Schroders greencoat

Financial Investigator Seminar
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POWERING CHANGE

Investing with impact in the energy transition

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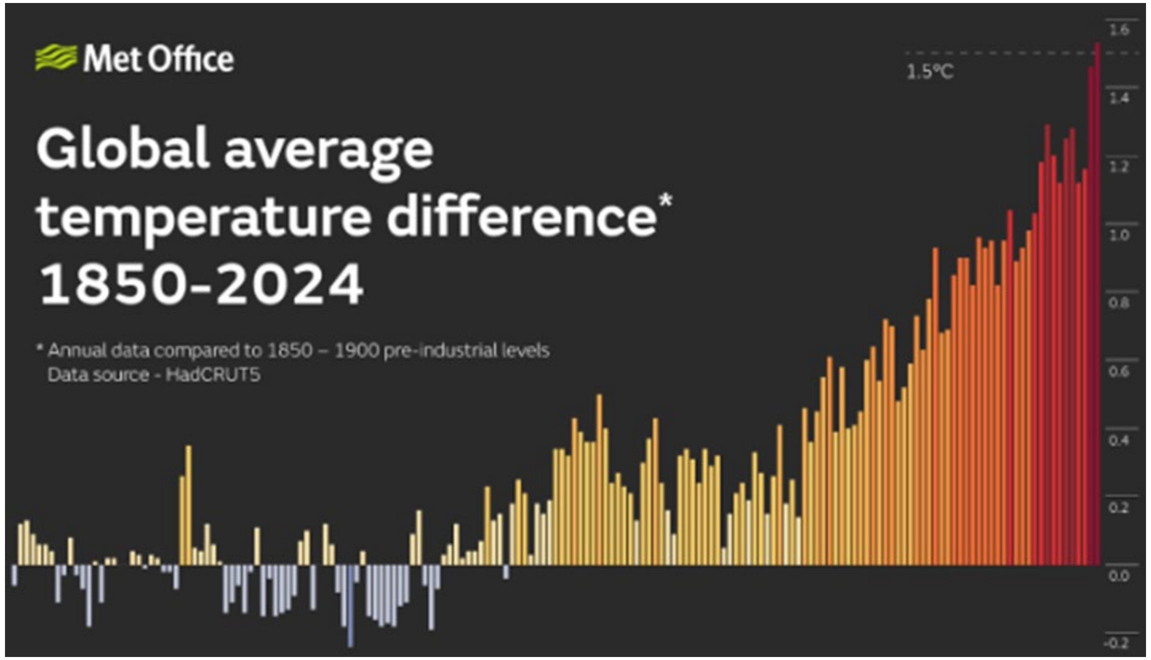
Blazing temperatures in 2024 require trail-blazing climate action in 2025

Extreme weather events are resulting in economic and social upheaval

2024 hottest year on record[1]

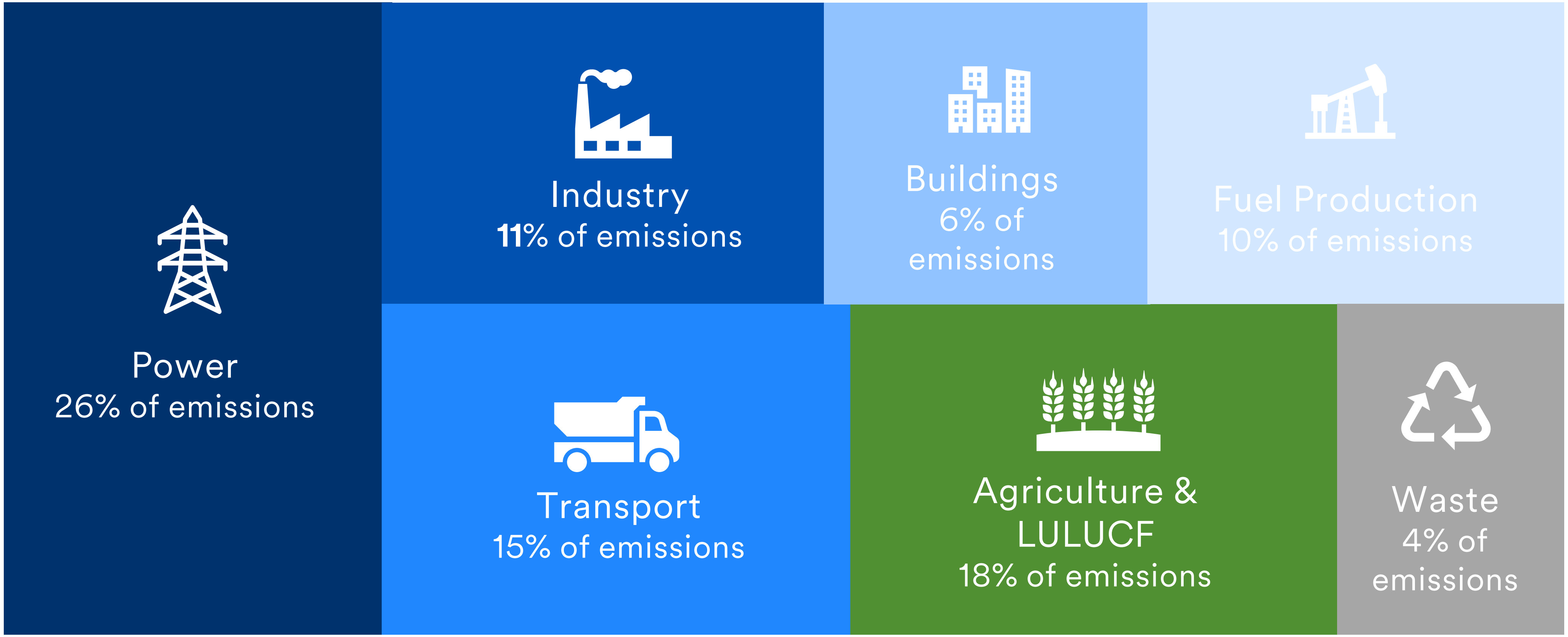


Continued extreme weather events

Source: Schroders Greencoat, 2025. [1] World Meteorological Organisation, January 2025.

Global greenhouse gas emissions reached a new high in 2023

68% of global greenhouse gas emissions were energy-related[1]

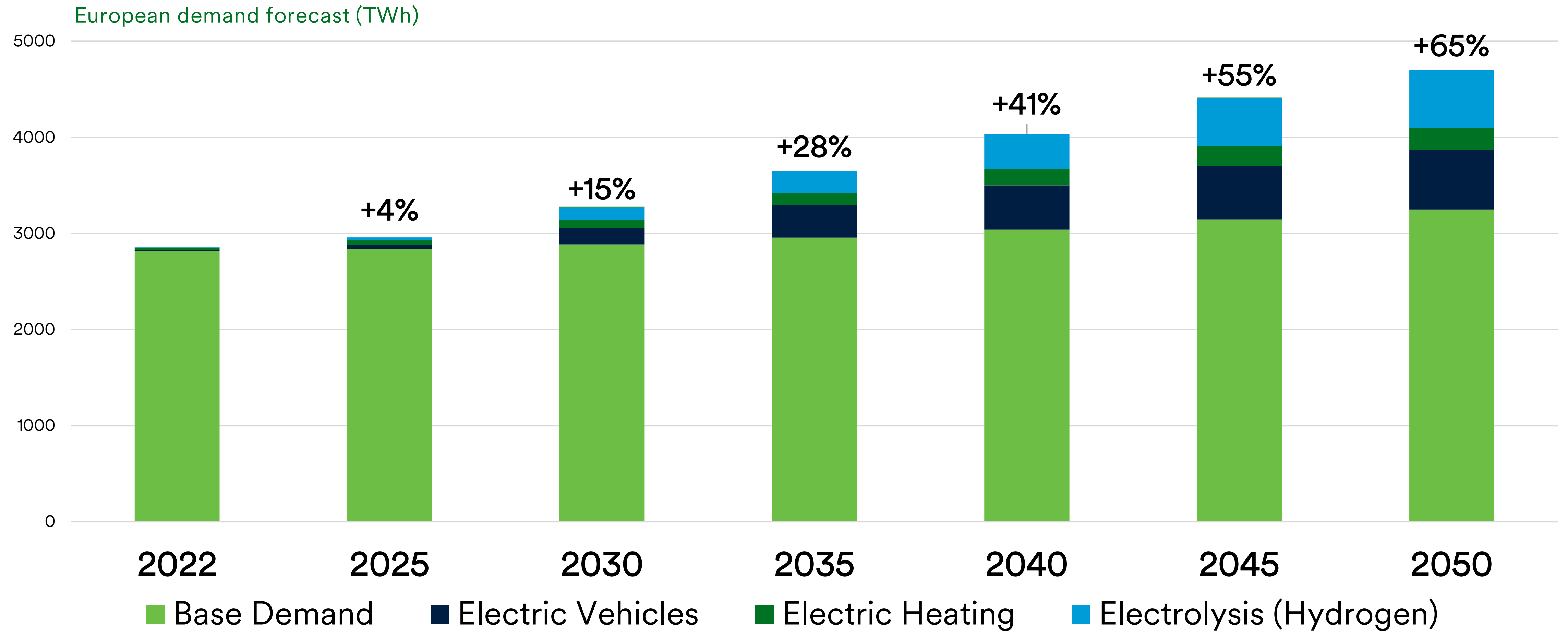


Decarbonisation of energy remains a key driver to reach net zero emissions by 2050

Source: Schroders Greencoat, 2025. [1] Emissions data as of 2023, UN Environment Programme Emissions Gap Report 2024. All blue boxes are energy-related emissions per the UNEP categorisation.

Demand for electricity is expected to grow

The transition to a low carbon economy accompanies an expected material increase in electricity demand



Source: Aurora Energy Research (May 2022 and January 2024), IRENA (2024): Renewable Capacity Statistics, SolarPower Europe (2024), LCP Delta (2023), Schroders Greencoat estimates. . Projections are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

European decarbonisation still has a long way to go

Decarbonisation driven by EU targets and regulation, energy security concerns and economic factors

	2023		2050
Offshore wind	33 GW	→ 7.2x	240 GW
Onshore wind	220 GW	→ 2.3x	495 GW
Solar	274 GW	→ 3.5x	952 GW
Battery Storage	36 GW	→ 4.2x	153 GW
Hydrogen	2 GW	→ 59x	119 GW

565 GW
€0.9 trillion existing opportunity set

1,960 GW
€2.4 trillion opportunity set

Source: Aurora Energy Research (May 2022 and January 2024), IRENA (2024): Renewable Capacity Statistics, SolarPower Europe (2024), LCP Delta (2023), Schroders Greencoat estimates. Projections are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

Where we see the investment opportunity

The energy transition is all encompassing, but starts with the production of green electrons

Net Zero Investment Theme	1 Decarbonisation of power generation 	2 Electrification of demand 	3 Hydrogen or carbon capture and storage for the residual 
Target Technology	Solar Offshore wind Onshore wind Nuclear Bioenergy	Heat Networks Data Centres EV Charging Geothermal Grid Infra	Hydrogen Battery Storage Pumped Storage CCUS[1]

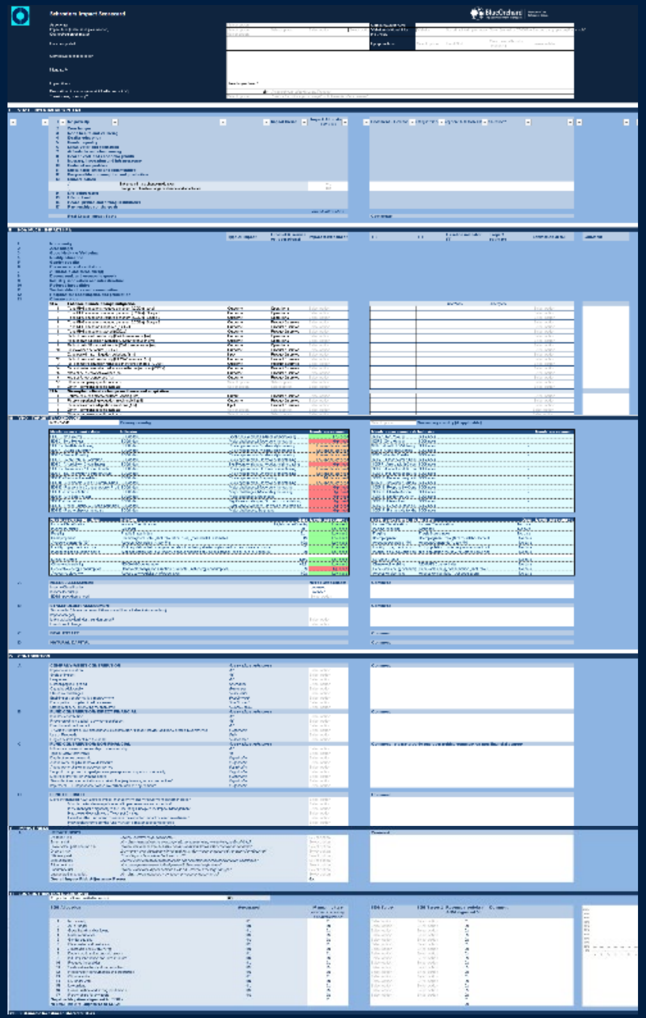
Source: Schroders Greencoat, 2025. [1]Carbon Capture, Utilisation and Storage. For illustrative purposes.

Energy transition investments delivering impact and financial returns

We assess impact by applying our best-in-class framework

What	What is the impact intent of the investment?
How much	What is the current and expected impact of the investment?
Who	Which stakeholders experience the impact?
Contribution	What is our financial and non-financial contribution to the investment and impact?
Risks	What is the risk that could prevent or harm the intended impact?

IRIS+ IMPACT FRONTIERS



Source: Schroders Greencoat, 2025. Shown for illustrative purposes only.

Investment case study: solar

5 MW

Solar farm

1,622 tCO_2

Estimated annual carbon avoided

8%[1]

Unlevered base gross IRR

Medium

Stakeholder needs assessment

5%[1]

Cash yield

Biodiversity research

Contribution

50%

Contracted revenue

Supply chain diligence

Risks

Source: Schroders Greencoat, 2025. Data as of 31 December 2024. [1]Cash yield and IRR reflect expected performance over the asset life and are based on assumptions, estimates, views and hypothetical models or analyses which might prove inaccurate or incorrect. Shown for illustrative purposes only.

Investment case study: green hydrogen

55 MW
Hydrogen projects

40k tCO_2
Estimated annual carbon avoided

13%[1]
Unlevered base gross IRR

High
Stakeholder needs assessment

12%[1]
Cash yield

Underserved market
Contribution

100%
Contracted revenue

Low water stress
Risks

Source: Schroders Greencoat, 2025. Data as of 31 December 2024. [1]Cash yield and IRR reflect expected performance over the asset life of 15 years and are based on assumptions, estimates, views and hypothetical models or analyses which might prove inaccurate or incorrect.. Shown for illustrative purposes only.

Diversifying from subsidies with increased power demand

Investment returns are less dependent on subsidies and increasingly driven by corporate demand

A Google data centre in Eemshaven, the Netherlands.

Hyperscalers, big tech and the retail sector are leading corporate demand

Despite the uncertainty, the corporate demand for green power to satisfy a large rise in demand is strong

Source: Schroders Greencoat, 2025. Financial Times. Logos used are the property of their own entities.

Corporate net zero targets driving investment in the energy transition

Companies are increasingly investing in renewable energy to meet carbon neutrality targets and reduce their scope 2 and 3 emissions together with supplier engagement.

Companies are prioritizing strategies with increased additionality, for example funding the creation of new green power generation.

Source: Schroders Greencoat, 2025

Key takeaways

- Whilst global warming continues to accelerate, there is still a long way to go for Europe to decarbonise and for the world and the EU to meet their climate commitments
- This presents considerable opportunities for investments in renewable and energy transition infrastructure generating both financial and environmental returns
- Investment opportunities include “traditional” renewable energy generation as well as less mature technologies in harder to abate industries
- Energy transition investments are increasingly supported by corporate demand moving away from subsidies diversifying risk for investors
- Importantly the sector delivers strong risk adjusted returns with fundamental infrastructure characteristics with clear diversification benefits

THANK YOU

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