED 31 MARCH 2023

Allotted, issued and fully paid:	Number of shares	Nominal value of shares (£)
Opening balance as at 1 April 2022	100,014,079	1,000,140.79
Ordinary Shares of 1p each	–	–
<b>Closing balance of Ordinary Shares at 31 March 2023</b>	<b>100,014,079</b>	<b>1,000,140.79</b>

### FOR THE YEAR ENDED 31 MARCH 2022

Allotted, issued and fully paid:	Number of shares	Nominal value of shares (£)
Opening balance as at 1 April 2021	100,000,000	1,000,000.00
Ordinary Shares of 1p each	14,079	140.79
<b>Closing balance of Ordinary Shares at 31 March 2022</b>	<b>100,014,079</b>	<b>1,000,140.79</b>

The Company did not issue any new shares to the Investment Manager in year ending March 2023 under the terms of the Investment Management Agreement. Shares acquired by the Investment Manager in the year have been purchased to fulfill that requirement.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all its liabilities, the shareholders are entitled to all of the residual assets of the Company.

## / 16. SPECIAL DISTRIBUTABLE RESERVE

On 19 October 2020 the Company's Ordinary Shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange, the Directors applied to the Court and obtained a judgement on 12 January 2021 to cancel the amount standing to the credit of the share premium account of the Company.

As stated by the Institute of Chartered Accountants in England and Wales ("ICAEW") and the Institute of Chartered Accountants in Scotland ("ICAS") in the technical release TECH 02/17BL, the Companies (Reduction of Share Capital) Order 2008 SI 2008/1915 ("the Order") specifies the cases in which a reserve arising from a reduction in a company's capital (i.e., share capital, share premium account, capital redemption reserve or redenomination reserve) is to be treated as a realised profit as a matter of law.

The Order also disapplies the general prohibition in section 654 on the distribution of a reserve arising from a reduction of capital. The Order provides that if a limited company having a share capital reduces its capital and the reduction is confirmed by order of court, the reserve arising from the reduction is treated as a realised profit unless the court orders otherwise.

The amount of the share premium account cancelled and credited to the Company's Special reserve was £97.0 million which can be utilised to fund distributions by way of dividends to the Company's shareholders. As at the year ending 31 March 2023, the special distributable reserve balance is £91.0 million (31 March 2022: £91.4 million).

## / 17. FINANCIAL RISK MANAGEMENT

The Company's investment activities expose it to a variety of financial risks; including, interest rate risk, power price risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for overseeing the management of financial risks, however the review and management of financial risks are delegated to the AIFM.

Each risk and its management are summarised below.

### INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk on its cash balances held with counterparties, bank deposits, revolving credit facility, advances to counterparties through loans to its subsidiary. The Company may be exposed to changes in variable market rates of interest as this could impact the discount rate and therefore the valuation of the investments as well as the fair value of the loan receivable. Furthermore, the Company may be exposed to interest rates rises when the revolving credit facility is refinanced. The Company is not considered to be materially exposed to interest rate risk so no sensitivity has been performed. Sensitivity analysis is disclosed in Note 12 to show the impact of changes in key assumptions adopted to arrive at the valuation of investments.

The Company's interest and non-interest-bearing assets and liabilities are summarised below:

For the year ended 31 March 2023	Interest bearing £'000	Non-interest bearing £'000	Total value £'000
<b>Assets:</b>			
Investments at fair value through profit or loss	57,537	32,523	90,060
Other receivables	–	263	263
Cash and cash equivalents	9,257	–	9,257
<b>Total Assets</b>	<b>66,794</b>	<b>32,786</b>	<b>99,580</b>
<b>Liabilities:</b>			
Trade and other payables	–	242	242
<b>Total Liabilities</b>	<b>–</b>	<b>242</b>	<b>242</b>

For the year ended 31 March 2022	Interest bearing £'000	Non-interest bearing £'000	Total value £'000
<b>Assets:</b>			
Investments at fair value through profit or loss	52,116	26,836	78,952
Other receivables	–	339	339
Cash and cash equivalents	17,144	–	17,144
<b>Total Assets</b>	<b>69,260</b>	<b>27,175</b>	<b>96,435</b>
<b>Liabilities:</b>			
Trade and other payables	–	412	412
<b>Total Liabilities</b>	<b>–</b>	<b>412</b>	<b>412</b>

# Notes to the Financial Statements

## LIQUIDITY RISK

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due. The AIFM and the Board continuously monitor forecast and actual cash flows from operating, financing, and investing activities to consider payment of dividends, repayment of trade and other payables or funding further investing activities.

The Company maintains appropriate reserves and has through TENT Holdings established a revolving credit facility. This facility will be utilised to fund the Group's investment commitments, ensuring sufficient liquidity to meet obligations. The Company will continuously monitor forecast and actual cash flows to seek to match the maturity profiles of financial assets and liabilities.

At the period end, the Company's investments, through TENT Holdings, were in equity and secured loan investments in private companies, in which there is no listed market and therefore such investments would take time to realise, and there is no assurance that the valuations placed on the investments would be achieved from any such sale process. The Company's wholly owned subsidiary TENT Holdings, is the entity through which the Company holds its investments. The liquidity of TENT Holdings is reflective of the investments which it holds.

Financial liabilities by maturity at the period end are shown below:

For year ended March 2023	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
<b>Liabilities:</b>				
Trade and other Payables	(242)	–	–	(242)

For year ended March 2022	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
<b>Liabilities:</b>				
Trade and other Payables	(412)	–	–	(412)

## CREDIT RISK

Credit risk is the risk that a counterparty of the Group will be unable or unwilling to meet a commitment that it has entered into with the Group. It is a key part of the pre-investment due diligence. The credit standing of the companies which the Group intends to lend to or invest in is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is on-going, and period end positions are reported to the Board on a quarterly basis.

Credit risk also arises from cash and cash equivalents, derivative financial instruments, loan investments held through TENT Holdings and deposits with banks and financial institutions. The Company and its subsidiaries may mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies, this is in line with the Company's treasury policy.

The Company had no derivatives during the period and the Company's cash balances were held in the Company's current account. In light of the collapse of long-standing financial institutions in recent times, the Company intends to further mitigate its risk by assessing the viability of holding cash balances in an additional bank account with a credit rating of at least Fitch A- or Moody's A3.

To further mitigate counterparty risk, the credit rating and key financials such as cash balance and net asset positions, of the banking provider is reviewed on a regular basis.

The carrying value of the investments, trade and other receivables and cash represent the Company's maximum exposure to credit risk.

## PRICE RISK

Price risk is defined as the risk that the fair value of a financial instrument held by the Group will fluctuate. Investments are measured at fair value through profit and loss. As at 31 March 2023, the Company held 11 indirect investments through its intermediary holding company, TENT Holdings. The value of the investments held by TENT Holdings will vary according to a number of factors including; discount rate used, asset performance and forecast power prices. Sensitivity analysis is disclosed in Note 12.

## CAPITAL RISK MANAGEMENT

The capital structure of the Company at the year-end consists of equity attributable to equity holders of the Company, comprising issued capital and reserves. The Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

## MARKET RISK

Returns from the Company's indirect investments are affected by the price at which the investments are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter-alia, movements in interest rates, market prices and competition for such assets. The Investment Manager carries out a full valuation quarterly and this valuation exercise takes into account such changes.

## / 18. SUBSIDIARIES

The following table shows subsidiaries of the Group. As the Company is regarded as an Investment Entity as referred to in Note 2, the subsidiaries have not been consolidated in the preparation of the financial statements.

Investment	Place of Business	Ownership interest as at 31 March 2023
TENT Holdings*	UK	100.00%
Achnacarry Hydro Limited**	UK	100.00%
Elementary Energy Limited**	UK	99.32%

# Notes to the Financial Statements

Investment	Place of Business	Ownership interest as at 31 March 2023
Green Highland ALLT Choire A Bhalachain (255) Limited**	UK	100.00%
Green Highland ALLT Ladaidh (1148) Limited**	UK	100.00%
Green Highland ALLT Luaidhe (228) Limited**	UK	100.00%
Green Highland ALLT Phocachain (1015) Limited**	UK	100.00%

Investment	Place of Business	Ownership interest as at 31 March 2022
TENT Holdings*	UK	100.00%
Achnacarry Hydro Limited**	UK	100.00%
Elementary Energy Limited**	UK	99.32%
Green Highland ALLT Choire A Bhalachain (255) Limited**	UK	100.00%
Green Highland ALLT Ladaidh (1148) Limited**	UK	100.00%
Green Highland ALLT Luaidhe (228) Limited**	UK	100.00%
Green Highland ALLT Phocachain (1015) Limited**	UK	100.00%

\* Direct shareholding in a financial services investment holding company.

\*\* Indirect shareholding in an electricity production company.

## / 19. RELATED PARTY TRANSACTIONS

### DIRECTORS' FEES

The amounts incurred in respect of Director's fees during the period to 31 March 2023 was £200,000 (31 March 2022: £200,000). These amounts have been fully paid at 31 March 2023. The amounts paid to individual directors during the period were as follows:

	For the year ended 31 March 2023	For the period ended 31 March 2022
Dr John Roberts (Chair)	£75,000	£75,000
Rosemary Boot	£45,000	£45,000
Sonia McCorquodale	£40,000	£40,000
Dr Anthony White	£40,000	£40,000

### DIRECTORS' EXPENSES

The expenses claimed by the Directors during the period to 31 March 2023 was £485 (31 March 2021: £643). These amounts have been fully paid at 31 March 2023. The amounts paid to individual directors during the period were as follows:

	For the year ended 31 March 2023	For the period ended 31 March 2022
Dr John Roberts (Chair)	£156	£551
Rosemary Boot	£61	£51
Sonia McCorquodale	£216	–
Dr Anthony White	£52	£41

### DIRECTORS' INTERESTS

Details of the direct and indirect interests of the Directors and their close families in the ordinary share of one pence each in the Company at 31 March 2023 were as follows:

	Number of Shares	% of Issued share Capital
Dr John Roberts (Chair)	40,000	0.04%
Rosemary Boot	40,000	0.04%
Sonia McCorquodale	10,000	0.01%
Dr Anthony White	40,000	0.04%

### THE COMPANY AND SUBSIDIARIES

During the year interest totalling £3,353,665 was earned on the Company's long-term interest-bearing loans between the Company and its subsidiary (31 March 2022: £2,445,736). At the period end, £195,417 was outstanding (31 March 2022: £344,105).

The loans to TENT Holdings are unsecured; the underlying loan from TENT Holdings to the investment portfolio are secured against the assets of the companies by a fixed and floating charge.

On 13 April 2022, the Company subscribed for one ordinary share for a total consideration of £1,000,000 in TENT Holdings. The share subscription was used to fund payment of the subsidiary's arrangement fees in connection with the revolving credit facility and to partially fund the first drawdowns into the LED lighting portfolio. A further share subscription of one ordinary share, was executed on 26 August 2022, for a total consideration of £469,281 in TENT Holdings. The subsidiary used the proceeds to further fund the deployment into the LED lighting portfolio.

On 22 September 2022, TENT Holdings paid a £1,148,426 dividend to the Company. On 30 March 2023 an additional dividend of £2,731,501 was paid by TENT Holdings to the Company. The dividends represent a commensurate dividend received by TENT Holdings from the Hydroelectric Portfolio in the same period.

# Notes to the Financial Statements

## THE AIFM AND INVESTMENT MANAGER

The Company and Triple Point Investment Management LLP have entered into the Investment Management Agreement pursuant to which the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for active discretionary investment management of the Company's Portfolio in accordance with the Company's Investment Objective and Policy.

As the entity appointed to be responsible for risk management and portfolio management, the Investment Manager is the Company's AIFM. The Investment Manager has full discretion under the Investment Management Agreement to make investments in accordance with the Company's Investment Policy from time to time.

This discretion is, however, subject to: (i) the Board's ability to give instructions to the Investment Manager from time to time; and (ii) the requirement of the Board to approve certain investments where the Investment Manager has a conflict of interest in accordance with the terms of the Investment Management Agreement.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a fee calculated at the rate of:

- ▲ 0.9%, per annum of the adjusted NAV in respect of the Net Asset Value of up to, and including, £650 million; and
- ▲ 0.8%, per annum of the adjusted NAV in respect of the Net Asset Value in excess of £650 million.

The management fee is calculated and accrues quarterly and is invoiced quarterly in arrears. During the period ended 31 March 2023, management fees of £883,215 (31 March 2022: £436,478) were incurred of which £nil (31 March 2022: £207,765) was payable at the period end.

## INVESTMENT MANAGER'S INTEREST IN SHARES OF THE COMPANY

On 27 September 2022, the Investment Manager purchased on the open market 41,500 Ordinary Shares in the Company in accordance with the terms of the Investment Management Agreement pursuant to which 20% of the management fee paid is used to acquire new ordinary shares of £0.01 each in the capital of the Company. The average price per Investment Management Ordinary Share was £0.8086.

On 22 December 2022, the Investment Manager purchased on the open market 57,616 Ordinary Shares in the Company in accordance with the terms of the Investment Management Agreement pursuant to which 20% of the management fee paid is used to acquire new ordinary shares of £0.01 each in the capital of the Company. The average price per Investment Management Ordinary Share was £0.8.

The below table details of the interests of the Investment Manager, held by an entity within the Wider Triple Point Group, in the ordinary shares of one pence each in the Company as at 31 March 2023. In the year, Perihelion One limited increased its shareholding in the Company by 369,195, through acquiring shares on the open market.

	Number of Shares	% of Issued share Capital
Perihelion One Limited	1,042,157	1%

Perihelion One Limited is a company within the Wider Triple Point Group.

## GUARANTEES AND OTHER COMMITMENTS

The Company is the guarantor of the £40 million RCF between its sole wholly owned subsidiary TENT Holdings and TP Leasing Limited. The RCF was entered into on 13 March 2022 and extended on 29 March 2023 for a 12 month period to 28 March 2025. The facility remains undrawn at year end 31 March 2023. Alongside the extension, the pricing terms were adjusted to reflect the current interest rate environment, and for the 2nd year of the RCF facility, the interest rate charged will be a fixed rate coupon of 6% pa on drawn amounts. In the 3rd year of the facility, the interest will be calculated on the lower of a fixed rate coupon of 6% pa; or the sum of the one year SONIA swap rate plus a fixed rate coupon of 2.5% pa, calculated no later than 30 days prior to the 2nd anniversary of the facility term.

TP Leasing Limited is an established private credit and asset leasing business which is managed by the Investment Manager and, as a result, is deemed to be a related party as defined in the Listing Rules. The RCF extension is deemed to be a "smaller related party transaction" for the purposes of LR11.1.10R. Prior to entering into the Facility Agreement, (i) the terms of the RCF extension were approved as fair and reasonable by the Directors and (ii) the Company obtained a fair and reasonable opinion for shareholders from a qualified, independent adviser. The Board was satisfied with the conflict management procedures put in place, including team segregation within the Investment Manager.

## / 20. COMMITMENTS AND CONTINGENT LIABILITIES

The Company's wholly owned subsidiary, TENT Holdings, has entered a £45.6 million investment commitment to fund the build of a portfolio of four geographically diverse BESS assets in the UK. £39.4 million of the commitment is outstanding at the year end date, and is forecast to be fully deployed in 2024. The commitment will be funded by the undrawn £40 million RCF available to TENT Holdings.

On 31 March 2023, the Company's wholly owned subsidiary, TENT Holdings, entered into a 12 month secured lending facility agreement of £5 million with Innova for the purpose of financing the repayment of shareholder loans and the funding of the project development and acquisition of new renewables projects.

## / 21. EVENTS AFTER THE REPORTING PERIOD

On 3 April 2023, the £5.0 million Innova facility was fully drawn.

On 8 June 2023, the BESS Portfolio completed a drawdown of a further £3.9 million, which was partly funded by the Group's revolving credit facility.

## DIVIDEND

As at the date of this report, the Board declared a fourth quarter interim dividend of 1.375 pence per share with respect to the period ended 31 March 2023. The dividend is expected to be paid on or around 14 July 2023 to shareholders on the register on 30 June 2023. The ex-dividend date is 29 June 2023. The Company has chosen to designate part of this interim dividend as an interest distribution. 1.005 pence per share will be paid as an interest payment and 0.370 as an ordinary dividend.

## / 22. ULTIMATE CONTROLLING PARTY

In the opinion of the Board, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

# Notes to the Financial Statements

## / ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Company presents alternative performance measures ("APMs"), which are defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company. The APMs presented in this report are shown below:

### / GROSS ASSET VALUE OR GAV

A measure of total asset value including third party debt held in unconsolidated subsidiaries.

		Page	31 March 2023 £'000	31 March 2022 £'000
GAV	<i>a</i>	129	99,691	96,549
Drawn Debt held in unconsolidated subsidiaries	<i>b</i>	N/A	–	–
<b>Gross Asset Value</b>	<b><i>a + b</i></b>		<b>99,691</b>	<b>96,549</b>

### / GROSS LOAN TO VALUE

A measure expressed as a percentage of the Group's financial debt relative to GAV.

		Page	31 March 2023 £'000	31 March 2022 £'000
Drawn Debt held in unconsolidated subsidiaries	<i>a</i>	N/A	–	–
Gross Asset Value	<i>b</i>	N/A	99,691	96,549
<b>Gross Loan to Value</b>	<b><i>a/b</i></b>		<b>0.0%</b>	<b>0.0%</b>

### / NAV TOTAL RETURN

A measure of NAV performance over the reporting period (including dividends paid). NAV total return is shown as a percentage change from the start of the period.

		Page	31 March 2023	31 March 2022
Opening NAV	pence	<i>a</i>	96.12	97.49
Closing NAV	pence	<i>b</i>	99.44	96.12
Dividends paid	pence	<i>c</i>	5.50	6.13
<b>Total NAV Return</b>		<b><i>((b + c)/a)-1</i></b>	<b>9.2%</b>	<b>4.9%</b>

## / ONGOING CHARGES

A measure expressed as a percentage of average net assets, of the regular, recurring annual costs of running the Company per Ordinary Share. The calculation and disclosure have been performed following the AIC methodology, wherein any one-time expenses have been excluded from the ongoing expenses:

		Page	31 March 2023 £'000	31 March 2022 £'000
Average NAV	<i>a</i>	N/A	97,794	96,041
Ongoing Expenses	<i>b</i>	N/A	1,895	1,324
<b>Ongoing charges ratio</b>		<b><i>b / a - 1</i></b>	<b>1.94%</b>	<b>1.38%</b>

## / CASH INCOME

A measure which illustrates the cash generated by the Company's operations.

		Page	31 March 2023 £'000	31 March 2022 £'000
Investment income as per statement of comprehensive income	<i>a</i>	128	7,282	2,451
Trade receivables at start of period	<i>b</i>	N/A	339	53
Trade receivables at end of period	<i>c</i>	129	263	339
<b>Total Cash Income</b>		<b><i>(a + b - c)</i></b>	<b>7,358</b>	<b>2,165</b>

## / CASH DIVIDEND COVER

A measure which illustrates the number of times the Company's cash flow can cover dividend payments to Shareholders.

		Page	31 March 2023 £'000	31 March 2022 £'000
Cash income*	<i>a</i>	131	8,975	2,165
Cash expenditure*	<i>b</i>	131	3,042	1,324
Dividends paid per Statement of Changes in Equity	<i>c</i>	130	5,501	6,125
<b>Total Cash Income</b>		<b><i>(a - b) / c</i></b>	<b>1.1x</b>	<b>0.14x</b>

\* Cash income and expenditure is representative of the Company and TENT Holdings based on a look through methodology



Other  
Information



# Glossary and Definitions

<b>The Act</b>	Companies Act 2006
<b>AIC Code</b>	The AIC Code of Corporate Governance produced by the Association of Investment Companies
<b>AIFM</b>	The alternative investment fund manager of the Company, Triple Point Investment Management LLP
<b>AIFMD</b>	The EU Alternative Investment Fund Managers Directive 2011/61/EU
<b>BESS</b>	Battery Energy Storage Systems
<b>BESS Portfolio</b>	£45.6 million debt facility to a subsidiary of Virmati Energy Ltd (trading as Field), to fund a portfolio of four Battery Energy Storage Systems assets
<b>CfDs</b>	Contracts for difference
<b>CHP</b>	Combined heat and power
<b>CHP Portfolio</b>	A total debt investment of £29 million into Harvest and Glasshouse and Spark Steam
<b>CODM</b>	Chief Operating Decision Maker
<b>The Company</b>	Triple Point Energy Transition plc (company number 12693305)
<b>DCF</b>	Discounted Cash Flow
<b>DTR</b>	FCA Disclosure and Transparency Rules
<b>EGL</b>	Electricity Generator Levy
<b>ESG</b>	Environmental, Social and Governance
<b>ESS</b>	Energy Storage Systems
<b>EU</b>	European Union
<b>EV</b>	Electric Vehicle
<b>FCA</b>	Financial Conduct Authority
<b>FRC</b>	Financial Reporting Council
<b>GAV</b>	Gross Asset Value
<b>GHG</b>	Greenhouse Gas
<b>Group</b>	The Company and any subsidiary undertakings from time to time
<b>Harvest and Glasshouse</b>	Harvest Generation Services Limited and Glasshouse Generation Limited
<b>HVAC</b>	Heating, Ventilation and Air Conditioning
<b>Hydroelectric Portfolio</b>	Elementary Energy Limited Green Highland Allt Ladaidh (1148) Limited Green Highland Allt Choire A Bhalachain (255) Limited Green Highland Allt Phocachain (1015) Limited Green Highland Allt Luaidhe (228) Limited Achnacarry Hydro Limited
<b>IEA</b>	International Energy Agency
<b>Innova</b>	Innova Renewables Limited
<b>IPEV</b>	International Private Equity and Venture Capital
<b>ITC</b>	Investment Trust Company

<b>Investment Manager or TPIM</b>	Triple Point Investment Management LLP
<b>IPO</b>	The admission by the Company of 100 million Ordinary Shares to trading on the Specialist Fund Segment of the Main Market, which were the subject of the Company's initial public offering on 19 October 2020
<b>IPO Prospectus</b>	The Company's Prospectus for its initial public offering, published on 25 August 2020
<b>kWh</b>	Kilowatt-hour
<b>LED</b>	Light-emitting Diode
<b>Listing Rules</b>	Financial Conduct Authority Listing Rules
<b>MW</b>	Megawatt
<b>MWh</b>	Megawatt-hour
<b>NAV</b>	The net asset value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
<b>NGFS</b>	Network for Greening the Financial System
<b>Net Zero</b>	A target of completely negating the amount of greenhouse gases produced by human activity, to be achieved by reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere
<b>OCR</b>	Ongoing charges ratio
<b>O&amp;M</b>	Operations & Maintenance
<b>PPA</b>	Power Purchase Agreement
<b>PRI</b>	Principals for Responsible Investing
<b>Project SPV</b>	Special Purpose Vehicle in which energy transition assets are held
<b>RCF</b>	The Group's £40 million Revolving Credit Facility, via TENT Holdings, with TP Leasing Limited
<b>SDG</b>	Sustainable Development Goals
<b>SDR</b>	Sustainable Disclosure Regulation
<b>SECR</b>	Streamlined Energy and Carbon Reporting
<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>SONIA</b>	Sterling Overnight Index Average
<b>SORP</b>	Statement of Recommended Practice
<b>Spark Steam</b>	Spark Steam Limited
<b>tCO2</b>	Tonnes of carbon dioxide emissions
<b>tCO2e</b>	Tonnes of carbon dioxide equivalent. Emissions of all greenhouse gases, expressed in units of carbon dioxide equivalence, based on global warming potential
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TENT Holdings</b>	The wholly owned subsidiary of the Company: TENT Holdings Limited (company number 12695849)
<b>UN SDGs</b>	United Nations Sustainable Development Goals
<b>Wider Triple Point Group</b>	Triple Point LLP (company number OC310549) and any subsidiary undertakings from time to time

# Shareholder Information

## NON-EXECUTIVE DIRECTORS

Dr John Roberts CBE  
Rosemary Boot  
Sonia McCorquodale  
Dr Anthony White MBE

## REGISTERED OFFICE

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# Forward-Looking Statements

The Front Section of this report (including but not limited to the Chair's Statement, Strategic Report, Investment Manager's Review and Directors' Report) has been prepared to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager concerning, amongst other things, the Investment Objectives and Investment Policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and NAV total return and dividend targets of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

In addition, the Review Section may include target figures for future financial periods. Any such figures are targets only and are not forecasts. This Annual Report has been prepared for the Company as a whole and therefore gives greater emphasis to those matters which are significant in respect of Triple Point Energy Transition plc.

# Annex 1 – Reporting Principles and Methodologies

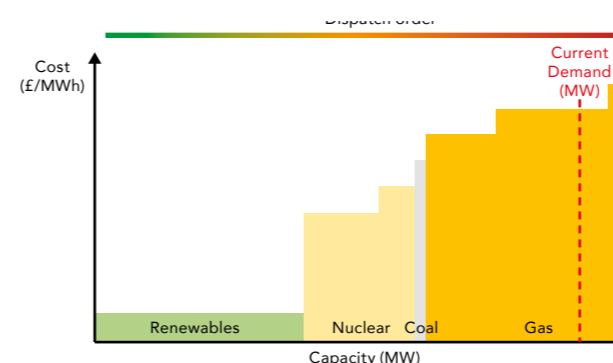
Given the focus of the fund, TENT aims to ensure that all its investments result in avoided carbon, when compared to a suitable and robust counterfactual. This is one of the key measures that is used to assess the overall impact of the fund. Avoided carbon analysis utilises consequential accounting methods that aim to quantify the change in emissions caused by decisions, interventions or, in this case, investments. This is in contrast with the attributional accounting methods used to determine the Company's Scope 1 and 2 emissions.

No universal standard exists for quantifying avoided emissions. TENT has aimed to align its analysis with the methods used in the wider industry and relevant standards as far as possible. This document aims to provide transparency on the methods employed. All avoided carbon figures presented in the report should be considered alongside this methodology. Avoided emissions are attributed to the Company using PCAF's project finance guidance<sup>13</sup>.

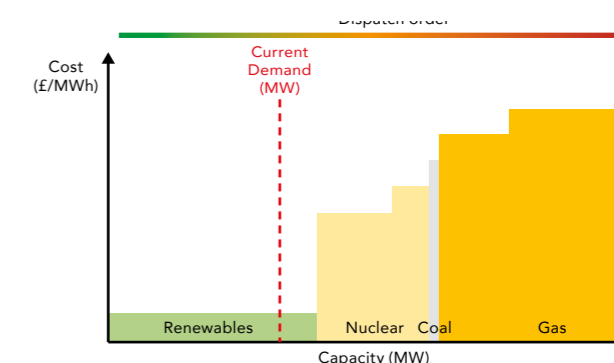
## / ELECTRICITY AND MARGINAL EMISSIONS

Hourly marginal emissions factors from an external data provider, WattTime<sup>14</sup>, are used to calculate the avoided emissions impact resulting from the electricity generation of each of TENT's investments. This marks a slight change in methodology from the previous year, where an annual average Operating Margin Grid Emissions factor from the IFI dataset of marginal grid emissions factors was used<sup>15</sup>. The average hourly marginal emissions factor was 428 gCO<sub>2</sub>/kWh, compared to the annual factor of 380 gCO<sub>2</sub>/kWh used previously and the overall average carbon intensity of grid electricity of 193 gCO<sub>2</sub>/kWh published by BEIS in 2022<sup>16</sup>.

In principle, when generating electricity, TENT's investments are avoiding emissions that would have otherwise been generated at any moment in time by generation from the cheapest power plant with spare capacity – the marginal power plant. As renewable generators are typically non-dispatchable, this is usually a power plant with a higher carbon intensity than the average grid mix, except in the cases where renewable generation is meeting the vast majority of demand and additional generation would lead to curtailment.



**High electricity demand:** if demand wasn't being met by TENT's assets, it would be met by the marginal **gas** generator. Hence the avoided emissions here are those associated with generation of electricity from gas



**Low electricity demand:** if demand wasn't being met by TENT's assets, it would be met by the marginal **renewable** generator. Hence the avoided emissions here are those associated with generation of electricity from renewables

The WattTime factors used to calculate avoided emissions are an estimate of the marginal emissions factor based on the grid power units that are most likely to be reduced by additional renewable generation within any hourly dispatch block.

The Investment Manager believes that utilisation of the hourly emissions factors increases the quality of its avoided emissions. As identified in the Company's previous annual report, the generation profile of the Company's renewable assets are not distributed evenly over the course of a day or a year, which has implications for the marginal emissions. The Company's avoided emissions calculated on the same basis as previous reporting, for comparison, would be 20,680tCO<sub>2</sub>.

## / RENEWABLE ENERGY ASSETS

The total generation of the asset across the year is multiplied by the IFI marginal emissions factor.

## / COMBINED HEAT AND POWER (CHP)

Avoided emissions from the CHP Portfolio use the heating system in place before the investment as their counterfactual. As part of due diligence, the Company commissioned technical analysis of the assets, including a review of the efficiencies of the previous heating systems. Data collected was supplemented with engineering calculations and estimates.

The analysis compares the emissions generated by the new system with the emissions that would have been generated if the equivalent amount of heat was generated using the old system, and the equivalent electricity generated by the marginal generators on the grid (or a mix of the resulting electricity generation from the old system and the excess from the grid, where a CHP has been replaced).

13. <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

14. <https://www.watttime.org/>

15. [https://unfccc.int/sites/default/files/resource/IFI%20Default%20Grid%20Factors%202021%20v3.1\\_unfccc.xlsx#:~:text=The%20IFI%20Dataset%20\(version%203.0,Default%20Grid%20Emission%20Factor%20Dataset%22](https://unfccc.int/sites/default/files/resource/IFI%20Default%20Grid%20Factors%202021%20v3.1_unfccc.xlsx#:~:text=The%20IFI%20Dataset%20(version%203.0,Default%20Grid%20Emission%20Factor%20Dataset%22)

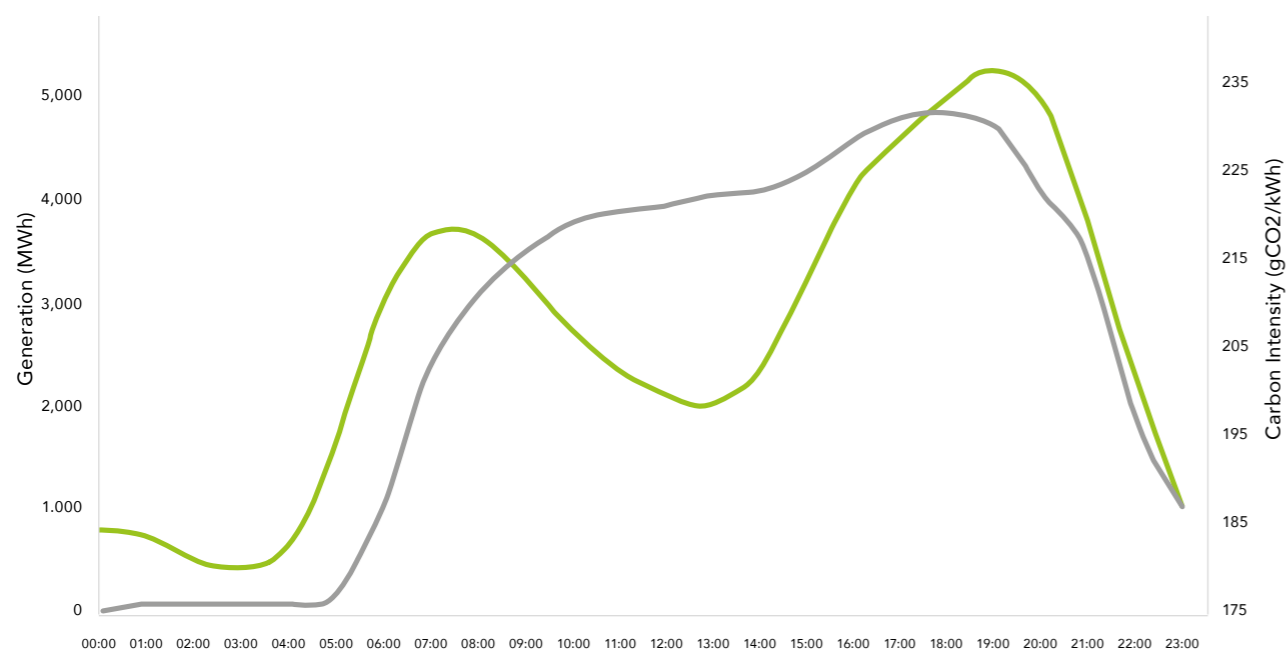
16. <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

# Annex 1 – Reporting Principles and Methodologies

## ELECTRICITY:

If operating in the wholesale market, gas CHP should not displace low-carbon generation, as it will respond to real-time wholesale price signals wherever low-carbon generation is marginal and stop generating. TENT's CHPs are not responsive to wholesale price signals, as they operate primarily to satisfy on-site demand for heat. CHPs are classified as a "must run" asset, don't respond to wholesale price signals, and thus sit outside of the merit order.

Because of this, the generation profile of the assets was analysed to determine the types of generation they were most likely to prevent. Overall, the assets run during the day, generating electricity when market prices are highest, and switch off at night. An example of this is shown for an asset below.



TENT's investments, on average, generate power during periods of high demand where prices and carbon intensities are the highest. Given this generation profile, marginal gas generators are likely to be online and, therefore, the marginal emissions factors are used.

A modelling study conducted by LCP on behalf of BEIS<sup>17</sup> was consulted that produced marginal factors specifically for electricity exporting CHPs that were in broad agreement with the WattTime factors. The WattTime factors were chosen in preference to these factors for consistency across the Company's asset types. The IFI factors used are also based on actual real-time data, as opposed to data modelled for 2022 from 2014.

## ADDITIONAL EFFICIENCY UPGRADES

Data of sufficient quality was not available to quantify the energy savings and avoided carbon of some efficiency upgrades made during and after investment into the CHP Portfolio. These include upgrades to the water storage tanks associated with the CHPs, as well as the new private wire arrangement between Spark Steam and a large food manufacturer.

17. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/389070/LCP\\_Modelling.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/389070/LCP_Modelling.pdf)

## / BATTERY ENERGY STORAGE SYSTEMS (BESS)

The net of the import carbon intensity compared to the export carbon intensity is currently used as a proxy measure of the avoided carbon impact for BESS assets. This methodology was designed to quantify the avoided emissions resulting from wholesale arbitrage: importing and storing excess energy from renewable assets with a low carbon intensity and exporting at times of high demand and a high grid carbon intensity. During the initial operation of BESS assets within the portfolio, the assets have been operating mostly ancillary services, providing frequency response to help stabilise the grid. While the Investment Manager believes that these services result in avoided carbon due to a reduction in the inertia and Mandatory Frequency Response services typically provided by Combined Cycle Gas Turbine generators, this is not captured by the current methodology. As a result, the assets are net emitters of carbon using the current methodology. The methodology used to assess BESS assets will be refined for future reporting.

Company Overview

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