

Annex V

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 III (“NPIII”)

Legal Entity Identifier: 213800IV1PUWYWMD5740

Sustainable Investment Objective

Did this financial product have a sustainable investment objective?			
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	It made sustainable investments ¹ with an environmental objective: 95%	<input type="checkbox"/>	It promoted Environmental / Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of sustainable investments
<input checked="" type="checkbox"/>	in economic activities that qualify as environmentally sustainable under the EU Taxonomy ²	<input type="checkbox"/>	with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/>	in economic activities that do not 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

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

Did this financial product have a sustainable investment objective?					
				<input type="checkbox"/>	with a social objective
<input type="checkbox"/>	It made sustainable investments with a social objective: 0%		<input type="checkbox"/>	It promoted E/S characteristics, but did not make any sustainable investments	

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

Sustainable investment objective pursued by the NPIII

NPIII 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 NPIII sustainable investment objectives are:

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

Together, these fund objectives contribute 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.

NPIII’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 generally 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 amongst others.

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

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.

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 MW. Data can 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 NPIII biodiversity commitments are also being reviewed to understand if they can be quantified and included in the contribution toward climate change mitigation within future NPIII reports.

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

See below for a table summarising the GHG emissions avoided by the use of NPIII assets for power provision/generation.

Metric	Units	2021
GHG Avoided	ktCO ₂ e	210
NO _x Avoided	tonnes	355
SO _x Avoided	tonnes	873
PM _{2.5}	tonnes	7
PM ₁₀	tonnes	39
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	77

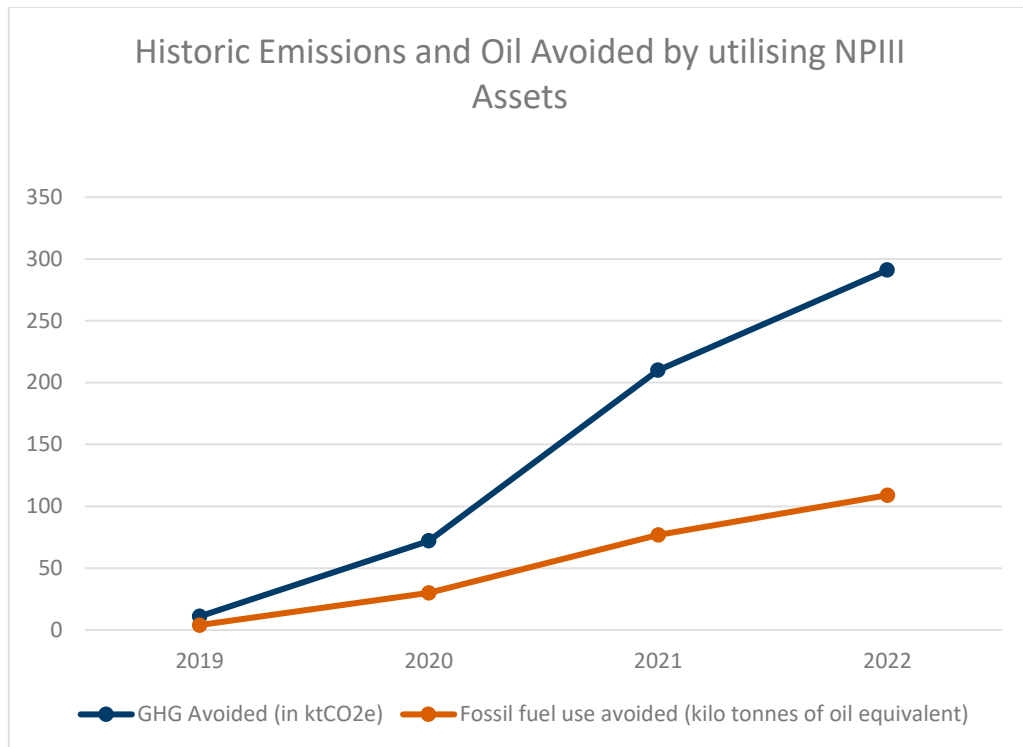
These numbers are based on the renewable electricity generation (GWh) related to 2022 calendar year (i.e. 1st Jan 2022 to 31st Dec 2022).

As indicated in the table, up to 291 ktCO₂e of emissions and up to 109kt of oil equivalent has been avoided.

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

The historical data has been calculated in 2023 which includes data from 2019 financial year onwards. This can be seen in the graph below.

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



*Note- This data is based on financial year (April to March)

As demonstrated in the graph, annual emissions avoided and fossil fuel use avoided both increase in line with the growth of asset under management (AuM) by NPIII and summarises the contribution of the NPIII assets toward climate change mitigation.

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

NPIII's investment decision making process ensures that investments do 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 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, NPIII substantially contributes to the objective by avoiding CO₂e emissions to the atmosphere and fossil fuel use. NPIII 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 the Green Investment Group.

For more information on the NextEnergy Capital/NPIII 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?*

NPIII invests only in solar PV assets, 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 (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 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 will be released by Q2 2023.

For operating assets, WiseEnergy manages the PAI data collection from the Operator Maintenance contractors and the data are then reviewed by a third-party provider. In addition to collect 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/NPIII 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. NPIII policies

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.

require NPIII 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](#).

2. 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, NPIII'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, NPIII 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.

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

3. 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:

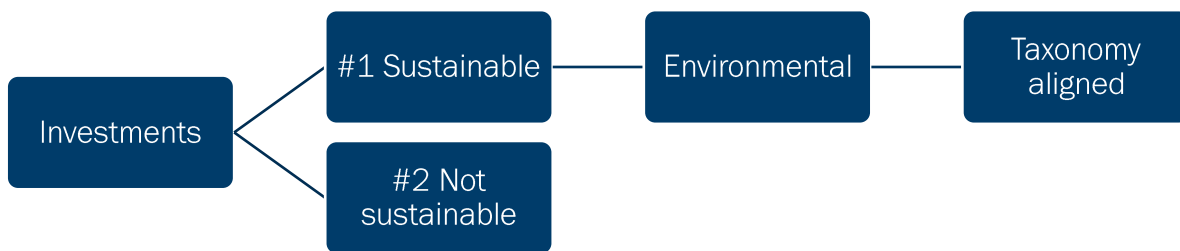
Largest Investments	Sector	% Capacity	Country
Solar PV Assets	Solar PV	23%	USA
Solar PV Assets	Solar PV	16%	Portugal
Solar PV Assets	Solar PV	12%	Chile
Solar PV Assets	Solar PV	11%	Spain
Solar PV Assets	Solar PV	8%	Greece
Solar PV Assets	Solar PV	4%	India
Solar PV Assets	Solar PV	3%	Poland
Battery Storage ⁽¹⁾	Renewables	23%	Greece

(1) Target Capacity in MWs

4. What was the proportion of sustainability-related investments? 95%

At the date of publication of this Annex V, the portfolio allocation of the Fund is as follows:

- (a minimum of) 95% of the Fund’s investments is classified as a sustainable-investments with an environmental objective. This 95% of investment is 100% aligned with the EU Taxonomy;
- 5% of the Fund’s investments will be classified as “not sustainable” investments made for liquidity purposes.



Notes:

- ¹ #1 Sustainable covers sustainable investments with environmental or social objectives.
- ² #2 Not sustainable includes investments which do not qualify as sustainable

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

The NPIII fund is 95% aligned with the EU Taxonomy. Specifically, 95% of NPIII investment is designated for the acquisition of solar PV assets and associated facilities, while the other 5% is retained for liquidity purposes. Of the 95% of investment into solar PV and associated facilities, 100% are aligned with the EU taxonomy because i) they substantially contribute to climate mitigation through the generation of clean energy and avoidance of GHG emissions and fossil fuel; ii) they do not do significant harm to the other environmental objective of the taxonomy and iii) they meet minimum social safeguard.

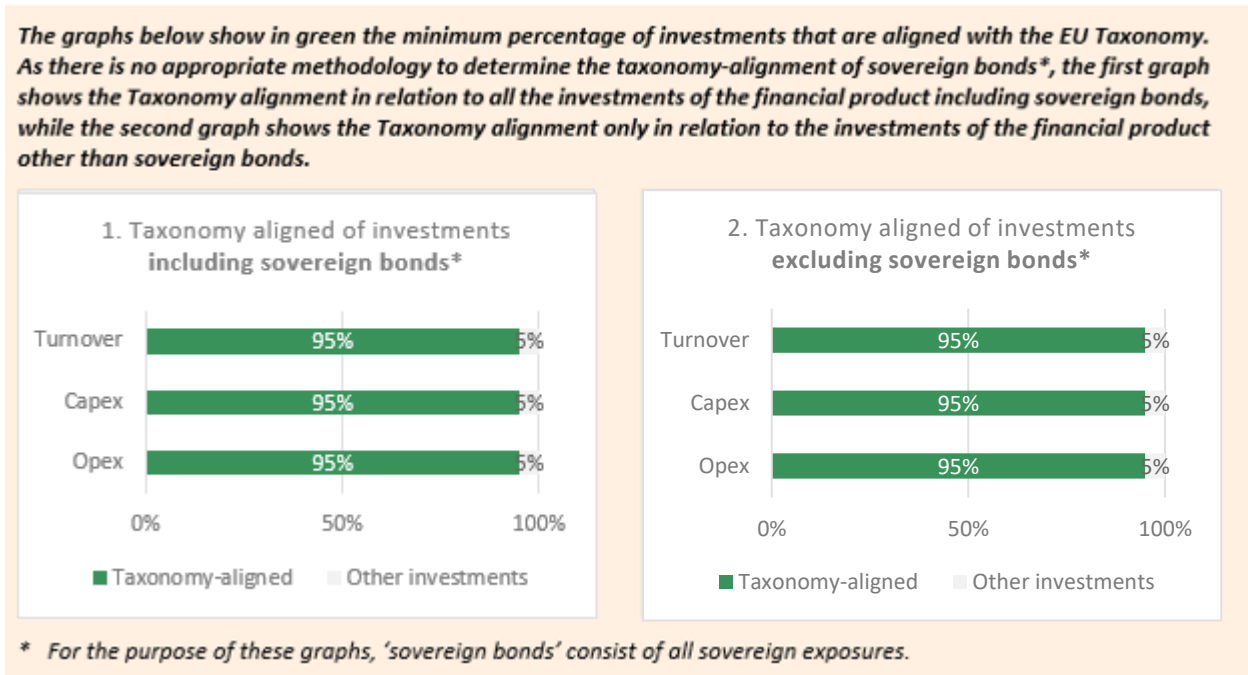
⁶ Taxonomy-aligned activities are expressed as a share of:

- (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.

- 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 core business of the funds' investments and 100% of asset allocation remains investing in renewable energy infrastructure.
 - b) Each NPIII 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.
- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

No.



The 95% indicated in the graph above, all of those investments are 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 activities?⁷

0%.

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

NPIII confirms that there have been no previous periodic reports.

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

0%

7. **What was the share of socially sustainable investments?**

0%

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

None.

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

NPIII’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 NPIII 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, are detailed in the NPIII Green Impact Report

⁷ **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.

available on the [NextEnergy Capital website](#). 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.

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

NPIII has not designated a specific index as a reference sustainable 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

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