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

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.

Product name: NextPower III ("NPIII")

Legal entity identifier: 213800IV1PUWYWMD5740

Sustainable investment objective

Does this financial product have a sustainable investment objective?

☒ Yes	☐ No
☒ It will make a minimum of **sustainable investments**[1] **with an environmental objective**: 88.3%	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☒ in economic activities that qualify as environmentally sustainable under the EU Taxonomy[2]	☐ 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 will make a minimum of **sustainable investments with a social objective**: ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

[2] The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities.** That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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

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 objective is :

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

The fund objective contribute to the Article 9 qualification, under "economic activities that qualify as environmentally sustainable under the EU Taxonomy[3]" 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.

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.

[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.

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.

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

How did the sustainability indicators[4] perform?

The table reports historical performance indicators (i.e., CO2e avoided) up to the current reporting year.

Metric	Units	2021	2022	2023
GHG Avoided	$ktCO_2e$	210	291	348
NO_x Avoided	tonnes	355	527	664
SO_x Avoided	tonnes	873	1,310	1665
$PM_{2.5}$	tonnes	7	11	14
PM_{10}	tonnes	39	56	68
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	77	109	132

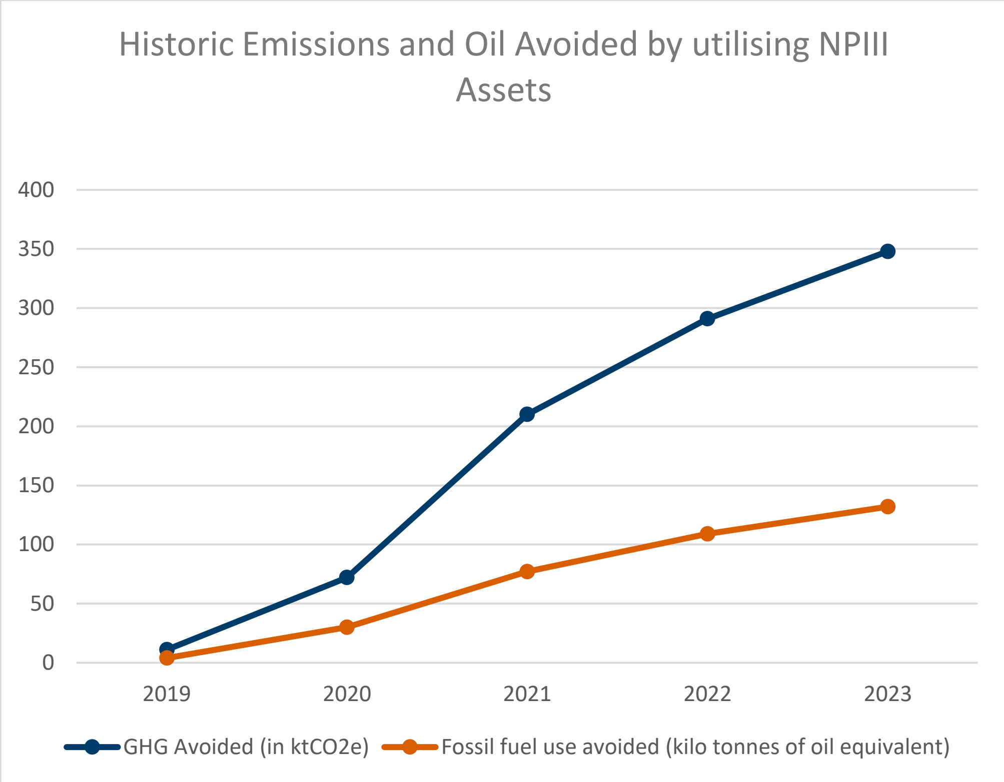
The 2023 performance indicators are based on the renewable electricity generation (GWh) related to 2023 calendar year (i.e. 1st Jan 2023 to 31st Dec 2023).

As indicated in the table, up to 348 ktCO2e of emissions and up to 132kt of oil equivalent have been avoided.

...and compared to previous periods?

The historical data has been calculated in 2024 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.

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.

How were the indicators for adverse impacts[5] 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 2024.

[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.

For operating assets, the Asset Manager, 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 collecting data related to PAI, WiseEnergy also provides regular updates 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 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.

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.

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:

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: calendar year 2023 (1st January 2023 – 31st December 2023).

Largest Investments	Sector	% Capacity	Country
Santarem Asset	Solar PV	11	Portugal
CSG Assets	Solar PV	11	USA
NC102 Asset	Solar PV	10	USA
Guanaco II Assets	Solar PV	8	Chile
Guanaco I Assets	Solar PV	7	Chile
Aragon Assets	Solar PV	6	Spain

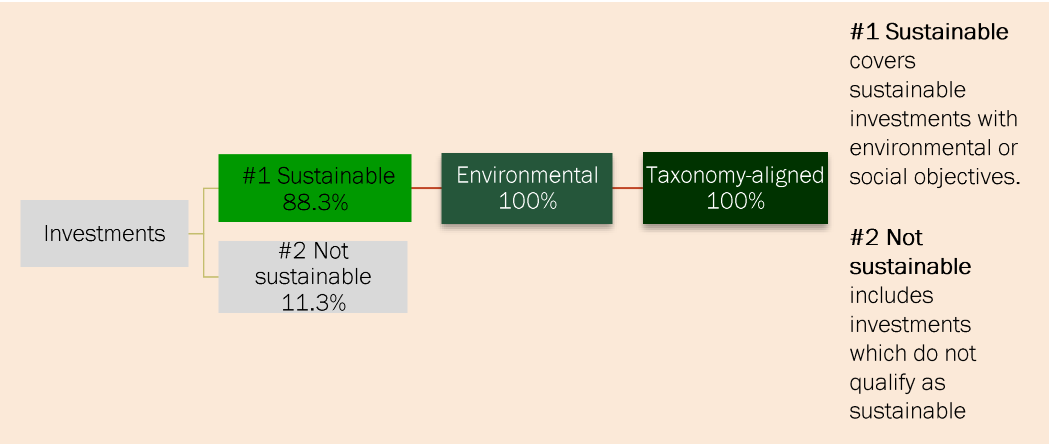
What was the proportion of sustainability-related investments?

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

- 88.3% of the Fund's investments was sustainability-related. All of this investment is aligned with the EU Taxonomy.
- 11.7% of the Fund's NAV was held in cash, bank deposits and other cash equivalents for liquidity purpose and hence classified as "non sustainable".

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



In which economic sectors were the investments made?

The investments were made in the renewable energy sector.

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

The NPIII fund is 88.3% aligned with the EU Taxonomy. Specifically, 88.3% of NPIII investment is designated for the acquisition of solar PV assets and associated facilities, while the other 11.7% is primarily made up of cash

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

(i) **turnover** reflecting the share of revenue from green activities of investee companies;

(ii) **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy; and

(iii) **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

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

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

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.

holdings which are earmarked for injection into the assets that are currently under construction.

As the assets progress through the construction phase and more cash is injected (as planned) to enable the progress, the sustainable investment figure will increase. All the investments into solar PV and associated facilities 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.

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.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[7]?**

☐ Yes:

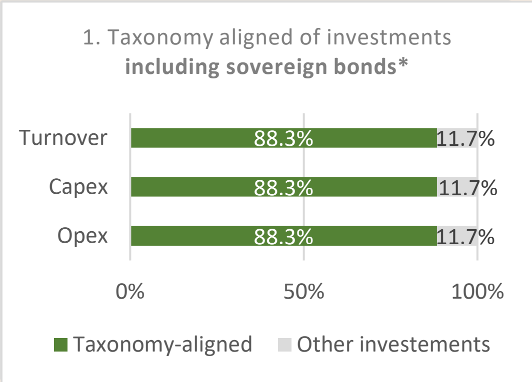
☐ In fossil gas ☐ In nuclear energy

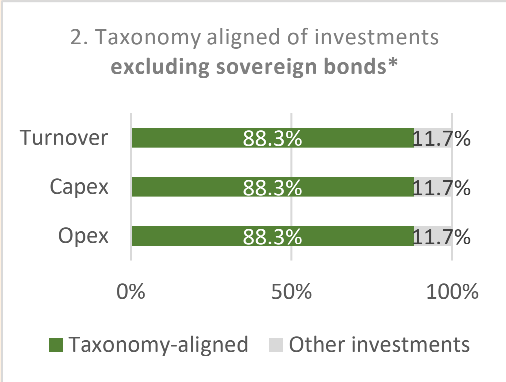
☒ No

[7] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





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

The 88.3% 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[8]?*

Battery storage investment was 0.04% (included as part of the Greek portfolio – see table on page 7).

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

As of December 2022, the percentage of investments classified as 'sustainable' was 95.4% (the remaining 4.6% was held in cash, bank deposits and other cash equivalents for liquidity purposes and hence classified as "non sustainable"), while as of December 2023 it was 88.3%. All of the investment is aligned with the EU Taxonomy.

Please note that this percentage can increase or decrease and is influenced by the maturity of the assets within the fund and of the fund

[8] **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.

itself. As the assets progress through the the construction phase and more of the cash holdings are injected into the assets (as planned) the sustainable investment figure (aligned with the EU Taxonomy) will increase and being to settle out/remain constant.

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

The Fund solely invests in renewable energy assets and commits to Taxonomy-aligned investments. We do consider the cash holdings (which will be injected into the construction of the Assets as planned) as investment. The share of sustainable investments with an environmental objective that are not aligned with EU Taxonomy is therefore 0%.

What was the share of socially sustainable investments?

0%

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

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

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

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 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.

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

NPIII has not designated a specific index as a reference sustainable benchmark.

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

- *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

Published 26th April 2024

Updated 28th May 2024