

Sustainability Report 2023



**NextEnergy
Group**



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1. Introduction

1.1 Foreword from the Founding Partner and Group CEO

NextEnergy Group’s ambition is to maintain our market leadership in integrating sustainability into our activities in the solar and energy storage sector. We know we can achieve nature- and people-positive outcomes in our development, investment and asset management activities. These incremental benefits – beyond decarbonising the power generation sector, increasing energy independence, and, lowering power prices – are what we focus our sustainability activities on.

2023 saw an evolution in global efforts to accelerate the pursuit of a more sustainable future. In April, the European Union finalised its *Fit for 55* package with a more ambitious target to cut greenhouse gas emissions. In December, the *UAE Consensus* was reached at the UN Framework Convention on Climate Change’s 28th Conference of the Parties (COP28). The Global Biodiversity Framework agreed at the UN Conference on Biodiversity (COP15) also spurred new and encouraging initiatives to halt and reverse the loss of biodiversity by 2030.

Against this background, solar PV and energy storage is of paramount importance for the transition to clean energy generation. Meeting the Paris Agreement goals requires a tripling of renewable energy capacity and a doubling of energy efficiency by the end of this decade. Creating synergies between nature and climate is fundamental to simultaneously advance nature-

positive and climate change mitigation goals. Since 2014, the performance of our solar plant portfolios has demonstrated how being a leader in the ESG and sustainability space can be intertwined with superior financial returns.

At NextEnergy Group, we know that leading a clean and just energy generation transition comes with a responsibility to ensure the highest ESG standards. Our teams are driven and passionate about playing their part to shape a more prosperous future for people and planet. They embody our Corporate Values – one of which is to *Be Responsible* – every day. I know that this is the basis for the resilience we have achieved as a Group.

I am excited about the launch of our new Sustainability Strategy. Our flagship Group Sustainability Report details how we have continued to strengthen our ESG and sustainability commitments to maintain momentum to achieve our mission. We remain dedicated to transparently disclosing our approach and fostering trusted partnerships with our stakeholders. This will ensure our success over the long-term to lead the transition to clean energy generation and a more sustainable future for all.

As a final point, I am particularly pleased to announce that NextEnergy Group will achieve carbon neutrality in 2024. We have been focusing on reducing our carbon footprint where possible, and will offset the carbon emissions we are not able to mitigate.



Michael Bonte-Friedheim
 Founding Partner and Group CEO
 NextEnergy Group

1.2 An Introduction to NextEnergy Group's Flagship Sustainability Report from the Head of ESG

Over the last 12 months, we have been busy reviewing our approach to ESG and developing NextEnergy Group's new Sustainability Strategy. The Strategy underpins our commitment to ensuring that our sustainability and ESG priorities are fully integrated in our development, investment, and asset management activities. It also provides the impetus for us to continue to proactively identify areas to effect positive change for people and planet.

Our first Group-level Sustainability Report introduces both the Strategy and the underlying Framework (Section 3). It also details the progress we made in 2023 to broaden and deepen our sustainability and ESG work. This includes detailed action plans which will support the Strategy, including a Climate Transition and Net Zero Plan which follows the TCFD/ISBB recommendations – which aims to define science-based emissions targets – and a Nature Plan – which considers nature-related interdependencies to deliver nature-positive outcomes aligned with the TNFD framework. We also reported on our Scope 1, 2 and 3 carbon emissions for the first time; strengthened our responsible supply chain approach; and, developed a more structured approach to stakeholder and community engagement.

I am especially pleased with our teams' professionalism, passion and dedication this year; they are key strengths which have enabled us to further our best-in-class approach to ESG. Our team members have been actively involved in key industry initiatives and are engaging with the solar and sustainable investment communities to drive best practice and learn through collaboration. We were a founding partner and sponsor of the Solar Stewardship Initiative and were invited to join the UN PRI's newly-launched Sustainable Systems Investment Managers Reference Group (see Section 4.2). NextEnergy Group's Corporate Values undoubtedly gave shape to the responsible behaviours and positive attitudes displayed by our teams in these external engagements.

We remain dedicated to transparently communicating our approach to sustainability with our stakeholders and to pioneering ESG disclosures on our performance. We hope you find this Report informative and look forward to presenting a first update on the impact of our new Sustainability Strategy next year.

Continuing to Improve

This Report provides a non-exhaustive update on the work we are undertaking. At the NextEnergy Group, we strive for excellence and welcome any feedback that you may have on the topics discussed in this Report. Please get in touch with our ESG team at info@nextenergycapital.com.

2. Overview

2.1 Who We Are

Since 2007, NextEnergy Group has been on a mission to contribute to a more sustainable future by leading the transition to clean energy generation.

The Group is a specialist solar investment and asset manager comprising NextEnergy Capital (investment management), WiseEnergy (asset management), Starlight (asset development), NextSTEP (VC sustainability accelerator) and NextEnergy Foundation (international charity). Our Group companies cover all stages of the solar value chain, from project development to operational asset management and decommissioning, delivering exceptional performance at each stage because we are working together to pursue the same mission.

NextEnergy Capital (NEC) is a leading global investment manager in the Solar+ sector, comprising solar energy and associated technologies, including energy storage. We have built a strong track record: investing in 411 utility-scale solar projects since inception, as a combination of assets under development, construction, or operation, or which have been disposed. At the time of publishing this Report, our installed capacity is in excess of 1,500MWp across the UK, Europe, North and South America and Asia.

NEC is the investment manager of one of the largest listed solar investment companies, NextEnergy Solar Fund (NESF), and the first truly international solar infrastructure investment vehicle, NextPower III ESG (NPIII). It manages an additional two private equity ESG funds – NextPower UK (NPUK) and NextPower V ESG (NPV) – and sold an entire portfolio of operating solar projects owned by NextPower II in Italy in January 2022. NPII built a portfolio of 105 individual solar projects for a total installed capacity of c.149MW in three years.

NextEnergy Group has also established one of the largest operating solar asset managers globally, WiseEnergy, with 1.8GW installed capacity under management. Additionally, our in-house development arm, Starlight, has c.9.9GW under development and, at the time of publishing this Report, NextSTEP has invested in six startups, to scale and accelerate solutions for a more sustainable future.

Our international charity furthers our mission. NextEnergy Foundation has raised over £3.2m to date, supporting projects in 27 countries to alleviate poverty through access to renewable energy and carbon emissions reductions. As the founding sponsor of the NextEnergy Foundation, the Group has pledged at least 5% of its net annual profits to the Foundation.



Giulia Guidi
Head of ESG
NextEnergy Group

NextEnergy Group



Our Values

We are one Group with one set of Values which are the impetus for us to grow and achieve our mission. The Values are not only important to us individually, but they are also a common thread joining our companies together. We strive to help create a great workplace where everyone can contribute, develop and shape their future, as well as the Group's.



BE A LEADER



BUILD TRUST



BE RESPONSIBLE



BRING YOUR ALPHA



BE AN INNOVATOR

2.2 ESG Team

NextEnergy Group has a dedicated ESG team. The team is led by the Head of ESG, Giulia Guidi, who reports to the Founding Partner and CEO, Michael Bonte-Friedheim.

The ESG team advances sustainability through multiple channels across the Group. Different team members are dedicated to the different companies' activities, and the Group benefits from subject matter experts whose knowledge supports the investment due diligence processes and strategic projects. Examples include the advancement of topic-specific workstreams which are material to us and support the overarching Sustainability Strategy (Section 3), and responsible sourcing.

Pre-acquisition, the team works closely with NEC's Investment, and Construction and Procurement teams to ensure the full integration of the Sustainability Strategy. Post-acquisition, it liaises with NEC's Portfolio Management and WiseEnergy's Commercial and Technical teams. ESG team members are also actively engaged with responsible investment associations, and hold Chairing positions for key industry working groups.

ESG and Sustainability Resources



Giulia Guidi

Head of ESG / NextEnergy Group

Giulia has more than 20 years' experience in ESG and Sustainable Finance. She oversees the implementation of the Group's Sustainability Strategy and its integration across the business.



David Hawkins

Vice-President of ESG / NextEnergy Group

David oversees the development and implementation of the Group's Climate Transition and Net Zero Plan.



Hing Kin Lee

Environmental Impact Manager / NextEnergy Group

Lee has over 18 years' experience in the environmental sector and provides environmental governance across the portfolio.



Flavia Galdiolo

ESG Research and Engagement Associate / NextEnergy Group

Flavia leads the NextEnergy Group's strategic sustainability and ESG engagement and communication, and manages the NextEnergy Foundation.



Kevin McCann

ESG Associate / NextEnergy Capital

Kevin supports a range of transaction, supply chain and due diligence initiatives to ensure responsible investment across NEC's funds.



Marianna Ricca

ESG Analyst / NextEnergy Capital

Marianna undertakes Sustainability and ESG due diligence for acquisitions and identifies key risks and compliance gaps with international standards.



Kristina Vucic

GIS Data Analyst / NextEnergy Capital

Kristina is a subject matter expert with 12 years' experience in location-based data analytics, automation and information management. She provides geospatial insights into NEC's activities.



Joshua Marshall

ESG Analyst / NextEnergy Capital

Josh undertakes the ESG due diligence for UK acquisitions and supports the team to advance ESG initiatives.



Valeria Ramos

ESG Analyst / NextEnergy Capital

Valeria has been working in sustainable investing since graduating from university. She joined the Group to support the ESG due diligence for NPIII and NPV.



Serena Thaker

Senior ESG Analyst / WiseEnergy

Serena joined WiseEnergy in 2019 and is responsible for managing and coordinating ESG delivery requirements across the funds.



Marnie Winston-Fletcher

Environmental Analyst / WiseEnergy

Marnie is responsible for ensuring Local Environmental Management Plan compliance across the operational UK portfolio.



Begoña Rodrigo Llodio

Environmental and Community Manager / Starlight

Begoña has over 16 years' ESG experience in the energy sector. She joined Starlight to support the company to implement the Group Sustainability Strategy within Starlight's operations.

304
Employees

41%
Identify as female

32
Nationalities



Our People, Diversity and Inclusion

NextEnergy Group is comprised of an exceptional team of driven people who are passionate about leading the transition to clean energy. Our Talent Acquisition team looks for individuals who reflect our Values; we believe that this is the reason for our high retention rate.

NextEnergy Group is also committed to cultivating and preserving a culture of connectedness that values difference and gives space for individual expression. We do not pursue diversity for its own sake, but instead strive for inclusiveness through our mindset, policies and practices in order to create an environment where everyone can thrive.

Internally, NextEnergy Group's D&I activities are organised through six workstreams and objectives:

1. Legal compliance and D&I literacy
2. Gender balance
3. Cultural, religious and linguistic inclusivity
4. Educational and socio-economic background
5. Neurodiversity
6. LGBTQ+

Our Annual Employee Engagement Survey, carried out in September 2023, indicated that 87% of employees 'felt genuinely supported to take advantage of flexible working policies'. This is a key D&I metric which we will continue to track as a measure of employee wellbeing, but also our ability to attract and retain staff with caring responsibilities.

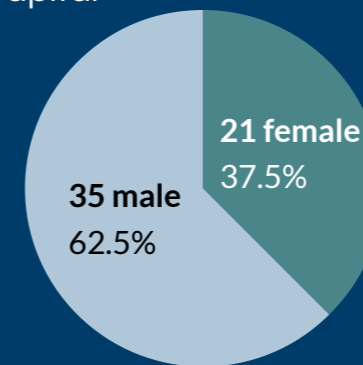
Focus on gender at the NextEnergy Group

Women continue to be under-represented across the solar industry and in most areas of financial services. NextEnergy Group is committed to providing an environment in which all genders can thrive and feel supported to reach their potential. We are working to create an even more genderinclusive workplace to ensure that everyone feels fully included in their day-to-day work experiences at the Group.

Externally, ensuring a diverse workforce as the solar industry expands is a key driver of success; we see it as fundamental to the pursuit of our mission. We ask our Engineering, Procurement and Construction (EPC) and Operations and Maintenance (O&M) contractors to monitor and disclose social KPIs. We believe that engaging with our contractors to disclose these metrics will help them to carefully consider their work-related practices and improve their approaches, where possible.

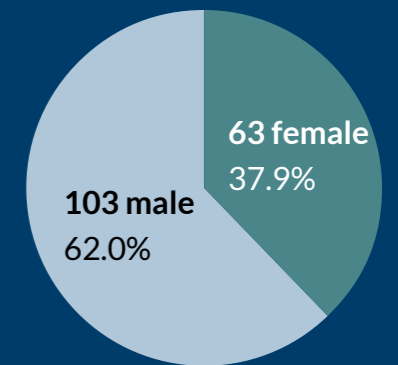
NextEnergy Capital

56
people



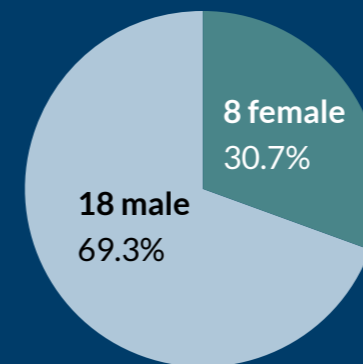
WiseEnergy

166
people



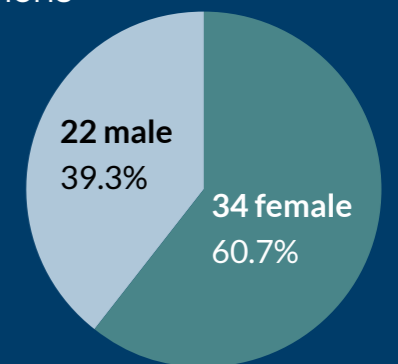
Starlight

26
people



Central Functions

56
people



3. NextEnergy Group's Sustainability Strategy

3.1 What does Sustainability Mean to Us?

NextEnergy Group is committed to leading the transition to clean energy generation in a responsible manner.

As one of our Values, *Being Responsible* is an intrinsic part of our mindset. We hold ourselves to the highest social, environmental and business standards because we maintain that contributing to a more sustainable future demands nothing less.

Our focus is on developing, investing in and managing solar energy infrastructure assets and complementary technologies, such as energy storage. But we recognise that our role in society goes beyond safeguarding and accelerating the transition to a low-carbon economy. As such, sustainability for the NextEnergy Group means generating prosperity in a way that benefits all our stakeholders (Section 3.3).

In the last year, we have conducted a review of our Sustainability Strategy to ensure that it remains relevant to all Group companies' business objectives, and that it reflects the current and future sustainability and ESG landscapes. The strategic review was undertaken with the support of an advisor, with additional external feedback sought to guarantee a robust and forward-looking approach to sustainability.

This flagship Sustainability Report introduces our updated Sustainability Strategy. The Strategy sets out our commitment to ensuring that our sustainability and ESG priorities are fully integrated in our development, investment, asset management activities. It provides the impetus for us to continue to proactively identify areas to effect positive change for people and planet.

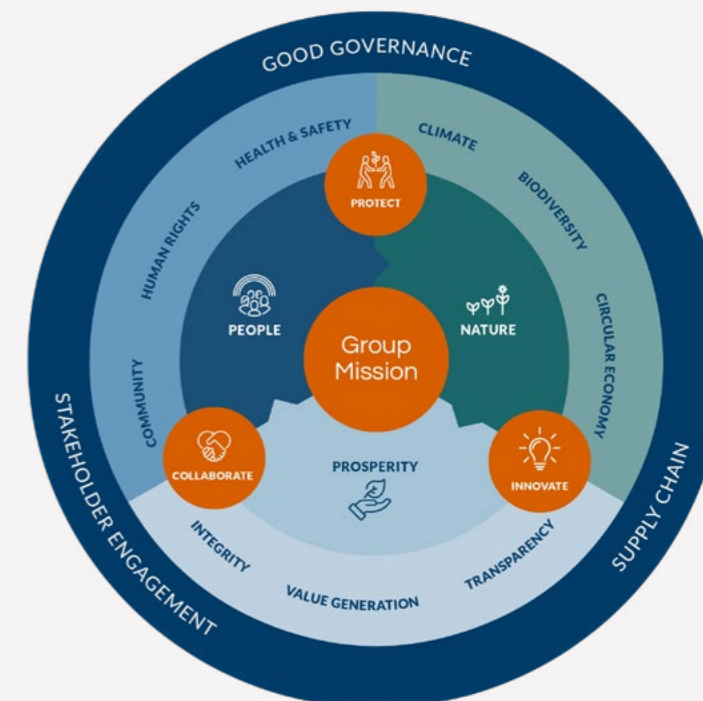
Increasing transparency in the field of responsible investment is of paramount importance to decrease the funding gap in the pursuit of a more sustainable future. NextEnergy Group's annual Sustainability Reports will set the foundation upon which we will monitor our performance against our Sustainability Strategy, and to continue to transparently communicate our progress going forwards.



3.2 Our Sustainability Framework

NextEnergy Group Sustainability Framework

OUR MISSION IS TO CONTRIBUTE TO A MORE SUSTAINABLE FUTURE BY LEADING THE TRANSITION TO CLEAN ENERGY GENERATION



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NextEnergy Group's Sustainability Framework is the foundation of our Sustainability Strategy and structures our concerted approach to sustainability as a Group.

Our mission is at the centre of the Framework as a reminder that we are a mission-driven organisation which is working to contribute to a more sustainable environmental, social and financial future for all through clean energy. We have subsequently identified three ESG priorities to orientate our collective efforts to advance our mission: People, Nature and Prosperity. Each priority area is underlaid by focus topics which were determined through a materiality process conducted at the Group and company levels, considering both our operations and value chain. These are detailed on pages 12-17.

The focus topics align with the global ESG agenda and are important for our business activities, the solar industry, and our Values. Although the materiality of each focus topic differs for each company, the Sustainability Framework establishes the topics for which we have, or will develop, a Group-wide approach in order to focus our sustainable leadership efforts all together.

We recognise that addressing material sustainability challenges and opportunities may involve balancing competing interests. We are confident that if we nurture protective, collaborative and innovative environments, we will advance improved outcomes for both the Group and our stakeholders, and we see Good Governance, Stakeholder Engagement and Supply Chain Management as the levers through which to do so. Please refer to Section 4 for more details on each one.



UN Sustainable Development Goals

The UN SDGs are at the heart of the UN's 2030 Agenda for Sustainable Development. They recognise the interconnectivity of sustainability topics and promote global partnerships to address them. NextEnergy Group has identified those SDGs which are material to our business and philanthropic activities; we refer to them to inform our collaborative partnerships in the solar industry and the countries in which we operate.



Nature

Solar energy is a plentiful and sustainable source of energy. It is also an economic and effective way to mitigate climate change whilst ensuring prosperity for people and planet.

NextEnergy Capital's funds are classified as Article 9 under the EU SFDR because our core business centres on mitigating climate by avoiding carbon emissions. By operating across five continents and investing solely in renewable energy and complementary technologies, we are in a strong position to contribute to global efforts to reduce greenhouse gas emissions, thereby aligning our business objectives to the targets set out in the Paris Agreement.

Yet, we recognise that constructing and operating renewable energy assets whilst continuing to combat climate change is not exempt from negatively impacting nature in some ways. As a Group, we are committed to mitigating impacts on nature as much as possible, and supporting the shift towards restoration and nature-positive outcomes. To do this, we are focused on addressing climate change, promoting local biodiversity, and encouraging circularity in the solar value chain.

- **Addressing climate change.** The Group's activities focus on developing, investing in, and managing solar infrastructure and associated technologies. We are supporters of the Task Force on Climate-Related Financial Disclosures (TCFD), and our core contribution to climate change mitigation is through the avoidance of emissions caused by fossil fuel power

generation. NEC has reported on the annual CO₂e emissions avoided by its portfolios since 2019 with the external support of Macquarie's Green Investment Group (GIG). In 2023, the Group made progress to gather our Scope 1, 2 and 3 carbon emissions, including Scope 3 'financed emissions' from NEC's funds, so as to issue our first Group International Sustainability Standards Board (ISSB)-aligned Report in 2024.

- **Promoting local biodiversity.** Biodiversity plays a key role in tackling climate change. NextEnergy Group recognises the urgency for action to be taken to reduce the intensity and drivers of biodiversity loss as part of the Global Biodiversity Framework, and supports the Framework by accounting for biodiversity and natural capital considerations in our operations and decision-making. Our overall approach to biodiversity aligns with the [Task Force on Nature-Related Financial Disclosure](#) (TNFD) framework and relevant national objectives of the countries in which we operate, such as the UK Government's 25-Year Environment Plan and the goals of its [Environmental Improvement Plan 2023 \("EIP23"\)](#).
- **Encouraging circularity in the solar value chain.** A circular economy is essential to simultaneously minimise environmental impacts and maximise resource recovery. NextEnergy Group's ESG team is working closely with NEC's Construction and Procurement team, WiseEnergy's Project Delivery team, and suppliers and contractors to examine end-of-life issues and understand how the Group and other companies across the value chain can support the most sustainable solar and energy storage industry possible. We are working to develop a Group approach to circularity which will take the whole value chain into account, starting from sourcing decisions and ending with decommissioning.

Climate Transition and Net Zero Plan

NextEnergy Group is working with a third-party climate data specialist to understand and improve our Scope 1, 2 and 3 carbon emissions profiles at the Group and company levels. Our Climate Transition and Net Zero Plan follows the [UK Transition Plan Taskforce's](#) approach. In 2023, we calculated NextEnergy Group's emissions for the year ending 31 December 2022 in accordance with the Greenhouse Gas Protocol and other country-specific approved sources, such as the Partnership for Carbon Accounting Financials (PCAF). From this baseline, the Group commits to achieve carbon neutrality in 2024, excluding financed emissions from the funds. For each fund's financed emissions, we aim to set emissions reductions targets in line with the internationally-recognised Science-Based Targets Initiative (SBTi) or similar frameworks in order for each fund to achieve net zero earlier than the statutory 2050 deadline. Emissions data and reduction plans will be disclosed through periodic regulatory and voluntary reporting.

67 assets

with additional innovative biodiversity measures

10

module manufacturers subject to ESG due diligence

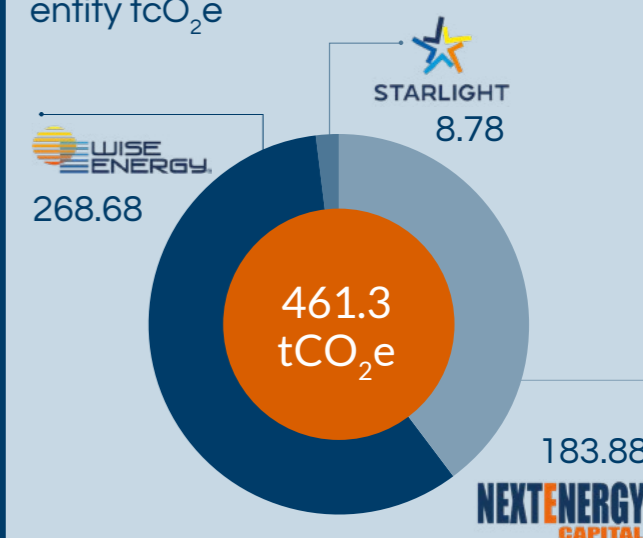
627,000

tCO₂e avoided by NEC's funds¹

NextEnergy Group and Net Zero

The SBTi defines net zero target-setting as a) reducing Scope 1, 2 and 3 emissions to zero, or a residual level consistent with eligible 1.5°C scenarios, and b) neutralising any residual emissions at the net zero target date². Becoming carbon neutral is one of the steps in NextEnergy Group's net zero ambition. The Group's Scope 1, 2 and 3 emissions for the year ending 31 December 2022 were 461.3t CO₂e. They were calculated by an independent third-party advisor and exclude financed emissions. The Group is committed to reduce and offset these emissions with verifiable offsets, aiming to achieve carbon neutrality in 2024. This is part of the Climate Transition and Net Zero Plan which we are developing.

Emissions by entity tCO₂e



Emissions calculations for NextEnergy Group exclude financed emissions from the funds

¹ Based on the assets in NextEnergy Capital's NESF, NP11 and NP111 portfolios as at 31 March 2022.

² Science Based Targets (2023), SBTi Corporate Net-Zero Standard, <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>

A Letter from the Managing Partner and Group CIO on the Investment Case for Nature

In recent years, in addition to increased global cooperation on climate issues, there have been significant and welcome advancements in the dialogue on the threats and solutions to Nature and the Earth's biosphere. I am proud that NextEnergy Group promoted this dialogue and has been pioneering solutions through our biodiversity initiatives since 2014.

The UN Biodiversity COP15 made it clear that the global economy depends on a stable climate and ecosystem services: 55% of global GDP, equivalent to an estimated USD 58 trillion annually, is moderately to highly dependent on Nature¹. Nature is also critical to securing the health and wellbeing of people and planet. Yet, it is still too often viewed as a resource to exploit rather than an asset to protect and enhance. And its critical role is not yet properly valued in traditional economic models, where most ecosystems are attributed a value equal to zero, or even less. Indeed, the UN Environmental Program flags that the USD 7 trillion public incentives granted globally on a yearly basis to industrial activities that harm Nature represent the total negative value attributed to the Natural Capital assets harmed by those initiatives². Conversely, the comparable global investments in Nature-positive activities are only USD 200 billion.

A more comprehensive and structured approach to valuing climate and Nature risks and opportunities is necessary if we are to achieve the goals and targets of the Kunming-Montreal Global Biodiversity Framework. The prosperity of our economies and societies is contingent on it. At NextEnergy Group, we envision a future where every individual and business activity

acts to halt and reverse Nature loss. Financial market participants are a critical part of this ecosystem because they can contribute to correctly valuing Natural Capital and aligning financial flows with Nature. In a properly structured and functioning carbon and biodiversity credit system, investors can deploy capital in Nature conservation and restoration projects that generate sustainable economic returns, linked to the essential ecosystem services they provide.

“As a responsible developer, investor and asset manager, NextEnergy Group is taking proactive steps and actively collaborating with our stakeholders to realise this vision as early as possible”.

Our core business activities focus on solar PV and ancillary technologies, such as energy storage, and thus primarily contribute to climate change mitigation. However, the physical sites where these assets are located also present opportunities to restore and increase biodiversity and natural ecosystems. These synergies with biodiversity must be leveraged by financial institutions to direct greater financial flows into Natural Capital whilst promoting an impact investment model that respects the mitigation hierarchy (i.e., avoid, reduce, restore and only then offset). At NextEnergy Group, we intrinsically link Nature to everything we do. We are fortunate to have attracted forward-thinking and sustainability-conscious investors in our ESG funds who support this vision, and we intend to fulfil our solar focused investment mandate in a way that maximises positive impacts on Nature.

Our assets are generating evidence on how solar farms can improve the local environment and support Nature. We have developed our own programme of Biodiversity Management Plans as a scalable approach to increase the

Natural Capital value of NESF's assets. The programme builds on evidence-led and science-based Nature-positive initiatives to establish best practice. We are also demonstrating that multifunctional land use is a viable and essential solution to bring together clean energy generation with agricultural activity, thus strengthening both food and energy security. This arrangement can be combined with Nature and biodiversity restoration measures, resulting in a triple positive impact. Starlight is developing an agrivoltaics project, Land of the Sun, which combines an 86.6MWp utility-scale solar asset with modern, sustainable agriculture in Italy. In the UK, we have scaled grazing across our solar sites, and are progressing a pilot project to trial inter-row planting of crops on an asset in Somerset. We are advancing our learning and investments in regenerative agriculture practices to deliver even greater positive impacts on the “agri” side of agrivoltaics.

NextSTEP and NextEnergy Foundation are progressing initiatives tangentially to the Group's Focus on renewable energy generation. We are improving soil nutrient content whilst capturing and storing CO2 through NextSTEP's investment in a groundbreaking startup that transforms agricultural waste into solid biofuels and biochar. Next Step is also sponsoring an innovative acceleration programme for regenerative agriculture startups. NextEnergy Foundation has

been enabling climate and Nature-positive outcomes in the Lombardy Region of Italy since 2022 under the BioClima programme, in partnership with the public local authority. The programme is the first of its kind globally, empowering citizens, businesses and public entities alike to restore and protect ecosystems in accordance with the highest forestry management standards, and all interventions are certified by the Forest Stewardship Council® (FSC-N001935).

We are conscious that more needs to be done for all economic actors globally to systematically reconsider their business models and genuinely promote positive impacts on Natural Capital. However, I trust that our new Group Sustainability Strategy and supporting Nature Plan will allow us to focus on this vision; strengthen NextEnergy Group to work towards being a Nature-positive business; and, inspire and lead our investors and other stakeholders to do the same. I have no doubt that our proactive and creative mindsets place us in a strong position to identify, test and promote scalable solutions to halt and reverse Nature loss, and to lead the solar and sustainable investment industries to do the same. Our people and prosperity demand nothing less of us.

¹PwC (2023), *Managing Nature risks: From understanding to action*

²UN Environmental Program (2023), *State of Finance for Nature Report 2023: The Big Nature Turnaround. Repurposing \$7trillion to combat Nature loss Finance*



Aldo Beolchini
Managing Partner and Group
Chief Investment Officer
NextEnergy Group



➤ Nature Plan

NextEnergy Group has appointed a conservation specialist to develop a dedicated Nature Plan. This Plan will advance an innovative and industry-leading approach to trace, measure and mitigate the Group's operational and supply-chain related biodiversity impacts. The Plan is being designed to meet the quality thresholds set by the SBTN, [IFC Performance Standard 6](#), and the ICMA [Green](#) and [Sustainability-Linked Bond Principles](#). Crucially, synergies and trade-offs between ecosystem impacts on biodiversity, emissions reductions, and water resources will be anticipated and assessed.



People

Renewable energy empowers lives. Our people are crucial to delivering our mission and Sustainability Strategy, and are at the heart of NextEnergy Group's success.

We are committed to taking people with us in the renewable energy transition because their ideas and relationships are our most important assets. NextEnergy Group cares about the wellbeing and human capital development of our team members. It also work to sustain and grow the local communities in which our solar and energy storage assets operate.

- **Ensuring health and safety (H&S).** H&S is a priority for NextEnergy Group. We promote the highest H&S standards through an H&S Management System framework which applies to the sites and workplaces the Group operates. Our approach extends to our EPC and O&M contractors, our communities, and along the supply chain. In 2023 we appointed a Group H&S Manager to continue to drive improvements in our H&S performance both during construction and throughout the operational life of our assets.
- **Respecting and promoting human rights.** Respecting, promoting and protecting human rights in our own activities and throughout the solar and energy storage supply chains is fundamental to NextEnergy Group's approach to sustainability. Our commitment is guided by the UN Guiding Principles of Business and Human Rights, aligns with the Ten Principles of the UN Global Compact, and draws on other international principles and standards, as set out in our [Human Rights](#)

[Position Statement](#), [Supplier Code of Conduct](#), and NEC's [Sustainable Investment Policy](#). As a responsible investor, human rights and labour practice matters are central considerations in our investment due diligence and decision-making processes. We expect our business relationships to attribute the same importance to human rights as NextEnergy Group does.

- **Caring for our communities.** Community engagement is a vital part of ensuring the solar and energy storage industry's social licence to operate. NextEnergy Group supports social impact across our business operations. We will be developing a Stakeholder and Community Engagement Plan to further structure our approach to community engagement, and are regularly in dialogue with the communities surrounding our assets to ensure that we are not only leading a sustainable transition to renewable energy through our mission, but also a just one. We also extend our care for communities beyond our assets through the work of the NextEnergy Foundation.

Stakeholder and Community Engagement Plan

NextEnergy Group has appointed a specialist community and stakeholder engagement consultant to guide the development of a structured Stakeholder and Community Engagement Plan. The aim of this plan is to ensure that we consistently deliver positive local impacts to the communities surrounding all our assets, and ensure a long-term approach to community development. The Plan will build upon our current practices and cover community consultation, grievances, and community funding.

Prosperity

Prosperity is one of the three pillars of action under the UN 2030 Agenda for Sustainable Development.

Sustained, inclusive and sustainable economic growth is essential for shared prosperity. Resilient infrastructure and sustainable technologies are the starting points for businesses and societies to thrive. Solar energy is a key pathway towards a more prosperous future, ensuring energy and food security; creating jobs; and, stimulating synergies with nature.

In the spirit of NextEnergy Group's Value to *Bring Your Alpha*, our commitment to create incremental value by outperforming the market is what sets us apart. For this reason, value generation is one of the three focus topics to direct the Group's profits towards prosperity for people and nature.

Integrity is also at the heart of our approach to sustainability. We strive to build trusted relationships founded on honesty because they fuel collaborative teams, strong partnerships, and long-term performance. Integrity therefore directly influences the daily interactions between our team members and Group companies, and with our stakeholders.

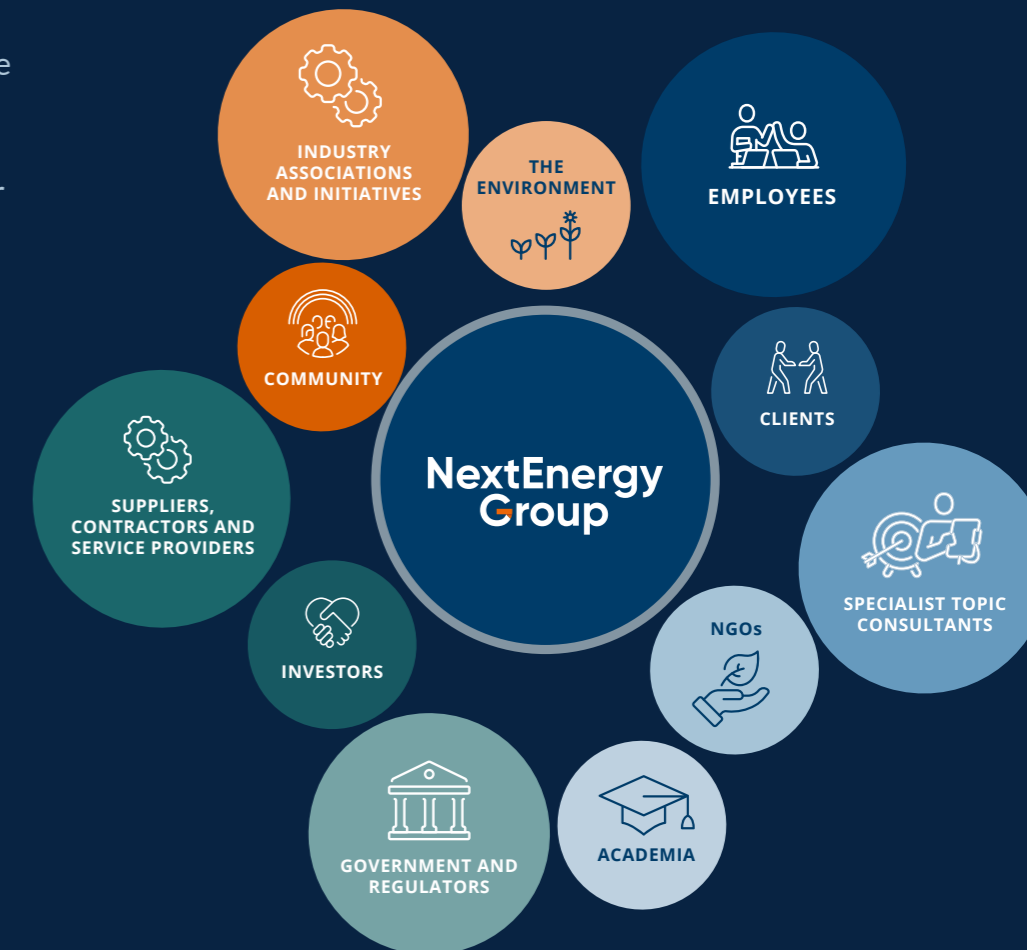
We are transparent in our approach to sustainability and are committed to ensuring that the Group and our business partners interact openly and fairly.

3.3 Stakeholder Engagement

As part of our Value to *Build Trust*, we recognise that we need to take all our stakeholders into consideration to deliver our Strategy.

Each of our stakeholders has an influence on the way in which we conduct our business activities because we learn through ongoing engagement with them.

NextEnergy Group Stakeholders





4. Framework Implementation

4.1 Good Governance: Policies and Procedures

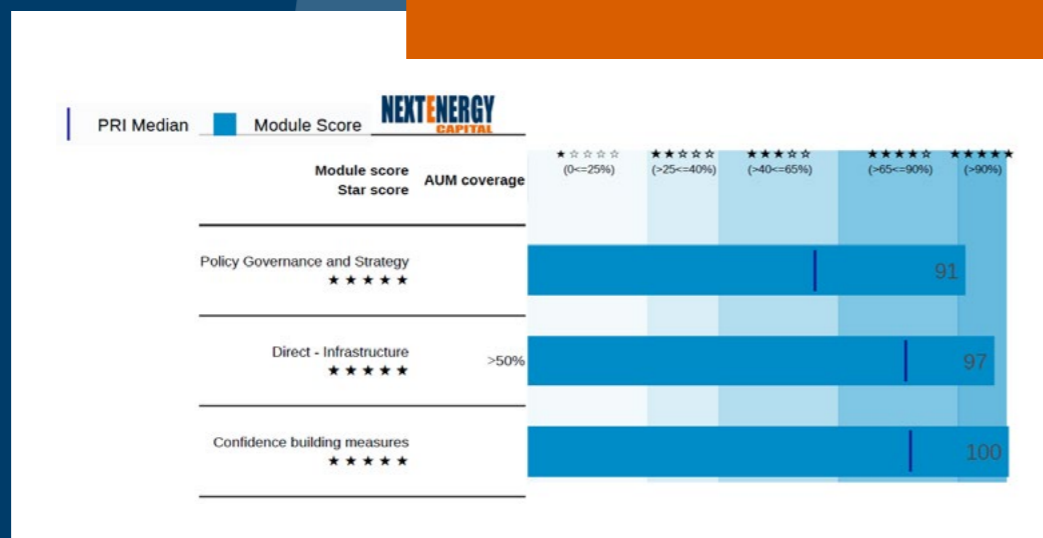
Good governance is a critical enabler of companies' abilities to generate long-term returns which are both risk-sound and benefit society.

NextEnergy Group's Head of ESG oversees the Group's adherence to the principles and commitments set out in our Sustainability Policies, which are approved by our CEO.

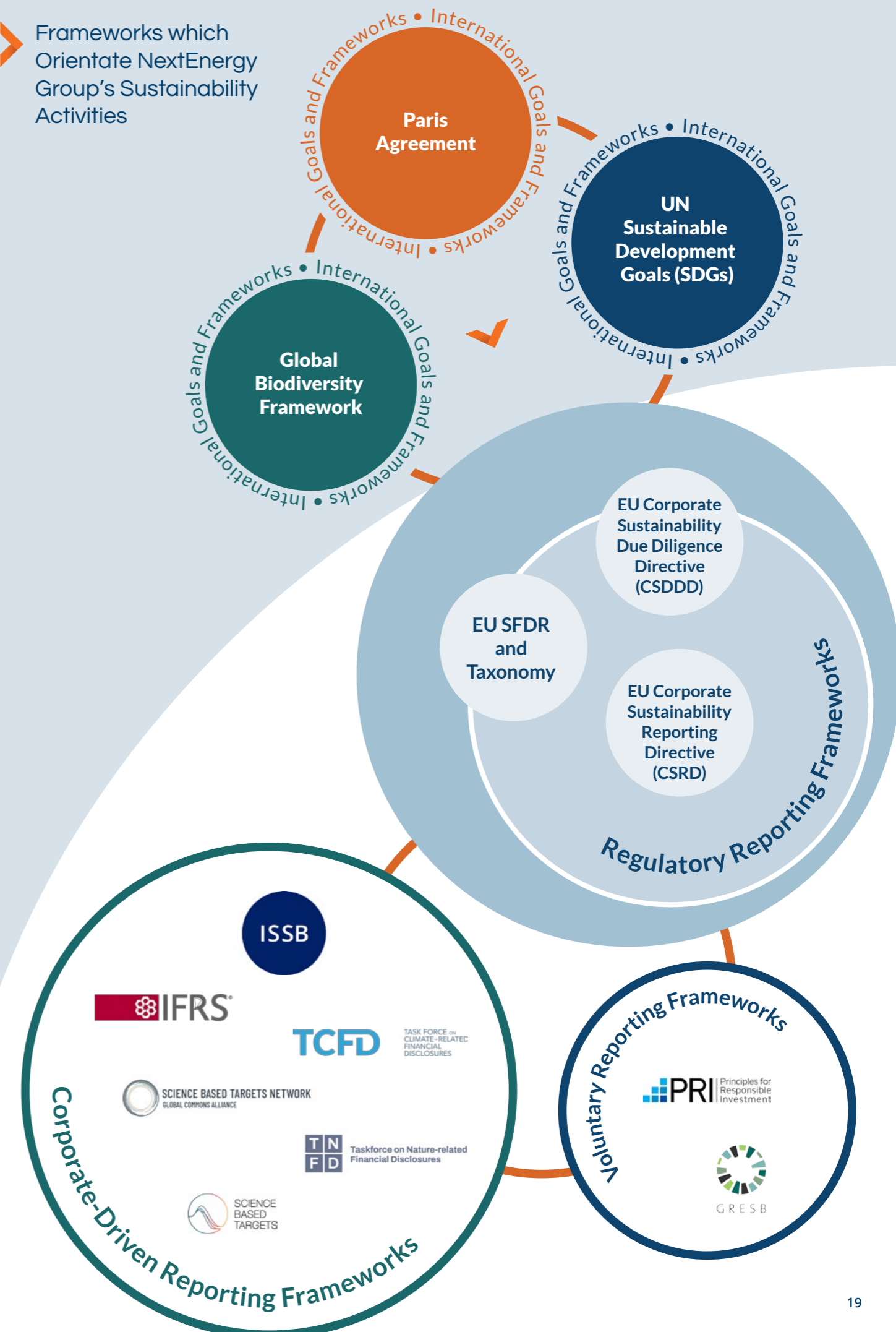
As a result of the new Sustainability Strategy, NextEnergy Group will be updating its Sustainability Policies and aligning its practices accordingly. NextEnergy Group will establish a new internal ESG governance structure at Group and company levels. This will continue to strengthen the full integration of the new Strategy and spur continuous sustainability improvements.

2023 UN PRI Results

NEC made commendable progress in the 2023 UN PRI Benchmark Assessment, significantly outperforming the PRI median score in all three categories: Policy, Governance and Strategy; Infrastructure; and, Confidence Building Measures. NEC scored five stars in all modules and 100% in the new-released module for 2023 - Confidence Building Measures - which ranks organisations on their internal and external ESG controls and third-party assurance on ESG data. We are proud that our performance has consistently improved across all three assessment categories since becoming a Signatory in 2016.



➤ Frameworks which Orientate NextEnergy Group's Sustainability Activities



Memberships and Voluntary Initiatives



1. UN Principles for Responsible Investment (PRI) – NEC has been a Signatory to the UN PRI since 2016. Our annual Transparency Reports are published on the NEC website (Section 5.1). In 2023, we were invited to join the PRI’s Sustainable Systems Investment Managers Reference Group; the Group provides an opportunity for investment managers to engage regularly in a two-way dialogue with PRI about some of the most pressing issues currently facing the responsible investment community. NEC also signed the [Spring Investor Expectations Statement](#) to support the PRI’s new collaborative stewardship to drive positive outcomes for nature.



2. Solar Energy UK (SEUK) – NEC is an active member of SEUK, the UK solar trade association. Our Head of ESG, Giulia Guidi, was elected as an SEUK Board Member in 2022.; the Special Purpose Vehicle Director, Sulwen Vaughan, is Chair of SEUK’s Natural Capital Working Group; NextEnergy Group’s Environmental Impact Manager, Hing-Kin Lee, is a Chair of SEUK’s Natural Capital Steering Group; and, ESG Associate, Kevin McCann, is a Chair of SEUK’s Responsible Sourcing Steering Group.



3. SolarPower Europe (SPE) – SPE is the European solar trade association. NEC is an active member of SPE and has been collaborating closely with the association since 2022 to develop and launch the Solar Stewardship Initiative this year.



4. Solar Stewardship Initiative (SSI) – The SSI is the first-ever supply chain sustainability assurance scheme dedicated to the needs of the solar PV sector and its customers. It has established a set of Standards for companies and stakeholders from across the global solar value chain to adhere to in order to foster responsible production, sourcing, and stewardship of materials. See page 21 for details about NEC’s involvement.

Guidelines and Principles

NextEnergy Group adheres to the guidelines and principles below. We expect our business partners to adhere to these same standards.

- Equator Principles
- Fundamental International Labour Organisation (ILO) Conventions
- International Finance Corporation (IFC) Performance Standards
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- UN Global Compact



4.3 Supply Chain

Ensuring an ethical and responsible solar supply chain is fundamental to achieving our mission.

We are committed to being at the forefront of efforts to proactively promote sustainable sourcing within the solar industry. A key focus of our work is to promote supply chain transparency. Unravelling the complexity of supply chains requires both addressing social risks (e.g., human rights and labour conditions) and taking broader environmental (e.g., carbon footprint and biodiversity interdependencies) and governance considerations into account. We acknowledge that there are challenges in supply chains which will take time to overcome. However, we are confident that our new Sustainability Strategy and our Responsible Supply Chain commitments place us in a strong position to address supply chain-related risks beyond our own operations.

NEC drives the Group’s responsible supply chain approach: it is based on the three principles set out below and the dedicated internal systems we have developed and put in place. Details of each principle can be found in our [Responsible Supply Chain Sustainability](#) document.

1. Ensuring our supply chain policies meet and exceed relevant national and international standards.
2. Carrying out comprehensive due diligence and detailed engagement with our supply chain partners.
3. Supporting industry action to drive best practice, and learning from other supply chain experts.

Building a more resilient solar supply chain involves a wide range of stakeholders, including investors, suppliers, regulators, industry associations, and civil society. NEC provided strategic, operational and financial input to the SSI as one of its founding sponsors and supporters, and our Head of ESG was a member of the SSI coordination group. We become actively involved in such collaborative initiatives because we see them as crucial to accelerate the wider solar industry’s journey to achieving sustainable and ethical sourcing globally.

Solar Stewardship Initiative



NEC is a founding sponsor and supporter of the [Solar Stewardship Initiative \(SSI\)](#). The SSI is a joint initiative between Solar Energy UK (SEUK) and SolarPower Europe (SPE). The objective is to further develop a sustainable solar sector, including establishing a mechanism for end-to-end supply chain transparency. Our active memberships with SEUK and SPE place the Group in a strong position to support the wider solar industry to promote full supply chain transparency and accelerate sustainable and ethical sourcing globally.

Solar and energy storage supply chain risks and opportunities

Social



- RISKS**
- Community impacts
 - Weak health and safety standards, and poor working conditions
 - Human rights abuses
 - Impacts on indigenous peoples and other land users

- OPPORTUNITIES**
- Contributing to the development of local communities
 - Contributing to social equity and a just transition
 - Developing a strong social licence to operate
 - Increasing diversity and inclusion
 - Identifying improvement opportunities
 - Supporting climate and biodiversity awareness and education
 - Supporting job creation



Environment

- RISKS**
- Biodiversity and natural capital impacts
 - Poor waste and product lifecycle management
 - Climate risks
 - Energy inefficiency
 - Unsustainable land use
 - Water and other resource stress

- OPPORTUNITIES**
- Addressing climate change by avoiding greenhouse gas emissions
 - Enabling multi-functional land use (such as through grazing and habitat creation)
 - Developing a circular economy
 - Generating investment revenue from nature-positive solutions
 - Identifying improvement opportunities
 - Increasing natural capital stocks and ecosystem service provision (such as plants, soil and minerals)
 - Supporting local flora and fauna

- RISKS**
- Corruption
 - Non-compliance with anti-money laundering and anti-bribery legislation
 - Weak risk management and governance processes
 - Compromised business integrity

- OPPORTUNITIES**
- Increased transparency by adhering to the rule of law
 - Identifying improvement opportunities
 - Improving disclosure and data quality across the value chain

Governance





5. Disclosures and Reporting

Sustainability disclosures are essential to facilitate the growth of sustainable investments and the pursuit of a more rapid transition to clean energy. NextEnergy Group is committed to pioneer sustainability disclosures through transparency in our ESG approach and performance. This commitment is bolstered by the EU Sustainable Finance Disclosure Regulation (SFDR) which sees disclosures as a driver for the better integration of ESG-related risks in the investment decision-making of financial market participants.

5.1 NEC-Level Disclosure and Reporting

NextEnergy Capital published and commissions the following reports to assess its integration of ESG factors throughout its investment activities:

[Annual TCFD Report \(data as at 31 December 2022\)](#)

[Annual UN PRI Transparency Report](#)

[EU SFDR ESG Disclosures](#)

5.2 Fund-Level Disclosure and Reporting (EU SFDR and Green Impact Reports)

[NextEnergy Solar Fund](#)

[NextPower UK ESG](#)

[NextPower III ESG](#)

[NextPower V ESG](#)

6. NextEnergy Foundation

Message from the NextEnergy Foundation Coordinator, Flavia Galdiolo

At NextEnergy Foundation (NEF), our mission is to contribute to poverty alleviation through the nexus with renewable energy access and carbon emissions reductions. Since the Foundation's establishment in 2016, we have focused our efforts towards increasing access to renewable energy in underserved regions, and to marry this ambition with education, health, and wider renewable-enabled infrastructure projects.

NEF has matured significantly over the last year. We established our 2023-25 Strategic Framework based on the three thematic areas which we are pursuing to advance our mission: Education; Water and Health; and, Improved Livelihoods. In March 2023, the Foundation also launched an Endowment Fund; the fund's investments fully align with NEF's mission and the income generated will supplement NEF's grant-making activities. NextEnergy Foundation has raised over £3.2m to date and committed over £517,300 in grants in 2023 alone.

Snapshots of some of the active projects in 2023 are below. Please visit NextEnergy Foundation's website for more details about all the projects which the Foundation has supported, and is currently supporting: NextEnergy Foundation.



Flavia Galdiolo
NextEnergy Foundation
Coordinator



Bala Vikasa, India - Water and Health



AROH Foundation, India - Improved Livelihoods



SolarAid, Malawi - Improved Livelihoods



Dream Renewables, Ghana - Water and Health



Mwezi Foundation, Kenya - Education

