

Bluefield Solar Income Fund

Modern Slavery Statement

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Bluefield Solar Income Fund's slavery and human trafficking statement for the financial year ended 30 June 2023, which was approved by the Board on 26 September 2023.

1. Introduction

Bluefield Solar Income Fund (the "Company") is an investment company focused on the acquisition and long term management of a diversified portfolio of low carbon assets in the UK, with the objective of delivering long term stable dividends. The Company primarily targets utility scale solar assets and portfolios on greenfield, industrial and/or commercial sites. In addition, the Company has the ability to invest a minority of its capital into onshore wind, hydro and storage technologies. The Company has an annual turnover in excess of £100 million and an asset portfolio of 813 MegaWatts (MW) as of 30 June 2023.

The Company recognises the importance of sound corporate governance and is committed to acting ethically and with integrity in all business relationships. The Company also acknowledges that being a renewables fund does not mean that it can remove itself from wider environmental, social, and governance topics, and that the renewables industry has a responsibility to ensure social safeguards are upheld during the transition to a low carbon economy.

The Company has zero tolerance for any form of human rights abuse and its evolving environmental, social and governance (ESG) controls to help embed human rights considerations across the investment lifecycle, enabling the Company to implement and enforce effective systems to help ensure slavery and human trafficking is not taking place within any part of its business and, as far as possible, its supply chains.

The Company is committed to constant vigilance and implementation of regularly reviewed policy and practice, to combat slavery and human trafficking. The Company adheres to the AIC Code of corporate governance and works closely with its Investment Adviser, Bluefield Partners LLP, and other industry specialists to achieve the highest of standards, and continues to align with global human rights frameworks such as the United Nations Global Compact (UNGC) and OECD Guidelines.

This statement sets out the steps taken by the Company to prevent modern slavery in its own business and supply chain, for the financial year ending 30 June 2023.

2. Organisation Structure and Supply Chains

2.1 Organisational Structure

The Company is a Guernsey domiciled company which benefits from a highly experienced, fully independent board of directors. The Company holds and manages its investments through a UK limited company, Bluefield Renewables 1 Limited, in which it is the sole shareholder. Bluefield Renewables 1 Limited owns several portfolio sub holding companies, which in turn own Special Purpose Vehicles (SPVs). Portfolio investments (i.e., renewable energy assets) are held within SPV companies.

The Company has no employees, therefore outsources the management of its portfolio to third party service providers.

2.1 Supply Chains

The Company is aware of the human rights risks associated with renewable technology supply chains. As a result, human and labour rights are a key consideration for the Company, particularly in relation to materials sourcing and supply chain management.

The Company acknowledges that its supply chains are complex and full transparency has not yet been achieved, particularly in relation to solar photovoltaic (PV) modules and batteries. In 2021, concerns arose relating to the use of forced labour in the supply chain of polysilicon, which is the base material used to manufacture solar cells. This prompted an industry response, led by Solar Energy UK and Solar Power Europe, to develop systems and processes to improve transparency and sustainability within the PV supply chain.

The Company continues to enhance its approach to the mapping, analysis, and management of its supply chains, as described within this statement.

3. Policies & Governance

3.1 Policies

The Company has developed and adopted a number of policies that set clear standards in relation to human rights and the prevention of modern slavery across its operations and supply chains. The Company aims to review these policies on a yearly basis, updating them wherever necessary. These policies, procedures, and processes will strengthen the Company's requirements for its suppliers and contractors, and enhance due diligence processes.

The policies that help guide the implementation of the Company's commitment to combat modern slavery and human trafficking include:

- Human Rights Policy: On 29 June 2023, the Board of the Company adopted a Human Rights Policy. The policy states the Company's commitment to respecting human rights in line with frameworks such as the UN Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights (UNGP).
- Supplier Code of Conduct: On 29 June 2023, the Board of the Company adopted a Supplier Code of Conduct. The Supplier Code of Conduct sets out the values and principles the Company expects its suppliers to follow as a minimum requirement, and was developed in line with global frameworks, including the UNGP, UNGC, and the OECD Guidelines. It covers topics including ethics, human and social rights, environmental, business and supply chain risk, and whistleblowing. As of the publication of this statement, the Supplier Code of Conduct has been signed by 26 priority suppliers and will be rolled out to further suppliers over the coming year.
- Sustainable Procurement Policy: On 29 June 2023, the Board of the Company adopted a Sustainable Procurement Policy. The Company's Sustainable Procurement Policy includes principles such as assessing and managing supply chain risks; upholding human rights; and where possible reducing the environmental impacts of procurement activity.

- Whistleblowing Policy: In May 2023, the Board of the Company adopted a Whistleblowing policy, publicly available at: <https://bluefieldsif.com/wp-content/uploads/sites/6/2023/07/BSIF-Whistleblowing-Policy.v2.pdf>. The Company appointed Kevin O'Connor, Group General Counsel for the Investment Adviser, as Whistleblowing officer.
- Sustainable Investment Policy: The Company's Sustainable Investment Policy was made publicly available in December 2022 (<https://bluefieldsif.com/wp-content/uploads/sites/6/2023/07/BSIF-Sustainable-Investment-Policy-Final-.pdf>) and was formally adopted by the Board of the Company on 29 June 2023. The Sustainable Investment Policy outlines how sustainability factors are considered and integrated within the investment process and as part of operational activities, including considerations relating to human rights and business ethics.
- ESG Policy: The Company's ESG Policy, adopted by the Board of the Company in June 2022 (<https://bluefieldsif.com/wp-content/uploads/sites/6/2023/02/BSIF-ESG-Policy-FINAL.pdf>), speaks more broadly to the Company's sustainability context and its role in delivering renewable energy as part of climate change mitigation. Within this, the Company states its wishes to *"ensure that globally, the supply chains that support [its] assets are managed to help ensure that the environmental and social issues associated with the manufacture and supply of [its] key infrastructure are appropriately considered and the risks and impacts suitably mitigated"*.

3.2 Governance

The Board of the Company has ultimate responsibility and oversight of ESG risks and opportunities, including those relating to human rights and modern slavery. ESG is considered by the Directors as a key agenda item in Board meetings, investment decisions and within risk management processes. Daily management of ESG is outsourced to the Investment Adviser, with the Board regularly updated on ESG activity through investment committee papers, Board meetings, ad hoc calls, and written updates.

In 2022, the Board established an ESG committee, chaired by Meriel Lenfestey. The Committee provides a forum for mutual discussion, support, and challenge to the Investment Adviser with respect to ESG matters. ESG committee meetings, of which there are at least two a year, provide an additional forum through which the Board engage on ESG activity.

The Investment Adviser is responsible for communicating, embedding, and monitoring ESG initiatives across the portfolio, ensuring ESG is considered at every stage of the asset lifecycle. ESG is included as a standing agenda item as part of the Investment Adviser's quarterly Board meetings and the Group ESG Manager regularly reports progress to the Managing Partner and Group General Counsel. Please refer to the Company's ESG governance structure, within its 2023 Annual Accounts, for further information.

The Company's focus on human rights and modern slavery is reflected within its ESG strategy. 'Generating Energy Responsibly' is a key pillar within the Company's ESG framework, and human & labour rights are explicitly listed as a priority topic within this. The Company has also adopted several commitments and KPIs relating to human rights, which are disclosed within its 2023 Annual Accounts. The Company updates its shareholders and wider stakeholders on its progress in relation to human rights and modern slavery through a dedicated section within its ESG report, which is published annually. Furthermore, the Company produces an annual Principal Adverse Impact (PAI) statement as part of its compliance with the EU Sustainable Finance Disclosure Regulation (SFDR), within which it

reports against sustainability indicators focused upon social safeguards, including compliance with UNGC principles and the OECD guidelines.

The Company is committed to ensuring it benefits from business partners who operate with the same business values, including a zero-tolerance approach to slavery and human trafficking. As such, the Company adopted a Human Rights Policy, Sustainable Procurement Policy and Supplier Code of Conduct this year, to help ensure the Company's ESG expectations are communicated and met across external service providers. Over the coming year, the Investment Adviser will assist the Company in ensuring the requirements of these policies are appropriately disseminated and complied with, helping drive ethical practices across the Company's operations and supply chain.

4. Due diligence processes

ESG considerations, including in relation to human rights and modern slavery, continue to be integrated into the Company's investment processes. Pre-investment, human rights due diligence applied during the acquisition process is concentrated upon the working practices of contractors connected to assets under consideration. Such includes the existing O&M contractor's ability to uphold commonly accepted labour standards in the workplace, including compliance with labour laws, internationally accepted norms and standards, as well as the presence of formal grievance mechanisms. Legal checks are also undertaken on key counterparties to ensure that they are reputable, particularly as regards checks on anti-money laundering, anti-bribery and anti-corruption, and sanctions.

Examples of the Company's current due diligence processes include:

- Comprehensive ESG due diligence undertaken on key third parties, such as EPC contractors.
- Human rights considerations embedded within pre-investment due diligence processes.
- External ESG risk analysis conducted on key solar and battery manufacturers.
- Social audits requested for solar manufacturing facilities as part of EPC engagements.
- Enhanced contractual protections within key legal agreements, such as EPC and O&M contracts.
- Adoption and roll out of the Company's Supplier Code of Conduct.
- Participation in industry supply chain initiatives

Whilst human rights due diligence processes are already established, these will be reviewed by the Company over the coming year as commitments made within the Human Rights Policy are embedded across the asset lifecycle. The Company will also perform a deeper analysis of how its operations interact with the requirements of the UNGC and OECD Guidelines, enabling the Company to robustly evidence its alignment to these frameworks.

5. Risk Assessment and Management

5.1 Risk Assessment

As stated, the Company is aware of the human rights and modern slavery risks associated with renewable technology supply chains and is committed to building robust identification and management processes in this area. Though the Company does not yet undertake direct large-scale procurement, it has due diligence processes in place to help ensure that the EPC contractors it engages, and the equipment that they procure on behalf of the Company, are not associated with material ESG risks.

To better understand its supply chains, the Company has recently mapped its Tier 1 supplier spend relating to the 2022 calendar year. Once consolidated, the Company identified its priority suppliers, i.e., those which related to the largest proportion of addressable spend. Priority suppliers were analysed via a desktop assessment across a range of social and environmental topics, to identify upstream risk and improvement opportunities. Several key supply chains were identified for further focus. Looking forward, the Company will map its supply chains annually, and will map Tier 2 suppliers in key supply chains, focusing on those engaged by the Bluefield companies in the first instance. Environmental and social risk analysis has also been performed on key manufacturers within battery and solar supply chains.

ESG risks are integrated into the Company's overarching risk management processes, and the number of ESG risks within the Company's risk matrix has been increased this year. Supply chain risk has been identified as a principal risk by the Board of the Company, and therefore is presented within the principal and emerging risk matrix within the Company's Annual Accounts.

5.2 Risk Management

To mitigate risks as far as possible, and help ensure it is benefitting from ethical supply chains, the Company is committed to building robust management and due diligence practices, aligned with global frameworks. As stated, the Company has recently adopted a Human Rights Policy and Sustainable Procurement Policy, which will strengthen the Company's requirements for its suppliers and contractors, helping ensure the Company benefits from ethical supply chains.

The Company's Supplier Code of Conduct sets out the Company's principles, rules of engagement, and what is expected from suppliers in terms of responsible business conduct and preventing child labour and modern slavery. It is the Company's intention that its suppliers will acknowledge and adhere to the Company's Supplier Code of Conduct, and work with the Company to identify risks, areas of improvement, and follow up agreed actions. The Company has also enhanced contractual protections relating to modern slavery and human rights with key third parties.

The Company has a whistleblowing policy in place, publicly available on its website, which can be used by its supply chain to report malpractice, including in relation to human rights, modern slavery, and human trafficking. The Investment Adviser's Compliance Officer is the appointed officer for this policy; any malpractice relating to the Investment Adviser can be reported to the Company Secretarial Manager of the Company's Administrator.

Representatives of the Investment Adviser are part of the Solar Energy UK Supply Chain Taskforce; the industry response led by Solar Energy UK and Solar Power Europe to develop systems and processes to improve transparency and sustainability within the PV supply chain. The Investment Adviser committed financial support to this initiative; one of only a few UK solar power organisations to do so. The UK solar industry's supply chain statement, to which the Investment Adviser is a signatory, can be viewed here: <https://solarenergyuk.org/uk-industry-supply-chain-statement/>.

6. Training on modern slavery and human trafficking

To support the rollout of the Supplier Code of Conduct, the Company delivered two webinars to priority suppliers between May – July 2023. The webinars explained the purpose of the Supplier Code of Conduct, the key principles within it, and the impact on suppliers. In addition to providing a forum

through which concerns could be raised, suppliers were encouraged to adopt their own Supplier Code of Conduct if they had not already, helping cascade best practice across the Company's supply chain.

As part of the Company's commitment to further developing its due diligence mechanisms to identify, prevent and mitigate human rights impacts across its operations and, where possible, its supply chain, training requirements relating to both the Board of the Company and the Company's key service providers (i.e., the Bluefield companies) will be reviewed over the coming year.

John Scott, Chairman

Approved by the BSIF Board: 26 September 2023

Last Updated: 28 September 2023