



**NEXTENERGY CAPITAL SUSTAINABLE
INVESTMENT POLICY**

Introduction

NextEnergy Capital (**NEC**) is the Investment Manager of the [NextEnergy Group](#). We are on a mission to generate a more sustainable future by leading the transition to clean energy. As a mission-driven organisation, NEC pursues positive sustainability outcomes to shape a more prosperous future for people and nature. We hold ourselves, and others, to the highest ethical and social standards to make sure that the value we generate benefits society and the environment.

NEC’s Sustainable Investment Policy (herein, **the Policy**) is aligned with **NextEnergy Group’s Sustainability Policies**, which stems from the [Group’s sustainability strategy](#) and supporting Framework.



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NextEnergy Group’s Sustainability Framework is at the core of our Sustainability Strategy. It is a visual representation of how we think about sustainability.

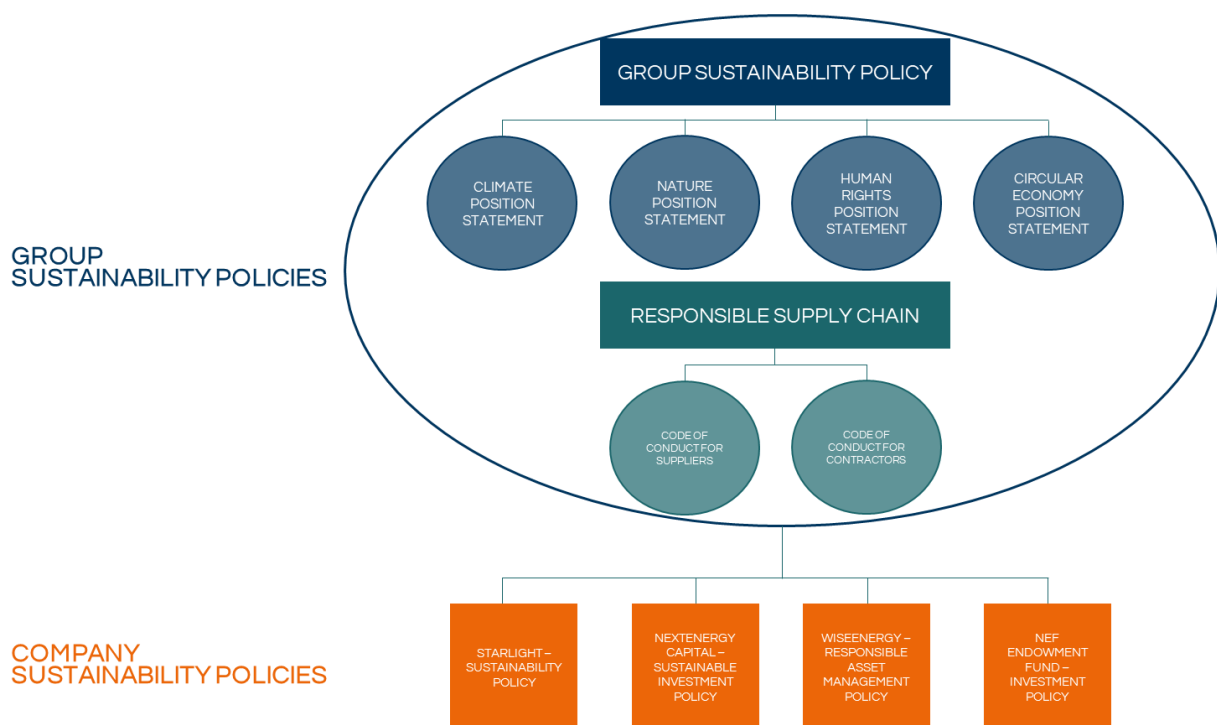
The UN-supported Principles for Responsible Investment (**UN PRI**) defines responsible investment as an investment philosophy which considers environmental, social and governance (**ESG**) issues when making decisions and influencing companies or assets through stewardship activities. NEC has been a Signatory to the UN PRI since 2016. We believe that being responsible is a mindset. For this reason, it is one of NextEnergy Group’s five **Corporate Values**, and it is intrinsic to everything we do.

This Sustainable Investment Policy codifies NEC’s rigorous ESG principles. It guides the integration of potential ESG risks and opportunities into our investment decision-making. It also cements our *Principles and Commitments* to ensure that we remain focused on addressing the most material global challenges for our industry and stakeholders. NEC is advancing these sustainable leadership efforts alongside NextEnergy Group’s other companies as part of the Group’s sustainability strategy.

Scope

NextEnergy Capital is a leading global investment manager in the solar energy infrastructure sector. We refer to the solar energy and complementary technologies, including energy storage, which NEC’s business activities focus on within this sector as **Solar+**.

This Sustainable Investment Policy is aligned with **NextEnergy Group’s Sustainability Policies**, which include NextEnergy Group’s Sustainability Policy, topic-specific Position Statements, and responsible supply chain management documents.



This Policy applies to NEC’s private and listed equity investment management activities, and covers the following areas:

- Principles and commitments
- Integration
- Excluded activities
- Supply chain management
- Responsibilities and governance
- Conflicts of interest
- Stewardship and engagement
- Reporting
- Monitoring and review

The Policy is supported by internal **Sustainable Investment Procedures**, which set out the tailored risk management processes for NEC’s funds and guide NEC’s teams on how to integrate ESG factors into the investment process.

Principles and commitments

NextEnergy Capital is committed to promoting the highest ESG standards for nature and people to generate prosperity for both. Our Group Sustainability Policies and NEC's Sustainable Investment Policy align with the principles of international conventions, standards and guidelines which are relevant for the Solar+ and sustainable investment industries. We apply these standards to all of our investments and throughout the whole value chain of the business, from our investments and employees, to our suppliers and services providers, our business partners, and the broader communities we operate in.

We recognise that our role in society goes beyond safeguarding and accelerating the transition to a low-carbon economy. As such for NEC, contributing to sustainability outcomes through responsible investment means generating prosperity in a way that benefits nature and people. We do this by leveraging our network, including academia, NGOs, civil society, reputable experts in the field, memberships with industry associations and initiatives, and the working groups in which we actively participate and lead, whenever the opportunity arises. These include the UN PRI, SolarEnergy UK (**SEUK**), SolarPower Europe (**SPE**), and the Solar Stewardship Initiative (**SSI**), of which NEC was a founding sponsor and supporter.

Climate

NextEnergy Capital's funds' objectives are to help deliver the goals of the Paris Agreement and facilitate investing aligned with global net zero emissions, as set out in **NextEnergy Group's Climate Position Statement**. NEC is a supporter of the Task Force on Climate-Related Financial Disclosures (**TCFD**) and aligns with the TCFD's recommendations. The TCFD was disbanded and superseded by the International Sustainability Standards Board (**ISSB**) S1 and S2 Standards in November 2023. NEC was an early adopter of the ISSB S1 Standard and commits to disclosing our climate change risks and positive impacts in accordance with it. Our Climate Transition and Net Zero Plan follows the UK Transition Plan Taskforce's (**TPT**) approach with short- and long-term emissions reductions targets. It covers our financed emissions, which include those related to NEC's operations and those embedded in our supply chain, and will be supported by a Science-Based Target, to be validated by the Science Based Targets Initiative (**SBTi**).

Nature

NextEnergy Group recognises the urgency to reduce the intensity and drivers of biodiversity loss as part of the Kunming-Montreal Global Biodiversity Framework (**KM-GBF**). Our overall approach is to support the transition toward an economy that operates within safe planetary boundaries. We aim to avoid and minimise the principal drivers of nature loss; fund nature restoration at scale; and, effectively manage nature-related risks in our direct operations and throughout our supply chains. The Group's nature objectives and Science-Based Targets Network (**SBTN**) commitments are set out in **NextEnergy Group's Nature Position Statement**, with further detail in our **Nature Strategy**. As early adopters of the Taskforce on Nature-related Financial Disclosures (**TNFD**) we monitor and report on our impacts through ISSB/TNFD-integrated disclosures.

Human Rights

NextEnergy Capital supports fundamental human rights principles. Our commitments are established in **NextEnergy Group's Human Rights Position Statement**. They are guided by the United Nations Declaration of Human Rights (**UNDHR**). NEC recognises the OECD Guidelines for Multinational Enterprises (**OECD MNE**) and the UN Guiding Principles of Business and Human Rights (**UNGPR**) as the frameworks to identify and manage human rights risks associated with our operations, our supply chain and throughout our broader business

relationships. Our suppliers must commit to our standards and abide by NextEnergy Group's [Supplier Code of Conduct](#) which sets out the respective responsibilities to respect Human Rights and other environmental and social principles. NEC's investment activities are aligned with the Ten Principles of the **UN Global Compact** and contribute to both a clean and just energy transition.

Community

At NEC, we support our communities because we know that engaging with them is fundamental to ensure the environmental and social outperformance of our projects.

We prioritise collaboration, creating positive and lasting impacts in the communities in which we invest and operate. Feedback, concerns and objections received during the development phase are addressed and integrated into the project design, where relevant. We aim to maintain effective communication channels throughout the investment cycle with all of our stakeholders. Where appropriate, we establish grievance mechanisms with those stakeholders who are, or could potentially be, affected by our actions or by those of our suppliers.

We ensure we can invest in local community development, co-creating positive impacts by engaging to our local stakeholders' needs and concerns, and addressing them by including community benefits agreements in investment documentation, where possible. Our aim is to continue strengthening our approach to community engagement, building on the foundational relationships we have developed thus far.

ESG Integration

At NextEnergy Capital, we believe that by fully integrating ESG principles in the investment process, our Solar+ assets create the collaborative and innovative environments which advance improved sustainability outcomes. We are committed to evolving our process to deliver responsible and sustainable growth for the long term.

Excluded Activities

NEC does not knowingly invest in Solar+ assets where there is evidence of:

- Modern slavery, such as forced labour and human trafficking, or child labour;
- Conversion of natural ecosystems¹;
- Adverse impacts on protected areas, such as UNESCO World Heritage Sites, unless there is prior consensus with both government authorities and UNESCO that the operations will not adversely affect the site;
- Adverse impacts on Critically Endangered (**CR**) and Endangered (**EN**) species, and associated critical habitats² categorised on the Red List of the International Union for Conservation of Nature (**IUCN**).

¹ As defined by the Accountability Framework Initiative: Accountability Framework Initiative (2024), *Definitions* <<https://accountability-framework.org/use-the-accountability-framework/definitions/natural-ecosystem/>>

² As defined in the International Finance Corporation's (IFC) Performance Standard 6 on Biodiversity and the Sustainable Management of Living Natural Resources: IFC (2012), *Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources* <<https://www.ifc.org/en/insights-reports/2012/ifc-performance-standard-6>>

NEC performs an enhanced review in cases where the initial screening highlights one of the following higher risks. If any one is identified, the transaction does not proceed unless NEC has assurance that appropriate mitigation measures will be implemented, in accordance with the Principles and Commitments in the Group's Sustainability Policies and this Sustainable Investment Policy:

- Impact on Indigenous People³ and minorities, whereby NEC expects that meaningful consultation is carried out and Free Prior and Informed Consent⁴ (FPIC) is sought;
- A land acquisition that requires involuntary resettlement, whereby NEC expects that meaningful consultation is carried out according to applicable international standards;
- Direct or indirect impacts on areas of high biodiversity value, ecosystem integrity, or threats to water quality or quantity;
- Risk of corruption, money laundering, and bribery, based on a country macro-analysis and the track record of counterparties, whereby NEC expects that its business integrity standards are upheld.

Risk Management and Due Diligence

NextEnergy Capital has a thorough ESG risk management approach. The aim is two-fold: to identify and manage potential environmental and social risks associated with our investments, and to ensure that all projects comply this Sustainable Investment Policy and the standards to which it makes reference throughout the investment cycle.

Risk identification and mitigation: For NEC, risk management is ongoing and applies to each stage of the investment cycle. It begins with a rigorous ESG due diligence process. The aim is to identify any red flags pre-acquisition to ensure that projects are in line with local ESG regulation and, where applicable, with international standards such as the [Equator Principles](#) and the [IFC Performance Standards](#) throughout the investment cycle. The scope is tailored to the development, construction or operational stage at which the asset is acquired, with additional considerations depending on the country/region's risk profile; the potential risks associated with the specific counterpart and project; and, the risks inherent to the Solar+ industry.

All aspects of the asset(s) and counterparties – including the seller, contractors, and suppliers – are reviewed as part of our risk management process. Where non-compliance is identified, NEC engages with its business partners and works towards effective mitigation. In addition, NEC aims to identify and account for positive impacts associated with our investments, ones that align with NextEnergy Group's Sustainability Strategy, mission and values.

Compliance with NEC's principles and commitments: Compliance with this Sustainable Investment Policy and the standards to which it makes reference are facilitated by the strong collaboration between the ESG team and NEC's Investment, Construction and Procurement, and Portfolio Management teams.

Our risk management approach is reinforced by the partnership with NextEnergy Group's asset manager, WiseEnergy, which ensures that any environmental and social mitigation measures included in business

³ As defined in the IFC's Performance Standard 7 on Indigenous Peoples: IFC (2012), *Performance Standard 7: Indigenous Peoples* <<https://www.ifc.org/en/insights-reports/2012/ifc-performance-standard-7>>

⁴ Food and Agriculture Organization of the United Nations (2016), Free Prior and Informed Consent: An indigenous peoples' right and a good practice for local communities <<https://openknowledge.fao.org/server/api/core/bitstreams/8a4bc655-3cf6-44b5-b6bb-ad2aeede5863/content>>

contracts are implemented, and monitors the asset's ESG performance of NEC's assets throughout the investment cycle.

Typical ESG risks and opportunities considered as part of NEC's risk management approach are articulated below.

Environment

NEC takes in full account exposure to climate change risk, energy efficiency, water management, biodiversity impacts, land use and permitting, and waste management.

NEC is committed to account for its contribution to reducing greenhouse gas emissions and achieving the global climate change mitigation targets set out in the Paris Agreement. We are also focused on protecting, restoring and enhancing local biodiversity to achieve the targets of the KM-GBF, and encouraging circularity in the solar value chain.

Social

NEC takes in full account any human rights violations, health and safety (**H&S**), working conditions and community impacts. Particular attention is given to potential impacts on Indigenous People and minorities, and we expect that our business partners engage in meaningful consultation with the goal of achieving their Free Prior Informed Consent (**FPIC**).

NEC is committed to exceeding minimum H&S legislative requirements and, where necessary, improve safety performance. These commitments are set out in a H&S Statement of Intent, which is part of NextEnergy Group's internal H&S Management System Manual. NextEnergy Group's dedicated H&S Manager is responsible for overseeing them, and the ESG team regularly interacts with the H&S team to ensure adherence to the Manual.

NEC works to sustain and grow the local communities in which our Solar+ assets operate. We 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 are also committed to ensuring that local people benefit from the global employment opportunities created by renewable energy.

Governance

Integrity is at the heart of NextEnergy Group's approach to sustainability. NEC is governed by the Financial Conduct Authority; we hold ourselves to the highest levels of business integrity standards and expect the same conduct from all of our business partners.

NEC is committed to conduct its dealings with local authorities in a transparent manner, adhering to the rule of law and procedures of each jurisdiction in which we own and operate our assets.

We take business integrity, anti-corruption and anti-money laundering local and international legislation and good practice into full account for each jurisdiction in which we own and operate our assets. We conduct checks of management executives and the board members of our business partners, where applicable, using an external intelligence tool and strive to ensure that all of our assets' counterparties implement proper corporate governance, conduct and business integrity policies and procedures.

Supply Chain Management

Supply chain management, good governance, and stakeholder engagement and are the three levers through which NEC balances competing interests on how to address material sustainability challenges and opportunities (see **Sustainability Framework**).

NEC commits to implement our *Principles and Commitments* throughout the value chain. NEC has developed a comprehensive approach to supply chain risk management: it is fully integrated into the investment process; benefits from proprietary solar PV module and energy storage suppliers' assessment tools; and, includes a dedicated supplier engagement strategy to ensure that our partners abide by our working standards throughout the value chain. The approach is fully detailed in NextEnergy Group's responsible supply chain management documents.

NEC will not knowingly invest in an asset where its suppliers cannot meet NEC's standards. We require all of our suppliers to commit to our standards and abide by NextEnergy Group's Code of Conduct for Suppliers, which must be signed as part of the business contract with NEC.

End-to-end supply chain traceability and full transparency are challenges which will take time to overcome. Nonetheless, NEC's active involvement in cross-sector engagement initiatives supports the wider solar industry to accelerate sustainable and ethical sourcing globally.

Responsibilities and Governance

NextEnergy Capital's Advisory Board includes high profile professionals with energy, financial and environmental backgrounds. It advises the management and operating teams on NEC's ongoing growth strategy in the global Solar+ sector and on implementing and upholding best governance practices.

NextEnergy Group has a dedicated ESG team. The team is led by the Head of ESG, who reports to the CEO and Founding Partner and is responsible for overseeing the implementation of the Group sustainability strategy and Framework, and ensuring adherence to the Group's Sustainability Policies and NEC's Sustainable Investment Policy. NEC's Sustainable Investment Policy is supplemented by internal Procedures for NEC's funds' activities. The Policy and Procedures are re-evaluated and amended as appropriate from time-to-time; the Policy is approved by the NextEnergy Investment Leadership team, and signed by the CIO.

The ESG team leverages other teams' resources across NextEnergy Capital – from the Investment, and Construction and Procurement teams, to the Portfolio Managers –to ensure the promotion of the NextEnergy Group's sustainability strategy, and that the *Principles and Commitments* set out in NextEnergy Group's Sustainability Policies and NEC's Sustainable Investment Policy are upheld throughout the investment process.

The Head of ESG sits on the Investment Committee of each of NEC's funds, contributing to the analysis and assessment of the ESG risks and opportunities associated with each acquisition, and taking responsibility for the ESG team's delivery of sustainability reporting.

Conflicts of Interest

NextEnergy Capital's approach to identifying, managing and preventing conflicts of interest in its investment decision-making and stewardship activities is set out in an Conflicts of Interest Policy. The Policy is part of NextEnergy Group's internal Compliance Policies and Procedures Manual.

The Conflicts of Interest Policy details the controls in place to avoid any circumstances which may give rise to a conflict of interest as a result of NextEnergy Group's structure and the business activities of other companies within the Group. NEC's private equity funds do not intend to acquire projects developed by NEC in the absence of appropriate investor safeguards.

All team members receive a copy of the Group's Compliance Policies and Procedures Manual which, contains the conflicts of interest arrangements, and also receive training in respect of conflicts of interest generally and on specific or potential conflicts of interest to NEC.

The Conflicts of Interest Policy is reviewed and re-approved, as appropriate, on at least an annual basis.

Stewardship and Engagement

Stakeholder engagement is fundamental to advancing improved sustainability outcomes. As part of our Group Corporate Value to *Build Trust*, we recognise that we need to collaborate with all our stakeholders to deliver NextEnergy Group's Sustainability Strategy and NEC's sustainable investment commitments.

NEC is a highly active investment manager. Our engagement strategy advocates for alignment with global standards and best practices. We learn through ongoing engagement with our stakeholders because each of them influences the way in which we conduct our business activities. We therefore regularly map our stakeholders because we believe that this allows us to better understand and minimise our ESG risks, and to maximise our opportunities.

NEC expects all its stakeholders to understand and share the Principles and Commitments set out in our Group Sustainability Policies as well as NEC's Sustainable Investment Policy. We promote awareness of these Policies to stakeholders throughout the whole value chain, beginning with our employees, and extending to the communities in which we operate, our investors, suppliers and service providers, industry associations and initiatives, NGOs, and academia.

We engage our staff on our Corporate Values and train them on our Sustainability Strategy. Our objective is to constantly improve communication of our ESG activities within the organisation and to encourage engagement to effect change for the ESG priority areas and underlying focus topics within NextEnergy Group's Sustainability Framework. This fuels collaborative teams, strong partnerships, and long-term performance.

Reporting

Sustainability disclosures are essential to facilitate the growth of sustainable investments and the pursuit of a more rapid transition to clean energy. NextEnergy Capital is committed to pioneer sustainability disclosures through transparency in our ESG approach and performance. This commitment is bolstered by compliance requirements which advance disclosures as a driver for the better integration of ESG-related risks in the investment decision-making of financial market participants.

NEC publishes several reports to assess the integration of ESG factors throughout its investment activities. At the company level, this includes an **EU Sustainable Finance Disclosure Regulation (EU SFDR) ESG Disclosures** document, an annual **UN PRI Transparency Report**, and an annual **ISSB Report** which is prepared in accordance with the ISSB S1-General and S2-Climate-related Disclosures.

Each of NEC's funds discloses its contribution to climate mitigation through a fund-level report that includes its annual CO₂e emissions avoided.

All disclosures are shared with investors at least annually and made publicly available on [NEC's website](#).

Review and Approval

This Sustainable Investment Policy has been reviewed and approved by the NextEnergy Investment Leadership team, and signed by the CIO. It is effective from February 2025 and is re-evaluated and amended as appropriate from time to time.



Ross Grier
Chief Investment Officer
NextEnergy Capital

Version Control

Version	Reason for update	Date of release	Initials
01	Initial version of Sustainable Investment Policy	Sept 2019	MBF
02	Content update and new format	Sept 2021	MBF
03	Content update	Nov 2023	MBF
04	Content update and new format	Nov 2024	AB
05	Signature by new CIO	Feb 2025	RG