

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

Product name: NextPower UK (“NPUK” or “the Fund”)

Legal entity identifier: 2138008DMF2DKL4ZQV66

Sustainable investment objective

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<input checked="" type="checkbox"/> It will make a minimum of sustainable investments¹ with an environmental objective: 95% <ul style="list-style-type: none"> <input checked="" type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy² <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __0__%	<input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

¹ **Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economic, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

² 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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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To what extent was the sustainable investment objective of this financial product met?

NPUK is a solar investment fund, which is currently active both in the acquisition of solar PV assets on the secondary market, as well as investing in solar PV assets that are under development (e.g., at the stage of origination, project planning or construction) when acquired.

The NPUK sustainable investment objective is:

- To substantially contribute to the environmental objective of climate change mitigation within the meaning of the EU Taxonomy regulation.

This fund objective contributes to the Article 9 qualification under “economic activities that qualify as environmentally sustainable under the EU Taxonomy³” and more specifically, qualifies as contributing substantially to climate change mitigation.

NPUK’s integration of ESG factors is currently driven by the fund’s alignment with the Investment adviser’s Sustainable Investment Policy (SIP) and its underlying standards. The SIP refers to alignment with the UN Principle of Responsible Investors (PRI), the Equator Principles (EP), IFC Performance Standards (IFC PS), UN Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and general industry best practice. ESG factors are integrated through a due diligence process that seeks to apply these standards to each acquisition in particular regarding biodiversity, climate, water, community engagement, working conditions, health and safety, and supply chain risks, among others.

Furthermore, NPUK continues to integrate the NextEnergy Group’s Sustainable Investment Policy’s methodologies into the NPUK investment decision-making processes, to further enhance and strengthen the existing consideration of ESG factors.

Monitoring of progress against the sustainable investment objectives is primarily based on the calculation of GHG emissions and fossil fuel volume avoided by utilization of the solar assets and their output in MWh. Data can

³ Regulation (EU) 2020/852 of European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13-42.

be used to create forecasts or can be based on actual historic power output data to provide GHG emission and fossil fuel avoided figures.

The positive impacts of the NPUK biodiversity commitments are also being reviewed to understand if they can be quantified and included in the contribution toward climate change mitigation within future NPUK reports.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

● ***How did the sustainability indicators⁴ perform?***

See below for a table summarising the GHG emissions avoided by the use of NPUK assets for power provision/generation to date:

Metric	Units	2022
GHG Avoided	ktCO ₂ e	2.6
NO_x Avoided	tonnes	2.6
SO_x Avoided	tonnes	4.7
PM_{2.5}	tonnes	0.2
PM₁₀	tonnes	0.1
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	1.3

These numbers are based on the renewable electricity generation (GWh) for the period of the 2022 calendar year (1st Jan 2022 to 31st Dec 2022) during which NPUK assets were operational.

As indicated in the table, up to 2.6 ktCO₂e of emissions and up to 1.3 ktoe of oil equivalent has been avoided.

● ***...and compared to previous periods?***

NPUK ESG closed its first capital raise in August 2022, and so there have been no previous periodic reports.

● ***How did the sustainable investments not cause significant harm to any sustainable investment objective?***

NPUK’s investment decision-making process ensures that investments not only contribute to climate objectives, but also cause no significant harm to other environmental objectives as defined by the EU Taxonomy, and are conducted in accordance with minimum safeguards on matters such as social responsibility, human rights and labour conventions. As explained in the

⁴ Sustainability indicators measure how the sustainable objectives of this financial product are attained.

paragraph above, a robust due diligence process captures all the relevant key risks associated with the Solar PV industry. The risks are aligned with the Do No Significant Harm (DNSH) approach of the Taxonomy (with extension beyond) and include:

- Climate change;
- Circular economy;
- Biodiversity and ecosystems.

In the event that any risks were identified, these were captured/recorded and either mitigated or the transactions were halted and not progressed.

From a climate change mitigation perspective, NPUK substantially contributes to the objective by avoiding CO₂e emissions to the atmosphere and fossil fuel use. NPUK reports the amount of CO₂e avoided consistently year on year through a publicly available report called the Green Impact Report which is prepared independently by a third-party provider called the Green Investment Group.

For more information on the NextEnergy Capital/NPUK due diligence process, please refer to the ESG Disclosure document on the [NextEnergy Capital website](#).

— — — *How were the indicators for adverse impacts⁵ on sustainability factors taken into account?*

NPUK invests only in solar PV assets and ancillary technologies, and the investment decision is based on the outcome of due diligence which includes ESG adverse impacts as explained above. The due diligence process, as detailed in the Sustainable Investment Policy and NextEnergy Capital ESG Disclosure document, reviews all aspects of the asset(s) and counterparties (sellers, contractors, and suppliers) and the associated adverse impacts (including environmental, social and employee, human rights, anti-corruption etc.) during the pre-investment stage. When gaps are identified, mitigation measures are proposed, and action plans are agreed during the approval process. Cost for implementation of ESG actions is also allocated into the financial model, to ensure capital can be deployed for these activities during the lifetime of the asset.

Post-acquisition of the assets, all relevant contractors which construct or operate the asset and are requested to provide their ESG Key Performance

⁵ **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.

Indicators (KPI) These include resource consumption, GHG scope 1, 2, and 3, H&S, biodiversity, diversity, and other relevant ESG indicators at the asset level. A full set of KPI related to PAI has been developed consistently with the requirements of Table 1, Annex 1 of the Regulatory Technical Standard (RTS). The performance against these indicators was published by 30 June 2023.

For operating assets, WiseEnergy manages the PAI data collection from Operations & Maintenance contractors and the data are then reviewed by a third-party provider. In addition to collecting data related to PAI, WiseEnergy also provides regular update on the implementation of the ESG Action Plans to ensure that each asset continues to comply with any national requirements and to be aligned with the NextEnergy Capital Sustainable Investment Policy.

— — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Yes. NextEnergy Capital/NPUK has a strong Sustainable Investment Policy and Human Rights Position Statement aligning with the associated requirements of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles. NPUK policies require NPUK to perform due diligence on both its own activities and its business relationships with the objective of acting upon any findings.

For more information, please refer to the Human Rights Position Statement on [NextEnergy Capital's website](#).



How did this financial product consider principal adverse impacts on sustainability factors?

Principal Adverse Impacts (PAI) are considered throughout all stages of the investment process.

As per the Sustainable Investment policy and other governing documents, NPUK's sustainability approach is based on a four-step approach: identify, manage, report and engage. If, during a due diligence process, a PAI is identified, it is managed and reported internally to the Investment Committee for further considerations. Where possible, mitigation actions are put forward through specific action plans which are implemented and monitored during the ownership phase. In addition, NPUK will also report based on specific KPIs which are aligned with Table 1 of Annex I of the Regulatory Technical Standard, as well as additional KPIs aligned with material SDG.

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Further details on the reporting and KPI approach can be found in the ESG Disclosure document on the [NextEnergy Capital website](#).



What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is:

Largest Investments	Sector	% Capacity	Country
Solar PV Assets	Solar PV	100%	U.K.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 1st of January 2022 - 31st December 2022

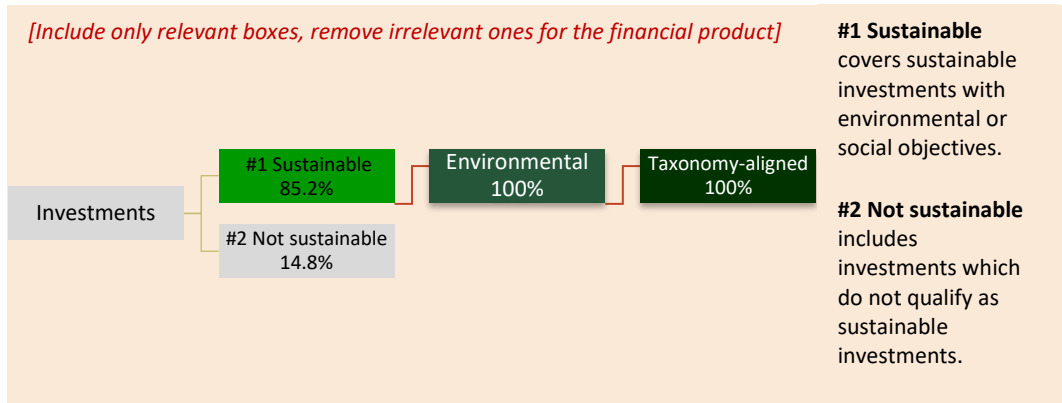


What was the proportion of sustainability-related investments?

At the date of publication of this Annex V, the portfolio allocation of the Fund was:

- 85.2% of the Fund’s NAV was sustainability related. All of this investment is aligned with the EU Taxonomy;
- 14.8% of the Fund’s NAV was held in cash, bank deposits and other cash equivalents for liquidity purposes, hence classified as “non sustainable”. Note that the Fund only began deploying capital into investments in Q4 2023 and so not all capital had been allocated at 31.12.22. Once fully deployed, at least 95% of capital available will be deployed in line with the sustainable investment objective of the Fund.

● **What was the asset allocation?**



● **In which economic sectors were the investments made?**

The investments were made in the renewable energy sector.



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?⁶

100% of the sustainable investment with an environmental objective made by NPUK is aligned with the EU Taxonomy because i) it substantially contributes to climate mitigation through the generation of clean energy and avoidance of GHG emissions and fossil fuel; ii) it does not do significant harm to the other environmental objective of the taxonomy and iii) they meet minimum social safeguard.

- a) The investment objective of climate mitigation was 100% attained through the generation of clean energy. In particular, the performance of the sustainability indicator, GHG emissions avoided, has been accounted for and reported annually. The objective of climate mitigation remains the

⁶ Taxonomy-aligned activities are expressed as a share of:

- (i) **turnover** reflecting the share of revenue from green activities of investee companies;
- (ii) **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy; and
- (iii) **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The relevant legislation does not provide a definition of “investee company”, however, we have interpreted this term as intended to refer to an entity in which the relevant fund intends to make an investment, or has made an investment, on behalf of its investors, which would include the SPV which owns each asset.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a contribution.

Asset allocation describes the share of investments in specific assets.

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.

core business of the funds' investments and 100% of asset allocation remains investing in renewable energy infrastructure.

- b) Each NPUK investment has to undertake a due diligence process pre-and post-investment which ensures that No Significant Harm (DNSH) is done to any other environmental objective considered material to the activity of the fund (Solar PV generation). These other objectives are climate change adaptation, biodiversity and circular economy.
- c) The due diligence also considers additional safeguard such as human rights, community engagement, and labour conditions, amongst others. The due diligence is in alignment with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and other international conventions on human rights, as per NextEnergy Capital's Human Rights Position Statement.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy⁷?**

Yes:

In fossil gas In nuclear energy

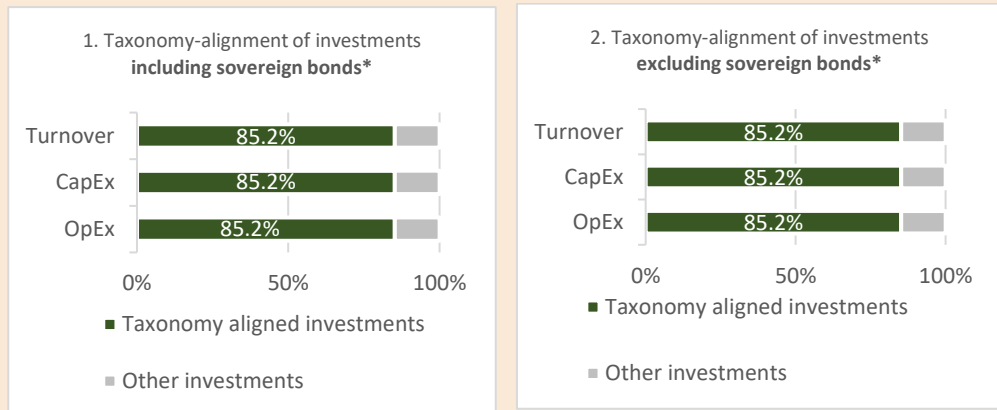
No

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.

⁷ 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.

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

All of the investment represented by the 85.2% indicated in the graph is EU Taxonomy-aligned as at the date of publication of the present version of Annex V.

- **What was the share of investments made in transitional and enabling activities⁸?**

0%

- **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?**

NPUK confirms that there have been no previous periodic reports.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

0%



None of our investments are sustainable with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



Enabling activities directly enable other activities to make a substantial contribution to an environmental objective, while **transitional activities** are 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 socially sustainable investments?

0%

**What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?**

The investments of the Fund classified as “not sustainable” are composed of cash and cash-equivalents, such as government bonds, fixed-income securities, money market instruments, such as units in money market funds and overnight and/or time deposits at credit institutions. Such investments were made to manage excess liquidity and to hedge currency/interest rate risks and thus to ensure efficient portfolio management by way of protecting and enhancing returns from the Fund’s portfolio.

**What actions have been taken to attain the sustainable investment objective during the reference period?**

NPUK’s objective to substantially contribute to climate change mitigation is met by producing clean sustainable energy and therefore reducing the amount of fossil fuel used to meet energy demand, along with avoiding emissions to air that would arise as a result. The commitment of the fund to continually invest and increase the amount of clean energy generation ensures contribution to climate mitigation.

Due diligence is carried out to identify any potential risk and ensure that the investment is aligned with the Do No Significant Harm criteria. This includes the review and consideration of climate adaptation, circular economy and biodiversity, amongst others. In addition, the due diligence covers additional safeguard considerations, including alignment with the requirements of the OECD guidelines on Multinational Enterprise and the UN Guiding Principles on Business and Human rights, which form part of the business principles of NPUK set of policies and position statements.

Key indicators, such as GHG emissions avoided and fossil fuel avoided, are used to track and ensure continued progress against the climate mitigation objective. These indicators, along with annual performance against them, will be detailed in the NPUK Green Impact Report which will be available on [NextEnergy Capital’s website](#) by the end of June. Progress on key indicators is also discussed through internal and external stakeholder meetings as required.

Further details of contribution and progress against the Climate Mitigation objective are communicated in the annual Sustainable Development Goals (SDG) report, available on the 'Transparency & Reporting' section of the [NextEnergy Capital Sustainability webpage](#).



How did this financial product perform compared to the reference sustainable benchmark?

NPUK has not designated a specific index as a reference sustainable benchmark, however in 2023, NPUK will be reporting to GRESB, a global ESG benchmark.

- *How did the reference benchmark differ from a broad market index?*

N/A

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?*

N/A

- *How did this financial product perform compared with the reference benchmark?*

N/A

- *How did this financial product perform compared with the broad market index?*

N/A

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.