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: NextEnergy Solar Fund Limited ("**NESF**")

Legal Entity Identifier: 213800ZPHCBDDSQH5447

Sustainable Investment Objective

Did this financial product have a sustainable investment objective?					
☒	**Yes**		☐	**No**	
☒	It made **sustainable investments[1] with an environmental objective**: *100%*		☐	It **promoted Environmental / Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of sustainable investments	
	☒	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

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

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

Did this financial product have a sustainable investment objective?				
			☐	with a social objective
☐	It made **sustainable investments with a social objective:** 0%	☐	It promoted E/S characteristics, but **did not make any sustainable investments**	

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

Sustainable investment objective pursued by the NESF

NESF is a listed 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 NESF fund sustainable investment objectives are:

- Committing to support UK governmental ambitions of bringing greenhouse gas emissions to net zero by 2050; and
- To substantially contribute to the environmental objective of climate change mitigation within the meaning of the EU Taxonomy regulation.

Together, these fund objectives contribute to the Article 9 qualification, under "economic activities that qualify as environmentally sustainable under the EU Taxonomy[3]" and more specifically, qualifies as contributing substantially to climate change mitigation.

NESF's integration of ESG factors, including its development activities, is currently driven by compliance with all aspects of national and local UK environmental and planning regulation and solar industry best practice, as well as internal processes which seek to go above and beyond these requirements in respect of, in particular, biodiversity and supply chain risks.

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

[3] Regulation (EU) 2020/852 of European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, OJ L 198, 22.6.2020, p. 13-42.

Monitoring of progress against the sustainable investment objectives is primarily based on the calculation of GHG emissions and fossil fuel volume avoided by utilization of the solar assets and their output in MW. Data can be used to create forecasts or can be based on actual historic power output data to provide GHG emission and fossil fuel avoided figures.

The positive impacts of the NESF biodiversity commitments are also being reviewed to understand if they can be quantified and include the contribution toward climate change mitigation within future NESF reports.

How did the sustainability indicators[4] perform?

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

Metric	**Units**	**2021**
GHG Avoided	$ktCO_2e$	328.7
NO_x Avoided	tonnes	296.3
SO_x Avoided	tonnes	549.7
$PM_{2.5}$	tonnes	25.2
PM_{10}	tonnes	6.2
Fossil Fuels avoided	kilotonnes oil equivalent (ktoe)	142.8
	million barrels	1.0

These numbers are based on the renewable electricity generation (GWh) related to 2021 tax year (I.e 1st April 2021 to 31st March 2022)[5].

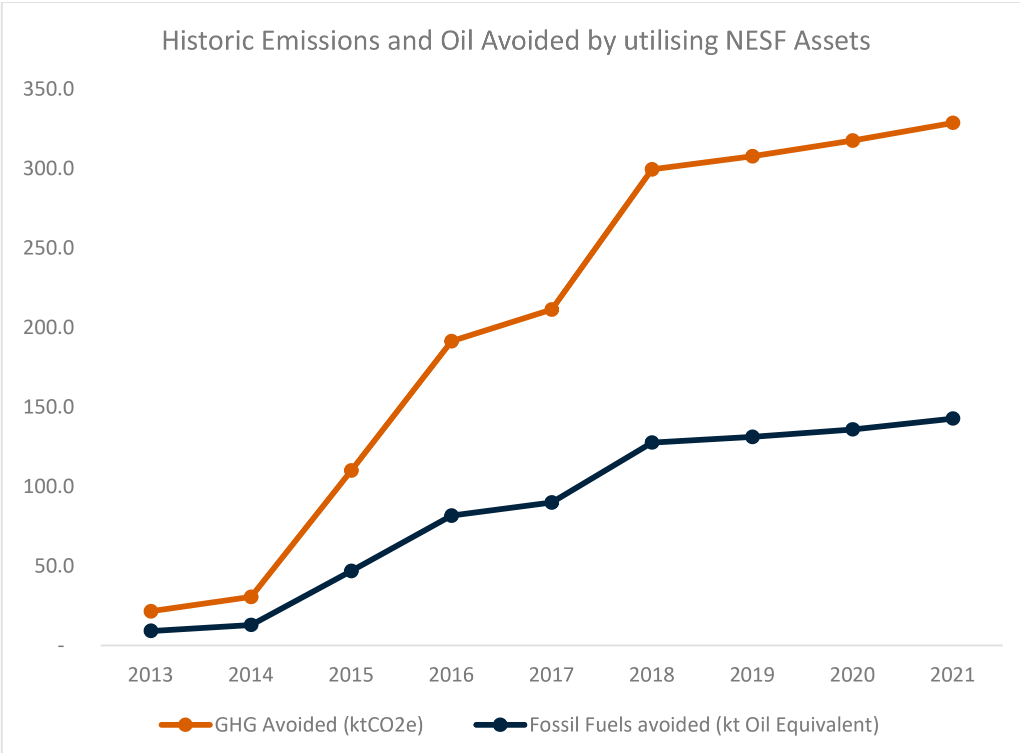
As indicated in the table, up to 328,7ktCO2e of emissions and up to 142.8kt of oil equivalent has been avoided.

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

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

[5] *The 328,700 tCO2e avoided figure provided within this report and the 31 March 2022 Annual Report is calculated based on a total generation of 774.85GWh for the year ended 31 March 2022, which includes all assets that have reached connection date (COD) at 31 March 2022. This total generation figure differs slightly (1.85GWh) from the 773GWh presented in the 31 March 2022 Annual Report, which does not include generation data from ii) assets 92-93, as those are yet to achieve Provisional Acceptance Clearance (“PAC”), and ii) rooftop assets 96-99, as these are not monitored for solar irradiation. Please refer to page 38 of the 31 March 2022 Annual Report.

Whilst there have been no previous official reports, the historical data has been calculated in 2022 which includes data from 2013 financial year onwards. This can be seen in the graph below:



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

As demonstrated in the graph, annual emissions avoided and fossil fuel use avoided increases in line with the growth of AuM by NESF and summarises the contribution of the NESF assets toward climate change mitigation.

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

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 against or the transactions were halted and not progressed.

From a climate change mitigation perspective, NESF substantially positively contributes to the objective by avoiding CO2e emissions to atmosphere and fossil fuel use. NESF reports the amount of CO2e avoided consistently year on year.

For more information on the NEC/NESF due-diligence process, please refer to the ESG Disclosure document on the NESF website.

- ***How were the indicators for adverse impacts[6] on sustainability factors taken into account?***

The due-diligence process as detailed in the Sustainability Policy and NESF ESG Disclosure document review all aspects of the asset 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 separate due-diligence processes to capture and identify any potential risks.

The KPIs are utilised to track against the ongoing performance and impacts of the assets under management and their delivery is implemented by Wise Energy (an NEC subsidiary and asset manager). 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 fuel avoided. A full set of indicators related to Principal Adverse Impact (PAI) has been developed consistently with the requirements of Table 1, Annex 1 of the Regulatory Technical Standard (RTS). The performance against these indicators will be released by Q2 2023.

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

Yes. NEC/NESF has a strong SI Policy and Human Rights Position Statement aligning with the associated requirements of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles. NESF policies require NESF 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 our website.

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

[6] **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 Investing policy and other governing documents, NESF's sustainability approach is based on 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, mitigations actions are put forward through specific action plans which are implemented and monitored during the ownership phase. In addition, NESF 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 NEC website.

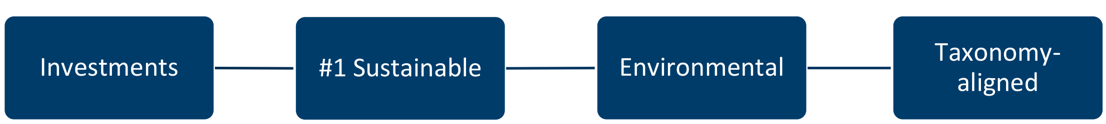
3. What were the top investments of this financial product?

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

Largest Investments	Sector	% Assets	Country
Solar PV Assets	Solar PV	85.6%	UK
Solar PV Assets	Solar PV	11.2%	Italy
Solar PV Assets	Solar PV	0.8%	Spain
Battery Storage	Energy Storage	0.7%	UK
Private Fund	Solar PV	1.7%	Global

4. What was the proportion of sustainability-related investments? 100%

- **What was the asset allocation?**[7]



Notes:

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

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

- **In what economic sectors were the investments made?**

5. To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?[8]

The NESF fund is 100% aligned with the EU Taxonomy and the climate mitigation objective is being continually achieved through the GHG emissions avoidance and fossil fuel avoidance.

a) The investment objective of climate mitigation was attained by 100% through the generation of clean energy in target with the fund's projection. In particular, the performance of sustainability indicators of GHG emissions avoided have been accounted for and reported. The objective of climate mitigation remains the core business of the fund investments and 100% of asset allocation remains investing in renewable energy infrastructure.
b) NESF invest in an economic activity that contribute to the environmental objective of climate mitigation.
c) NESF's sustainable investment objective of climate mitigation is met through 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. The due diligence also considers additional safeguard such as human rights, community engagement, labour conditions amongst others, in alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and other international convention on human rights, as per our Human Rights Position Statement
d) NESF is in the process of measuring and reporting principal adverse impacts on sustainability factors according to Table 1 of Annex I.

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[8] 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.

- **What was the share of investments made in transitional and enabling activities?**[9]

  Battery storage investment 0.7% of total investment.

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

  NESF confirms that there have been no previous periodic reports.

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

0%

7. What was the share of socially sustainable investments?

0%

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

None.

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

NESF'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 consideration, 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 NESF set of policies and position statements.

[9] **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.

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 released to the NESF Board and are detailed in the NESF GIG report available on the NEC website. Progress on key indicators are also discussed through board /shareholder meetings as required and are also considered within the Annual Report release.

Further details of contribution and progress against the Climate Mitigation are communicated in the sustainability report (first issue released in Q3 2022).

Josephine Bush – Chair of NextEnergy Solar Fund Limited ESG Committee

Josephine Bush