NEXTENERGY CAPITAL

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 UK ("**NPUK**" or "the Fund")

Legal entity identifier: 2138008DMF2DKL4ZQV66

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

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.

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the sustainable investments]*

☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 85.7**%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

NPUK is a solar investment fund, which is currently active in the acquisition of solar PV assets on the secondary market, and in investing in solar PV assets that are under development (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 Taxonomy[1]" and more specifically, qualifies as contributing substantially to climate change mitigation.

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

NPUK substantially contributes to climate change mitigation by avoiding fossil fuel use and associated CO_2e emissions to the atmosphere.

NPUK's integration of environmental, social and governance (ESG) factors is 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 integrates the NextEnergy Group's Sustainable Investment Policy's methodologies into its investment decision-making processes, to further enhance and strengthen the consideration of ESG factors.

Monitoring of progress against the Fund's sustainable investment objective is primarily based on the calculation of GHG emissions and fossil fuel volume avoided by utilisation of the solar assets and their output in MWh, based on actual generation data. This data can also be used forecasts for GHG emissions and fossil fuel use avoided.

The Investment Adviser is also developing its work to quantify the impact of NPUK biodiversity commitments, with a view to including this information in future reports as part of the Fund's contribution toward climate change mitigation. The Investment Adviser sees nature-related impact as a strategic risk management issue, and is an inaugural Taskforce on Nature-related Financial Disclosures (TNFD) Early Adopter.

[1] 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.

- ***How did the sustainability indicators[2] 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	2023
GHG Avoided	$ktCO_2e$	37
NO_x Avoided	tonnes	38
SO_x Avoided	tonnes	68
$PM_{2.5}$	tonnes	3
PM_{10}	tonnes	1
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	19

These numbers are based on the renewable electricity generation (GWh) for the period of the 2023 calendar year (1st Jan 2023 to 31st Dec 2023) during which NPUK assets were operational.

As indicated in the table, 37 $ktCO_2e$ of emissions and 19 ktoe were avoided in 2023.

These figures are publicly released in a Green Impact Report which is prepared independently by a third-party provider, the Green Investment Group.

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

The figures for 2022 are provided in the table below. Note that 2023 was the first full year during which the Fund owned, and operated, generating assets.

Metric	Units	2022	2023
GHG Avoided	$ktCO_2e$	3	37
NO_x Avoided	tonnes	3	38
SO_x Avoided	tonnes	5	68
$PM_{2.5}$	tonnes	<1	3
PM_{10}	tonnes	<1	1
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	1	19

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

[2] **Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

NPUK's robust due diligence and investment decision-making processes ensures that investments 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. The Investment Adviser's extensive ESG team has developed solar-specific procedures to identify and control all relevant risks associated with the industry, throughout the asset lifecycle. These risks are aligned with the Do No Significant Harm (DNSH) approach of the Taxonomy (with risk management extending beyond these) and include:

- Climate change;
- Supply chain risks;
- Biodiversity and ecosystems.

All transactions risks are identified, recorded and mitigated, and if this is not possible then transactions are halted or not progressed. No investments in 2023 were progressed without appropriate mitigations to ensure they caused no significant harm.

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 impacts[3] 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, NextEnergy Capital's ESG Disclosure document, and the policies underlying these, 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 and other impacts) during the pre-investment stage. When gaps are identified, mitigation measures are proposed, and action plans are agreed during the approval process. The cost to implement mitigation measures and other ESG action is allocated into the financial model, to ensure capital can be deployed for these activities during the lifetime of the asset.

[3] **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.

Post-acquisition, all relevant contractors which construct or operate the asset are requested to provide ESG Key Performance Indicators (KPIs) These include information on resource consumption, Scope 1, 2, and 3 greenhouse gas emissions, health and safety, biodiversity, diversity, and other relevant ESG indicators. A full set of KPIs related to the EU PAIs has been developed consistent with the requirements of Table 1, Annex 1 of the Regulatory Technical Standard (RTS). The performance against these indicators was published by 31 March 2023.

For operational assets, the NPUK asset manager, WiseEnergy, manages PAI data collection from Operations & Maintenance contractors, with the data reviewed by a third-party provider. WiseEnergy also provides regular updates on the implementation of the ESG Action Plans to ensure that each asset continues to comply with all relevant national and other 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 aligned 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, and related documents such as the NextEnergy Capital Responsible Supply Chain Approach.

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

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.

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 consideration. Where possible, mitigation actions are put forward through specific action plans which are implemented and monitored during the ownership phase. In addition, NPUK reports on specific KPIs which are aligned with Table 1 of Annex I of the Regulatory Technical Standard, as well as additional KPIs.

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: 1st of January 2022 - 31st December 2022

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

Largest Investments	Sector	% Assets	Country
Solar PV Assets	Solar PV	85.7%	U.K.

What was the proportion of sustainability-related investments?

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

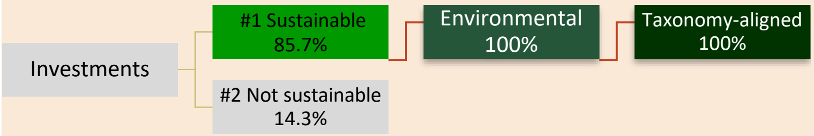
- 85.7% of the Fund's NAV was sustainability related. All of this investment is aligned with the EU Taxonomy;

- 14.3% 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 2022 and so not all capital had been allocated at 31.12.23. 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?***

[Include only relevant boxes, remove irrelevant ones for the financial product]



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

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

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.

- ***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?[4]

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) it meets minimum social safeguards.

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

[4] 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.

for and reported annually. The objective of climate mitigation remains the core business of the Fund's investments and 100% of asset allocation is for investment 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 is caused 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 process considers additional safeguards, including human rights, community engagement, and labour conditions. The due diligence process 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.

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- **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.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[5]?

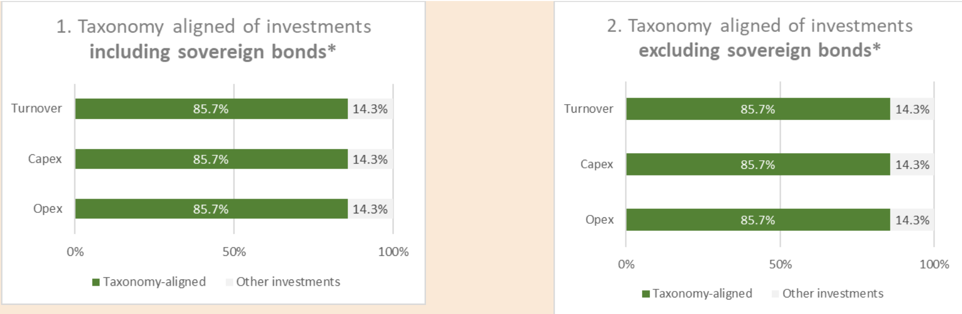
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

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.

[5] 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.



**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

All of the investment represented by the 85.7% 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 activities[6]?***

  0%

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

  The percentage of investments aligned with the EU Taxonomy increased by 0.5%. As noted the Fund is not yet fully deployed.

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

0%

What was the share of socially sustainable investments?

0%

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

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

[6] **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.

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 greenhouse has and other 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 its 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 issues. In addition, the due diligence covers additional safeguards, aligned with the requirements of the OECD guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human rights, which form part of the business principles of NPUK, as set out in its 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 NPUK Green Impact Report available on the NPUK disclosures page. Progress on key indicators is discussed extensively at internal and external stakeholder meetings.

Further information of the Investment Adviser's approach towards sustainability is outlined in the NextEnergy Group Sustainability Strategy.

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

NPUK 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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