

Alternative Investment Fund Managers Directive Pre-investment Disclosure Document

Article 23 AIFMD

The regulatory regime in the European Union covering the management, administration and marketing of alternative investment funds, widely referred to as “AIFMD” which, since Brexit, has been transposed into UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the “**Withdrawal Act**”), requires the alternative investment fund manager (the “**AIFM**”) of a fund such as Bluefield Solar Income Fund Limited (“**BSIF**” or the “**Company**”) to comply with an extensive set of requirements in connection with the marketing of shares in the capital of the Company in the European Union. The regime is intended to offer an appropriate level of protection to investors in investment products that do not fall under the European Union regime for regulation of certain investment products known as “UCITS”. BSIF is a Guernsey domiciled, internally managed non-EU non-UK alternative investment fund for the purposes of the AIFMD and the UK Alternative Investment Fund Managers Regulations 2013 (as amended) (the “**UK AIFM Regulations**”), as the board of directors of the Company (the “**Directors**”) has overall responsibility for the Company’s activities, including its risk and portfolio management activities. BSIF itself is therefore its own AIFM for the purposes of AIFMD.

AIFMD has been implemented in the United Kingdom by a combination of the Withdrawal Act, HM Treasury Regulations and FCA Handbook rules and requires that, among other things, certain information is made available by the AIFM to potential investors prior to their making an investment in the Company. The required information is set out in Article 23 of the AIFMD. The UK AIFM Regulations also require the AIFM to disclose certain information on a periodic basis.

To the extent that the AIFM has determined that the requisite information is already set forth in the Company’s Annual Report and Accounts for the year ended 30 June 2023 (the “**Annual Report**”) (or in any other source document to which investors have access or which they may request), this supplement contains references to the relevant source materials; and to the extent that the AIFM has determined that the requisite information has not been provided to investors, this supplement contains additional disclosure items.

1. A Description of the Investment Strategy and Objectives of the Company, Types of Assets the Company may invest in, Investment Techniques and Associated Risks and Investment Restrictions

For information about the Company’s investment strategy and objectives, the types of assets in which the Company may invest, the investment techniques, principal risks and any investment restrictions, investors are directed to the following disclosures contained in the Company’s Annual Report 2023.

Disclosure requirement	Heading in Annual Report
Investment Strategy and Objectives	1 Company’s Objectives and Strategy (Strategic Report)
	3 Investment Policy (Strategic Report)
Types of assets in which the Company may invest	1 Company’s Objectives and Strategy (Strategic Report)
	3 Investment Policy (Strategic Report)
Investment Techniques and Associated Risks	1 Company’s Objectives and Strategy (Strategic Report)
	7. Principal and Emerging Risks (Strategic Report)
Investment Restrictions	3 Investment Policy (Strategic Report)

2. Leverage

The Company intends to make prudent use of leverage to finance the acquisition of investments, to make further investments and to enhance returns to investors.

Under the Company's Investment Policy there are restrictions on borrowing as follows:

The Group may make use of non-recourse finance at the SPV level to provide leverage for specific assets or portfolios provided that at the time of entering into (or acquiring) any new financing, total non-recourse financing within the portfolio will not exceed 50 per cent of the prevailing Gross Asset Value. In addition, the Group may, at holding company level, make use of both short-term debt finance and long-term structural debt to facilitate the acquisition of investments, but such holding company level debt (when taken together with the SPV finance noted above) will also be limited so as not to exceed 50 per cent of the Gross Asset Value.

An analysis of the current leverage used by the Company can be found in the section headed "Financing" in the Annual Report, which contains details of the Company's financing arrangements.

A summary of the debt strategy used by the Group can be found in the section headed "External Debt" in the Annual Report.

The Group has incurred and may in the future incur indebtedness which will be serviced by a first call on cash flows from investments. Whilst the use of leverage may offer the opportunity for enhanced returns to the Group, and thus additional capital growth, it also adds risk to the investment.

3. Modification of Investment Strategy

In accordance with the Listing Rules of the Financial Conduct Authority, any material change to the Company's published Investment Policy will require the prior approval of both the Financial Conduct Authority and the shareholders of the Company (by way of an ordinary resolution). In considering what is a material change the Company will have regard to the cumulative effect of all the changes since the Company's shareholders last had the opportunity to vote on the investment policy.

The Investment Policy is set out in the Annual Report.

4. Contractual Relationship between the Company and Investors, Applicable Law and the Enforcement of Judgments

BSIF is a renewable energy investment company whose shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the London Stock Exchange's main market for listed securities. The Company was incorporated with limited liability under the laws of Guernsey. The constitutional document of the Company is its memorandum and articles of incorporation ("**Articles**") which may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the amount uncalled on their shares. The Company has one class of shares in issue, namely ordinary shares, with standard rights as to voting, dividends and payment on winding-up and no special rights and obligations attaching to them. Transfers to US persons are restricted but otherwise there are no material restrictions on transfers of shares. The shares are not redeemable at the option of investors.

As the Company is incorporated under the laws of Guernsey, any disputes between an investor and the Company will be resolved by the Royal Courts of Guernsey in accordance with Guernsey law. A final and conclusive judgment, capable of execution, obtained in the Supreme Court and the Senior Courts of England and Wales (excluding the Crown Court) would be recognised and enforced by the Royal Courts of Guernsey without re-examination of the merits of that case, but would be subject to compliance with procedural and other requirements of the Judgments (Reciprocal Enforcement) (Guernsey) Law, 1957.

As the Company is incorporated under the laws of Guernsey, it may not be possible for an investor located outside that jurisdiction to effect service of process within the local jurisdiction in which that investor resides upon the Company. All or a substantial portion of the assets of the Company may be located outside of the

local jurisdiction in which an investor resides and, as a result (except as explained above), it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

5. Information on the AIFM, Depositary and Service Providers

AIFM

The Company is categorised as an internally managed non-EEA non-UK AIF for the purposes of the AIFMD and the UK AIFM Regulations. The Directors are responsible for managing the business affairs of the Company and have overall responsibility for the Company's activities, including its risk and portfolio management activities. The Company has appointed Bluefield Partners LLP (the "**Investment Adviser**") as investment adviser to provide advice to the Directors to enable the Directors to make informed decisions for the Company, including but without limitation in respect of the portfolio and risk management of the Company and its investment portfolio.

BSIF makes its investments via a group structure which currently comprises BSIF and its wholly-owned UK subsidiary, Bluefield Renewables 1 Limited (**Holdco**) and together with the Company the "**Group**". Holdco invests directly or indirectly in the SPVs which own solar, wind and storage assets.

The Directors have delegated responsibility for day-to-day management of the assets comprised in BSIF's portfolio to the Investment Adviser, but all investment decisions will be taken by the Board, having regard to advice from the Investment Adviser. The Directors also have responsibility for exercising overall control and supervision of the Investment Adviser.

Depositary

The Company is categorised as an internally managed non-EEA non-UK AIF and so is not subject to the AIFMD requirements relating to the appointment of depositaries.

Service Providers

The Investment Adviser, the Company Secretary, the Administrator, and other key service providers are detailed in the General Information section of the Annual Report. A description of the duties of the Investment Adviser can be found in the Strategic Report section of the Annual Report. A description of the duties of the Administrator, the Auditor and other key service providers to the Company are contained in this Disclosure Document. All key service providers are appointed directly by the Company. Service providers are appointed following appropriate evaluation and once the Directors have ensured that the contractual arrangements with key service providers are appropriate. Investors enter into a contractual relationship with the Company when subscribing for Shares in the Company; they do not have any direct contractual relationship with, or rights of recourse to, the service providers in respect of any of such service provider's default pursuant to the terms of the agreement it has entered into with the Company.

Company Secretary

Ocorian Administration (Guernsey) Limited ("**Ocorian**") acts as Company Secretary to the Company. The Company Secretary is required to provide company secretarial services including convening meetings of Directors, keeping the statutory books and records of the Company, maintaining the Company register, convening general meetings of the Company, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the AIFM may reasonably require.

Registrar

Computershare (Jersey) has been appointed (the "**Registrar**") as the Company's registrar in relation to the transfer and settlement of Shares held in certificated and uncertificated form.

The register of Shareholders may be inspected at their office at 13 Castle Street, St Helier, Jersey, JE1 1ES, during normal business hours.

The Company has delegated certain investor record-keeping and administration duties to the Registrar, together with associated data processing tasks in respect of the Company. In line with the regulations that govern such operational outsourcing, the Company retains full responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

Brokers

Numis Securities Limited acts as the Company's corporate broker, providing the Company with corporate broking and associated financial advisory services.

Administrator

Ocorian also acts as Administrator to the Company. It is responsible for the safekeeping of any share and loan note certificates in respect of the Group's investments, the implementation of the Group's cash management policy, production of the Company's accounts, regulatory compliance, providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, UK MAR, and for dealing with dividend payments and investor reporting. In addition, the Administrator is responsible for the day-to-day administration of the Company (including but not limited to the calculation, in conjunction with the Investment Adviser, of the Net Asset Value of the Company and the Ordinary Shares) and for general secretarial functions required by the Companies Law (including but not limited to the maintenance of the Company's accounting and statutory records).

In performance of all such duties, the Administrator is at all times subject to the control and review of the Board.

Auditor

KPMG Channel Islands Limited acts as the Company's auditor. The Auditor is responsible for auditing the annual financial statements that have been prepared by the AIFM in accordance with auditing standards and, as appropriate, regulations, and for providing its report to shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

Solicitors

Norton Rose Fulbright LLP acts as the Company's solicitors in respect of matters of English law. Carey Olsen acts as the Company's solicitors in respect of matters of Guernsey law.

6. Protection from Professional Liability Risks

As an internally managed non-EEA non-UK AIF, the Company is not required to comply with Article 9(7) of the AIFMD relating to professional liability risk.

7. Delegation Arrangements and Management of Conflicts

Delegation Arrangements

From time to time, the AIFM may delegate certain management functions to third parties. As explained above, the AIFM has delegated:

- certain risk and portfolio management activities to the Investment Adviser, subject to the Company's investment policy and the investment guidelines that are adopted by the Directors from time to time;
- the company secretarial duties of the Company to Ocorian;
- certain record keeping duties to Link Market Services (Guernsey) Limited; and

- administration of the Company to Ocorian.

Conflicts of Interests

The Investment Adviser and any of its members, directors, officers, employees, agents and connected persons, and any person or company with whom they are affiliated or by whom they are employed (**Interested Parties**) may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments. Interested Parties may provide services similar to those provided to the Group to other entities and will not be liable to account for any profit earned from any such services. In particular, Bluefield Services Limited, a company under common control with the Investment Adviser, provides asset management services to the Group.

The Investment Adviser and its directors, officers, employees and agents will at all times have due regard to their duties owed to members of the Group and where a conflict arises they will endeavour to ensure that it is resolved fairly. Subject to the arrangements explained above, the Company may (directly or indirectly) acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to members of the Group (provided that no Interested Party will act as auditor to the Company) or hold Shares and buy, hold and deal in any investments for their own accounts, notwithstanding that similar investments may be held by the Group (directly or indirectly).

An Interested Party may contract or enter into any financial or other transaction with any member of the Group or with any shareholder or any entity, any of whose securities are held by or for the account of the Group, or be interested in any such contract or transaction. Furthermore, any Interested Party may receive commissions to which it is contractually entitled in relation to any sale or purchase of any investments of the Group effected by it for the account of the Group, provided that in each case the terms are no less beneficial to the Group than a transaction involving a disinterested party and any commission is in line with market practice.

The Directors have noted that the Investment Adviser has other clients and have satisfied themselves that the Investment Adviser has procedures in place to address potential conflicts of interest.

8. Valuation Procedures

As an internally managed non-EEA non-UK AIF, the Company is not subject to the provisions concerning valuation procedures in Article 19 of the AIFMD.

The Company's key accounting policies as well as its critical accounting judgments, estimates and assumptions are set out in the "Notes to the Financial Statements" in the Annual Report, and its policy in relation to the valuation of investments is described within the Report of the Investment Adviser in the Annual Report.

The Investment Adviser is responsible for advising the Board in determining the Directors' Valuation and, when required, carrying out the fair market valuation of the Company's investments.

Valuations are carried out on a six-monthly basis as at 31 December and 30 June each year with the Company committed to conducting independent reviews as and when the Board believes it benefits the Shareholders to do so (in the period 2013-2022 two independent valuation reviews were commissioned).

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines as adopted by Invest Europe (formerly known as the European Venture Capital Association), application of which is considered consistent with the requirements of compliance with IFRS 9 and IFRS 13.

9. Liquidity Risk Management and Redemption Rights

The Company is authorised as a closed-ended investment company pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules

2015, and redemptions of shares at the option of Shareholders are not permitted; however, the Company's Ordinary Shares are admitted to trading on the main market for listed securities of the London Stock Exchange and are freely transferable.

As an internally managed non-EEA non-UK AIF, the Company is not subject to the provisions concerning liquidity management in Article 16 of the AIFMD. In that context, as regards liquidity risk management, the discount management mechanisms which may be employed by the Company involve: (i) the ability to purchase Ordinary Shares in the market pursuant to a general authority sought from Shareholders at each annual general meeting of the Company; and (ii) the ability to make tender offers from time to time.

The exercise by the Board of the Company's powers to repurchase Ordinary Shares pursuant to the general repurchase authority or by way of a tender offer is entirely discretionary and investors should place no expectation or reliance on the Board exercising such discretion on any one or more occasions. The Board ensures that the Company maintains a level of liquidity in its assets having regard to its obligations and monitors liquidity accordingly.

10. Fees, Charges and Expenses

The Investment Adviser is entitled to an annual fee which accrues daily and is calculated on a sliding scale as follows:

- 0.80 per cent. of the NAV up to and including £750 million;
- 0.75 per cent. of the NAV above £750 million and up to and including £1 billion;
- And 0.65 per cent. of the NAV above £1 billion.

The annual fee is payable monthly in arrears in cash, and is calculated on the prevailing NAV reported in the most recent quarterly NAV calculation as at the date of payment.

The annual fee will be borne by the members of the Group to reflect the extent to which the services provided by the Investment Adviser are provided to the relevant member of the Group. It is expected that the majority of the Investment Adviser's fees will be borne by Holdco as most of the Investment Adviser's services are and will be provided to it in respect of the Special Purpose Companies in which the Group invests.

The Company also incurs fees, charges and expenses in connection with bank fees and charges, marketing, company secretarial fees, administrative fees, auditors' fees, lawyers' fees and corporate brokers' fees. There is, however, no maximum cap on the total amount of fees, charges and expenses which may be indirectly borne by investors. There are no expenses charged directly to investors by the Company.

The Company's Ongoing Charges Percentage (which include the Investment Advisory Fee), as calculated in accordance with guidance published by the Association of Investment Companies, for the last reported financial year amounted to 1.00%.

11. Fair Treatment/ Preferential Treatment of Investors

As its Ordinary Shares are admitted to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange, the Company is required to comply with, *inter alia*, the relevant provisions of the Listing Rules, the UK version of the EU Market Abuse Regulation (which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310)) and the Disclosure Guidance and Transparency Rules and the City Code on Takeovers, all of which operate to ensure fair treatment of investors. No investor in the Company obtains, or has obtained, preferential treatment or has the right to obtain preferential treatment.

12. Availability of the AIF's latest annual report

The Company's latest annual report is available on the Company's website: www.bluefieldsif.com.

13. Procedure and Conditions for the Issue and Sale of Shares

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA Listing Rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker.

14. Latest NAV of the AIF

The Company's NAV is published by way of an announcement on a regulatory information service and is also available on the Company's website: www.bluefieldsif.com. As well as being available on the Company's website, its share price is also available at www.londonstockexchange.com and appears in the Financial Times and other national newspapers.

15. AIF's historical performance

The Company's historical performance data, including copies of the Company's previous annual reports and accounts, are available on the Company's website: www.bluefieldsif.com.

16. Prime Brokerage

The Company has not appointed a prime broker.

17. EU Sustainable Finance Disclosures Regulation and EU Taxonomy Regulation

Where required under the Sustainable Finance Disclosures Regulation (EU) 2019/2088 (the "SFDR") and / or the Taxonomy Regulation (EU) 2020/852 (the "TR"), additional disclosures required in accordance with the SFDR and / or the TR will be made available on the Company's website: www.bluefieldsif.com.

Integration of sustainability risks

In relation to the manner in which sustainability risks are integrated into the Company's investment decisions, the Board considers sustainability risks to be environmental, social or governance ("ESG") events or conditions that could cause an actual or potential material negative impact on the value of the investment. Consequently, the Company manages such risks accordingly.

The Company recognises that management of material ESG issues (both risks and opportunities) is essential to the achievement of long-term, sustainable returns. As such, the Company takes an informed approach to the identification, management and monitoring of ESG issues, with the intention of enhancing its positive impacts and reducing negative ones. To achieve this, the Company has identified its material ESG topics via a materiality assessment, and used these as the basis from which an ESG strategy has been developed, including associated ESG commitments and KPIs.

Sustainability risks are integrated into the Company's investment process through the following methods (please refer to the Company's Sustainable Investment Policy for a full overview, available on its website: www.bluefieldsif.com):

- negative screening – with checks made against the Company's investment policy and exclusionary list (included as part of its ESG due diligence questionnaire). Processes for ensuring compliance with social and governance safeguards continue to be embedded, in particular around respect for human rights, labour rights, anti-bribery, anti-corruption, and sanctions;
- investment screening – the Company invests primarily in long-life UK solar energy infrastructure alongside a minority exposure of 25% of the Company's gross asset value (calculated at the time of investment) to other renewable energy assets (including non-subsidised assets) and energy storage assets;

- due diligence – a comprehensive due diligence questionnaire is used to identify material ESG risks and opportunities and understand any data gaps associated with the asset which the Company may need to fill in order to comply with its ESG reporting requirements. In addition to an exclusionary list, the questionnaire includes questions relating to material environmental, social and governance risks and opportunities, developed in line with SASB standards. Requirements of the SFDR, including in relation to Principal Adverse Indicators (PAIs) and climate screening, and the TR's Do No Significant Harm (DNSH) criteria, are also captured. Where required, the Company may outsource ESG due diligence to a competent third party;
- vetting and monitoring – undertaking legal checks on key counterparties to ensure that they are reputable, particularly as regards anti-money laundering, anti-bribery and anti-corruption, and sanctions breaches. Diligence is undertaken on O&M contractors associated with target assets, including in relation to labour practices and Health & Safety. Integration of ESG into vetting and monitoring of third-party service providers is ongoing and in 2021 a comprehensive ESG due diligence process was created in association with engineering, procurement and construction (“EPC”) site contractors;
- investment approval – approval of acquisition of renewable energy assets by the Board, with a dedicated ESG section within the submitted investment committee papers highlighting any material risks or opportunities identified as part of ESG due diligence;
- management and reporting – active management of sustainability issues over the operational lifespan of the assets through implementation of the Company's ESG strategy, with ESG performance evidenced to stakeholders via progress against publicly disclosed commitments and KPIs; and
- end of investment life – where solar PV assets are held to the end of useful life and are decommissioned, best practice will be followed in the recycling of those assets in line with industry standards at the time of decommissioning, recognising their long-life span.

Sustainability risk factors are being integrated into the Company's investment decisions and thus can influence the types of assets in which the Company may invest. In particular, sustainability risks to which the Company is exposed may, if they manifest and are not mitigated, cause a negative impact on the value of the Company's investments.

Promotion of environmental and social characteristics and Taxonomy-alignment

Please refer to Annex 1 for information on how the Company promotes environmental and/or social characteristics and how its investments align with the EU Taxonomy criteria for environmentally sustainable economic activities.

Consideration of principal adverse impacts of investment decisions on sustainability factors

The Company takes into consideration the PAIs of its investment decisions on sustainability factors.

Information on how the Company considers the principal adverse impacts (PAIs) of its investment decisions on sustainability factors can be found in Annex 1 and the Company's annual report, which is available on the Company's website: www.bluefieldsif.com.

On 30 June 2023, the Company published its first PAI report covering the reporting period of 1 January to 31 December 2022, available [here](#) in the 'Sustainability-related disclosures' section of the Company's website.

18. Periodic Disclosures

The AIFM will, at least as often as the annual report and accounts are made available to shareholders, make the following information available to shareholders:

- any changes to: (i) the maximum level of leverage that the AIFM may employ on behalf of the Company and; (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement;
- the total amount of leverage employed by the Company;
- the percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature;
- the current risk profile of the Company outlining: (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed; and (ii) if risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken; and
- the risk management systems employed by the AIFM outlining the main features of the risk management systems employed by the AIFM to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and the shareholders will be made available.

The AIFM will inform shareholders as soon as practicable after making any material changes to its liquidity management system and procedures.

The information described above will be provided to shareholders by way of a regulatory news service announcement on the London Stock Exchange.

Annex I

Product name: Bluefield Solar Income Fund Limited (the Company)

Legal entity identifier: 2138004ATNLYEQKY4B30

Environmental and/or social characteristics

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 lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments 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

It will make a minimum of **sustainable investments with a social objective: ___%**

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 97.39% (as at 30 June 2023) of sustainable investments

- with an environmental objective in economic activities that 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 promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

As a renewable energy infrastructure fund, the Company has an intrinsic sustainability focus. The environmental characteristics promoted by the Company are to reduce reliance on fossil fuels and facilitate the UK transition to renewable and sustainable methods of energy generation. The Company also places great importance on enhancing biodiversity across its portfolio as an additional way to mitigate climate change beyond the production of renewable energy. In recognition of its positive environmental impact, the Company has been awarded the following accreditations:

- Guernsey Green Fund
- London Stock Exchange Group (LSEG) Green Economy Mark
- The International Stock Exchange (TISE) Sustainable

The Company recognises that the management of material ESG issues (both risks and opportunities) is essential to the achievement of long-term, sustainable returns. As such, the Company takes an informed approach to the identification, management and monitoring of



ESG issues, with the intention of enhancing its positive impacts and reducing negative ones. The Company has identified its material ESG topics via a materiality assessment and these form the basis from which an ESG strategy has been developed, including associated ESG commitments and KPIs.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

As mentioned, the Company has developed an informed sustainability strategy based on its material ESG topics. As part of this a robust set of sustainability indicators have been created, which measure the environmental and/or social characteristics that the Company promotes. The Company's sustainability strategy has been developed by reference to a range of ESG frameworks and regulatory requirements. The Company will track its ESG performance through its commitments and KPIs, which will be reviewed annually. The continued integration of the Company's ESG strategy into portfolio-related activities enables sustainability indicators to be monitored across the asset lifecycle.

Sustainability risks are integrated into the Company's investment process through a combination of negative screening, investment screening and due diligence. In 2022, a comprehensive due diligence questionnaire was created to identify material ESG risks and opportunities and identify any data gaps associated with the asset which the Company may need to fill in order to comply with its ESG reporting requirements. In addition to an exclusionary list, the questionnaire includes questions relating to material environmental, social and governance risks and opportunities, developed in line with the Sustainability Accounting Standards Board (SASB) standards. The questionnaire also captures sustainability indicators derived from the SFDR framework, including in relation to Principal Adverse Indicators (PAIs) and climate screening, and the EU Taxonomy criteria for environmentally sustainable economic activities. The Company's Investment Adviser is a signatory to the Principles for Responsible Investment (PRI).

The Company is aware that robust data will be needed to evidence its ESG performance and it is working with its Investment Adviser to implement systems to facilitate the collection, analysis and monitoring of ESG data across the portfolio.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Company's investments aim to contribute substantially to the environmental objective of climate change mitigation, in accordance with the EU Taxonomy Regulation. The Company intends to achieve these objectives through its production of clean, renewable energy, and by investing in new renewable energy infrastructure and energy storage facilities. Such activities will help reduce the UK's reliance on fossil fuels and contribute to domestic energy security.

Since its initial public offering (IPO), the Company has saved over 1,200,000 tonnes of CO₂e from being released into the atmosphere through its investments. During the period between 1 July 2022 to 30 June 2023, the Company:

- generated 836,231 MWh of renewable energy;
- achieved over 173,000 tonnes of CO₂e savings; and
- powered the equivalent of over 288,000 UK homes with renewable energy for a year.

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 do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The Company acknowledges that the assets held within its portfolio have the potential to impact people and the environment, which means that there is a responsibility for the Company and its service providers to act with care, consideration and integrity. The Company discharges these responsibilities through its governance structure in order to mitigate risks and to create a positive impact beyond commercial objectives.

As part of the investment process, diligence is undertaken in relation to the requirements of the SFDR, including in relation to PAI indicators and climate risk screening, and the EU Taxonomy's DNSH criteria. This enables the Company to identify pre-investment any risks which may impact upon the Company's regulatory compliance, and helps maintain the Company's alignment with the EU Taxonomy criteria as it continues to grow its portfolio.

Once acquired into the portfolio, there is active management of sustainability issues over the operational lifetime of the assets, in line with the Company's ESG strategy. Each asset is subject to routine ESG data reporting to allow the remote monitoring of ESG performance and fulfilment of ESG reporting requirements.

The Company takes the following actions to help mitigate such risks:

- Protection and restoration of biodiversity and ecosystems: Onsite measures are in place to preserve the natural environment and help prevent adverse impacts on biodiversity-sensitive areas. This includes ensuring each asset remains compliant with its Landscape & Ecological Management Plan (LEMP). In 2022, a Biodiversity Policy was created for the portfolio and adopted by the Company. In 2023, the Company undertook 30 Biodiversity Net Gain (BNG) assessments and 10 ecological assessments across its operational portfolio, to help quantify the biodiversity present. Over the coming year, the Company commits to developing a Nature Strategy, aligned with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) and pulling together the progress the Company has made over the last 18 months in relation to its biodiversity datasets and enhanced approach to land management. Further information can be found within the 'Pioneering Positive Local Impact' section of the Company's 2023 Annual Report.
- Transition to a circular economy: The Company remains committed to a best practice approach in respect of asset decommissioning and recycling, acknowledging that recycling practices at the point of decommissioning remain difficult to define, given the long lifespan of renewable infrastructure. In 2023, the Company adopted a Sustainable Procurement Policy and has identified a potential partnership with a UK university to support the Company's approach to decommissioning. Further information can be found within the 'Climate Change Mitigation' section of Company's 2023 Annual Report.

The Company commits to continue its work to ensure the ongoing compliance of its investments with the requirements of the Taxonomy Regulation and delivery of the Company's broader ESG strategy.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Company takes into consideration the PAIs of its investment decisions on sustainability factors. On 30 June 2023, the Company published its first PAI report covering the reporting period of 1 January to 31 December 2022, available [here](#) in the ‘Sustainability-related disclosures’ section of the Company’s website.

The SFDR prescribes 14 mandatory PAI indicators that the Company must consider and report against. For each of these indicators, the Company has undertaken an assessment to identify which of these relate to the activities of the fund. The Company has also identified an additional two PAI indicators to report against:

- Lack of a human rights policy: Share of the Company’s AUM whose operations operate without a human rights policy.
- Natural species and protected areas: Share of the Company’s AUM whose operations affect threatened species; Share of the Company’s AUM which operate without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside of protected areas.

The Company took a detailed approach to its PAI statement, providing sufficient explanatory information to ensure stakeholders could meaningfully interpret the PAI metrics and the approach taken by the Company to calculate these. The Company also disclosed details of any estimates or assumptions applied, to ensure appropriate transparency.

Sustainability considerations have already been integrated into the Company’s investment process (please refer to section 17 within the Company’s Article 23 disclosure for a full breakdown) and PAI indicators are included within the Company’s investment ESG due diligence questionnaire. PAI indicators were also a key consideration during the development of the Company’s ESG strategy and are reflected within associated commitments and KPIs (a full breakdown of which is included within the Company’s 2023 Annual Accounts). Integration of the Company’s ESG strategy into portfolio-related activities enables the monitoring of PAIs across the asset lifecycle.

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

The Company recognises the importance of fair treatment of those involved in the delivery of its infrastructure projects along the supply chain and is committed to constant vigilance and implementation of policy and practice, to combat modern slavery and human trafficking. The Company has zero tolerance for any form of human rights abuse, as reflected in the Company's Modern Slavery Statement, available on its website.

Human and labour rights are key priorities for the Company, particularly in relation to materials sourcing and supply chain management. The Investment Adviser carries out appropriate due diligence and compliance checks on key contractors and other counterparties to help mitigate risks, including in relation to human and labour rights, anti-money laundering, antibribery, and anti-corruption. Ongoing management of these assets, and future construction projects, conform to required industry standards and in collaboration with business partners who manage the assets, the Company seeks to identify areas for improvement.

To mitigate these risks as far as possible, and help ensure it benefits from ethical supply chains, the Company is committed to building robust management and due diligence practices, aligned with global frameworks. In 2023, the Company adopted a Human Rights Policy and Supplier Code of Conduct, both informed by global human rights frameworks (including the OECD Guidelines and UN Guiding Principles). Please refer to the 'Generating Energy Responsibly' section of the Company's 2023 ESG report for further information.

Whilst the Company is taking steps to strengthen its own approach to human rights due diligence, it is also supporting industry initiatives in this area. Representatives of the Investment Adviser are part of the Solar Energy UK Supply Chain Taskforce, which is an industry initiative that aims to improve transparency and sustainability within the PV supply chain. Financial support has also been committed – the Investment Adviser is one of only a few UK solar power organisations to do so.



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Does this financial product consider principal adverse impacts on sustainability factors?

The Company takes into consideration the PAIs of its investment decisions on sustainability factors. On 30 June 2023, the Company published its first PAI report covering the reporting period of 1 January to 31 December 2022, available [here](#) in the 'Sustainability-related disclosures' section of the Company's website.



Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

What investment strategy does this financial product follow?

The Company owns a large, diversified portfolio of operational solar energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield, industrial and/or commercial sites. The Company will continue to be primarily invested in long life UK solar energy infrastructure, alongside a minority exposure to other renewable energy assets and energy storage assets. The Company's portfolio is expected to generate returns over a 25 year, or greater, asset life.

The Investment Adviser implements the investment strategy and has developed a rigorous approach to investment selection, appraisal and commitment. All investments are then subject to a robust internal approval process prior to issuing investment decisions. All investment recommendations by the Investment Adviser (including investment and divestment recommendations) are subject to review and approval by the Company's experienced Board of Directors.

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Company's investment strategy includes binding investment screening criteria which require the Company to invest solely in renewable energy assets and energy storage. The Company's investment screening criteria permit investment primarily in long-life UK solar infrastructure alongside a minority exposure of 25% of the Company's gross asset value (calculated at the time of investment) to other renewable energy assets (including non-subsidised assets) and energy storage assets. Application of these investment screening criteria require the Company to invest in low carbon, renewable energy sources, which in turn enables the Company to attain its environmental characteristics of reducing reliance on fossil fuels and facilitating the UK transition to renewable and sustainable methods of energy generation.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

As described above, prior to making investment decisions, the Investment Adviser carries out checks against the Company's investment policy, which only permits investment into renewable infrastructure and supporting technologies such as energy storage. An ESG due diligence questionnaire has been created for use as part of the investment process, which includes an exclusionary list. The Company is committed to continuing its work on integrating processes to ensure compliance with social and governance safeguards, in particular around respect for human rights, labour rights, anti-bribery, anti-corruption, and sanctions.

During the 2022 calendar year (as at 21 December 2022), the Company acquired c.241MW of renewable assets (operational and non operational). This was just under 10% of the total capacity which was bid on during the same period.

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

The Company takes a rigorous approach to its own governance and there are sound management structures in place which allow for effective decision making. The Company's approach to responsible investment facilitates the identification of ESG risks and opportunities, which are then considered as part of the investment decision making process. Integration of ESG issues into policies, procedures, and processes is ongoing, and the Company adopted a Human Rights policy, Waste Management Policy, Sustainable Procurement Policy, and Supplier Code of Conduct during its FY 22-23. These policies, procedures and processes will strengthen the Company's requirements for its suppliers and contractors and enhance due diligence processes.

The Company has always taken a comprehensive and transparent approach to financial reporting. Over time, through its ESG strategy, commitments and KPIs, the Company intends to take a similarly transparent approach to its ESG disclosures.

Health & Safety is of the highest importance to both the Company and its Bluefield service providers. Every asset owning SPV holds H&S policies. Main contractors (including the Bluefield companies) undergo annual H&S audits by the SPVs, to ensure ongoing compliance

As an FCA-regulated entity, the Company's Investment Adviser evidences the highest standards of professional conduct. Key policies, including in relation to anti-bribery, anti-corruption and anti-money laundering, conflicts of interest and compliance are in place. For the other Bluefield companies which service the portfolio, governance is evidenced through a suite of policies, including in relation to anti-bribery, anti-corruption, data protection, conflicts of interest and whistleblowing.

Asset allocation describes the share of investments in specific assets.



What is the asset allocation planned for this financial product?

The Company considers that its investments in renewable energy infrastructure support the Company's environmental characteristics of reducing reliance on fossil fuels and facilitating the UK transition to renewable and sustainable methods of energy generation.

To assess the alignment of the Company's economic activities with the EU Taxonomy criteria, an assessment was performed by an independent third party. The economic activities included within the assessment were:

Enabling activities

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

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

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.

- Electricity generation using solar photovoltaic technology
- Electricity generation from wind power
- Installation, maintenance and repair of renewable energy technologies

The results of the assessment concluded that 100% of the portfolio was taxonomy-aligned.

The economic activity of ‘Storage of electricity’ was excluded from this assessment as the only constructed battery projects currently within the portfolio are offline and not in use (and, if operational, would not represent a material proportion of revenues). The Company commits to undertaking an assessment of this economic activity once such assets have become operational. This assessment will therefore form part of the Company’s future pipeline of work.

The share of investments made in enabling activities was 0.61%¹ as at 30 June 2023, which related to the Company’s battery investment value (based on operational and controlled pipeline). No investments were made in transitional activities.

As at 30th June 2023, the Company’s NAV was £854.2 million

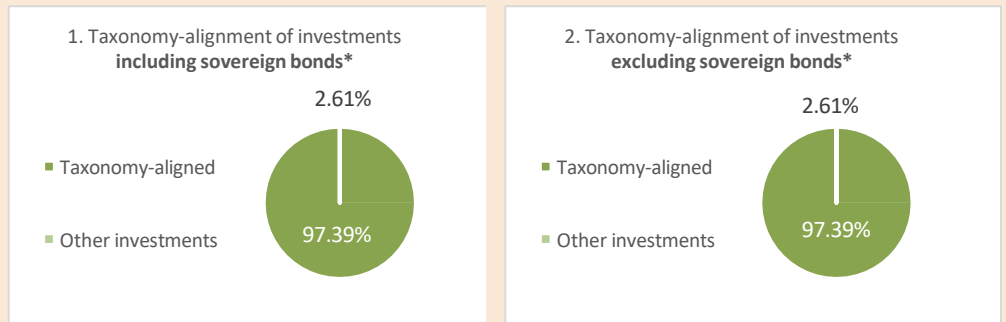
How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The Company does not employ the use of derivatives to attain the environmental and/or social characteristics that it promotes.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two 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 proportion of sustainability-related investments as at 30 June 2023 was 97.39%. This was calculated based on the Company’s enterprise, development portfolio, and construction portfolio value. Cash holdings were not included. The proportion of non-sustainable investments was 2.61%, which related to the value of Interest Rate Swaps (IRS) as at 30 June 2023.

¹ Based on investment value of operational and controlled pipeline capacity as a proportion of the Company’s enterprise, development portfolio, and construction portfolio value as at 30 June 2023.

What is the minimum share of investments in transitional and enabling activities?

The share of investments made in enabling activities was 0.61%² as at 30 June 2023, which related to the Company's battery investment value (based on operational and controlled pipeline). No investments were made in transitional activities.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The sustainable investments made by the Company align with an environmental objective specified by the EU Taxonomy.



What is the minimum share of socially sustainable investments?

The Company does not hold investments that would be considered to be socially sustainable investments.

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?



The investments made by the Company that are classified as non-sustainable include hedging instruments, which are used by the Company to protect shareholders against volatility in interest rates.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

The Company has not designated an index as a reference benchmark to determine its alignment with the environmental and social characteristics that it promotes.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

² Based on investment value of operational and controlled pipeline capacity as a proportion of the Company's enterprise, development portfolio, and construction portfolio value as at 30 June 2023.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://bluefieldsif.com/esg/sustainable-finance-disclosure-regulation>