

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: NextPower UK LP, 2138008DMF2DKL4ZQV66, on behalf of NextEnergy Capital Limited

Summary

NextPower UK LP, 2138008DMF2DKL4ZQV66, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of NextPower UK LP (the "Company").

This statement on principal adverse impacts on sustainability factors covers the reference period from 1st January 2024 to 31 December 2024, in line with the financial reporting year.

The tables below contain the principal adverse impacts required by regulation and material considered by the Company. The results show limited adverse impacts in line with the sustainable investment objective. While a significant portion of the energy within the portfolio originates from renewable sources, emissions are influenced by the ratio of non-renewable energy imports. Continued efforts are underway to evaluate the feasibility of acquiring more renewable energy as an alternative option.

The nature of the portfolio means the majority of activity is outsourced to third-party providers, mainly operations and maintenance contractors. This creates a particular problem for collecting data to process into the principal adverse impacts. The company is reliant on the provision of data from these third parties. In the current year, estimations across most metrics were carried out because most O&Ms could not provide actual consumption data, rather they provided relevant information to help estimate actual consumption. The data quality of the responses has been assessed, and improvements made where possible. However, the nature of data provided in the current year means there is a lack of transparency to establish the overall accuracy. This is offset to a degree through statistical analysis of responses to detect anomalies and resolve them. The investment advisor and asset manager are actively engaged in improving the completeness and accuracy of data going forward. The significant increase in Scope 3 emissions is due to accounting for supply chain emissions from constructed solar asset projects that reached their first generation date in this reporting period, whereas no such construction occurred during the previous reporting period. The investment advisor and asset manager are actively engaged in improving the completeness and accuracy of data going forward.

Overall the principal adverse indicators reflect the positive nature of the sustainable investment objective and provide targeted areas for improvement in the future which the Company is actively engaged in addressing. The nature of the PAI are designed to be negative in isolation. However, to review the fund's positive attributions please refer to the ESG reports <https://www.nextenergysolarfund.com/esg/esg-reports-and>

Description of the principal adverse impacts on sustainability factors

See descriptions below table:

Table 1

Indicators applicable to investments in investee companies							
Adverse sustainability indicator	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	0	0	tCO2e	The investee companies are SPVs that hold solar PV projects. The construction and operation of these are outsourced to third parties so no scope 1 emissions are incurred.	NA
		Scope 2 GHG emissions	Location Based: 191.46 Market Based: 27.37	Market Based: 16.29	tCO2e	Scope 2 emissions reflect electricity purchased across the portfolio. For 2024, the reporting methodology has been enhanced by including both location-based and market-based emissions calculations, in line with GHG Protocol best practices. The market-based emissions reflect the portfolio's renewable energy usage, as a significant portion of the portfolio uses renewable energy that does not incur emissions. The location-based figure provides an alternative perspective as it reflects the comprehensive energy consumption data captured across assets this year, regardless of renewable attributes. The market-based calculation accounts for renewable energy procurement, aligning with the organization's ongoing commitment to increasing renewable electricity usage across the portfolio as part of a broader decarbonization strategy.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	11,167.53	19	tCO2e	Scope 3 emissions for this reporting period show a substantial increase compared to 2023 figures, primarily because solar energy assets were constructed during 2024, whereas no construction of such assets occurred during the 2023 reporting period. These newly constructed assets in 2024 generated significant supply chain emissions, which are now captured in our Scope 3 reporting. The calculation methodology encompasses cradle-to-gate emissions plus transport and installation processes for the new solar assets that reached its first generation date within this reporting period. This accounting approach, applied to actual construction and supply chain emissions that were accounted for in 2024, results in significantly higher reported emissions compared to 2023 when no assets were constructed. The methodology involves applying emission factors to the 2024 construction activities, with particular focus on materials and installation processes. The increased emissions directly reflect the new construction emissions during 2024, rather than a deterioration in operational efficiency.	The investment advisor and asset manager are actively engaged in improving data quality from suppliers.
		Total GHG emissions	Location Based: 11,359.00 Market Based: 11,194.90	Market Based: 35.46	tCO2e	GHG emissions are calculated in accordance with the GHG Protocol using DEFRA emission factors. As noted above, the increase in emissions is related to the scope 3 emissions significant increase due to accounting for emissions associated with assets being constructed and reaching their first generation dates during this reporting period.	NA
		2. Carbon footprint	Carbon Footprint	Location Based: 24.65 Market Based: 24.29	Market Based: 0.13	tCO2e per €M	The carbon footprint metrics for this reporting period are presented using both location-based and market-based methodologies, enhancing transparency in emissions reporting. This approach aligns with evolving best practices in sustainability disclosure. The GHG intensity figures reflect the portfolio's current operational profile, with variations from the previous period resulting from changes in activity levels and energy consumption patterns across assets.
	3. GHG intensity of investee companies	GHG intensity of investee companies	Location Based: 1,311.84 Market Based: 1,299.48	Market Based: 0.849	tCO2e per €M	The GHG intensity metrics for this reporting period are presented using both location-based and market-based methodologies, enhancing transparency in emissions reporting. This approach aligns with evolving best practices in sustainability disclosure. The GHG intensity figures reflect the portfolio's current operational profile, with variations from the previous period resulting from accounting for construction and supply chain emissions on newly constructed assets.	NA
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		The investment strategy is focused on assets that produce renewable energy.	NA

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0.140%	0.036%	%	The portfolio produces renewable energy, electricity generation is exponentially larger than electricity consumed.	The strategy will continue, options for sourcing renewable import electricity are being explored.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.05	0	GWh per €M	This reporting period marks the first year that this indicator is being reported on for the fund's assets, establishing the initial benchmark data for future comparative analysis. The introduction of this metric provides valuable insights into the fund's development.	NA
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0	0	%	The Company undertakes environmental assessments before sites are constructed. There is an active biodiversity program in place to improve the performance of sites.	Biodiversity improvements will continue as part of the overall ESG strategy.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	It's considered best practice to avoid emitting nitrates, phosphates, and pesticides during operations. Contractors responsible for operations and maintenance are advised from using harmful chemicals during the module cleaning process.	NA
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	No hazardous waste was produced.	NA

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0	0		The Company has no employees. It invests in SPVs which hold solar assets. The operations are outsourced to third-party contractors.	NA
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	50%	50%	%	Investee companies are SPVs holding assets, these are not operational trading companies.	NA
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	%	Investments are all in solar PV projects.	NA

Other indicators for principal adverse impacts on sustainability factors

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
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Indicators applicable to investments in investee companies

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	21	295	m3 per €M	While 2023 figures were estimated due to limited site-specific data, 2024 values incorporate measured consumption where available, with remaining estimates based on provided data from comparable sites. This enhanced methodology provides a more accurate representation of actual water use.	Opportunities for recycling water are being explored, as are alternatives to using water.
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	2. Weighted average percentage of water recycled and reused by investee companies	0	0	%	Water recycling and reuse systems are not implemented across the portfolio's assets due to their operational nature and minimal water requirements.	
7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	0	0	%	Coverage for this indicator is limited.	
8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	0	0	%	Coverage for this indicator is limited.	

Table 3

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2024	Impact 2023	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
<b>Indicators applicable to investments in investee companies</b>							
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0	0	%	The investee companies are SPVs with no employees.	NA
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0	0		No accidents reported in the year.	NA
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0	0		No accidents reported in the year.	NA
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0	0	%	The investee companies are SPVs to hold assets but suppliers are subject to procurement policies from the ultimate parent. When opportunities arise to re-tender O&M contracts, as part of the process, the company aims to ensure new O&Ms adhere to the supplier code of conduct.	NA

**Description of policies to identify and prioritise principal adverse impacts on sustainability factors**

- a) NextEnergy Capital Limited has a set of Sustainability Policies publicly available on its website, signed by the most senior member of the company and regularly reviewed.
- b) The NextEnergy Capital ESG team is responsible for the implementation of these Policies for this financial product. Details of such policies and procedures are disclosed in the SFDR ESG Disclosure Document, available on the website.
- c) The indicators in Table 2 and 3 have been assessed based on their materiality. That is the likelihood and severity of occurrence. This process included an assessment of the asset lifecycle, from supply chain through operational life and end of life.
- d) The assessment is inherently judgmental in nature which incorporates a margin of error. Feedback from stakeholders will be taken into account when reviewing this selection and amendments made in future reporting cycles if required.
- e) Data is challenging on a number of metrics because it is primarily provided by third party operations and maintenance contractors. Additional data was available from the asset manager.

Data received from third-party contractors was assessed for quality. Anomalies were queried with providers. Estimates were used on data gaps using the data that was available as a proxy (converting this into an intensity metric and applying to relevant activity).

**Engagement Policies**

The investments will be infrastructure assets. Engagement will be primarily focused on operations and maintenance contractors to adopt more efficient and sustainable operations (using less fuel and less water are focus areas). Supply chain will be the other major area of focus for new sites under construction or parts for repairs. The engagement focus will be on human rights and climate risk.

**Reference to international standards**

- As an Article 9 fund with a sustainable investment objective the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises are adhered to.
- a) Indicators 10 and 11 in Table 1 are key to ensuring compliance with these frameworks.
- b) As there is direct control over the infrastructure assets full coverage can be obtained. Extensive work is undertaken to collect data from contractors and suppliers but this has inherent limitations in completeness and accuracy.
- c) Climate scenarios are not used in the indicators but they are considered as part of the TCFD reporting, publically available
- d) Climate scenarios are not used.

**Historical comparison**

For this reporting cycle, greenhouse gas emissions include supply chain emissions, estimated using an emission factor that encompasses cradle-to-gate plus transport and installation processes of solar panels for sites reaching first generation during this period. These construction-related emissions were not present in the previous reporting year as no solar assets were constructed during that period. The reporting methodology has been enhanced by presenting Scope 2 emissions in both location-based and market-based formats, providing greater transparency in line with GHG Protocol standards. The market-based calculation reflects the impact of renewable energy procurement decisions, while the location-based figure offers visibility into the underlying grid electricity consumption. Data collection processes remain comprehensive, though challenges with third-party data provision continue to necessitate some estimation approaches for operations and maintenance activities.