

ESG engagement case study

Measuring and managing impact at Grassroots

Grassroots

Industry vertical: Renewable energy

Location: HQ in Australia

Investment year: 2016

Read our Corporate Sustainability Report here:
<https://www.partnersgroup.com/en/sustainability/>



>610,000
tons of CO₂eq
avoided

>140,000
households powered
with renewable energy

>AUD 475,000
to be provided per annum
via community benefit funds

Overview

Grassroots Renewable Energy Platform is a large-scale energy platform that aims to construct over 1 GW of wind power and battery storage projects in Australia. Partners Group established Grassroots on behalf of its clients in 2016 alongside CWP Renewables (CWPR), an Australian renewable energy developer with one of the largest renewable power project pipelines in the country. The platform currently comprises three wind projects in New South Wales: 270 MW Sapphire Wind Farm, an operating wind farm in the New England region, 135 MW Crudine Ridge Wind Farm, an under-construction wind farm located south of Mudgee, and 244 MW Bango Wind Farm, an under-construction wind farm located north of Yass.

In addition to the wind farm, the Sapphire Wind Farm site also includes Sapphire Solar, an approved co-located project due to start construction in 2021 which will deliver renewable energy through the same grid connection point. Sapphire Solar has a capacity of 200 MW and includes a 30 MW battery. The diversified platform has significant merit in bringing together a range of solar and wind assets, complemented by battery storage, enabling Grassroots to provide a higher quality solution to customers and off-takers.

Grassroots' current annual generation contributes to 2.3% of Australia's Renewable Energy Target of 33,000 GWh, growing to 5.5% when Crudine Ridge and Bango Wind farms will become fully operational later this year.

ESG engagement focus area: measuring impact

Our impact assessment and ESG due diligence of Grassroots both identified opportunities for improvement in the way the company conducts business that would further increase its positive impact. These have been part of our ESG engagement plan during ownership. For instance, we understood that infrastructure projects of this size would inevitably have some negative impacts on the environment. Sapphire Wind Farm participated in the New South Wales Biodiversity Offsets Scheme in accordance with local regulatory requirements. The project has secured a biobank near the wind farm site to protect habitat for local native flora and fauna species in order to offset the environmental impact of the construction and operation of the wind farm.

The project was required to avoid, minimise and then offset impacts on biodiversity by securing a number of Biodiversity Credits. The quantum of credits required is a calculation completed by a third party government-accredited assessor, using a formalised standard methodology based on the project's biodiversity impacts. As of the third quarter of 2020, 6118 Biodiversity Credits (the project's credit obligation) were secured in perpetuity for Sapphire Wind Farm, meeting the regulatory requirements of the New South Wales Biodiversity Offset Scheme. Biodiversity assessments for the Bango and Crudine Wind Farms are underway and will determine the credit obligations for the project which are due to be retired in 2021 as per the project approval conditions.

In addition, since investing in Grassroots, Partners Group has tracked the following impact metrics:

- Amount of total renewable energy generated;
- Amount of reduction in carbon dioxide emissions achieved; and
- Number of households powered by Grassroots.

In 2019 and 2020, Grassroots achieved the following impact:

KPI	2019 achievement	2020 achievement
Total renewable energy generated (MWh)	722,003	746,502
CO ₂ emissions avoided (tons CO ₂ eq)	592,042	612,132
Number of households powered	139,598	144,335

Note: to calculate CO₂ emissions avoided, we employ the State-specific emission factors published in the technical guidelines by the Australian National Greenhouse and Energy Reporting scheme (NGER). For New South Wales, the emission factor is 0.82 kg CO₂-e/kWh in FY19 and 0.81 kg CO₂-e/kWh in FY20. To calculate the number of households powered, we use the most recent (2018) average NSW electricity consumption of 5,172 kWh/annum.

Since the outset of the platform, we also established a Community Benefit Fund for Sapphire Wind Farm through which the asset contributes AUD 2,500 per turbine per year. At 75 turbines, the fund has AUD 187,500 available for various community organizations and initiatives. As of the third quarter of 2020, AUD 129,227 had been awarded to various local organizations and initiatives. Similarly, at Crudine Ridge Wind Farm, the asset will provide AUD 160,000 per annum for a Community Benefit Fund, and, at Bango Wind Farm, AUD 129,950 per annum will be provided.

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 145 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients globally. Partners Group seeks to generate superior returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With over USD 109 billion in assets under management as of 31 December 2020, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,500 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN).

