NextPower V LP

ESG Disclosures

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NextEnergy Capital – ESG Processes

NextEnergy Capital Ltd and its subsidiary NextEnergy Capital IM Limited[1] (together "**NEC**") are a leading investment and asset manager in the international solar sector. NEC's mission is to generate a more sustainable future by leading the transition to clean energy. NEC specialises in investments in renewable energy and energy transition (with a focus on solar photovoltaic ("**PV**") energy and adjacent technologies) and considers that this specialism enables NEC to accelerate the achievement of NEC's mission. Together, these ambitions guide NEC's sustainability framework. NEC and the funds it manages are committed to managing investments in a sustainable manner, generating value for the environment and society. Beside the goal to increase access to clean energy, NEC additionally seeks to address other environmental, social, and human rights matters.

Guided by its sustainability framework and by the principles set out in NEC's sustainable investment policy ("**Sustainable Investment Policy**"), NEC has integrated the consideration of sustainability risks and opportunities throughout the investment process. The Sustainable Investment Policy is signed off by NextEnergy Group CEO, who is also a member of NEC's Board of Directors. It is reviewed regularly, and publicly available on the NEC website.[2] Additionally, NEC's Biodiversity, Climate Change, Human Rights Position Statements[3] set out NEC's commitment to promote biodiversity, tackling climate change, and respecting human rights. NEC's Code of Conduct for Suppliers outlines the expectations and standards that NEC expects from its contractors and suppliers. Together, all these documents are regarded as "**NEC's ESG Policies**".

A. Sustainability Framework - Overview

NEC's mission is to generate a more sustainable future by leading the transition to clean energy. This mission guides NEC's sustainability framework, which is founded on three pillars of biodiversity, climate change and human rights, and is aligned with the UN Sustainable Development Goals ("**SDGs**")[4]. Together with various stakeholders, NEC has undertaken a materiality mapping to determine which SDGs (and the relevant targets associated with these) are most relevant to its activities.

[1] NextEnergy Capital Ltd ("**NEC Ltd**") and NextEnergy Capital IM Ltd ("**NEC IM**") are both designated as Alternative Investment Fund Managers (each an "**AIFM**") under the Alternative Investment Fund Management Directive (2011/61/EU). NEC IM is the AIFM of NextEnergy Solar Fund Limited. NEC Ltd is the AIFM for NextPower V LP and NextPower UK ESG.

[2] Available at: https://www.nextenergycapital.com/sustainability/sustainable-investing/

[3] Available at https://cdn.next1.nextenergycapital.com/next/2023/07/NextEnergy-Capital_Biodiversity_Position_Statement-June2023.pdf and https://cdn.next1.nextenergycapital.com/next/2021/04/NEC_ClimateChange_Statement.pdf and https://cdn.next1.nextenergycapital.com/next/2021/04/NEC_HumanRights_Statement.pdf respectively.

[4] United Nations Department of Economic and Social Affairs – Sustainable Development, *The 17 Goals.* Available at: *https://sdgs.un.org/goals*.

Figure 1 - NEC's Sustainability Framework

Under NEC's ESG Policies, environmental, social and governance ("**ESG**") factors are considered throughout the investment process, from specifying a category of excluded activities during the project selection phase ("**No-Go**" activities), to initial screening and full due-diligence on funds, assets, sites and counterparties during the pre-acquisition phase. ESG clauses are included into the financing documentation and key contracts with NEC's counterparties, including the share purchase agreement (SPA), agreements with the engineering, procurement and construction contractors ("**EPC Contractors**"), the operation and maintenance contractors ("**O&M Contractors**") and the master service agreement with the asset manager. Where applicable, an ESG action plan ("**Action Plan**") is adopted. The Action Plan is agreed during the negotiation phase and enables any gaps to be filled that may exist between the standards NEC seeks to uphold and those of the project and its various counterparties. Finally, during the ownership phase NEC will ensure that any mitigation measures identified in any Action Plan are implemented and reported on by the asset manager.

NEC also places significant importance on mapping the supply chain and understanding all associated ESG risks that NEC may potentially be exposed to. These risks include a wide range of ESG issues, from labour, occupational, health and safety, biodiversity, climate change, pollution prevention and stakeholder relations. Some segments of the supply chain can be very labour intensive, or source materials from conflict-affected areas, and can pose human rights risks for workers and impacted communities. NEC's approach to supply chain management is two-fold: ongoing risk management (due diligence at asset and portfolio level) and an extensive stakeholder engagement process.

Sections B-D below outline NEC's current process under NEC's ESG Policies. Further sustainability-related disclosures required for NextPower V LP ("**NPV**") under the EU Sustainable Finance Disclosure Regulation ("**SFDR**"[5]) and the Regulatory Technical Standards of the European Supervisory Authorities on the content, methodologies and presentation of disclosures (the "**RTS**")[6] are set out in section E below.

[5] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, OJ L 317, 9.12.2019, p.1-16.

[6] Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to the content, methodologies and presentation of information in relation to sustainability

The principles of NEC's ESG Policies apply to investments in both development projects and in secondary market acquisitions by NEC. NEC continues to streamline and expand its due diligence process for both the development projects and secondary market acquisitions to further improve ESG integration with the investment process.

Since 2019, NEC has published an annual SDG report, which reports on NEC's implementation of the sustainability framework and its contributions to selected SDGs and targets considered material to NEC's business and mission.[7]

B. Principal Adverse Impacts

Identification and prioritisation

NEC considers adverse impacts on environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters during the investment decision-making process. Principal adverse impacts ("**PAIs**") are considered throughout all stages of the investment process. It is worth noting that NEC's investment are made solely in solar PV assets and adjacent technologies, hence PAI considerations are not used to determine investment strategies, but to inform the investment process about key ESG risks to be managed. Consistent with the principles contained in the SFDR, NEC expects EPC Contractors and O&M Contractors to report on specific PAIs on sustainability factors (including environmental and social impacts).

As described above, the overarching focus of NEC's sustainable investment efforts is determined by NEC's ESG Policies. In line with NEC's ESG Policies, NEC is an active member and supporter of several initiatives and groups whose values and processes underpin NEC's sustainable investment ethos; these include:

1. UN Principles for Responsible Investment ("**UNPRI**")[8];
2. Institutional Investors Group on Climate Change ("**IIGCC**")[9]; and
3. Task Force on Climate-related Financial Disclosure ("TCFD")[10].
4. Task Force on Nature-related Financial Disclosure ("TNFD")[11]

NEC is additionally guided by compliance with national standards and, where applicable, international standards such as the Equator Principles[12] and the International Finance Corporation's Performance Standards ("**IFC Performance Standards**")[13].

indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1-72).

[7] For the 2019, 2020 and 2021 reports, see https://www.nextenergycapital.com/sustainability/transparency-and-reporting/

[8] Principles for Responsible Investment, *What are the Principles for Responsible Investment?*. Available at: https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment.

[9] Institutional Investors Group on Climate Change, website: https://www.iigcc.org/ .

[10] Task Force on Climate-Related Financial Disclosures, website: https://www.fsb-tcfd.org/

[11] Taskforce on Nature-related Financial Disclosures, website: TNFD – Taskforce on Nature-related Financial Disclosures

[12] The Equator Principles Association*, The Equator Principles*. Available at: https://equator-principles.com/ .

[13] International Finance Corporation World Bank Group, *Performance Standards.* Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards .

NEC's materiality assessment for determining the ESG factors it considers throughout its investment decision-making are determined through stakeholder engagement and by reference to best practices. NEC thus discusses the NEC approach with a set of selected stakeholders, including the UNPRI, IIGCC, the Solar Trade Association, the Business and Human Rights Resource Centre and other industry bodies, consultants, NGOs and, where applicable, with investors. The objective of this regular stakeholder engagement is to continue to evolve and enhance NEC's investment approach.

Consideration of principal adverse impacts (PAI) occurs throughout the investment process

The exact due-diligence scope for any given investment is determined by country and region-specific considerations, the potential risks associated with the specific counterparty and project, and by the risks inherent to the sector. At a general level, NEC's consideration of PAIs is integrated throughout NEC's investment process: from an ESG screening during the initial project selection, to a subsequent ESG due-diligence and assessment during the pre-acquisition phase, providing input and making recommendations for the investment decision, carrying out ESG monitoring and reporting during the ownership phase and, finally, divestment. ESG clauses are also included in key contracts with our counterparties, including EPC and O&M Contractors.

Figure 2 - NEC's Sustainability Framework

Under the NEC sustainability framework, an ESG screening seeks to identify an initial set of ESG risks and is conducted by the NEC ESG Team. The findings from this screening are used to inform the scope of any further ESG due-diligence, which is conducted by the ESG Team alongside external ESG consultants as appropriate.

This integrated ESG assessment enables NEC to identify and manage potential ESG risks and opportunities and address any gaps between a counterparty or project's standards, and those which NEC seeks to uphold (as outlined above). NEC considers that integrating ESG principles into the investment process is critical to minimizing ESG risks and maximising the positive impact of the NEC investment strategy.

Principal Adverse Impacts and indicators – pre-investment

NEC considers the following potential PAI and indicators throughout the investment process. The relevant risks and opportunities assessed may vary from investment to investment, depending on the geographical context and the potential risks associated with the relevant counterparty or project, the risks inherent to the relevant sector, and the risks related to the individual fund. Further information on the integration of sustainability risks by NPV is set out in section E below.

Impacts have been prioritised and are considered throughout the different phases of the due-diligence process, so as to ensure their timely consideration.

(i) 'No-Go'

NEC has designated certain matters as 'No-Go' and these will be considered during the initial ESG screening stage of the process. The confirmed presence of such risks means that NEC will not invest in the relevant solar plant:

- Impacts on areas with high biodiversity value: Where the investment would risk impacting on areas with high conservation value, such as UNESCO World Heritage Sites, unless there is prior consensus with both government authorities and UNESCO that the operations will not adversely affect the site, or on Critically Endangered (CR) and Endangered (EN) species and associated critical habitats categorised on the Red List of the International Union for Conservation of Nature ("IUCN");

- Modern slavery, such as forced labour and human trafficking, or child labour: Where an initial review of the project and the various counterparties, based on independent reports and/or media coverage suggests there is a potential risk of modern slavery and or human rights violations, such as forced or child labour and human trafficking; and

- Impact on minorities and Indigenous People: Investment opportunities that risk impacting on Indigenous Peoples[14] and minorities, whereby NEC expects that meaningful consultation is carried out and that Free Prior and Informed Consent ("FPIC")[15] is sought – Where no FPIC was sought, this will be a No-Go risk, otherwise the risk will be further assessed by way of an enhanced due-diligence process, in line with the higher risk impacts identified in (ii) below.

(ii) Principal Adverse Impacts and Indicators

Alongside a consideration of the No-Go risks, the following impacts are included as part of the ESG screening and due-diligence:

ESG screening

- Risks relating to environmental permits/compliance: Whether permits, environmental or land-related licences, or conditions arising from environmental and social impact

[14] NEC refers to the definition of Indigenous Peoples given in the International Finance Corporation's ("**IFC**") Performance Standard 7. International Finance Corporation World Bank Group, *Performance Standards.* Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards (Last accessed: 28 November 2022.

[15] For further information on FPIC, see: United Nations Human Rights Office of the High Commissioner, *Free, Prior and Informed Consent of Indigenous People* (September 2013). Available at: https://www.ohchr.org/sites/default/files/Documents/Issues/IPeoples/FreePriorandInformedConsent.pdf .

assessments (where applicable) for the specific asset have been obtained and any conditions or issues have been addressed;

- Supply chain risks: NEC will consider the identity of module, inverter, and battery suppliers and their supply chain, including the mining companies from which materials are sourced. Where NEC's funds selects these suppliers, NEC requires them to submit a due-diligence questionnaire that covers supply chain issues. Where other parties, such as the EPC and/or O&M Contractor(s) have already selected these suppliers, NEC ensures that the EPC and O&M Contractor(s) have processes in place to select suppliers which take into account environmental, social and governance factors and, if so, what factors are considered;

- Risks relating to human rights and land acquisition: Land acquisition that requires involuntary resettlement, whereby NEC expects that meaningful consultation is carried out according to applicable international standards. NEC will seek confirmation from the seller whether there has been, or there may be resettlement or relocation of any communities to construct and operate the target, or whether there has been any livelihood displacement and, if so, what processes were used and whether such processes complied with IFC Performance Standard 5[16];

- Risks relating to community engagement: NEC will consider whether the seller has community engagement processes, internal and external grievance mechanisms or community investment plans in place;

- Risks relating to external grievance mechanisms: NEC will consider whether the EPC and/or O&M Contractors have internal and external grievance mechanisms in place, to track and respond to stakeholder feedback and concerns;

- Risks relating to labour: Whether the seller/target/EPC Contractor and other contractors comply, or sufficiently comply with national employment regulations and applicable fundamental International Labour Organization ("ILO") Conventions[17];

- Risks relating to governance: NEC will require details of the composition of the seller's and target's boards and how this composition is determined, alongside information relating to any violations of duties by directors; and

- Risks relating to anti-corruption and anti-bribery: Risk of corruption, money laundering and bribery, based on a country macro-analysis and the track record of counterparties, whereby NEC expects that business integrity standards are upheld. NEC will here consider whether there are formal written anti-corruption, anti-bribery, and anti-money laundering policies in place on the part of the seller and risk assessments carried out by the relevant target.

ESG due-diligence

- Environmental risks: Whether the seller has a sustainability or environmental health and safety ("EHS") policy in place, which reflects best practices and industry standards, whether

[16] International Finance Corporation World Bank Group, *Performance Standards.* Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards .

[17] International Labour Organization, *Conventions and Recommendations.* Available at: https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm).

the EPC and/or O&M Contractor manage related risks on site, and whether any EHS policies are in place at asset level and how environmental and social issues are managed at the site;

- Environmental risks: Whether any environmental and social impact assessments or similar have been prepared in accordance with international principles;
- Environmental risks: Whether the seller or target have been in breach of any environmental regulations, licences, consents or permits;
- Climate change risks: NEC will consider whether the seller or target have conducted climate change risk assessments to consider whether the target leads to increased climate risks or will hamper adaption elsewhere;
- Biodiversity risks: Whether the target has identified biodiversity risks and whether appropriate baseline and an action plan are needed to mitigate such risks is in place;
- Risks relating to circular economy: NEC will seek confirmation that the PV panels and associated components have been designed and manufactured for high durability, easy dismantling, refurbishment, and recycling;
- Risks relating to land use: NEC will consider whether environmental liability reports have been produced or whether significant impacts have been created by the target, on which the local community depends, relating, in particular, to water availability and quality;
- Risks relating to resource efficiency (energy efficiency & water): NEC will seek confirmation of the target's primary energy and water sources, any measures to monitor or reduce consumption, as well as the level of water and energy consumption by the target;
- Risks relating to waste: NEC will consider the waste management mechanisms in place at the site, including the management and disposal of exhausted solar panels;
- Supply chain risks: NEC will assess due-diligence carried out on module and inverter suppliers in respect of their management of ESG risks;
- Risks relating to human rights policies: Whether the seller has a human rights policy or statement in place;
- Risks relating to labour and working conditions: Confirmation from the seller that it does not have any track record of child and forced labour and that it complies with national employment regulations and core ILO Labour Conventions;
- Risks relating to labour and working conditions: Whether the seller or target have implemented procedures and or policies to identify and prevent slavery, servitude, forced and compulsory labour, human trafficking and other human rights abuses on the part of any contractors and sub-contractors;
- Risks relating to community engagement: NEC will assess the seller's internal grievance mechanisms and the level of grievances filed;
- Risks relating to anti-corruption, anti-bribery and anti-money laundering: NEC will review of policies and procedures in place in the seller and target for anti-corruption, anti-bribery and anti-money laundering training, reporting of incidences of such activities, and its due-

diligence policies to identify any such activities within any prospective business, suppliers, sub-contractors etc. of the target; and

- Diversity risks: NEC considers information on the EPC/O&M Contractor's gender and nationality compositions on their boards and in managerial positions and staff.

- Risks relating to external contractors and existing arrangements: NEC considers the competency and risk of any existing/accompanying EPC/O&M agreements/commitments as part of any potential investment. This includes reviewing the contractor's overall governance on key items including anti-bribery, anti-corruption, anti-money laundering, health & safety, social and environmental items. Additionally, health & safety and environmental performance data is reviewed and considered. Any due diligence performed by NEC's funds includes an analysis of compliance with the SFDR[18] and alignment with the EU Taxonomy Regulation[19].

Principal Adverse Impact (PAI) and indicators – post-acquisition

NEC is conscious that the impact of investments requires assessment not only during the pre-investment phase, but that monitoring is also required during the lifetime of the investment or the ownership of the asset.

NEC conducts monitoring of and reports on the impacts of its investments at two levels post-acquisition:

Portfolio level: NEC reports annually on its portfolio's contribution to specific ESG Key Performance Indicators ("KPIs") – specifically each fund's contribution to climate change mitigation – based on the SDGs which are considered material to NEC and its sustainability framework. These reports are available on the NEC website.[20]
Additionally, NEC monitors and reports on each asset's Principal Adverse Impact, as required under Annex 1 of the Regulatory Technical Standards of the European Supervisory Authorities on the content, methodologies and presentation of disclosures under the RTS.[21] These apply from 1 January 2023. These PAI are assessed for each asset and reported at portfolio level.

Asset specific:
The ESG Team works alongside the portfolio manager to implement any Action Plan that was agreed to as part of the approval process for a given investment; an ESG consultant or the O&M contractor (where the O&M Contractor has internal ESG capabilities and resources) will be responsible for the implementation of any given Action Plan. Action Plans vary from asset to asset and can include biodiversity, climate change, water management, operational health and safety, grievance and community engagement matters amongst others.

The impacts considered post-acquisition are therefore two-fold: those monitored across the whole portfolio through various ESG PAI as well as ESG performance indicators (CO2e avoided) and the

[18] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, OJ L 317, 9.12.2019, p.1-16.

[19] Regulation (EU) 2020/852 of the 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.

[20] See https://www.nextenergycapital.com/sustainability/transparency-and-reporting/.

[21] Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1-72).

specific impacts set out in a given Action Plan, as identified during the ESG assessment pre-acquisition. The monitoring and reporting on the progress of the implementation of any Action Plan and on any applicable ESG KPIs is managed by the portfolio manager and the asset manager.

Actions taken in respect of principal adverse impacts

Pre-Investment

During the pre-investment phase, NEC engages in the ESG screening and ESG due-diligence process to identify potential risks to the project and to NEC; where sustainability risks and impacts are identified, NEC proposes appropriate mitigation measures, which seek to mitigate such risks through the adoption of an Action Plan, or by including conditions precedent and/or representations and warranties in the binding offer for the relevant investment.

In the event that 'No-Go' impacts are identified during the initial screening process, these proposed investments are escalated to the investment committee for the relevant fund and it is recommended to that investment committee that NEC does not invest.

Further to the ESG screening, additional due-diligence is conducted by the ESG Team and, where relevant, by an ESG consultant. The ESG consultant's scope of work will be determined by the stage of the project and the risks identified during the initial screening process. The relevant consultant will prepare a report outlining the key risks and presenting any Action Plan to fill in any gaps between the project, its contractors, and the standards which NEC seeks to uphold.

The impacts identified in the course of the ESG screening and due-diligence are further considered by NEC's ESG Team, using the documentation provided by the relevant parties. Where necessary, more detailed investigations will be carried out by the NEC ESG Team through further information gathering from the seller, the legal and the technical advisors and/or a site visit by the appointed ESG advisor and/or the NEC ESG Team.

Where non-compliance or gaps with national and/or international standards, as set out in NEC's ESG Policies and supporting position statements and Code of Conducts, are identified in the process of the ESG screening and due-diligence, an Action Plan is prepared, which is to be implemented either pre-or post-acquisition (depending on the nature of the mitigative actions and the risks they seek to address). In addition, contractual obligations may be included in the financing documentation to aid the implementation of any Action Plan. The NEC ESG Team will subsequently prepare an ESG memo, which sets out the relevant risks and opportunities identified and the recommendations for mitigating such risks. This memo accompanies the investment proposal to be considered by the relevant investment committee. The memo may recommend that the investment committee may invest, does not invest, or suggest conditions for investment, such as the implementation of the relevant Action Plan to bring the relevant investment in line with NEC's standards.

Where necessary, NEC engages with business partners to mitigate identified risks and encourages them to improve their standards and practices.

Ownership Phase

The implementation of any Action Plan (to the extent these were not conditions to closing), post-acquisition, is transferred to NEC's portfolio manager, and to NEC's wholly owned asset manager, Wise Energy. Wise Energy will be responsible for the implementation, monitoring and reporting during the ownership and operational phases of any project. At present, Wise Energy's reporting includes an update on the progress of a given Action Plan and PAI as per Table 1 Annex 1 of the Level 1 RTS, alongside other key technical, financial and commercial information.

The frequency of reporting depends on the obligations of each fund towards its limited partners.

Separately, NEC has commissioned a number of independent reports to report on specific ESG factors, both at the group level and fund level. These can be found on the NEC website.[22]

Likely impacts of sustainability risks on the financial returns of financial products

NEC's consideration of the impact of environmental, social or governance events or conditions which may have an actual or negative impact on the return of investments is mainly qualitative and is carried out by the relevant investment committees on a case-by-case basis. The investment paper presented to an investment committee pre-investment includes, among other things, a summary of the relevant sustainability risks identified and, where applicable, an Action Plan and costs for implementing such Action Plan. Such Action Plan identifies what actions are needed to mitigate such risks, as well as including an indication of the costs and resources required to implement such measures; these costs are included in the financial model of the transaction, for approval by the investment committee for the relevant fund. As such, sustainability risks are comprehensively assessed as part of NEC's commitment to compliance with NEC's ESG Policies. The NEC ESG team record and monitor any cost associated to ESG activities (i.e. implementation of the Action Plans amongst other) and ensures these costs (whether capex or opex) are included in the financial model prior to acquisition. The team monitors with the portfolio managers and WiseEnergy that the Action Plan is implemented within the given budget.

C. International Standards

NEC aligns itself with a number of national and international standards on responsible business conduct, due-diligence and reporting. These standards include the following:

1. UN Sustainable Development Goals[23] – NEC's sustainability framework is centred around a selected number of SDGs;
2. UN Principles for Responsible Investment[24];
3. Institutional Investors Group on Climate Change – NEC is part of the IIGCC PAII Infrastructure Working Group which seeks to align investments with the goals of the Paris Agreement[25];
4. Recommendations from the Task Force on Climate-Related Financial Disclosure (TCFD) (2017)[26];
5. International Finance Corporation Performance Standards[27];
6. Equator Principles[28];

[22] See https://www.nextenergycapital.com/sustainability/transparency-and-reporting/.

[23] United Nations Department of Economic and Social Affairs – Sustainable Development, *The 17 Goals.* Available at: *https://sdgs.un.org/goals*.

[24] Principles for Responsible Investment, *What are the Principles for Responsible Investment?.* Available at: https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment .

[25] Institutional Investors Group on Climate Change, website: https://www.iigcc.org/ .

[26] Task Force on Climate-Related Financial Disclosures, website: https://www.fsb-tcfd.org/recommendations/ .

[27] International Finance Corporation World Bank Group, *Performance Standards*. Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards .

[28] The Equator Principles Association*, The Equator Principles*. Available at: https://equator-principles.com/ .

7. The fundamental ILO Conventions[29];
8. United Nations Universal Declaration of Human Rights[30]; and
9. UN Guiding Principles on Business and Human Rights[31].

While some of these standards apply to every new investment, some may only be relevant depending on the nature and location of the investment.

D. Integration of Sustainability Risks into Remuneration Policy

A 'sustainability risk' is defined in Article 2(22) of the SFDR as "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment". NEC's remuneration policy is designed to ensure that NEC's compensation arrangements are aligned with NEC's business strategy, objectives, values and in the long-term interests of investors. Therefore, sustainability risks that might cause an actual or potential material negative impact on the value of an investment are not only integrated into NEC's investment decisions, but also are part of NEC's remuneration policy. NEC's remuneration policy seeks to promote sound and effective risk management with respect to sustainability risks and ensures that any decisions concerning remuneration do not encourage risk-taking with respect to sustainability risks.

NEC's ESG Policies forms part of NEC's strategy and the remuneration policy thus seeks to align compensation arrangements with its implementation. Members of NEC's governing body, senior management and senior staff responsible for heading portfolio, energy sales, human resources, finance, compliance, investor relations and IT all have the shared broad objective of developing and implementing NEC's sustainability framework.

[29] International Labour Organization, *Conventions and Recommendations.* Available at: https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm .

[30] United Nations, *United Nations Universal Declaration of Human Rights.* Available at: https://www.un.org/en/universal-declaration-human-rights/ .

[31] United Nations, *Guiding Principles on Business and Human Rights - Implementing the United Nations "Protect, Respect and Remedy" Framework* (2011). Available at: https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf .

NEXTENERGY CAPITAL

Sustainability-related disclosures required for Article 9 funds under the SFDR

E. NextPower V LP

I. Summary

NextPower V LP ("NPV") (LEI: 213800IV1PUWYWMD5740) is a private ESG infrastructure fund established to invest in the international solar sector, specifically to fund the construction and long-term ownership of solar power plants. NPV's target markets comprise mainly of OECD countries and OECD Key Partner Countries. NPV does not currently engage in development activities.

As a private ESG infrastructure fund specialising primarily in solar power plants, NPV's sustainable investment objective is to substantially contribute to the environmental objective of climate change mitigation whilst fully aligning with the Do No Significant Harm ("DNSH") approach as per the definition within the EU Taxonomy Regulation.

Specific KPIs have been defined to track the performance and impacts of each asset under management. A full set of indicators related to PAIs has been developed consistently with the requirements of Table 1, Annex 1 of the RTS. The performance against these indicators will be released by Q2 2023. Furthermore, NPV's sustainable investments are aligned with the associated requirements of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as detailed below.

To enable the attainment of the sustainable investment objective, ESG PAIs are integrated and embedded within NPV's Investment Strategy in order to appropriately select investments. NPV has not designated a specific index as a reference benchmark to meet the sustainable investment objective. NEC conducts extensive due-diligence on any potential investment in NPV. Pre-investment, potential assets are subject to a robust and in-depth due diligence approach and reviewed against compliance with local legislation, alignment with NEC standards, international best practice, and all relevant risks, including but not limited to: environmental, climate, social, contractor, supply chain and anti-corruption/anti-bribery considerations. This process fully aligns with the Do not do Significant Harm (DNSH) and minimum safeguard approach from the EU Taxonomy. It also allows NEC and NPV to review overall ESG risks and opportunities, but also to understand the specific risks and considerations in achieving our sustainable investment objective.

As per the Investment Strategy, NPV only invests in assets and therefore does not consider investee companies within this disclosure. The existing and future allocation of the fund is a minimum of 95% sustainable investment. The proportion of investments included under "#2 Not sustainable" is minimal. These are for government bonds, fixed-income securities, money market instruments, such as units in money market funds and overnight and/or time deposits at credit institutions. These investments are required for the Sub-Fund 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 Sub-Fund's portfolio.

Monitoring of progress against the sustainable investment objective is carried out through the use of sustainability indicators: specifically, calculated emissions and fossil fuel use avoided as a result of the renewable energy generation from our assets. This is calculated on an asset level and is based on the electricity generated by the asset (measured through a metering approach), and the internationally recognised International Financial Institution ("IFI") Harmonised Conversion Factors

released and maintained by the United Nations Framework Convention on Climate Change ("UNFCCC"). As this is calculated on an asset level, data can be provided on a portfolio, country, or fund level. All calculations are checked by an external third-party specialist prior to release. The emissions and fossil fuel use avoided figures are then published in various sustainability related reports. Only forecasts of emissions avoided, and the associated expected/estimated generation data is estimated. This estimate is based on asset capacity, irradiation and asset up-time.

Whilst there are two important limitations to the above methodologies, these limitations do not materially affect the attainment of the sustainable investment as (a) the IFI Harmonised Factors are internationally recognised, and their limitations are widely understood, and (b) the actual measure of progress against the goal of substantial climate change mitigation is predominantly based on actual renewable electricity generated and the associated emissions avoided calculations rather than relying solely on forecasts.

NEC's materiality assessment for determining the ESG factors it considers are determined through stakeholder engagement and by reference to best practices. NEC thus discusses the NEC approach with a set of selected stakeholders, including the UNPRI, IIGCC, the Solar trade associations such as Solar Power Europe and Solar Energy UK, the Business and Human Rights Resource Centre and other industry bodies, consultants, NGOs and where applicable, with investors. The objective of this regular stakeholder engagement is to continue to evolve and enhance NEC's investment approach.

For further information, detail and context, please continue reading to the appropriate section.

II. No Significant Harm to the Sustainable Investment Objective

NPV's investment decision making process ensures that investments do not only contribute to environmental objectives, but also cause no significant harm to other environmental objectives and are conducted in accordance with minimum safeguards on matters such as human rights and labour conventions. A robust due diligence process captures all the relevant key risks associated with each acquisition. The risks are aligned with the DNSH approach of the EU Taxonomy Regulation[32] (with extension beyond) and include:

(i) Transition to a circular economy: During the initial due-diligence and screening processes, NEC considers the identity of the module suppliers, the source of the module materials and whether the PV panels and associated components have been designed and manufactured for high durability, easy dismantling, refurbishment and recycling. Additionally, NEC (or the relevant consultant) will consider the waste management processes in place for the relevant asset.

(ii) Climate change adaption: Depending on the stage of the project, NEC (either through the NEC ESG Team or through an external ESG consultant) will review any environmental and social impact assessments that are required by local authorities, as well as the progress of any environmental and social management plans and the implementation of any steps proposed by such plan. In instances where such assessments have not been carried out (such as where the national regulations do not require it), NEC commissions appropriate assessments to identify the relevant risks in accordance with NEC's ESG Policies and applicable national or international standards (such as the Equator Principles[33] and the IFC Performance Standards[34]). Depending

[32] Regulation (EU) 2020/852 of the 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.
[33] The Equator Principles Association, *The Equator Principles*. Available at: https://equator-principles.com/.
[34] International Finance Corporation World Bank Group, *Performance Standards.* Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards .

on the location of the site, NEC may additionally carry out a climate change risk assessment, through external consultants.

(iii) Protection and restoration of biodiversity and ecosystems: The No-Go assessment considers whether assets are located on protected natural areas, such as land designated as Natura 2000 (or non-EU equivalent), or as a UNESCO Heritage Site, or where the investment could impact habitats and species listed on the Red List of the IUCN. NEC also considers whether any biodiversity impact assessments have been carried out, whether any biodiversity action plans are in place, and identify potential adverse impacts on biodiversity.

In the event that any risks are identified, they are captured/recorded and either mitigated against, or the transactions can be halted and not progressed.

From a climate change mitigation perspective, NPV substantially positively contributes to the objective by avoiding CO2e emissions to atmosphere and fossil fuel use. Once invested, NPV will report 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.

How are the indicators for principal adverse impacts taken into account?

The due diligence process, as detailed in NEC's ESG Policies and this ESG Disclosure document, reviews all aspects of the asset(s) and the associated adverse impacts (including environmental, social and employee, human rights, anti-corruption etc.) during the pre-investment stage. Post-acquisition of the assets, all relevant contractors are subject to ad-hoc suppliers due diligence processes to capture and identify any potential risks.

Specific KPIs have been defined to track performance and impacts of each asset under management and they are tracked by Wise Energy and reported to NPV. These indicators provide an ongoing narrative of any positive or negative impacts the assets may have on the surrounding considerations. KPIs include CO2e and fossil fuels avoided. A full set of indicators related to PAI has been developed consistently with the requirements of Table 1, Annex 1 of the RTS.[35] The performance against these indicators will be released once the fund has operating assets and together with its annual report to Limited Partners

In addition to quantitative KPIs, detailed action plans are also handed over to the asset manager to ensure that each asset continues to be comply with any national requirements and to be aligned with NEC's ESG Policies.

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

Yes. NEC and NPV have strong ESG Policies, a Human Rights Position Statement, and a Code of Conduct for Suppliers which are all aligned with the associated requirements of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. NPV

[35] Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1-72).

policies require NPV to perform due diligence on both its own activities and its business relationships with the objective of acting upon any findings.

Additionally, NPV ensures that investments are carried out in compliance with other safeguards, relating, in particular, to human rights matters, guided by the United Nations Universal Declaration of Human Rights. Human rights are one of the three pillars of NEC's Sustainability Framework: this is reflected in the designation of certain human rights matters as 'No-Go' and in human rights related due-diligence questions. Matters such as slavery, child and forced labour (all of which are No-Go risks under NEC's ESG Policies), risks of community displacement, and commitments to national and international human rights and labour conventions by sellers, targets, and contractors, are considered in the process of NEC's ESG assessment.

Moreover, NPV ensures that its investments are aligned with the principles and rights set out in the Declaration of the ILO on Fundamental Principles and Rights at Work and also the International Bill of Human Rights.

III. Sustainable Investment Objective of the Financial Product

The Fund will invest in renewable energy, most specifically the international solar sector, focused on the construction and long-term ownership of solar power plants. The sustainable investment objective of the Fund is to generate a more sustainable future by leading the transition to clean energy. The Funds' sustainability framework is based on three pillars of biodiversity, climate change and human rights, and is aligned with the UN Sustainable Development Goals. Through its investments, the Fund will also substantially contribute to the environmental objective of climate change mitigation within the meaning of the EU Taxonomy.

NPV is expected to substantially positively contribute to avoiding CO^2_e emissions to the atmosphere and fossil fuel use. Once it has assets under management, NPV will report the amount of CO^2_e avoided consistently year on year through a publicly available report called the Green Impact Report which is prepared independently by a third-party provider.

IV. Investment Strategy

How is the investment strategy used to attain the sustainable investment objective?

The investment strategy is exclusively focused on investments in the construction and long-term ownership of solar power projects/assets and adjacent technologies that complement them. Solar power projects, by definition, generate renewable energy, which is aligned with the sustainable investment objective "to generate a more sustainable future by leading the transition to clean energy". This is a binding element of the investment strategy and dictates investment selection.

Implementation of the investment strategy

As part of NPV's due-diligence processes, NEC ensures that NEC's ESG Policies are applied.

As set out in section B above, NEC integrates the consideration of a range of ESG factors throughout the investment decision-making processes. Risks are identified and assessed throughout the ESG screening and due-diligence and ESG recommendations are presented to the investment committee for NPV in an ESG memo. Investments that could fall under the 'No-Go' activities are recommended to be excluded from NEC's investment prospects.

Based on initial findings from the ESG screening, NPV will engage independent consultants to carry out a review of the ESG commitment, capacity and track records of the project counterparties against NEC's ESG Policies.

Such consultants conduct an in-depth review of the policies and management systems in place on the part of sellers and EPC/O&M Contractors (where applicable), as well as their compliance track records. This process considers the adherence of counterparties to environmental policies and procedures (climate change, biodiversity, water, and waste management), community, human rights and labour commitments, their implementation of suitable sustainability, anti-corruption, anti-bribery and anti-money laundering policies, as well as their track record of ESG performance. Consultants additionally review and report on the asset, including whether relevant regulatory approvals and environmental assessments were obtained or are required (depending on the status of the relevant project) and carry out a gap analysis against national regulatory requirements, NEC's ESG Policies and the international standards it refers to, including the IFC Performance Standards[36] and the Equator Principles[37].

The ESG review carried out by the independent consultants and the ESG Team will integrate any risks identified into an ESG report which, where applicable, sets out an Action Plan for their mitigation. Depending on the nature of the risk, the outcome of a review could be: (i) a recommendation to senior managers that the asset is not suitable for investment, typically before presenting the opportunity to the investment committee for NPV; (ii) a recommendation to proceed with the investment; or (iii) a recommendation to proceed with the investment subject to specific actions to be implemented either before or after financial close. In the case of investments falling within options (ii) and (iii), the ESG Team will work with the investment team to include any relevant ESG obligations into the contractual arrangements, to ensure that the EPC Contractor, the O&M Contractor and the asset manager, construct, operate and manage the assets in accordance with NEC requirements and standards.

What is the policy to assess good governance practices of the investee companies?

NEC and NPV do not invest in companies – only in renewable energy assets. However, the due diligence performed pre-acquisition makes sure that NPV assesses the good governance of the asset from an ESG perspective, for example whether there are the relevant policies and management systems to implement these policies and maintain compliance with the relevant standards set out in NEC ESG Policies. Post-acquisition, the NEC ESG team continues to do so through Wise monitoring and reporting on each asset/portfolio as explained in the section above.

NPV is committed to ensure that it and its business partners are transparent and fair in their dealings. NPV takes into full account business integrity, anti-corruption and anti-money laundering legislation and rules in each jurisdiction in which it owns and operates assets. For every acquisition, due diligence questionnaires are sent to all involved counterparties (sellers, contractors, and suppliers), and they are screened for AML purposes.

During Investment Committees, the Head of ESG is present to ensure ESG-related investment objectives are consistently upheld across the portfolio.

[36] International Finance Corporation World Bank Group, *Performance Standards.* Available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards .

[37] The Equator Principles Association, *The Equator Principles*. Available at: https://equator-principles.com/ .

More broadly, the practice of good governance is an integral part of the way NPV executes its investment strategy and plays an important role in shaping NPV's long term sustainable success and the achievement of the NEC group's strategic objectives.

The NEC Advisory Board includes high profile professionals with energy, financial and environmental backgrounds who advise the management team at NPV to implement and uphold the best governance practices.

V. Proportion of Investments

NPV only invests in solar assets and does not invest in companies.

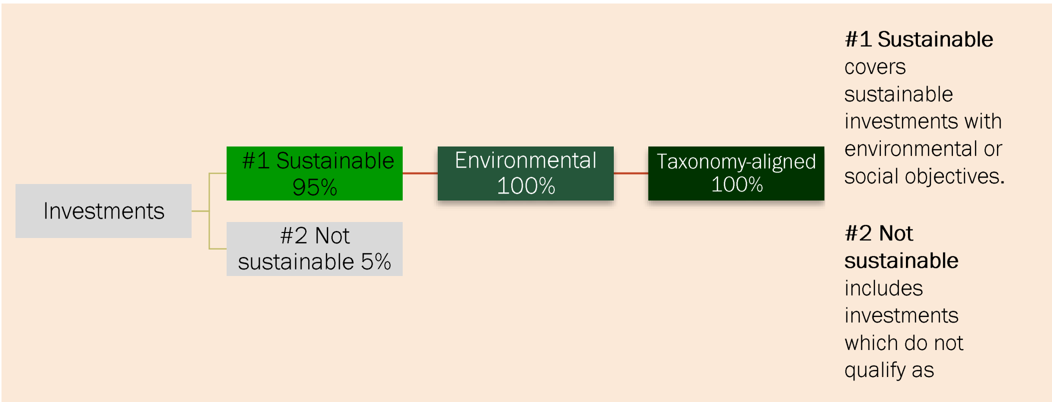
The Fund will make a minimum of 95% sustainable investments with an environmental objective, as its objective is to invest solely in renewable energy assets and most specifically the international solar sector, focused on the construction and long-term ownership of solar power plants.

The Fund may hold up to 5% of its Net Asset Value (NAV) in cash, bank deposits and other cash equivalents for liquidity purposes.

The Fund will not make any investments that qualify as sustainable investments with an environmental objective but are not aligned with the EU Taxonomy or any investments that qualify as sustainable investments with a social objective.

What is the asset allocation and the minimum share of sustainable investments?

As above, the asset allocation is at least 95% sustainable investment and up to 5% not sustainable.



How does the use of derivatives attain the sustainable investment objective?

This is not applicable to NPV.

VI. Monitoring of Sustainable Investment Objectives

Monitoring of progress against the sustainable investment objective is carried out through the use of sustainability indicators: specifically, calculated emissions and fossil fuel use avoided as a result of the renewable energy generation from our assets. This is calculated on an asset level and is based on the electricity generated by the asset (measured through a metering approach), and the internationally recognised IFI Harmonised Conversion Factors released and maintained by the UNFCCC. As this is calculated on an asset level, data can be provided on a portfolio, country, or fund level. All calculations are checked by an external third-party specialist prior to release. Data can be used to create forecasts or can be based on actual historic power output data to provide greenhouse gas ("GHG") emission and fossil fuel avoided figures. The emissions and fossil fuel use avoided figures are then published in various sustainability related reports.

At the asset level, where risks have been identified in the pre-acquisition phase, the implementation and monitoring of any Action Plan is managed by the portfolio manager and the asset manager. Responsibility for the implementation of any Action Plan will rest with the O&M Contractor, or where the O&M Contractor does not have the requisite capabilities, with an external consultant hired for such implementation. Action Plans vary from asset to asset and can include biodiversity, climate change, water management, operational health and safety, grievance, and community engagement matters, amongst others. Moreover, an Action Plan includes details of the responsibilities, costs and the timescale to address any gaps between the current operation of the project or the EPC/O&M Contractor's operations vis-à-vis NEC's ESG Policies.

At the portfolio level, Wise Energy provides NPV with a quarterly report which details aggregate monthly asset electricity output/generation alongside other key technical, financial and commercial information. NEC worked works closely with Wise Energy to define a range of PAIs as required under the RTS.[38] These PAIs will be collected from O&M Contractors, monitored and reported on during the ownership phase by Wise and reported by NEC publicly on an annual basis.

In terms of reporting around positive climate change impact (i.e. (CO2e emissions avoided), NPV is committed to issue a 'Green Impact Report' which includes a measure of each investment's positive contribution to a reduction in greenhouse gas emissions, and an indication of NEC's direct and indirect performance against other applicable UN SDGs. Such report is issued on the NPV portfolio once a year and is prepared by a reputable third-party advisor (Green Investment Group).

VII. Methodologies

As stated above, Monitoring of progress against the sustainable investment objectives is primarily based on the calculation of greenhouse gas (GHG) emissions and fossil fuel consumption avoided by the generational capacity of solar assets within the NPV portfolio. Avoidance of GHG emissions is assessed by comparing the emissions associated with the portfolio to a counterfactual (marginal grid emissions). The table below provides an overview of the indicators that it will be taken into account for the calculation. This calculation will be measured and verified by an external independent party on the basis of the internationally recognised International Financial Institution Harmonised Conversion Factors released and maintained by the United Nations Framework Convention on Climate Change.

Metric	Unit
GHG Avoided	$KtCO_2e$
NO_x Avoided	Tonnes
SO_x Avoided	Tonnes

[38] Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1-72).

$PM_{2.5}$	Tonnes
PM_{10}	Tonnes
Fossil Fuels Avoided	Kilotonnes oil equivalent (ktoe)

VIII. Data Sources and Processing

The Data Sources Used to Attain the Sustainable Investment Objective

To calculate the emissions and fossil fuel avoided figures, the net renewable energy generation is required to be multiplied against the relevant conversion factors.

The net renewable energy generation is asset specific and depending on whether the data is a forecast, or based on actual generated electricity, the sources comprise of:

(i) actual generation of the assets within the fund (metered); or

(ii) generation capacity of the assets within the fund is required for forecasting purposes (this is provided by technical documentation and specifications).

The relevant conversion factors that are used – the IFI Harmonised default grid factors – are provided by the UNFCCC and are periodically updated.

The IFI Harmonised default grid factors are based on a country's Default Emissions Factor ("**DEF**"), which is essentially the average electricity grid mix per country, and take into account the amount of electricity generated from the use of oil, gas, coal and other fuels. This is calculated using a Combined Margin ("**CM**") which consists of an Operating Margin ("**OM**") and Build Margin ("**BM**"). Further information on the IFI Harmonised approach can be found on the UNFCCC website here.

The Measures Taken to Ensure Data Quality

The generation data from the assets are metered and maintained on a basis determined by the meter's original equipment manufacturer or even more frequently.

NEC ensures that the IFI factors are correct by utilising the latest version provided by the UNFCCC on their official website.

Furthermore, NEC utilises a third-party specialist to ensure that input data is consistent and the overall calculation results are correct.

How Data is Processed

Electricity generation data is captured within specific technical software and quality checked by the relevant technical personnel (within the Asset Management team) and signed off prior to issue to the ESG Team.

The Proportion of Data that are Estimated

For calculations based on actual emissions avoided, the generation data is not estimated.

Only forecasts of emissions avoided, and the associated expected/estimated generation data is estimated. This estimate is based on asset capacity, irradiation and asset up-time.

Additionally, it is important to note that whilst the IFI Harmonised Factors are internationally recognised, they are based on country specific averages/estimates and associated build plans of alternate electricity sources. In reality, actual progress of a country against its plan may differ. The IFI Harmonised Factors are updated by the UNCCC periodically to reflect any changes.

IX. Limitations to Methodologies and Data

Limitations of the methodologies that are important to note are:

(i) the IFI Harmonised Factors are based on the OM and BM of a country. Both elements have their own considerations in the calculation process of the overall Harmonised Emission Factor. The details of the approach can be found on the UNFCCC website here; and

(ii) all forecasts will have limitations. In any forecasted emissions avoided numbers, it is important to understand as they are estimates only and cannot account for unexpected changes in variables that directly impact generation.

These limitations will not materially affect the attainment of the sustainable investment objective as:

(i) the IFI Harmonised Factors are internationally recognised, and their limitations are widely understood, yet they are one of the most efficient and accurate ways to estimate grid emissions and therefore, emissions avoided. They are maintained and updated as required by industry specialists to ensure they remain as accurate and representative as possible; and

(ii) the actual measure of progress against the goal of substantial climate change mitigation is predominantly based on actual renewable electricity generated and the associated emissions avoided calculations rather than relying solely on forecasts.

X. Due-Diligence

NEC conducts extensive due-diligence on any potential investment in NPV. The format and content of such due-diligence exercise will vary according to the type of the investment, the status of the plant and the plant's location.

Broadly, a standard process is followed involving legal, technical, ESG, financial, and tax due-diligence, carried out by relevant advisors to highlight any relevant corporate, property, planning, environmental, community, or other related issues. The ESG due-diligence covers all aspects identified in section B above. From an ESG perspective, the due-diligence process includes the processes explained in the preceding sections.

All of NEC's proposed investments in NPV are presented to the investment committee for the fund in the form of an investment proposal (into which any ESG report is integrated). Any key risks identified during the ESG screening and due-diligence processes are presented in a risk matrix, including, where relevant mitigation strategies. The NEC Head of ESG is a member of the investment committee and further ensures ESG considerations are understood and recognised.

XI. Engagement Policies

NEC and NPV do not invest in companies – only in renewable energy assets. However, due diligence performed pre-acquisition includes the review of the stakeholder engagement processes that occur or will have to occur (depending on the asset stage) at asset level. If the NEC ESG team identifies any gap with international standard, an Action Plan will be put forward. Post-acquisition, the NEC ESG team continues to monitor engagement through Wise monitoring and reporting activities.

More broadly, NEC's materiality assessment for determining the ESG factors it considers are determined through stakeholder engagement and by reference to best practices. NEC thus discusses the NEC approach with a set of selected stakeholders, including the UNPRI, IIGCC, the Solar Trade Association, the Business and Human Rights Resource Centre and other industry bodies, consultants, NGOs and where applicable, with investors. The objective of this regular stakeholder engagement is to continue to evolve and enhance NEC's investment approach.

Furthermore, together with Solar Power Europe, the NEC group has recently launched the Solar Stewardship Initiative[39]. The Solar Stewardship Initiative's mission is to further develop a responsible, transparent, and sustainable solar value chain to further develop supply chain transparency and strengthen confidence in how, where, and by whom products and solar components are manufactured.

XII. Attainment of the Sustainable Investment Objective

There has been no specific index designated as a reference benchmark to meet the sustainable investment objective.

[39] The Solar Stewardship Initiative. Available at: https://solarstewardshipinitiative.org/.