NEXTENERGY CAPITAL

Generating a more sustainable future

Our contribution to the UN Sustainable Development Goals

The mission of NextEnergy Capital Group, since our founding in 2007, is to generate a more sustainable future by leading the transition to clean energy. We place this mission at the heart of everything we do and stand for; demonstrable leadership is very important to us.

Solar has emerged as one of the key technologies to support the transition away from carbon-intensive fossil fuels towards clean energy. Increased efficiencies throughout the value chain results in solar infrastructure not requiring any form of subsidy in most markets. Solar power plants can be built and commissioned in a fraction of time compared to other clean technologies, while the technology evolution and efficiencies in replicability of implementation further drives global growth.

NextEnergy Capital Group specialises exclusively in solar as we are convinced this focus enables us to outperform, and outperformance accelerates the achievement of our mission.

In 2015, the United Nations Member States adopted ‘The 2030 Agenda for Sustainable Development’ to chart a way forward for peace and prosperity for people and the planet. Central to this agenda, and to ours, lie the 17 Sustainable Development Goals (SDGs), which represent a holistic approach to achieving the targeted objectives. Our group has adopted and integrated key elements of the SDGs into our Environmental, Social and Governance (ESG) policy and operational practices.

Aligned with our mission-driven values, we are committed to measuring, managing, and reporting our contribution to the UN SDGs. As part of this we have developed a framework to evaluate ourselves and measure our impact on the world around us. We are able to determine certain impacts on a quantitative basis, while by necessity other impacts must be appraised on a qualitative basis.

The analysis on the following pages has been compiled to share the work we are undertaking on the funds we manage as well as on NextEnergy Foundation. We will continue to provide periodic updates on these and other metrics and we look forward to engaging with you on our framework in the months and years ahead.

Michael Bonte-Friedheim

Founding Partner and Group CEO

June 2019
Version 1.0

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Who are we?

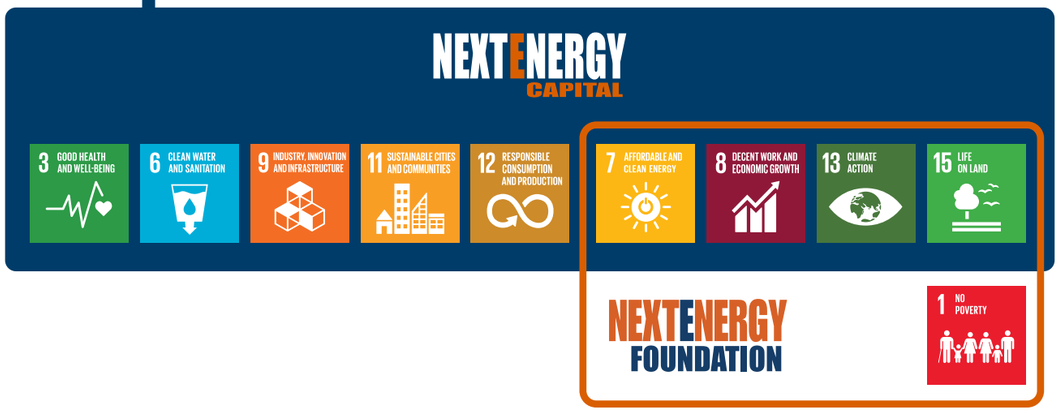
NextEnergy Capital Group is a leading investment and asset manager in the international solar sector. Our focus and specialisation on solar differentiates us. Since our founding in 2007, we have built a track record including creating listed and private investment vehicles, establishing Wise Energy, the biggest solar operating asset manager globally, building the largest listed solar investment company and the first truly international solar infrastructure investment vehicle.

Since 2016, we have pledged 5% of our annual corporate profits to the NextEnergy Foundation. The Foundation undertakes projects that may not be appropriate for the investment vehicles we manage but are aligned to our mission.

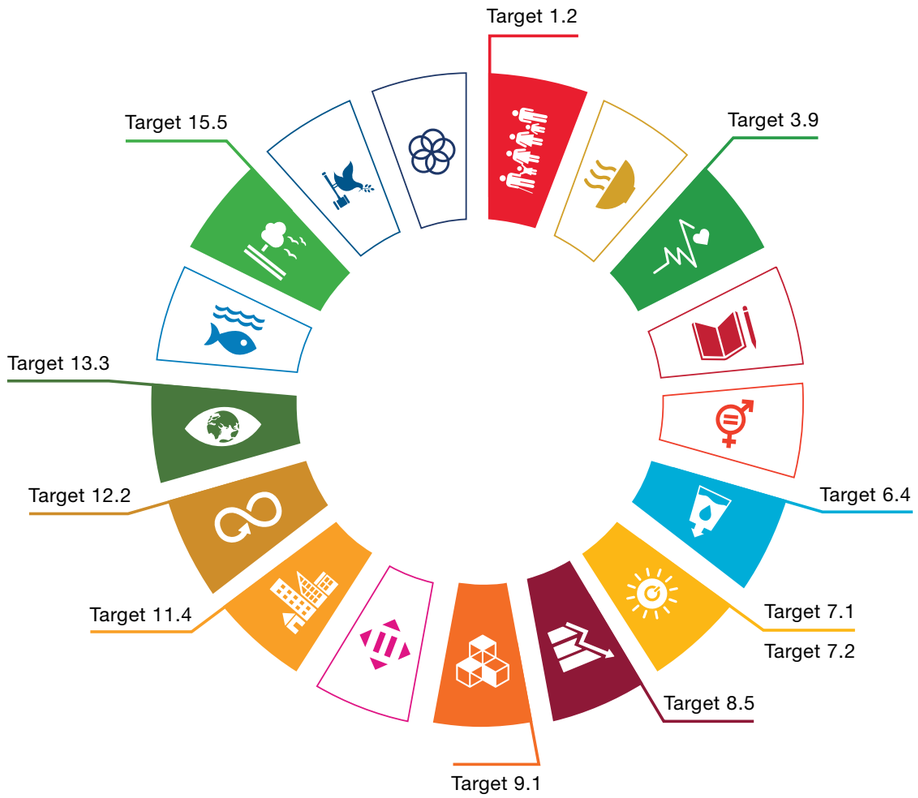
NEXTENERGY CAPITAL Contribution to SDGs

Our Mission

To generate a more sustainable future by leading the transition to clean energy



The UN SDGs are defined by 169 specific targets to be achieved by 2030. We are leading the way in our approach to SDG reporting. Whilst we are able to contribute to many targets, we individually track and report targets that are material to our operations and aligned with our mission.



Integrated Strategy

The UN Sustainable Development Goals form the basis of our Integrated Strategy

Policy

Responsible Investment Policy to deliver sustainable growth for the long term

Procedures

Full integration to NextEnergy Capital's operating model applying throughout the acquisition and management phases

Reporting

Measure and report on performance indicators

Stakeholder Engagement

Communication of our performance and provides a feedback loop to inform policy and procedures

Our Integrated Strategy covers all aspects of the business:

Investment funds:

NEXTENERGY CAPITAL

Asset management:

WISE ENERGY SMART RENEWABLE SERVICES

Our foundation:

NEXTENERGY FOUNDATION

SUSTAINABLE DEVELOPMENT GOALS

NEXTENERGY CAPITAL Contribution to SDGs

SDG Target Tracking

1 NO POVERTY

Overview

The NextEnergy Foundation is focused on alleviating poverty through the promotion of solar energy and other projects. Through a range of different partners and varying projects, the Foundation enables access to power and light generated from solar energy sources to support underserved regions to the benefit of local communities and beyond. Other projects are focused on education, training and reforestation.

UN SDG Target 1.2

Reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Contribution/alignment

Since 2017, the NextEnergy Foundation has supported charities and social enterprises in providing access to clean, affordable energy, resulting in poverty alleviation. Projects have supported communities in low-income developing countries primarily in Sub-Saharan Africa, South Asia, and Latin America.

5 Energy Hubs

CASE STUDY Empower Malawi

The NextEnergy Foundation has enabled the installation of 5 Energy Hubs on the roofs of rural schools in Northern Malawi. The Energy Hubs offer the school free lighting and the local community can also access the energy on a pay-per-use basis. Furthermore, a percentage of the profits is passed back to the school and a local community development board to invest into the local community. For 2019, we are planning to install solar lighting systems in another 50 rural schools.

We're working towards implementing a process to track and report our contribution to poverty alleviation, e.g. number of people with increased access to clean energy.

3 GOOD HEALTH AND WELL-BEING

Overview

Generating clean energy for the planet is a responsibility we are privileged to hold. This clean energy is not just good for the planet, but also good for the health and well-being for those that inhabit it.

UN SDG Target 3.9

Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Contribution/alignment

By generating clean energy, we avoid the need to burn fossil fuels to generate electricity and therefore avoid the harmful air pollutants that fossil fuels emit.

These harmful air pollutants include nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM) which can lead to premature death and illnesses such as stroke, heart disease, lung cancer and chronic respiratory diseases according to the World Health Organization[1].

We have calculated avoided harmful emissions to air for our NextEnergy Solar Fund and NextPower II Fund.

Emissions to air avoided in FY18/19[2]

357 tonnes NO_x
714 tonnes SO_x

7 tonnes PM_{10}
27 tonnes $PM_{2.5}$

[1] World Health Organization, Ambient air pollution - a major threat to health and climate: https://www.who.int/airpollution/ambient/en/

[2] Emissions to air avoided data provided by Green Investment Group using their Green Impact methodology (see http://www.greeninvestmentgroup.com/green-impact/) based on information provided by NextEnergy Capital for the year ending 31 March 2019

Overview

Solar photovoltaic (PV) plants require water for activities such as cleaning PV panels. Potential negative impacts associated with water consumption within the solar industry are exacerbated by the fact that those areas with the highest solar energy potential can also be those with the driest climate and, consequently, high water scarcity.

UN SDG Target 6.4

Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Contribution/alignment

As part of our project selection and due diligence process, we consider the impacts to the local water supply of prospective project sites. We consider the water sources, water scarcity issues, water consumption and water intensity. We also consider what measures are required to monitor and/or reduce consumption and improve the efficient use of water.

CASE STUDY Technological innovation for cleaning

We recognise that innovation is required to tackle some of our greatest risks and impacts. As such, we are continually looking to new technologies and testing them on our assets. A key example is the NextPower II Fund which is currently adopting a ‘coating’ solution that is applied to the PV panels to reduce soiling of the modules. This solution was identified and tested by our Innovation Team. We will look to roll this out across our portfolio and be able to reduce our water consumption through reducing the number of times the modules need to be cleaned.

We’re working towards implementing a process to track and report the water consumption of assets within our funds. This would include metrics such as volume of water used/MWh electrical generation.

Overview

More solar energy hits the surface of the Earth in a single hour than the total energy used by humankind in an entire year. We have a source of practically unlimited clean energy in the form of solar power – we just need to capture it.

UN SDG Target 7.1

Ensure universal access to affordable, reliable and modern energy services.

UN SDG Target 7.2

Increase substantially the share of renewable energy in the global energy mix.

Contribution/alignment

As a leading specialist investment and asset manager in the solar sector, providing affordable and clean energy is our raison d’être. We continue to invest our existing funds and are developing additional renewable energy generation capacity and generation. We are also setting up new funds, such as NextPower III, to accelerate the increasing capture of this unlimited resource. Our total contribution in FY18/19 to affordable and clean energy is set out below.

In FY18/19[3]

829 GWh
clean energy generated

785 MW
of Solar Capacity

>2.5 GW
to be rolled out under NextPower III

[3] Capacity and generation for both NextEnergy Solar Fund and NextPower II as at 31 March 2019

NEXTENERGY CAPITAL Contribution to SDGs

Overview

As the solar industry expands, the potential for creating decent employment throughout the development, construction and operational stages, as well as distribution, is rapidly increasing.

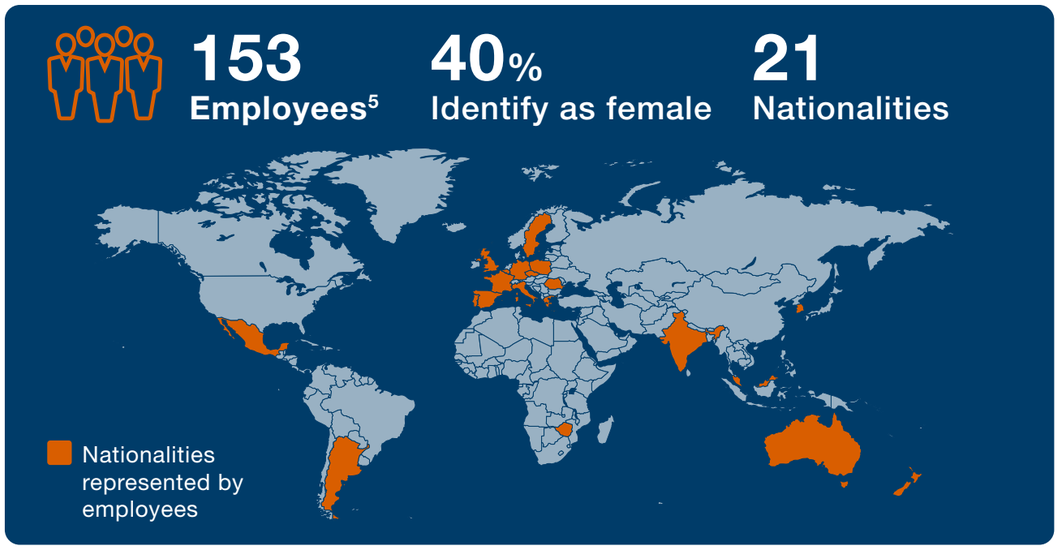
UN SDG Target 8.5

Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Contribution/alignment

Globally, solar PV supports over 3 million jobs[4]. Our own projects create roles which include electrical design engineers, asset managers and operational / maintenance workers.

At the time of publication our own team of 153 people comprises 40% females and is made up of 21 nationalities from all six permanently inhabited continents of the earth. Diversity is one of our key success drivers and will be fundamental to us in the pursuit of our mission.



[4] IRENA Renewable Energy and Jobs - Annual Review 2018 https://irena.org/publications/2018/May/Renewable-Energy-and-Jobs-Annual-Review-2018

[5] Employees include NextEnergy Capital and Wise Energy staff and consultants as at 31 March 2019

Overview

To meet current and future challenges, new infrastructure must be developed and sustainable technologies enabled. We invest in new and sustainable solar infrastructure to provide communities with safe, clean energy.

UN SDG TARGET 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Contribution/alignment

As a leading specialist investment and asset manager in the solar sector, our key activities contribute to the development of quality, reliable, sustainable and resilient infrastructure.

Our operational plants are currently located across Italy and the UK and are providing affordable and reliable energy. Going forward, the NextPower III Fund will have a global reach and will support economic development and equitable access to energy.

[6] Number of operating solar plants for both NextEnergy Solar Fund and NextPower II as at 31 March 2019

Overview

As rapid urbanisation continues at an ever-increasing pace, the pressures on communities, culture and natural heritage amplify. We are working hard to ensure that the development and operation of our solar projects have minimal impact on these cherished traditions, customs and sites, and that our projects provide opportunities to engage with communities and offer a more sustainable future.

UN SDG Target 11.4

Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Contribution/alignment

Safeguarding communities, cultural heritage and natural heritage is built in at the very beginning of our investment decision process. As stated in our Responsible Investment Policy[7], we undertake extensive due diligence to ensure that all of our projects are in line with local regulation and with international standards such as the IFC Performance Standards.

Fundamental to our efforts is community engagement which forms a key part of our investment decision making process and ongoing asset management strategy.

We have a stringent 'No-Go' procedure to protect cultural and natural heritage and we are working with local communities to significantly contribute to development and ensure they continue to thrive.

[7] https://www.nextenergycapital.com/responsible-investing

Overview

Sustainable production and consumption requires more efficient use of natural resources, sustainable infrastructure, and providing access to clean, renewable energy. Our projects help keep fossil fuels in the ground.

UN SDG Target 12.2

Achieve the sustainable management and efficient use of natural resources.

Contribution/alignment

The electricity produced at our solar projects reduces the need for fossil fuels to be combusted elsewhere. At the same time we use limitless natural solar resource.

We have calculated the sustainable management of natural resources by using a 'barrels of oil equivalent avoided' metric for our NextEnergy Solar Fund and NextPower II Fund.

In FY18/19[8]

1.1 million barrels
of oil equivalent avoided

[8] Barrels of oil avoided data provided by Green Investment Group calculated using their Green Impact methodology (see http://www.greeninvestmentgroup.com/green-impact/) and the conversion factors provided by the Society for Petroleum Engineers (https://www.spe.org/industry/unit-conversion-factors.php) based on information provided by NextEnergy Capital as at 31 March 2019

Overview

Our projects help tackle climate change. Reducing carbon emissions through a transition away from carbon-intensive fossil fuels towards clean energy is vitally important in tackling climate change and in reducing the associated harmful environmental and social effects. Solar energy offers us one of the best options to achieve this transition due to the low cost, efficiency of roll-out compared to other clean technologies, and the replicability of implementation.

UN SDG Target 13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Contribution/alignment

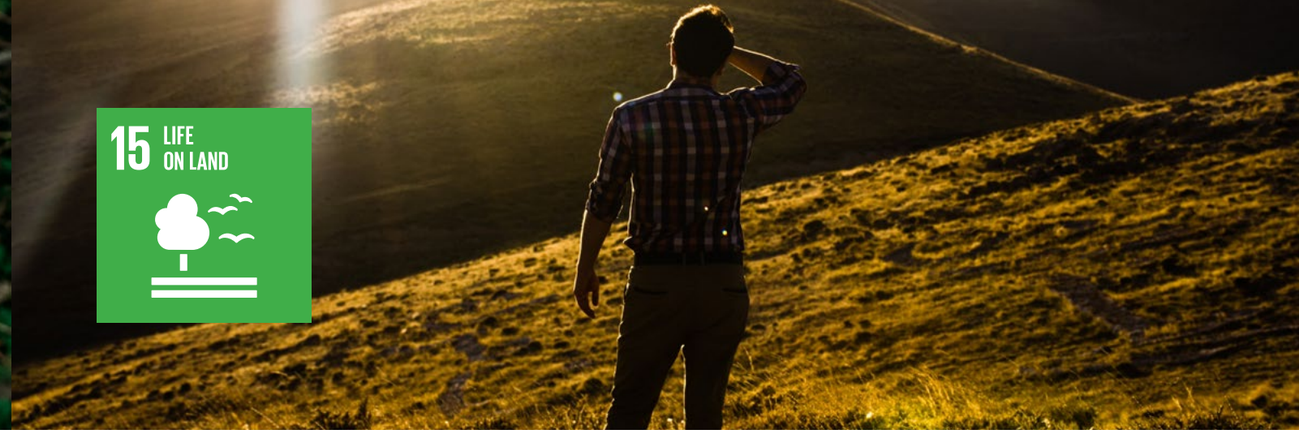
The development of new solar projects improves capacity on climate change mitigation through renewable energy production. In addition, we are committed to awareness-raising and improving education through activities such as producing this brochure and publishing Green Impact Reports for the NextPower III Fund.

We have calculated our greenhouse gas emissions avoided (measured in carbon dioxide equivalent: CO_2e), by comparing the emissions associated with each underlying project to a counterfactual (alternative method of energy generation).

In FY18/19[9]

355 kilotonnes CO_2e
avoided

[9] GHG emissions avoided provided by Green Investment Group using their Green Impact methodology (see http://www.greeninvestmentgroup.com/green-impact/) based on information provided by NextEnergy Capital for the year ending 31 March 2019



Overview

In addition to monitoring the positive environmental and social contribution of our projects, we must ensure that any negative effects from the development and operation of our solar projects are minimised and mitigated where appropriate. We strive to enhance biodiversity at our project sites wherever possible.

UN SDG Target 15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Contribution/alignment

As stated in our Responsible Investment Policy[10], we are committed to protecting the natural environment from activities arising from the construction and operation of our solar projects. We undertake extensive due diligence to ensure that all our projects are in line with local environmental regulation and with international standards such as the IFC Performance Standards.

In addition to minimising negative impacts, in many cases we actively work to enhance biodiversity.

CASE STUDY Biodiversity exemplar sites

Since 2017, we have implemented Biodiversity Management Plans across four exemplar sites in the UK that go beyond national standards and aim to make a positive contribution to the ecosystems surrounding the solar farms in comparison to their prior uses, such as farmland. This has included wild flower meadow planting, building bug hotels, hibinaculars, weed management, engaging with bee keeping community, planting nests for nightingales etc. Annual survey reports show significant increases in bees and butterflies of up to ten times in some of the new wild flower meadow areas. Following this success, we are expanding the number of sites from four to ten sites across the UK and expect to continue this expansion in the future.

[10] https://www.nextenergycapital.com/responsible-investing

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