VICTORY HILL

Enabling the energy transition

VH GLOBAL SUSTAINABLE ENERGY OPPORTUNITIES PLC

Annual Report and Accounts

For the year ended 31 December 2023

ABOUT GSEO

Investment company with a specialist mandate to support the global energy transition

VH Global Sustainable Energy Opportunities plc ("GSEO" or the "Company") is an investment company that provides exposure to a globally and technologically diversified portfolio of sustainable energy infrastructure assets that support the UN Sustainable Development Goals ("SDGs") and are essential for the global transition towards net zero.

The Company aims to achieve diversification principally by making a range of sustainable energy infrastructure investments across (1) a number of distinct geographies and (2) a mix of proven technologies, that align with the UN SDGs, where the investments are a direct contributor to the acceleration of the energy transition towards a net zero carbon world.

The Company's investments in proven technologies may include exposure to power generation (renewable and conventional), biomass, transmission, distribution, storage and waste-to-energy. These investments are in operational, construction or 'ready-to-build' assets but will not include assets that are in the development phase.

No investment is made in projects involving the extraction of fossil fuels or minerals.

GSEO is a closed-ended investment company and an approved UK investment trust, launched in February 2021 by way of listing on the premium segment of the London Stock Exchange's Main Market. GSEO is classified as an SFDR Article 9 Fund.

The Company is overseen by an independent Board of non-executive Directors and managed by Victory Hill Capital Partners LLP ("Victory Hill").

INTRODUCING THE INVESTMENT MANAGER

Experienced and focused leadership

Victory Hill's experienced team brings decades of knowledge and practice dedicated to energy finance and investment.

The Investment Manager is 100% owned by its five co-founders, who have focused on shaping the business in pursuit of long term value for their clients. With a multitude of nationalities and languages spoken within the wider team, Victory Hill has a highly skilled and diverse team focused on taking the necessary approach to sustainable energy investing, with localised insight and understanding.

Image from left to right: Eduardo Monteiro (Chief Investment Officer), Michael Egan (Chief Financial Officer & Head of Risk Management), Lawrence Bucknell (General Counsel & Chief Compliance Officer), Navin Chauhan (Chief Commercial Officer), Richard Lum (Chief Investment Officer).

HIGHLIGHTS

Financial (for the full year ended 31 December 2023)

Net Asset Value as at 31 December 2023
£483.8m
31 Dec 22: £457.2m

NAV per share as at 31 December 2023*
116.46p
31 Dec 22: 108.20p

Total leverage of GSEO as a % of NAV as at 31 December 2023
1.9%
31 Dec 22: 3.0%

Dividend per share declared for FY 2023
5.56p
31 Dec 22: 5.13p

Dividend target for FY 2024
5.68p
31 Dec 22: 5.52p

Dividend coverage as at 31 December 2023*
1.1x
31 Dec 22: 1.4x

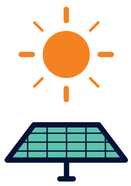
Total annualised NAV return since IPO (Feb 2021)*
10.0%
31 Dec 22: 7.8%

Total annualised NAV return for FY 2023*
14.5%
31 Dec 22: 7.6%

% of revenues contracted and inflation-linked
>90%
31 Dec 22: >90%

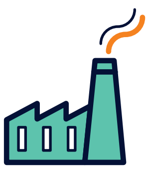
Sustainability

844,434 MWh
Clean energy generated and injected into the grid
31 Dec 22: 35,117 MWh



312,750
Approximate equivalent UK homes powered annually by clean energy
31 Dec 22: 9,000

122,530t
Tonnes of carbon dioxide equivalent avoided
31 Dec 22: 14,349t

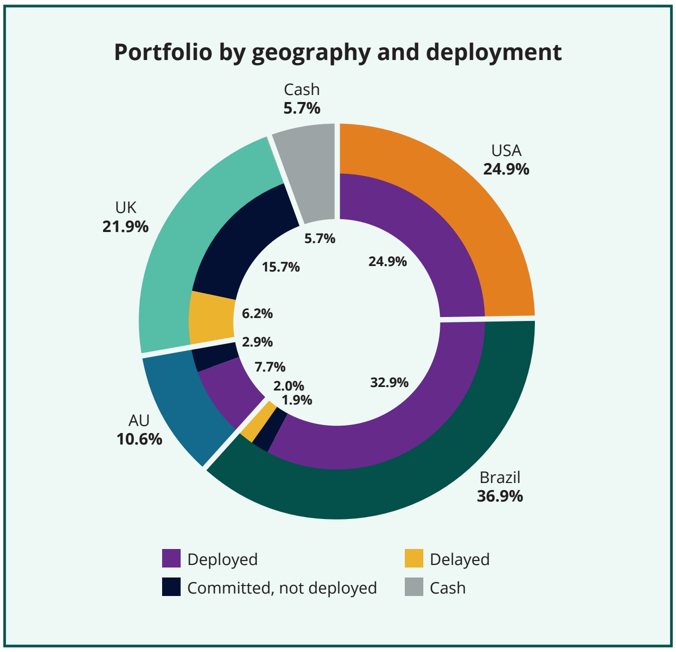


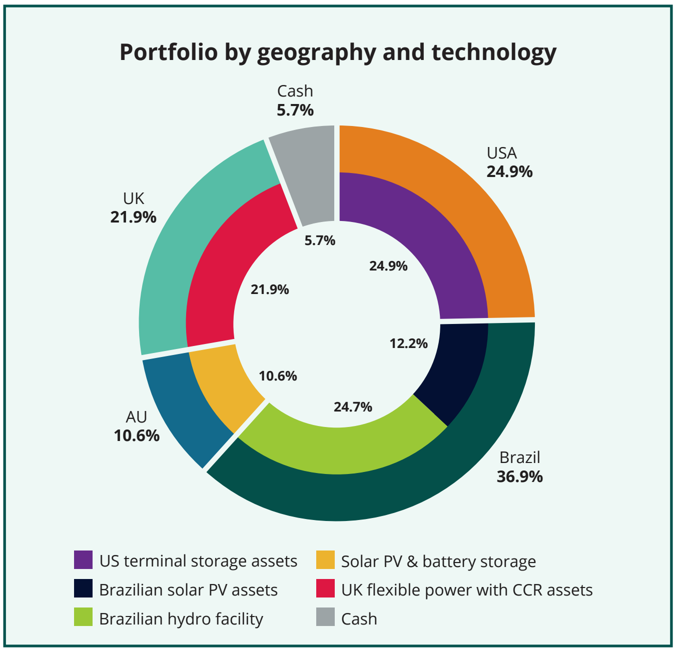
19,332t
Tonnes of sulfur oxides displaced
31 Dec 22: 20,613t

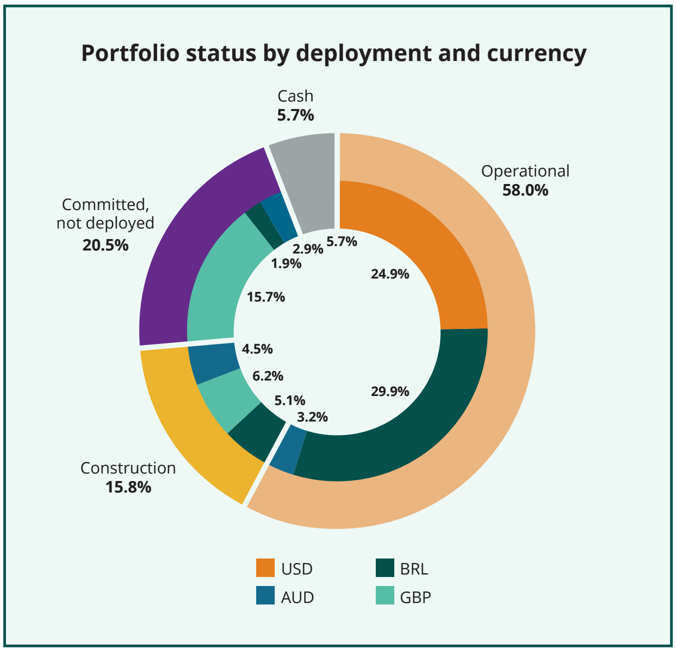
*Alternative performance measures are defined on pages 156 and 157.

PORTFOLIO AT A GLANCE

26 assets, 5 technologies, 4 jurisdictions







as at 31 December 2023

TIMELINE OF KEY MILESTONES

2021

February 2021
IPO (£243m)

April 2021
Commitment to operational US terminal storage programme

May 2021
Commitment to Brazilian solar PV programme

2022

October 2022
15-year CO_2 offtake agreement signed for UK flexible power plant

Agreement to acquire & build three solar PV sites in New South Wales, Australia

December 2022
Acquisition of a 198MW operational Brazilian hydro facility

2023

February 2023
Declaration of interim dividend of 1.38p per ordinary share with respect to the period from 1 October 2022 to 31 December 2022, an increase of over 10% vs. the prior quarter

March 2023
Completion of construction of one Brazilian solar PV asset

August 2021
Commitment to Australian solar PV with BESS programme

September 2021
Commitment to UK flexible power with CCR programme

December 2021
Share placing (£70m)

Commitment to expansion of US terminal storage programme (site 2)

May 2022
Completion of construction of six Brazilian solar PV assets

June 2022
Share placing (£122m)

September 2022
Completion of construction of three assets within the Brazilian solar PV programme

July 2023
Completion of construction of the first hybrid solar and storage project in Australia, within the Australian solar PV with battery storage programme

September 2023
Share buyback programme announcement (up to £10m)

October 2023
Mechanical completion of the solar farm component of the 3 New South Wales sites in Australia

CHAIR'S STATEMENT

Bernard Bulkin
Chair

“In the midst of all these challenges that 2023 has brought, the Company's unique strengths and market-enduring features enabled its cash flow generation to remain robust”

Bernard Bulkin

On behalf of the Board, I am pleased to present the Company's Annual Report for the year ended 31 December 2023.

The year under review has been defined by macroeconomic, regulatory, and political uncertainties. Rising interest rates, persistent inflation, and conflict in the Middle East and Ukraine shaped the turbulent market backdrop in 2023.

However, this challenging market backdrop has reinforced the diversification attributes of GSEO. The Company's portfolio offers investors access to a diversity of technologies and geographies, which provide an inbuilt hedge against overreliance on single energy market declining trends or technology supply chain issues. Furthermore, over 90% of the assets in the portfolio are underpinned by inflation-linked, private revenue contracts providing the portfolio with high visibility of returns supporting the progressive dividend for shareholders.

In the midst of all these challenges that 2023 has brought, the Company's unique strengths and market-enduring features enabled its cash flow generation to remain robust, leading to dividends being fully covered.

Financial performance

The Company has achieved robust financial performance throughout the period under review.

This has been a year of building value in the portfolio. The portfolio is now 58% operational and by early 2025, this current portfolio is expected to be fully operational. As additional assets under construction become operational, GSEO should benefit from further capital growth and cash flow generation from investments.

The Company's net asset value (NAV) per share was 116.46p as at 31 December 2023, an increase of 7.6% from the previous year. As at 31 December 2023, the Company has achieved a 10% annualised NAV total return since IPO including dividends, which is in line with the Company's target total return.

Cash received from the portfolio assets by way of distributions, which includes interest and dividends paid to VH GSEO UK Holdings Limited ("GSEO Holdings"), the Company's holding company, was £29.3m during the year (2022: £28.8m). The Company's profit before tax for the year was £55.3m (2022: £28.2m), resulting in earnings per share of 13.14p (2022: 7.67p per share). The Company generated during the period returns of 14.5% of opening NAV when taking into account dividends and capital growth.

As at 31 December 2023, the Company remains one of the lowest geared investment trusts in its sector with total leverage at 1.9% of NAV.

The Board firmly believes the discount to NAV at which GSEO's shares trade materially undervalues the Company. As part of an active capital allocation policy, buybacks represent an attractive investment opportunity and the Board announced a £10m buyback on 15 September 2023. The Board consistently considers the Company's capital allocation policy in relation to the discount that GSEO shares trade on, noting that buybacks are NAV per share accretive at wide discounts. The discount persisted post-period which we believe is largely due to investor sentiment towards the sector as a whole following the reversal of low interest rates. As such, post period end, the Board extended the programme by a further £10m to a total of £20m as it believes this to be in the best interest of shareholders whilst also balancing the need to maintain a strong balance sheet. As the interest rate environment becomes clearer and rates start to fall, we expect investor interest to return to the sector, and, specifically to GSEO, due to the strong fundamentals and compelling long-term investment strategy GSEO offers.

Dividend

The Company has a progressive dividend policy, and is proud to have increased its dividend again, while remaining fully covered. The Company announced a dividend of 1.42p per share with respect to the period from 1 October 2023 to 31 December 2023, an increase of 2.9% vs. the prior quarter. This brings the total dividend declared for the financial year ending 31 December 2023 to 5.56p per share, exceeding the dividend target of 5.52p per share.

The Company is targeting a dividend of 5.68p in total for 2024, 2.9% higher than the dividend target for FY2023.

Investment activity and portfolio performance

The Company continues to focus on taking advantage of the energy transition by investing in a diverse range of projects across the energy value chain, including energy infrastructure such as renewable energy, transmission and distribution, and energy storage.

During the year under review, the Company's investment activities and updates included:

Australian solar and battery storage programme:

- The completion of the construction of the first solar and storage hybrid system in Australia, through the addition of a two hour 4.95MW battery energy storage system ("BESS").
- The commissioning of the solar farm component of the three New South Wales sites. Installation works for the co-located BESS have commenced and the sites are expected to be hybridised within the year.

Brazilian solar PV assets:

- The completion of the tenth solar site, which brought the total operational capacity of the Brazilian sites to 27.3 MW.
- The construction of three of the remaining six sites is progressing well, with commissioning expected within H1 2024. Construction of the remaining three sites will commence upon completion of the three sites currently under construction.

Brazilian hydro facility:

- The Brazilian facility outperformed expectations in the period.

CHAIR'S STATEMENT CONTINUED

- Furthermore, SUDENE (Superintendency for Development of the Northeastern Region) tax incentives were secured for a further eight years to 2032.

United Kingdom flexible power and carbon capture and reuse programme:

- The project successfully won the UK's Capacity Market Auction T-4 at a price of £63/kW/year indexed to inflation.
- Following the issues faced by the project's incumbent EPC contractor in Q2 2023, the Company hired a new EPC contractor to complete construction, and the need to complete the civil works at the project site resulted in a payment of additional premia, leading to an overall increase in CAPEX of £16m for the project. Despite this increase, the Investment Manager still expects returns to be in line with original expectations, due to firmer expectations for additional revenue streams of the project.
- My fellow Board member Margaret and I visited the site in November 2023, and we were highly pleased with the progress. All equipment was on site and the works were advancing well towards the expected commissioning of the integrated plant with CCR slated for the summer.

United States terminal storage programme:

- The assets continued their strong performance since acquisition in April 2021, through execution of the buy, expand and optimise strategy.

Shareholder engagement and corporate governance

The Board and the Company constantly aim to improve the dialogue with shareholders and steps have been taken to enhance disclosure and detail of communication, as well as support marketability and liquidity of the shares, through active engagement with existing and prospective investors. The Board, the Investment Manager and the Company's broker remain available to engage with shareholders as appropriate.

The Board and I were delighted to welcome Daniella Carneiro to the Board of GSEO in January 2023 as an independent non-executive Director, bringing extensive experience advising governments and companies on how to integrate ESG principles into business practice.

The Board was pleased to announce the appointment of Richard Horlick as the Senior Independent Director with effect from 1 January 2024. Richard joined the Board as a non-executive Director in October 2020, and is the Chair of the Management Engagement Committee and a member of the Audit, Nomination and Remuneration Committees. Richard has had a long and distinguished career in the investment management industry holding executive roles in a number of global financial institutions as well as being a seasoned board member in the closed-end listed funds sector.

Sustainability and ESG

GSEO qualifies as an Article 9 fund under SFDR. As at 31 December 2023, 51.2% of the Company's investments were aligned with EU Taxonomy economic activities. The disclosures related to TCFD, SFDR and the EU taxonomy can be found on pages 78 and 159 of this report.

The fund is a leader in sustainable investing. It is unique in selecting investments on sustainability criteria which meet target returns, and diversification both in geography and technology. Three years following the IPO of GSEO, thanks to our shareholders, we are already making a real difference to communities in Brazil, bringing cleaner fuel for Mexico, and enhancing grid stability in Australia.

As a stronger focus is put on supply chain transparency and traceability, as well as transparent reporting, the Investment Manager has sophisticated data infrastructure tools allowing efficient monitoring of the sustainable impact of its investments and the ability to report accurately on metrics such as carbon emissions avoided, renewable energy generated and life cycle analysis.

Outlook

We are witnessing early signs that financial markets are entering a new phase with inflation cooling and an easing interest rate outlook. These macroeconomic green shoots, coupled with the underlying strengths of the Company, lead the Board to look forward to the year ahead with confidence.

GSEO is well-positioned to capitalise on these positive developments, with a strong pipeline of investment opportunities already identified by the Investment Manager.

The Investment Manager is actively pursuing activities to maximise shareholder returns, and the Board continues to monitor the share price discount to NAV.

I and my fellow Directors would like to thank all shareholders for their continued support.

Bernard Bulkin
Chair
4 April 2024

INVESTMENT MANAGER'S REPORT

"The Victory Hill approach to investing relies on the belief that the energy transition to net zero is a global phenomenon much akin to the industrial revolution in its scale, depth and wide ranging significance."

Richard Lum

Eduardo Monteiro **Richard Lum**
Co-Chief Investment Officers

Market backdrop and outlook

The outlook for sustainable energy investment remains very robust with attractive opportunities widely available, despite the challenging macro environment in 2023.

Over 2023, we have witnessed a recovery from the pandemic slump in economic activity, and constraints to energy systems caused by the global energy crisis precipitated by the invasion of Ukraine by Russia. The recovery has provided a significant boost to the ongoing electrification of our energy systems globally, and to investments in clean energy as a key subset of this shift. According to the estimates of the IEA in their World Energy Investment 2023 report, annual clean energy investment is expected to have risen much faster than investment in fossil fuels over the period since 2021.

The IEA estimates that full year investments in the energy sector will account for US$2.8 trillion in 2023, of which more than US$1.7 trillion will be invested in clean energy, including renewable power, nuclear, grids, storage, low carbon fuels, energy efficiency schemes and electrification. Such investments will be bolstered by a range of factors including the introduction of the Inflation Reduction Act in the US and improved economics for clean energy projects.

Despite benign conditions for sustainable energy, globally the wider infrastructure sector did get affected by a higher interest rate environment in 2023 which impacted reported NAVs and also added pressure on cash flows available for distribution in investment companies with high leverage in their portfolios. This has seen knock on effects on the investability of some large-scale projects in the clean energy space, particularly those backed by long term government related tariffs and subsidies.

Inflationary pressures were indeed a major factor in 2023, however it seems clear that we have now witnessed a topping out of inflation with UK inflation down to 4% in December 2023, falling from its height of 11% in October 2022. Whilst not completely out of the system, it is fair to say that there may be greater optimism that the higher-for-longer mantra may be overstating the medium-term picture. We anticipate this will likely lead to greater investor confidence in the infrastructure space during the course of 2024, with further capital able to be raised for deserving clean energy projects globally.

The approach

The Victory Hill approach to investing relies on the belief that the energy transition to net zero is a global phenomenon much akin to the industrial revolution in its scale, depth and wide-ranging significance. Such a shift creates dislocations in each energy market throughout the world. We term this dislocation a structural demand gap in that energy market, which we aim to fill through our asset investments, consequently achieving a differentiated return and making an impact. During the course of 2023, we witnessed several energy markets in which GSEO is invested demonstrating behaviours which point to structural demand gaps. In Australia, the first of our hybridised solar plus battery storage assets came onstream in Q3 2023, and set about capturing attractive pricing in peak demand hours in the evening in South Australia.

At the heart of the Company's strategy is the motivation to provide investors with access to long term infrastructure cashflows underpinned by an array of diversified technologies and geographies. This provides shareholders with embedded downside risk protection, as well as the ability to achieve differentiated returns by targeting structural demand gaps in some of the world's most liberalised energy markets.

To enable this, the Company enters into joint-venture agreements with local energy developers or operating partners, each of whom have unique insights into local energy markets as well as proven technical and commercial experience of developing, constructing and operating sustainable energy projects. Furthermore, all operating partners dedicate their professionals, comprising a headcount of over 100 globally, to managing GSEO’s projects.

GSEO’s portfolio was designed to ensure minimal exposure to interest rates through involving no structural debt at fund level, and minimal gearing at the assets themselves. Currently, aggregate gearing of 1.9% at fund level (via 7.5% gearing at our US terminal storage asset) has ensured that the higher interest rate environmental has had no discernible impact on our portfolio performance. Furthermore, as all of the revenue contracts of our assets are inflation-linked, the higher inflationary environment has flowed into higher revenues for our assets, ensuring that our portfolio as a whole has not been negatively impacted.

As a result of this unique approach, the higher inflation environment was positive for the portfolio as all the long-term contracted cashflows in the portfolio are linked to local inflation, with no caps or collars. Such long-term revenues and the strong cashflow generation underpin the GSEO portfolio.

GSEO’s transparent valuation methodology relies on inputs extracted from independent and publicly available sources, such as the risk-free rate, inflation assumptions and country risk premia, which ultimately result in accurately reflecting the current market environment. The Company has also not changed its asset life assumptions in its valuation of assets since IPO.

INVESTMENT MANAGER'S REPORT CONTINUED

The treasury function was also effectively managed with interest on deposits helping mitigate any cash drag during the period.

Performance summary

Active asset management, robust operational performance and the persistent supply-demand imbalance in some of the key underlying geographies were key themes throughout the year which drove the upward NAV revision in 2023.

2023 has been a year of building value in the portfolio. Construction challenges in Brazilian solar PV assets and the UK flexible power plant have been overcome and despite some higher costs suffered, future returns are expected to be in line with the original target. This is a result of careful investment processes and built-in contingencies, for example, performance bonds and a well-resourced and experienced team with strong in-house legal and financial capability. The portfolio is now 58% operational and by early 2025, this current vintage of investments will be fully operational.

In Brazil the Company's operational hydro and distributed solar sites captured a segment in the market requiring further investment to ensure that Brazil's need for flexible power and upgraded remote generation is best served. In the UK, we are making headway in the construction of our first flexible gas-fired power plant with carbon capture and reuse, ensuring that the demands for flexible power in the UK system, as well as the structural short supply for purified food grade CO_2, can be met.

Outlook

Moving forward into 2024, our outlook is shaped by the consequential abatement of the higher inflationary conditions of the last 18 months and greater policy support for clean energy investment, combined with the continuing occurrence of structural gaps we have already identified in liberalised energy markets as they undertake the transition. In the first few months of 2024, we have already witnessed greater openness in the cross-border trade between the US and Mexico, driven by the upcoming elections in both countries, which has had a positive effect on volumes received by our US terminal storage assets. We expect greater impetus to be given to opportunities for our midstream presence in the US with the Inflation Reduction Act's support for low-carbon fuels such as biofuels and sustainable aviation fuels, each of which requires the buildout and repurposing of fuels storage and transportation infrastructure.

In the UK, the 2023 winter has demonstrated the continuing requirement for flexible forms of power generation, as often renewable power supply at peak hours is hampered by lower wind and solar yields, resulting in the continuing need for the system operator to call on conventional sources of power such as gas, and indeed coal. We foresee this trend continuing well into other seasons in 2024, and being present for our UK investment to harness as it comes onstream later in the year.

We firmly believe the opportunity to create value and impact through investments in sustainable energy infrastructure globally has not diminished over time. Indeed the Company's pipeline of new opportunities remains robust and is only constrained by its ability to raise further capital to deploy into new investment programmes.

Investment updates

Brazilian solar PV assets:

- During the period under review, the construction of the tenth site was completed bringing the total operational capacity to 27.3MW. These ten sites supply energy to creditworthy commercial and industrial energy users and large multinational corporations with operations in Brazil. The average length of these contracts is 20 years and linked to local inflation.
- One of the project's EPC contractors faced financial difficulties during the period, which required the Company to halt delivery of two of the sites that were initially intended to be relocated. As a result of this, a provision had been recognised for these assets for £4.5m.
- Together with the operating partner, Victory Hill acted decisively in finding a replacement EPC contractor to finalise the six remaining projects in an orderly manner – three of which are expected to be completed in H1 2024, bringing the portfolio total installed capacity to 40.5MW. Construction for the last three sites will commence upon completion of the three sites that are currently under construction.
- The programme remains on track to deliver returns above the Company's target total NAV return of 10% once fully completed.

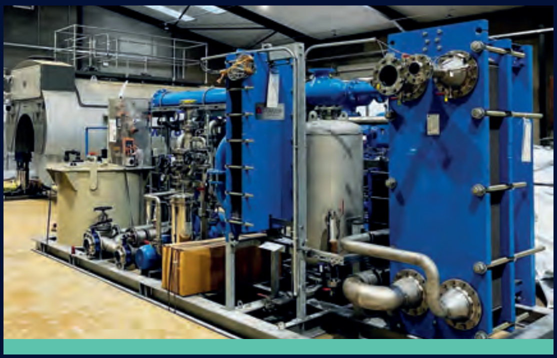
Brazilian hydro facility:

- During the period, the operating partner, Paraty, successfully completed the full transition of operations from the vendor, EDP, at a lower cost than anticipated and in a shorter than expected time frame.
- The Company successfully implemented value creation efforts and was notably able to secure tax incentives for a further eight years, as well as optimise operating costs.
- The Investment Manager continues to assess the market to implement our value-creating commercial strategy for the uncontracted volumes from 2027 onwards. The volatility of the PPA market in Brazil offers windows of opportunity to secure attractive terms in the long-run. Victory Hill is seeing positive signs with recent improvements in PPA prices that have been low due to unusual high levels of rain in the Southeast region of the country.
- On the sustainability front, community engagement initiatives were conducted in preparation to obtain the International Hydropower Association Sustainability Standard certification in 2024. Events such as fish monitoring and a transportation study were conducted, awareness workshops as well as environmental education events were held for the local community and employees. The ISO 45001 health and safety management system certification, as well as the ISO 14001 environmental management certification and ISO 9001 quality management system certification, were successfully renewed.

US terminal storage assets:

- The Company continued to perform operational optimisation initiatives during the period such as reducing overtime expenses and enhancing operational software and equipment to automate the terminals' operations:
  - Temporary workers were contracted as permanent staff, resulting in lower overtime worked and better labour conditions.
  - New offices were added to one of the sites to enhance management, training operations, and safety oversight.
- The programme's operating partner, Motus, has initiated the process to obtain ISO 45001 health and safety management system certification as well as ISO 14001 environmental management certification on its operations, leading to safer and improved operational practices.

INVESTMENT MANAGER'S REPORT CONTINUED



Australian solar PV with battery storage assets:

- The Australian programme is comprised of five sites. In Q3 2023, the Company delivered on time and on budget one of the first hybrid solar and battery energy storage systems ("BESS") in South Australia, by adding a two hour 4.95MW BESS.
- Following the completion of this project, the solar and storage hybrid system captured attractive power prices in the intraday market. In November 2023, the average captured price for BESS was over A$200/MWh, which is 4 times higher than the average captured prices for solar during the same period.
- The programme was further expanded with three new assets in New South Wales (NSW). The solar farm component of these three sites completed commissioning post-period and became operational.
- Installation works for the co-located BESS, on the three new assets in NSW, commenced post-period and the sites are expected to be hybridised within the next 12 months. It is expected that the assets will be able to derive further value from the structural supply-demand gap Australia is facing as it transitions to a cleaner energy system.

UK flexible power with CCR asset:

- During the period under review, construction continued on this asset with all equipment already on site. Key project partners include Rolls Royce, Mitsubishi Turboden, Climeon, Asco, Axpo and Buse Group.
- As part of our commercialisation strategy of securing long-term contracted cash flows pre-completion, the project successfully won the UK's Capacity Market Auction T-4 at a price of £63/kW/year indexed to inflation.
- As previously highlighted, the incumbent EPC contractor faced financial difficulties last year as a result of the challenging macroeconomic conditions for the construction industry, notably high inflation, high interest rates and supply chain disruptions. Following such issues, Victory Hill alongside the operating partner acted quickly to identify and hire a new EPC contractor to complete construction. The situation with the incumbent EPC contractor has also served as a good test of Victory Hill's joint-venture model, with local operating partners on-the-ground able to proactively identify potential issues and mitigate further project delays.
- The replacement contractor needed to complete the civil works at the project site resulting in a payment of additional premia and led to an overall increase in CAPEX of £16m for the project. However, the Investment Manager still expects returns to be in line with original expectations despite this increase, due to firmer expectations for additional revenue streams of the project.

Portfolio operational and financial performance

The performance of the portfolio has largely been defined by its operating assets in the period.

The acquisition of the Brazilian hydro facility was completed in December 2022. The period ended 31 December 2023 has seen the first full year of operations under the Company's ownership. With the successful transition of the asset by the operating partner, financial performance in the period has exceeded expectations.

The first full year of operations of the Brazilian solar PV assets is reflected in an increased generation in the period. Energy production has however come in behind expectation as the assets ramp up to full production.

The operational performance of the two operational Australian sites has been impacted due to the implementation of the BESS on the Mobilong site and substation works on the Dunblane site which resulted in a network outage for 1 month.

The US terminal storage expansion was completed in December 2022. The period ending 31 December 2023 saw the first full year of operation at the expanded site. These assets benefit from inflation-linked availability contracts and are situated in a key aggregation hub in South Texas for Mexico-US cross-border product movements.

Summary of operational & financial performance

31 December 2023					
Programme:	**Brazilian hydro facility**	**Brazilian solar PV assets**	**Australian solar PV with battery storage assets**	**US terminal storage assets**	**UK flexible power with CCR assets**
Number of operational assets	1	10	2	2	0
Number of assets under construction	0	6	3	0	1
Production/throughput	789,654 MWh	41,602 MWh	19,227 MWh	12,831,553 bbls	N/A
Revenues (GBPm)	28.59	2.07	1.46	18.64	N/A
Average revenue per production unit (expressed in GBP)	36.20	49.65	75.79	1.45	N/A

Note: The production, revenues, and average revenue per production unit reflect assets under operation as at 31 December 2023 only. The FX rate used for revenues is as at 31 December 2023. The energy production figure for the Brazilian solar PV assets represents the total generation that was invoiced to the clients; it is directly related to the revenue generated by the assets. The energy production figure for the Brazilian hydro facility represents the total gross generation.

Portfolio outlook

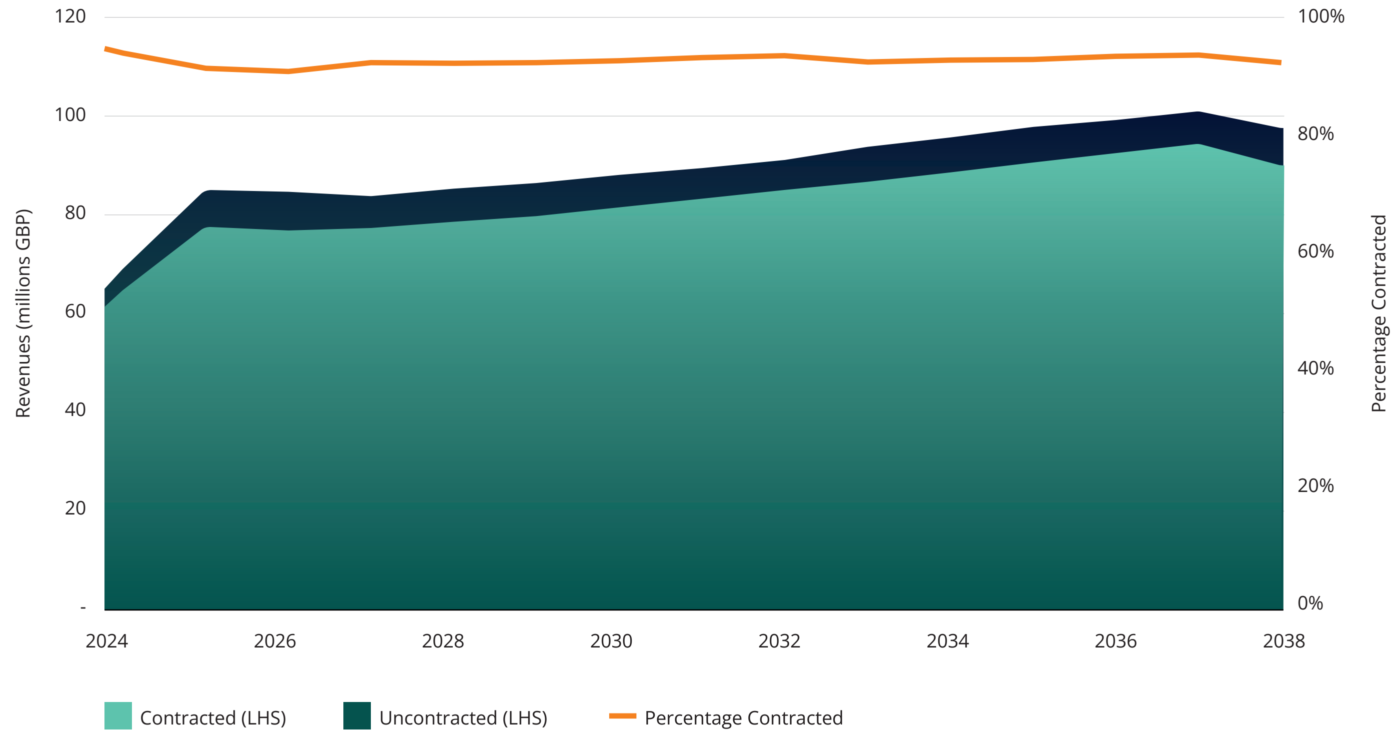
Based on the underlying free cash flow generation of the portfolio programmes, dividend coverage is expected to be 1.1 to 1.2 times in 2024 rising and strengthening further in subsequent years.

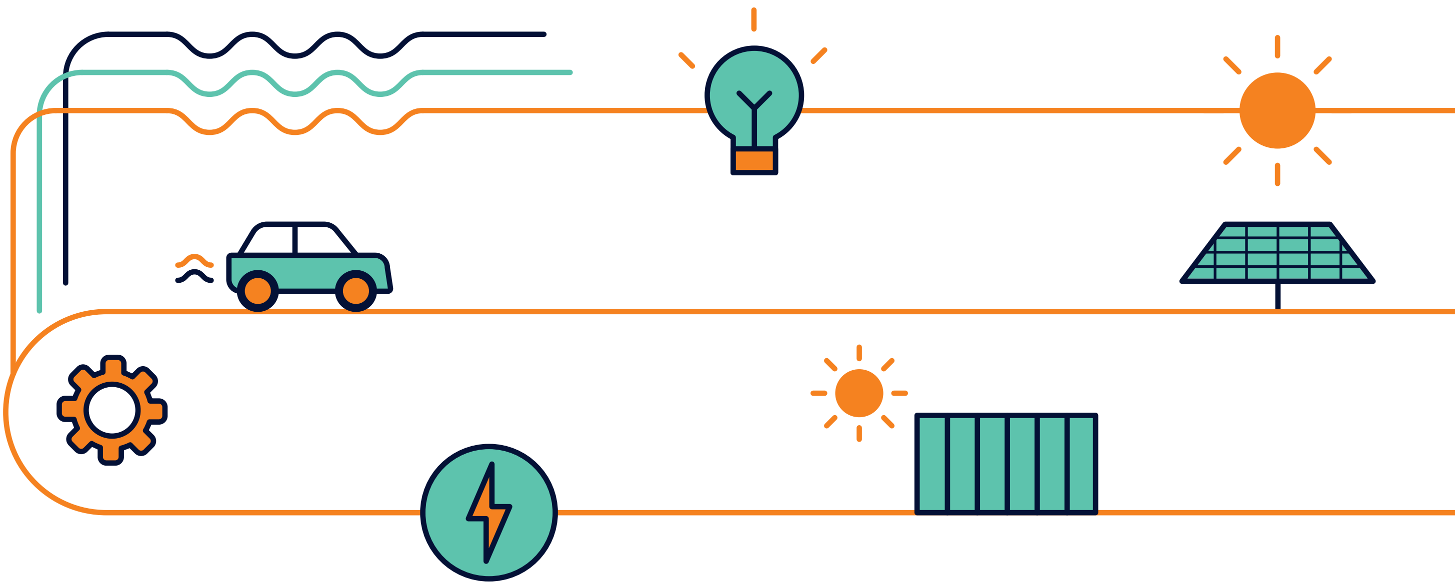
At the heart of the Company's strategy is the motivation to provide investors with access to long term infrastructure cashflows underpinned by an array of diversified technologies and geographies. This provides shareholders with embedded downside risk protection, as well as the ability to achieve differentiated returns by targeting structural demand gaps in some of the world's most liberalised energy markets.

Revenue contracts in the portfolio have been entered into with long tenors, often over 15 years, with creditworthy offtakers. As demonstrated in the graph below, contracted revenues account for over 90% of the total revenues in the portfolio, with uncontracted revenues relating mostly to the Australian solar and battery storage programme, where we seek to benefit from market dynamics related to a disorderly market transition to net zero.

INVESTMENT MANAGER'S REPORT CONTINUED

Expected revenue analysis

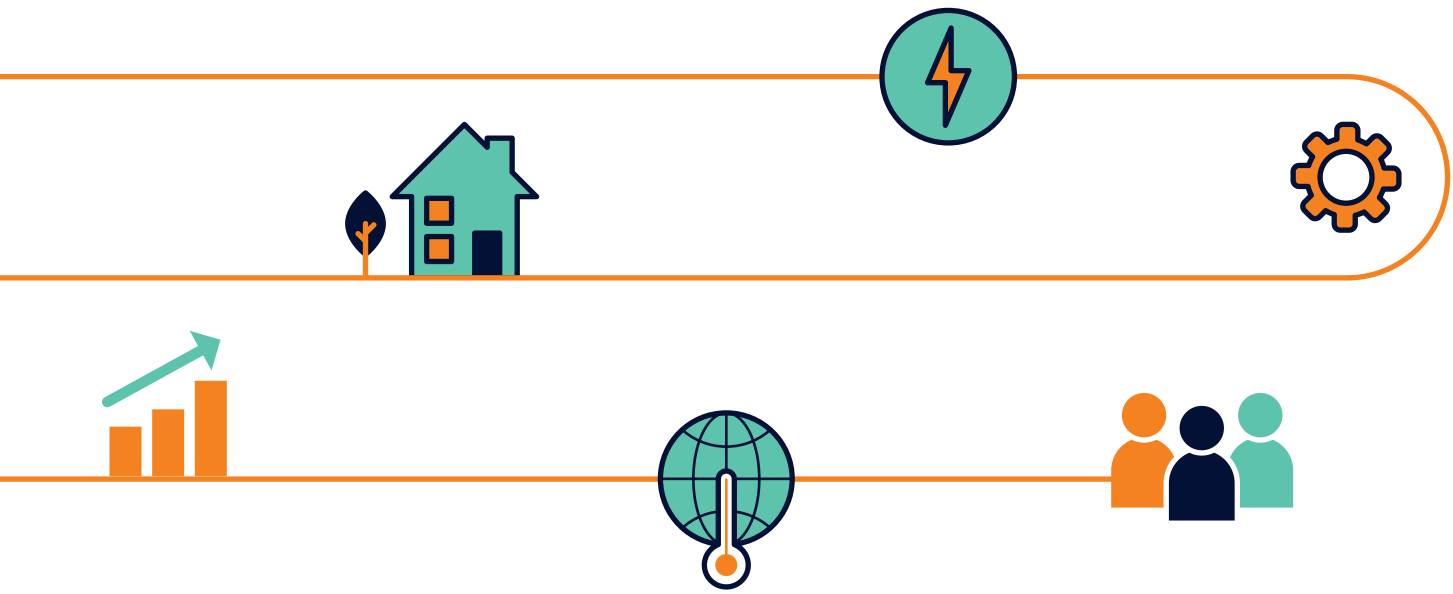




Highly contracted portfolio with credit-worthy counterparties

Programme	Key Offtaker(s)	PPA Term	Asset Life
Brazilian solar PV assets	Telefónica raízen	20 years	25 years
Brazilian hydro facility	More than 30 PPAs with blue-chip utilities counterparties – e.g. **EDP**	up to 15 years	25 years
US terminal storage assets	PMI Comercio Internacional	3 years rolling	30 years
UK flexible power with CCR assets	axpo BUSE	15 years	25 years
Australian solar PV with battery storage assets	Local Australian utilities – e.g. **Diamond Energy**	Targeting contracted revenues of up to 50% – the remainder is intentionally left as merchant to capture the peak margin opportunity in Australia	25 years

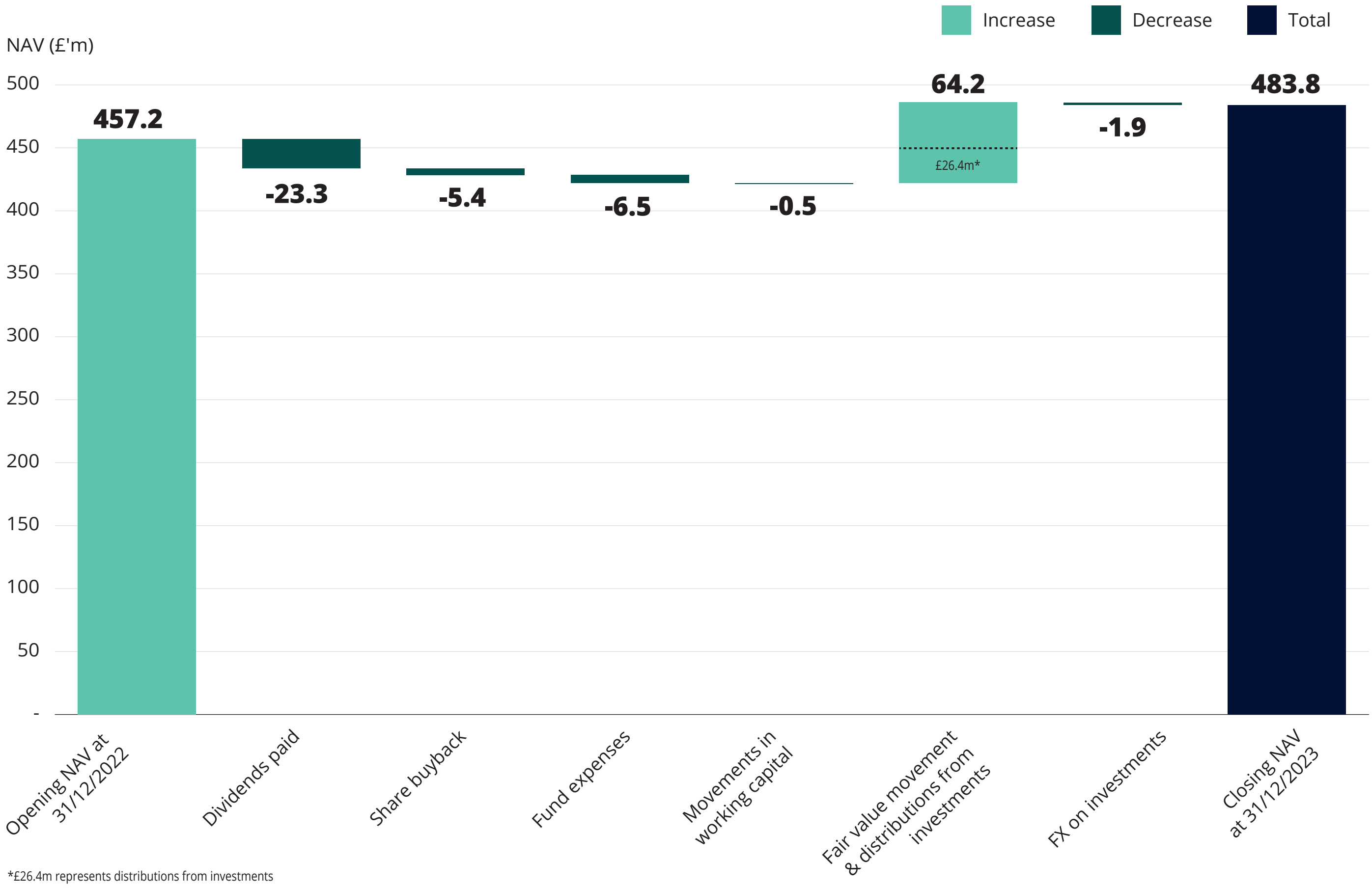
Note: Asset Lives: since acquisition/commercial operational date ("COD")
PMI is a 100% subsidiary of PEMEX



INVESTMENT MANAGER'S REPORT CONTINUED

Net Asset Value

NAV Bridge for the year ended 31 December 2023 (£'m)



*£26.4m represents distributions from investments

The NAV of the Company increased from £457.2m at 31 December 2022 to £483.8m at 31 December 2023. The total NAV return including reinvestment of dividends in the financial year is 14.5%. Since IPO, the total NAV return at 31 December 2023 is 10.0%. The key NAV drivers for the period under review were:

- A net increase in the fair value of investments and distributions from investments of £64.3m.
- Discount rates dropping during the period under review, driven by lower risk-free rates, inflation outlook, and lower Brazil country risk premium.

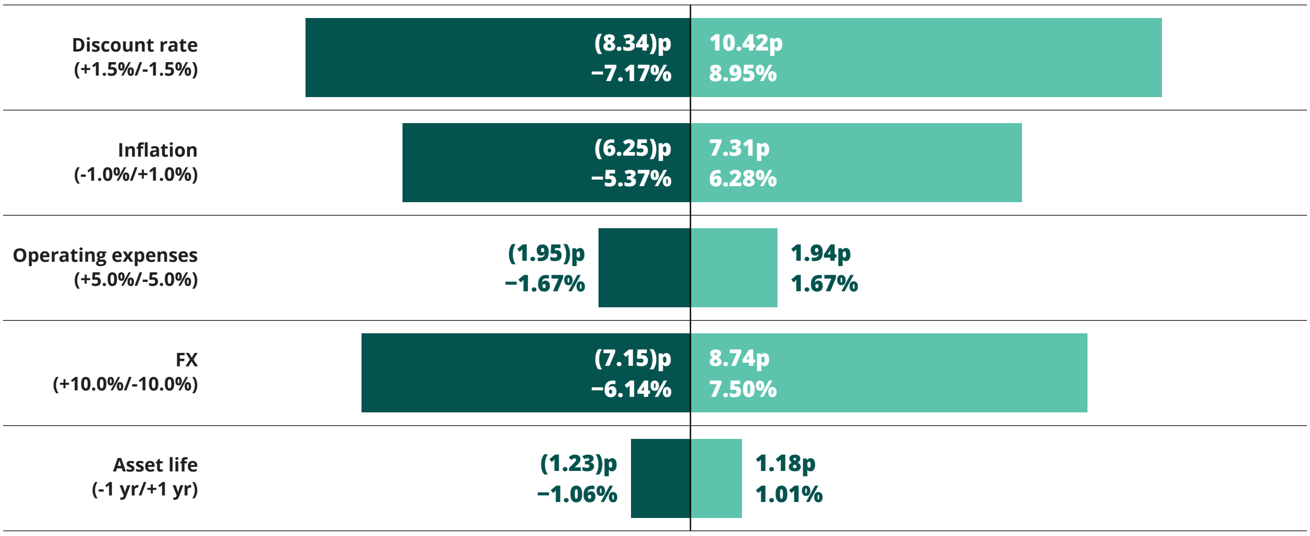
Key sensitivities

The below chart illustrates the sensitivity of the Company's NAV per share to changes in key input assumptions for assets in operation as at the year end. In performing the sensitivity analysis, it is assumed that potential changes occur independently of each other with no effect on any other assumption, and that the number of investments in the portfolio remains static throughout the modelled life.

Discount rate

A range of discount rates are applied in calculating the fair value of the investments, considering risk free rates, country-specific and asset-specific risk premia and betas. Discount rates for operational assets at 31 December 2023 are 6.9% in the US, 7.7% in Australia, 9.5% for the Brazilian hydro facility and 9.7% for the Brazilian solar PV assets. A 1.5% increase (decrease) in discount rates across the portfolio decreases (increases) NAV by 10.42p (8.34p).

NAV per share sensitivity



Inflation

The sensitivity assumes a 1% increase or decrease in long-term inflation relative to the base case of 1.6% for the US assets, 2.4% for the Australian assets and 3.0% for the Brazilian assets for each year of asset life. A 1.0% increase (decrease) in inflation rates across the portfolio increases (decreases) NAV by 7.31p (6.25p).

Operating expense

The sensitivity assumes a 5% increase or decrease in operating expense relative to respective contracts and budgets for each asset. A 5% increase (decrease) in operating expenses across the portfolio decreases (increases) NAV by 1.95p (1.94p).

Foreign exchange

The sensitivity assumes a 10% increase or decrease in foreign exchange movements against the sterling. The Company seeks to manage its exposure to foreign exchange movements by hedging short-term distributions from non-sterling investments to maintain a healthy dividend cover but, due to long-term inflation-linked revenues stemming from these investments, the Company does not hedge the principal value of the investments. A 10% increase (decrease) in foreign exchange rates across the portfolio decreases (increases) NAV by 7.15p (8.74p).

Asset life

The sensitivity assumes a 1 year increase or decrease in asset life relative to the base cases of 30 years for the US terminal storage assets, 25 years for the Australian solar PV with battery storage assets, Brazilian solar PV assets and Brazilian hydro facility. A 1 year increase (decrease) in asset lives across the portfolio increases (decreases) NAV by 1.18p (1.23p).

Resource sensitivity

The portfolio has little resource risk sensitivity given the availability based nature of the US terminal storage assets, the base load generation profile of the Brazilian hydro facility, the UK flexible power with CCR assets, and the addition of battery storage to the Australian solar PV assets to mitigate solar intermittency risk.

GSEO BUSINESS MODEL & STRATEGY

Business model at a glance

1

A unique investment model...

- We don't aim to tie investments to sustainability; rather we start with sustainability and look for investments
- Our investments always meet a structural demand gap in the local energy markets
- We create value for shareholders and a clear impact for the environment and society by targeting assets that can be optimised and/or expanded

2

...that supports the energy transition from all angles...

- Geography: The energy transition is a global phenomenon that needs to be tackled globally. GSEO invests across jurisdictions around the world, creating a highly diversified portfolio
- Technology: GSEO's investments go beyond just core renewables and target a diverse range of proven sustainable energy technologies in order to play a part in the global transition towards net zero
- Investment Stage: To accelerate the transition, the Company focuses on both the construction of new assets as well as the acquisition of operational assets

3

...creating a clear environmental and social impact...

- The UN SDGs are the blueprint for driving GSEO's sustainability-focused investment strategy, and creating a positive environmental and social impact as one of the core investment decision criteria
- Auditable monitoring framework to assess such impact
- GSEO is classified as an Article 9 fund under the EU Sustainable Finance Disclosure Regulation ("SFDR")

4

...while generating sustainable and attractive financial returns

- NAV target return of 10% unlevered and net of the Company's costs and expenses
- Consistent annual dividend growth since IPO, supported by a progressive dividend policy which aims at increasing dividends each year
- Portfolio revenues offer predictability, with more than 90% of revenues contracted
- Assets in the portfolio have a significantly high degree of inflation linkage, protecting real returns

GSEO BUSINESS MODEL & STRATEGY CONTINUED

GSEO investment model

Opportunity-specific UN SDGs

Investment pathways

Climate change

Energy access

Energy efficiency

Market liberalisation

Investment decision gates

Gate 1

Assessment of opportunity and relevance to the Company's investment pathways

Gate 2

Assessment of whether there is any material breach of non-core UN SDGs

Gate 3

Assessment of the investment itself

Three core criteria

1

Meet a structural demand gap

2

Ability to optimise and/or expand the asset

3

Positive environmental and social impact

THREE CORE PRINCIPLES FOR INVESTMENT DECISIONS

Meet a structural demand gap

- Deep expertise of energy market dynamics
- Ability to relativise markets globally and regionally
- Developers with specific insight into demand gaps

Positive environmental and social impact

- In-house sustainability expertise
- Independent sustainability due diligence
- Auditable monitoring framework to assess impact

Ability to optimise and/or expand the asset

- Long term asset commercialisation strategy
- Value creation adapting to changing market environment
- Programmatic approach with developers

GSEO BUSINESS MODEL & STRATEGY CONTINUED

Benefits

Investors

Benefit from both income and capital growth

Operating partners

Opportunity to bring additional projects to an existing programme

Communities

Immediate social benefits within the communities where assets are located – such as job creation

Environment

Immediate positive environmental impact, helping to accelerate the energy transition

VH's strategy and business activities result in:

10% p.a.

Target total NAV return p.a. unlevered and net of costs and expenses, for GSEO shareholders

5.56p per share

2023 dividend, progressive for GSEO shareholders

844,434 MWh

Clean energy generated and injected into the grid equivalent to c.312,750 UK homes powered annually approximately

122,530 tonnes

CO_2e avoided equivalent to removing c.63,000 average sized UK cars from the road per year

GSEO joint-venture model

Joint-venture model which levers multiple local operating partners with unique insights in local energy markets

Key advantages

- **Long-term alignment of incentives** with the Operating Partner
- **Partnership with highly skilled developers** with specific insights into an energy market and institutional execution abilities
- **Access to pipeline** of projects developed by those partners
- **Efficient deployment** over a tangible pipeline reducing cash drag
- **No upfront development premium** but conversion of development costs in a stake in the JV
- **Reduced operational risk** with dedicated on-the-ground attention to the assets enabling a thorough value creation process

GSEO STRUCTURE & INVESTMENT POLICY

The Company seeks to achieve its investment objective by making sustainable energy infrastructure investments across the EU and OECD group of nations predominantly, including but not limited to OECD Key Partner countries and OECD Accession countries. The Company's investments in global sustainable energy infrastructure must be:

i. investments that support the pursuit and attainment of the United Nations Sustainable Development Goals (the "SDGs") where energy and energy infrastructure investments are a direct contributor to the acceleration of the energy transition towards a net zero carbon world; and

ii. investments that can be categorised into one or more of the four investment pathways that guide the Company's investment strategy. These investment pathways are (1) Addressing Climate Change, (2) Energy Access, (3) Energy Efficiency, and (4) Market Liberalisation,

and must also fall into one or a combination of the following categories:

i. power, heat and green gas producing assets reliant on, but not limited to, wind, solar, biomass, natural gas and hydropower technologies;

ii. production and refinement of fuels derived from biomass sources;

iii. energy storage infrastructure such as containment and non-processing facilities for liquid and gas fuel sources, power storage utilising battery or gravity-based technologies;

iv. energy transportation infrastructure such as pipelines, interconnectors and micro-distribution grids;

v. distributed energy sources (heat, power, gas and steam) which are produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure; and/or

vi. equipment that is installed at the premises or on site, directly connected to the premises including, but not limited to, CHP units, CCHP plant schemes, HVAC units, lighting equipment, biomass boilers and steam raising boilers (including intermediate pressure (IP) steam processors),

in each case, either already operating, in construction or ready-to-build ("Sustainable Energy Infrastructure Investments").

The Company looks to achieve NAV growth by investing in higher yielding Sustainable Energy Infrastructure Investments that are operational, in construction or "ready-to-build" but does not invest in assets that are under development (that is assets that do not have in place required grid access rights, land consents, planning and regulatory consents and commercial arrangements).

The Company acquires a mix of controlling and non-controlling interests in Sustainable Energy Infrastructure Investments that are held within SPEs which the Company invests through equity and/or shareholder loan instruments. In certain instances, the SPE may hold one or more Sustainable Energy Infrastructure Investments of a similar type.

The Company invests in SPEs structured as joint venture investments (JVs) or co-investments, including through minority stakes, where this approach is the only viable approach. Where the Company participates in a JV or a co-investment, it seeks to secure its rights through obtaining protective provisions in shareholders' agreements, joint venture agreements, co-investment agreements or other transactional documents, as well as board representation for the Investment Manager, and with the aim of trying to ensure that the investment is managed in a manner that is consistent with the Investment Policy.

Diversification

The Company aims to achieve diversification principally by making a range of Sustainable Energy Infrastructure Investments across a number of distinct geographies and a mix of proven technologies that facilitate the achievement of the SDGs.

Investment restrictions

The Company can invest (calculated at the time of investment) up to:

- 25% of Gross Asset Value in any one Sustainable Energy Infrastructure Investment;
- 40% of Gross Asset Value in a single technology;
- 35% of Gross Asset Value in assets that are in construction or "ready-to-build";
- 40% of Gross Asset Value in assets that are located in any one country;

- 30% of Gross Asset Value in assets that are owned or operated by a single developer;
- 10% of Gross Asset Value in assets that are located in countries that are not members of the EU, OECD, OECD Key Partner countries or OECD Accession countries; and
- 10% of Gross Asset Value in other closed-ended investment funds which are listed on the Official List.

No investments are made in extraction projects for fossil fuel or minerals.

Non-compliance resulting from changes in the price or value of investments following investment will not be considered as a breach of the investment restrictions.

The Company holds its investments through one or more SPEs and the investment restrictions are applied on a look-through basis.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the remedial actions to be taken by the Company through an RNS announcement.

Cash management

Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, namely money market funds (as defined in the ‘Guidelines on a Common Definition of European Money Market Funds’ published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and
- any “government and public securities” as defined for the purposes of the FCA Rules,

provided that not more than 20% of the Gross Asset Value, calculated at the time of investment, may be so invested, following the deployment of the Company's net issue proceeds.

Borrowing policy

The Company may make use of long-term limited recourse debt for Sustainable Energy Infrastructure Investments to provide leverage for those specific investments. Such long-term limited recourse debt will not, in aggregate (calculated at the time of entering into or acquiring any new long-term limited recourse debt), exceed 60% of the prevailing Gross Asset Value.

In addition, the Company may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of suitable opportunities as and when they become available. Such short-term debt will be subject to a separate gearing limit so as not to exceed 30% of the Gross Asset Value at the time of entering into (or acquiring) any such short-term debt.

In circumstances where these aforementioned limits are exceeded as a result of gearing of one or more Sustainable Energy Infrastructure Investments in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Use of derivatives

The Company may enter into hedging transactions for the purposes of efficient portfolio management, which may include (as relevant) short-term currency hedging (as described in the last published prospectus of the Company), interest rate hedging and power price hedging. The Company does not intend to use hedging or derivatives for investment purposes but may from time to time use risk management instruments such as forward contracts and swaps (collectively “Derivatives”) to protect the Company from any fluctuations in the relative value of currencies against Pound Sterling, as well as to hedge against interest rates and power prices. The Derivatives must be traded by private agreements entered into with financial institutions or reputable entities specialising in this type of transaction and will be limited to maturities no longer than 12 months. The Company will target investments that provide sufficient asset-level returns to compensate for longer term fluctuations in exchange rates. Furthermore, asset level returns where possible will be linked to local inflation rates.

GSEO STRUCTURE & INVESTMENT POLICY CONTINUED

Derivatives may be employed either at the level of the Company, at the level of the relevant SPE or at the level of any intermediate wholly owned subsidiary of the Company.

All hedging policies of the Company will be reviewed by the Board and the Investment Manager on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed. Any derivative transactions carried out will only be for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

Amendment to investment policy

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the FCA and shareholders, by ordinary resolution and will be notified to HMRC. If a change to the investment policy is material for the purposes of the AIFM Rules, the Investment Manager will need to notify the FCA prior to the implementation of such change and the change may not be implemented until the period of time prescribed in the AIFM Rules has elapsed without the FCA having objected to the change.

Status of the Company

The Company was incorporated on 30 October 2020. It is registered as a public limited company and is an investment company within the terms of section 833 of the Companies Act 2006. It has been approved by HMRC as an investment trust company in accordance with sections 1158/1159 of the Corporation Tax Act 2010. The Directors are of the opinion that the Company has conducted its affairs in compliance with sections 1158/1159 during the year ended 31 December 2023 and intends to continue to do so.

The Company's shares trade on the premium segment of the Main Market of the London Stock Exchange. It is a member of the Association of Investment Companies (the "AIC"). The Company and the Board are governed by its Articles of Association (the "Articles"). Any amendments to the Articles must be approved by shareholders by way of a special resolution.

Employees, human rights, social and community issues

The Board recognises the requirement under Companies Act 2006 to detail information about human rights, employees and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements, which may apply to the Company's investments, do not apply to the Company as it has no employees, all the Directors are non-executive and it has outsourced all its functions to third party service providers. The Company has therefore not reported further in respect of these provisions.

The Company is not within the scope of the Modern Slavery Act 2015 because it has not exceeded the turnover threshold and therefore no further disclosure is required in this regard. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers comply with the provisions of the Modern Slavery Act 2015 and maintain adequate safeguards in keeping with the provisions of the Bribery Act 2010 and Criminal Finances Act 2017.

Details about the Company's approach to sustainability are set out on pages 58 to 66.

Diversity

As at 31 December 2023, the Board comprised three female and two male Directors.

It is the Company's aim to have an appropriate level of diversity on the Board. The Board welcomes the recommendations from the FTSE Women Leaders Review on gender diversity on boards and the Parker Review about ethnic representation on boards. The Company conformed with the gender and ethnic diversity targets during the year under review. See pages 118 and 119 for further details of the Board's diversity policy and compliance with the recommended diversity targets.

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

GSEO INVESTMENTS

MOTUS ENERGY LLC

The case for sustainable liquid storage assets in the US

Programme overview

In April 2021, GSEO completed the acquisition of two operating liquid storage terminals with a total combined capacity of 525,000 barrels in the Port of Brownsville on the Texas gulf coast, for a total purchase price of US$63m. The sites have a useful life of at least 30 years, and the operating partner is Motus Energy LLC, which combines the team that built and operated the assets for the previous owner and an established cross-border fuel exporter. Since acquisition, the capacity of the terminal has been expanded to 895,000 barrels.

Operating partner overview

Motus Energy LLC is a US midstream specialist company formed by a team which combines the team that built and operated the VH liquid storage assets for the previous owner that have 25 years' average experience in investing, constructing and operating midstream infrastructure assets globally. Motus support the energy transition by participating in the decarbonising process of high sulfur fuels by facilitating its storage to be then processed into lighter and cleaner fuels by modern refineries in the US and by developing new midstream infrastructure with the intention to store and distribute transition fuels such as renewable diesel and sustainable aviation fuel.

In conversation with Richard Lum, Victory Hill Managing Partner and co-CIO

Q: Why did you decide to invest in these assets and how do they contribute to support the energy transition?

Fundamentally, this investment seeks to make a positive sustainability impact on the Mexican fuels value chain. We decided to invest in the US terminals as their location provides a fuel aggregation point that facilitates the transfer of high sulfur oil currently produced at a surplus in the Mexican fuel market. As a result of the terminals' proximity, northbound flows are destined for more abundant and technologically advanced refining capacity in the United States, which can turn the "dirty" fuels from Mexican refineries into cleaner products.

It is important to remember that Mexico still burns high sulfur content fuels in its transportation sector and for its energy generation industry, resulting in the creation of significant Particulate Matter (PM) 2.5 air pollution and causing respiratory and health problems, particularly in conurbation areas such as Mexico City. The US terminal assets aim to reduce the environmental and health threats that high sulfur fuels have on human health by reducing the availability of high sulfur fuel oil for domestic consumption in Mexico and displacing it with cleaner, less pollutive products, reducing PM2.5, SO2, and NO2 emissions.

Q: Since acquisition, what have you done to create additional value?

We have expanded the storage capacity by 370,000 bbls, increased the volume throughput by adding capabilities to offer 24/7 operations, extended existing tenants' contracts at higher rates, optimised ancillary services revenues, reduced costs by modernising the operations' hardware and software, improved internal controls and procedures, and added asset-based leverage, among other initiatives.

Q: What are the expected returns for this programme and what is this number conditional upon achieving?

Based on the current contractual arrangements, we expect the returns from this project to remain in excess of GSEO's target total NAV return. We expect to see additional uplift by culminating the terminals expansion and further optimising the commercial terms and operations of the terminals.

Q: What is the future of this asset?

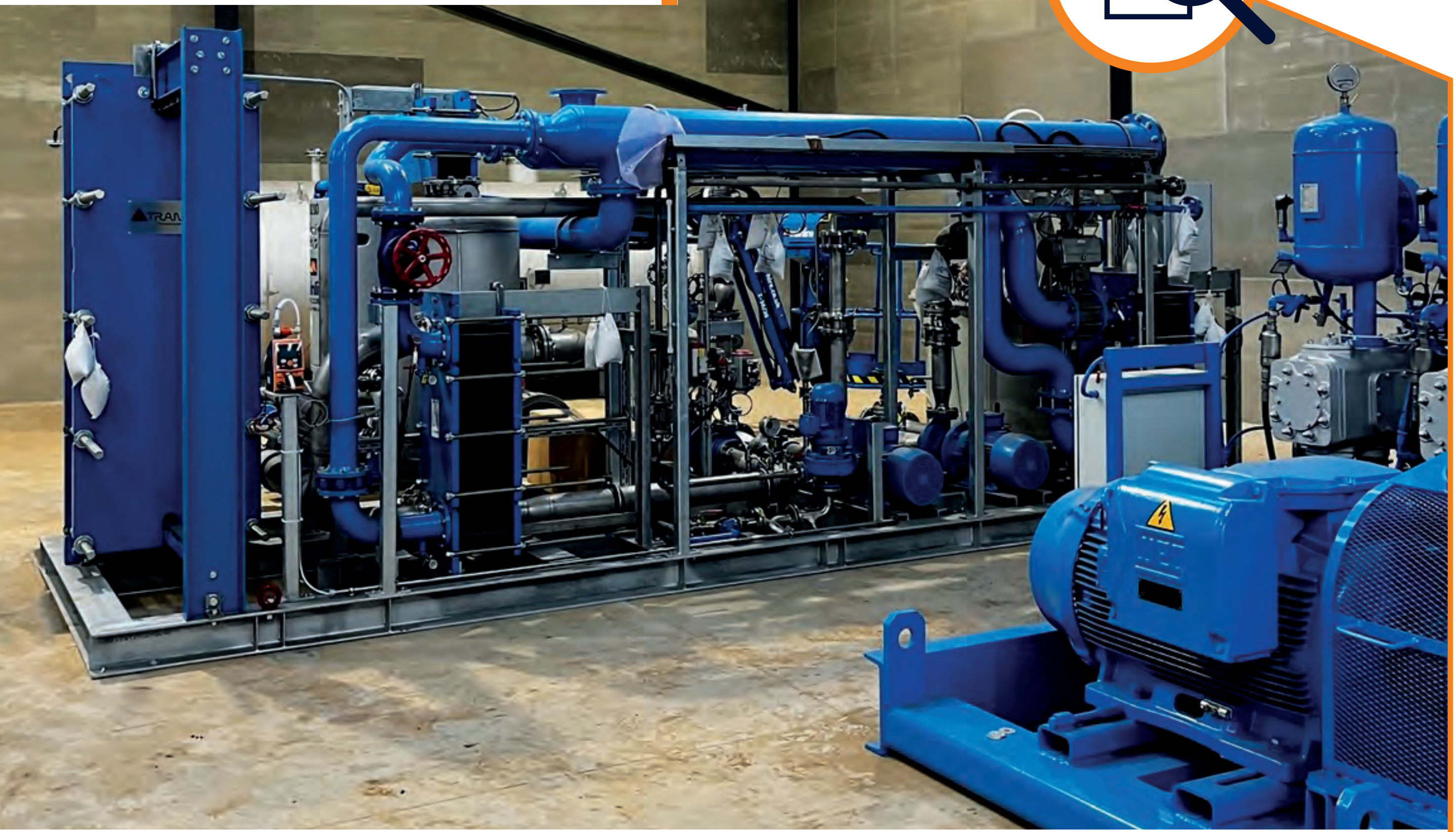
First we would like to use the available land within the terminals to add more storage capacity. We would also like to improve the operation capabilities to speed up the loading and unloading operations and increase the volume throughput.

In the longer term, the tanks we hold can be retrofitted to store greener fuels such as renewable diesel, and sustainable aviation fuel (SAF).

Q: Are investors exposed to hydrocarbons by having this asset in the portfolio?

No, there is no commodity exposure. The terminal benefits from availability-based offtake agreements.

GSEO INVESTMENTS CONTINUED



LANDMARK
POWER HOLDINGS

The case for flexible power with carbon capture and reuse (CCR) in the UK

Programme overview

In the UK, we have chosen to contribute to the energy transition by supplying reliable baseload power without adding to carbon emissions. In 2021, GSEO completed its acquisition of a 10MW flexible power project under construction in Nottinghamshire, uniquely combined with carbon capture and reuse ("CCR") technology. Commissioning of the integrated plant with CCR is expected over the summer. Since acquisition, a 15-year power offtake and gas supply agreement was signed with Axpo and a first batch of sparkspread hedges were secured, locking in healthy margins for the project. In addition, a 15-year offtake agreement for food-grade CO_2 was also signed on attractive terms with an industrial gas specialist group. Additional revenues can be sourced from grid ancillary services such as balancing mechanism and capacity market; and additional margin can be captured via private wire to local industrial users. This programme is being funded without public subsidy or government support.

Operating partner overview

Landmark Power Holdings (LMPH) was established in 2019 by UK power industry veterans with the purpose to help to build a circular economy, by applying new methodologies to proven technologies in energy production. LMPH supports the transition to net zero by supplying dispatchable, low carbon energy that enables more renewable energy production while contributing to a circular economy, by eliminating inefficiencies in production, ensuring that every input is used to its maximum potential and treating all production waste as a profitable resource. LMPH develops, builds and operates decarbonised flexible power plants, that helps bridge the gap between conventional and greener energy solutions by providing essential support for increasing levels of renewable power.

In conversation with **Richard Lum, Victory Hill Managing Partner and co-CIO**

Q: Could you explain how this program contributes to the energy transition in the UK and why such technologies instead of wind or solar?

This flexible power and carbon capture and re-use programme allows us to supply reliable flexible power into the grid, solving for intermittency issues that come with renewable power generation (such as solar and wind) in a net zero manner.

Q: What is so unique about this project?

The project is uniquely positioned to solve for two issues facing the decarbonisation of industry in the UK. Firstly, the gas fired generators are able to provide flexible power into the grid to help firm the grid in a net zero way, as its CO_2 emissions are captured and repurposed. The provision of flexible power services is important in the UK given the success of renewable power penetration in the energy mix from the rollout of wind and solar projects. This has resulted in the fact that intermittency and grid frequency stabilisation are becoming much more of an issue for the system operator. When the wind doesn't blow or the sun doesn't shine, the system's supply and demand dynamics fall out of kilter, which may result in price spikes and the potential for curtailed supply and indeed trips on the system.

Secondly, the captured CO_2 is scrubbed into purified food grade CO_2, which can then be commercialised via sales to the industrial gases market, where CO_2 is seen as a precious industrial commodity, used in the food and beverage manufacturing chain. Currently, there is a structural shortage of food grade CO_2 produced locally in the UK, as we have seen the closure of major producers of ammonia in the country. The project therefore provides a replacement supply, and one that is produced with a much smaller emissions footprint than the traditional manner of production.

Q: How could this asset be repurposed in the future if needed?

The project utilises gas fired power generation units, which can transition to utilising net zero biomethane fuel sources and potentially hydrogen fuel sources in the future.

energea

Paraty ENERGIA

The case for the Brazilian renewable energy market – hydropower and distributed generation (DG) solar plants

Programme overview

I –A Brazilian hydro facility

In 2022, GSEO acquired a 198MW run-of-river hydropower plant from EDP Group. The facility is located in the state of Espírito Santo, has been operational since 1974 and went through a major repowering in 2011. The plant ownership was awarded under a concession framework with four years remaining from previous cycle and renewal for another 20 years thereafter. Since it was first commissioned, the hydro facility has been maintained and managed to a very high standard. The energy regulator in Brazil ranks over 140 hydro plants across the country to assess their quality of operation and has recently ranked this facility as a top 10 hydro plant in Brazil. This facility benefits from a portfolio of over 30 long-term inflation-linked PPAs with creditworthy counterparts in the regulated utilities market. It also has the potential to commercialise power with large energy consumers in the self-consumption segment of the energy market.

II – 16 Brazilian solar PV assets

In 2021, GSEO committed $63m to fund the construction of remote distributed solar generation projects across 10 Brazilian states. The investments stem from long-term PPAs with investment grade corporates such as a large multinational telecommunication company. On average, these contracts have a maturity over 20 years, are inflation-linked, and are not dependent on any government subsidies. Three further sites are expected to become operational by H1 2024, bringing the total number of operational sites to 13. The construction of the remaining three sites are expected to be completed by the end of 2024.

Operating partners' overview

Paraty Energia, the operating partner for the Brazilian hydro facility, is an energy developer specialised in the Brazilian power market, combining years of project finance experience with strong capabilities in operations, energy trading and regulatory advisory services. They have a team of engineers, and traders that oversee the operation of GSEO's hydro facility.

Energea, the operating partner of the Brazilian solar PV assets, is a global developer of distributed solar PV assets. Its founders have accumulated years of experience in the solar segment, first by developing distributed generation sites in the US for large retail players. They have entered the Brazilian market, attracted by the unique regulatory framework enabling the construction of distributed generation solar PV assets that can commercialise the power at retail tariffs, with any offtaker connected to the local utilities' networks. Energea has a team of experienced project managers on the ground that oversee GSEO's solar PV assets and provide O&M services.

In conversation with Eduardo Monteiro, Victory Hill Managing Partner and co-CIO

Q: What are the attractions of investing in the Brazilian renewable energy market?

Brazil is a growing economy that needs energy to enable the country to fulfil its potential. Previous Brazilian administrations have successfully implemented a robust regulatory framework that attracts private investors who continue to fund the expansion of Brazil's power, which is crucial in enabling the country's economic growth. With a unique characteristic of having a very wide and diverse hydropower network, Brazil stands out as a market with great potential for renewable energy. Hydropower has natural storage properties enabling intermittent sources such as renewable energy to be efficiently added to the grid.

Q: What are the risks in Brazil and how do you mitigate them?

As an emerging market, Brazil is more exposed to volatile economic cycles, with potential for high inflation and political instability. As foreign investors, we need to also consider the volatility of the Brazilian currency versus the GBP. We believe that these risks are largely mitigated by: i) our focus on energy investments, as energy consumption tends to be robust regardless of cycles, ii) inflation linkage on all offtake contracts providing protection against high inflation and also against depreciation of the Brazilian currency, and iii) Brazil's long track record as a recognised democracy with strong independent institutions.

Q: How do you expect the share of Brazil in your total portfolio to evolve?

We are satisfied with the current share and we will seek to maintain or reduce our exposure to Brazil as we continue to pursue opportunities in other markets.

Q: What makes the Brazilian hydro market so unique?

Brazil has one of the world's largest hydrological resources and hydropower generation continues to have systemic importance in the country's energy mix. Hydropower plants provide a reliable and continuous source of clean energy for a power system with a continuously growing demand and rapid penetration of intermittent renewables. The hydropower sector in Brazil is underpinned by a unique regulatory framework which seeks to mitigate hydrological resource risk for individual hydropower generators. The framework pools hydrological resources into a nationwide consortium of eligible hydropower generators of systemic importance. Members of the hydropower consortium benefit from the output of the whole pool of eligible hydropower generation irrespective of an individual member's actual production. Therefore, the idiosyncratic risk of a single hydro plant is mitigated by the output of the pool.

Q: Can you tell us more about the programme of remote distributed power generation in Brazil?

Brazil has the largest power market in Latin America, with total installed capacity of 225 GW in 2023. The country's size, plentiful resources and conducive policies have made Brazil the region's main renewable energy market and one of the top ten in the world. Brazil's renewable energy potential is still in its infancy. With regards to distributed generation, the Brazilian government implemented a regulatory framework favouring smaller scale power generation assets by allowing them to directly contract with end users that are captive to the local utilities and pay the much higher retail tariffs. This is done via a contractual arrangement between private parties. Distributed power plants can be located remotely within an entire distribution network, and they can provide full credits to end users in their energy bills.

GSEO INVESTMENTS CONTINUED

birdwood energy

The case for distributed solar PV and battery energy storage systems (BESS) in Australia

Programme overview

In 2021, GSEO committed £50m in Australia to implement distributed solar PV and battery energy storage system (BESS) hybrid projects with the Company's operating partner, Birdwood Energy, a team of energy specialists with an experienced track record of delivering renewable power generation and battery projects globally. GSEO acquired two operating distributed solar PV generation assets in South Australia and Queensland, totalling 17MW, and subsequently added in Q3 2023 a 2-hour BESS to hybridise one of the assets in order to enhance its commercial potential. The Company also acquired three ready to build sites in New South Wales of 4.95MW each and reached mechanical completion of the sites' solar farm component in Q3 2023. A 2-hour BESS addition to each of the three sites is expected to be completed by Q4 2024.

Operating partner overview

Birdwood Energy is an Australian specialist developer and manager in the renewable sector which works to scale projects for investment, accelerate deployment and integrate batteries, as well as investing into businesses supporting the sector. Birdwood has developed a A$2 billion portfolio. Birdwood was founded by energy storage and renewables experts who over the last 25 years have built and led investments and energy businesses across Australia, Europe, US, Asia and Africa. Its team comprises decades of investment, technical, development, construction and operating experience in the local market. Distributed energy is difficult for investors to access, with lots of small developers and companies. This sector however requires significant investment at scale in order to achieve our net zero targets. Distributed energy should be able to fulfil ~60% of the world's future energy supply. It will be the lowest cost, most secure and cleanest energy system.

In conversation with Richard Lum, Victory Hill Managing Partner and co-CIO

Q: What is so unique about the Australian energy market and how does this represent an opportunity for GSEO and its shareholders?

There is a structural supply/demand gap in Australia that needs to be addressed to solve the grid's issues of balancing supply and demand for dependable and clean power throughout the day.

The first wave of renewable power generation in Australia was focused on the need to achieve scale and reducing the cost of energy production. The extent to which these have been successfully achieved in a relatively short space of time has conversely created additional issues for the transmission network, including the fact that the grid is struggling to accommodate a large volume of intermittent generation entering the system, and consequently this has slowed the follow-on growth of renewable energy deployment at the point when the country needs it to increase in order to further displace coal.

As the country is going through a disruptive transition, there is an opportunity for GSEO to capture value by providing clean energy though distributed solar PV and BESS hybrid assets.

Q: Why invest in c.5 MW projects and not larger scale projects?

The portfolio is aggregating distribution network-connected assets which represent the best value for investment, avoiding curtailment risk from the congestion on the already stressed high voltage network and providing further relief in a system already stressed. The operating partner also implements a portfolio enhancement/commercialisation strategy to take advantage of the price volatility.

With a 2-hour BESS, the assets can take advantage of the market volatility from time shifting of the solar PV output as well as capturing upside through energy arbitrage and other grid service revenues.

Q: How is the operating partner for this asset incentivised?

For all our programmes, construction, operation and maintenance is overseen by a specialist local operating partner and the value creation incentives are aligned with them through a profit share which is paid out in the event the project meets a certain hurdle rate.

KEY PERFORMANCE INDICATORS

Financial KPIs

NAV per share growth

+7.6%

Definition
NAV divided by number of shares outstanding as at 31 December 2023.

Commentary
The NAV has increased to 116.46p since 31 December 2022 (31 December 2022: 108.2p). Alternative performance per share measures are defined on pages 156 to 157.

Ongoing Charges Ratio

1.4%

Definition
Annualised ongoing charges (i.e. excluding investment costs and other irregular costs) divided by the average published undiluted NAV in the period, calculated in accordance with AIC guidelines.

Commentary
The Company's ongoing charge ratio was in line with the previous year (31 December 2022: 1.30%). Alternative performance measures are defined on pages 156 to 157.

Dividend per share

5.56p

Definition
Aggregate dividends declared per share in respect of the financial year.

Commentary
The Company's target was to pay a dividend of 5.52p per share in respect of the year to 31 December 2023 (31 December 2022: 5.13p). With the declaration of the interim dividend of 1.42p per share on 22 February 2023, the total dividend for 2023 is 5.56p per ordinary share.

Total NAV return for the year

14.5%

Definition
A measure of performance that includes both income and capital returns. This takes into account capital gains and any dividends paid out by the Company during the year.

Commentary
Total return reflects continued underlying delivery to shareholders (31 December 2022: 7.60%). Alternative performance measures are defined on pages 156 to 157.

Annualised total NAV return since IPO (February 2021)

10.0%

Definition
A measure of performance that includes both income and capital returns. This takes into account capital gains and any dividends paid out by the Company since IPO in February 2021 on an annualised basis.

Commentary
Total return reflects continued underlying delivery to shareholders (31 December 2022: 7.8%). Alternative performance measures are defined on pages 156 to 157.

Operational KPIs

Largest three investment programmes as a proportion of NAV

59.8%

Definition
Value of the three largest investment programmes divided by the NAV at period end.

Commentary
The three largest investment programmes are the US terminal storage assets, Brazilian solar PV and the Brazilian hydro facility (31 December 2022: 54.50%).

Largest investment programme as a proportion of NAV

24.9%

Definition
Value of largest investment programme divided by NAV at period end.

Commentary
The largest investment programme within the Company's portfolio is the US terminal storage assets (31 December 2022: 23.20%).

Climate-related KPIs

Total renewable energy generated and injected into the grid (MWh)

844,434

Definition
Underlying portfolio energy generated from renewable assets in MWh.

Commentary
The portfolio's generation for 2023 in MWh (31 December 2022: 35,117), equivalent of the annual electricity use of approximately 312,750 (31 December 2022: 9,000) UK homes.

Total avoided carbon emissions (tonnes CO_2e)

122,530

Definition
A measure of our success in investing in projects that have a positive environmental impact and reduce energy usage.

Commentary
The portfolio's total avoided emissions in tCO_2e from displacing fossil fuel derived electricity (31 December 2022: 14,349), equivalent to removing about 63,000 (31 December 2022: 7,000) average sized cars from UK roads.

Weighted average carbon intensity per $1m invested (tonnes CO_2e / $m)

42

Definition
Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$m revenue.

Commentary
The calculation covers operational scope 1 and 2 emissions (31 December 2022: 65). Emissions from assets under construction are not factored into the calculations.

STAKEHOLDER ENGAGEMENT

Overview

This section of the annual report covers the Board's considerations and activities in discharging their duties under section 172 of the Companies Act 2006, in promoting the success of the Company for the benefit of the members as a whole.

Stakeholders are integral to the long-term success of the Company. The Directors recognise that, both individually and collectively as the Board, their overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company. As set out in section 172 of the Companies Act 2006, the Directors act for the benefit of shareholders and in the interests of stakeholders as a whole, having regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

All Board discussions include consideration of the longer-term consequences of any key decisions and their implications for the relevant stakeholders.

Stakeholders

A company's stakeholders are normally considered to comprise its shareholders, employees, customers, suppliers, as well as the wider community in which the company operates and impacts. The Company is different in that as an investment trust it has no employees and, in terms of suppliers, it receives professional services from a number of different providers, principal amongst them being the Investment Manager.

Through regular engagement with its stakeholders, the Board aims to gain a rounded and balanced understanding of the impact of its decisions.

The Company recognises the importance of maintaining high standards of business conduct and seeks to ensure that these are applied in all of its business dealings and in its engagement with stakeholders. These engagement mechanisms are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. The importance of stakeholders is taken into account at every Board meeting, with discussions involving careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. Details of how the Board seeks to understand the needs and priorities of the Company's stakeholders and how these are taken into account during all its discussions and as part of its decision-making are set out below.

Key decisions made during the year

Share buyback programme

The Board continually evaluates the optimum capital allocation strategy for the Company balancing the need to maintain a strong balance sheet in order to support existing portfolio assets alongside further investment opportunities and returning capital to shareholders via dividends or share buybacks. In recognition of the discount at which the Company's share price was trading relative to its NAV per share and its impact on shareholder returns, on 15 September 2023 the Company announced a share buyback programme (the "buyback programme") for up to £10m. Post period end, on 22 February 2024 the Company announced an increase in the buyback programme by an additional £10m bringing the total buyback programme to £20m. The buyback programme is expected to be accretive to NAV per share, as well as offer additional liquidity for the Company's underlying shares. Details of the shares repurchased under the buyback programme are set out on page 97.

Board changes

Ms Carneiro was appointed as a non-executive Director of the Company on 18 January 2023. Details of her appointment were included in the Company's 2022 Annual Report.

As announced by the Company on 11 December 2023, the Board appointed Mr Horlick as the Senior Independent Director of the Company with effect from 1 January 2024. In line with the AIC Code of Corporate Governance, the Board considers that this appointment would provide a sounding board for the Chair, serve as an intermediary for the other Directors and shareholders, and also act as an alternative engagement channel to the shareholders and other key stakeholders.

Change of Alternative Investment Fund Manager

During the year under review, the Board replaced G10 Capital Limited, the AIFM of the Company since the IPO, with Victory Hill Capital Partners LLP. Further disclosures regarding the new AIFM Agreement with Victory Hill are included on page 98.

Stakeholder	Importance	How the Company engages
Shareholders	Continued shareholder support and engagement are critical to the existence of the Company and the delivery of its long-term strategy. The Board and the Investment Manager give a high priority to ensuring that shareholders understand the Company's strategy and goals and can monitor its performance through the robust corporate governance processes established by the Company.	The Board welcomes shareholders' views and is committed to maintaining open and transparent channels of communications with them. The Board is responsible for the content of communication regarding corporate issues and for conveying its views to shareholders. It aims to ensure that shareholders are provided with sufficient information to understand the risk/reward balance to which they are exposed by investing in the Company. The methods of engaging with shareholders include: **Publications** The Annual and Interim Reports are made available on the Company's website. These reports provide shareholders with a clear understanding of the Company's portfolio and financial position. In addition to the Annual and Interim Reports, the investor presentations made by the Investment Manager and any prospectuses and circulars issued by the Company are also available on the Company's website. The Company provides regular updates on portfolio acquisitions, capital raises, share buybacks and any other relevant matter by way of market announcements. **Annual General Meeting** All shareholders are encouraged to attend and vote at the AGM and at any general meetings of the Company, during which the Board and the Investment Manager are available to discuss issues affecting the Company and answer any questions. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM and takes action, as appropriate. **Shareholder meetings** The Investment Manager, along with the Broker, regularly meets with the Company's shareholders to provide Company updates and to foster regular dialogue. Feedback from all shareholder meetings and investors' views are shared with the Board on a regular basis. **Shareholder concerns** Shareholders wishing to communicate directly with the Board or the Investment Manager to raise any issues or concerns, should contact the Company Secretary at the registered office address. The Chair, Senior Independent Director and the other Directors are available throughout the year to meet with shareholders to understand their views on the Company's performance and governance where they wish to do so. Relations with shareholders are also considered as part of the annual Board evaluation process. **Investor relations updates** The Board regularly monitors the shareholder profile of the Company. With the majority of shareholders being a combination of institutional investors and private client brokers, the Board receives regular updates on investors' views and attitudes from the Company's Broker and the Investment Manager. The results of these meetings are reported to the Board as part of the formal reporting undertaken by both the Investment Manager and the Broker. The details of substantial shareholdings in the Company are included in the Directors' Report on page 97.

STAKEHOLDER ENGAGEMENT CONTINUED

Stakeholder	Importance	How the Company engages
Investment Manager	The Investment Manager's performance is critical for the Company to achieve positive and consistent long-term returns in line with its investment objective.	The Board believes that maintaining a close and constructive working relationship with the Investment Manager is crucial to promoting the long-term success of the Company in an effective and responsible way. Representatives of the Investment Manager attend Board meetings and provide reports on the current and future activities, portfolio investments, performance, operational and administrative matters. An open discussion regarding such matters is encouraged, both at Board meetings and by way of ongoing communication between the Board and the Investment Manager, facilitating a positive environment for constructive challenge and cooperative development of solutions. Board members are encouraged to share their knowledge and experience with the Investment Manager and they recognise that the long-term health of the Investment Manager is in the interests of shareholders as a whole. The Board, through the Management Engagement Committee, keeps the ongoing performance of the Investment Manager under continual review and conducts an annual appraisal to consider its terms of engagement. Details regarding the continuing appointment of the Investment Manager are set out on pages 99 and 120.
Other key service providers	As an investment company, all services are outsourced to third party service providers. The Board is conscious that it is critical to foster good working relationships with them.	The Board believes that strong relationships with its other key service providers, namely the Company Secretary, the Administrator, the Depositary, the Broker and the Registrar, are important for the long-term success of the Company. The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account. Through its Management Engagement Committee, the Board formally assesses their performance, fees and continuing appointment at least annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee also reviews and evaluates the control environment in place at each key service provider.
Lenders	Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	The Company does not make use of structural debt in order to achieve its yield and total return targets. To date, the portfolio has been equity funded allowing for efficient asset acquisition. Once assets have been acquired and are operational, the Investment Manager, through its extensive international network of funding partners, may seek the most efficient debt funding on a non-recourse basis.
Society and the environment	It is of utmost importance to the Company that it positively impacts local communities through its sustainable environmental initiatives, investment in areas undergoing regeneration and local employment practices.	As an investor in sustainable energy, the Company's assets have an impact on the environment. The Company has a Sustainability Framework which is published on the Company's website and our approach to sustainability is set out in the Sustainability section of the report.

PRINCIPAL RISKS & UNCERTAINTIES

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

The Directors are focussed on the risk presented to the Company by the discount to NAV being high for reasons not under the Company's control. Given the market conditions, the Company has been unable to raise additional funds for investments to drive further growth and diversification in the portfolio. At the same time the Directors are focussed on the Investment Manager managing the Company's liquidity. Some risks in relation to current investments have been considered by the Directors to be relatively low and well managed: demand, usage and throughput, and meteorology. These have been removed from the list below this year. A great deal of work has been completed on climate change scenarios and more detail is given on physical and transition risks below.

Information about the Company's internal control and risk management procedures are detailed in the Corporate Governance Statement on pages 106 and 107.

The principal financial risks and the Company's policies for managing these risks, and the policy and practice with regard to the financial instruments, are summarised in note 12 to the financial statements.

Risk	Description of Risk	Risk Impact	Mitigation
1. Risks relating to the Company			
Reliance on Investment Manager	The Company relies on the Investment Manager for the achievement of its investment objective.	The Company relies on the Investment Manager for the achievement of its investment objective. The departure of some or all of Victory Hill's investment professionals could prevent the Company from achieving its investment objective. There can be no assurance that the Directors will be able to find a replacement manager if Victory Hill resigns. If a successor cannot be found, the Company may not have the resources it considers necessary to manage the Portfolio or to make investments appropriately and, as a result there may be a material adverse effect on the performance of the Company's NAV, revenues and returns to shareholders.	The Investment Manager consists of five managing partners supported by five investment professionals. The total Investment Manager personnel is 15, which includes the Investment, Finance, Sustainability, Compliance Data Analytics and Investor Relations teams. A collegiate approach is taken to investment management activities with the team having a broad range of skills to support the pursuance of the Company's investment objective. The performance of the Company's Investment Manager is closely monitored by the Board. In addition, at least once a year the Management Engagement Committee performs a formal review process to consider the ongoing performance of the Investment Manager and makes a recommendation on the continuing appointment of the Investment Manager to the Board. The initial term of the investment management agreement is 5 years (ending in February 2026).

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
Reliance on third party service providers	The Company has no employees and the Directors have all been appointed on a non-executive basis. Therefore, the Company is reliant upon its third party service providers for the performance of certain functions.	Service provider control failures may result in operational and/or reputational problems and may have an adverse effect on the Company's NAV, revenues and returns to shareholders.	The Investment Manager and the Board oversees and keeps under review the provision of services by each of the Company's service providers on an ongoing basis. The Management Engagement Committee performs a formal review process to consider the ongoing performance of its service providers.
Currency risks	The Company will make investments which are based in countries whose local currency may not be Sterling and the Company may make and/or receive payments that are denominated in currencies other than Sterling.	When foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability, the NAV and the price of the shares.	Investments are held for the long-term. The Company enters into hedging arrangements for periods up to 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at time of investment. The movement in NAV attributable to currency movements is disclosed to investors each quarter with the NAV update.
Liquidity risks	Risk that sufficient cash funds are not in place in order to meet commitments for investment, dividends, buy-backs of shares and ongoing fund costs.	Risk that unexpected calls are made on investments.	The fund is investing in a mixture of operating and construction assets. Operating assets have the benefit of providing cash flows. The Investment Manager provides an annual budget to the Board for approval. Performance vs budget is monitored on a quarterly basis by the Investment Manager and the Board. The Investment Manager monitors liquidity of the Company vs forecast investment, dividend and share buy-back commitments. Liquidity is represented in cash, money market investments and fixed term deposits. The Investment Manager is exploring options for project level debt facilities and fund level debt facilities. Until the Company is fully deployed into a diversified pool of assets, fund level debt facilities are limited. At this early stage in the Company's life it has cash reserves originating from the proceeds of equity issuances. Therefore, given the investment pipeline, investment limits and dividend considerations, liquidity is not constrained. In the case of share buy-backs to manage share price discount vs. NAV, the ultimate buy-back is subject to sufficient funds to pay dividends, market conditions and Board discretion. Liquidity constraints will be considered before share buy-backs are undertaken.

Risk	Description of Risk	Risk Impact	Mitigation
2. Risks relating to the portfolio investment strategy			
Illiquidity of investments	The Company's investments in Sustainable Energy Infrastructure Investments are illiquid and may be difficult to realise at a particular time and/or at the prevailing valuation.	Shareholder returns could be materially negatively impacted should the Company be required to realise them in the near term (requirement for early liquidity).	The Company is expected to hold most of its investments on a long-term basis. The Investment Manager and the Board will monitor the position on a regular basis.
Market conditions	Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns.	The actual return to shareholders may be materially lower than the target total return.	A pipeline of investments has been identified and is constantly being refreshed. The senior management team at the Investment Manager have extensive experience in executing strategies similar to that of the Company. The Company is invested across a number of investment programmes and assets that generate returns in line with the fund projected returns.
Concentration risk	Concentration risk in relation to exposure to individual sustainable energy infrastructure investments, technology and geography.	Targeted returns may be materially negatively impacted if those sustainable energy infrastructure investments, geographies and/or technologies, do not deliver the returns anticipated by Victory Hill.	Limits are set out in the Investment Policy to mitigate concentration risk. The Company has a very broad mandate. This risk should be mitigated as the Company increases in size. At the time of making investments, concentration risk is taken into consideration. The Investment Manager will monitor exposures and the position will be regularly reviewed by the Board.
3. Risks relating to investments			
Construction risks	Construction project risks associated with the risk of inaccurate assessment of a construction opportunity, delays or disruptions which are outside the Company's control, changes in market conditions, and the inability of contractors to perform their contractual commitments.	Failure to complete projects in accordance with expectations could adversely impact the Company's performance and shareholder returns.	The Investment Manager undertakes extensive due diligence on construction opportunities and seeks to have appropriate insurances in place to mitigate any costs relating to delays. In addition, the Investment Manager seeks to utilise EPC contractors that can provide single point, lump sum turnkey arrangements wherever possible. The Investment Manager monitors construction carefully and reports frequently to the Board where issues with contractors arise, the Investment Manager has the experience and expertise to identify and contract with alternative contractors.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
Due diligence	Due diligence may not identify all risks and liabilities in respect of an investment.	Failure to identify risks and liabilities may impact the profitability or valuation of the investment.	The senior management team at the Investment Manager have extensive experience in executing strategies similar to that of the Company. Where appropriate, due diligence conducted by the Investment Manager is supplemented, for example, by independent legal, tax, accounting, commercial and technical advisers.
Counterparty risks	Counterparties defaulting on their contractual obligations or suffering an insolvency event.	The failure by a counterparty to make contractual payments or perform other contractual obligations or the early termination of the relevant contract due to the insolvency of a counterparty may have an adverse effect on the Company's NAV, revenues and returns to shareholders.	Due diligence on counterparty risk is performed before entering into projects and counterparty risk is monitored on a regular basis.
Uninsured loss and damage	The risk that an investment may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages.	The actual return to shareholders may be materially lower than the target total returns.	An independent insurance adviser is appointed for each project to review project risks in conjunction with the Investment Manager and to ensure that appropriate insurance arrangements are in place. Insurance requirements are reviewed on an ongoing basis.
Curtailment risks	Investments may be subject to the risk of interruption in grid connection or irregularities in overall power supply.	In such cases, affected investments may not receive any compensation or only limited compensation.	Extensive due diligence is performed on each project before investment. The Investment Manager constantly reviews curtailment risks.
Commodity price risks	The operation and cash flows of certain investments may depend prevailing market prices for electricity and fuel, and particularly natural gas.	The actual return to shareholders may be materially lower than the target total return.	The Company mitigates these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; and (iii) fixed price or availability based asset-level commercial contracts.
ESG risks	Material ESG risks may arise such as health and safety, unfair advantage, bribery, corruption and environmental damage including climate related risks.	If the Company fails to adhere to its ESG commitments this could result in shareholder dissatisfaction and adversely affect the reputation of the Company.	ESG is embedded in the investment cycle with a formal ESG matrix including a minimum target ESG score required for approval of any new investments. Ongoing operational and construction ESG risk management is reviewed periodically by the Investment Manager, who work closely with service providers on ESG and impact standards reporting.

Risk	Description of Risk	Risk Impact	Mitigation
4. Risks relating to the Company's shares			
Discount to NAV	The share price may not reflect the underlying NAV. Discount management provisions being unable to be satisfied may result in a significant share price discount to NAV.	Lack of liquidity in the Company's shares could negatively impact on shareholder returns.	The Board, Broker and Investment Manager monitor the discount or premium to NAV at which the shares trade. The Board, Broker and Investment Manager actively consider whether share buybacks can assist with discount management. In addition, corporate strategies are actively considered as and when they arise.
5. Risks relating to regulation			
Regulation	The Company is exposed to the risk that the competent authorities may pass legislation that might hinder or invalidate rights under existing contracts as well as hinder or impair the obtaining of the necessary permits or licences necessary for Sustainable Energy Infrastructure Investments in the construction phase.	The actual return to shareholders may be lower than the target total return.	The Company aims to hold a diversified portfolio of Sustainable Energy Infrastructure Investments and so it is unlikely that all assets will be impacted equally by a single change in legislation. The Investment Manager ensures that contracts are not exposed to government subsidies, thus mitigating exposure to policy risks linked to contract pricing. There is also strong public demand for support of the renewables market to hit 'net zero' carbon emission targets. The Investment Manager monitors the position and provides regular reports to the Board on the wider macro environment.
6. Operational risks			
Operation and management risks of the portfolio assets	Poor management or operational performance of an asset by the Company's operating partners and selected operations and maintenance providers.	The actual return from single portfolio assets may be lower than the target total return for the asset.	Operating partners operate to an annual budget and a series of key performance indicators. The Investment Manager monitors the performance vs. annual budget and KPIs on a monthly and quarterly basis. On an annual basis the Operating partners are subject to an annual performance review across operational, ESG and financial KPIs. The Investment Manager provides quarterly reports to the Board on asset-level performance.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
Valuation risk	Valuation of the portfolio of assets is based on financial projections and estimations of future results.	Actual results may vary significantly from the projections, which may reduce the profitability of the Company leading to reduced returns to shareholders and a fall in the Company's NAV.	The Company has adopted a valuation policy which was disclosed in the Company's prospectus. Fair value for each investment is calculated by the Investment Manager. However, if considered necessary and appropriate, the Board may appoint an independent valuer. The Investment Manager has significant experience in the valuation of energy assets. The Investment Manager has a valuation working group to perform and challenge valuations. In addition, the Investment Manager's Portfolio Risk and Valuation Committee ("PRV") reviews and challenges valuations. The PRV members are functionally independent from the team performing valuations. The Board reviews the valuations provided quarterly by the Investment Manager. As part of the annual audit, the External Auditor reviews the valuations.
7. Climate-related risks			
Physical risks	Longer-term changes in climate patterns, e.g., reduction or increase in wind levels, decrease solar optimal days in impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding, droughts and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	These factors could result in the reduction of output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation.	The Company is investing in a diversified portfolio of energy transition infrastructure by geography, technology and capability. These investments are targeted at the energy transition to net zero. This will provide a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium and long term. At the asset level, weather conditions are monitored and many of the renewable projects have battery storage capabilities to optimise energy input to the grid. Meteorology and feedback due diligence is undertaken before investment and reviewed regularly. All assets have crisis management and business continuity plans to respond to disruptions. The assets are also required to have continuous improvement management systems to build capability and capacity in the local teams and operations.

Risk	Description of Risk	Risk Impact	Mitigation
	Abrupt disruptive climate impacts such as impacts from flooding, wildfire, drought, extreme heat, or sudden regulatory actions increasing over time.	Increase operating expenditure to recover asset damage caused by natural disasters and increase insurance premium for assets in high-risk locations.	Throughout the investment decision-making process, the due diligence process accounts for climate change risk and impacts. The Investment Manager employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.
	Uncertainty in market signals take forms in lower-than-expected power price reflected from imbalance in abundant intermittent power supply and market demand as well as lower than expected volume throughput for conventional fuel storage assets with increased demand for alternative fuels.	Increase in market volatility and abrupt and unexpected shifts in power prices make financial forecasts less reliable on intermittent renewable energy solutions. Reduced throughput for conventional fuels longer-term with expected shifts to cleaner and alternative fuels impacting existing fuel storage asset revenue flows.	The Company manages this risk through its diverse portfolio of energy transition infrastructure assets such as the battery energy storage systems and its enduring hydro facility, as well as signing fixed price offtaker agreements. The Company is assessing its longer-term strategy to adapt storage assets to accommodate alternative fuels required for hard to abate transportation including sustainable aviation fuel, renewable diesel, marine e-methanol and hydrogen as the market shifts.
Transition risks	Market shifts such as changing customer behaviour and substitution of existing products and services with lower emissions options or new technologies may dampen ability to engage investors on a broader portfolio of energy transition projects than a traditional renewable focus including different geographies. The Investment Manager monitors changes in climate change policy and assesses the potential impact and mitigation strategies.	Increase costs to adopt/deploy new practices to transition to lower emissions technologies, reduction in the availability of market capital to invest in some local energy transition projects.	There is strong public demand for support of the renewables market towards net zero carbon emission targets. The Company is expected to hold most of its investments on a long term basis and the Board and Investment Manager monitor the position on a regular basis. The senior management team at the Investment Manager has extensive experience in executing a wide range of strategies in the energy sector, the team monitors market shifts and tailor investment strategies accordingly.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

Risk	Description of Risk	Risk Impact	Mitigation
	Policy shift may introduce regulation around climate change, e.g., increased disclosure, taxes etc. Stakeholders' increasing concerns on business practice (e.g., supply chain management, workforce management and planning) need to be addressed.	This could increase cost of doing business (e.g., higher compliance costs, increased insurance premiums, workforce management and planning), and result in reduction in the availability of capital to invest in energy transition projects.	The Company is supportive of the policy aims of the Disclosure Regulation and will comply and monitor changes. The Investment Manager engages with partners and stakeholders on behalf of the Company to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs, including energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. The Company's investment strategy targeting the energy transition is aligned with global policy movements on climate change which would limit impact.

GOING CONCERN AND VIABILITY STATEMENT

Going concern

The Directors, in their consideration of going concern, have reviewed the financial position and comprehensive future cash flow models for the Company prepared by the Company's Investment Manager, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company's working capital requirements. Furthermore, the Directors have considered a worst case scenario in which the Company is assumed to meet all of its remaining investment commitments within the next 12 months, in addition to dividend payments and ongoing operating expenses. Even in this unlikely scenario, the Company has sufficient headroom to meet all expected cash outflows with its existing cash balances. Based on these forecasts and the assessment of principal risks described in this report, that it is appropriate to prepare the financial statements of the Company on the going concern basis.

The Directors believe that there are currently no material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of the approval of the financial statements and, therefore, has adopted the going concern basis in the preparation of the financial statements.

Viability statement

In accordance with Principle 21 of the AIC Code, the Directors have assessed the prospects of the Company over a period longer than 12 months required by the relevant "Going Concern" provisions. The Directors have considered the nature of the Company's assets and liabilities, and associated cash flows, and have determined that five years, up to 31 December 2028, is the timescale over which the performance of the Company can be forecast with a material degree of accuracy and therefore is the appropriate period over which to consider the viability.

The Investment Manager has considered the sensitivity of the financial projections to a range of key assumptions, such as a reduction in cash flows from portfolio companies, delays in construction, cost overruns, no debt availability, and an inability for the Company to raise additional equity. The results of this stress testing showed that the Company would be able to withstand the impact of these scenarios occurring over the five-year period.

The Directors confirm they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency, liquidity, and dividend cover for a five-year period. The Directors' assessment has been made with reference to the principal risks and uncertainties and emerging risks summarised on pages 49 to 56 and how they could impact the prospects of the Company.

As an Investment Company, part of the Company's objective is to produce stable dividends while preserving the capital value of its investment portfolio. Following regular pipeline updates from the Investment Manager, the Directors believe that the Company is well placed to manage its business risks successfully over both the short and long term period, the Directors have a reasonable expectation that the Company will be able to continue in operation and to meet its liabilities as they fall due for a period of at least five years.

Approval of the Strategic Report

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

Bernard Bulkin
Chair

4 April 2024

APPROACH TO SUSTAINABILITY

Eleanor Smith
Head of Sustainability (Victory Hill)

In 2023 the Company continued to drive its energy transition investment strategy achieving a significant increase in renewable energy generation, displacing more pollutive energy sources and supplying clean energy to the grid for communities and companies globally. This strategic impact was coupled with operational improvements to create local environmental and social value.

Sustainability approach

The Company's sustainable energy infrastructure investments aim to support and accelerate the energy transition towards a net zero carbon world. The investment process uses the UN SDGs as the framework to achieve these objectives (see page 28).

The SDGs recognise that social and environmental sustainability are interconnected and mutually reinforcing. They guide the Company's asset management actions as much as its investment decision making. The Company has also committed to implement the UN Global Compact principles in investment management further aligning actions with the SDGs.

Sustainability is embedded in the Company's investment life cycle which brings together a strong governance framework, rigorous due diligence processes, third party objectivity, continuous operational improvement expectations and a commitment to transparency and accountability.

An external assurance firm is used to verify that investments are aligned with the six core SDGs and energy transition objectives. The external assurance firm also assesses whether the investment "does no significant harm" to the other eleven SDGs. They use a proprietary SDG analysis tool to assess the investment against underlying SDG indicators. The external assurance firm also evaluates eligibility, and completes the technical screening, under the EU Taxonomy of sustainable economic activities to achieve alignment.

The Company invests in diverse geographies and technologies to deliver energy transition strategies in different contexts and with a range of operational priorities. The Company's principle-based approach guides in identifying and managing the positive and negative changes that result from the Company's investments and from its business relationships.

Sustainability governance

The Company's governance structure and composition is described in the governance section of this report (page 103). The highest governance bodies have responsibility for overseeing sustainability risks and opportunities and assessing effectiveness of related actions. The Independent Company Board of Directors has ultimate oversight for ESG aspects and sustainability objectives of investments and has a dedicated board member with responsibility for ESG and sustainability issues. They have responsibility for ensuring the reasonable expectations of shareholders are met and ensuring where responsibilities are delegated that objectives are achieved.

The Investment Manager has been appointed by the Independent Board to advise on investments and perform asset management activities. Delegated responsibilities include development and implementation of sustainability policies and processes and ensuring necessary resourcing. Oversight is achieved through several Investment Manager administered subcommittees which include the Investment Manager's Head of Sustainability as a member.

Portfolio investments committed to positively contributing to the UN SDGs:

APPROACH TO SUSTAINABILITY CONTINUED

- **Investment Committee** evaluates investment opportunities and ensures alignment with the SDG investment policy and inclusion of ESG due diligence and risk analysis in the investment process. The committee also provides oversight for investment stewardship activities, monitors investment ESG performance, and ensures actions and priorities are executed.
- **Risk, Operations and Compliance Committee** ensures ESG risks, including climate related physical and transition risks, are identified and corresponding controls are considered and implemented. The management of environmental and social related risks and opportunities is integrated into the Company's risk management framework.
- **Sustainability Committee** advises on ESG strategy, emerging ESG issues and provides recommendations on ESG integration into investment and asset management processes. This includes target setting, monitoring and reporting.

The Investment Manager leadership team are permanent members of the three subcommittees. Decisions and programme updates are reported to the Board and Board committees.

Sustainability policy commitments

The Investment Manager's sustainability policy and investment policy underlie the Company's commitment to sustainable energy investments.

The investment criteria within the sustainability policy require investments to align operations with universal principles on human rights, labour standards, environment and anti-corruption to advance action on global sustainability goals as described in the SDGs and UN Global Compact.

Additionally, specific actions on material environmental and social aspects are identified through a risk-based approach. Sustainable energy infrastructure operating partners are required to report progress monthly on key performance indicators on material environmental and social aspects.

The Company has committed to independent third-party assurance on key ESG metrics that demonstrate the strategic impact of investments as well as operational performance. The assurance scope is described on page 68.

The Investment Manager has responsibility for ensuring appropriate resourcing. The Head of Sustainability supports the investment and asset management teams in embedding sustainability factors in investment decision making processes. All Investment Manager employees have responsibility to ensure the sustainability policy and the investment decision making process are implemented and this is reflected in individual performance reviews and remuneration decisions.

Sustainability investment management

The Investment Manager aims to create additional environmental and social value through active management of the investments. Operating partners are required to have SPE level ESG policies, associated processes and action plans to manage and mitigate material operational and value chain related environmental and social issues. Actions are identified in an investment specific sustainable action plan (SAP) which may include expectations for ESG resourcing, management system implementation and certification, stakeholder and community engagement, supply chain management, target setting and reporting requirements. Progress against these plans is reviewed regularly and the plans are updated annually. Performance against the plan is formally assessed annually.

Stakeholder engagement

The Company's investment strategy includes alignment with SDG 17 'Partnership for the Goals' recognising that the SDGs can only be met if all stakeholders work together to mobilise financial resources globally. This is the Company's approach to investment. The values of honesty and integrity, transparency and partnership are integral to stakeholder engagements.

Company stakeholders and business relationships

Investors

- The Company invests capital to deliver projects that facilitate the energy transition to net zero while managing ESG impacts.

Partners

- The Company collaborates closely with operating partners and suppliers to ensure quality, reliable and sustainable assets that deliver on the energy transition to net zero.

Communities and customers

- The Company's energy infrastructure investments support affordable energy access.
- The Company measures and manages project economic, environmental and social impacts.
- The Company is committed to acting with cultural and local awareness and integrity.

Employees

- The commitment, quality and integrity of Investment Manager staff drives the Company's success.
- The Investment Manager's sustainable development culture ensures a diverse and inclusive workplace focused on health and wellbeing with continual investment in capabilities through training, learning and development.

Environment

- The Company drives responsible business practices beyond commercial objectives across its geographic footprint focused on the SDGs.
- The Company measures the carbon and environmental footprint of its investments.
- The Company seeks to make a positive contribution in operating regions.

The operating partners have responsibility for implementing a stakeholder engagement plan commensurate with operations. The Investment Manager has developed guidance and tools to assist operations in stakeholder mapping and engagement strategies. This approach recognises the interconnected systems and impacts in different energy value chains.

Investment impacts on the Company's stakeholders can be broader than operations. Taking a value chain view is therefore an important element of the Investment Manager's ESG risk analysis process and its efforts to mitigate risks in business relationships. ESG opportunities, risks and impacts on both the Company and from the Company's activities on stakeholders are in scope. Key performance indicators and the requisite focus on sustainable value creation are communicated to operating partners through contractual requirements and instructed in the investment SAP. The SAP is informed by the external SDG assessment, due diligence and materiality analysis.

APPROACH TO SUSTAINABILITY CONTINUED

Sustainability and ESG risk analysis

Origination sustainability analysis

Fund **mandate, SDG and EU Taxonomy eligibility analysis internal** evaluation **(Stage: Preliminary Deal Analysis)**	**Due diligence questionnaire** covering ESG red flags, do no harm criteria & **ESG risk management and practices** **(Stage: Screening)**	**External SDG and EU Taxonomy eligibility evaluation** Investment SDG alignment, life cycle and value chain analysis **(Stage: Screening)**

Sustainability action plan (SAP)

Sustainability materiality analysis and ESG risk and opportunity assessment informed by sector and geographic risks, project specific impacts and stakeholder mapping **(Stage: Onboarding)**	The asset **sustainability action plan** addressing priority sustainability risks and opportunities with the aim to create additional sustainable value through environmental and community engagement **(Stage: Onboarding)**

Monitoring, evaluation & reporting

Data collection and analysis of KPIs and targets to track SAP progress **(Stage: Asset Management)**	**Annual and periodic sustainability reports** – KPIs and metrics assured externally **(Stage: Asset Management)**

Materiality analysis*

Material and systemic issues are assessed to prioritise ESG risks and impacts related to the sector of operation, the region and country of operation as well as specific project attributes. All assets under management are assessed through this process.

Material issues relevant for the energy sector and infrastructure are informed by the International Finance Corporation performance standards, the Global ESG Benchmark for Real Assets and the Sustainability Accounting Standards Board and Global Reporting Initiative standards.

The regional and geographic risks considered include those identified by Transparency International Corruption Perception Index, Freedom House Freedom in The World Index, Fund for Peace Fragile States Index, Global Slavery Index, Social Progress Index and ILO Labour Rights as well as individual country climate pledges.

Investment specific attributes considered include the operational proximity to local communities, indigenous peoples, cultural heritage, ecological and biodiversity habitats, and operational activities such as noise, light, water use, discharge and waste. The stakeholders interacting with the operations including employees, communities, contractors, suppliers and customers are considered along with the operating partner company's resourcing and ESG management policies and procedures.

Risk and significance of material issues are assessed on this basis, accounting for the probability of impacts and the quality of controls that the operating partner has in place. The diverse nature of the portfolio is reflected in varied range of operational priorities.

Systemic issues for the sector include climate risk and opportunities, energy generation and operational emissions produced and displaced. The Company's approach to these is addressed in the TCFD report on page 78. The Company recognises that sustainability topics are naturally interconnected.

Material topics by asset class

The following table lists the topics and metrics identified as material by these standards for the Company's diverse operations. These have been adapted following the Company's analysis of individual project's ESG footprint.

This year, the Company also considered the new IFRS International Sustainability Standards Board standards in completing this report and included relevant indicators.

* SASB sustainability topics applicable for midstream, electricity power generators, solar project developers and BESS were considered for the materiality analysis and not those relevant for manufacturing, grid or non-renewable metrics.

APPROACH TO SUSTAINABILITY CONTINUED

Topic	Metric	Unit	Materiality standard by asset class	Page
GHG emissions and targets	Scope 1 Scope 2 Scope 3	tCO_2e	ISSB/SASB GRI 305 SFDR indicators	68 & 69
	Emissions associated with power delivery (avoided)	tCO_2e	SASB – power generators	68
	Performance against targets	Qualitative analysis	SASB GRI 305	68
Climate risks and resilience	Implications, risks and opportunities due to climate change	Qualitative analysis	GRI 201 TCFD ISSB	78
Air quality	GSEO investments to not emit pollutants	NA	SASB – midstream	71
	Reported avoided for terminal storage	Tonnes	GRI 305	71
Energy management	Total energy purchased	MWh	SASB	68
	Total energy consumed	MWh %	GRI 304 SFDR indicators ISSB	
	Total electricity delivered	MWh	SASB – power generators	71
Waste management	Volume of waste generated	Tonnes	GRI 306 SFDR indicators	72
	Volume diverted from landfill			NA
Water management	Total water withdrawn and consumed	Litres	SASB – power generators GRI 303	72
	% sited in water stress areas	%	SASB – power generators ISSB	72
	Water quality	g/litres	GSEO analysis – hydro SASB – power generators SFDR indicators	72
	Noncompliance with water regulations	#		
	Water management practices	Qualitative	SASB – power generators	72
Workforce health and safety	Total case injury rate (TCIR)	Rate	SASB GRI 403	73
	Fatality rate			
Operational safety	Reportable incidents including accidental releases	#	SASB – midstream GSEO analysis – hydro GRI 306	73

Topic	Metric	Unit	Materiality standard by asset class	Page
Emergency preparedness and response	Management systems discussion	Qualitative	SASB- midstream GSEO analysis – hydro	73
Ecological impacts of project development	Number and duration of project delays due to ecological impacts	# and days	SASB- solar project developers	71
	Environmental management plans and practices	Qualitative	SASB SFDR indicators	71 & 72
	% land operated within protected conservation areas	% by HA	SASB GRI 304	71
	Land protected or restored	HA	SASB GRI 304	71
	Number and volume of chemical or hydrocarbon spills	Barrels	SASB- midstream	72
Community relationships	Description of efforts to address community and ecological impacts	Qualitative	SASB – all GRI 414	74
Management of energy infrastructure integration	Description of risks associated with integration of solar energy into existing energy infrastructure and discussion on risk management	Qualitative	SASB- solar project developers	52
	Description of risks and opportunities of energy policy and effect on energy infrastructure integration	Qualitative	SASB – power generators	53
End of life management	Not applicable yet for the portfolio. All solar PV + BESS sites are under construction or in first 5 years of operation		SASB – power generators	NA
Material sourcing	Description of the management of risks associated with the use of critical materials	Qualitative	SASB – power generators	74
	Description of management of environmental and social risks associate with the polysilicon supply chain	Qualitative	SASB – power generators GRI 414	74

APPROACH TO SUSTAINABILITY CONTINUED

The Company does not have employees; however, the operating partners do have operations and maintenance employees that work directly on investment assets. Employee data included in this report covers those operating partner employees. The Brazilian hydro facility and U.S. terminal storage assets have permanent operational employees on site. The solar sites are generally unmanned, and maintenance staff visit periodically. The following additional metrics and topics have therefore been identified as material for operating partners and data is collected. The Company does not make payments to governments or contributions to political parties.

Workforce management	Employee turnover	%	GRI 401	73
	Training hours (not reported)	Avg hrs	GRI 404	
	Employment practices	Qualitative	GRI 401/402/403/407	73
	Gender diversity and equal opportunity	%	GRI 405 SFDR indicators	73
Anti corruption	Risks, communication and actions	Qualitative	GRI 205	60

Membership and associations

Collaboration with other organisations, industry peers and stakeholders is crucial to address sustainability topics. The Investment Manager therefore is signatory, supporter and member of organisations that seek to drive change through disclosure and partnership.

2020

UNPRI
joined Autumn 2020

Task Force on Climate-related Financial Disclosures
supporter since September 2020

Signatory to the UN Global Compact
since November 2020

2022

Global Impact Investor Network (GIIN)
member since 2022

Signatory to the Net Zero Asset Managers Initiative
since April 2022

EU Sustainable Finance Disclosure Reporting (SFDR) Reporting Article 9 Disclosures
since June 2022

Signatory to the UK Stewardship Code
since September 2022

2023

Net Zero target
published in May 2023

2023 SUSTAINABILITY HIGHLIGHTS

844,434MWh
clean energy generated and injected into the grid*

The equivalent of powering over
312,750
average size homes in the UK

Solar
62,952 MWh

122,530
tonnes CO_2e emissions avoided by displacing grid emissions

The electricity generated in Brazil is the equivalent of providing the average person's annual power needs for over[‡]
47,000
Brazilians[1]

Hydro
781,482 MWh

The equivalent of removing over
63,000
average sized cars from UK roads

19,332
tonnes of sulfur oxides displaced from the Mexican fuel value chain

Zero health and safety incidents on sites

Portfolio net zero target published on the net zero asset managers initiative website

[1] **References for equivalency calculations:**

UK energy use – Average gas and electricity usage: Ofgem https://www.ofgem.gov.uk/information-consumers/energy-advice-households/average-gas-and-electricity-use-explained

Brazilian per capita energy use: https://ourworldindata.org/energy/country/brazil
Brazil: Energy Country Profile – Our World in Data

UK average mileage: https://maps.dft.gov.uk/transport-statistics-finder/index.html
Transport Statistics Finder: interactive dashboard (dft.gov.uk)

* The generation represents the total generation of the assets exported to the grid recorded through onside meter readings. For the Brazilian Solar PV assets total generation is generation invoiced to the clients. Where invoices were not available meter readings were used.

2023 SUSTAINABILITY IMPACT & PERFORMANCE

The Company is committed to transparency and accountability and drives continuous performance improvement aligned with the highest standards for sustainability. To build confidence in data reported, the Company engaged BDO to independently assure selected environmental and social metrics reported through a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statements." These standards provide a framework for assessing the completeness, accuracy, and reliability of the selected social and environmental disclosures. Social and environmental metrics annotated with ‡ have been covered in the assurance process.

The assurance engagement data collection processes and methodologies were examined through the assurance process, and an opinion was provided on the disclosed information.

Portfolio energy use and GHG emissions[2]

	Energy use (MWh)			GHG emissions (tonnes CO_2e)		
Year	**2022**	**2023**	**Energy % change**	**2022**	**2023**	**GHG % change**
Scope 1	21,729	17,905	-18%	3,950	3,271‡	-17% ▼
Scope 2 (location)	1,436	1,783	24%	470[3]‡	518‡	10% ▲
Scope 2 (market) – onsite generation	-	8,172		-	0	-
Total Scope 1 & 2	23,165	27,860	20%	4,420	3,789‡	-14% ▼
Scope 3 (all logistics)				6,967	29,013‡	316% ▲
Scope 3 (2022 logistics)				6,967‡	7,618	9% ▲
Avoided emissions (without hydro)				14,349	17,663	23% ▲
Avoided emissions				14,349	122,530‡	754% ▲

2 **GHG emissions scope definitions and methodology**
The Company collects GHG emission data monthly from its operational assets and reports totals annually.

The Company uses the following standards to report its GHG emissions: the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) GHG Protocol as of 31 December 2014, the GHG Protocol Scope 2 Guidance, and the Carbon Disclosure Standards Board. The Company defines its emissions boundary as those under majority ownership (+50%). 100% of emissions reported are under the Company's financial control.

The operational carbon footprint of assets is calculated from absolute energy consumption reported by the assets.

Scope 1 comprises direct emissions from Company owned and controlled plant and equipment, including natural gas, propane, diesel and automotive fuel.

Scope 2 comprises indirect emissions from purchased renewable and non-renewable electricity using location based calculation method.

Scope 3 comprises indirect emissions from non-Company owned and controlled plant and equipment, including freight in and outbound to the storage terminal, waste, water use and fuel and energy related activities not included in scope 1 and 2.

Regional and country specific emission factors are used to calculate GHG emissions provided through the data collection software Diligent (previously Accuvio). These factors can be accessed on the Diligent ESG reporting system and included IEA, UK BEIS, US EPA and Australian National Greenhouse Accounting factors.

Avoided emissions from renewable energy generated by solar PV assets are calculated using WRI/WBCSD guidelines for quantifying GHG reductions from grid-connected electricity projects accounting for T&D losses.

3 Restated from 2022 as error discovered in terminal storage electricity reporting leading to overstatement of electricity consumed.

The Company strategy is focused on supporting climate action by accelerating the energy transition through its investments in climate resilient energy infrastructure. The management of investment impacts, including measuring an asset's carbon footprint and taking action to decarbonise, is an important element in the Company's climate action approach.

The table above covers the Company's scope 1, 2 and 3 emissions from the operational assets including the Australian solar PV with battery storage assets, Brazilian solar PV assets operational in 2023, Brazilian hydro facility, and US terminal storage assets. Data collection and calculations were completed in line with the Company's basis of ESG reporting document which is informed by the GHG protocol and Global Reporting Initiative guidance. Assets under construction or acquired with fewer than 6 months data were not included in the reporting scope for assurance. All sites provide operational data, however gaps remain in calculating scope 3 emissions due to difficulties sourcing data from the asset value chains, for example destinations of inbound and outbound freight for the US terminal storage assets. In this case an estimate was used based on industry knowledge. For the solar PV assets, the scope 3 emissions from transmission and distribution (T&D) are accounted for.

With the acquisition of the Brazilian hydro facility and additional solar PV operational assets the baseline has been reset as 2023. However, a comparison of performance against 2022 is provided. Despite the addition of the hydro facility the trajectory of operational GHG emissions is decreasing. This can be attributed both to a reduction in operational activity at the US terminal storage assets as well as operational efficiencies. Scope 3 data collection has broadened in 2023 covering more categories and notably the accounting for upstream and downstream transport and distribution at the US terminal storage assets. This has led to the increase in scope 3 emissions attributed to calculating barge and truck logistics at the US terminal storage asset in addition to rail. Scope 3 data collection is a challenge and estimates have been used where actual data is not available.

Carbon footprint

	2022		2023	
GHG emission	**Emissions**	**% Total**	**Emissions**	**% Total**
Scope 1				
Subtotal	3,950	35%	3,271±	10%
Mobile Combustion – Owned Fleet	28	0.2%	50	0.2%
Stationary Combustion (natural gas, diesel, propane)	3,922	34%	3,220	10%
Fugitive Emissions	-	-	0.52	0.002%
Scope 2				
Subtotal	470‡[4]	4%	518±	1.7%
Purchased and Used Electricity	470	4%	518	1.7%
Scope 3				
Subtotal	6,967‡	61%	29,013±	88%
Category 1: Purchased goods and services	7	0.1%	4	0.0%
Category 3: Fuel- and Energy-Related Activities	838[4]	7%	739	2%
Category 4: Upstream Transport and Distribution	6,121	54%	6,853	22%
Category 5: Waste	0.03	0%	3	0.01%
Category 7: Employee Commuting	-	-	19	0.06%
Category 9: Downstream Transport and Distribution	-	-	21,395	65%
Total Emissions	**11,387**		**32,802±**	

[4] 2022 scope 2 and scope 3 emissions have been restated following correction of electricity use reporting at the US terminal storage asset.

2023 SUSTAINABILITY IMPACT & PERFORMANCE CONTINUED

Life cycle analysis (LCA) of embodied carbon by programme

	Units	Australia	Brazil (hydro)	Brazil (solar)	UK	Portfolio
Life time embodied emissions	kg CO_2e	132,871,331	175,381,510	114,276,353	1,321,045	423,850,239
Life time operational emissions	kg CO_2e	6,560,974	1,865,990	12,867,804	93,210,017	114,504,785
Total life cycle emissions	kg CO_2e	141,307,607	177,247,500	127,144,157	94,531,062	540,230,326
Life time emissions avoided	kg CO_2e	637,651,331	9,157,834,560	197,048,974	246,557,717	10,239,092,582
Life time net emissions avoided	kg CO_2e	496,343,724	8,980,587,060	69,904,817	152,026,655	9,698,862,256
Average emissions avoided per annum	kg CO_2e	25,506,053	91,578,346	7,881,959	9,862,309	134,828,667
Emissions payback	years	5.5	1.9	16.1	9.6	4.0
Avoided emissions since GSEO acquisition	kg CO_2e	25,035,373	104,866,963	6,976,839	In construction	136,879,175
Remaining emissions	kg CO_2e	116,272,234	Complete*	120,167,318		409,777,295
Remaining payback	Years	4.6	Complete*	15.2	-	3 ▼

The Company takes a life cycle approach to understand carbon impact and footprint of each of the renewable power generation investments and the future carbon capture project. The Company conducted a life cycle assessment (LCA) of embodied emissions of the energy generation assets in the portfolio. This data was first published in the 2021 annual report. This analysis was updated with the acquisition of the Mascarenhas Brazilian hydro facility at the end of 2022 and the commissioning of the BESS system in the Australian solar PV sites. This analysis was completed by a third-party sustainability expert with the methodology described below. This is also a requirement for some assets under the EU SFDR regulation.

The data was calculated on an average 25-year life cycle (longer for hydro) and includes import and export data that is indicative of full life emissions avoided. The LCA process for each asset was completed using actual and predicted asset data as far as possible, supported with data derived from the EcoInvent 3.8 database. This approach enabled the embodied tCO_2e emissions within each asset to be calculated. These include emissions associated with raw material extraction, manufacture, transport, construction, operations and decommissioning and recycling. The objective was to understand the true avoided emissions for each asset and account for emissions associated with the development of each asset.

The avoided emissions calculations within the LCA take into account local factors such as carbon intensity of the energy type being replaced at a local level and local irradiance levels. The expected decarbonisation of traditional baseload energy supply aligned with country commitments towards net zero by 2050 was also factored in. The calculations therefore accounted for expected decarbonisation trajectory of grid supplied energy and the tCO_2e avoided figures at all phases of the asset life cycle for each country in which assets are located. However, a declining grid carbon intensity has not been carried through for Brazil as the grid has established low carbon intensity and Brazil is not considered aligned to net zero by 2050. The Brazilian calculations therefore do not account for the type and carbon intensity of electricity generation being displaced by the solar PV assets, nor the benefits of distributed power generation. A reduction in electricity losses along transmission and distribution lines means the remote distributed solar PV assets in Brazil will provide a more efficient and cleaner source of energy locally, supporting future growth and energy access.

The Company is tracking progress on carbon emission "payback" as calculated in the LCA, considering the estimated and actual energy generation and associated avoided emission calculations the 'payback' period for the assets. The clean electricity generated is starting to payback that emitted and estimated in their lifetime. The Brazilian hydro facility was commissioned in 1974 and has a short 'payback' period for its embodied emissions which means the facility is notionally providing zero emission electricity into the grid.

Environmental

The Company contributes to two categories of environmental impact. The first is strategic, achieved through its investment intention. The energy transition focus on creating opportunity to support the decarbonisation of electricity grids in countries of operation and facilitate cleaner energy value chains through provision of strategic energy infrastructure. This impact is measured by the displacement of more carbon intensive electricity in grids or pollutive fuels in value chains.

The addition of the 198MW hydro facility had a notable impact on the portfolio in 2023 both in terms of avoided emissions and renewable energy generated. Energy generated is tracked against targeted budgets for each asset. There was a 79% increase in solar generation in the portfolio with the completion of several construction assets in the Brazil solar PV programme. Australian Solar PV with battery storage assets and the Brazilian hydro facility report electricity generated through on site meters. Brazilian Solar PV assets report electricity generated through utility invoices. Where these are not available on site meter readings are used in lieu.

There was 6% decrease in avoided pollutants in the portfolio in 2023 directly linked to the reduction in fuel flows through the US terminal storage asset.

Environmental metrics (strategic impact)	Unit	2022	2023	% Change
Renewable energy generated*	MWh	35,117	844,434‡	-
Renewable energy generated (solar only)	MWh	35,117	62,952	79% ▲
Nitrous Oxides (NOx) avoided	Tonnes	2,048	1,921‡	
Sulfur Oxides (SOx) avoided	Tonnes	20,613	19,332‡	-6% ▼
Particulate Matter (PM) 10 avoided	Tonnes	1,049	984‡	
Particulate Matter (PM) 2.5 avoided	Tonnes	770	722‡	
GHG emissions avoided (Solar only)	Tonnes CO_2e	14,349	17,663	21% ▲
GHG emissions avoided	Tonnes CO_2e	14,349	122,530‡	

The second category of environmental impact is operational and achieved through proactive environmental management and emissions reduction at the facilities and construction sites. Investments will not be developed or operate in ecologically sensitive, protected or conservation areas and the Investment Manager's sustainability criteria require operating partners not to contribute to environmental degradation and to take proactive measures to improve the environment around the operations. This includes choosing contractors who meet due diligence criteria for environmental management and reducing direct and indirect operational emissions to achieve a net zero target aligned with the Paris Agreement goal. Expected measures could include implementing a robust and appropriate environmental management system for operations e.g., ISO 14001, assessing and mitigating environmental and social impacts for new construction, taking a life cycle and value chain approach, ensuring responsible water use particularly in areas of water stress, and ensuring no negative land use change that impacts local food security or soil carbon. All construction assets included in the portfolio are ready-to-build with all environmental permitting and statements completed. No delays to projects were due to environmental concerns.

The operational environmental metrics table below provides absolute metrics with a comparison to 2022 metrics where available. This covers 100% of operational assets under management that have been operational for at least six months during the financial reporting year.

* The generation represents the total generation of the assets exported to the grid recorded through on-site meter readings. For the Brazilian Solar PV assets total generation is generation invoiced to the clients. Where invoices were not available meter readings were used.

2023 SUSTAINABILITY IMPACT & PERFORMANCE CONTINUED

Environmental metrics (operational impact)	Unit	2022	2023	% Change
Water use including consumed	Litres	44,793,795	24,274,056	-46% ▼
Water consumed	Litres	No data	15,700	
Water quality (BOD)	kg/litre		0.000002‡	
Waste produced	Tonnes	31	75	141% ▲
Renewable energy consumed	MWh	0	8,172	

The renewable energy consumed is in reference to the Brazilian hydro facility which consumes some of the electricity generated by its turbines in the facilities operations. This electricity is zero carbon and is reported in the emissions table on page 68.

There was a reduction in water use in 2023; this was predominantly due to efficiencies at the US terminal storage assets. The site does not consume water but uses water in operations. The operating partner renovated the steam generation system enabling it to capture more condensate allowing the same water to be used multiple times for steam generation. Additionally, the lower rail car volumes decreased steam requirements and consequently the water use. This was an important initiative for the terminals which is the only investment in an area of high water stress. According to the World Resources Institute online water risk tool, the local aquifer system is under extremely high-water stress, has high baseline water depletion and medium to high interannual variability. This is mitigated in the Brownsville area as a portion of water supply is produced from desalination and water is drawn from the Rio Grande River. However, water reports from Brownsville Public Utilities Board in June 2023 confirmed that in 2022 they initiated a drought plan with a request for user water conservation. As weather extremes are predicted to increase with climate change, water management risk is a material issue for the asset.

Water is also a material issue at the Brazilian hydro facility which monitors water quality every six months at the site. The facility is located downstream of numerous towns and industrial activities and so there is a risk of cumulative environmental impacts. Monitoring water quality and biodiversity, and managing impacts is therefore important for the local environment and communities that rely on the resource. Thirty-one water metrics are tested including pH, biochemical oxygen demand (BOD), chemical oxygen demand (COD), fecal coliforms, temperature, nitrogen compounds, and heavy metals such as manganese, chromium, mercury, and copper. Water with low concentration of dissolved oxygen or high BOD are considered polluted as aerobic organisms need oxygen to break down organic material in the water. The water is tested at four sites around the dam and was found to have low BOD (< 2.0 mg/L), indicating a low organic load in the monitored stretch when tested during 2023. The limits are defined by the National Water Agency Resolution "CONAMA N° 357 – 2005" which provides guidelines for each classification of bodies of water.

The standards used in Brazil were adapted from the Water Quality Index (WQI) of the United States National Sanitation Foundation. The hydro facility testing results meant it was ranked good on the WQI in 2023.

The tonnes of waste produced from the sites increased in 2023 partly due to the addition of the Brazilian hydro facility, which during planned maintenance replaced several heavy batteries on site, and partly the disposal of contaminated materials at the US terminal storage assets following an accidental spill of fuel oil.

This was the one environmental and safety incident reported at the US terminal storage assets in 2023 with 8bbls (approximately 1tonne) of fuel oil released from a faulty rail car. The operating partner immediately initiated its emergency response procedures and contained the spillage. The authorities were informed but due to the small volume and following remediation, no further action was required. The operating partner has revised training and operation manuals in the event another faulty rail car is received in the future. There were no injuries reported.

Social

The Company has no employees. The social data reported and assured below is related to operating partner employees who interact with site operations and/or work directly on site. This is reported as full time equivalent (FTE) for the financial year 2023. This does not include operating partner management employees working at head office or elsewhere.

The number of workers on sites increased in 2023 due to the acquisition of the hydro facility and increased operations and maintenance team managing the Brazil solar PV sites. The operating partners saw a decrease in the percentage of female workers in 2023 due to the increase in workforce being predominantly male. Operating partners are required to have a diversity, equality and inclusion policy and plan with an aim to improve these metrics. The Company board had 60% female and 40% male gender split during 2023.

The Company saw increased stability in the operating partner's workforce with 8 employees leaving in 2023 and a turnover rate of 14% which is above the 10% target, however an improvement on 2022.

Employee metrics		2022	2023	% Change
Total number of employees	FTE	22.5	58	158%
Gender diversity	Male	93%	98%‡	5%
	Female	7%	2%‡	-5%
	Other	0%	0%‡	-
Employee turnover	%	27%	14%‡	-13%

Health and safety

Operations: policy and procedures	2023
Operating partners with H&S safety policy	100%
ISO 45001 certified	50%
Environmental management policy and system	75%
ISO 14001 certified	50%
ILO aligned employee handbook	100%
Supplier code of conduct or equivalent	100%
Non compliance with environmental regulations	0

Health and safety of asset workers continues to be a priority for the Company. The Company expects all sites to have policies and management systems in place to drive continuous improvement in health, safety and environmental management.

In 2023, 100% of assets had health and safety policies in place. The Brazilian hydro facility and US terminal storage assets both achieved certification on ISO 45001 health and safety management systems as well as ISO 14001 environmental management systems.

The total case injury rate (TCIR) for the operational assets was zero. Health and safety data is reported monthly, and material incidents are reported within 24 hours of the event. The US terminal storage assets and Brazilian hydro facility had the highest number of workers on site and recorded no worker accidents or injuries in 2023.

Incidents reported during the year in addition to the spill described above, but not recorded as near miss as no employees were involved, included small fires at one of the Australian Solar PV with battery storage assets due to a faulty component and at a Brazilian Solar PV asset with wind blowing sparks from neighbouring land. The fires were dealt with quickly through emergency response procedures and onsite firefighting equipment with little damage caused and no injuries. Strong winds in Brazil also caused a temporary shut down and damaged modules to one site. A root cause investigation was completed and the construction contractor took remedial action with additional resilience measures implemented to mitigate this from happening in the future.

There were no accidents in the construction assets, these fall outside the scope of the limited assurance.

Health and safety metrics	2022	2023
Total number of incidents	1	4
Total number of injuries	0	0
Total case injury rate	0	0‡

2023 SUSTAINABILITY IMPACT & PERFORMANCE CONTINUED

Supply chain

During 2023, the Company constructed three solar PV sites in New South Wales, Australia and deployed BESS at one of its Australian operational sites. Suppliers in the cobalt and polysilicon supply chains that includes silicon components of solar cells have been implicated in forced labour practices and human rights abuses. Companies implicated have been blacklisted by various governments including the United States and Australia. However, other downstream suppliers, particularly in the photovoltaic supply chain may be unwillingly complicit by procuring silicon from these suppliers. Enhanced due diligence is one way of mitigating this risk. The Company's operating partner in Australia, through the construction contractor, engaged with suppliers for the new sites to understand their environmental and social operating practices as well as supply chain engagement practices. Data was also collected on supplier audits and processes for understanding the provenance of different components.

Due diligence found low risk in battery procurement as the favoured battery chemistry requires significantly less cobalt, and the preferred suppliers were found to have no record of exploitative practices.

All suppliers are required to have a supply chain code of conduct.

Community

The Company shared guidance and tools with the operating partners in 2023 to support their development of stakeholder engagement plans and strategies. The objective was to support the establishment of meaningful and constructive relationships and dialogues and to improve transparency and identification of opportunities, challenges and risks to the businesses.

All sites have mechanisms for receiving reports from the community, which are investigated and mitigating actions implemented if required. During 2023, two sites received complaints from the local community. One in Australia at one of the solar PV construction sites from a neighbour who was concerned about dust. The contractor implemented enhanced dust suppression activities to alleviate concerns. The second at the Brazilian hydro facility from the local community representatives concerned about a siren which was accidentally sounded.
This latter event led to enhanced engagement with the community to share dam safety and emergency response procedures including a safety drill in September which involved the whole community and emergency response agencies. The asset also offered psychological services to local community members who wanted additional support.

COMMUNITY ENGAGEMENT CASE STUDY

In 2023, the Brazilian hydro facility operating partner engaged a third-party expert to complete a gap analysis and baseline study using the Hydropower Sustainability ESG Gap Analysis Tool. This is in anticipation of achieving the Hydropower Sustainability Standard. This analysis found robust programmes and projects to manage environmental issues with no significant gaps in avoiding, minimising and mitigating environmental and social impacts.

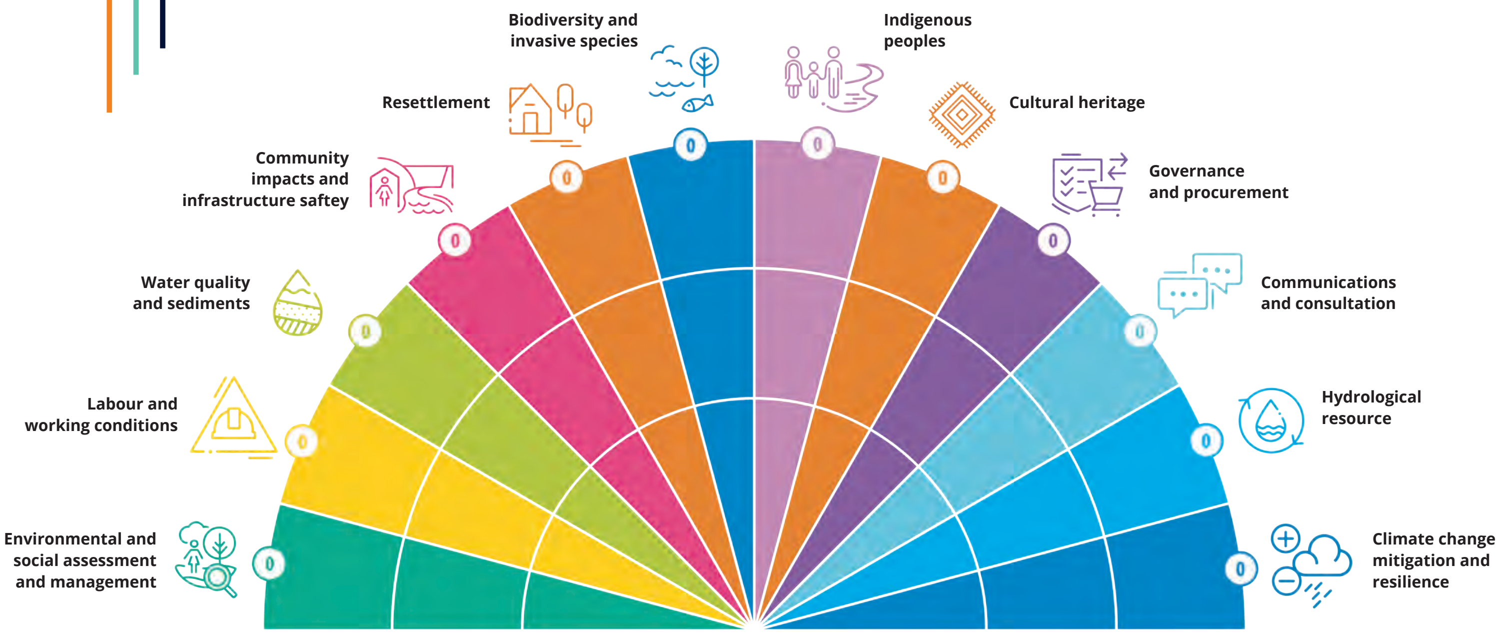
Hydro facility programmes

- Environmental licensing identification program
- Organic residue composting project
- Log boom material collection and disposal program
- Water resources management program
- Water quality monitoring program
- Sedimentological management program
- Sediment metric monitoring program
- Ichthyofauna monitoring program
- Reservoir surroundings zoning program
- Environmental inspection program
- Environmental education and social communication program

Three findings have led to enhanced community engagement around the facility. These have included:

- Education days for school children at the plant
- Community training and simulation for dam safety and emergency action plan coordinated with local agency including police and fire departments
- Stakeholder mapping and engagement plan

The site will continue strengthening stakeholder engagement and communication into 2024 aiming to build trust and foster better collaboration with the facilities' neighbours.



CLIMATE RELATED FINANCIAL DISCLOSURES

The Company is voluntarily disclosing its current practice in its annual financial report in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and requirements. The Company is committed to strengthening climate-related financial disclosures over time. Additional reporting in 2023 include net zero targets published through the Net Zero Asset Managers Initiative (NZAMI) covering 100% AUM, as well as quantitative analysis of climate related impacts to the portfolio.

Pillar 1: Governance

Disclose the organization's governance around climate related risks and opportunities

An orderly energy transition towards climate change goals is the key opportunity for the Company. The Company's strategy is to target direct investments in energy infrastructure assets that support the SDGs, specifically those that address themes that include climate change, energy access, energy efficiency and market liberalisation. Climate change issues are therefore intrinsically considered by both the Board and the Investment Manager.

The management of climate related risks and opportunities is integrated into the Company's risk management framework. This looks at the likelihood of a risk and the severity of impact with and without controls. It enables the Board and the Investment Manager to prioritise material risks for additional mitigation (see principal risk section on page 50).

a) Describe the board's oversight of climate-related risks and opportunities

The **GSEO Board** has oversight of the business model and strategy. It meets at least four times a year and is responsible for the ongoing process of identifying, carrying out a robust assessment of, and managing and mitigating the principal risks which includes climate-related risks faced by the Company.

The Board's **Audit Committee**, which is comprised of three independent Directors and chair, meet at least twice a year, and has responsibility for reviewing the Company's risk management systems. The committee reviews and updates the Company's risk register which includes climate-related risks.

Louise Kingham, CBE, is a Board member with strong industry expertise and is responsible for ESG and sustainability related matters for the Company.

The Board and Board committees monitor and oversee climate-related issues when reviewing and guiding GSEO strategies, important plans of action and risk management policies. They also track implementation and performance progress against goals and targets for addressing climate-related issues through its periodic committee meetings and the oversight of the Investment Manager.

The experience and background of Board members are disclosed on page 95.

b) Describe management's role in assessing and managing climate-related risks and opportunities

The Investment Manager has responsibility for implementing the Company's investment strategy, managing the Company investments, and reporting to the Board and Board committees. There are three relevant subcommittees at the Investment Manager level which address climate-related issues and report to the Investment Manager leadership team:

- The **Investment Committee** evaluates investment opportunities aligned with the SDGs and with the purpose of accelerating the energy transition towards a net zero carbon world before making any investment decisions. An external assurance consultant is used to advise on project selection following a robust SDG validation due diligence process. The Investment Manager's Head of Sustainability is a member of the Investment Committee informing about climate-related issues.
- The **Sustainability Committee** provides recommendations on ESG integration into the investment strategy and ongoing asset life cycle management. This includes appropriate ESG target setting, periodic monitoring, and reporting.
- **Risk, Operations and Compliance Committee** ensures risks are identified and control measures are put in place to mitigate the risk, which includes climate-related issues.

The Investment Manager leadership team are deeply involved in these three subcommittees; they then aggregate, consolidate, and report investment decisions and program updates periodically to the Board and Board committees.

The Investment Manager's Head of Sustainability is responsible for the climate-related program management which includes monitoring climate issues, adopting ESG and climate-related practices into the Company, improving investment-level resilience to climate-related risks and reaping climate-related opportunities aligned with the Company's strategy. The Head of Sustainability reports to the Investment Manager's Head of Risk Management on climate-related risk issues and metrics to respective committees and leadership team.

The Investment Manager also works closely with operating partners through regular meetings and monthly reports to review and monitor climate-related issues.

Operational carbon footprints are calculated including life cycle analysis of energy generation projects to understand their contribution to the Company's net zero target (see page 92). Actions are put in place to reduce operation emissions and other environmental impacts, including understanding supply chain and value chain impacts. Operating partners periodically affirm their compliance with relevant policies.

For construction assets, operating partners are engaged to ensure ESG management practices are aligned with the Investment Manager's sustainable development culture.

The Company's governance structure is presented on page 103 where associated subcommittees are included.

Pillar 2: Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

The average asset life in the Company portfolio exceeds 25 years, therefore the Company generally takes a long-term time horizon approach. This is also aligned with the portfolio net zero target timeframe. The Investment Manager is a signatory to the Net Zero Asset Managers Initiative (NZAMI) which supports the goal of net zero GHG emissions by 2050. With rapid changes in market movements, regulatory trends, and weather patterns, the Company also assesses material climate-related risk in shorter time horizons.

The Company considers climate related risks and opportunities within the following time horizons:

- Short term: 0-5 years
- Medium term: 5-10 years
- Long term: 10+ years

The Company's process of assessing climate-related risks and opportunities is integrated into its ESG materiality and ESG risks analysis process which is described on page 63. It covers the investment process ranging from investment decision-making to ongoing deployment monitoring. Potential risks can also be raised by operating partners and investment team members to the Head of Sustainability. The material climate-related risks and opportunities of the Company are identified and listed in tables below. This is based on the Company's business strategy, geographical exposure and type of energy technology. It considers the Company's financial materiality threshold, which is above 3% of NAV for residual climate related risks after considering risk mitigations. This is consistent with financial market norms.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

Climate-related Risk	Risk Assessment and Mitigation
Risk category: Physical risk – Chronic Longer term gradual changes in climate patterns, e.g., reduction or increase in wind levels, decrease in solar optimal days impacting renewable output and associated earnings. Increased occurrence of extreme weather events such as cyclones, storms, flooding, and heatwaves causing damage to assets, disruption to feedstocks, value chain, outputs and associated earnings.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** reduction in output from assets leading to reduced income stream. This risk may increase over the long term in the absence of climate mitigation. **Risk mitigation:** The Company invests in a portfolio of energy transition infrastructure assets, diversified by geography, technology, and capability. These investments follow the thesis of energy transition to achieve net zero goals. Such diversification provides a buffer against variable weather patterns across the portfolio. The Company also mitigates risk through project revenues being contracted for the medium- and long-term. At the asset level, meteorology due diligence is undertaken before investment, weather conditions are monitored and some of the assets have battery storage capabilities to optimise energy input to the grid. All assets have crisis management and business continuity plans to respond to disruptions. The assets are required to have continuous improvement management systems to build capability and capacity in local teams and operations.
Risk category: Physical risk – Acute Abrupt disruptive climate impacts such as impacts from flooding, wildfire, drought, extreme heat, or sudden regulatory actions increasing over time.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, financial planning **Potential impact:** Increase operating expenditure to recover asset damage caused by natural disasters and increase insurance premium for assets in high-risk locations. **Risk mitigation:** Throughout the investment decision-making process, the due diligence process accounts for climate change risk and impacts. The Investment Manager employs an insurance specialist when making investments and seeks to have appropriate contractual warranties, indemnities and insurance provisions in place to mitigate any costs relating to delays or operation disruption. Insurance requirements are reviewed on an ongoing basis.

Climate-related Risk	Risk Assessment and Mitigation
Risk category: Transition risks – Market Uncertainty in market signals manifests as lower-than-expected power prices, driven by an imbalance between an abundant intermittent power supply and market demand. Lower than expected volume throughput for conventional fuel storage asset driven by increased demand for alternative fuels.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** Increase in market volatility and abrupt and unexpected shifts in power prices make financial forecasts less reliable on intermittent renewable energy solutions. Reduced throughput for conventional fuels longer-term with expected shift to clearer and alternative fuels impacting existing fuel storage asset revenue flows. **Risk mitigation:** The Company manages this risk through its diverse portfolio of energy transition infrastructure assets such as the battery energy storage systems and enduring hydro facility, as well as signing fixed price offtaker agreements. The Company is assessing its longer-term strategy to invest in storage assets to accommodate alternative fuels required for hard to abate transportation including sustainable aviation fuel, renewable diesel, marine e-methanol and hydrogen as the market shifts.
Risk category: Transition risks – Technology, Market Market shifts such as changing customer behaviour and substitution of existing products and services with lower emissions options or new technologies may dampen ability to engage European investors on a traditional European focused renewable portfolio and often shift strategy towards a broader portfolio of energy transition projects that cover various regions and include new technologies such as biofuel, carbon capture and reuse, and etc.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** Increase costs to adopt/deploy new practices to transition to lower emissions technologies, reduction in the availability of capital to invest in some local and/or mature technology energy transition projects. **Risk mitigation:** There is strong public demand for support of the renewable energy market towards net zero carbon emission targets. The senior management team of the Investment Manager has extensive experience in executing a wide variety of strategies in the energy sector, the team monitors market shifts and tailor investment strategies accordingly. The Company is expected to hold most of its investments on a long-term basis and the Board and the Investment Manager monitor the position on a regular basis.
Risk category: Transition risks – policy and legal, reputation Policy shift may introduce regulation around climate change e.g., increased disclosure, taxes etc. Stakeholders' increasing concerns on business practice (e.g. supply chain management, workforce management and planning) need to be addressed.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, and financial planning **Potential impact:** Increase cost of doing business (e.g., higher compliance costs, increased insurance premiums, workforce management and planning). Reduction in the availability of capital to invest in energy transition projects. **Risk mitigation:** The Company is supportive of the policy aims of the Disclosure Regulation and will comply with it and monitor changes. The Company, via the Investment Manager, engages with partners and stakeholders to gather data and drive action to improve ESG management and support disclosure and policy requirements. This includes monthly metric reporting on climate related KPIs such as energy used and generated, mitigation actions for risks and impacts, as well as any energy reduction projects. The Company investment strategy targeting the energy transition is aligned with global policy movements on climate change.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

Climate-related Opportunities	Opportunity Assessment and Response
Opportunity category: Energy Source, Resilience Decarbonisation policy and market shifts will drive new renewable energy, new fuels and energy storage opportunities. This is aligned with the Company's strategy to invest in energy transition infrastructure. Increased need for global energy access from a mix of sources as developing countries expand grid access to populations.	**Time horizon:** medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Creates more deal origination opportunities in support of energy transition which aligns with Company's investment strategy. • Increases capital availability as more investors favour lower-emissions programs.
Opportunity category: Resource Efficiency, Energy Source, and Products and Services Volatile power price movements support an increase in energy efficiency grid infrastructure investing which leads to increased source of revenue.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy **Potential impact:** • Provides additional revenue sources in marketplaces with abundant intermittent power supply through harvesting merchant pricing. • Supports in energy efficiency and energy security reinforces intangible benefits such as reputation, brand and goodwill, together with employee, partner and stakeholder engagement.
Opportunity category: Energy Source, Markets, and Resilience Market liberalisation in developed and developing economies is creating opportunity for market share in renewable and alternative energy opportunities in new geographies.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Access to new markets leads to an enhanced competitive position through addressing shifting consumer preferences, resulting in increased revenues. • Increases availability and diversification of financial assets such as green bonds. • Improves resource efficiency and reduces operating costs. • The Investment Manager has engaged and will continue to reach out globally with various companies and investors to support expansion of the Company and sustainable energy infrastructure investments.
Opportunity category: Resource Efficiency, Markets, and Resilience Decentralisation of energy generation creating new opportunities for investment in renewable and other sustainable energy infrastructure.	**Time horizon:** short-term, medium-term, long-term **Impact area:** business, strategy, and financial planning **Potential impact:** • Enhances competitiveness and increases revenues through new solutions, access to new markets, diversification, resilience planning and relationships. • Increases reliability of supply chain and ability to operate under various conditions. • A pipeline of investments is constantly being identified, with the Investment Manager regularly reporting to the Board on this pipeline.

b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.

Impact on existing businesses

The Company invests in a diverse range of sustainable energy infrastructure investments such as renewable energy generation, transmission, distribution, and storage that drive the global transition towards cleaner and more sustainable sources of power. The Company's investment strategy therefore sees opportunity in the current and growing transition to a low-carbon economy.

The Company's investments inherently improve environmental performance; for example, in Brazil, investment in a portfolio of solar PV assets will accelerate the growth of a sustainable energy system by improving and securing localised access to clean energy and helping to lower Brazilian energy prices. The UK flexible power with CCR assets will use a less pollutive fuel in natural gas, as well as reduce emissions through efficient carbon capture and reuse technologies.

The Company's investments are exposed to physical climate risk such as potential damage to asset infrastructure as well as offsite transmission and distribution systems. This risk arises from extreme weather conditions that are becoming more common and frequent in the locations of operation. The Investment Manager reduces impact by diversifying technology, finding synergies such as co-locating generation and storage, and building a global portfolio with investments in multiple continents experiencing different weather patterns and conditions. It also conducts climate risk and vulnerability assessments (CRVA) for each asset to identify opportunities to build resilient assets.

Increased power price volatility because of more intermittent renewable power generation in the market has become increasingly prominent. The financial impact of this market trend will become relevant and beneficial as the Investment Manager builds out its co-location of solar PV and battery energy storage solution in volatile markets such as Australia.

Impact on strategy

The Investment Manager continues to observe globally favourable government policies to support decarbonising goals and low carbon renewable energy investment. This aligns with the Company's investment objective to generate stable returns by investing in a diversified portfolio of global sustainable energy infrastructure investments to facilitate the transition to a low carbon energy world.

The Company also supports the goal and has set a target of reaching net zero carbon emissions in its portfolio by 2050.

Energy security is a principal concern for country leaders and is driving a focus on reducing reliance on energy imports and building out domestic renewable and low carbon energy capacity. This represents an opportunity for the Company to further expand into new markets supported by the existing cross-continental exposure and the energy sector expertise of the Investment Manager.

As the public consensus and attention on sustainability grows, and countries and organisations strive to achieve the goal of a net zero carbon world, investment flow towards the energy transition is continuing to grow. This is both an opportunity and a risk. As capital flows align with the Company's investment objective, this can enable increased access to investment funds; however, as more investors pursue the same sustainable energy infrastructure investment theme, the market may become increasingly competitive and therefore sourcing investments on attractive terms will become more difficult. The Investment Manager's industry expertise and ability to source exclusive transactions is invaluable in mitigating this risk.

Impact on financial planning

Climate-related issues are both opportunities and risks for the Company's financial planning.

The Company benefits from its strong ESG credentials which reflect both in positive impact on climate change and stable long-term income distributions to meet investor requirements on sustainability and return. It provides the Company with the opportunity to leverage sustainability-linked credit facilities at a lower cost of borrowing if required. The Company's TCFD voluntary disclosures and transparency to the market are praised by existing shareholders and attractive to sustainability-driven prospective investors.

The Company's investment valuation and financial projections rely on various assumptions. Increased power price volatility is one such factor identified and discussed in the climate related risks and opportunities on page 80 that brings uncertainty to the Company's investment revenue streams. The Company reduces this risk exposure through entering into fixed power price agreements with offtakers in the short to medium term. The Company continues to invest in battery storage development, as there is an opportunity to capture value given the market price volatility.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

The Company uses external expert advisors to produce and validate its financial assumptions to increase accuracy, yet the Company's financial forecasts and budgets are still subject to climate-related issues related to projection accuracy.

A materiality analysis of the climate-related risks and opportunities identified on page 80 was completed following the asset specific CRVA and review of the financial models, market trends and Network for Greening the Financial System (NGFS) climate transition scenarios. The table below lists the material risks, assessment of probability and time horizon. These material risks were evaluated at the individual asset level and considered in the quantitative scenario analysis to calculate potential financial impact as described on page 85.

Risk	Risk category	Description and potential Impact	Likelihood and likely time horizon
Physical – Acute	Flood	In several asset locations, the Inter-governmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) models predict an increase in frequency of extreme rainfall which can result in river and surface water flooding damage to infrastructure and shut down of operations.	Likely – Medium to Long
Physical – Acute	Wildfire	In several asset locations, the IPCC AR6 models suggest an increase in the fire season with increased severity and frequency of wildfires which can lead to infrastructure damage and shutdowns.	Likely – Medium to Long
Physical – Acute	Extreme Heat	An increase in mean air temperature consistent with global trends across the portfolio with predictions of an increase in air temperature extremes can lead to increased drought, wildfire and heat stress which further result in infrastructure damage and/or curtailment of electricity generation and labour shortages.	Likely – Medium to Long
Transition – Markets	Power price volatility	NGFS scenarios predict volatility and reduction in the power price as more renewables and low carbon power generators export to the grid.	Likely – Medium to Long
Transition – Markets	Fuel market transitions	NGFS scenarios predict a reduction in demand for conventional fuels in the Mexican fuel supply chain as the economy transitions to cleaner and alternative fuels indicated by a trend of increase investment in biofuel, hydrogen, and other alternative fuels.	Highly likely – Medium to Long

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The analysis of the Company's business strategy under different scenarios took into consideration the current geographic locations of assets and critical Tier 1 supply chain companies such as solar panel manufacturers. The Company's business strategy supports a transition scenario. Commitments made internationally at the UN climate change conferences and nationally demonstrate policy and market momentum, towards energy transition and in support of the Company's investment policy.

The Company considers a bottom-up approach to perform scenario analysis, given the portfolio's diversified geographic locations and technologies. When assessing the impact of climate risks and opportunities on the portfolio, the Company distinguishes between transition risk and physical risk.

The Company's diverse energy infrastructure investments are considered under the following scenarios including:

- NGFS climate scenarios
- IPCC Representative Concentration Pathways (RCP)

The NGFS transition risk models use integrated assessment models that derive the impacts of different policy ambitions on the energy transition relevant sectors with granular information on implications for 184 countries. The physical risk models include acute and chronic risk based on global temperature paths. The NGFS models were assessed by the IPCC working group III as part of AR6 and although they cover a smaller range of model assumptions, they have a higher sectoral and regional granularity. The NGFS scenarios are also well aligned with the IEA scenarios on several dimensions.[5] Given the portfolio's geographical and technological diversification, and given the Company's bottom-up approach in performing scenario analysis, the Company selected NGFS scenarios for transition risk as relevant scenarios.[5]

The financial impact and resilience of the Company's investment business strategy to different climate scenarios is inherent in the Investment Manager's financial modelling processes. The energy transition is the focus of the Company's investment strategy. It is the Company's objective to accelerate an orderly transition via its investments. It is also expected that the investments would be resilient in case of a failure to achieve the energy transition.

The Company's scenario analysis for TCFD has produced a range of possible financial impacts under three different scenarios for each asset unique to each geography and predicted changes. There is uncertainty in terms of how climate change will impact individual operations as well as the impact of global efforts to achieve an orderly energy transition and so this data should be regarded as indicative rather than absolute predictions.

Generally, the Company's financial materiality threshold for climate related risks and opportunities is 3% of NAV after considering risk mitigation. Due to the unpredictability of climate related weather events, the Company takes a more cautious approach to manage and secure insurance policies in order to mitigate this uncertainty in the longer term.

Scenario analysis is split into physical and transition risks. The Company performed the scenario analysis on operational assets only and quantifies the resilience of the portfolio to climate-related scenarios by assessing the impact on NAV per share.

Transition Risk

Transition risk is comprehensively considered and embedded in the investment financial models, including sensitivity analysis, to allow the Investment Manager to proactively make decisions to mitigate, transfer, accept, or control those risks where appropriate.

The Company's investment process selects projects that align to the energy transition to net zero. Various standard parameters are considered in the Investment Manager's financial and valuation models including policy and regulatory changes and stringency, technology and energy mix, energy demand and future mix, capacity changes, key commodity changes and associated costs or profits to the business. The financial and valuation models are geographically tailored, and take into consideration the national mandated targets for renewable and other energy source penetration in the energy mix. Carbon reduction policies of the investment country and region are also critical considerations in understanding investment impact and suitability.

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[5] https://www.ngfs.net/sites/default/files/medias/documents/ngfs_climate_scenarios for_central_banks_and_supervisors_phase_iv.pdf Scenario Design and Analysis

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

For this scenario analysis exercise, the Company focused on the Global Change Analysis Model (GCAM) modelling suite, part of the NGFS, given the model's data availability and geographic granularity in line with the Fund assets.[6] The Company includes the following scenarios under each category:

- Current Policies/BAU: Current Policies, Nationally Determined Contributions (NDCs)
- Paris Aligned Well-Below 2C: Below 2C, Delayed Transition
- Paris Ambitious 1.5C: Net Zero 2050, Low Demand

The Company identified one key variable as the main driver for each programme to assess the impact of transition risk on the value of the portfolio. The Company selected power price as the main driver for the Brazilian hydro facility, the Australian solar PV with battery storage assets, and the Brazilian solar PV assets. For the US terminal storage assets, the Company selected volume throughput, taking into account the change in demand for oil and the transition to alternative fuel sources such as hydrogen and biofuels.

The Company used country and market specific scenario data when available. Particularly when considering Latin American markets, scenario results varied significantly between countries in the region, so local predictions were used for Brazil and Mexico. Similarly, the Company focused on the Australia/New Zealand region for the scenario analysis of the Australian solar PV with battery storage assets.

By considering a bottom-up approach to conduct scenario analysis, the Company shocked the aforementioned factors in the asset valuation models and assessed the impact on the life-time dividends by discounting them to present value. The Company assessed the impact on valuation at both programme level and portfolio level.

The portfolio level results are highlighted below in a NAV per share impact range. The Company benefits from both technology and geography diversification, demonstrating the inherent focus on the energy transition in the Company's investment strategy.

Estimated NAV per share impact under transition risk scenarios

116.46p

Q4 NAV per share

+1.5p/share to +1.9p/share

Current Policies/BAU

+1.6p/share to +1.9p/share

Paris Aligned Well-Below 2C

-1.6p/share to -1.1p/share

Paris Ambitious 1.5C

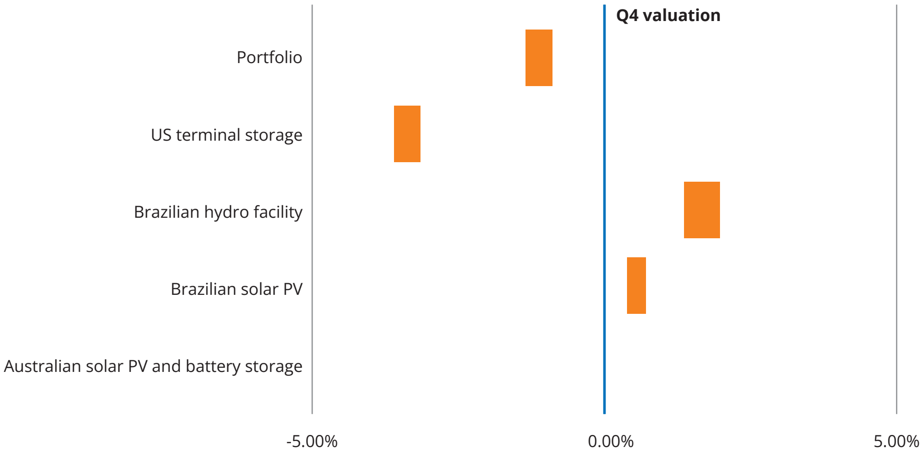
6 https://gcims.pnnl.gov/modeling/gcam-global-change-analysis-model

Among the operational programmes, the US terminal storage programme show the highest impact to transition risk. This is driven by the change in oil demand and the transition to other fuels such as biofuels and hydrogen observed in Mexico. The Brazilian hydro facility and the Brazilian solar PV assets benefit from higher power prices in the Paris Ambitious 1.5C and Paris Aligned Well-Below 2C scenarios. The Australian solar PV with battery storage assets experiences minimal impact which does not register on the impact graphs given power price assumptions in the Australian/ New Zealand region as well as the portfolio composition of which the Australian programme contributes 3%.

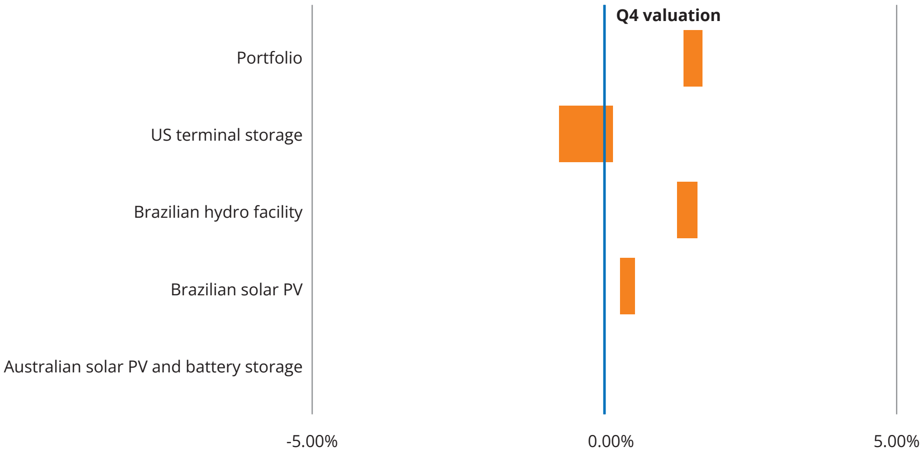
The Company is committed in developing and employing the best available data, scenarios and methodology. The Company selected the most relevant variable when performing the scenario analysis. However, the Company recognises there are high levels of uncertainty and limitations in the climate models, scenarios and methodology. Therefore, the figures reported should be seen as indicative of potential impact and not performance forecasts.

Portfolio and programme valuation impact under transition risk scenarios

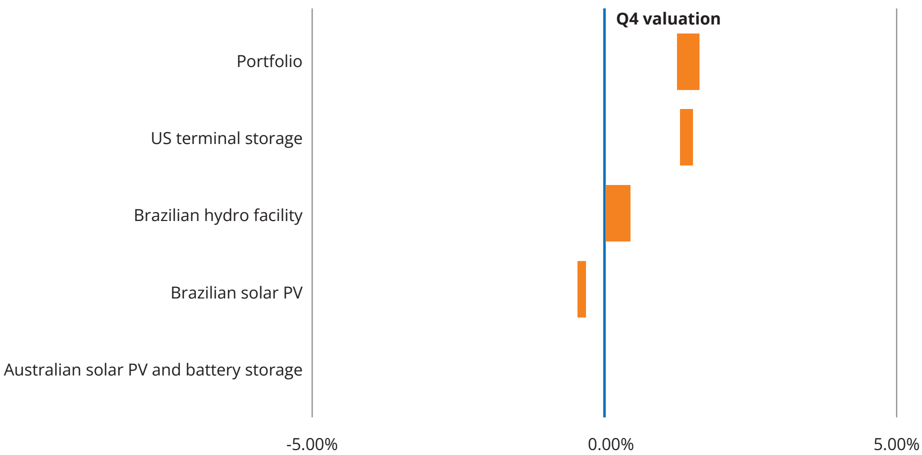
Paris ambitious 1.5c – valuation impact



Paris aligned well-below 2c – valuation impact



Current policies/BAU – valuation impact



Note: the blue line represents the portfolio valuation as at 31st December 2023. The orange boxes represent the % range of impact on the portfolio and programme valuation under the different scenarios.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

Physical Risk

The Company identifies physical risks in the asset specific CRVAs and proactively takes steps to mitigate climate-related risks and build asset resilience. Acute physical risks including but not limited to hurricanes, wildfires, floods and heatwaves are mitigated through insurance policies, while chronic physical risks such as higher average temperatures and changes in precipitation patterns are mitigated through the asset design and operational management.

The IPCC AR6 report quantifies the insured damages projected impact under the RCP 2.6 scenario and RCP 8.5 scenario for Australasia.[7] The Company uses the percentage increase in insurance premiums as a proxy for the insured damages projected impact. The Company applies this shock to assess the impact on the programme level and portfolio level valuations as follows: 7% under RCP 2.6 scenario, 7.5% under RCP 4.5 scenario, 8% under RCP 8.5 scenario. The shocks are applied across the three operational programmes: US terminal storage assets, Brazilian solar PV assets, and Australian solar PV with battery storage assets. In the case of the Brazilian hydro facility, performing a hydrological risk assessment that estimates the capital expenditures required to build additional measures to cater for an increased maximum river flow was considered more relevant and appropriate.

Under the RCP 2.6 scenario, the NAV per share impact is -0.30p/share, while under the RCP 8.5 scenario the NAV/share impact is -0.42p/share. The subdued impact highlights the inherent risk analysis and considerations that the Company uses in its investment strategy.

The Company focused on one key variable or factor when performing the physical risk scenario analysis, while keeping all other model inputs constant. Due to the complexity of variable interactions and model impacts, the Company is aware that limitations to the scenario analysis remain and is fully committed to develop the methodology further. Therefore, the figures reported should be seen as indicative of potential impact and not performance forecasts.

Given that the energy transition is the focus of the Company's investment strategy, the Company inherently considers both transition and physical risks and opportunities in its investment decision process and asset life cycle management. Thus, the results and scenario analysis are in line with the Company's strategy.

7 https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter11.pdf

Estimated NAV per share impact under physical risk scenarios

116.46p
Q4 NAV per share

-0.30p/share
RCP 2.6

-0.36p/share
RCP 4.5

-0.42p/share
RCP 8.5

Pillar 3 – Risk Management

a) Describe the organization's processes for identifying and assessing climate-related risks

The Sustainability and ESG risk analysis process is described on page 62 of this report. Climate related risks and opportunities are identified through this process. Climate-related risks are considered at the asset level within the screening and due diligence processes of energy infrastructure investments prior to any investment decisions. The risk management process considers the type of infrastructure and geographic risks. Local partners are engaged to assess environmental management practices and processes, and to broaden understanding of stakeholder perspectives. This investment management process is described on page 63.

As described on page 70, the Company takes a life cycle approach in calculating the embodied carbon in the energy generating assets and conducting a CRVA for each asset. This identifies the material climate physical risks and opportunities for the asset and recommendations to mitigate the risk and build asset resilience. This is described in more detail below.

The operating partners may also do asset specific analysis to support insurance or environmental management practices. For example, the Brazilian hydro facility completed a hydrological study and flood risk analysis in 2023 to understand the dual impact of flood and drought on the asset and local communities.

These identified risks are reported to the Investment Manager's Investment Committee and rolled up to the Company risk register which is reviewed by the Board Audit Committee as described in the governance section on page 50 and principle risks section on page 50.

b) Describe the organization's processes for managing climate-related risks

The material climate-related risks have been identified and corresponding risk management strategies have been considered and described on pages 80 and 81.

As discussed in the Sustainability section above, an expert third party sustainability consultant continued to deliver physical CRVA reports for each of the Company's new assets in 2023. The CRVA identified material investment-specific physical risks and corresponding risk mitigation recommendations.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

The Investment Manager's Head of Sustainability analyses the assessment report and discusses appropriate specific risk mitigation business practices with the operating partners and investment management team. Where there is an acute physical risk such as severe natural disaster, for construction projects the asset design considers infrastructure toleration maximums, and the Investment Manager seeks insurance coverage to transfer the risk.

The CRVA was conducted in accordance with the criteria of the EU Commission Delegated Regulation (EU) 2021/2139 which form the Technical Screening Criteria of the EU Taxonomy. Specifically, the CRVA was conducted to accord with the requirements of Appendix A of the above regulation, the Generic Criteria for Do No Significant Harm to Climate Change Adaptation.

The CRVA was carried out using climate projections across different RCPs used by the IPCC fifth assessment report (AR5) and AR6.

Climate modelling of regional impacts on the locations where each of the Company's assets are situated was used. The impacts of these changes were interpreted to understand the physical hazards the assets might experience over their lifetime. The sustainable energy infrastructure investments considered under the CRVA have expected lifespans greater than 10 years.

Vulnerability of the assets to projected climate related hazards was considered based on asset design standards, site locations and risk to climate related impacts as well as historic climate related issues which may have been experienced in the region. The Company also considers the type of asset and whether it will be impacted by changes in weather (e.g., wind and solar power), supply chain disruption (e.g., energy supply), and market demands.

Implementation of adaptation solutions identified within the CRVA are reviewed with the operating partners and the gap is filled if necessary. These adaptations show how the resilience of the asset is improved to withstand vulnerabilities. The most common hazard identified was the potential for wildfire or flood. All assets have appropriate drainage designed and, in some cases, enhanced to move excess water away from sites. All sites also have appropriate firefighting equipment installed and operators, crisis and emergency response procedures.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

The Company's process of identifying, assessing, and managing climate-related risks is fully integrated into its investment process ranging from investment decision-making to post-investment ongoing monitoring. Material climate-related risks identified are included in the Company's risk register and the ongoing risk management process. After assessing the likelihood and the severity of impact of climate-related risks, the material risks are disclosed in the principal risk section on page 49.

More detail on the sustainability and ESG risk analysis process is on page 62.

Section 4 – Metrics and Targets

a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process

Metrics used to assess and monitor transition risks and opportunities:

- £m Capital invested and committed to sustainable energy infrastructure assets
- Growth in investment portfolio
- MWh of energy produced by the portfolio a year
- Volume throughput at the terminal storage assets
- % Investments aligned to the EU Taxonomy

Metrics used to assess and monitor physical risks and opportunities:

- At a fund level, current portfolio diversification
- At an asset level, annual performance against budget
- CapEx / repairs and maintenance costs

Other related metrics such as GHG emissions and investment weighted average carbon intensity are also reported on page 91. Environmental metrics used such as water, energy, and waste management are reported in the Sustainability section on page 72, which includes comparison with previous operational years and are used to calculate the portfolio's total carbon footprint.

Operating partners, as part of their environmental management practices, look to reduce impact from these metrics. These activities are reported in the ESG section of this report on page 58.

Physical risks are considered throughout the investment acquisition process and ongoing monitoring. Through CRVA reports, investment-specific physical risks are contemplated and addressed early in the acquisition process. If the climate risk highlighted has no immediate mitigation solution, insurance policies and further discussion at the Investment Manager Investment Committee is required.

Metrics used to assess and monitor physical risks and opportunities:

- At a fund level, current portfolio diversification
- At an asset level, annual performance against budget
- CapEx / repairs and maintenance costs

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

Portfolio GHG emissions for 2023, comparison with the previous year 2022 and discussion on trends and risks are included in the sustainability section on page 68.

The Company reports on energy generation, consumption and associated carbon emissions. The carbon intensity of the Company's portfolio is low. The Company predicts most emissions that will require reduction by 2050 will be Scope 3.

Under the TCFD recommendation, asset managers are required to provide the weighted average carbon intensity for the investment strategy. This metric with other carbon footprinting metrics using formulas provided by the TCFD are included in the table below.

The source of operational emissions includes imported electricity from the grid, fuel used in asset owned vehicles and natural gas for heating and operations.

TCFD carbon footprinting and exposure metrics[8, 9]	Unit	2022[10]	2023
Portfolio's exposure to carbon-intensive companies, expressed in tonnes CO_2e/$M revenue	t CO_2e/$M	65	42‡
The absolute greenhouse gas emissions associated with a portfolio, expressed in tonnes CO_2e	t CO_2e	3,636	3,199‡
Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO_2e/$M invested	t CO_2e/$M	6	5‡
Volume of carbon emissions by million dollar of revenues	t CO_2e/$M	273	192‡

8 Underlying revenue metrics are unaudited. Figures may change once metrics are audited in 2024.

9 Market capitalisation calculated using profit rather than equity share to more accurately reflect value of investments.

10 2022 figures restated per updated methodology and restated scope 2 emissions.

CLIMATE RELATED FINANCIAL DISCLOSURES CONTINUED

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Company aims to meet the Paris Agreement target and achieve net zero carbon emissions in its portfolio by 2050 under the Net Zero Asset Managers Initiative (NZAMI). The Company uses various metrics at asset level and portfolio level, disclosed on page 68, which feed into the portfolio goal to meet the decarbonisation target.

In 2022, the Investment Manager became signatory to the NZAMI and commissioned an external adviser to develop a road map towards 2050 net zero goal with a target for the Company portfolio which was published in 2023 through the Net Zero Asset Managers Initiative and in the Company interim report.

The target covers 100% of the portfolio including assets under construction. The target will be recalculated replacing estimated emission data with actual once the construction assets are operational. The underlying science-based net zero pathway from which the targets are derived is the Sectoral Decarbonisation approach methodology and largely based on 'Power' sector for most of the assets. This requires a 65% reduction within a maximum 10-year time frame of Scope 1 and 2 emissions as the near-term target which includes Scope 3 emissions. The long-term target will see emissions reduced by 95% with residual emissions offset.

Methodology	Year	Target
Science Based Target initiative for Financial Institutions: Sectoral Decarbonisation approach	Baseline 2023	0.0710229 tonnes CO_2e / MWh
	Near term 2030	0.0260654 tonnes CO_2e / MWh
	Long term 2050	0.0035511 tonnes CO_2e / MWh

INTRODUCTION

The Board is responsible for the overall governance of the Company. As an investment company, the Company's purpose is expressed in its investment objective. Its investment policy describes the strategy adopted by the Company to achieve its objective. The investment objective and policy stated below should be considered in conjunction with the Chair's statement, the Investment Manager's report and the other disclosures within this Strategic Report which provide an in-depth review of the Company's performance and strategy.

The Board acknowledges that good governance is integral to ensuring the Company's success and sustainability. It always works towards ensuring that its decisions are in the best interests of the shareholders and other stakeholders. This is achieved by effectively utilising the diversity of skills, expertise and experience on the Board. The Board aims to follow high standards of governance and establish a culture based upon openness, integrity, trust, mutual respect and constructive challenge. This culture of openness and constructive challenge extends to the Board's interaction with the Company's third party service providers, particularly the Investment Manager.

The Company has put in place a number of policies and procedures which assist with maintaining a culture of good governance. These include policies relating to Directors' share dealings, Directors' conflicts of interest, anti-money laundering, anti-bribery and corruption, and prevention of facilitation of tax evasion. Compliance with these policies is monitored regularly through Board meetings and an annual evaluation process.

MEET THE BOARD

Bernard Bulkin, PHD, OBE

Chair of the Board and Chair of the Nomination Committee

Over 35 years in the energy industry. Experienced board member and chair. Currently a director of ATN International Inc., a NASDAQ-listed company. Business and commercial roles including chief scientist of BP, former member of the UK Sustainable Development Commission and Chair of The Office of Renewable Energy of UK Government.

Margaret Stephens

Chair of the Audit Committee

Qualified Chartered Accountant and a 28-year career with KPMG. 16 years as a partner focused on global infrastructure and international M&A. Currently, a non-executive director and Chair of the Remuneration Committee of AVI Japan Opportunity Trust plc and a non-executive director of Sequoia Economic Infrastructure Income Fund Limited. Formerly, a Trustee Director and Chair of Audit Committee of the Nuclear Liabilities Fund Limited, and a non-executive board member and Chair of the Audit and Risk Committee at the Department for Exiting the European Union.

Louise Kingham, CBE

Non-executive Director

Over 30 years' experience in the energy sector. Currently, BP's UK Head of Country and Senior Vice President for Europe. Prior to this, Louise was CEO of the Energy Institute. She was previously a non-executive board member of the Energy Saving Trust and Chair of its charitable Foundation. She is also an Ambassador for the POWERful Women and 25x25 gender diversity initiatives and Chair of Business in the Community's Climate Action leadership team.

Richard Horlick

Senior Independent Director and Chair of the Management Engagement Committee

Over 40 years' experience in the investment management industry. Currently, the Chair of CCLA Investment Management, Chair of BH Macro Ltd and Chair of Riverstone Energy Limited. Former roles at Newton Investment Management, Fidelity International, including CEO of Fidelity Management Trust Company and main board member, Global Head of Investments at Schroders plc.

Daniella Carneiro

Chair of the Remuneration Committee

Over 30 years of global experience in project development, governance, strategy, tax and M&A with major companies including KPMG and Shell. A non-executive director and Chair of the Energy & Decarbonisation Committee of the Brazilian Chamber of Commerce in Great Britain. She is also Chair of the UK Trade Wing of the global gender equality network G100 and a specialist advisor at the Department for Business and Trade.

DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 31 December 2023. In accordance with the Companies Act 2006 (as amended) (the "Act"), the Listing Rules and the Disclosure Guidance and Transparency Rules, the Corporate Governance Statement, Directors' Remuneration Report, Reports from the Audit Committee, Nomination Committee and Management Engagement Committee, and the Statement of Directors' Responsibilities should be read in conjunction with one another, and the Strategic Report. As permitted by legislation, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report, as the Board considers them to be of strategic importance.

Directors

The Directors in office at the date of this report are as shown on page 95. Details of the Directors' terms of appointment can be found in the Corporate Governance Statement and the Directors' Remuneration Report.

Corporate governance

The Corporate Governance Statement on pages 102 to 107 forms part of this Directors' report.

Dividends

On 25 May 2023, the Company declared an interim dividend of 1.38p per ordinary share in respect of the period from 1 January 2023 to 31 March 2023, which was paid on 30 June 2023 to shareholders on the register as at 2 June 2023.

On 2 August 2023, the Company declared an interim dividend of 1.38p per ordinary share in respect of the period from 1 April 2023 to 30 June 2023, which was paid on 14 September 2023 to shareholders on the register as at 11 August 2023.

On 1 November 2023, the Company declared an interim dividend of 1.38p per ordinary share in respect of the period from 1 July 2023 to 30 September 2023, which was paid on 8 December 2023 to shareholders on the register as at 10 November 2023. Of this amount, 1.03p per share was designated as an interest distribution.

Post year end, on 22 February 2024, the Company declared an interim dividend of 1.42p per ordinary share in respect of the period from 1 October 2023 to 31 December 2023, which will be paid on 28 March 2024 to shareholders on the register as at 29 February 2024.

Therefore, the total dividends paid by the Company in respect of the year ended 31 December 2023 were 5.56p per ordinary share, exceeding the dividend target of 5.52p per share.

Dividend policy

The Board expects that dividends will constitute the principal element of the return to the holders of ordinary shares. The Company is targeting quarterly dividend payments of at least 1.42p or 5.68p in total per ordinary share for the financial year ending 31 December 2023, in line with its progressive dividend policy.

Subject to market conditions and the level of the Company's net income, it is intended that dividends on the shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). Subject to satisfying the requirements for investment trust status, the Board reserves the right to retain within a revenue reserve a proportion of the Company's net income in any financial year, such reserve then being available at the Board's absolute discretion for subsequent distribution to shareholders, subject to the requirements of the IT Regulations. The dividend policy is subject to an annual vote at each AGM. The Company may, at the discretion of the Board, and to the extent possible, pay all or part of any future dividend out of capital reserves.

The Company may offer with the prior authority of shareholders and subject to such terms and conditions as the Board may determine, shareholders (excluding any holder of treasury shares) the opportunity to elect to receive ordinary shares, credited as fully paid, instead of the whole, or some part, of any dividend. The ability to issue ordinary shares in lieu of cash would provide the Company with the flexibility to retain cash where to do so would benefit the Company.

The Board may designate part of each dividend paid by the Company insofar as it represents "qualifying interest income" received by the Company as interest distributions for UK tax purposes. It is expected that a variable proportion of the Company's distributions will take the form of interest distributions. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.

Share capital structure

Issue of shares

No shares were issued during the year under review or since the year end.

Purchase of shares

At the AGM held on 25 April 2023, the Company was granted authority to purchase up to 14.99% of its ordinary share capital in issue, amounting to 63,332,583 ordinary shares. During the year ended 31 December 2023, the Company purchased in the stock market 7,027,321 ordinary shares (with a nominal value of £70,273.21) to be held in treasury, at a total cost of £5,399,770. This represented 1.66% of the issued share capital at 31 December 2022. No shares were purchased for cancellation during the year. The share purchases were made with a view to reducing discount volatility.

Shares held in treasury

Holding shares in treasury enables a company to cost-effectively issue shares that might otherwise have been cancelled. The total number of shares held in treasury as at 31 December 2023 was 7,027,321 shares (with a nominal value of £70,273.21). This represents 1.66% of the issued share capital as at the year end.

Current share capital

As at 31 December 2023, the Company's issued share capital comprised 422,498,890 ordinary shares, each of £0.01 nominal value, of which 7,027,321 shares were held in treasury.

At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held. Shares held in treasury do not carry voting rights.

At 4 April 2024, the total voting rights in the Company were 409,728,422.

Significant shareholders

As at 31 December 2023, the Company had been notified of the following disclosable interests in the share capital of the Company:

Shareholder	Number of shares	% of total voting rights
Witan Investment Trust plc	54,575,752	13.14
Quilter Plc	48,198,710	11.60
Newton Investment Management Limited	24,262,428	5.84
Courtiers Asset Management Limited	20,045,000	4.82
Waverton Investment Management Limited	13,167,009	3.17
Stichting Juridisch Eigendom Privium Sustainable Impact Fund	12,842,602	3.09

Since the year end, the Company has been notified by Witan Investment Trust plc that its holding has decreased to 53,000,000 shares, representing 12.94% of voting rights as at the date of this report. The Company has not been informed of any other changes to the notifiable interests between 31 December 2023 and 4 April 2024, being the last practicable date prior to the publication of this report.

Shareholder rights

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

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out above;
- an amendment to the Company's articles of association and the giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out in the Notice of AGM; and
- there are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities that may restrict their transfer or voting rights, as known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

DIRECTORS' REPORT CONTINUED

Requirements of the listing rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that no disclosures are required in relation to Listing Rule 9.8.4.

Independent professional advice, insurance and indemnity

Details regarding independent professional advice, insurance and indemnity are set out in the Corporate Governance Statement on page 106.

Energy and carbon reporting, including greenhouse gas emissions

The Company's environmental statements are set out in the Sustainability section of the report.

Management arrangements

Victory Hill Capital Partners LLP is the Company's AIFM, replacing G10 Capital Limited on 3 May 2023. Prior to that Victory Hill was the Company's investment adviser.

Victory Hill is, for the purposes of the Alternative Investment Fund Manager Directive (AIFMD) and the rules of the FCA, authorised and regulated by the FCA as a 'full scope' UK alternative investment fund manager with a permission pursuant to Part 4A of the Financial Services and Markets Act 2000 for managing AIFs, such as the Company.

The Company and the AIFM have entered into an agreement (the "AIFM Agreement") under which the AIFM has agreed to provide the Company with portfolio management, risk management, consultancy, advisory and general management services, and comply with the obligations and performing the duties and functions of an alternative investment fund manager contained in the UK AIFMD Rules.

Under the terms of the AIFM Agreement, the AIFM will be paid:

a. a fixed fee of £70,000 per annum, payable monthly in advance;

b. an annual fee to be calculated as percentages of the Company's net assets and payable monthly in arrears as follows:

   i. 1% on the first £250m of net asset value;

   ii. 0.9% on net asset value in excess of £250m and up to and including £500m; and

   iii. 0.8% on net asset value in excess of £500m.

c. a fee of £18,000 per annum for preparing and maintaining the Company's key information document.

If, in any fee period, the annual fee paid to the AIFM exceeds:

a. £3.5m, the AIFM shall apply 8% of the annual fee (net of any applicable taxes), subject to a maximum amount of £400,000, to subscribe for or acquire ordinary shares of £0.01 each in the capital of the Company.

b. £2.5m, the AIFM shall apply 2% of the annual fee (net of any applicable taxes) to be paid as a charitable donation to a registered charity aimed at promoting sustainable energy/ the SDGs, as selected by the AIFM, provided that if, following the AIFM's reasonable endeavours, a suitable charity cannot be found, this 2% portion of the annual fee (net of any applicable taxes) will be applied to the subscription for or acquisition of ordinary shares.

No performance fee is payable to the AIFM.

The AIFM Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. This Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material or persistent breach.

Other service providers

Details of the terms of engagement between the Company and its other key service providers are set out in the Prospectus issued by the Company on 9 June 2022, which is available on the Company's website.

Continuing appointment of Victory Hill

The Board keeps the performance of Victory Hill, as the Company's Investment Manager under continual review. The Management Engagement Committee conducts an annual review of the Victory Hill's performance and makes a recommendation to the Board about its continuing appointment. It is considered that Victory Hill has executed the Company's investment strategy according to the Board's expectations. Accordingly, the Directors believe that the continuing appointment of Victory Hill as the Investment Manager of the Company, on the terms agreed, is in the best interests of the Company and its shareholders as a whole. Further details are set out in the Report from the Management Engagement Committee on page 120.

Financial risk management

Information about the Company's financial risk management objectives and policies is set out in note 12 to the financial statements.

Going concern

The going concern statement can be found on page 57.

Auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

BDO LLP has expressed its willingness to continue in office as the Auditor and resolutions for its re-appointment and to authorise the Audit Committee to determine its remuneration will be put to shareholders at the forthcoming Annual General Meeting.

Post balance sheet events

The post balance sheet events can be found in note 19 to the financial statements.

Annual General Meeting

The Notice of the AGM to be held on 22 May 2024 (the "Notice") is set out on pages 172 to 177. Shareholders are being asked to vote on the following matters:

- the receipt and adoption of the Strategic Report, Directors' Report, Auditor's Report and the audited Financial Statements for the year ended 31 December 2023;
- the approval of the Directors' Remuneration Report;
- the approval of the Company's dividend policy and authorisation of the Directors to declare and pay all dividends of the Company as interim dividends;
- the re-election of Directors;
- the re-appointment of BDO LLP as the Company's Auditor and authorisation of the Audit Committee to determine the remuneration of the Auditor;
- the granting of authorities in relation to the allotment of shares;
- the dis-application of pre-emption rights for certain issues of shares;
- the purchase by the Company of its own shares; and
- holding of general meetings on 14 clear days' notice.

Resolutions 1 to 12 will be proposed as Ordinary resolutions and Resolutions 13 to 16 will be proposed as Special resolutions.

Authority to issue shares

Resolutions 11 and 12, ordinary resolutions as set out in the Notice, if passed, will renew the Directors' authority to allot shares in accordance with statutory pre-emption rights. These resolutions will authorise the Board to allot:

- ordinary shares generally and unconditionally in accordance with section 551 of the Act up to an aggregate nominal value of £409,728.42, representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed (Resolution 11); and

DIRECTORS' REPORT CONTINUED

- further ordinary shares generally and unconditionally in accordance with section 551 of the Act up to an additional aggregate nominal value of £409,728.42, representing approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed (Resolution 12).

If both these resolutions are passed, shareholders will be granting the Directors authority to allot up to 20% of the Company's issued share capital. The Board believes that passing of Resolutions 11 and 12 is in the shareholders' interests as the authority is intended to be used for funding investment opportunities sourced by the Investment Manager, thereby mitigating any potential dilution of investment returns for existing shareholders, and the Directors will only issue new ordinary shares at a price above the prevailing NAV per ordinary share. If only Resolution 11 is passed and Resolution 12 is not passed, Directors will only be granted authority to allot up to 10% of the existing issued ordinary share capital of the Company. These authorities, if given, will lapse at the conclusion of the 2025 AGM of the Company, or 15 months from the passing of these resolutions, whichever is earlier.

The Directors do not currently intend to allot shares other than to take advantage of opportunities in the market as they arise and only if they believe it would be advantageous to the Company's shareholders to do so.

Authority to dis-apply pre-emption rights

Resolution 13, a special resolution, is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to the issue of shares under Resolution 11, for cash or the sale of shares out of treasury up to an aggregate nominal amount of £409,728.42, being approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, 10% of the issued share capital immediately upon the passing of this resolution.

Resolution 14, a special resolution, is being proposed to authorise the Directors to disapply the statutory pre-emption rights of existing shareholders in relation to the further issue of shares under Resolution 12, for cash or the sale of shares out of treasury up to an aggregate nominal amount of £409,728.42, being approximately 10% of the Company's issued share capital (excluding treasury shares) as at the date of the Notice of AGM or, if changed, 10% of the issued share capital immediately upon the passing of this resolution.

In respect of any authority granted under Resolutions 13 and 14, shares would only be issued at a price above the prevailing NAV per share, intended to at least cover the costs and expenses of the relevant issuance of shares. The Directors will only issue shares on a non-pre-emptive basis if they believe it would be in the best interests of the Company's shareholders. If both these resolutions are passed, shareholders will be granting the Directors authority to allot up to 20% of the Company's issued share capital on a non-pre-emptive basis. The Board believes that in order to have the maximum flexibility to raise finance to enable the Company to take advantage of suitable opportunities, the passing of Resolutions 13 and 14 is in the shareholders' interests. These authorities, if given, will lapse at the 2025 AGM of the Company, or 15 months from the passing of these resolutions, whichever is earlier.

There were 7,027,321 shares held in treasury at the year end. As at 4 April 2024, 12,770,468 shares were held in treasury.

Authority to purchase the Company's own shares

The Act allows companies to hold shares acquired by way of market purchases as treasury shares, rather than having to cancel them. This gives the Company the ability to re-sell shares quickly and effectively thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

At the Annual General Meeting held on 25 April 2023, the Company was granted authority to purchase up to 14.99% of the Company's shares in issue amounting to 63,332,583 shares. During the year under review, 7,027,321 shares were bought back pursuant to this authority.

Resolution 15, a special resolution, as set out in the Notice, if passed, will renew the Directors' authority to purchase up to 61,418,290 shares (being 14.99% of the issued share capital as at 4 April 2024), or if less, 14.99% of the issued share capital immediately following the passing of the resolution. In accordance with the Listing Rules of the FCA, the price paid for shares will be not less than £0.01 per share, and not more than the higher of: (i) 105% of the average of the mid-market quotations of the shares for the five business days before the shares are purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the shares on the trading venue where the purchase is carried out.

The Company may use this authority to address any significant imbalance between the supply and demand for the Company's shares and to manage the discount at which the ordinary shares trade, and where the Directors consider it to be in the best interests of shareholders and the Company. Shares will be repurchased only at prices below the prevailing NAV per ordinary share and will be cancelled or placed into treasury at the determination of the Directors. The authority, if given, will lapse at the conclusion of the Company's next AGM after the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution.

Shareholders should note that the purchase of ordinary shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of uncommitted cash resources available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. However, the Directors believe that the flexibility for the Company to be able to make such purchases may be beneficial to shareholders in certain circumstances and, accordingly, is seeking authority for the Company to make market purchases of its own shares.

Notice period for general meetings

Under the Act, the notice period of general meetings (other than an AGM) is 21 clear days' notice unless the Company: (i) has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM; and (ii) offers the facility for all shareholders to vote by electronic means. The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice.

The shorter notice period proposed by Resolution 16, a special resolution, would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. The approval will be effective until the date of the AGM to be held in 2025 resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution.

Board recommendation

The Directors consider each resolution being proposed at the AGM to be in the best interests of the Company and shareholders as a whole and they unanimously recommend that all shareholders vote in favour of them, as they intend to do in respect of their own shareholdings.

By order of the Board

Apex Fund and Corporate Services (UK) Limited
Company Secretary

4 April 2024

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement forms part of the Directors' Report.

Introduction

In this Corporate Governance Statement, the Company reports on its compliance with the AIC Code of Corporate Governance (the "AIC Code"), sets out how the Board and its Committees have operated during the past year and describes how the Board exercises effective stewardship over the Company's activities in the interests of shareholders. The Board is accountable to shareholders for the governance of the Company's affairs and is committed to maintaining the highest standard of corporate governance for the long-term success of the Company.

The Company reviews its standards of governance against the principles and recommendations of the AIC Code, as published in 2019. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders as it addresses all the principles set out in the UK Code of Corporate Governance (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies, and is endorsed by the FRC. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code fully meet their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules of the FCA. A copy of the AIC Code can be found at www.theaic.co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

Statement of compliance

Pursuant to the Listing Rules of the FCA, the Company is required to provide shareholders with a statement on how the main and supporting principles set out in the AIC Code have been applied and whether the Company has complied with the provisions of the AIC Code. The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company as an investment trust.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

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

The Company does not have an internal audit function. The need for this is reviewed annually by the Audit Committee, as explained in the Audit Committee report on page 109.

The Board has reviewed the principles and recommendations of the AIC Code and considers that it has complied throughout the year. A senior independent director was not appointed during the year. Following the year end, on 1 January 2024, Richard Horlick was appointed as the Senior Independent Director of the Company to provide a sounding board for the Chair, serve as an intermediary for the other Directors and shareholders, and also act as an alternative engagement channel to the shareholders and other key stakeholders.

Governance structure

The VH Global Sustainable Energy Opportunities plc Board

Ultimately responsible for the effectiveness of the Company's governance and the system of internal controls

Audit Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Review of annual and half year reports, audit results, internal controls, and risk assessment	Regular review of major service provider agreements and performances	Advise the Board on succession planning, Board mix balance	Review remuneration policy, annual remuneration and ad hoc payment to Directors

Victory Hill Capital Partners LLP, (Victory Hill), Investment Manager

Ensures the Company operates in an effective and ethical manner through creating, developing and implementing its strategy; Victory Hill driving operational and financial performance, and assessing and monitoring internal control practices

Investment Committee	Risk, Operations and Compliance Committee	Portfolio Risk and Valuations Committee	Sustainability Committee	Sales and Marketing Committee
Review and decide on investment opportunities, relevant policies, as well as investment reasonableness and investment risk monitoring	Provide oversight to the Victory Hill risk management framework including its effectiveness to investment, operational, regulatory and legal risk	Review valuations of investments against the Company's valuation procedure and methodology and determine reasonability of valuation processes and procedures	Responsible for developing sustainability strategy considering climate related risks and opportunities; review and challenge Victory Hill's existing practice	Review and evaluate sales and marketing performance, propose and approve marketing budgets and resource allocation

Leadership

The Board of Directors

Under the leadership of the Chair, the Board is collectively responsible for the effective stewardship of the Company's affairs and the long-term success of the Company, generating value for shareholders and contributing to the wider society. It establishes the purpose, values and strategic aims of the Company and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Company to meet its objectives and fulfill its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

At the date of this report, the Board consisted of five non-executive Directors. The Board believes that its composition is appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Manager and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors possess a wide range of business and financial expertise relevant to the direction of the Company and consider that they commit sufficient time to the affairs of the Company. All Directors act in a non-executive capacity. Brief biographical details of the Directors, including details of their significant commitments, can be found on page 95.

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Directors have appointment letters which do not provide for any specific term. Other than their letters of appointment as Directors, none of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year.

The Board has agreed a procedure for the induction and training of new Board appointees and training requirements are dealt with as required.

Information regarding the annual evaluation of the Board, its Committees, the individual Directors and the Chair; composition of the Board; tenure of the Directors; and the Directors' re-election is set out in the Report from the Nomination Committee on pages 117 to 119.

The Chair

Bernard Bulkin, as the Chair, leads the Board in determining its governance framework, culture and values and is responsible for its overall effectiveness in directing the Company. He demonstrates objective judgement, promotes a culture of openness and debate, and facilitates effective contributions by all Directors. The Chair leads the Board's relationship and engagement with shareholders and other stakeholders, and manages the relationship with the Investment Manager. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information.

The Chair was independent of the Investment Manager at the time of his appointment and is deemed by his fellow Board members to continue to be independent in character and judgement and to have no conflicting relationships. He considers himself to have sufficient time to commit to the Company's affairs. The role and responsibilities of the Chair of the Board are clearly defined and set out in writing, a copy of which is available on the Company's website.

Senior Independent Director

Richard Horlick is the Senior Independent Director of the Company. He acts as a sounding board for the Chair, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chair and takes the lead in the annual evaluation of the Chair by the other Directors. In the event the Company experiences a period of stress, the Senior Independent Director would work with the Chair, the other Directors and/or shareholders to resolve any issues. The role description of the Senior Independent Director is available on the Company's website.

Matters reserved for the Board

The Company's investment policy and strategy are determined by the Board. The Board is responsible for investment decisions, other than to the extent delegated to the Investment Manager, and the appointment, supervision and monitoring of the Company's service providers, including amongst others, the Investment Manager. The Board establishes the Company's borrowing policy, dividend policy, approves public documents such as the annual and interim reports and financial statements, and corporate governance matters. A formal schedule of matters reserved for decision by the Board has been adopted. This is available on the Company's website.

Board Committees

During the year, the Company had four Committees in operation, namely, the Audit Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of the Committees are available on the Company's website.

Audit Committee

The Company has established an Audit Committee which is chaired by Margaret Stephens and consists of Richard Horlick, Louise Kingham and Daniella Carneiro. The Board considers that the members of the Audit Committee have the recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. The Audit Committee includes individuals with substantial experience of the financial matters of listed companies and the energy infrastructure sector. This blend of skills and experience enables the Committee to fulfil its responsibilities effectively.

The report of the Audit Committee is set out on pages 108 to 111.

Management Engagement Committee

The Management Engagement Committee is chaired by Richard Horlick and consists of Bernard Bulkin, Margaret Stephens, Louise Kingham and Daniella Carneiro. Margaret Stephens was appointed as a member of the Committee with effect from 14 March 2023. The Committee meets at least once a year to review the performance of the Investment Manager, the terms of their engagement and to consider the appropriateness of their fees. In addition, the Management Engagement Committee reviews the performance, terms of appointment and fees payable to the other key service providers of the Company, and makes recommendations to the Board regarding the continuing appointment of the Investment Manager and the other service providers.

The report of the Management Engagement Committee is set out on page 120.

Nomination Committee

The Company has established a Nomination Committee which is chaired by Bernard Bulkin and comprises all Directors. The Committee reviews the Company's succession plan, and identifies and nominates candidates for the office of director of the Company. It also reviews the results of the annual evaluation process of the Board, its Committees, the Directors and the Chair, and makes recommendations to the Board in respect of the re-election of the Directors.

The report of the Nomination Committee is included on pages 117 to 119.

Remuneration Committee

The Remuneration Committee is chaired by Daniella Carneiro and consists of all Directors. Its principal duties are to consider the levels of Directors' fees and to make recommendations in respect of the Directors' remuneration policy and implementation thereof.

The Directors' Remuneration Report is set out on pages 112 to 116.

Meetings held during the year

The Company has six scheduled Board meetings a year, with additional meetings arranged as necessary.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Investment Manager, the Administrator and the Company Secretary regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

The number of scheduled Board and Committee meetings held during the year ended 31 December 2023 and the attendance of the individual Directors is shown below:

	Board		Audit Committee		Management Engagement Committee		Nomination Committee		Remuneration Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Bernard Bulkin[1]	6	6	–	–	2	2	2	2	1	1
Daniella Carneiro[2]	6	6	3	3	2	2	2	2	1	1
Richard Horlick	6	6	3	3	2	2	2	2	1	1
Louise Kingham	6	5	3	3	2	2	2	1	1	1
Margaret Stephens[3]	6	6	3	3	1	1	2	2	1	1

In addition to the above, eight ad hoc meetings of the Board or its committees, and one ad hoc meeting of the Audit Committee and the Remuneration Committee each were held to deal with approval of documentation and administrative matters in respect of the quarterly interim dividends, annual and interim reports, and Directors' remuneration.

1 not a member of the Audit Committee

2 appointed as the Chair of the Remuneration Committee and as a member of the Audit, Management Engagement and Nomination Committees with effect from 21 February 2023

3 appointed as a member of the Management Engagement Committee with effect from 14 March 2023

CORPORATE GOVERNANCE STATEMENT CONTINUED

Independent professional advice, insurance and indemnity

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

Conflicts of interest

It is the responsibility of each individual Director to avoid an unauthorised conflict arising. Directors must request authorisation from 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 Company (a "situational conflict"). The Company's Articles of Association authorise the Board to approve such situations, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered include: whether the situational conflict could prevent the Director from properly performing their duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a situational conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision, the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Board is able to impose limits or conditions when giving authorisation if it thinks this is appropriate in the circumstances. The Directors must also comply with the statutory rules requiring the Directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed at each Board meeting, to ensure that authorised conflicts remain appropriate. The Directors advise the Company Secretary and the Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

Risk management and internal control review

Overview

The Directors acknowledge that they have overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness.

An ongoing process, in accordance with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been implemented for identifying, evaluating and managing the principal and emerging risks faced by the Company. This process has been in place throughout the year ended 31 December 2023 and up to the date the financial statements were approved and is regularly reviewed by the Board, through the Audit Committee. Key procedures established with a view to providing effective financial control have also been in place for the year under review and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's investment objective. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Financial and other aspects of internal control

The Company has contractually delegated the management of the investment portfolio, the registration services, administration services and other services to third party service providers and reliance is therefore placed on the internal controls of those service providers. The internal financial control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are taken, reports are published and the assets of the Company are safeguarded. The key procedures include review of management accounts, monitoring of performance at quarterly Board meetings, segregation of the administrative function from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. The internal controls at the service providers are reviewed by the Audit Committee.

The Board has undertaken a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the year and up to the date of the approval of the Annual Report. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

Internal control assessment process

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective. The Board, through the Audit Committee, has categorised risk management controls under the following key headings: risks relating to the Company (including reliance on third party service providers); portfolio investment strategy; risks relating to making investments; risks relating to the Company's shares; risks relating to regulation; accounting, operational and financial reporting; governance; and climate-related risks.

In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the review of risk and associated controls of the Company.

A risk matrix is in place against which the risks identified and the controls to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk register is reviewed at least every six months by the Audit Committee and at other times as necessary.

The majority of the day-to-day management functions of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third party suppliers regarding the internal systems and controls operating in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, where available, which is reviewed by the Audit Committee.

Relations with shareholders

Details regarding the Company's engagement with its shareholders are set out on page 47.

REPORT OF THE AUDIT COMMITTEE

I am pleased to present the report of the Audit Committee (the "Committee") for the year ended 31 December 2023.

Composition

The composition of the Committee is set out above in the Corporate Governance Statement and details of how its performance evaluation has been conducted are included in the report of the Nomination Committee on pages 117 and 118.

Meetings

The Committee held three scheduled meetings during the year under review. The Directors' attendance is set out on page 105 in the Corporate Governance Statement.

Role of the Audit Committee

The primary responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance, and reviewing significant financial reporting judgements contained therein;
- advising the Board on whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- reviewing the Company's internal financial controls and internal control and risk management systems, and monitoring their ongoing effectiveness;
- considering reports from any independent valuer appointed by the Company to value its investments;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- conducting the tender process and making recommendations to the Board about the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; and
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.

Activities of the Audit Committee

During the year under review, the Audit Committee:

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

- reviewed and approved the proposal from the Auditor in respect of providing non-audit services relating to ESG Assurance Review for the year ended 31 December 2023. The Committee considers that the provision of this service by BDO LLP does not compromise its independence and objectivity in carrying out the statutory audit;
- discussed and considered the Auditor's performance, objectivity and independence and the effectiveness of the external audit; and
- reviewed whether an internal audit function would be of value and concluded that this would provide minimal added comfort at considerable extra cost to the Company. The existing system of monitoring and reporting by third-party service providers remains appropriate. The Committee keeps the need for an internal audit function under periodic review.

Financial statements and significant accounting matters

The Audit Committee has taken into account the most significant risks and issues, both operational and financial, which are likely to impact the Company's financial statements. It considered the following key issues in relation to the Company's financial statements during the year and post year end:

Valuation of investments

The Audit Committee monitored the integrity of the financial information published in the Interim and Annual Reports and considered whether suitable and appropriate estimates had been made in respect of areas which could have a material impact on the financial statements. It actively engaged with the Investment Manager and the Administrator to assess these significant estimates and the systems and processes in place to form these estimates. The Committee considered the valuation of investments to be a risk which could materially impact the financial statements for the year ended 31 December 2023.

Assumptions applied to derive the valuation of investments are selected and recommended by the Investment Manager. These include discount rates, power prices, energy yield, inflation rates, asset life, operating expenses, taxation rates and capital expenditure. Valuation methodology and assumptions are discussed in detail within note 7 to the financial statements, furthermore, the Board engaged a Big 4 advisory firm to perform a review of the Investment Manager's valuation methodology which confirmed the appropriateness of the application of the methodology. The Committee considered the subjectivity and appropriateness of the assumptions used to determine the valuation of investments, held through GSEO Holdings, which could affect the NAV of the Company. These were discussed with the Investment Manager and the Auditor. The Committee reviewed the valuation reports from the Investment Manager, including the underlying assumptions, and concluded that the valuation of the Company's portfolio at the year end was appropriate.

Going concern and viability statement

The Committee considered the Company's financial requirements for the next 12 months and concluded that it had sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that five years was an appropriate length of time to consider the Company's long-term viability. The Company's Going Concern and Viability Statements can be found on page 57.

Internal controls

The Audit Committee carefully considered the internal control systems by monitoring the services and controls of its third party service providers. It reviewed and, where appropriate, updated the risk matrix in respect of the significant risks facing the Company and the controls in place to mitigate those risks. The Company received reports on internal controls from key service providers during the year, when available, and no significant matters of concern have been identified.

ESG assurance review

In respect of the Annual Report and financial statements for the year ended 31 December 2023, the Audit Committee received the ESG assurance report from BDO LLP, as a form of non-audit service, which is detailed on page 110. The Committee also reviewed the Investment Manager's ESG and Sustainability Impact Report which provided an overview of Victory Hill's ESG activities.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Audit fees and non-audit services

The Audit Committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. Total audit fees for the Company in respect of the year under review amounted to £223,000 (period ended 31 December 2022: £170,000).

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the Auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if approved by the Audit Committee, the provision of such services is at a reasonable and competitive cost, and does not constitute a conflict of interest or potential conflict of interest which would prevent the Auditor from remaining objective and independent. BDO LLP was paid fees in respect of the following non-audit services in the year:

Non-audit service provided	Year ended 31 December 2023	Year ended 31 December 2022
Review of Interim Report	£70,000	£50,000
ESG Assurance Review	£83,700	£47,500

Where non-audit services are provided by the Auditor, full consideration of the financial and other implications on the independence of the Auditor arising from any such engagement are considered before proceeding. During the year, the Committee approved the provision of ESG Assurance Review services to be provided by BDO LLP. While this is a non-audit service, the Audit Committee considered that given BDO LLP's comprehensive knowledge about the Company being its statutory Auditor, they were best placed to provide this assurance to the Company in respect of its reporting on ESG matters. This was in line with the approach adopted on the matter in the previous year.

The Audit Committee has considered the non-audit work of the Auditor during the period and does not consider that this compromises its independence. The Committee periodically monitors the ratio of non-audit to audit services to ensure that any fees for permissible non-audit services do not exceed 70% of the average audit fees paid in the last three years. The Committee notes that this ratio has not been breached given this is the third year of audit and the threshold would apply to subsequent audits. Details of the Auditor's remuneration are set out in note 5 to the financial statements.

Effectiveness of external audit

The Audit Committee reviews the effectiveness of the external audit process on an annual basis. During the year, the Committee met key members of the senior audit team at BDO LLP as part of the annual reporting process. It received a presentation of the audit plan from the Auditor in respect of the year under review and a presentation of the results of the audit following completion of the main audit testing.

The Chair of the Committee liaises with the lead audit partner, to discuss any issues arising from the audit as well as its cost effectiveness. The Committee also met with the lead audit partner and the key individuals of the senior audit team prior to the finalisation of the audit of the Annual Report and financial statements for the year ended 31 December 2023, without the Investment Manager being present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers.

The process for assessing the effectiveness of the external audit also involved receiving feedback from the Company's other service providers involved in the audit, primarily the Investment Manager, on the performance of the Auditor.

Following its review, the Audit Committee concluded that the Auditor has demonstrated a good understanding of the structure and operations of the Company and had identified and focused on the areas of significant financial reporting risk. The external audit process was considered to have been effective.

Independence and objectivity of the Auditor

BDO LLP was selected as the Company's external independent Auditor at the time of the Company's launch in 2021 following a formal tender process and review of the Auditor's credentials. The continuing appointment of the Auditor is reviewed annually by the Audit Committee, which gives consideration to the Auditor's fees and independence, along with the matters raised during each audit.

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

In accordance with the statutory requirements relating to the appointment of auditors, the audit will be put out to tender within 10 years of the initial appointment of BDO LLP.

Re-appointment of the Auditor

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

Fair, balanced and understandable

The Audit Committee has concluded that the Annual Report for the year ended 31 December 2023, 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. It reached this conclusion through a process of review of the Annual Report and enquiries to the various parties involved in the production of the Annual Report. The Audit Committee reported its conclusions to the Board.

Margaret Stephens
Chair of the Audit Committee

4 April 2024

DIRECTORS' REMUNERATION REPORT

The law requires the Company's Auditor to audit certain disclosures provided in the Annual Report on Directors' remuneration. Where disclosures are audited, they are indicated as such. The Auditor's opinion is given in their report on pages 123 to 129.

Statement from the Chair of the Remuneration Committee

I am pleased to present the Directors' remuneration report for the year ended 31 December 2023.

The Remuneration Committee (the "Committee") assists the Board in developing a fair and transparent framework for setting the levels of Directors' remuneration while having regard to the Company's financial position and performance, remuneration in other companies of comparable scale and complexity and market statistics generally. It also reviews the ongoing appropriateness and relevance of the Directors' remuneration policy. No Director is involved in determining their own remuneration.

The Committee held one scheduled meeting during the year. The Directors' attendance at this meeting and the composition of the Committee are set out in the Corporate Governance Statement and details of how its performance evaluation has been conducted are included in the report of the Nomination Committee on pages 117 and 118.

For the year ended 31 December 2023, the annual fees were set at the rate of £81,500 for the Chair of the Board and £58,500 for the other Directors. The Directors' fees are fixed with no variable element.

The Remuneration Committee reviews Directors' fees on an annual basis. During the year, the Committee engaged Trust Associates, a board advisory firm with no connection to the Company or the Directors, to provide a benchmark review of the Directors' remuneration. The Committee received the report from Trust Associates following the completion of their review, following which it met to review Directors' remuneration levels in the context of the scale of the Company's operations, the level of involvement and time commitment required of the Directors and the wider investment trust sector, and to make recommendations to the Board. As a result of the benchmarking exercise performed by Trust Associates, the Committee agreed that, with effect from 1 January 2024, the Directors' annual fees be adjusted by UK RPI as at 31 December 2023, rounded to the nearest £500. Accordingly, the annual fees for the year ending 31 December 2024 are as follows: £84,500 for the Chair of the Board; £61,500 for the other Directors; an additional fee of £10,000 to the Chair of the Audit Committee; and an additional fee of £3,000 to the Senior Independent Director. The premium applied to the remuneration of the Chair of Audit Committee and the Senior Independent Director has been introduced from the current financial year. The Board believes that this updated fee structure appropriately reflects the increase in the size and operations of the Company during the year, the enhanced workload of the Directors and the additional time commitment required from them, particularly in view of the Company's distinctive position in the infrastructure sector with its portfolio assets located in a wide range of geographical areas and using a number of different technologies, and the ever-evolving regulatory and corporate governance landscape.

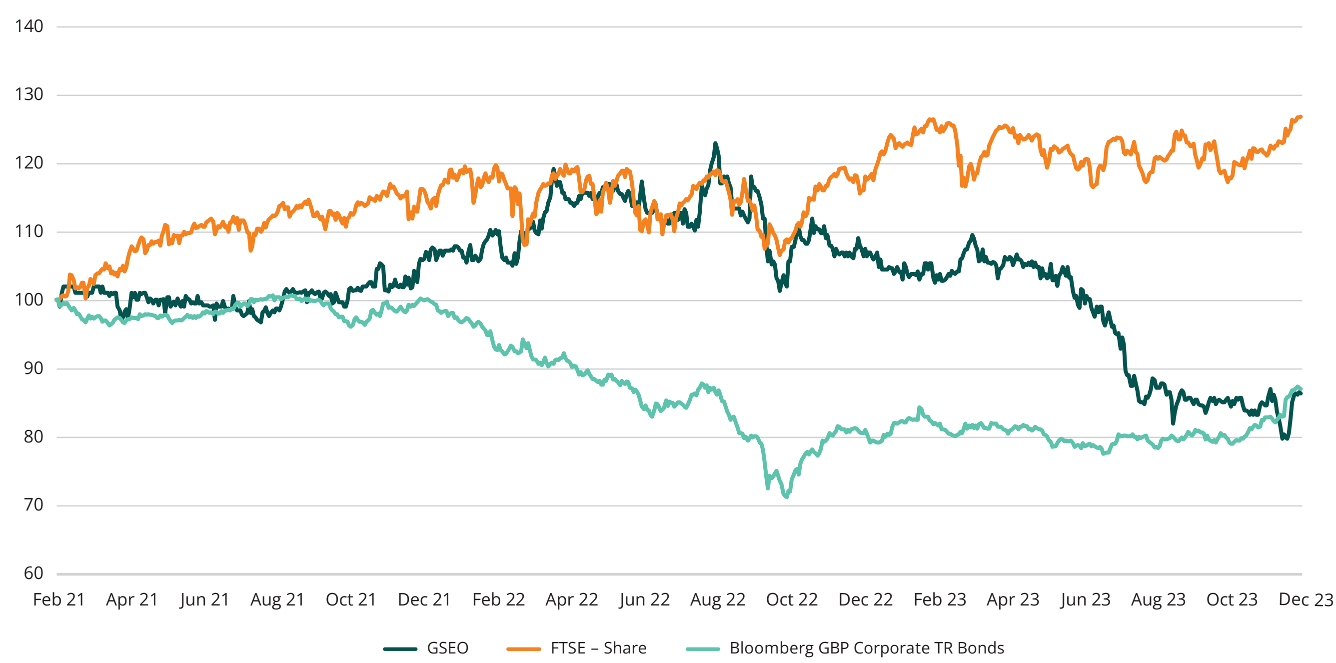
The fees payable to the Directors will be reviewed annually, as detailed in the Directors' Remuneration Policy on page 116.

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

The Directors' Remuneration Policy was approved by shareholders at the AGM held on 27 April 2022. No significant changes are proposed to the way in which this current, approved Directors' Remuneration Policy will be implemented during the course of the next financial year. An ordinary resolution will be put to shareholders at the forthcoming AGM of the Company to be held on 22 May 2024 to receive and approve the Directors' Remuneration Report.

Performance of the Company

Due to the positioning of the Company in the market as a listed investment trust that invests in sustainable energy infrastructure to produce stable and inflating dividends for investors while aiming to preserve capital value, the Directors consider that the Company has characteristics of both an equity index and a bond index. The graph on the following page compares the total shareholder return of the Company relative to a return on a hypothetical holding over the same period in the FTSE All-Share Index and the Bloomberg Barclays Sterling Corporate Bond Index, from IPO on 2 February 2021 to 31 December 2023. Total shareholder return is the measure of returns provided by a company to shareholders reflecting share price movements and assuming reinvestment of dividends.



Directors' remuneration (audited)

The Directors who served during the year received the following emoluments:

	Fees		Expenses		Total	
Directors	**For the year ended 31 December 2023 £**	For the period ended 31 December 2022 £	**For the year ended 31 December 2023 £**	For the period ended 31 December 2022 £	**For the year ended 31 December 2023 £**	For the period ended 31 December 2022 £
Bernard Bulkin	**81,500**	70,000	**–**	–	**81,500**	70,000
Richard Horlick	**58,500**	50,000	**2,765**	518	**61,265**	50,518
Louise Kingham	**58,500**	50,000	**–**	–	**58,500**	50,000
Margaret Stephens	**58,500**	50,000	**–**	–	**58,500**	50,000
Daniella Carneiro*	**55,869**	–	**–**	–	**55,869**	–
Total	**312,869**	220,000	**2,765**	518	**315,634**	220,518

* Appointed on 18 January 2023

There are no other taxable benefits payable by the Company other than certain expenses which may be deemed to be taxable. None of the above fees was paid to third parties. Expenses are reimbursements for costs incurred which are not taxable.

DIRECTORS' REMUNERATION REPORT CONTINUED

Director	Year to 31 December 2023 %[1]	Year to 31 December 2022 %[2]	Period to 31 December 2021 %[2]
Bernard Bulkin	16.4	9.4	0.0
Richard Horlick	17.0	8.7	0.0
Louise Kingham	17.0	8.7	0.0
Margaret Stephens	17.0	8.7	0.0
Daniella Carneiro[3]	–	–	–

1 Directors' fees for the year ended 31 December 2023 were increased in line with UK RPI from 1 January 2021 to 31 December 2022.

2 The fees for the period ended 31 December 2021 accrued from the Company's IPO on 2 February 2021. On a year-on-year basis, there was no change to the Directors' fees between this period and the year ended 31 December 2022.

3 Appointed on 18 January 2023

Relative importance of spend on pay

The following table sets out:

- the remuneration paid to the Directors;
- the distributions to shareholders by way of dividends;
- the distributions to shareholders by way of share buybacks; and
- the investment management fees and other expenses incurred by the Company.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Change %
Directors' remuneration[1]	313	220	42.2
Investment Manager's fee	4,372	3,810	14.8
Other expenses	1,819	647	181.1
Distributions to shareholders by way of:			
• Dividends paid and proposed	23,269	14,457	61.0
• Share buybacks[2]	5,470	–	100.0

1 25% of the increase relates to the appointment of an additional Director during 2023.

2 Share buyback programme commenced on 15 September 2023

Directors' shareholdings (audited)

There is no requirement under the Company's Articles of Association, or the terms of their appointment, for Directors to hold shares in the Company. The Directors had the following shareholdings in the Company as at 31 December, and as at the date of this report, all of which are beneficially owned.

Director	4 April 2024	31 December 2023	31 December 2022
Bernard Bulkin	68,101	46,362	46,362[1]
Richard Horlick	300,000	300,000	300,000
Louise Kingham	26,753	20,000	20,000
Margaret Stephens	56,960	28,181	28,181
Daniella Carneiro	–	–	–

1 The figure reported in the 2022 Annual Report has been restated to take into account the announcement released by the Company on 27 February 2024.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Voting at AGM

The Directors' Remuneration Report for the year ended 31 December 2022 was approved by shareholders at the AGM held on 25 April 2023. The Directors' Remuneration Policy was last approved by shareholders at the AGM held on 27 April 2022. The votes cast by proxy were as follows:

	Directors' Remuneration Report (AGM 2023)		Directors' Remuneration Policy (AGM 2022)	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	280,032,586	93.3	185,096,834	99.97
Against	20,124,775	6.7	55,022	0.03
Total votes cast	300,157,361	100.0	185,151,856	100.0
Number of votes withheld	871,329	–	14,277	–

DIRECTORS' REMUNERATION POLICY

Overview

The Directors' Remuneration Policy is put to a shareholders' vote every three years and in any year if there is to be a change in the policy. A resolution to approve this Remuneration Policy was proposed at the Company's AGM held on 27 April 2022. The resolution was passed, and the Remuneration Policy provisions set out below will apply until they are next put to shareholders for renewal of that approval.

Policy

Fees

The Directors' fees are determined within the limits set out in the Company's Articles of Association and they are not eligible for bonuses, pension benefits, share benefits, share options, long-term incentive schemes or other benefits.

The Directors' fees are paid at annual rates and do not have any variable or performance-related elements. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The Directors shall be entitled to fees at such rates as determined by the Board subject to the maximum aggregate fee limit of £500,000 set out in the Company's Articles of Association.

The Directors shall also be entitled to be reimbursed for all expenses incurred in performance of their duties. These expenses are unlikely to be of a significant amount. Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

DIRECTORS' REMUNERATION REPORT CONTINUED

Current and future policy

Component	Director	Purpose of reward	Operation
Annual fee	Chair of Board	Fees for services as chair of a plc	Determined by the Board
Annual fee	Other Directors	Fees for services as non-executive directors of a plc	Determined by the Board
Expenses	All Directors	Reimbursement of expenses incurred in the performance of duties	Submission of appropriate supporting documentation

Statement of consideration of conditions elsewhere in the Company

The Company has no employees. Therefore, the process of consulting with employees on the setting of the remuneration policy is not applicable.

Review

The Directors' remuneration will be reviewed on an annual basis by the Board and any changes are subject to approval by the Board.

The remuneration payable to the Directors will take into account a number of factors, inter alia, the experience of the Directors, the complexity of the Company and prevailing market rates.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, in accordance with the AIC Code, they are subject to annual re-election.

Statement of consideration of shareholders' views

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. If 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 next Directors' remuneration report.

Approval

The Directors' Remuneration Report was approved by the Remuneration Committee and signed on its behalf by:

Daniella Carneiro
Chair of the Remuneration Committee

4 April 2024

REPORT OF THE NOMINATION COMMITTEE

I am pleased to present the report of the Nomination Committee (the "Committee") for the year ended 31 December 2023.

Composition

The composition of the Committee is set out in the Corporate Governance Statement above. Details of how its performance evaluation has been conducted are included below and on page 118.

Meetings

There have been two meetings of the Committee during the year. The Directors' attendance at these meetings is included in the Corporate Governance Statement on page 105.

Role of the Nomination Committee

The main responsibilities of the Committee include:

- reviewing the structure, size and composition of the Board and its Committees;
- ensuring plans are in place for orderly succession to the Board and ensuring that such plans promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- leading the process for appointments to the Board and considering the use of open advertising and/or an external search consultancy for each appointment;
- considering job specifications and whether the candidates have the necessary skills and time available to devote to the Company;
- arranging for any new Directors to be provided with training and induction;
- making recommendations to the Board regarding the Company's policy on the tenure of the Chair of the Company;
- reviewing the length of service of each Director and assessing if this impacts their independence;
- making recommendations to the Board regarding the Company's policy on diversity and inclusion; and
- performing a formal and rigorous evaluation of the Board, its committees, the Chair of the Board and the individual Directors on at least an annual basis, including, if appropriate, considering engagement of an external evaluator to facilitate the evaluation.

Activities

During the year, the Nomination Committee:

- led the recruitment process for the appointment of Ms Carneiro on 18 January 2023. As noted in the Company's 2022 Annual Report, in order to conduct a formal, rigorous and transparent search process, the Committee had engaged Trust Associates, an independent search consultancy with no connection to the Company or its Directors, to assist with the recruitment process.
- recommended to the Board the appointment of Ms Carneiro as the Chair of the Remuneration Committee and her appointment to various committees of the Board;
- considered the results of the evaluation of the Board, its Committees, the individual Directors and the Chair;
- as part of the evaluation process, considered the Board's composition with reference to the mix of skills, diversity, knowledge and experience, and how these aligned with the Company's strategic objectives and the opportunities and challenges faced by it;
- updated the Company's policies regarding the tenure of the Chair and the other Board members, and diversity and inclusion, to make these more robust and better aligned with the recommendations of the AIC Code and other relevant regulatory framework;
- reviewed its terms of reference and considered whether these remained appropriate;
- reviewed the significant commitments of the Directors and the time dedicated by them to the affairs of the Company; and
- made recommendations to the Board regarding the Directors' annual re-election by shareholders at the AGM.

Performance evaluation

A formal performance evaluation process is undertaken annually for the Board, its Committees, the individual Directors and the Chair. The Directors are aware that they continually need to monitor and improve Board performance and recognise that this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness.

The Directors have undertaken an internal performance evaluation by way of completing written questionnaires, led by the Chair, specifically designed to assess the strengths and independence of the Board and the performance

REPORT OF THE NOMINATION COMMITTEE CONTINUED

of its Committees, the Chair and the individual Directors. The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. Any training needs identified as part of the evaluation process are also considered by the Board. The evaluation of the Chair was carried out by the other Directors of the Company, led by Mr Horlick. The results of the Board evaluation process were reviewed and discussed by the Nomination Committee. The recommendations made as part of the evaluation process were discussed by the Directors to ensure that all points were addressed appropriately and to enable continuous improvement of the Board.

The Committee's deliberations concluded that:

- as a whole, the Board functions effectively and the current Committee structure remains appropriate;
- the Chair leads the Board effectively and promotes a culture of openness and debate, and facilitates constructive Board relations and effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information;
- each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account;
- all Directors are considered to be independent of the Investment Manager in both character and judgement. None of the Directors sit on the boards of any other companies managed by the Investment Manager; and
- all of the current Directors make an effective contribution to the Company's operations which is important to its long-term sustainable success. They have the requisite skills and experience to continue to provide able leadership and direction for the Company.

The Nomination Committee of the Company aims to follow best governance practices, where possible, and accordingly, regularly considers the merits of having an external performance evaluation in line with the recommendation of the AIC Code for FTSE 350 companies.

Re-election of Directors

In accordance with the AIC Code, the Committee annually considers the re-election of the Directors with reference to their performance over the course of the financial year and ability to commit adequate amount of time to the Company's affairs. Directors are subject to election by shareholders at the first annual general meeting after their appointment and to annual re-election at the Company's annual general meetings thereafter.

Following formal performance evaluation, the Board strongly recommends the re-election of all Directors on the basis of their knowledge and understanding of the Company's business model, their experience and expertise in investment matters, their independence and continuing effectiveness and commitment to the Company. The Directors' biographical details are set out on page 95.

Induction of new Directors

The Company has an established process in place for the induction of new Directors. An induction pack is provided to new Directors by the Company Secretary, containing relevant information about the Company, its constitutional documents and its processes and procedures. New appointees meet with relevant persons at the Investment Manager and the Company's Broker. Directors' training is also provided to each new Director by the Company's legal adviser. During the year, the induction process was carried out in respect of Ms Carneiro's appointment to the Board.

Diversity and inclusion

The Board's diversity policy is based on its belief that the Board should have a diverse range of experience, skills and backgrounds. When making recommendations for new appointments to the Board and planning for Board succession, the Nomination Committee will take into consideration the recommendations of the AIC Code and other guidance on boardroom diversity and inclusion.

The Board supports the recommendations of the FTSE Women Leaders Review on gender diversity and its voluntary target for FTSE 350 boards to have a minimum of 40% of women on boards. The Company also supports the Parker review's recommendations to increase ethnic and cultural diversity on company boards. Whilst the Board does not consider it appropriate to use specific diversity targets given its small size, it acknowledges that diversity is important to ensure that the Company can draw on a broad range of perspectives, skills, experience, knowledge and backgrounds to effectively lead the Company.

As at 31 December 2023, three out of five Directors (60%) were women. The Board is also meeting the recommendation that at least one Director is from an ethnic minority background. The following tables set out the gender and ethnic diversity of the Board as at 31 December 2023:

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
Men	2	40	1
Women	3	60	1
Other	–	–	–
Not specified/prefer not to say	–	–	–

Ethnic diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board[1]
White British or other White (including minority-white groups)	4	80	2
Mixed/Multiple Ethnic Groups	–	–	–
Asia/Asian British	–	–	–
Black/African/Caribbean/ Black British	–	–	–
Other ethnic groups, including Arab	1[2]	20	–
Not specified/prefer not to say	–	–	–

1 Senior positions include Chair of the Board and Chair of the Audit Committee. The Company did not have a Senior Independent Director as at 31 December 2023

2 Latin American

As an externally managed investment company with solely independent, non-executive Directors, the Company does not have a Chief Executive or a Chief Financial Officer and has no employees or internal operations. Accordingly, there are no disclosures about executive management positions to be included. The role of the Audit Committee Chair is considered to be a senior position and has been included in the above tables. The information in the above tables was provided by individual Directors in response to a request from the Company.

Tenure and succession planning

The Company has no employees, and the Investment Manager is external to the Company, therefore the Board's oversight of succession planning is restricted to the Board level. The Board will, from time to time and where appropriate, discuss the succession plans of the Investment Manager through its Management Engagement Committee.

The Board's succession plan is guided by its policy on tenure. The Board has agreed on a limit of nine years on the tenure of the Directors, in line with the recommendations of the AIC Code. It believes that the tenure should balance the need to provide and maintain continuity, knowledge, experience and independence, against the need to periodically refresh the Board composition, in order to maintain an appropriate mix of the required skills, experience, knowledge and length of service.

As the Company was launched in 2021, the Nomination Committee considers that it will be appropriate to initiate formal succession planning in the Company's third year of existence. At that time, the Committee will ensure that the succession plan is based on merit and objective criteria and promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, whilst taking into account the challenges and opportunities facing the Company and the Board and the balance of skills and expertise that are required in the future. Accordingly, the formal succession planning will be initiated by the Nomination Committee in 2024.

Bernard Bulkin
Chair of the Nomination Committee

4 April 2024

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

I am pleased to present the report of the Management Engagement Committee (the "Committee") for the year ended 31 December 2023.

Composition

The composition of the Committee is set out in the Corporate Governance Statement on page 105. Details of how its performance evaluation has been conducted are included on pages 117 and 118 in the report of the Nomination Committee.

Meetings

The Committee met twice during the year under review. The Directors' attendance at the Committee meetings held during the year is set out in the Corporate Governance Statement on page 105.

Role of the Management Engagement Committee

The key responsibilities of the Committee include:

- monitoring and evaluating the AIFM and the Investment Manager's investment performance and, if necessary, providing appropriate guidance;
- reviewing, at least annually, the performance of the AIFM and the Investment Manager and considering their continued appointment on the terms set out in their respective agreements with the Company;
- reviewing the level and method of remuneration, the basis of performance fees (if any) and the notice period of the AIFM and the Investment Manager to ensure that these remain in the best interests of the shareholders;
- ensuring that processes have been put in place to review the Company's risk management and internal control systems designed to safeguard shareholders' investment and the Company's assets; and
- monitoring and evaluating the performance of the other key service providers of the Company to ensure their continued competitiveness and effectiveness.

Activities during the year

The Committee has conducted a comprehensive review of the performance of the AIFM, the Investment Manager and the Company's other key service providers. This included an assessment of the services provided as well as the fees paid for the provision of such services.

On 3 May 2023, Victory Hill Capital Partners LLP was appointed as the Company's new AIFM, replacing G10 Capital Limited.

Following its review, the Committee is satisfied that Victory Hill, as the Investment Manager and the AIFM, has diligently invested the available funds during the year, in line with the investment policy, which should provide stable returns to the Company's shareholders. The Directors are satisfied that the collective skillset of the Investment Manager's team contains all the necessary skills and experience to best serve the interests of GSEO shareholders in performing its delegated responsibilities. Details of the Investment Manager's activities during the year and the Company's overall performance are included in the Strategic Report. The key elements of the fees paid to Victory Hill are set out on page 98.

As a whole, the Committee is satisfied that Victory Hill has the suitable skills and experience to advise upon and manage, respectively, the Company's investments, and believes that their continuing appointment as the Investment Manager and the AIFM of the Company is in the best interests of shareholders.

The performance of the Company's other service providers is also closely monitored by the Board, through the Committee. The Committee's review of the key service providers comprised open and closed-ended questions and included a review of the quality of their services and fees to ensure they remained effective and competitive. This process also included reviewing each service provider's policies and procedures to ensure that they had adequate controls and procedures in place.

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

Richard Horlick
Chair of the Management Engagement Committee

4 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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, they 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 Group and 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; and
- prepare a Directors' report, a Strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006.

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 Companies Act 2006.

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 Group's performance, business model and strategy.

Website publication

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

Directors' responsibilities pursuant to DTR4

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

- 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 of the Company; and
- 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 it faces.

The Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's 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:

Bernard Bulkin
Chair

4 April 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report to the members of VH Global Sustainable Energy Opportunities 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 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of VH Global Sustainable Energy Opportunities PLC (the 'Company') for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of cash flows and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors in the year of incorporation to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ended 31 December 2021 to 31 December 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:

- Assessing and challenging the inputs in the cashflow forecast prepared by the Directors against existing contractual commitments, including performing stress testing considering downside scenarios and assessing the impact on the Company's liquidity position;
- Assessing 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;
- Reviewing the future commitments of the Company and checking they have been appropriately incorporated into the forecast; and
- Reviewing the amount of headroom in the forecasts of both the base case and downside scenarios.

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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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.

An overview of the scope of our Audit

Key audit matters	Valuation of Investments	2023	2022
Materiality	*Financial statements as a whole* £7.258m (2022: £6.860m) based on 1.5% (2022: 1.5%) of net assets. *Specific Materiality* Materiality for items impacting on the realised return was £1.141m (2022: £1.206m) based on 5% (2022: 5%) of profit before tax, excluding the unrealised valuation movements.	Yes	Yes

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.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of investments (See note 7, and accounting policy on pages 134)	100% of the underlying investment portfolio is represented by unquoted equity and loan investments. The valuation of investments is calculated using discounted dividend models. This is a highly subjective accounting estimate where there is an inherent risk of bias arising from the investment valuations being prepared by the Investment Manager who is remunerated based on the net asset value of the company. These estimates include judgements including discount rates, useful economic lives of assets, power generation and pricing forecasts, tax and inflation. Assets in construction were valued using the cost approach. Investments at fair value through profit or loss is the most significant balance in the financial statements and is the key driver of performance therefore we determined this to be a key audit matter.	In respect of the investments valued using discounted dividend models, we performed the following specific procedures: • Utilised spreadsheet analysis tools to assess the integrity of the model. • Assessed the reasonableness of forecasted cashflows against supporting documentation such as revenue contracts. • Challenged the appropriateness of the key assumptions including discount factors, inflation and asset life applied by benchmarking to available industry data and with the assistance of our valuations experts where appropriate, considering each assumption within a reasonable range. • Reviewed the corporation tax workings within the valuation model and considered whether these had been calculated accurately in the context of current corporation tax legislation and rates in relevant jurisdictions. • Vouched cash to bank statements and other net assets to investee entity management accounts. • Considered the accuracy of forecasting by comparing previous and future forecasts to actual results and challenged the reasons for significant variances and whether these have been adequately factored into future modelling. • Vouched loans to loan agreements, verified the terms of the loans and recalculated interest income and compared to that recorded. For each of the key assumptions in the valuation models, including in relation to the inputs used in the build up of discount rates, we challenged the appropriateness of the assumption and whether alternative reasonable assumptions could have been applied. We considered each assumption in isolation as well as in conjunction with other assumptions and the valuation as a whole, in order to derive a reasonable range of valuations and assess whether the company's valuation was within that range. For those investments whose fair value is akin to cost, we agreed the cost of the investments to supporting documentation and obtained progress reports from the developers in order to assess the appropriateness of the valuation. **Key observations** Based on our procedures performed we did not identify any matters to suggest the valuation of the investments was not appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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:

	Company financial statements	
	2023	2022
Materiality	£7.258m	£6.860m
Basis for determining materiality	1.5% of Net assets	
Rationale for the benchmark applied	Net Asset Value is a key indicator of performance and as such the most relevant benchmark on which to base materiality for the users of the financial statements.	
Performance materiality	£5.080m	£4.802m
Basis for determining performance materiality	70% of Materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including our assessment of the Company's overall control environment and the expected total value of known and likely misstatements and the level of transactions in the year.	

Specific materiality

We also determined that for those items impacting on realised returns, 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 to be £1.141m (2022: £1.206m) based on 5% (2022:5%) of profit before tax excluding unrealised valuation movements. We further applied a performance materiality level of 70% (2022: 70%) of specific materiality of £0.799m (2022: £0.844m) 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 £145k (2022:£137k) and for those items impacting realised return £22.8k (2022: 24k). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability	• 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 57; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 57.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 108; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 107; and • The section describing the work of the Audit Committee set out on page 108.

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.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • 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 • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

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

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, the requirements of s.1158 of the Corporation Tax Act, and applicable accounting standards.

Our tests included, but were not limited to:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance regarding any instances of non-compliance with laws and regulations; and
- Review of minutes of Board meetings throughout the period regarding any instances of non-compliance with laws and regulations.

Fraud

We assessed the susceptibility of the financial statements to material misstatement including fraud.

Our risk assessment procedures included:

- Enquiry with management, Audit Committee and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Our procedures in response to the above included:

- The procedures set out in the Key Audit Matters section above;
- Testing journals posted in the preparation of the financial statements
- Evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud
- Incorporating an element of unpredictability by testing a judgemental sample of smaller expense items that would not otherwise be selected for testing.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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. 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.

Vanessa-Jayne Bradley (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

4 April 2024

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note			For the year ended 31 December 2023			For the year ended 31 December 2022
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Gains on investments	7	**–**	**32,517**	**32,517**	–	4,131	4,131
Investment income	4	**29,326**	**–**	**29,326**	28,823	–	28,823
Total income and gains		**29,326**	**32,517**	**61,843**	28,823	4,131	32,954
Investment management fees	15	**(4,372)**	**–**	**(4,372)**	(3,810)	–	(3,810)
Other expenses	5	**(2,132)**	**–**	**(2,132)**	(940)	–	(940)
Profit/(loss) for the year before taxation		**22,822**	**32,517**	**55,339**	24,073	4,131	28,204
Taxation	6	**–**	**–**	**–**	–	–	–
Profit/(loss) for the year after taxation		**22,822**	**32,517**	**55,339**	24,073	4,131	28,204
Profit and total comprehensive income attributable to:							
Equity holders of the Company		**22,822**	**32,517**	**55,339**	24,073	4,131	28,204
Earnings/(loss) per share – basic and diluted (p)	17	**5.42**	**7.72**	**13.14**	6.55	1.12	7.67

The total column of the Statement of Comprehensive Income is the profit and loss account of the Company. 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.

The above Statement of Comprehensive Income includes all recognised gains and losses.

The notes on pages 134 to 155 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Non-current assets			
Investments at fair value through profit or loss	7	**369,047**	315,133
Total non-current assets		**369,047**	315,133
Current assets			
Cash and cash equivalents	10	**74,258**	141,791
Cash receivable	9	**40,367**	–
Other receivables	9	**441**	740
Total current assets		**115,066**	142,531
Total assets		**484,113**	457,664
Current liabilities			
Accounts payable and accrued expenses	11	**(270)**	(491)
Total current liabilities		**(270)**	(491)
Total liabilities		**(270)**	(491)
Net assets	18	**483,843**	457,173
Capital and reserves			
Share capital	13	**4,225**	4,225
Share premium	13	**186,368**	186,368
Special distributable reserve	13	**227,067**	232,467
Capital reserve		**58,694**	26,177
Revenue reserve		**7,489**	7,936
Total capital and reserves attributable to equity holders of the Company		**483,843**	457,173
Net asset value per ordinary share (p)	18	**116.46**	108.21

The financial statements were approved and authorised for issue by the Board of Directors on 4 April 2024 and signed on its behalf by:

Bernard Bulkin
Chair

Company Registration Number 12986255

The notes on pages 134 to 155 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2023

For the year ended 31 December 2023	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance		**4,225**	**186,368**	**232,467**	**26,177**	**7,936**	**457,173**
Shares bought back	13	**–**	–	**(5,400)**	**–**	**–**	**(5,400)**
Total comprehensive income for the year		**–**	**–**	**–**	**32,517**	**22,822**	**55,339**
Interim dividends paid during the year	14	**–**	**–**	**–**	**–**	**(23,269)**	**(23,269)**
Balance at 31 December 2023		**4,225**	**186,368**	**227,067**	**58,694**	**7,489**	**483,843**

For the year ended 31 December 2022	Note	Share capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance		3,116	67,949	232,467	22,046	(1,680)	323,898
Issue of share capital	13	1,109	120,891	–	–	–	122,000
Cost of issue of shares	13	–	(2,472)	–	–	–	(2,472)
Total comprehensive income for the year		–	–	–	4,131	24,073	28,204
Interim dividends paid during the year		–	–	–	–	(14,457)	(14,457)
Balance at 31 December 2022		4,225	186,368	232,467	26,177	7,936	457,173

A total of 422,498,890 ordinary shares were issued since the Company's date of incorporation to 31 December 2023.

During the year, the Company purchased for treasury a total of 7,027,321 ordinary shares.

The capital reserve represents the unrealised gains or losses on the revaluation of investments. The unrealised element of the capital reserve is not distributable.

The special distributable and revenue reserves are distributable to shareholders of the Company.

The notes on pages 134 to 155 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Cash flows from operating activities			
Profit before tax		**55,339**	28,204
Adjustments for:			
Movement in fair value of investments	7	**(31,095)**	(4,148)
Interest on cash deposits	4	**(5,865)**	(2,310)
Operating result before working capital changes		**18,379**	21,746
(Increase)/decrease in other receivables	9	**(40,068)**	71
Increase/(decrease) in accounts payable and accrued expenses	11	**(221)**	151
Net cash (used in)/generated from operating activities		**(21,910)**	21,968
Cash flows from investing activities			
Purchase of investments	7	**(22,819)**	(151,367)
Interest on cash deposits	4	**5,865**	2,310
Net cash used in investing activities		**(16,954)**	(149,057)
Cash flows from financing activities			
Proceeds from issue of shares		**–**	122,000
Share buybacks	13	**(5,400)**	–
Payment of share issue costs		**–**	(2,472)
Dividends paid in the year	14	**(23,269)**	(14,457)
Net cash (used in)/generated from financing activities		**(28,669)**	105,071
Net decrease in cash and cash equivalents		**(67,533)**	(22,019)
Cash and cash equivalents at beginning of the year		**141,791**	163,810
Cash and cash equivalents at end of the year	10	**74,258**	141,791

The notes on pages 134 to 155 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

VH Global Sustainable Energy Opportunities plc (the "Company") is a closed-ended investment company, incorporated in England and Wales on 30 October 2020 as a public limited company under the Companies Act 2006 with registered number 12986255. The Company commenced operations on 2 February 2021 when its shares commenced trading on the London Stock Exchange.

The Company has appointed Victory Hill Capital Partners LLP as the Investment Manager & AIFM pursuant to the Investment Management Agreement dated 3 May 2023.

The Company has registered, and intends to carry on business, as an investment trust with an investment objective to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of global sustainable energy infrastructure assets, predominantly in countries that are members of the EU, OECD, OECD Key Partner and OECD Accession Countries.

The financial statements comprise only the results of the Company, as its investment in VH GSEO UK Holdings Limited is measured at fair value through profit or loss in line with IFRS 10 as explained in note 2.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 financial statements have also been prepared, as far as is consistent with adopted IFRS and relevant and applicable to the Company in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued in April 2021 by the Association of Investment Companies (AIC).

The financial statements incorporate the financial statements of the Company only. The primary objective of the Company is to generate returns in Sterling. The Company's performance is measured in Sterling terms and its ordinary shares are issued in Sterling. Therefore, the Company has adopted Sterling as the presentation and functional currency for its financial statements. These financial statements are presented in pounds sterling and are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates it also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Investment entity and basis of non-consolidation of subsidiaries

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

The Directors have concluded that the Company has all the elements of control as prescribed by IFRS 10 "Consolidated Financial Statements" in relation to all its subsidiaries and that the Company satisfies the three essential criteria to be regarded as an investment entity as defined in IFRS 10.

There are three key conditions to be met by the Company for it to meet the definition of an investment entity. The three essential criteria are that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of 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.

In this regard, GSEO Holdings is itself an investment entity. Consequently, the Company need not have an exit strategy for its investment in GSEO Holdings.

As for investments in subsidiaries, the Company intends to hold each investment until the end of its life, at which point the assets are expected to have no residual value. The Directors consider that this demonstrates a clear exit strategy from these investments. The Company may choose to sell its interest in an investment before the end of its project life if an attractive offer is received from a potential purchaser and 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”.

Further detail on the significant judgements in the basis of non-consolidation of the subsidiaries of the Company is disclosed in note 3.

2.3 Going concern

The Directors have reviewed the financial position of the Company and its future cash flow requirements, taking into consideration current and potential funding sources, investment into existing and near-term projects and the Company’s working capital requirements.

The Company faces a number of risks and uncertainties, as set out in the Strategic Report above. The financial risk management objectives and policies of the Company, including exposure to price risk, interest rate risk, credit risk and liquidity risk are discussed in note 12 to the financial statements.

The Company continues to meet day-to-day liquidity needs through its cash resources. As at 31 December 2023, the Company had net current assets of £114.8m (2022: £142m) and cash balances of £74.3m (2022: £141.8m) and cash receivables of £40.4m (2022: £0), which are sufficient to meet current obligations as they fall due. There is no external debt at the Company as at year end.

The major cash outflows of the Company are the payment of dividends and costs relating to the acquisition of new assets, both of which are discretionary.

The Directors have reviewed Company forecasts and pipeline projections which cover a period of at least 12 months from the date of approval of this report, considering foreseeable changes in investment and the wider pipeline, which show that the Company has sufficient financial resources to continue in operation for at least the next 12 months from the date of approval of this report. Furthermore, the Directors have considered a worst case scenario in which the Company is assumed to meet all of its remaining investment commitments within the next 12 months, in addition to dividend payments and ongoing operating expenses. Even in this unlikely scenario, the Company has sufficient headroom to meet all expected cash outflows with its existing cash balances.

The Directors have considered factors relating to the wider global macroeconomic environment in 2023, in particular changes in inflation and interest rates. As the Company’s income is primarily inflation-linked, a rise in inflation would have a positive impact on cashflows from operating assets and an uplift in valuation of the investment portfolio. An increase in interest rates may result in an increase in risk-free rates, therefore negatively impacting valuation of investments. Furthermore, the Company has no physical assets in Ukraine, Russia, the Middle East or Eastern Europe and therefore, regional geopolitical factors have an immaterial impact on the Company.

Based on its assessment above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for at least 12 months from the date of the approval of these financial statements. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.4 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value plus transaction cost except for those designated as fair value through profit or loss, which are recognised at fair value only. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

The Company's financial assets principally comprise of investments held at fair value through profit or loss and at amortised cost.

Investments held at fair value through profit or loss

The Company accounts for its investment in its wholly owned direct subsidiary GSEO Holdings at fair value through profit and loss in accordance with IFRS 9. At initial recognition, investments in sustainable energy infrastructure projects in GSEO Holdings are measured at fair value through profit or loss. Subsequently, gains or losses resulting from the movement in fair value are recognised in the Statement of Comprehensive Income at each valuation point. As both the Company and GSEO Holdings are investment entities under IFRS, the Company includes its investment in GSEO Holdings at fair value through profit or loss.

As shareholder loan investments form part of a managed portfolio of assets whose performance is evaluated on a fair value basis, loan investments are designated at fair value in line with equity investments. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 Fair Value Measurement.

Gains or losses resulting from the movement in fair value are recognised in the statement of comprehensive income at each valuation point and are allocated to the capital column of the statement of comprehensive income.

Refer to note 7 for details regarding the valuation methodology of investments.

Financial assets are recognised/derecognised at the date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given.

Transaction costs are recognised as incurred and allocated to the capital column of the statement of comprehensive income.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. 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.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

2.5 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 3 months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6 Foreign currencies

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated to the functional currency at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation to the functional currency are recognised in the Statement of Comprehensive Income, within other expenses or other income. Foreign exchange differences relating to investments held at fair value through profit or loss are shown within gains/losses on investments within the Statement of Financial Position.

2.7 Dividends

Dividends payable to the Company's shareholders are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

2.8 Income recognition

Investment income comprises interest income on shareholder loan investments and dividend income from GSEO Holdings, which are recognised when the Company's entitlement to receive payment is established. Interest income from cash deposits is recognised in the statement of comprehensive income using the effective interest method. Investment income and interest income are allocated to the revenue column of the Company's statement of comprehensive income unless such income is of a capital nature.

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 GSEO Holdings. Movements in relation to the fair value of investments are allocated to the capital column of the Company's statement of comprehensive income at each valuation point.

2.9 Expenses

Expenses are accounted for on an accruals basis. Expenses include AIFM, investment management fees and other expenses which are allocated to the revenue column of the Statement of Comprehensive Income. 100% of the investment management fees are charged as an expense item within the Statement of Comprehensive Income. Fees relating to the AIFM and Investment Manager are detailed in note 15.

Share issue expenses of the Company directly attributable to the issue and listing of shares are charged to the share premium account.

2.10 Share capital and share premium

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

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. Incremental costs include those incurred in connection with the placing and admission which include fees payable under a placing agreement, legal costs, and any other applicable expenses.

2.11 Taxation

Investment trusts which have approval under Section 1158 of the Corporation Tax Act 2010 are not liable for taxation on capital gains. The Company has successfully applied and has been granted approval as an Investment Trust by HMRC.

The underlying intermediate holding companies and project companies in which the Company invests provide for and pay taxation at the appropriate rates in the countries in which they operate. This is taken into account when assessing the value of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.12 Segmental reporting

The Board of Directors, being the Chief Operating Decision Maker (the "CODM"), is of the opinion that the Company is engaged in a single segment of business, being investment in Global Sustainable Energy Opportunities.

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 efficiency assets.

The financial information used by the Board to manage the Company presents the business as a single segment.

2.13 Changes to accounting standards and interpretations

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

The impact of these standards is not expected to be material to the reported results and financial position of the Company.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17).

The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements–Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes–Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes– International Tax Reform–Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors–Definition of Accounting Estimates

The table below shows a number of standards and interpretations which had been published but not yet effective.

Description	Effective Date
Amendments to the following standards: • IFRS 10 and IAS 28 Leases (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) • IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current) • IAS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants) • IAS 7 and IFRS 7 (Supplier Finance Arrangements) • IAS 16 (Lease Liability in a Sale and Leaseback)	Periods beginning on or after 1 January 2024

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Critical accounting estimates, judgements, and assumptions

The preparation of financial statements requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

The estimates and underlying assumptions underpinning our investments are reviewed on an ongoing basis by both the Directors and the Investment Manager. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant estimates, judgements and assumptions for the year are set out as follows:

Key judgement: Investment entity and basis of non-consolidation

As detailed in note 2.2, the Directors have concluded that the Company and its wholly owned direct subsidiary, GSEO Holdings, meet the definition of an investment entity by satisfying the three key conditions as set out in IFRS 10. This assessment involves an element of judgement as to whether the company continues to meet the criteria outlined in the accounting standards.

Being investment entities, the Company’s investment in GSEO Holdings is measured at fair value as opposed to being consolidated on a line-by-line basis, meaning their balance sheet is included in the fair value of investments rather than in the Company’s balance sheet.

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

Key estimation and uncertainty: Fair value estimation for investments at fair value

Fair value for each investment held through GSEO Holdings is calculated by the Investment Manager as investments are not traded in active markets. Fair value for operational sustainable energy infrastructure investments will typically be derived from a discounted cash flow (DCF) methodology and the results will be benchmarked against appropriate multiples and key performance indicators, where available for the relevant sector/industry. The fair value of investments that are in construction as at year end are measured on a cost basis, as the most appropriate proxy of their fair value.

In a DCF analysis the fair value is derived from the present value of the investment’s expected future cash flows to the Company’s intermediate holdings i.e. GSEO Holdings, from investments in both equity (dividends) and shareholder loans (interest and repayments). The DCF models use observable data, to the extent practicable, and apply reasonable assumptions and forecasts for revenues, operating costs, macro-level factors, project specific factors and an appropriate discount rate. Changes in assumptions about these factors could affect the reported fair value of investments, which is detailed in note 7 which considers the sensitivity of key modelling assumptions on the Company’s net asset value.

The Investment Manager exercises their judgement in assessing the discount rate applied in the valuation of each investment. This is based on knowledge of the market, taking into account market intelligence gained from publicly available information, bidding activities, discussions with financial advisers, consultants, accountants and lawyers. The discount rates are reviewed quarterly and updated, where appropriate, to reflect changes in the market and in the project risk characteristics.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The risk of climate change has been considered in the valuation of investments, where applicable. Future power prices are estimated using forecast data from third-party specialist consultancy reports, which reflect various factors including gas prices, carbon prices and renewables deployment.

Short to medium term inflation assumptions used in the valuations are based on third party forecasts. In the longer term, an assumption is made that inflation will increase at a long-term rate.

The estimates and assumptions that are used in the calculation of the fair value of investments is disclosed in note 7.

Key judgement: Equity and debt investment in GSEO Holdings

The Company classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of investments is managed, and performance is evaluated on a fair value basis.

The contractual cash flows of the Company's shareholder loans (debt investments) are solely principal and interest, however, these are not held for the purpose of collecting contractual cash flows. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective.

Consequently, in applying their judgement, the Directors have satisfied themselves that the equity and debt investments into its direct wholly owned subsidiary, GSEO Holdings, share the same investment characteristics and, as such, constitute a single asset class for IFRS 7 disclosure purposes.

4. Investment income

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on cash deposits	**5,865**	**–**	**5,865**	2,310	–	2,310
Interest income from investments	**6,260**	**–**	**6,260**	4,906	–	4,906
Dividend income	**17,200**	**–**	**17,200**	21,607	–	21,607
Investment income	**29,325**	**–**	**29,325**	28,823	–	28,823

5. Operating expenses

	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Fees to the Company's Auditor:		
Statutory audit of the year-end financial statements	**223**	170
Assurance related services for the interim report	**70**	50
Other non-audit services	**84**	48
Tax advisory fees	**14**	10
AIFM fees	**66**	74
Directors' fees	**345**	220
Due diligence fees	**349**	2
Administration and depositary fees	**227**	188
Professional fees	**70**	104
Other expenses	**684**	74
Total operating expenses	**2,132**	940

Fees with respect to the Investment Management and AIFM services are set out in note 15.

The Company had no employees during the year. Full detail on Directors' fees is provided in the Directors' Remuneration Report. There were no other emoluments during the year.

6. Taxation

a. Analysis of charge in the year

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	**–**	**–**	**–**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

b. Factors affecting total tax charge for the year

The effective UK corporation tax rate applicable to the Company for the year is 23.52% (2022: 19%). The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company.

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit for the year before taxation	**22,822**	**32,517**	**55,339**	24,073	4,131	28,204
Corporation tax at 23.52%	**5,368**	**7,648**	**13,016**	4,574	785	5,359
Effect of:						
Capital (gains) / losses not taxable	**–**	**(7,648)**	**(7,648)**	–	(785)	(785)
Expenditure not deductible	**1**	**–**	**1**	(96)	–	(96)
Non-taxable UK dividends	**(4,046)**	**–**	**(4,046)**	(4,105)	–	(4,105)
Management expenses not utilised/ recognised	**161**	**–**	**161**	(180)	–	(180)
Interest distributions	**(1,014)**	**–**	**(1,014)**			
Proposed Interest distributions	**(470)**	**–**	**(470)**	(193)	–	(193)
Total tax charge for the year	**–**	**–**	**–**	–	–	–

Investment companies which have been approved by HM Revenue & Customs under section 1158 of the Corporation Tax Act 2010 are exempt from tax on capital gains. 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.

Additionally, the Company may utilise 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 GSEO Holdings is held at fair value. GSEO Holdings is subject to taxation in the United Kingdom.

c. Deferred taxation

The Company has excess management expenses of £945,780 (2021: £262,400) that are available for offset against future profits. A deferred tax asset of £236,445 (2021: £65,600) has not been recognised in respect of these losses as they will be recoverable only to the extent that the Company has sufficient future taxable profits.

The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation of investments.

7. Investments at fair value through profit or loss

As set out in note 2.2, the Company designates its interest in its wholly owned direct subsidiary GSEO Holdings as an investment at fair value through profit or loss at each balance sheet date in accordance with IFRS 13, which recognises a variety of fair value inputs depending upon the nature of the investment. Specifically:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

The Company classifies all assets measured at fair value as below:

Fair value hierarchy

As at 31 December 2023	Total £'000	Quoted prices in active markets (level 1) £'000	Significant Observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Non-current assets				
Investments held at fair value through profit or loss	**369,047**	–	–	**369,047**

As at 31 December 2022	Total £'000	Quoted prices in active markets (level 1) £'000	Significant observable inputs (level 2) £'000	Significant unobservable inputs (level 3) £'000
Assets measured at fair value:				
Non-current assets				
Investments held at fair value through profit or loss	315,133	–	–	315,133

All of the Company's investments have been classified as Level 3 and there have been no transfers between levels during the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The movement on the level 3 unquoted investment during the year is shown below:

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Opening balance at beginning of the year	**315,133**	159,618
Additions during the year at cost	**22,819**	151,367
	337,952	310,985
Fair value movement on investments:		
Change in fair value of equity investments[1]	**32,649**	4,144
Interest on loan investments[2]	**(1,554)**	4
Total fair value movement on investments	**31,095**	4,148
Closing balance	**369,047**	315,133

1 The £32,517k in the Statement of Comprehensive Income within other expenses/income and Statement of Changes in Equity is made up of unrealised gains of £32,649k per this note and a realised foreign exchange loss of £132k during the year.

2 This is the amount related to the movement in accrued interest on shareholder loans.

Further information on the basis of valuation is detailed in note 3 to the financial statements.

Valuation methodology

As set out in note 2.2, the Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in the GSEO Holdings is valued at fair value.

The Company holds underlying investments in special purpose entities (SPEs) through its equity and debt investments in GSEO Holdings, as detailed in note 8. The Investment Manager has carried out fair market valuations of the SPE investments as at 31 December 2023.

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities	**Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that ore observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)	**Level 3:** fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that ore not based on observable market data (unobservable inputs)

There were no Level 1 or Level 2 assets or liabilities during the year. There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the year.

The Company records the net asset value of GSEO Holdings by calculating and aggregating the fair value of each of the individual investments in which the Company holds an indirect investment. Due to their nature, such investments are expected to be classified as level 3 as they are not traded and contain unobservable inputs. The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

The fair value of investments that are operational as at year end are measured at fair value through profit or loss using the DCF methodology in line with the IFRS 13 framework for fair value measurement. As at 31 December 2023, the US terminal storage assets, two of the five Australian solar PV with battery storage assets, the Brazilian hydro facility and 10 of the 16 Brazilian solar PV assets are being measured at fair value, using the DCF valuation.

Fair value of investments that are in construction as at year end is measured on a cost basis, as the most appropriate proxy of their fair value. At year end, the remaining Australian solar PV with battery storage assets, remaining Brazilian solar PV assets, and the UK flexible power with CCR assets are in construction. The cost basis of those assets under construction is regularly reviewed to determine if the cost basis is the most appropriate basis of valuation as assets approach their operational phase.

The total movement in the value of the investments in GSEO Holdings is recorded through profit and loss in the Statement of Comprehensive Income Statement of the Company.

Valuation assumptions

The following economic assumptions were used in the valuation of operating assets.

Discount rates	The discount rate used in the valuations is derived according to internationally recognised methods.
	Typical components of the discount rate are risk free rates, country-specific and asset-specific risk premia. The latter comprise the risks inherent to the respective asset class as well as specific premia for other risks such as construction.
Power price	Power prices are based on power price forecasts from leading market consultants adjusted for expected deployment of energy transition assets.
Energy yield	Estimated based on energy yield assessments from leading technical consultants as well as operational performance data (where applicable).
Inflation rates	Long-term inflation is based on International Monetary Fund (IMF) forecasts for the respective jurisdiction.
Asset life	Refer to the table below for details. In individual cases a longer operating life may be assumed where the contractual set-up supports such assumption.
Operating expenses	The operating expenses are primarily based on the respective contracts and budgets.
Taxation rates	The underlying country-specific tax rates are derived from leading tax consulting firms.
Capital expenditure	Based on the contractual arrangements (e.g. EPC agreement), where applicable.

Key assumptions

			31 December 2023	31 December 2022
Discount rate	Weighted Average	US terminal storage assets	**6.91%**	8.43%
	Weighted Average	Australian solar PV with battery storage assets	**7.74%**	8.55%
	Weighted Average	Brazilian solar PV assets	**9.67%**	13.09%
	Weighted Average	Brazilian hydro facility	**9.54%**	10.48%
Long-term inflation[1]	United States	US terminal storage assets	**1.62%**	2.0%
	Australia	Australian solar PV with battery storage assets	**2.42%**	2.5%
	Brazil	Brazilian solar PV assets & Brazilian hydro facility	**3.03%**	3.0%
Total asset life	Years	US terminal storage assets	**30 years**	30 years
	Years	Australian solar PV with battery storage assets	**25 years**	25 years
	Years	Brazilian solar PV assets	**25 years**	25 years
	Years	Brazilian hydro facility	**25 years**	25 years
Exchange rate	GBP:USD	US terminal storage assets	**1:1.2732**	1:1.210
	GBP:BRL	Brazilian solar PV assets & Brazilian hydro facility	**1:6.1771**	1:6.386
	GBP:AUD	Australian solar PV with battery storage assets	**1:1.8689**	1:1.775

[1] Source: IMF. Inflation rates have been taken from IMF published on 14 Oct 2023 (data is published biannually), which provides yearly forecasted inflation up to 2028. Long-term inflation rate refers to the 2028 projected rate. Short-term inflation volatility of up to 2028 has been accounted for in the valuation of operating assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Valuation sensitivity

The key sensitivities in the DCF valuation are considered to be the discount rate used in the DCF valuation and long-term assumptions in relation to inflation, operating expenses and asset life.

The discount rate applied in the valuation of the operating assets are as per the table above, which is considered to be an appropriate base case for sensitivity analysis. A variance of +/-1.5% is considered to be a reasonable range of alternative assumptions for discount rate given the volatility of discount rates used during the year.

The base case long term inflation rate assumption depends on the geographical location for assets in operation. These are disclosed in the table above. A variance of +/-1% is considered to be a reasonable range of alternative assumptions for inflation.

For assets in construction, the Company has only sensitised the impact of foreign exchange fluctuations. A variance of +/- 10% is considered to be a reasonable range of alternative assumptions for foreign exchange.

The analysis below shows the sensitivity of the investments value (and impact on NAV) to changes in key assumptions. All sensitivity calculations have been performed on the basis that each of the other assumptions remains constant and unchanged.

For the annual report

As at 31 December 2023	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (p)
Discount rate – US terminal storage assets	-1.50%	22,034	5.30
	1.50%	(17,339)	-4.17
Discount rate – Australian solar PV with battery storage assets	-1.50%	1,973	0.47
	1.50%	(1,616)	-0.39
Discount rate – Brazilian solar PV assets	-1.50%	3,327	0.80
	1.50%	(2,734)	-0.66
Discount rate – Brazilian hydro facility	-1.50%	15,976	3.85
	1.50%	(12,981)	-3.12
Discount rate – All	**-1.50%**	**43,310**	**10.42**
	1.50%	**(34,670)**	**-8.34**

As at 31 December 2023	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (p)
Inflation – US terminal storage assets	-1.00%	(10,833)	-2.61
	1.00%	12,451	3.00
Inflation – Australian solar PV with battery storage assets	-1.00%	(1,144)	-0.28
	1.00%	1,458	0.35
Inflation – Brazilian solar PV assets	-1.00%	(2,011)	-0.48
	1.00%	2,295	0.55
Inflation – Brazilian hydro facility	-1.00%	(11,997)	-2.89
	1.00%	14,176	3.41
Long-term Inflation – All	**-1.00%**	**(25,984)**	**-6.25**
	1.00%	**30,380**	**7.31**

As at 31 December 2023	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (p)
Asset life – US terminal storage assets	-1 year	(1,888)	-0.45
	+1 year	1,782	0.43
Asset life – Australian solar PV with battery storage assets	-1 year	(333)	-0.08
	+1 year	306	0.07
Asset life – Brazilian solar PV assets	-1 year	(395)	-0.10
	+1 year	370	0.09
Asset life – Brazilian hydro facility	-1 year	(2,496)	-0.60
	+1 year	2,426	0.58
Asset life – All	**-1 year**	**(5,112)**	**-1.23**
	+1 year	**4,883**	**1.18**

As at 31 December 2023	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (p)
Operating expenses – US terminal storage assets	-5.00% 5.00%	4,224 (4,224)	1.02 -1.02
Operating expenses – Australian solar PV with battery storage assets	-5.00% 5.00%	275 (266)	0.07 -0.06
Operating expenses – Brazilian solar PV assets	-5.00% 5.00%	828 (816)	0.20 -0.20
Operating expenses – Brazilian hydro facility	-5.00% 5.00%	2,771 (2,772)	0.67 -0.67
Operating expenses – All	**-5.00%** **5.00%**	**8,097** **(8,079)**	**1.95** **-1.95**

As at 31 December 2023	Change in input	Changes in fair value of investments (£'000)	Change in NAV per share (p)
FX (GBP:USD)	-10.00% 10.00%	13,366 (10,936)	3.22 -2.63
FX (GBP:BRL)	-10.00% 10.00%	18,787 (15,372)	4.73 -3.70
FX (GBP:AUD)	-10.00% 10.00%	4,140 (3,387)	1.00 -0.82
FX – All	**-10.00%** **10.00%**	**36,293** **(29,694)**	**8.74** **-7.15**

The sensitivities above are assumed to be independent of each other. Combined sensitivities are not presented.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Unconsolidated subsidiaries

The following table shows subsidiaries of the Company. As the Company is regarded as an investment entity, these subsidiaries have not been consolidated in the preparation of the financial statements.

Investments	Place of Business	Ownership interests as at 31 December 2023
VH GSEO UK Holdings Limited	United Kingdom	100%
Victory Hill Distributed Energy Investments Limited	United Kingdom	100%
Victory Hill Flexible Power Limited	United Kingdom	100%
Rhodesia Power Limited	United Kingdom	100%
Victory Hill USA Holdings LLC	United States	100%
Victory Hill Midstream Investments LLC	United States	100%
Victory Hill Midstream Energy LLC	United States	100%
Motus T1 LLC	United States	100%
Motus T2 LLC	United States	100%
Victory Hill Australia Investments Pty Ltd	Australia	100%
Victory Hill Distributed Power Pty Ltd	Australia	100%
Mobilong Solar Farm Pty Ltd	Australia	100%
Dunblane Solar Pty Ltd	Australia	100%
Dubbo Solar Project Pty Ltd	Australia	100%
Narrandera Solar Project Pty Ltd	Australia	100%
Coleambally East Solar Farm Pty Ltd	Australia	100%
VH Participacoes Hidreletricas do Brasil LTDA	Brazil	98.25%
VH Hydro Brasil Holding S.A.	Brazil	100%
Energest S.A.	Brazil	100%
Victory Hill Holdings Brasil S.A.	Brazil	99.99%
Energea Itaguaí I Ltda. *	Brazil	100%
Energea Itaguaí II Ltda. *	Brazil	100%
Energea Itaguaí III Ltda. *	Brazil	100%
Energea Nova Friburgo Ltda. *	Brazil	100%
Energea Itabaiana Ltda. *	Brazil	100%
Energea Redenção Ltda. *	Brazil	100%
Energea Itaporanga Ltda. *	Brazil	100%
Energea Bataguassu Ltda. *	Brazil	100%
Energea Palmas S.A. *	Brazil	100%
Energea Itacarambi Ltda. *	Brazil	100%
Energea Vassouras I Ltda. *	Brazil	100%
Energea Seropédica Ltda. *	Brazil	100%
Energea Paraíba do Sul Ltda. *	Brazil	100%
Energea Taquaritinga Ltda. *	Brazil	100%
Energea Nova Cruz Ltda. *	Brazil	100%

At 31 December 2023, the Company has one direct subsidiary and owns 100% of GSEO Holdings. The Company owns investments in the other entities per the table above through its ownership of GSEO Holdings. GSEO Holdings owns 100% of Victory Hill USA Holdings LLC, Victory Hill Australia Investments Pty Ltd, Victory Hill Distributed Energy Investments Limited and Victory Hill Flexible Power Limited and 98.25% of VH Participacoes Hidreletricas do Brasil Ltda.

The Company's investments in Victory Hill Midstream Investments LLC, Victory Hill Midstream Energy LLC, Motus T1 LLC and Motus T2 LLC are held through Victory Hill USA Holdings LLC. These relate to the US terminal storage assets.

The Company's investments in Brazilian solar PV assets are held through Victory Hill Distributed Energy Investments Limited, which holds 99.99% of Victory Hill Holdings Brasil S.A. The holdings of Victory Hill Holdings Brasil S.A. are indicated by an asterisk in the list of unconsolidated subsidiaries above.

The Company's investments in VH Hydro Brasil Holding S.A. and Energest S.A. are held through VH Participacoes Hidreletricas do Brasil LTDA. These relate to the Brazilian hydro facility.

The Company's investments in Victory Hill Distributed Power Pty Ltd, Mobilong Solar Farm Pty Ltd, Dubbo Solar Project Pty Ltd, Narrandera Solar Project Pty Ltd, Coleambally East Solar Farm Pty Ltd and Dunblane Solar Pty Ltd are held through Victory Hill Australia Investments Pty Ltd. These relate to the Australian solar PV with battery storage assets.

The Company's investments in Rhodesia Power Limited is held through Victory Hill Flexible Power Limited. These relate to the UK flexible power with CCR assets.

9. Receivables

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Other receivables	**93**	96
Interest receivable on cash and cash equivalents	**317**	270
Receivable from affiliates	**–**	355
Prepayments	**31**	19
Total other receivables	**441**	740

The Directors have analysed the expected credit loss in respect of receivables and concluded there was no material exposure for the year ended 31 December 2023 and 31 December 2022.

Cash of £40,367k is held on behalf of the Company by VH GSEO UK Holdings Limited.

10. Cash and cash equivalents

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash at bank	**30,542**	48,075
Cash on deposit	**43,716**	93,716
Total cash at bank[1]	**74,258**	141,791

1 Cash at bank includes money market investments of £26.4m (31 December 2022: £93.7m)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Accounts payable and accrued expenses

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Accrued expenses	**270**	491
Accounts payable	**–**	–
Accounts payable and accrued expenses	**270**	491

The Directors consider that the carrying amount of other payables and accrued expenses matches their fair value.

12. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Investment Manager has risk management procedures and processes in place which enable them to monitor the risks of the Company. The objective in managing risk is the creation and protection of shareholder income and value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, impact assessment, and monitoring and subject to risk limits and other controls.

The principal financial risks facing the Company in the management of its portfolio are as follows:

Currency risk

The Company make investments which are based in countries whose local currency may not be Sterling and the Company and its investments may make and/or receive payments that are denominated in currencies other than Sterling. Therefore, when foreign currencies are translated into Sterling there could be a material adverse effect on the Company's profitability and its net asset value.

The Company's investments are held for the long-term and the Company may enter into hedging arrangements for periods less than 12 months to hedge against short-term currency movements. Currency risk is taken into consideration at time of investment and included in the Investment Manager's assessment of minimum hurdle rate from investments. Hedging policies of the Company will be reviewed on a regular basis to ensure that the risks associated with the Company's investments are being appropriately managed.

The Company invests in a portfolio of assets through GSEO Holdings, which pays dividends in sterling to the Company. Shareholder loan investments and interest are held and paid in local currencies at the Company, including US$64,686,291 and A$40,290,000, representing a total of 15.0% of the Company's NAV at year end.

Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments.

Interest rate risk

The Company's interest rate risk on its financial assets is limited to interest earned on cash or cash equivalents. The Board considers that, because shareholder loan investments bear interest at a fixed rate, they do not carry any interest rate risk.

The Company may use borrowings for multiple purposes, including for investment purposes. At the year end the Company held no borrowings. Interest rate risk will be taken into consideration when taking out any such borrowings.

The Company's interest and non-interest bearing assets and liabilities as at 31 December 2023 and 31 December 2022 are summarised as below:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Interest bearing £'000	Non-interest bearing £'000	Total £'000	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	**114,625**	**–**	**114,625**	141,791	–	141,791
Prepayments and other receivables	**–**	**124**	**124**	–	470	470
Interest receivable	**317**	**–**	**317**	270	–	270
Investments at fair value through profit or loss	**93,347**	**275,700**	**369,047**	89,047	226,086	315,133
Total assets	**208,289**	**275,824**	**484,113**	231,108	226,556	457,664
Liabilities						
Accounts payable and accrued expenses	**–**	**(270)**	**(270)**	–	(491)	(491)
Total liabilities	**–**	**(270)**	**(270)**	–	(491)	(491)

Price risk

The operation and cash flows of certain investments will depend, in substantial part, upon prevailing market prices for electricity and fuel, and particularly natural gas. The Company intends to mitigate these risks by entering into (i) hedging arrangements; (ii) extendable short, medium and long-term contracts; and (iii) fixed price or availability based asset-level commercial contracts, and ensuring that market risk is combined with non-market risk exposures.

Price risk is limited to the fair value of investments. Note 7 details sensitivity analysis on the impact of changes to the inputs on the fair value of the Company's investments and profits.

Credit risk

Credit risk is the risk that a counterparty will cause financial loss to the Company by failing to meet a commitment it has entered into with the Company. The Company's credit risk exposure is minimised with its policy to enter into banking arrangements with reputable financial institutions with a credit rating of at least 'A/Positive' from Standard and Poor's and making loan investments which are equity in nature. The Investment Manager monitors the credit ratings of banks used by the Company on a regular basis.

The table below shows the Company's maximum exposure to credit risk:

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash and cash equivalents	**114,625**	141,791
Investments at fair value through profit or loss	**93,347**	89,047
Other receivables (Note 9)	**441**	740
	208,413	231,578

Liquidity risk

The Company manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Company to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of counterparties to settle obligations. The Company ensures, through forecasting of capital requirements, that adequate cash is available.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The following table details the Company's liquidity analysis in respect of its financial liabilities on contractual undiscounted payments:

As at 31 December 2023	<3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'000	Total £'000
Accounts payable and accrued expenses	270	–	–	–	**270**
	270	–	–	–	**270**

As at 31 December 2022	<3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'000	Total £'000
Accounts payable and accrued expenses	491	–	–	–	**491**
	491	–	–	–	**491**

The Board of Directors monitors key risks faced by the Company and has agreed policies for managing the above risks with the Investment Manager.

Capital management

The Company considers its capital to comprise ordinary share capital, distributable reserves and retained earnings.

The Company's primary capital management objectives are to ensure the sustainability of its capital to support continuing operations, meet its financial obligations and allow for growth opportunities. Generally, acquisitions are anticipated to be funded with a combination of cash, debt and equity.

13. Share capital

Date	Issued and fully paid	Number of shares	Share Capital (A) £'000	Share premium (B) £'000	Special Distributable Reserve (C) £'000	Total (A+B+C) £'000
Opening balance		311,589,799	3,116	67,949	232,467	**303,532**
Ordinary shares		110,909,091	1,109	120,891	–	**122,000**
Share issue costs		–	–	(2,472)	–	**(2,472)**
At 31 December 2022		422,498,890	4,225	186,368	232,467	**423,060**
Opening balance		422,498,890	4,225	186,368	232,467	**423,060**
Buyback of ordinary shares		–	–	–	(5,400)	**(5,400)**
At 31 December 2023		422,498,890	4,225	186,368	227,067	**417,660**

During the period under review, the Company purchased for treasury a total of 7,027,321 ordinary shares at an aggregate cost of £5,399,769 (including stamp duty and other fees) at an average price per ordinary share of 76.3p.

14. Dividends

The Company paid the below dividends during the year.

Period	Pence per ordinary share	Total dividend	Date paid
1 October 2022 – 31 December 2022	1.38p	£5.8m	31 March 2023
1 January 2023 – 31 March 2023	1.38p	£5.8m	30 June 2023
1 April 2023 to 30 June 2023	1.38p	£5.8m	14 September 2023
1 July 2023 to 30 September 2023	1.38p	£5.8m	8 December 2023

15. Transactions with AIFM, Investment Manager and related parties

AIFM

On 3 May 2023 the Company entered into an Alternative Investment Fund Management Agreement ("AIFM Agreement") with Victory Hill Capital Partners LLP (the "AIFM") replacing G10 Capital Limited. Victory Hill Capital Partners LLP is acting as the Company's AIFM with overall responsibility for the risk management and portfolio management of the Company, providing alternative investment fund management services and ensuring compliance with the requirements of the AIFM Rules, subject to the overall supervision of the Board of Directors in accordance with the policies set by the Directors from time to time and the investment restrictions as set out in the AIFM Agreement.

The AIFM Agreement provides that the Company will pay to the AIFM a fixed monthly fee of £5,833, exclusive of VAT. The Company will also reimburse the AIFM for reasonable expenses properly incurred by the AIFM in the performance of its obligations under the AIFM Agreement.

The AIFM Agreement may be terminated by the Company or the AIFM giving not less than twelve months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

Investment Manager

The Investment Manager is entitled to receive from the Company an annual fee to be calculated as percentages of the Company's net assets, 1% on the first £250m of NAV, 0.9% on NAV in excess of £250m and up to and including £500m and 0.8% on NAV in excess of £500m exclusive of VAT.

Furthermore, if in any fee period, the annual fee paid to the Investment Manager exceeds:

a) £3.5m, the Investment Manager shall apply 8% of the annual fee, subject to a maximum amount of £400,000, to subscribe for or acquire ordinary shares of £0.01 each in the capital of the Company.

b) £2.5m, the Investment Manager shall apply 2% of the annual fee to be paid as a charitable donation to O&C Limited, or other suitable registered charity aimed at promoting sustainable energy, as selected by the Investment Manager, provided that if, following the Investment Manager's reasonable endeavours, a suitable charity cannot be found, this 2% portion of the annual fee (net of any applicable taxes) will be applied to the subscription for or acquisition of ordinary shares.

The Investment Management Agreement may be terminated on 12 months' written notice, provided that such notice may not be served before 2 February 2025. The Investment Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or in the event of a material and continuing breach.

The investment management fees for the year ended 31 December 2023 amounted to £4,371,947 (2022: £3,809,615) (including VAT) of which £0 (2022: £167,623) was outstanding and included in accounts payable and accrued expenses at the end of the year.

No performance fee is payable to the Investment Manager.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Directors

The Directors have been entitled to aggregate annual remuneration (excluding expenses payable) as follows:

	For the year ended 31 December 2023 £'000	For the year ended 31 December 2022 £'000
Bernard Bulkin OBE	**81.5**	70
Margaret Stephens	**58.5**	50
Richard Horlick	**58.5**	50
Louise Kingham CBE	**58.5**	50
Daniella Carneiro[1]	**55.9**	–
	312.9	220

1 Daniella Carneiro joined the Board of Directors on 18 January 2023.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors. During the year ended 31 December 2023, Directors' fees of £313,000 (2022: £220,000) were paid of which none was payable at the year end.

The Directors held the following beneficial interests in the ordinary shares of the Company as at 31 December 2023.

	As at 31 December 2023	
	Number of ordinary shares held	% of ordinary shares in issue
Bernard Bulkin OBE	**46,362**	**0.009**
Margaret Stephens	**28,181**	**0.007**
Richard Horlick	**300,000**	**0.071**
Louise Kingham CBE	**20,000**	**0.005**
Daniella Carneiro	**–**	**–**

Other balances with related parties

The Company entered into intercompany loan agreements with GSEO Holdings, which entered into further intercompany loan agreements with the following subsidiary companies:

- Victory Hill Flexible Power Ltd (£6,060,000) (31 December 2022: £14,924,400)
- Victory Hill Australia Investments Pty Ltd A$4,890,000 (31 December 2022: A$35,400,000)
- Victory Hill USA Holdings LLC US$1,021,290.60 (31 December 2022: 63,665,000)

As at the year-end, the Company held a receivable from VH GSEO UK Holdings Limited of £40,366,849.32 (31 December 2022: Nil).

16. Contingent liabilities and commitments

As at 31 December 2023, the Company had no contingencies or commitments.

17. Earnings per share

Earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue on 1 January 2021 to 31 December 2023. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current year.

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Earnings (£'000)	**22,822**	**32,517**	**55,339**	24,073	4,131	28,204
Weighted average number of ordinary shares	**421,086,053**	**421,086,053**	**421,086,053**	367,500,135	367,500,135	367,500,135
EPS (p)	**5.42**	**7.72**	**13.14**	6.55	1.12	7.67

18. Net asset value per share

Net asset value per share is calculated by dividing the net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current year.

	Year ended 31 December 2023	Year ended 31 December 2022
NAV (£'000)	**483,843**	457,173
Number of ordinary shares	**415,471,569***	422,498,890
NAV per share (p)	**116.46**	108.21

* excluding the shares held in treasury.

19. Post balance sheet events

On 22 February 2024, the Board of Directors announced an interim dividend of £5.8m equivalent to 1.42p per ordinary share with respect to the period 1 October 2023 to 31 December 2023 which will be paid on 28 March 2024.

Post year end, the Company had announced cumulative buybacks of 5,743,147 shares between 1 January 2024 and 4 April 2024.

20. Controlling parties

There is no ultimate controlling party of the Company.

ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures (APMs) are often used to describe the performance of investment companies although they are not specifically defined under IFRS. Calculations for APMs used by the Company are shown below.

In reporting financial information, the Company presents alternative performance measures, "APMs", which are not defined or specified under the requirements of IFRS. The Company believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the Company.

The APMs presented in this report are shown below:

NAV per share

NAV per share is calculated by dividing the Company's NAV by the total number of outstanding shares at year end.

NAV as at 31 December 2023	483,843,373
Total number of outstanding shares as at 31 December 2023	415,471,569
NAV per share	116.46p

Ongoing charges

A measure expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company, calculated in accordance with the AIC methodology.

Average undiluted NAV (in £'m)	467,373,829
Recurring costs in the year to date	6,496,623
Ongoing charges	1.39%

Premium / (discount) to NAV

The amount, expressed as a percentage, by which the share price is more than the NAV per ordinary share.

NAV per ordinary share (pence per share)	116.46
Ordinary share price (pence per share)	77.20
Premium / (discount) to NAV as at 31 December 2023	-33.71%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of any dividends paid out by the Company, with reinvestment on ex-dividend date.

Year ended 31 December 2023		NAV
Opening as at 1 January 2023	a	108.21p
Closing as at 31 December 2023	b	116.46p
Dividends paid during the period		5.52 p
Dividend adjustment factor	c	1.06389
Adjusted closing	d = b x c	123.90p
Total return for the year (%)	d / a – 1	14.50%

From IPO to 31 December 2023		NAV
Opening as at 2 February 2021		98.00p
Closing as at 31 December 2023	b	116.46p
Dividends paid to date since IPO		10.52p
Dividend adjustment factor	c	1.11
Adjusted closing	d = b x c	129.23p
Total return since IPO (%)	e = d/a – 1	31.9%
Number of years since IPO	f	2.91
Total annualised NAV return since IPO (%)	(1 + e)^(1/f)-1	9.97%

Dividend cover

The dividend cover ratio is calculated by using the Company's distributable profits for the year, divided by the amount of dividends paid during the year ending 31 December 2023.

Profit for the period at VH Global Sustainable Energy Opportunities plc	£22,821,360
Net distributions withheld at VH GSEO UK Holdings Limited	£2,958,471
Total new distributions received from underlying investments	£25,779,831
Dividend declared for financial year 2023 (5.52p per ordinary share x number of shares outstanding as at 31 December 2023 of 415,471,569)	£23,333,733
Dividend cover	1.1x

ADDITIONAL INFORMATION

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: VH Global Sustainable Energy Opportunities plc (the "**Company**")
Legal entity identifier: 213800RFHAOF372UU580

Sustainable investment objective

Did this financial product have a sustainable investment objective?

[X] Yes	**[ ] No**
[X] It made **sustainable investments with an environmental objective: 100%**[1]	[ ] It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ________% of sustainable investments
[X] in economic activities that qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
[X] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[ ] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	[ ] with a social objective
[ ] It made **sustainable investments with a social objective: ________%**	[ ] It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

To what extent was the sustainable investment objective of this financial product met?

The Company's Sustainable Energy Infrastructure Investments are aligned with the SDGs with the specific objective of facilitating the energy transition from the current fossil fuel system to a low carbon system. The Company's energy transition pathways address climate change, energy access, energy efficiency and market liberalisation, therefore a selection of the Company's investments is aligned with the objective climate change mitigation under the EU Taxonomy. The Company infrastructure investments also seek to have significant impact on the local communities they serve. For more information on the investment policy and strategy see page 28.

[1] *Undeployed cash is held in short-term deposits, 100% of investments are made in sustainable investments.*

SFDR ANNEX V (UNAUDITED) CONTINUED

The Company has assessed each investment against sustainability eligibility criteria to verify alignment against the following SDGs: SDG 3, Good health and wellbeing; SDG 7, Energy access; SDG 13, Climate action; SDG 9, Industry, innovation and infrastructure; SDG 8, Decent work and economic growth and SDG 17 partnerships for the goal. The Company has also assessed eligibility and alignment of each of the assets with the EU Taxonomy of environmentally sustainable activities "Do No Significant Harm" and technical screening criteria, described further below.

The Company investments contributed to reducing carbon emissions by generating renewable energy, avoiding greenhouse gas emission and displacing harmful air emissions. The Investment Manager is a signatory to the Net Zero Asset Managers Initiative (NZAMI), committing to support the goal of net zero greenhouse gas emissions by 2050, in line with global efforts to limit warming to 1.5°C and has applied this commitment to the Company's investments.

- ***How did the sustainability indicators perform?***

The Company has committed to reporting against the following indicators to measure the sustainable investment objective:

Figure	Explanation	2022 performance	2023 performance
Capital investment into energy transition focused infrasturcture (USD$M)	Victory Hill intends that all the Company's investments are aligned with the energy transition.	**381**	**392**
MWh of renewable energy produced	This figure represents the renewable and net zero electricity generation which displaces carbon intensive generation, demonstrating contribution to SDG 13.	**35,117**	**844,434[‡]**
Carbon dioxide equivalent avoided (tCO_2e)	This figure accounts for renewable energy generation and renewable fuels use displacing fossil fuel generation net of any Scope 1, 2 and available 3 operational emissions.	**14,349**	**122,530[‡]**
Tonnes of particulate matter (PM10) avoided	These figures demonstrate the impact of renewable and cleaner fuels produced by a Portfolio Company with a pollution reduction environmental objective, by reporting the tonnes of pollutive compounds removed through use of cleaner fuels. This demonstrates contribution to SDG 3.	**1,049**	**984[‡]**
Tonnes of sulfur oxides (SOx) avoided		**20,613**	**19,332±**
Equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel (UK assumptions used)	This figure demonstrates the equivalent number of homes, businesses and/or vehicles served by renewable energy or fuel. This demonstrates contribution to SDG7.	**9,000 average UK homes powered**	**312,750 average UK homes powered**

The Annex 1 methodology carbon intensity metrics have been included here for additional disclosure. These have been calculated for 2022 and 2023 for comparison noting the acquisition of the Brazilian hydro facility, the completion of several PV solar sites in Brazil and the improvement in scope 3 data collection with regards to fuel transport at the US terminal storage assets increasing scope 3 quantities.

(1) 'GHG emissions'

$$\sum_{n}^{i}\left(\frac{\textit{current value of investment}_i}{\textit{investee company's enterprise value}_i}\ x\ \textit{investee company's Scope(x) GHG emissions}_i\right)$$

Year	Scope 1	Scope 2	Scope 3
2022 (tonnes/€M)	3,247.6	388.1	5,728.5
2023 (tonnes/€M)	**2,758.3‡**	**440.5‡**	**24,462.1‡**

(2) 'carbon footprint'

$$\frac{\sum_{n}^{i}\left(\frac{\textit{current value of investment}_i}{\textit{investee company's enterprise value}_i}\ x\ \textit{investee company's Scope 1,2 and 3 GHG emissions}_i\right)}{\textit{current value of all investments (€M)}}$$

Year	Carbon footprint
2022 (tonnes/€M)	17.8
2023 (tonnes/€M)	**49.6‡**

(3) 'GHG intensity of investee companies'

$$\sum_{n}^{i}\left(\frac{\textit{current value of investment}_i}{\textit{current value of all investments (€M)}}\ x\ \frac{\textit{investee company's Scope 1,2 and 3 GHG emissions}_i}{\textit{investee company's €M revenue}_i}\right)$$

Year	GHG Intensity
2022 (tonnes/€M)	150.1
2023 (tonnes/€M)	**382.5‡**

SFDR ANNEX V (UNAUDITED) CONTINUED

...and compared to previous periods?

Comparative data is provided in the table above.

With the additional acquisition of the Brazilian hydro facility end of 2022 and completion of Brazilian solar PV assets under construction through 2022/23 the quantity of renewable power generated increased significantly in 2023. Therefore the associated emission displacement from the clean power injected into local grids and the number of homes served by energy produced by the portfolio also increased. With below expected throughput of fuel through the US terminal storage assets the quantity of fuel removed from the Mexican value chain was lower resulting in a lower quantity of displaced emissions compared to 2022.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Company takes into account principle adverse indicators (PAI) through the due diligence and risk-based analysis approach described in the "*How did this financial product consider principal adverse impacts on sustainability factors*" section below. The Company reported on the 14 PAIs and selected additional indicators on its website in 2023 https://victory-hill.com. This is updated annually.

The greenhouse gas emissions sustainability indicators are used to measure the Company's progress against its net zero target. These are also key indicators in demonstrating progress towards the Company's energy transition investment objective.

Other social and environmental indicators are used to monitor asset and operating partner activities and progress on responsible business practices. More information on this approach is provided below in the "*How did this financial product consider principal adverse impacts on sustainability factors*" section.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Continuing from 2022, in 2023 all newly acquired and operational assets were assessed for appropriate policies for diversity and inclusion, employee rights including health and safety, stakeholder engagement and grievance management, if there were gaps identified action to fill these were captured in the asset specific Sustainability Action Plan (SAP) for 2023 agreed with the operating partner.

The Company's strategic focus on the SDGs supports the OECD Guidelines. A core aim is to contribute to economic, social and environmental progress priorities as identified in the SDGs.

Operating partners are also required to identify risks in their value chain and the SAP includes actions to implement a supplier code of conduct and due diligence process to identify and mitigate risks. This has included environmental impact, labour rights or material sourcing.

The Investment Manager is a signatory to the UN Global Compact and supports the 10 principles including human rights, labour, the environment and anti-corruption and enacted those principles when acting for the Company.

No reports of non-compliance with the OECD guidelines and UN Guiding Principles on Business and Human Rights were made in 2023.

How did this financial product consider principal adverse impacts on sustainability factors?

The Company considers the PAIs on principal adverse impacts on sustainability factors through internal and external due diligence of its investments taking a risk-based approach.

Ex ante the Company obtains external assurance opinions on an investment's alignment with the SDGs described above. This assessment also covers whether the investment may do "significant harm" to the other SDGs. It also considers the impact on the SDGs through the asset's operations, such as reducing inequalities, including gender equality (SDG 5 and 10) and sustainable production and consumption (SDG 12).

The International Finance Corporation performance standards, the Global ESG Benchmark for Real Assets and the Sustainability Accounting Standards Board, have identified material energy sector and infrastructure risks and impacts. The Company assessed each investment against these specific risks and impacts, as well as regional and geographic risks to identify the environmental, social and governance (ESG) issues most relevant for the investment. This analysis also considers the SFDR PAI. This risk and opportunity-based approach to ESG management as described on page 63 is used to identify material impacts.

The Company's scope of ESG risk and impact assessment for assets is as follows:

- Assessment of ESG risks and impacts related to the sector of operation.
- Assessment of ESG risks and impacts related to the region and country of operation.
- Assessment of ESG risks and impacts related to the operational proximity to local communities, indigenous peoples, cultural heritage and ecological and biodiversity habitats.
- Assessment of ESG risks and impacts related to operational activities such as noise, light, water use, discharge and waste.
- Assessment of ESG risks and impacts related to number of people interacting with the operation including employees, contractors and customers.
- Assessment of ESG risks and impacts related to internal operating partner resourcing and policies for ESG management.

In 2023 all assets were risk assessed on this basis accounting for the probability of impacts and the quality of controls that the operating partner and asset had in place.

The Investment Adviser worked with the operating partners to close gaps in management practices and identified opportunities for improvement. This is described in the ESG progress section on this annual report on page 68.

Key performance indicators on material aspects are collected from the operating partners monthly to track performance and progress. Certified environmental and health and safety systems are required of operations with high risks in these aspects.

SFDR ANNEX V (UNAUDITED) CONTINUED

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is 2023:

What were the top investments of this financial product?

The top GSEO investments based on value are as follows.

Largest investments	Sector	% Assets	Country
Brazilian hydro facility	*Energy*	27.4%	Brazil
US terminal storage	*Energy*	25.9%	USA
UK flexible power with CCR[1]	*Energy*	22.8%	UK
Brazilian solar PV	*Energy*	12.8%	Brazil
Australian solar PV with battery storage	*Energy*	11.1%	Australia

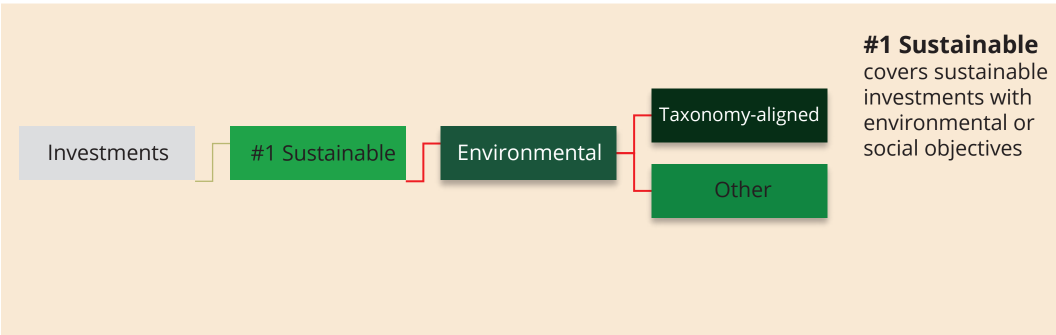
[1] included assets under construction in 2023

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

All (100%) of the Company's investments were sustainable investments with an environmental objective, of which 51% were EU Taxonomy-aligned investments and 49% of the investments with other environmental objective (not EU Taxonomy aligned). Undeployed cash is held in short-term deposits.



In which economic sectors were the investments made?

All assets are energy infrastructure assets including renewable (solar PV and hydro), flexible power plus carbon capture and reuse, storage (terminal storage) and battery energy storage systems.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

During the reference period, 51% of the sustainable investments with an environmental objective were aligned with the EU Taxonomy, an increase from 24% in 2022. Further information is provided in "How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?" section below. The Australian solar PV with battery storage assets, Brazilian solar PV assets, and the Brazilian hydro facility have been assessed under the EU Taxonomy technical screening criteria by a third-party assurance firm. This assessment has included assessment of asset life cycle emissions, physical climate risk and vulnerability and assessment against the relevant do no significant harm (DNSH) criteria. The conclusion of this assessment is that those assets are compliant with the EU Taxonomy criteria for their respective activity types.

Terminal storage is not an activity included in the EU Taxonomy and is therefore not EU Taxonomy aligned. Flexible power with carbon capture is an activity type which is included in the EU Taxonomy but until the introduction of carbon capture and storage (CCS) technology with the ability to permanently store carbon in geological formations, it is not EU Taxonomy aligned.

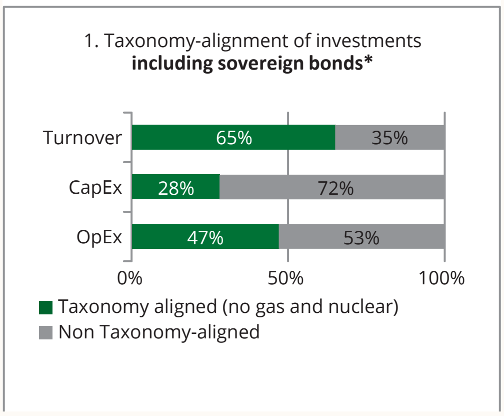
- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[2]?**

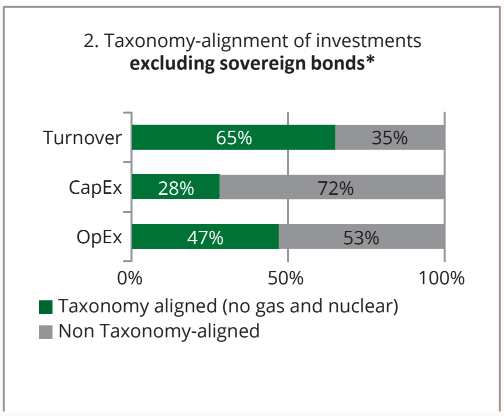
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

SFDR ANNEX V (UNAUDITED) CONTINUED

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.
Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

- ***What was the share of investments made in transitional and enabling activities?***

  Out of the sustainable investments with an environmental objective that were aligned with the EU Taxonomy, 100% of the investments were made in transitional or enabling activities.

Asset	Sector	Activity type
Brazilian solar PV assets	*Energy*	***Enabling***
Australian solar PV with battery storage	*Energy*	***Enabling***
Brazilian Hydro facility	*Energy*	***Enabling***

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

  The EU Taxonomy alignment by value increased from 24% in 2022 to 51% in 2023. The increase is due to completion of the technical screening and alignment validation for the Brazilian hydro facility. This asset was acquired in December 2022 and was an eligible economic activity under the EU Taxonomy with technical screening for alignment completed in 2023. The Australian solar PV with battery storage programme was expanded in 2023 with the construction of three new solar PV sites and BESS expansion at an existing site. This also contributed to the increase in investment alignment.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

During the reference period 49% of the sustainable investments with an environmental objective were not aligned with the EU Taxonomy.

Asset	Sector	Investment Share
US terminal storage assets	***Energy***	26%
UK flexible power with CCR assets	***Energy***	23%

The UK flexible power with CCR asset is under construction and due to commission in 2024. Under article 10, paragraph e, of regulation EU 2020/853 this project will increase the use of environmentally safe carbon capture and utilisation to deliver a reduction in greenhouse gas emissions and, under Article 10 paragraph g, will establish energy infrastructure required for enabling the decarbonisation of energy systems by providing baseload and grid stabilisation for renewable penetration. The predicted operational carbon footprint means the plant will be eligible under the EU taxonomy if the carbon dioxide captured is permanently sequestered. The carbon dioxide will be reused in the food and beverage sector.

The objective of the US terminal storage asset is to enable the displacement of high sulfur fuel oil (HSFO) from the Mexican market. Reducing the impact of air pollution (SDG3.9) is a priority of the energy industry and an important element of the energy transition. Air pollution poses a major risk to health and economies globally. The displacement of HSFO reduces PM2.5, PM10, SOx, NOx emissions in Mexico. The reduction of PM is a core part of Mexico's nationally determined contribution on climate action.

The US terminal storage assets provide an aggregation point and facilitate the transfer of HSFO to more efficient refining capacity in the United States and the transfer of cleaner fuels back into the Mexican market.

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

No investments were included under "not sustainable", all investments (excluding cash) were made under the sustainable investment objective.

What actions have been taken to attain the sustainable investment objective during the reference period?

The sustainable investment objective of facilitating the energy transition through investing in sustainable energy infrastructure investments aligned with the sustainable development goals is achieved through the investment decision making process. To further this objective the investments are actively managed and operating partners engaged in sustainable management practices. Actions taken by the Company are covered in this report in the Sustainability section on page 68.

The Company has an engagement policy and routinely engages with the asset operating partners. This includes fortnightly or monthly video calls, monthly ESG key performance indicator submission for performance measurement, and monitoring of the SAP implementation.

As described above, the Company influences its operating partners through requiring the implementation of an SAP which includes actions identified through the due diligence and risk analysis process.

In 2023 under the SAP a priority for operating partners was to continue to provide operating environmental and social key performance data to develop targets to drive improvement, start implementing the asset contribution to the portfolio net zero road map and strengthening the governance framework for operating the assets which included developing management systems, obtaining certification, action gap analysis and stakeholder engagement.

Some specific Company actions:

- Completed financial climate risk and opportunity analysis for all investments to understand potential risks to value under different transition scenarios.
- Completed technical screening including physical climate risk analysis and life cycle analysis for all newly acquired and constructed assets including the run of river hydro facility.
- Collected renewable energy generation monthly and calculated associated avoided emissions using grid emissions factors to support climate mitigation.
- Measured flows of HSFO from Mexico to the storage terminal and calculated associated avoided air emissions to support environmental and health impact through pollution reduction.
- Calculated operational greenhouse gas footprint from operating assets to support target setting for climate change mitigation, this included several scope 3 categories including emissions from water use, waste disposal and freight transport.
- Pre-emptively engaged construction programme operating partners to ensure operational procedures to support best practice environmental and social management will be implemented.
- Engaged larger operational programmes on obtaining management system certification on health, safety and the environment, and where applicable more broadly sustainability standards.

GLOSSARY

AIC	Association of Investment Companies
AIFM	Alternative Investment Fund Manager
Annual General Meeting or AGM	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the company in which they are invested
COD	Commercial Operational Date
Company	VH Global Sustainable Energy Opportunities plc
Decentralised energy	Energy which is produced close to where it will be used, rather than at a large centralised plant elsewhere, delivered through a centralised grid infrastructure
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share
Dividend	Income receivable from an investment in shares
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
EU	European Union
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders
Financial Conduct Authority or FCA	The independent body that regulates the financial services industry in the UK
FiT	Feed-in Tariff
GAV	Gross Asset Value
Gearing	A way to magnify income and capital returns, but which can also magnify losses
GHG	Greenhouse Gases
Investment / Victory Hill	Victory Hill Capital Partners LLP
Investment Company	A company formed to invest in a diversified portfolio of assets
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust
IPO	Initial Public Offering
MW	Megawatt
MWh	Megawatt Hour
NAV per ordinary share	NAV divided by the number of ordinary shares in issue (excluding any shares held in treasury)
Net asset value or NAV	An investment company's assets less its liabilities
OECD	Organisation for Economic Co-operation and Development
Ongoing charge	The 'ongoing charges' ratio is an indicator of the costs incurred in the day-to-day management of the Company, expressed as a percentage of average net assets. This ratio calculation is based on Association of Investment Companies ('AIC') recommended methodology
Ordinary shares	The Company's ordinary shares in issue of £0.01 each
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share
PV	Photovoltaic
ROC	Renewable Obligation Certificates
SDG	UN Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation

Share price	The price of a share as determined by a relevant stock market
SPE	Special Purpose Entity
TCFD	Task Force on Climate-Related Financial Disclosures
Total return	Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price
WACC	Weighted Average Cost of Capital

SHAREHOLDER INFORMATION

Shareholder information

The Company's ordinary shares of 1p each are quoted on the Official List of the FCA and traded on the premium segment of the Main Market of the London Stock Exchange.

SEDOL number	BNKVP75
ISIN	GB00BNKVP754
Ticker/TIDM	GSEO
LEI	213800RFHAOF372UU580

Frequency of NAV publication

The Company's NAV is released via RNS to the London Stock Exchange on a quarterly basis and is published on the Company's website.

Sources of further information

Copies of the Company's annual and interim reports, stock exchange announcements and further information on the Company can be obtained from the Company's website: www.vh-gseo.com.

Financial calendar

March	Annual results announced Payment of first interim dividend
April/May	Annual General Meeting
June	Payment of second interim dividend Company's half-year end
September	Interim results announced Payment of third interim dividend
December	Payment of fourth interim dividend Company's year end

Share register enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrar on 0370 703 0333. This helpline also offers an automated self-service functionality (available 24 hours a day, 7 days a week) which allows you to:

- hear the latest share price;
- confirm your current shareholding balance;
- confirm your payment history; and
- order Change of Address, Dividend Bank Mandate and Stock Transfer forms.

By quoting the reference number on your share certificate, you can check your holding on the Registrar's website at www.investorcentre.co.uk. They also offer a free, secure share management website service which allows you to:

- view your share portfolio and see the latest market price of your shares;
- calculate the total market value of each shareholding;
- view price histories and trading graphs;
- register to receive communications from the Company, including the Annual Report and Financial Statements, in electronic format;

- update bank mandates and change address details;
- use online dealing services; and
- pay dividends directly into your overseas bank account in your chosen local currency.

To take advantage of this service, please log in at www.investorcentre.co.uk and enter your Shareholder Reference Number and Company Code (this information can be found on the last dividend voucher or your share certificate).

Electronic Communications and Proxy Voting

If you hold stock in your own name, you can choose to receive communications from the Company, and vote, in electronic format. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. The paragraphs below explain how you can use these services.

Electronic Communications

If you would like to take advantage of this service, please visit the Registrar's website at www.investorcentre.co.uk and register. You will need your Shareholder Reference Number (which is on your share certificate and tax voucher) to hand. If you then agree to the terms and conditions, in future, on the day that documents are sent to shareholders by post, you will receive an e-mail providing the website address link to the documents. After you register, paper documents will be available on request.

Electronic Proxy Voting

You can also return proxies electronically at www.eproxyappointment.com. If you have registered for electronic communications, you will be issued a PIN number to use when returning proxies to the Registrar's secure website. You do not need to register for electronic communications to use electronic proxy voting, paper proxy forms will contain a PIN number to allow you to return proxies electronically. If you have any questions about this service, please contact Computershare on 0370 703 0333.

Association of Investment Companies

The Company is a member of the AIC, which publishes statistical information in respect of member companies. The AIC can be contacted on 020 7282 5555, enquiries@theaic.co.uk or visit the website: www.theaic.co.uk.

NOTICE OF ANNUAL GENERAL MEETING

Notice of Annual General Meeting

THIS NOTICE OF ANNUAL GENERAL MEETING IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take or the contents of this document, you are recommended to seek your own financial advice from your stockbroker, bank, solicitor, accountant or other appropriately qualified independent adviser authorised under the Financial Services and Markets Act 2000 immediately if you are in the United Kingdom, or from another appropriately qualified independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in VH Global Sustainable Energy Opportunities plc (the "Company"), please forward this document as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of VH Global Sustainable Energy Opportunities plc will be held at the offices of Victory Hill Capital Partners LLP, 4 Albermarle Street, London W1S 4GA on Wednesday, 22 May 2024 at 2:00 pm to transact the business set out below:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 12 (inclusive) will be proposed as Ordinary Resolutions which require more than 50% of the votes cast to be in favour in order for the resolutions to be passed. Resolutions 13 to 16 (inclusive) will be proposed as Special Resolutions which require at least 75% of the votes cast to be in favour in order for the resolutions to be passed. For further information on the resolutions, please refer to pages 99 to 101.

Ordinary resolutions

1. To receive and adopt the Company's Annual Report and Financial Statements for the year ended 31 December 2023, with the reports of the Directors and Auditor thereon.
2. To approve the Directors' Remuneration Report included in the Annual Report for the year ended 31 December 2023.
3. To approve the Company's dividend policy as set out in the Annual Report for the year ended 31 December 2023 and authorise the Directors to declare and pay all dividends of the Company as interim dividends.
4. To re-elect Bernard Bulkin as a Director of the Company.
5. To re-elect Daniella Carneiro as a Director of the Company.
6. To re-elect Richard Horlick as a Director of the Company.
7. To re-elect Louise Kingham as a Director of the Company.
8. To re-elect Margaret Stephens as a Director of the Company.
9. To re-appoint BDO LLP as Auditor to the Company to hold office from the conclusion of the Annual General Meeting until the next meeting at which financial statements are laid before the Company.
10. To authorise the Audit Committee to determine the remuneration of the Auditor of the Company.
11. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £409,728.42, (being 10% of the issued share capital as at 4 April 2024 comprising 40,972,842 ordinary shares of £0.01 each in the Company (excluding treasury shares)), or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital (excluding treasury shares) at the date of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.
12. That, subject to the passing of Resolution 11 and in addition to the authority conferred by Resolution 11 above, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £409,728.42, (being 10% of the issued share capital as at 4 April 2024 comprising 40,972,842 ordinary shares of £0.01 each in the Company(excluding treasury shares)), or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital (excluding treasury shares) at the date

of the passing of this resolution, such authority to expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority conferred by this resolution had not expired.

Special resolutions

13. That, subject to the passing of Resolution 11, the Directors be and are hereby generally empowered (pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act")) to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them in Resolution 11 above and/or to sell ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a) be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £409,728.42 (being 10% of the issued share capital of the Company as at 4 April 2024 comprising 40,972,842 ordinary shares of £0.01 each in the Company (excluding treasury shares)) or, if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital (excluding treasury shares) at the date of the passing of this resolution; and
    b) expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.
14. That, in addition to the authority conferred by Resolution 13 above, but subject to the passing of resolutions 11, 12 and 13, the Directors be and are hereby generally empowered (pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act")) to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred on them in Resolution 12 above and/or to sell ordinary shares held by the Company as treasury shares (as defined in Section 724 of the Act) for cash as if Section 561(1) of the Act did not apply to any such allotment or sale, such power shall:
    a) be limited to the allotment or sale of equity securities up to an aggregate nominal amount of £409,728.42 (being 10% of the issued share capital of the Company as at 4 April 2024 comprising 40,972,842 ordinary shares of £0.01 each in the Company (excluding treasury shares)) or if changed, the amount that represents 10% of the aggregate nominal value of the Company's issued share capital (excluding treasury shares) at the date of the passing of this resolution; and
    b) expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or 15 months from the date of passing this resolution, whichever is earlier, unless previously revoked, varied or renewed by the Company in general meeting, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.
15. That the Company be and is generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:
    a) the maximum aggregate number of ordinary shares that may be purchased is 61,418,290 ordinary shares or, if changed, the number representing 14.99% of the Company's issued share capital (excluding treasury shares) at the date of the meeting of the Company at which this resolution is passed;
    b) the minimum price (exclusive of any expenses) which may be paid for an ordinary share is £0.01;
    c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be the higher of: (i) 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days prior to the date of the market purchase; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for the ordinary share on the trading venue where the purchase is carried out;

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

d) this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution, unless such authority is revoked, varied or renewed prior to that time; and

e) the Company may make a contract to purchase ordinary shares under the authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

16. THAT, a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, on the expiry of 15 months from the date of the passing of this resolution.

By Order of the Board

Apex Fund and Corporate Services (UK) Limited
Company Secretary

4 April 2024

Registered Office:
6th Floor
125 London Wall
London
EC2Y 5AS

Company number:
12986255

Notes for the Annual General Meeting

1. A member entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company but must attend the meeting in person for the member's vote to be counted. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the Annual General Meeting or at any adjournment thereof.

   A form of proxy is enclosed which, if used, must be lodged at the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours (excluding non-working days) before the Annual General Meeting. Alternatively, you can appoint a proxy electronically by visiting www.eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy or contained within the email sent to you. To appoint more than one proxy, you may photocopy this form. You may appoint a person other than the Chair as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you).

   Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together with any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power of attorney in the same envelope.

   Members who wish to revoke or change their proxy instructions should submit a new proxy appointment using the methods set out in these Notes. Any amended proxy appointment or revocation received after the relevant cut-off time for receipt of proxy appointments may be disregarded. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at close of business on 20 May 2024. If the meeting is adjourned then, to be so entitled, members must be entered on the Company's Register of Members at the time which is 48 hours (excluding non-working days) prior to the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice. Changes to entries on the Company's Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

4. A "vote withheld" option is provided on the proxy form to enable a shareholder to instruct their proxy not to vote on any particular resolution. It should be noted that a vote withheld in this way is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 22 May 2024 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited ("CRESTCo's") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid and regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a

NOTES FOR THE ANNUAL GENERAL MEETING CONTINUED

message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 2:00 pm on 20 May 2024 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
8. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of shareholders in relation to the appointment of proxies in the Notes above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered shareholders of the Company.
9. As at 4 April 2024, being the latest practicable date prior to the publication of this notice, the Company's issued share capital was 422,498,890 ordinary shares carrying one vote each, of which, 12,770,468 ordinary shares were held in treasury. Therefore, the total voting rights in the Company on that date was 409,728,422.
10. In accordance with section 319A of the Act, the Company must cause any question relating to the business being dealt with at the meeting put by a shareholder attending the meeting to be answered. No such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting, or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company. On a vote on a resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares: (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; or (ii) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised. To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1.
12. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
13. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as their proxy is to ensure that both they and their proxy comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
14. Copies of the letters of appointment of the Directors of the Company and existing Articles of Association will be available for inspection from the Company Secretary during normal business hours (excluding weekends and public holidays) until the date of the Annual General Meeting and, on the date of the Annual General Meeting, at the location of the meeting from 11.45 am until the conclusion of the meeting. The Company Secretary can be contacted at ukfundscosec@apexgroup.com.

15. The Annual Report incorporating this Notice of Annual General Meeting, the information required by section 311A of the Act and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice, will be available on the Company's website at www.vh-gseo.com/investors.
16. Members may not use any electronic address provided either in the Notice of Annual General Meeting or any related documents to communicate with the Company for any purpose other than those expressly stated.

COMPANY INFORMATION

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Bernard Bulkin OBE (Chair)
Daniella Carneiro
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Louise Kingham CBE
Margaret Stephens

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