NEXT ENERGY CAPITAL

2024
Sustainability and ESG Report

ISSB and TNFD aligned

NEXT IS NOW®

Who we are

NextEnergy Capital (NEC or **the Company)** is a leading global investment manager in the solar energy infrastructure sector. Our business activities focus on solar energy and complementary technologies, such as energy storage, which we refer to as **Solar+**.

NEC is part of **NextEnergy Group (the Group)**, which comprises five companies operating in the broader Solar+ projects' stages: Starlight (asset development), NextEnergy Capital (investment management), WiseEnergy (asset management), NextSTEP (Venture Capital sustainability accelerator) and NextEnergy Foundation (international charity). NextEnergy Group is on a mission to generate a more sustainable future by leading the transition to clean energy.

For more information about NextEnergy Group, please visit: **nextenergygroup.com**.

Content of this Report

NEC is pleased to present our first combined International Sustainability Standards Board **(ISSB)** and Taskforce on Nature-related Financial Disclosures **(TNFD)** aligned Sustainability and ESG Report for the year ended 31 December 2024. These reporting frameworks have been introduced in June 2023 to ensure the financial community and private sector look at Environmental, Social and Governance **(ESG)** factors through a financial lens. They are designed to provide stakeholders with consistent, comparable, and reliable information on the potential financial impacts of sustainability and nature-related risks and opportunities on a business. The Report serves to inform all relevant stakeholders of our ESG factors, how we execute our sustainability strategy, and the positive impacts we generate for people and nature. As an early mover, we have voluntarily adopted both standards, reinforcing our commitment to transparency and responsible business practices.

This Report makes all relevant disclosures under the following frameworks:

- ISSB Standard **S1** (General), which focuses on an entity's sustainability strategy and general risk management and monitoring. ISSB S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.

- ISSB Standard **S2** (Climate), which is topic-specific and focuses on climate. ISSB S2 requires an entity to disclose information that enables users of an entity's financial reports to understand the governance process, strategy, risk management and performance metrics used to manage its climate-related risks and opportunities. ISSB S2 is effective as long as ISSB S1 is also applied. In line with ISSB S2, NECs climate-related reporting includes a financial materiality assessment.

- The **Recommendations** of the TNFD (Nature) are additional to the requirements of ISSB S1 and S2, and are designed to be consistent and interoperable with the approach of the ISSB. They enable the standardised disclosure of material information for users of an entity's financial reports to understand the governance process, strategy, risk management and performance metrics used to manage its nature-related risks and opportunities. In line with TNFD, NECs nature-related reporting follows a double materiality approach that considers both impact and financial materiality.

For this reporting year, and in line with NextEnergy Group's Sustainability Framework, NEC has focused on three principal sustainability topics: climate, nature and social-related risks and opportunities, covering both our direct operations and value chain, where material. This report considers all relevant subject areas, risks and opportunities across NEC-managed funds during the reporting year, namely NextEnergy Solar Fund, NextEnergy UK I (formerly NextPower UK), NextEnergy III (formerly NextPower III) and NextPower V.

Further explanation on the focus of these topics is provided in Section 4 of this Report. For more information, please contact **ir@nextenergycapital.com.**

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"Our proactive approach to sustainability and financial disclosure ensures investors have transparent, data-driven insights to support informed decision-making"

1. Foreword from NextEnergy Capital's Chief Investment Officer

2024 has marked another year of strong growth and strategic expansion for NextEnergy Capital, reinforcing our position as a global leader in sustainable investment in Solar+ infrastructure. We remain focused on advancing solar and energy storage solutions, navigating market complexities, and ensuring long-term financial performance alongside sustainability impacts.

With assets under management nearing $4.5 billion as of 31st December 2024, NextEnergy Capital continues to lead the renewable energy transition through the strategic deployment of capital. We have surpassed 4GW of installed capacity and secured over 12.5GW of projects in development across five countries, earning us the recognition as one of Europe's top 10 largest owners of operating solar projects . With 34 utility-scale solar plants in various stages of construction across multiple geographies at the time of publication, we remain focused on delivering stable returns through investment and operational excellence.

This continued expansion is underpinned by our commitment to sustainability best-practice and leadership. In 2024, NextEnergy Capital voluntarily adopted the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, reinforcing our alignment with climate and nature reporting standards and broader environmental accountability. Our proactive approach to sustainability reporting, combined with rigorous financial disclosure requirements, ensures investors have access to transparent, data-driven insights to support informed decision-making.

NextEnergy Capital is captured by the Sustainable Finance Disclosure Regulation **(SFDR)** as a financial market participant. This requires us to disclose how we integrate ESG factors into our business model. All of our funds are classified under Article 9 of the SFDR and aligned with the EU Taxonomy, demonstrating our objective of simultaneously generating long-term financial value and positive environmental and societal outcomes. As institutional investors' priorities evolve beyond carbon metrics, increasingly emphasising biodiversity, nature positivity, social impacts and supply chain resilience, we are well-equipped to meet these expectations by continuing to make comprehensive financial and ESG disclosures across our portfolio.

Looking ahead, NextEnergy Capital is committed to building on our strong foundations and positive impacts as we lead the next phase of solar infrastructure growth. We will continue to leverage our strong leadership team, agile investment strategy, and pioneering ESG commitments and governance to drive progress. Our focus remains on providing consistent, standardised metrics to demonstrate our sustainability performance, while actively engaging with industry, investors, and regulators. Through these initiatives, we strive to foster a more sustainable future by leading the global transition to clean energy.

Ross Grier
Chief Investment Officer
7 November 2025

1 As of 31st December 2024.

2. Introduction to our Year in Sustainability by NextEnergy Group's Head of ESG

Over the past year, NextEnergy Capital has marked a period of significant progress, innovation, and deeper integration of sustainability into our financial investment strategy and operational decision-making. This momentum is grounded in the strategic direction set by NextEnergy Group, which launched its new Sustainability Strategy and supporting Framework in January 2024. These have laid out a bold roadmap to enhance our delivery of positive outcomes for people and nature. As NextEnergy Group's Investment Manager, NEC has brought this vision to life, embedding the Group's ESG principles and ambition throughout our investment activities.

Our commitment to transparency and leadership has been central to this journey. In 2024, we became an early adopter of the TNFD, reinforcing our dedication to nature-positive renewable energy infrastructure investments. This builds on our previous adoption of the IFRS Foundation's ISSB reporting standards, marking a pivotal shift in how we evaluate ESG topics through a financial lens. The ISSB's framework enables us to assess and communicate financially material risks and opportunities linked to climate and nature, while advancing transparency and comparability across our disclosures.

This year, we also contributed to industry-wide advancements towards a more sustainable future, including supporting the Solar Stewardship Initiative **(SSI)** from its inception. The launch of the SSI's ESG and Traceability Standards in April and December 2024 set a benchmark for transparency and responsible sourcing in the solar supply chain. This is an area in which NextEnergy Capital remains committed to driving positive change. Coupled with other initiatives, such as NextEnergy Groups' Nature Strategy and NEC's new Green Finance Framework, which received Standard & Poor's highest "Dark Green" rating, we are pushing the boundaries of sustainable capital raising and deployment.

For NEC, sustainability is reflected in how we manage risks, allocate capital, and strengthen our relationships with investors, policymakers, communities and other key stakeholders. We remain focused on accelerating the clean energy transition and embedding sustainability within our strategic investment decision. We will continue championing forward-thinking ESG practices, maintaining financial discipline, and leading our sector toward a more sustainable future.

Giulia Guidi
Group Head of ESG
7 November 2025

"The ISSB's framework enables us to assess and communicate financially material risks and opportunities linked to climate and nature."

3. Performance highlights

For the financial year ended 31 December 2024, unless stated otherwise

Climate Performance

GWh of clean energy generated for one year

1,545.4 GWh

Scope 2 Emissions

2.3 tCO2e

Scope 3 Emissions

166,298 tCO2e

Greenhouse Gas Emissions Avoided

689,467 tCO2e

Equivalent Number of Homes Powered for One Year

c.514,900

Nature performance

Percentage of land under management rehabilitated or restored

20%

Percentage of assets located in sensitive landscapes which are covered by a Nature Management Plans[2]

12%

Percentage of land footprint managed as either (1) productive land use or (2) natural areas

39%

Social performance

provided in community funding through Company SPVs

c. $375,000.000

Lost time injuries:

0

Governance performance

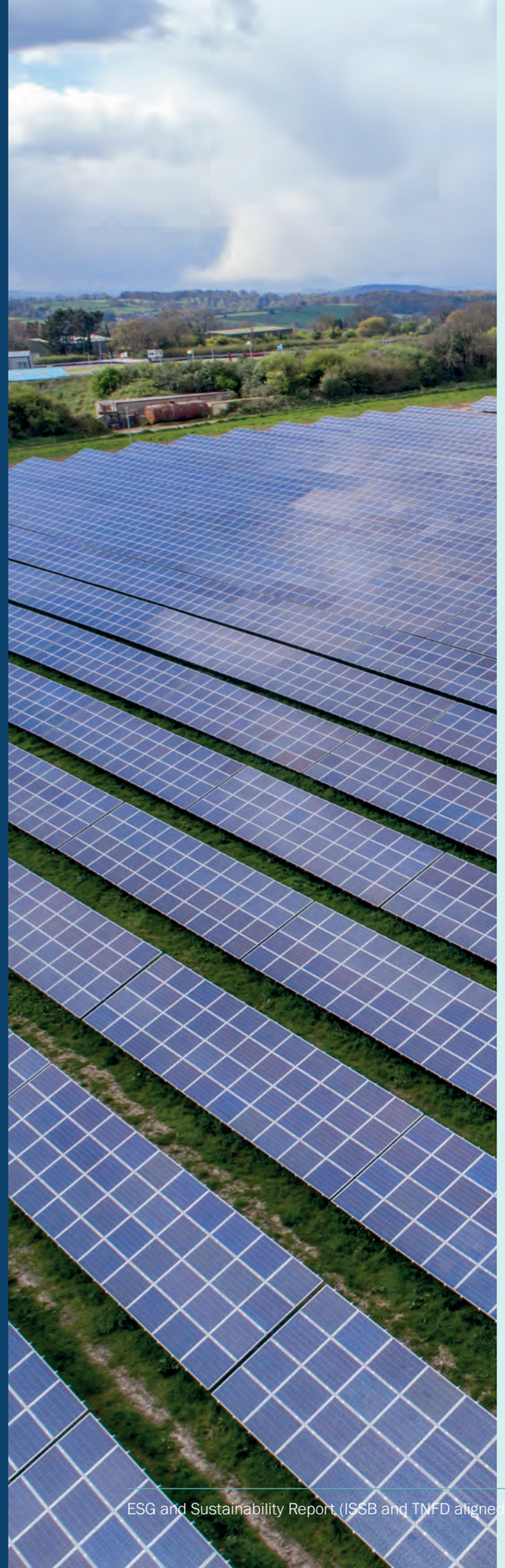
NEC Gender Diversity – based on number of NEC Employees

28% female
72% male

NextEnergy Capital Investment Leadership (NEIL) team Gender diversity

20% female
80% male

2 Nature Management Plans are containing active on-site nature conservation or restoration measures



4.

Approach to Sustainability Reporting

NEC's approach to sustainability evolves in line with regulatory developments, market dynamics, and investor expectations. This requires proactively identifying, monitoring, and managing emerging sustainability risks and opportunities while ensuring transparent, structured reporting.

In the year ended 31 December 2024, we adopted NextEnergy Group's new Sustainability Framework which was developed following an in-depth strategic review with the support of a specialist consultant. The Framework structures our approach to creating positive sustainability outcomes alongside generating long-term, risk-adjusted financial returns.

Our reporting strategy aligns with the priority areas in our internal Sustainability Framework and emerging international sustainability standards and frameworks, ensuring stakeholders receive relevant insights into our performance which may be financially material. The information we disclose includes climate and nature-related considerations across both our direct operations and value chain. We also report on key social issues, such as health and safety, diversity and inclusion, community engagement, and human rights.

NEC's 2024 ISSB and TNFD Report focuses on our:

- General approach to sustainability and ESG risks and opportunities, in line with ISSB S1.
- Climate-related sustainability and ESG risks and opportunities, in line with ISSB S2.
- Nature-related sustainability and ESG risks and opportunities, in line with TNFD.
- Social-related sustainability and ESG risks and opportunities, as the third principal sustainability topic which NEC has chosen to voluntarily focus on.

The depth and breadth of these disclosures varies, as does the degree of financial materiality assessment for these topics:

- NEC's approach to climate-related risk management includes a financial materiality assessment. This was first disclosed in the year ended 31 December 2023.
- NEC's approach to nature includes an impact and financial materiality assessment. This is disclosed for the first time in this Report for the year ended 31 December 2024.
- NEC's approach to social issues does not include a financial materiality assessment. Nonetheless, our overarching approach is disclosed for the first time in this Report for the year ended 31 December 2024.

A summary of this is presented in Figure 1. We will continue to monitor the evolution of all relevant standards to ensure NEC retains our market-leading position on transparent sustainability disclosures.

Figure 1:NEC sustainability reporting alignment

NEC Sustainability and ESG report:

disclosures and alignment for the financial year ended 31 December 2024

ESG FRAMEWORK TOPIC	ALIGNMENT	FINANCIAL MATERIALITY REVIEW	IMPACT MATERIALITY	FUTURE ALIGNMENT
CLIMATE	ISSB S1 AND S2	YES	YES	-
NATURE	TNFD	YES	YES	-
SOCIAL	ISSB S1 (AS PART OF GENERAL DISCLOSURES)	NO	-	-*

*Disclosures for 2024-2025 relate to health and safety, human rights, diversity and inclusion, and community engagement. Work in these areas is ongoing and levels of disclosures vary.

5.

Governance

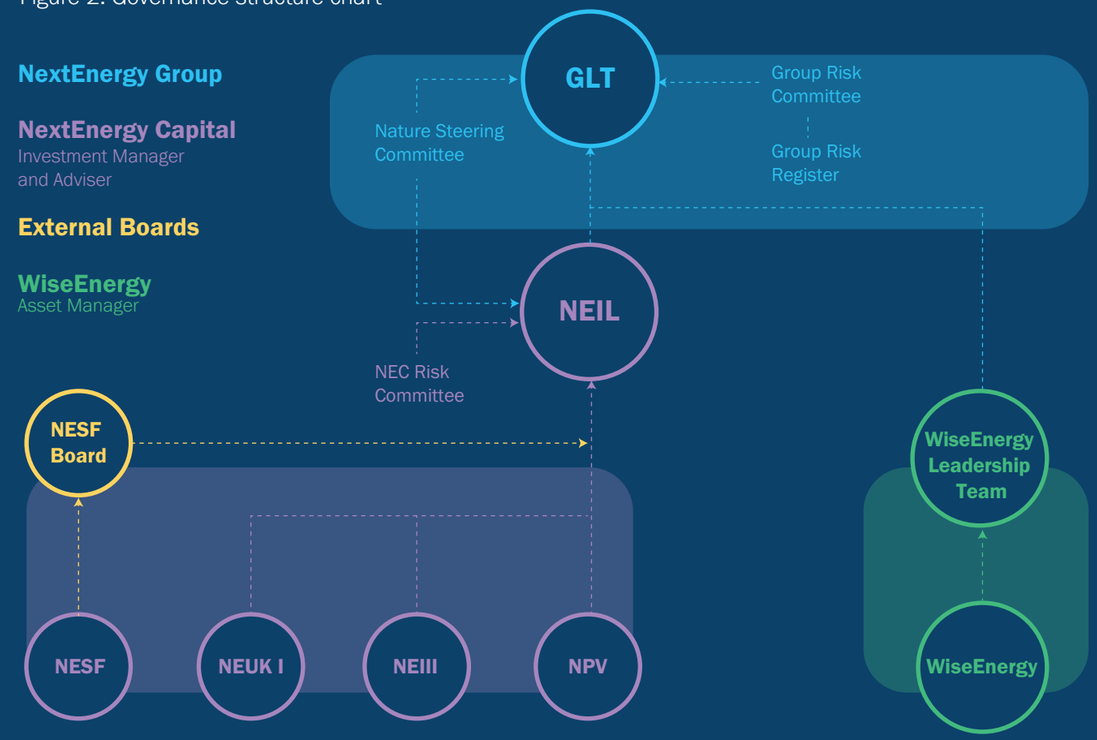
5.1. Governance structure

The NextEnergy Investment Leadership **(NEIL)** team is NEC's most senior governing body. It is chaired by our Chief Investment Officer **(CIO)** and composed of senior professionals with expertise across the energy, investment, construction, procurement and ESG sectors.

The Group's Head of ESG is a member of the NEIL team, providing strategic direction on NEC's ESG strategy, risk and opportunity management for our investments, and disclosures requirements. NEIL has oversight and ultimate approval over these items. The Group Head of ESG is also a member of the Investment Committees for each of NEC's funds, ensuring that ESG factors are considered in all investment decision-making.

NEIL reports to the NextEnergy Group Leadership Team **(GLT)** which includes the Group CEO and NEC's CIO. Through the CIO's position on the GLT and the Group Head of ESG reporting directly to the CEO, ESG matters are integrated in discussions by NextEnergy Group's most senior governing body.

Figure 2: Governance structure chart



5.2. Management's role and responsibilities

NextEnergy Group has a dedicated ESG team led by the Group Head of ESG, Giulia Guidi. Giulia plays a cross-cutting role across the Group's companies. She is supported by two Senior Vice Presidents with deep expertise in climate and nature, as well as a team of Associates and Analysts with sector-relevant sustainability experience in energy and infrastructure.

NEC adopts NextEnergy Group's Sustainability Policies and Sustainability Framework, and the Group's ESG team implements them alongside NEC's as well as our **Sustainable Investment Policy**. This includes active engagement and ESG input during investment due diligence and working alongside the investment team to manage ESG considerations at the asset level. The Group's ESG team is also responsible for preparing sustainability, climate, and nature-related disclosures, such as this TCFD/ISSB and TNFD-aligned Report, under the oversight of the Group Head of ESG. To remain aligned with best practices, the Group ESG team on behalf of NEC, engage with relevant industry groups such as UN Principles for Responsible Investment (PRI), SolarEnergy UK (SEUK), SolarPower Europe (SPE), and the Solar Stewardship Initiative (SSI), of which NEC was a founding sponsor and supporter.

NextEnergy Group's Asset Manager, WiseEnergy, plays a key role in helping to deliver our sustainability ambitions through proactive day-to-day asset management. NEC implements processes to ensure WiseEnergy's activities are appropriately monitored and that relevant sustainability data is collected and reported. These processes enable us to integrate oversight of sustainability risks and opportunities across our investment decisions and asset operations.

5.2.1 NEC's team

NextEnergy Group's dedicated ESG team is strongly integrated with the various functions within NEC – including the Investment, Construction and Procurement, and Fund Management teams – to ensure that ESG governance and risk management factors are effectively addressed throughout the investment process. By working closely with these teams, the Group's ESG team integrates sustainability considerations across NEC's assets, reinforcing a cohesive approach to responsible investment.

NEC management and advisory services

Ross Grier

Chief Investment Officer

Ross oversees all of NEC's activities and has deployed over $2.5bn of capital into UK solar and energy storage, including over 1GW of transactions for NEC.

Antonio Salvati

Managing Director

As Managing Director, Antonio oversees NEC's international private funds, leading investment activities across all its 9 jurisdictions.

Spyros Sfantos

Investment Director

Spyros oversees NEC's growth strategy in the UK, evaluating, executing and integrating investment opportunities in the country.

Stephen Rosser

Investment Director and UK Counsel

Stephen manages NextEnergy Solar Fund's **(NESF)** investments, and oversees regulatory and legal risk across the portfolio. He has over 10 years' experience of sustainable procurement and over 20 years' experience in mergers and acquisitions.

Dedicated ESG team

Giulia Guidi

Group Head of ESG

As the Head of ESG for NextEnergy Group, Giulia brings over 25 years of experience in ESG and risk management within the financial sector and oversees the approach to the NEC's Sustainability initiatives.

David Hawkins

Senior Vice President ESG – Group Lead on Climate and Regulation

David has over 14 years' sustainability and environmental experience in the energy sector, and oversees the development and implementation of climate transition, net zero activities and sustainability regulation at the NEC and fund levels.

Hing Kin Lee

Senior Vice President ESG – Group Lead on Nature

Lee has over 20 years' experience in the environmental sector, and leads on nature and natural capital integration.

Kevin McCann

Senior Associate ESG – Supply Chain Lead

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

Dedicated ESG team

Flavia Galdiolo

Senior Associate ESG – Policy, Governance and Strategy

Flavia leads strategic sustainability and ESG policy and governance.

Kristina Vucic

Associate ESG – Data Strategy, Innovation and Regulation

Kristina has over 13 years' experience in location-based data analytics, automation and information management.

Marianna Ricca

Associate ESG

Marianna undertakes sustainability and ESG due diligence for PV investments and identifies key risks and compliance gaps with international standards.

Olivia Arden

Senior Analyst ESG

Olivia undertakes sustainability and ESG due diligence for PV investments and identifies key risks and compliance gaps with international standards.

Valeria Ramos

Analyst ESG

Valeria undertakes sustainability and ESG due diligence for solar PV investments and other reporting for NEC.

Emily Ashwell

Analyst ESG - Geospatial

Emily conducts environmental due diligence, spatial analysis, visualisation within the team.

ESG-related team

Sulwen Vaughan

Special Purpose Vehicle Director

Sulwen has over 30 years' business management experience, and provides oversight to NEC spending on community and social impact projects at Special Purpose Vehicle level.

Serena Thaker

ESG Manager

Serena leads environmental monitoring, analysis and operations across NEC's portfolio of solar and energy storage assets, as part of the work of the Group's asset manager, WiseEnergy.

Joseph Baker

Junior ESG Analyst

Joseph drives implementation of ESG Action plans, oversees incident monitoring and gathers operational and reporting data.

Kendall Vaughan

Environmental Analyst

Kendall leads Local Environmental Management Plan compliance across the operational UK portfolio.

5.3. Competencies and training

NEC brings together a team with deep expertise in sustainability and investment management across the renewable energy sector. Our NEIL team and Group's ESG specialists hold relevant qualifications and experience spanning finance, energy markets, environmental sciences, and sustainability risk management. We support ongoing professional development through regular training and active engagement with industry best practices. To further strengthen our sustainability capabilities, NEC collaborates with external experts and plays an active role in initiatives such as the Solar Stewardship Initiative, where senior team members hold leadership positions.

5.4. Integration of sustainability-related factors

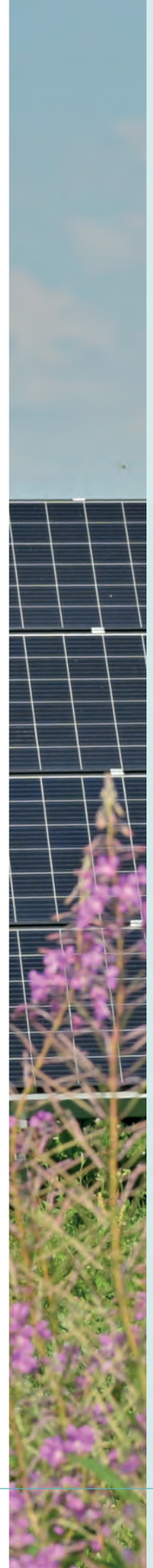
The NEIL team provides a sounding board and approves NEC-level sustainability ambitions and commitments. It does so across three key areas:

- **Strategy development.** The NEIL team sets and oversees NEC's strategic direction. This includes the review and approval of NEC's **Sustainable Investment Policy** and topic-specific sustainability and ESG strategies, such as **NextEnergy Group's Nature Strategy**, which was approved at the end of 2024. NEIL further ensures that NEC sets and monitors appropriate ESG performance objectives in line with our Sustainability Framework (voluntary) and the EU SFDR (regulatory).
- **Execution discipline – investment and asset management.** NEC ensures that robust processes and controls to identify and manage sustainability issues are in place throughout the asset lifecycle. This includes pre-acquisition due diligence, contractor screening, operational monitoring, and proactive risk and opportunity management.
- **Supply chain and stewardship.** We undertake extensive work to integrate sustainability considerations into our procurement and supplier management. This includes setting clear minimum requirements for suppliers, assessing the origins of equipment and raw materials we procure, and actively supporting industry initiatives that promote transparency and responsible sourcing in the solar sector.

NEC integrates sustainability-related factors into our business model through the application of the Group's Sustainability Framework. This approach enables us to incorporate climate, nature, and social considerations, including human rights, into our decision-making. It aligns NEC's investments with our policies, including:

- **NEC's Sustainable Investment Policy**.
- **NextEnergy Group's Sustainability Policies**, including topic-specific position statements on Climate, Nature, Human Rights, and responsible supply chain management documents.

This iterative process allows us to continuously assess all assets throughout the investment lifecycle, ensuring we maintain a robust approach to managing risks and identifying opportunities across our investments.



5.5. Key Sustainability Topics

5.5.1. Climate

CLIMATE

NEC's mission is to generate a more sustainable future by leading the transition to clean energy. Our 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**. We generate revenue through assets which directly contribute to climate change mitigation through the renewable energy they generate, and subsequently the carbon emissions avoided due to the displacement of fossil fuel use for energy generation.

We further acknowledge that our operations impact climate change through carbon emissions. They do so both directly, from the operations of our assets and indirectly via raw material extraction, refining, manufacturing and shipping processes linked to our value chain. Furthermore, we recognise that climate change presents a spectrum of risks and opportunities to our solar PV+ infrastructure. These encompass physical risks, such as those arising from extreme weather events, as well as transitional risks shaped by evolving financial, regulatory, and legal frameworks in the jurisdictions where we operate.

5.5.2. Nature

NATURE

Nature is fundamentally interconnected with climate stability, human wellbeing, and economic resilience. Nonetheless, ecosystems, species populations, and biodiversity continue to decline on a global scale. As solar and battery storage assets represent physical infrastructure, NEC maintains location-specific interactions with nature that are influenced by the geographical context of its operations. Additionally, the extraction and processing of raw materials within NEC's supply chain contribute to broader environmental impacts.

Given the potential for solar energy developments to support biodiversity enhancement, we are well-positioned to advance nature conservation efforts in proximity to its assets, while also promoting and safeguarding ecological integrity across our supply chain. The long-term financial performance of NEC is inextricably linked to the strength and adaptability of the ecosystems in which it operates. Accordingly, we systematically identify, evaluate, and address nature-related risks and opportunities across our operational footprint and value chain.

SOCIAL

5.5.3 Social

NextEnergy Capital interacts with suppliers and contractors who work on our sites and whose employees have the right to expect a safe and healthy working environment and to see their human rights respected. In parallel, we engage with local communities that host existing infrastructure and may accommodate future developments. As a global organisation, we directly employ staff in multiple locations and are committed to attracting and retaining a diverse and inclusive workforce. Our operations therefore take place within the broader social context of the energy transition, where human engagement is central to delivering clean energy solutions.

In this context, we actively collaborate with our communities, understanding that meaningful and transparent engagement is essential to creating long-term environmental and social value. We seek out local feedback throughout the investment cycle and, where appropriate, implement grievance mechanisms to ensure concerns are heard and addressed. This approach enables us to earn and maintain a social license to operate an essential component of our success in realising a sustainable and inclusive energy future. We are in the process of developing a social strategy, which aims to strengthen this approach consistently across all our operations.

5.6 Interdependencies

NEC adopts the Group's Sustainability Strategy, which reflects the interdependencies between the topics outlined in the previous sections and the internal and external context in which we operate. Key dependencies include:

- **The environment:** the impact of the changes in climate and nature on each other, and on NEC's assets.
- **Geopolitics:** trade and political relations between states in which NEC owns and operates assets, and those from which we source raw material.
- **Innovation:** including the technological efficiency of solar PV and batteries and other renewable energy technologies, and society's changing demand for renewable energy.
- **Markets and incentives:** the structure and format of the revenue generation mechanisms available to NEC's assets.
- **Policy and regulation:** the operating and sustainability requirements in the jurisdictions in which NEC operates, and new or amended targets and objectives for renewable energy.
- **Supply chains:** the availability and cost of plant and machinery in which NEC invests, and the locations where these are produced.

Our engagement with investors, policymakers and regulators, alongside active participation in industry groups and trade associations, help us monitor and identify potential sustainability-related impacts and interdependencies early on. The NEIL team plays a key role in ensuring these interdependencies are integrated into NEC's strategy and decision-making processes.

5.7 Formalisation of targets and incentives

Over the last year, NEC has adopted the Group's Nature Strategy and is aligning with the Group's developing climate initiatives. Further details are provided on these metrics and targets below.

Base compensation for senior managers and other staff members is linked to delivering on strategic sustainability and ESG objectives, which are reviewed regularly by NEC's Remuneration Committee. Specific percentages of executive remuneration are not allocated to climate or broader sustainability-related considerations but are assessed as part of a holistic performance review that incorporates these requirements and progress made on Sustainability and ESG activity.

Strategic targets

CLIMATE

NEC reports our carbon dioxide equivalent **(CO_2e)** emissions avoided and our greenhouse gas **(GHG)** emissions footprint annually. We are targeting net zero by 2050 and developing a Climate Transition Plan aligned with the Transition Plan Taskforce which will outline key decarbonisation dependencies and the feasibility of achieving net zero across our direct operations and supply chains. The Transition Plan will detail specific climate risk assessment and decarbonisation priorities, along with our net zero journey. In support of this, and following NEIL approval, we will submit emissions reduction targets to the SBTi for formal approval and disclosure. The SBTi targets will validate interim (2035) and 2050 decarbonisation ambitions, while the Transition Plan will detail the key steps required by NEC to achieve them. These targets will be monitored and results updated frequently to reflect on progress. Further information on NEC's climate targets is in section 8.2.

NATURE

During the reporting period, NEC adopted the Group's nature-based targets detailed in the Group's Nature Strategy, focusing on no conversion of natural ecosystems, responsible land use, restoration and supply chain transparency. The approach aligns with the goals and targets of the KM-GBF. Interim milestones have been established to support our overall completion target of 2030. Further details on nature-related targets and metrics, including data NEC will use to track progress are provided in Section 8.3.

SOCIAL

NextEnergy Group is currently initiating a comprehensive social strategy, reflecting the work it has undertaken to date on climate and nature. The purpose of the strategy is to understand what is material to our business, how we can maximise community benefit and in doing so, reduce any potential social and community risks. The development and adoption of the social strategy will not only help maintain our social licence to operate but also strengthen our approach to community engagement, building on the foundational relationships we have developed thus far. At the end of 2024, we became members of the Taskforce on Inequality and Social-related Financial Disclosures **(TISFD)**. We are actively contributing to the development of its evolving framework, which is emerging as a key benchmark for social and human rights disclosure. As the TISFD standard progresses, we are committed to aligning our Social Strategy with its principles, ensuring that our approach remains at the forefront of responsible and transparent investment practice. Further information on our social targets and metrics is in Section 8.5.

6.

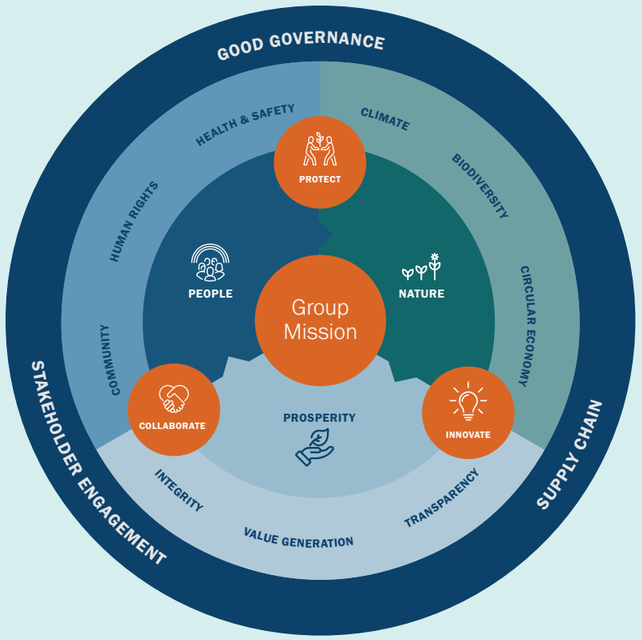
Strategy

6.1. Approach

NextEnergy Group's Sustainability Framework is the foundation of our concerted approach to sustainability. The Framework supports all aspects of NEC's sustainability-related risk and opportunity management, aligning our business objectives with our broader sustainability commitments. We recognise our distinct locational impacts from the construction and operation of our assets, as well as broader effects tied to our supply chain, contractors, and the communities with whom we engage. Our focus is therefore on identifying, monitoring, and managing risks and opportunities across our operations and supply chain, with a particular emphasis on climate, nature, and social considerations.

Our commitment is demonstrated through the continued integration of sustainability and ESG considerations into our decision-making processes, and our dedication to delivering comprehensive, high-quality disclosures for stakeholders and users of financial report. As part of this effort, NEC voluntarily aligns its reporting with the ISSB and TNFD, recognising them as key international disclosure frameworks.

Figure 3: NextEnergy Group Sustainability Framework



NATURE STRATEGY DEVELOPMENT

Our major achievement has been the adoption of NextEnergy Group's dedicated Nature Strategy, designed in collaboration with third-party experts. The Strategy was built in alignment with international, science-based approaches, including:

- The **Assess, Commit, Transform and Disclose (ACT-D)** guidance developed by the Capitals Coalition, Business for Nature, World Business Council for Sustainable Development **(WBCSD)**, TNFD, **Science Based Targets Network (SBTN)**, World Economic Forum **(WEF)** and World Wide Fund for Nature **(WWF)**.
- The 5-step process (Assess, Prioritise, Set targets, Act and Track) of SBTN.
- The **Locate, Evaluate, Assess, Prepare (LEAP)** approach of the TNFD.

To develop the Nature Strategy, the Group's ESG team first conducted a detailed materiality assessment was conducted, engaging internal and external stakeholders to identify material issues in the solar sector. This screening process assessed key nature-related topics, including land and marine ecosystem use, water consumption, climate change, pollution, and other drivers of nature loss. The analysis mapped nature-related risks across NEC's portfolios, assessed impacts and dependencies on nature, and estimated contributions to material pressures such as land use, GHG emissions, water consumption, and soil pollutants. A prioritisation matrix was developed to identify NEC's sites which are most exposed to nature-related risks and impacts. This tool provides actionable insights that inform our financial and investment decision-making, helping us to proactively mitigate risk across the portfolio.

The Nature Strategy was approved by NEIL and GLT in November 2024 and its analysis and findings are discussed throughout this Report.

6.1.1 Scope

NEC's sustainability approach begins with identifying material dependencies across climate, nature, and social factors, as they relate to our operations, and our value chain. Our objective is to identify and manage any potential exposure to material issues that could affect our ability to generate risk-adjusted financial returns and build resilience to evolving physical and transition risks.

Materiality

To evaluate these issues, NEC has performed climate and nature materiality assessments in line with ISSB and TNFD recommendations. Our climate assessment focused on carbon emissions caused by our operations and supply chain, while the nature assessment addressed location-specific operational impacts across our assets. This included climate and nature-related supply chain reviews, examining our structure, transparency, key materials, and high-impact commodities. NEC adheres to the principle of double materiality, assessing both financial and impact materiality. This enables us to maximise our positive impact on people and nature, while managing financial risk and identifying potential commercial opportunities arising from sustainability-related topics.

This approach also enables us to identify key stakeholders to engage with them in addressing dependencies of our assets, such as the suppliers of raw materials. We collaborate with upstream suppliers of manufactured components to enhance transparency on raw material origins. By fostering proactive engagement, we ensure that suppliers and contractors across our value chain begin to take measurable actions to align with our sustainability ambitions.

Beyond climate and nature, NEC recognises several material sustainability topics, including health and safety, human rights, community engagement, diversity and inclusion. Our sustainability strategy ensures that risks and opportunities related to these areas are effectively managed, following the processes outlined in this Report, and with best market practices.

The evolution of NEC's Sustainability and ESG Reporting

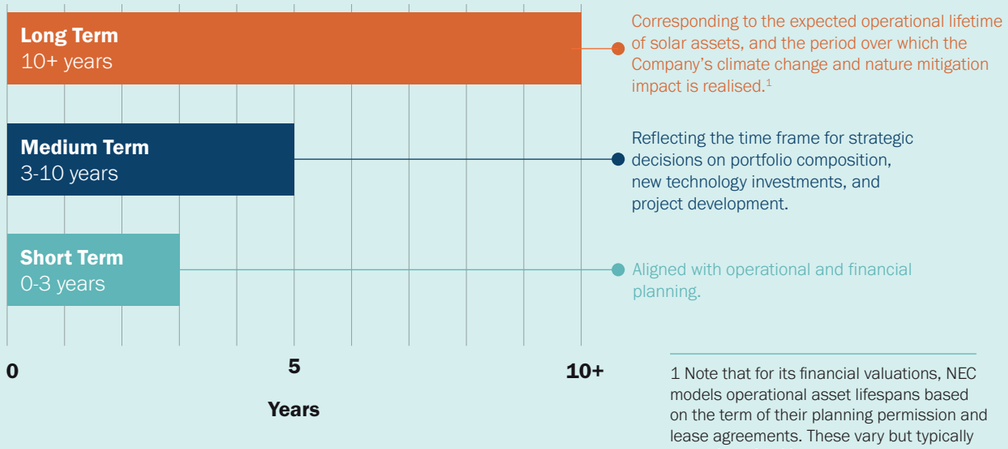
NEC made its first climate-related financial risk disclosures for the year ended 31 December 2022, under the guidance of the TCFD. In the following year, we further expanded our reporting standards through the publication of our first 2023 TCFD-ISSB Report. For the year ended 31 December 2024, we are pleased to introduce our first combined ISSB and TNFD Report. This Report is a further evolution of NEC's reporting standards and exemplifies our commitment to an integrated approach to climate, nature and people.

Figure 4: NEC's reporting evolution

6.1.2. Strategic time horizons

NEC assesses climate, nature, and other sustainability-related risks and opportunities in differing scenarios over three time horizons, as seen in the figure below.

Figure 5: The different time horizons defined by NEC



1 Note that for its financial valuations, NEC models operational asset lifespans based on the term of their planning permission and lease agreements. These vary but typically range from 25-40 years.

These time horizons are linked to our strategic decision-making processes, which consider short term financial performance, medium term portfolio composition and investment decisions, and long-term value creation for shareholders and society.

6.2. Identification of sustainability-related issues

Our materiality assessment has identified key sustainability issues across our portfolio, direct operations, and supply chains. These topics are central to our ability construct, operate, and maintain assets, as well as our future procurement strategies. NEC's key sustainability issues include:

- Climate-related physical and transition risks, including flood risk, heat stress and water stress, and their consequences for the operational performance of NEC assets, their physical integrity, and the supply and cost of supply of raw materials and components.
- Nature-related risks, particularly impacts related to the key drivers of biodiversity loss, as defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services **(IPBES)**: land use and change, direct exploitation, climate change, freshwater use and pollution, and other factors such as invasive alien species.
- Social issues, which NEC considers material to our business. These include health and safety, human rights and community engagement.

6.3. Impacts on business model and value chain

6.3.1 Climate

We have performed detailed climate scenario modelling and assessments to identify potential climate related impacts across our upstream value chain and construction activities, and in our direct operations.[3]

Upstream value chain

Climate change poses both physical and transitional risks to NEC's supply chain, particularly in the extraction and processing of polysilicon and other key raw materials. These are often concentrated in regions vulnerable to climate risk, increasing potential of disruption and price volatility, which may ultimately delay asset construction and drive-up costs. Rising global demand for critical minerals, tariff and policy considerations, could further exacerbate supply constraints and delay decarbonisation efforts. While solar and battery assets contribute positively to emissions reduction during operation, they also carry embodied emissions from raw material extraction, manufacturing, shipping, and construction. These emissions present both a climate impact and a financial risk, as they may give rise to carbon taxes or related regulatory costs.

NEC has carried out an in-depth supply chain review of these issues in the year ended 31 December 2024 and its potential impacts and mitigations are presented below:

Table 1: Climate upstream risks and impacts

Climate Risk Type	Description	Impact (-) and Mitigation (+)
Physical climate risk	Flood, drought and extreme heat and weather events	- Disruption to manufacturing and project delays. + Supplier engagement to strengthen climate risk awareness and resilience, and geographic diversification to reduce concentration risk.
Transitional risks	Regulatory changes that expand carbon taxes (such as the EU Carbon Border Adjustment Mechanism (CBAM)) to include solar and battery assets or materials. Market risk such as commodity price volatility, supply chain disruption due to political or climate events and tariffs	- Rising import costs under new or existing carbon tax mechanisms, price fluctuation, sudden cost increase for projects and project delays due to supply issues. + Proactive engagement with authorities and vigilance on policy developments, net zero commitments and emissions reduction initiatives with suppliers, and ongoing engagement with trade associations.
Emissions	High Scope 3 emissions prevent reaching net zero targets	- Difficulty reaching net zero ambition, resulting in a higher offsetting and carbon neutrality costs and reduction in public and investor confidence. + Proactive engagement, understanding and driving of supplier standards, energy efficiency and emissions reduction targets, ensuring that Scope 3 emissions will align with Net Zero ambitions and lower potential carbon tax exposure.

Direct operations, including decommissioning

The direct operations of NEC assets are exposed to similar climate risks and opportunities as its upstream value chain. However, they manifest differently according to the phase of the asset. NEC's most material potential climate related risks and mitigations are provided below:

Table 2: NEC Climate direct operations risk and impacts

Climate Risk Type	Description	Impact (-) and Mitigation (+)
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	- Potential disruption to generation and restricted access for site maintenance. + Integrate preventative design measures, such as raising the height of certain key equipment, avoiding flood risk areas and ensuring adequate drainage.
Portfolio physical risk	Water stress (drought)	- Lack of water for cleaning leading to soiling of panels, reduced generation capacity and lower revenues, and potential issues for contractors on site. + Implement waterless cleaning technology where needed to reduce soiling and maintain generation capacity.
Portfolio physical risk	Heat Stress	- Increased temperatures lead to lower generation efficiency, accelerated equipment aging, and increased maintenance needs. +Incorporate seasonal readiness planning to enable behavioural shifts among operations and maintenance contactors, whilst extreme heat exposure risk is factored into asset design, with condition monitoring.
Portfolio Emissions	Scope 2 emissions resulting from asset use of grid electricity Scope 3 emissions resulting from contractors and suppliers	- Increased impact and contribution to climate change, reputational risk and potential damage to social licence to operate. +Establish emissions reduction targets, conduct decarbonisation dependency mapping, and improve on-site energy efficiency through procurement of green energy where possible. + Monitor supply chain emissions through carbon footprinting and lifecycle analysis, while engaging with the supplier to ensure energy efficiency measures are in place and continue to make progress, alongside emissions reduction targets and decarbonisation of their operations.

3 A challenge in this process is that raw materials come from a range of different countries, some with limited visibility or measurement of supply chain impacts on climate and nature.

6.3.2 Nature

Nature-related physical risks such as land use change, extreme climate events, habitat loss, freshwater scarcity, and pollution pose potential distribution to NEC's operations and value chain, particularly in ecologically sensitive geographies. These challenges may affect our business continuity or expansion by hindering our component procurement or reducing land availability for new assets due to stricter land use regulations.

To proactively manage these risks, we conduct nature-related impact assessments at the asset level. This assessment evaluates environmental pressures, the state of nature, and nature related impacts on our upstream value chain. By focusing on key drivers of biodiversity loss, and drawing on location-specific data, we are able to understand both the direct effects of our operational footprint and our broader dependencies. The results of these asset-level assessments have been aggregated to develop a company-wide view of nature-related risks and opportunities. Further details on our materiality screening approach are provided in the Technical Annex: Nature-related materiality assessment.

Upstream value chain

NEC's most material potential nature-related impacts across upstream operations occur primarily during the extraction, processing and refinement, manufacturing, and transportation of the commodities and components used in solar project development. The upstream risks, impacts and mitigations are identified in table 3.

Table 3: NEC Nature upstream risks and impacts

Nature Risk Type	Description	Impact (-) and Mitigation (+)
Climate change	Greenhouse gas emissions from raw material extraction, high-energy processing, manufacturing, and transportation.	- Contributes to ecosystem degradation, supply chain disruptions, and cost volatility due to carbon-intensive inputs. + Engage with suppliers to reduce embodied carbon, prioritise low-carbon materials and cleaner manufacturing, and adopt energy-efficient logistics
Land use change	Habitat loss and ecosystem conversion at extraction sites and manufacturing facilities; infrastructure expansion for logistics.	- Reduces biodiversity, alters ecosystems, and risks regulatory delays or social opposition in production regions. + Implement responsible sourcing standards, avoid sourcing from ecologically sensitive areas, and collaborate with suppliers to restore or offset affected habitats.
Water resources	Intensive water use and pollution risks in mining, ore processing, and manufacturing, especially in water-scarce regions.	- Contributes to freshwater scarcity, pollution of local waterways, and community tensions over shared resources. + Prioritise suppliers with efficient water use and treatment systems and adopt circular water management and pollution prevention measures.

Direct operations, including decommissioning

NEC's most material potential nature-related impacts across direct operations occur primarily during the site planning, construction, and operations stages of our project lifecycle. The risks are linked to climate change, land use change, and soil pollutants as summarised in table 4, along with their impacts and mitigations.

Table 4: NEC Nature direct operations risks and impact

Nature Risk Type	Description	Impact (-) and Mitigation (+)
Climate change	Emissions from on-site construction, embodied carbon in materials, and energy use during operations.	- Contribute to overall greenhouse gas footprint from onsite construction and embodied carbon in building materials. + Optimise site design to reduce earthworks and transport, use low-carbon materials, and enhance on-site energy efficiency.
Land use change	Conversion or fragmentation of natural or semi-natural habitats during site selection, design, and construction.	- Loss of biodiversity, reduced ecological connectivity, and potential project delays due to regulatory constraints. + Integrate biodiversity sensitivity mapping in early planning, avoid high-value ecosystems, and apply habitat restoration and offset programs.
Water resources	Handling or storage of fuels, lubricants, solvents, and materials that may contaminate soils.	- Soil contamination reduces fertility, impairs ecosystem functions, and poses compliance or remediation costs. + Apply strict spill prevention and waste management protocols, use controlled storage facilities, and conduct ongoing soil monitoring.

We also recognise that reputational and regulatory risks arising from land degradation, carbon-intensive activities, or soil contamination reinforce the need for proactive and sustainable practices across all operations. Detailed environmental baseline surveys are therefore conducted to identify site-specific sensitivities, such as priority habitats, carbon-rich soils, or contamination risks, enabling the design of effective mitigation measures.

SOCIAL

6.3.3 Social

In line with our SIP and the Group's Human Rights Position Statement, NEC performs social risk and opportunity assessments throughout the asset lifecycle.

Upstream value chain: development and construction

Within NEC's supply chain, potential human rights risks principally relate to the extraction and processing of raw materials for solar and storage equipment. These are often concentrated in geographies with heightened risks of forced labour, unsafe working conditions, and weak labour rights protections. We address these risks through rigorous supplier due diligence, proprietary supplier assessment tools, and adherence to international standards, requiring all partners to comply with our Supplier Code of Conduct and responsible sourcing expectations.

During the development and planning phases, risks may arise around land use, resettlement, and the rights of minority groups or Indigenous Peoples. We apply our We apply our proprietary ESG Action Plan **(ESGAP)** approach to identify such sensitivities and ensure mitigation methods are put in place. Where relevant, we require meaningful consultation with affected stakeholders and ensure that Free Prior and Informed Consent **(FPIC)** processes are respected, before advancing projects.

Risks of modern slavery, exploitative employment practices, and health and safety issues may arise during the construction phase of our assets. We mitigate these through pre-qualification questionnaires **(PQQs)**, contractual obligations aligned with international labour standards, and oversight mechanisms embedded in project delivery. At this stage, proactive community engagement is also critical: We implement stakeholder management plans where ESGAP highlights sensitivities, ensuring grievances are heard and addressed, and benefits are shared with local communities.

Direct Operations, Including Decommissioning

In the operational phase, potential risks focus on workforce protections and ongoing community relations. We require contractors and operations partners to comply with employment law, international human rights frameworks, and our internal standards. We monitor labour conditions and expect transparent reporting to prevent modern slavery and uphold fair employment practices across operations and maintenance **(O&M)** activities.

Equally, strong community engagement continues throughout the operational cycle. We maintain open channels of dialogue with local stakeholders and adapt management practices based on feedback, ensuring that projects deliver long-term, positive socio-economic value. At the decommissioning stage, we apply the same ESGAP-driven safeguards, ensuring health, safety and security, while embedding circular economy practices to minimise environmental and social impacts.

NATURE-SPECIFIC PRIORITY LOCATIONS FOR OPERATIONS AND VALUE CHAIN

In line with the specific recommendations of the TNFD, NEC identified priority locations where material nature-related impacts, dependencies, risks, and opportunities exist across both our direct operations and upstream value chain. These locations are provided in below, followed by an explanation of the processes used to identify them.

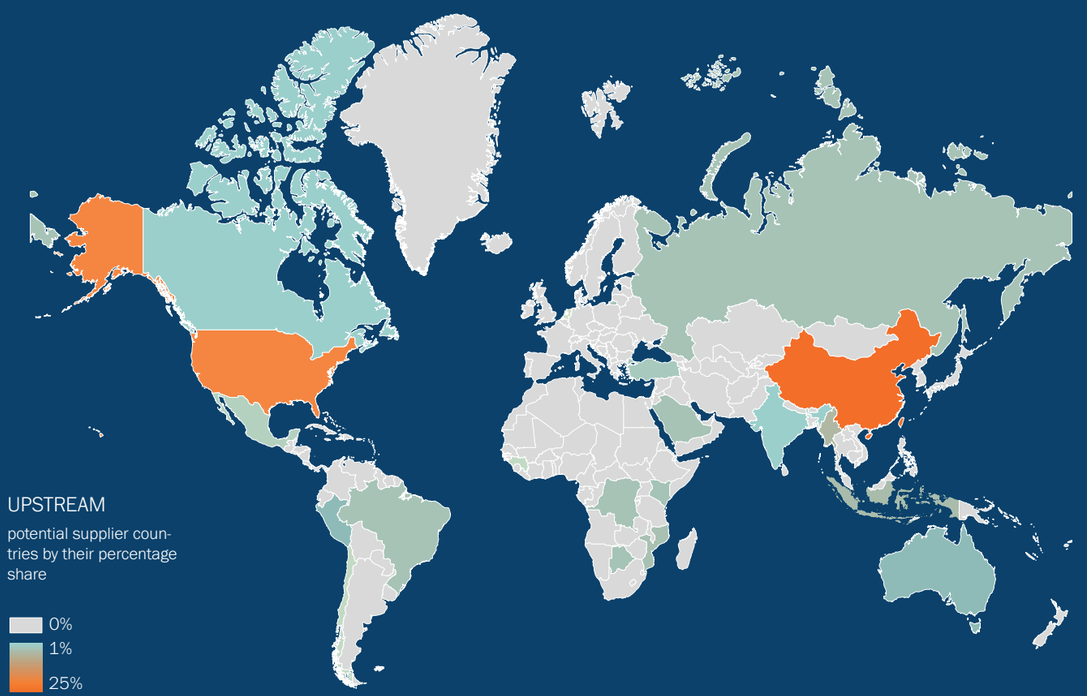
Site prioritisation methodology: upstream value chain

NEC identified key locations in its supply chain that it can prioritise to address its impacts on nature. To prioritise our supply chain site assessments, we first gathered information on the components used in our assets from the Bills of Materials **(BOMs)** generated during procurement. Our analysis determined the composition and relative weight of raw materials used in our components and the results were subsequently cross-referenced against SBTN designated High-Impact Commodities **(HICs)** to identify materials with the most significant environmental impact.

Following the SBTN recommendations for traceability, we estimated the source locations for these raw materials, to at least national level origins. This process relied on sources including the US Geological Survey and European Commission trade databases where primary data was lacking.

NEC calculated a State of Nature Pressure Score **(SoNp)** for each raw material country of origin by assessing environmental pressures including land use, water consumption, and greenhouse gas emissions. We evaluated the State of Nature **(SoN)** for each country based on its ecological sensitivity, incorporating factors such as ecosystem integrity and resource availability. Lastly, we applied a prioritisation framework to assign final scores to materials and source countries, ranking them according to environmental impact factors and the specific characteristics of each jurisdiction. Figure 6 shows the most sensitive upstream locations which the Company will now aim to target in its work to identify and mitigate potential nature-related impacts. As part of this, one of NEC's Sustainability objectives is to engage with suppliers to increase transparency in its supply chain and minimise their impacts on nature. For more information, see Section 8.4

Figure 6: Upstream – raw materials sourcing countries



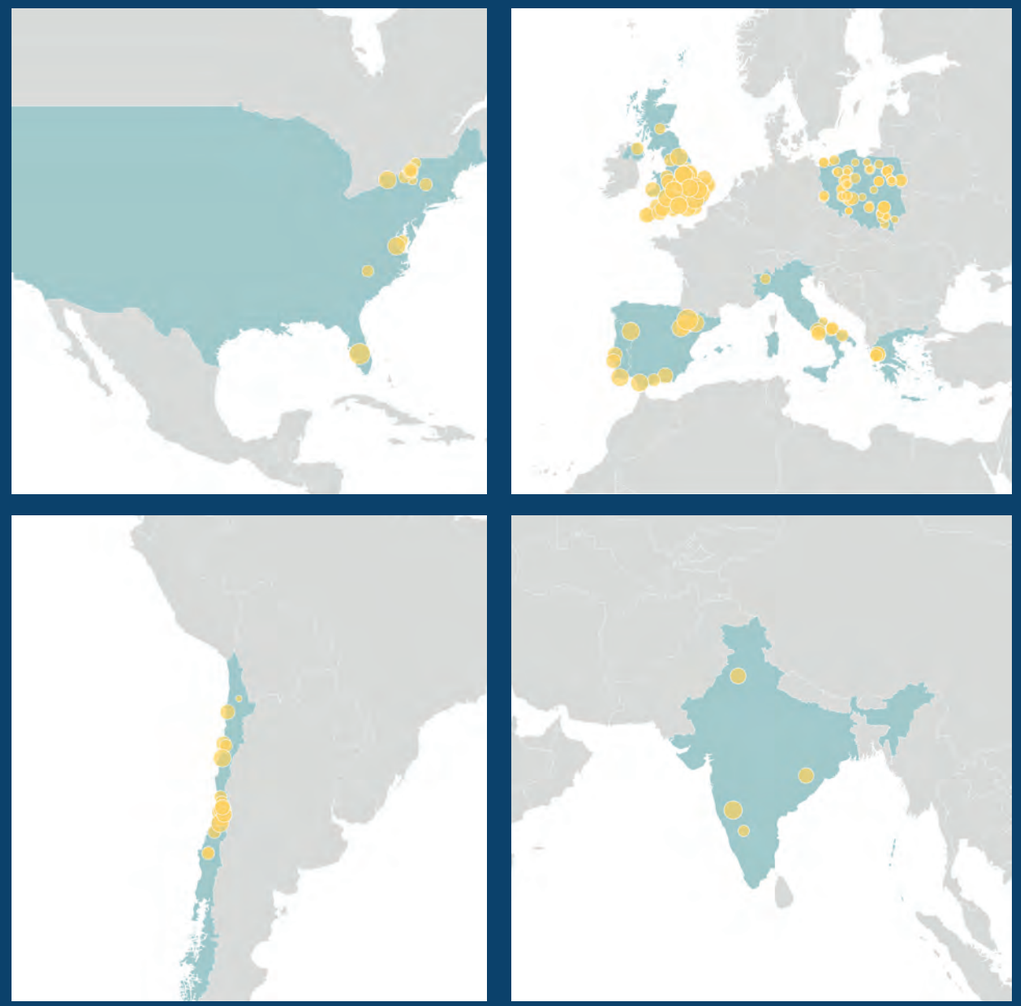
SPATIAL MAPPING OF PRIORITY LOCATIONS

Priority locations for nature: direct operations

NEC's operations and value chain span a variety of locations, with a portfolio of solar energy assets across nine countries and three continents. Within these locations, we identified priority areas where material impacts, dependencies, risks, and opportunities are most significant for our direct operations and supply chain.

Figure 7-9 highlight NEC's priority operational areas based on key biodiversity loss drivers, including climate change, terrestrial land use change, and soil pollutants. This enables us to target actions across locations where they will have the greatest impact and opportunity, while also enhancing resilience against the most material pressures identified.

FIgure 7: Priority locations for Land Use Change

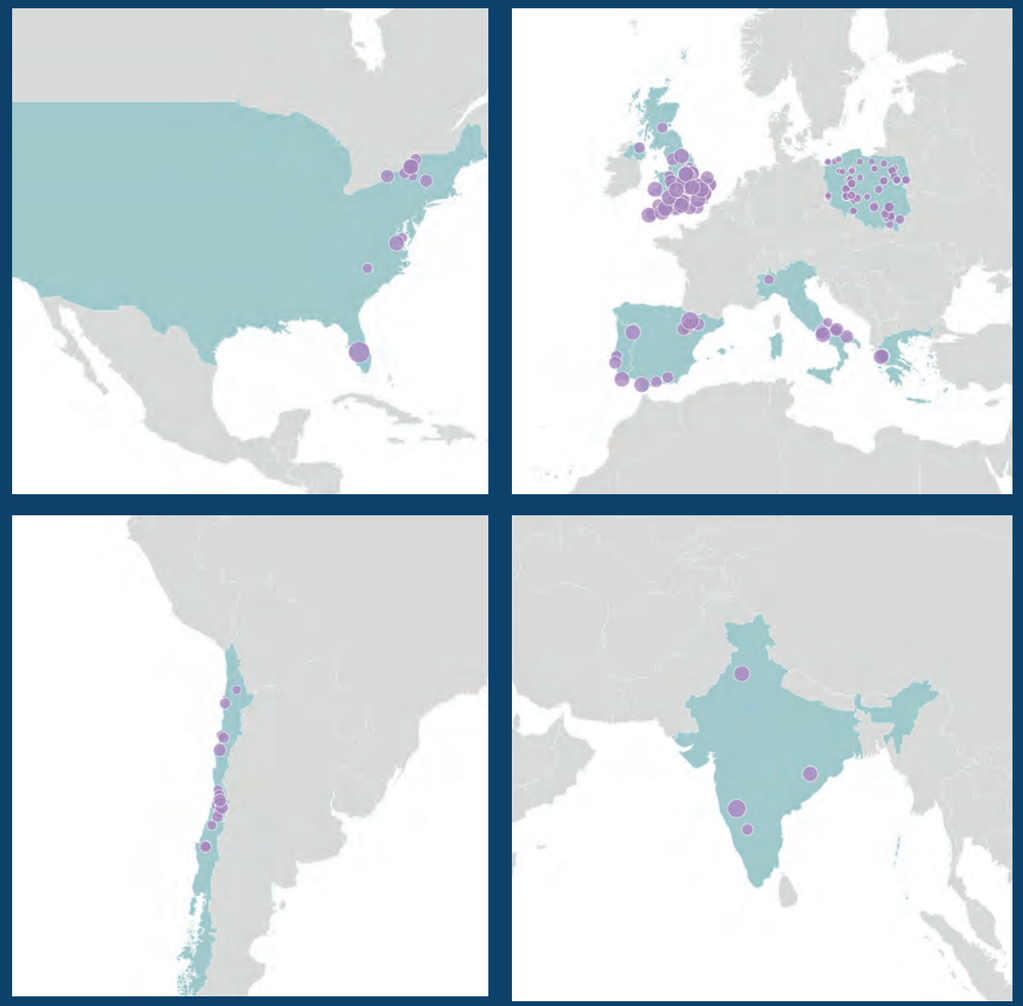


Site prioritisation methodology: direct operations

To determine priority locations, we applied the SBTN process and the TNFD approach to estimate the SoN for each operational asset. This process involved extrapolating data from Geographic Information System (GIS) maps and databases, providing valuable insights into key biodiversity loss drivers across NEC's regions of operation. We then applied a methodology similar to Life Cycle Assessment (LCA) to estimate the impact value on nature of each asset (referred to as the SoNp), based on its capacity and operational characteristics.

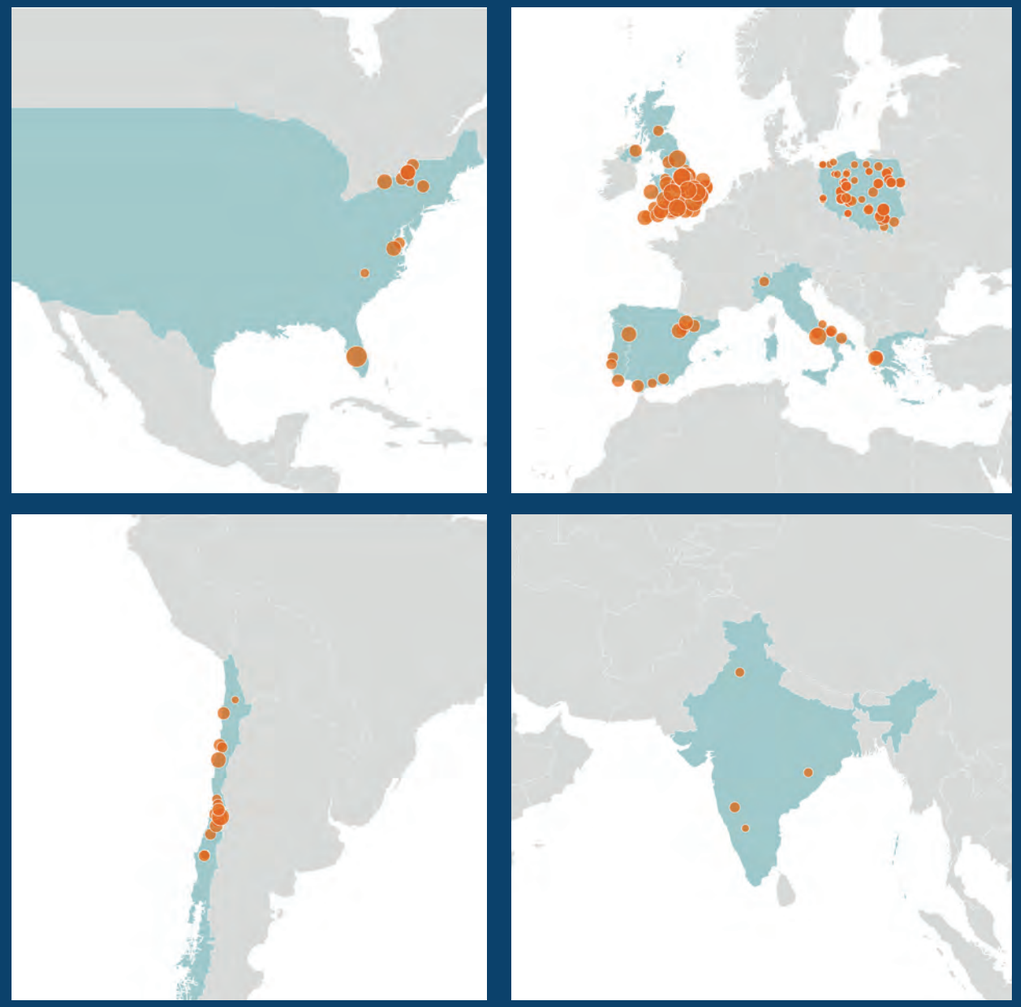
By combining SoN and SoNp with the biodiversity conditions of each region, NEC generated a final prioritisation score for its assets. This ranking enables us to prioritise sites based on their contribution to biodiversity loss drivers, ensuring that targeted and effective mitigation strategies are deployed where they are most needed.

Figure 8: Priority locations for GHG emissions



NEC's systematic approach to assessing climate and nature-related impacts allows us to develop robust risk management procedures aligned with NEC's Sustainable Investment Policy and NextEnergy Group's Sustainability Policies. This also supports the development of effective targets and monitoring systems, guiding our planning, budgeting, and reporting across the business. As our activities diversify, we will regularly update our materiality assessment to reflect evolving circumstances and ensure continued relevance to our investments. To facilitate this, NEC's methodology is designed to be iterative, allowing for the continuous identification, integration, and refinement of material climate and nature-related topics within its due diligence, monitoring, mitigation, and measurement processes.

FIgure 9: Priority locations for Soil Pollution



High Impact Commodities (HIC)

The SBTN has designated a non-exhaustive list of common environmental impacts associated with HICs, which significantly affect the ecosystems and regions from which they are extracted. To assess our exposure, NEC has conducted an upstream mapping exercise to analyse the source materials and production processes upon which its operations depend.

The assessment identified that silica sand, steel, and aluminium collectively account for approximately 92% of the raw materials used in NEC's solar modules, cables, access tracks, and mounting racks. These materials also contribute 93% of the freshwater footprint associated with the same components.

Effectively addressing the environmental impact of raw material extraction and processing requires precise knowledge of their geographic origins. However, due to the complexity of global supply chains, not all suppliers currently provide full visibility into raw material sourcing. To bridge this gap, NEC has prioritised establishing traceability targets to enable greater transparency in its supply chain. We have completed a nature-based LCA to more accurately estimate NEC's environmental footprint. This standardised assessment identifies nature-related impacts across key production processes, helping to prioritise improvements in HIC extraction and processing based on NEC's lifecycle impacts on nature.

6.4. Strategic response

As part of our commitment to sustainability leadership, NEC has established comprehensive strategies to avoid and reduce negative impacts on climate and nature, regenerate ecosystems, and transform its business practices in line with the mitigation hierarchy (i.e., avoid, reduce, restore and only then offset). The management of risks and opportunities in these areas has been embedded across our procurement processes, operational management, and long-term planning, ensuring sustainability remains a core pillar of decision-making. This strategic integration extends to asset acquisition criteria, capital allocation, and long-term target setting, reinforcing our commitment to responsible investment practices. By identifying and addressing sustainability risks and opportunities at a strategic level, we enhance our social licence to operate, strengthening our position as a trusted and responsible Investment Manager.

NEC's structured approach of integrating climate, nature, and social costs into ongoing planning, enables us to effectively align our sustainability objectives with resilient financial performance.

This is achieved through comprehensive due diligence, proprietary screening tools, external consultations, bespoke contractual schedules addressing ESG topics, and rigorous asset management practices.

Additionally, the adoption of relevant governance measures, such as supplier adherence to a NEC's Code of Conduct and the establishment of specific standards for contractors, reinforces these efforts and ensures accountability across the value chain.
To address upstream value chain interactions, NEC has prioritised enhancing supply chain visibility by focusing on advanced due diligence process development and environmental and social impact monitoring. NEC's activity includes carrying out detailed assessments of supplier social and environmental practices, commissioning third-party audits to establish raw material origins, and ensuring robust contractual protections, such as termination clauses that enable products to be rejected should they be sourced from at-risk regions.

Figure 10: Mitigation Hierarchy

CLIMATE

6.4.1 Climate

NEC's strategic response to our climate impacts is to first map and understand where and how it can decarbonise its operations and supply chain and then take action to achieve these goals. As discussed in section 5.7, the Company continues to work on a dedicated climate strategy. We intend to release a TPT-aligned Transition Plan in the year ending 31 December 2025, and to submit emissions reduction targets to the SBTi as approved by the NEIL team, with subsequent disclosures. The SBTi targets will provide interim (2035) and 2050 decarbonisation targets, and the Transition Plan will detail the key steps required by NEC to achieve them. To report on our progress, we have aligned our disclosures, as an early and voluntary adopter, with the ISSB.

NATURE

6.4.2 Nature

NEC's approach to nature involves mapping and understanding of our terrestrial and broader environmental impacts, followed by prioritisation of high impact areas and targeted actions to address key concerns. To structure this action, we are following NextEnergy Group's Nature Strategy, which was introduced earlier in this Report, and includes actionable targets intended to be achieved by 2030. These are:

- **No Conversion of Natural Ecosystems:** an SBTN-aligned commitment to prevent the material loss of natural ecosystems in direct operations and supply chains;
- **Responsible Land Use Target:** to ensure the Group remains a responsible land steward across its assets, implementing nature management plans and prioritising dual land-use regimes;
- **30×30 Nature Restoration Target:** to restore natural ecosystems in the regions where the Group operates and which need support; and
- **Supply Chain Transparency and Sustainability:** to ensure that the resources we depend on are sourced responsibly and in a transparent manner.

To further integrate nature-related considerations into its decision-making, NEC intends to implement a Natural Capital Accounting framework, enhancing the alignment between financial performance and sustainability goals. Additionally, NEC has recently completed a nature-based Lifecycle Assessment **(LCA)** to provide data-driven insights into the impact of its value chain on nature, ensuring continuous improvement as the Company expands its portfolio.

Together, these initiatives will address key nature-related challenges, such as land-use change and biodiversity loss, within the broader sustainability efforts of the solar industry.

SOCIAL

6.4.3 Social

NEC is committed to upholding health and safety standards, respecting human rights, acting responsibly towards and engaging with local communities, and working towards supporting diversity and inclusion across the solar and energy storage industry.

NextEnergy Group has developed and implemented a Health and Safety Management System **(HSMS)** which is aligned with ISO-compliant standards. Following the Deming Cycle of Plan, Do, Check, Act, the HSMS reinforces our commitment to safeguarding the health and safety of our workforce and partners. It reaffirms our commitment to protecting the health and safety of those we work with and is guided by our robust risk management and assessment processes tailored to our assets, contractors, and operations. These feed into Health and Safety reports prepared by our Health and Safety team, which are shared at GLT level. Please refer to section 8.5 for our metrics.

NEC's approach to social and human rights issues is guided by our **Sustainable Investment Policy** and the Group's Sustainability Policies. These policies include its **Human Rights Position Statement** and **Code of Conduct for Suppliers**, both of which sit within the broader **NextEnergy Capital Sustainability Strategy and Framework**. Our commitments are also informed by international frameworks, such as the UN Guiding Principles on Business and Human Rights, OECD Guidelines on Multinational Enterprises, and the Equator Principles.

NEC is a signatory to the **UK solar industry supply chain statement** and the **US Solar Industry Forced Labor Prevention Pledge**. NextEnergy Group is additionally a proud member TISFD alliance, actively contributing to the development of its evolving social and human rights framework.

Our community impact approach involves maximising local involvement in project planning, development, and operations as well as investing directly in communities, responding to their needs and supporting their human capital development. NEC, through The Group additionally supports charitable giving through its international charity, the **NextEnergy Foundation**.

Recognising the importance of diversity and inclusion across the renewable energy sector, NEC continues to develop targeted workstreams to attract, retain, and support a diverse range of talent. Details on NEC's initiatives in this area during the year ended 31 December 2024 are outlined in section 8.5.

6.5. Trade-off considerations

When evaluating potential trade-offs, The Group's Sustainability Framework guides the process, establishing clear environmental and social standards that investment and operational decisions must meet. Sustainability is a central priority for NEC, however as a commercial entity, financial risk is a fundamental driver of decision-making. Trade-offs are therefore generally considered in terms of cost and sustainability, recognising that the financial implications of sustainability-related activities may involve short-term costs but create long-term value.

For example, short-term operational expenses may rise as result of enhanced due diligence procedures, such as supply chain audits, or implementing nature commitments including offsetting and restoration commitments. However, this investment will mitigate our medium- and long-term risks, such as potential regulatory penalties, reputational damage, and supply chain disruption. Similarly, procuring components with lower embodied carbon might imply higher capital expenditure, but would reduce our climate impact, and the potential costs of future compliance, including those linked to emerging regulatory frameworks, such as the EU CBAM.

NEC therefore aims to make balanced decisions that support the longevity of its activity and the achievement of its overarching sustainability objective, which is to generate renewable energy.

6.6. Climate, nature and social-related financial impacts (current and anticipated)

NEC recognises that sustainability-related risks and opportunities may influence its financial position, performance, and cash flows. Near-term investments for compliance, restoration and adaptation are part of our strategic approach to ensure long term resilience and value creation. By integrating sustainability considerations across all phases of our operations, we increase resilience across our portfolio and associated returns, maintain alignment with investor and regulatory expectations and ultimately reinforce the value of our managed assets. Additionally, this further strengthens the appeal and confidence of our investment advice.

To support this transition, NEC has allocated resources to build internal capacity, leveraging and enhancing governance frameworks, strategic partnerships, and innovations in our environmental accounting to adapt to evolving climate and nature-related challenges. By utilising scenario tools and impact modelling, we are well-positioned to anticipate and respond to uncertainties, ensuring that our strategy remains aligned with both sustainability and financial performance goals.

Globally, all major asset classes are exposed to climate change risk. At NEC, we acknowledge that climate-related physical risks, such as extreme weather events, could negatively impact the performance and longevity of our solar assets and may require additional support for operational adjustments. Conversely, whilst there are transitional risk considerations, our focus on solar infrastructure and energy storage positions us to capitalise on increasing global demand for renewable energy throughout the low-carbon transition, supporting revenue and cash flow growth across all time horizons. These risks are assessed via several approaches and mitigated according to materiality. For more information on risk management, please refer to Section 7 of this document

Our efforts to manage nature-related risks and opportunities across our solar sites and supply chain, including the implementation of our 2030 commitments for nature, may influence financial performance. For example, implementing nature management and biodiversity initiatives could increase expenditure. However, with growing public awareness of corporate environmental

impacts, these initiatives help NEC maintain its social licence to operate, reducing reputational risks, while unlocking new revenue streams, such as Biodiversity Net Gain credits.

Alongside climate and nature related considerations, social risks, if left unmanaged, can potentially affect our financial performance. These risks may arise across all stages of our investment and operations lifecycle, from supply chain due diligence (where issues such as human rights, import restrictions, and reputational concerns may emerge) to community relations at the asset level. Our proactive management of social risks and opportunities across these phases represents a near-term investment that enhances resilience, protects reputation, and reduces long-term financial exposure across our portfolio.

In addition, NextEnergy Group's ongoing development of a Social Strategy, which NEC will adopt and implement once published, as well as proactive engagement with local communities, supports our licence to operate, reinforces our industry standing, and helps unlock future investment opportunities.

Given the potential financial implications, NEC assesses these risks on an ongoing basis. We assess climate-related risks for financial materiality in line with ISSB S2 Standard, and nature-related risks in line with the TNFD Recommendations.

Scenario analysis – climate and nature risks

NextEnergy Capital's portfolio has undergone an extensive climate and nature risk assessment, including review and application of relevant industry and sectoral tools, including:

- Analysis of multiple climate warming scenarios, based on the Shared Socio-economic Pathways **(SSPs)** established by the International Panel on Climate Change **(IPCC)**.
- The WWF Risk Filter Suite, developed by the WWF.
- The ENCORE database, created by the Natural Capital Finance Alliance in collaboration with the United Nations Environment Programme **(UNEP)**.

Based on these tools, NEC has assessed our funds' exposure to changing physical risks associated with varying degrees of global average temperature increases (i.e. climate change scenarios), and examined how our activities interact with key drivers of biodiversity loss across our value chain.

Climate scenario analysis

In accordance with ISSB S2, NEC has conducted a comprehensive, multi-faceted climate risk analysis across our entire portfolio of assets and office locations. These assessments utilise the IPCC's SSPs and evaluate potential climate-related risks under various global emissions trajectories. These scenarios are set out in the table below:

Table 5: Description of the SSPs used for the scenario analysis

Climate Scenarios	Scenario Analysis	Description
SSP1-2.6	Portfolio and Corporate Level	Assumes net zero emissions after 2050. Temperatures stabilise around 1.8°C above pre-industrial levels by 2100.
SSP2-4.5	Portfolio Level	Emissions decrease but do not reach net zero by 2100. Temperatures rise 2.7°C above pre-industrial levels by 2100.
SSP3-7.0	Corporate Level	Projects global emissions remain high throughout the 21st century, resulting in global average temperatures rising by approximately 3.7°C above pre-industrial levels by 2100.
SSP5-8.5	Portfolio and Corporate Level	Represents an unchecked fossil-fuel driven future. CO2 emissions double by 2050 leading to 4.4°C temperature rise by 2100.

NEC has used a variety of datasets to inform our climate modelling approach:

- **Water Stress Analysis:** Using the World Resources Institute's Aqueduct tool to model changes in water availability across NEC's portfolio and office locations under the different SSP scenarios.
- **Heat Stress Analysis:** Using projected data from the sixth Coupled Model Intercomparison Project (CMIP6), accessible through the World Bank Climate Change Knowledge Portal. CMIP6 generates authoritative global climate model projections informed by the most current climate science and data assessed by the IPCC.
- **Flood Risk Analysis:** Focusing on NEC's portfolio of renewable energy assets to assess exposure to acute (i.e., event-driven) physical climate impacts.

Climate Exposure

To determine the climate risk presented, we adopted and applied the IPCC approach at the asset level, before aggregating to portfolio level to give an overall portfolio score. This approach relies on data from the CMIP6 as the basis for the assessment, which is the same data upon which the most recent Sixth IPCC report (AR6) was based. We conducted this assessment for all NEC's global assets, and over three scenarios to capture a range of outcomes and to stress-test exposure to changing physical climate risks.

The overall climate risk scores under these scenarios are shown in Table 6. The figures represent the proportion of NEC's portfolio exposed to potentially financially material climate loss when materiality is disaggregated by asset. They represent an exposure to risk, not a value of potential financial loss, and therefore do not imply total loss of the exposed sites.

Table 6: The scenarios associated with the different climate scores[4]

Scenario	NEC Climate Risk Score
SSP1-2.6	5.9%
SSP2-4.5	7.4%
SSP5-8.5	8.1%

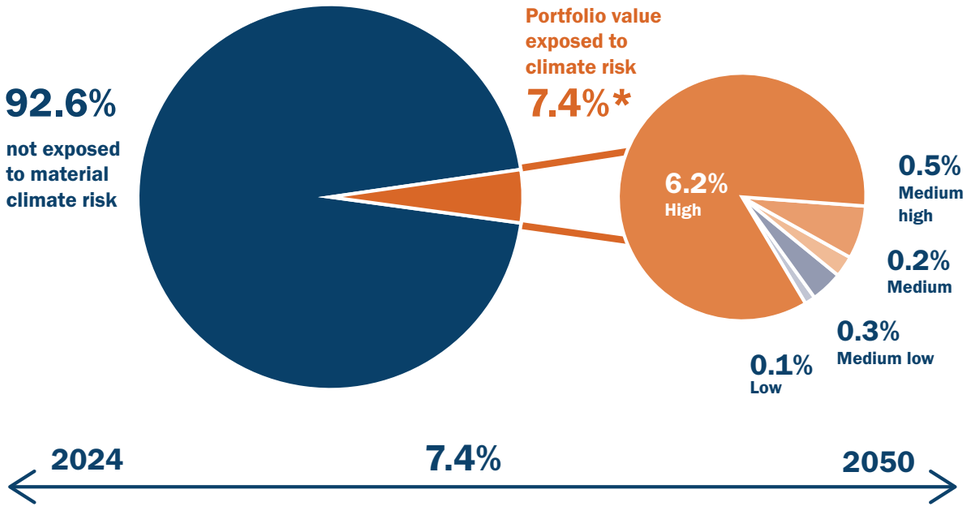
The overall scores are low and reflect a strong degree of resilience in NEC's portfolio.

4 The climate risk scores represent the level of potential adverse impacts due to climate-related factors, rather than directly corresponding to financial loss percentages.

Figure 11: NEC climate risk exposure

For further detail on NEC's climate risk exposure, see the Technical Annex: Climate Risk Exposure.

The overall portfolio climate risk score for the Company under the most relevant scenario SSP2 is 7.4%. This means that 7.4% of the NEC portfolio will likely experience some level of financial loss between now and 2050 due to climate change. A breakdown of this exposure by risk level is below.



*This represents the portfolio value likely to experience some financial loss between now and 2050 - the scale of loss is uncertain but on an annualised basis is highly immaterial

Nature scenario analysis

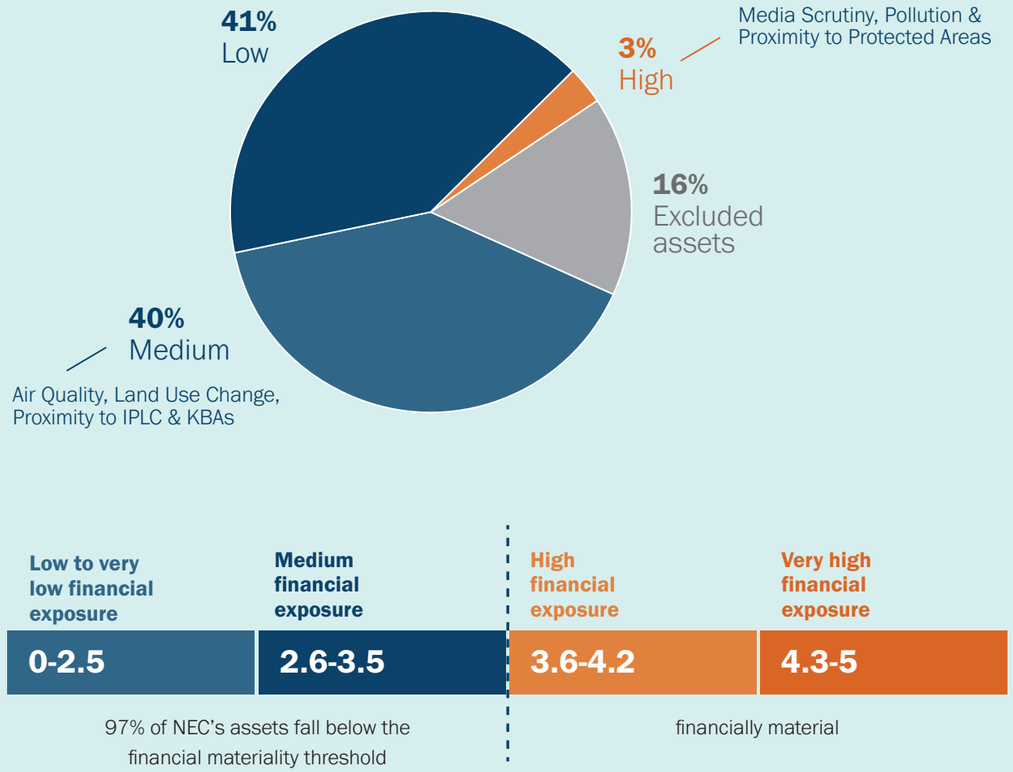
NEC's comprehensive nature-based assessment gives us a detailed understanding of the specific impacts and dependencies resulting from our operations, the associated risks these pose to business continuity and ecosystem health, and the opportunities they present for mitigation, adaptation, and value creation. This enables us to evaluate the materiality of each factor and reflect its significance in both sustainability and financial terms.

Based on our nature assessment, we have modelled our exposure to a range of nature-related scenarios. For example, in one scenario, tightening regulation on land use and water pollution would increase costs associated with permitting, environmental offsets, and medium-term remediation. This would require us to invest in technology for freshwater management in the upstream stages of our supply chain, implement enhanced traceability practices, and develop targeted partnerships with stakeholders to monitor and comply with stricter standards.

Another scenario considers physical risks, such as ecosystem degradation in high-risk locations where we have exposure. This could lead to costs including land rehabilitation and reduced operational efficiency. In this case, our measures and resilience planning, such as our Nature Management Plans, would help us pre-empt and mitigate potential financial impacts.

Our nature-related risk identification, monitoring, and response actions mean we are well placed to respond effectively to the nature scenarios we have identified. See Sections 7.2, 7.3 and 7.4 for further information.

Figure 12: NEC's nature risk exposure



Nature exposure

NEC has evaluated its overall exposure to potential nature-related materiality financial risk in line with the Recommendation of the TNFD. Using a financial risk threshold adapted from the WWF Biodiversity Risk Filter and its recommended interpretation, we have established a financial risk threshold scale from 1-5. We have assessed that the nature-related risks for assets with an exposure score below 3.5 to be financially immaterial. We however consider it prudent to assess exposure across all categories. Based on this assessment, 97% of our assets present a nature-related financial risk greater than 3.5.

Based on this scoring framework, 41% of our portfolio is classified as low risk, 40% as medium risk, and 3% as high risk, with 16% of assets excluded from the assessment. The results, summarised in Figure 12, reflect relative exposure to nature-related risks rather than a direct estimate of potential financial loss. Rooftop assets and non-generating sites have been excluded from the analysis and classified as "excluded assets" in the figure.

Our analysis has shown that key drivers of medium-risk exposure include air quality, land use change, and proximity to Indigenous Peoples and Local Communities (IPLCs), while high-risk exposure is influenced by factors such as media scrutiny, pollution, and proximity to protected areas.

6.7 Transition risks and opportunities across jurisdictions

NEC's assets are located in nine countries across four continents: Europe, North and South America and South Asia, exposing the us to country-specific transition and sustainability risks and opportunities, including policy and regulatory changes, new market designs, and community expectations. We assess these risks through a financial materiality lens, ensuring that NEC can effectively navigate emerging risks and opportunities in the evolving sustainability and energy transition landscape. Given its uncertain trajectory, we maintain ongoing monitoring to support proactive adaptation and long-term resilience.

6.7.1. Policy and legal risks and opportunities

Operational Risks and Opportunities

In 2024, NEC navigated a complex policy landscape marked by both challenges and advantages. Following COP28's Global Stocktake, major economies have advanced climate regulations, with the EU's CBAM implementation creating potential cost implications for cross-border development, adding to existing UK and EU Emission Trading Schemes (ETS) and with the intention of expanding its list of covered products, it could lead to a cost increase in affected relevant imports through taxation. However, it also brings direct positive benefits such as driving manufacturer improvements, lower global warming potential and lower carbon footprint of purchased products and NEC's overall Scope 3 emissions footprint. While the UK's post-Brexit sustainability disclosure framework divergence requires dual compliance systems and shifting US Inflation Reduction Act qualification criteria affect project economics, these developments are counterbalanced by significant opportunities. The EU's REPowerEU plan acceleration increases solar deployment targets, India's renewable purchase obligations drive utility-scale demand, and the full implementation of US investment tax credits strengthens returns for NEC's projects. These frameworks collectively reinforce NEC's business case for a solar strategy while creating entry points into emerging market segments.

Supply Chain Risks and Opportunities

Policy changes in 2024 present a dual impact on NEC's supply chain. Increased scrutiny on solar component sourcing, particularly regarding forced labour concerns from the Xinjiang region, necessitates enhanced due diligence documentation. The EU's circular economy regulations mandate end-of-life planning for solar panels, potentially increasing procurement costs, while competing national content requirements complicate global procurement strategy. However, these challenges are offset by domestic manufacturing subsidies across multiple markets that could reduce reliance on concentrated supply chains. The EU Solar Charter incentivises European manufacturing, creating supply diversification opportunities, while circular economy frameworks offer economic benefits through formalised panel recycling programs. Carbon border adjustments, though initially challenging, may ultimately benefit NEC by rewarding lower emissions intensity in manufacturing.

Stakeholder engagement

NEC benefits from its extensive involvement in UK and European industry action to drive a more responsible solar industry, across a range of climate, nature and social issues related to our sustainability and ESG activity. This notably includes our participation in the Solar Stewardship Initiative (SSI), of which we are a founding member. The SSI, which includes a multi-stakeholder governance mechanism, was established to create industry-wide sustainability standards for the solar sector, and in April 2024 launched the first solar-specific ESG standard, followed in December 2024 by an industry-wide Supply Chain Traceability Standard.

We have contributed to the development of both Standards and are represented on the SSI Board by NextEnergy Group's Head of ESG, while the Group's Supply Chain ESG Lead is a member of the SSI Working Group developing a Buyers' Guide. During the year ended 31 December 2024, the Supply Chain ESG Lead also chaired the forum of the UK industry working group on supply chain sustainability issues, the SEUK Responsible Sourcing Steering Group, and the Group Lead for Nature Chaired the SEUK Natural Capital Steering Group, as well as being an Industrial Advisory Board Member for the Sustainable Solar Energy Systems (SES) Network.

In 2024 the Head of ESG, Supply Chain ESG Lead and Group Lead for Nature directly briefed UK government officials and Parliamentarians on sustainability issues in their respective industry capacities. NEC staff further contributes to lobbying in the EU through SPE, take part in conferences, panels and events, and support academic and other research projects where possible.

NEC membership and initiatives

Solar Energy UK (SEUK)

- Giulia Guidi, Group Head of ESG, serves as a member of the Board.
- Sulwen Vaughan, SPV Director, chairs the SEUK Natural Capital Working Group.
- Hing Kin Lee, Group Lead for Nature, chairs the SEUK Natural Capital Steering Group.
- Kevin McCann, Supply Chain ESG Lead, chairs the SEUK Responsible Sourcing Steering Group.

Solar Stewardship Initiative

- Group Head of ESG is a member of the Board.
- Supply Chain ESG Lead is a member of the Procurement Working Group.

NEC is also a member of or supports:

THE ELECTRICITY STORAGE NETWORK

IFRS

PRI Principles for Responsible Investment

Solar Energy UK

SolarPower Europe

SOLAR STEWARDSHIP INITIATIVE

TNFD Taskforce on Nature-related Financial Disclosures

6.7.2. Technological risks and opportunities

NextEnergy Capital is well positioned to capitalise on the opportunities presented by the transition to clean technologies, while managing the associated risks. The widening efficiency gap between NEC's existing solar farms and newer panel technologies potentially reduces the competitiveness of older assets in our portfolio. Additionally, the rapid development of low-carbon technologies, such as energy storage systems and smart grid solutions, could potentially disrupt our existing solar energy assets by altering the dynamics of electricity supply and demand.

However, these challenges are offset by commercial panel efficiency improvements, enhancing potential returns on NEC's new investments. Additionally, the integration of advanced battery storage systems with solar assets enables NEC to add value to existing assets while participating in capacity and frequency markets, creating revenue diversification beyond traditional power sales. For example, the maiden 50MW Camilla energy storage project in our listed fund, NextEnergy Solar Fund **(NESF)**, in Scotland supports the integration of renewable energy by charging when there is high renewable generation and discharging at times of low generation. It therefore replaces the use of fossil fuels and reduces cost to consumers. Camilla additionally provides valuable ancillary services to the grid to maintain its stability.

6.7.3. Market risks and opportunities

NEC actively monitors regulatory and market developments across key jurisdictions to assess their impact and respond accordingly.

Market-related transition risks, including shifts in power markets and pricing, evolving climate and nature-related regulations, litigation over non-compliance with social and environmental standards, and changing supply chain expectations, could lead to higher operational costs, reputational challenges, and barriers in accessing capital.

However, we are well positioned to capitalise on opportunities arising from the global transition to a low-carbon economy. As climate concerns intensify, governments, businesses, and consumers worldwide are prioritising sustainability, which in turn is driving demand for renewable energy, including solar power and is documented widely, including, **IEA World Energy Investment 2025**. Many regions, including countries where our assets are present, have set decarbonisation targets, accelerating policy reforms to support large-scale solar development.

These policy drivers, combined with the affordable cost of solar technology and increasing awareness of its environmental and economic benefits, are influencing market preferences toward low-carbon solutions. We monitor relevant market developments of the countries where NEC has assets to understand any potential impact and mitigate accordingly.

NEC's focus on solar energy means that it has limited exposure to any decline in demand for carbon intensive products or services. This could help insulate us from potential financial impacts, such as reduced revenues or increased costs associated with market changes. Moreover, the expanding market for solar power presents opportunities for us to target new customer segments, such as corporate buyers seeking to procure renewable energy to meet their sustainability goals (**Global Renewables Alliance 2025**) , or to enter new geographies with favourable solar resources and policy environments. By leveraging our expertise in solar project development and management, we can adapt our offerings to evolving customer needs and maximize opportunities in the expanding clean energy landscape.

6.7.4. Reputational risks and opportunities

NextEnergy Capital continuously demonstrates a strong commitment to building and maintaining our reputation as a leader in the transition to a low-carbon economy. Our focus on solar energy and proactive approach to sustainability have positioned us to capitalise on the reputational benefits of being a clean energy provider with a sound risk management approach. This includes the continuous enhancement of our disclosures and reporting. Investors, regulators, and broader stakeholders are increasingly aware of the twin risks of greenwashing and greenhushing. These can be understood as the risk of overstating or understating sustainability credentials, respectively, and may materialise through fraud or error. NEC's strong governance and risk management approach ensures that these risks do not arise and reinforces trust among our stakeholders.

To further strengthen our commitment to transparency and accountability, NEC has taken early and voluntary steps to align our disclosures with the ISSB, TNFD frameworks and contribute to the development of the TISFD through our membership with the TISFD Alliance. Our commitment to achieving and retaining Article 9 status under the EU SFDR further enhances our credibility. NEC regularly engages with our stakeholders to articulate our efforts in delivering responsible clean energy projects, ensuring continued public support for the energy transition.

We consider our social licence to operate as critical to mitigate any negative impact on this is a risk for future project approvals. We actively engage with local communities, promote environmental education, and support sustainable development initiatives through our solar projects. Our community engagement initiatives, such as dedicated asset specific stakeholder engagement plans with third party specialist consultants, where we have identified material need, partnering with schools and supporting biodiversity conservation efforts, have helped build trust and foster positive relationships with the communities, landowners and broader stakeholders in the areas where we operate.

NEC's commitment to sustainability extends beyond our direct operations, as evidenced by our support for global initiatives like the SSI and endorsement of industry-wide responsible supply chain standards. These partnerships reinforce our leadership in driving the transition to a low-carbon future and further strengthen its reputation as a responsible investor across different markets. Our track record of delivering clean energy solutions and creating long-term value builds our potential enhance our reputation internationally in the years ahead.

6.8. Resilience of strategy

NEC's sustainability strategy, along with our proactive approach to risk management, strengthens our resilience against sustainability-related challenges. This ensures agility and adaptability across our operations and value chain, allowing us to navigate evolving environmental and regulatory landscapes effectively.

NEC's investments in Solar+ technologies play a crucial role in strengthening climate resilience by supporting both mitigation and adaptation efforts. Through proactive disclosure of potentially material financial risks related to climate change, nature, and social considerations, which are aligned with the ISSB S1 and S2 Standards and the Recommended Disclosures of the TNFD, we ensure transparency and preparedness, reinforcing the robustness of our sustainability strategy.

Our ongoing work to assess and understand other sustainability impacts and dependencies, and integrate these into decision-making processes, demonstrate our commitment to further increasing our strategy resilience. This includes the development and publication of NextEnergy Group's Nature Strategy in 2024, the ongoing development and anticipated publication of the Group's Climate Transition and Net Zero Strategy in 2025, the Group's commitment to develop a dedicated social strategy and the due diligence and engagement with our value chain counterparties.

Through continuous monitoring and assessment of risks and opportunities, coupled with our adaptable business model, NEC is well equipped to navigate the challenges and opportunities presented by the transition to a more sustainable future.

7.

Risk management

7.1. Risk identification and assessment processes

NEC employs a comprehensive approach to identify, assess, prioritise, and monitor potential financially material sustainability related risks and opportunities, in our direct operations and across its value chain. We utilise a bespoke sustainability and ESG tool to evaluate new assets at each relevant stage of their lifecycle, from pre-acquisition through construction and into operation. We perform each assessment in line with our Sustainable Investment Policy and the topic-specific Position Statements which form part of NextEnergy Group's Sustainability Policies. Our findings inform the development of an asset-specific ESGAP to mitigate financially material risks and other significant impact related risk. The ESGAP is subsequently integrated into the broader investment opportunity and presented to each of NEC's funds' Investment Committees for consideration of sustainability and financial impact before an acquisition is approved.

Once approved, responsibility for implementing the ESGAP transitions through clearly defined stages. If the asset is in construction or detailed design phase, it is first handed over from the Group ESG team to NEC's Construction and Procurement team, and subsequently passed to external contractors for execution during the construction phase. Following successful commissioning of the site, a formal handover of the ESGAP is undertaken with the NEC investment team, a dedicated Group ESG team member, and the operating Asset Manager, WiseEnergy, who assumes responsibility for ongoing risk management throughout the operational phase. As NEC maintains responsibilities and accountability for portfolios' performance, the Group ESG team works closely with the NEC investment team and WiseEnergy to stay on track with the ESGAP and improve performance across the asset's operational lifetime.

This structured process establishes clear accountability for sustainability related risks identified during due diligence to ensure effective mitigation and continuous assessment throughout each stage of the asset lifecycle. The following sections provide further details on our approach to risk management.

GEOSPATIAL DATA AND THE RISK IDENTIFICATION PROCESS

NEC continues to enhance its due diligence processes and asset operation reporting through its expanding use of spatial data, bespoke applications and analytics. Our in-house geospatial due diligence application serves as a critical and efficient risk identification and management tool, enabling NEC to screen out material environmental risk at an early stage, as well as monitor and analyse the impact of our solar assets. We systematically gather climate, nature, and social data (including flood zones, conservation sites, local constituencies and biodiversity indicators) from publicly available sources, computer models, and asset-level surveys. This data is integrated with financial information and mapped to support informed decision-making.

As an early adopter of the TNFD, NEC also calculates and applies a Biodiversity Intactness Index (BII) and Ecosystem Integrity Index (EII) assessment. These measure the state of nature in a particular location and how vulnerable it could be to environmental changes, thus enhancing the robustness of NEC's nature-related asset evaluations. These measures also mean NEC can implement nature-based solutions in locations where it can have the greatest long-term sustainability impact.

CLIMATE

7.1.1 Climate

NEC has worked closely with third-party climate experts, to establish climate-related criteria, identifying and assessing our exposure to climate risks as part of our broader risk identification process. These criteria encompass both physical and transition risks, with financial implications assessed through scenario analysis focused on flood risk, heat stress, and water stress- core categories in climate scenario modelling that act as umbrella indicators for a range of related hazards. For example, extreme heat analysis can also provide an indication of wildfire risk, while water stress and flood risk encompass drought, heavy rainfall and coastal flooding.

We evaluate these risks at the asset and portfolio level, as well as across our supply chain, to understand our climate exposure profile and financial materiality. Where risks are identified, the Group ESG team and relevant NEC teams assess the assets for resilience measures or mitigation opportunities, with necessary actions updates incorporated into the ESGAP. These measures are discussed internally based on the strong collaboration between the ESG team, NEC's Construction and Procurement, and Investment team, and WiseEnergy's Technical team.

NEC has further undertaken scenario assessments to evaluate potential physical climate impacts, including heat and water stress, across our corporate office locations. This assessment extends beyond asset-level risks, ensuring a comprehensive understanding of climate-related vulnerabilities across the business.

To complete the climate analysis across the organisation, we have additionally undertaken an emissions baselining and dependency mapping to inform our decarbonisation approach. It is actively investigating and implementing approaches to reduce material emissions sources, particularly across Scope 2 and Scope 3 emissions. Further details on these efforts are outlined in Section 8.2.

NATURE

7.1.2 Nature

During the reporting period, we have developed a comprehensive nature-related risk and opportunity assessment to establish an evidence-based nature strategy and action plan. Conducted in partnership with our third-party partner, the initiative encompassed our direct operations as well as our upstream value chain.

Our assessment criteria addressed physical, transition and reputational risks, supported by spatial analysis of asset level data as well as materiality evaluations. We conducted an in-depth analysis of dependencies and impacts on nature, including biodiversity and water, across its solar assets and sourcing activities, particularly upstream raw materials and high impact commodities. This process enabled us to incorporate pressure indicators such as land use, water consumption, and soil pollutants, alongside state-of-nature indicators like ecosystem integrity and biodiversity intactness.

To ensure effective risk management, NEC prioritised assets and supply chains using pressure state indices, which assess the relative scale of our environmental impact against the ability of local ecosystems to self-regulate. Where we identified assets with nature-related exposure, we reviewed them for resilience measures and captured mitigation or restoration opportunities into our ESGAP. This approach is embedded throughout the investment lifecycle, reinforcing our commitment to sustainability while ensuring our adaptability in response to evolving environmental risks.

SOCIAL

7.1.3 Social

NEC proactively monitors and addresses potential social risks, including those relating to health and safety, human rights, community engagement, and diversity and inclusion. Through structured frameworks and engagement processes, we aim to ensure safe working conditions, uphold ethical supply chain standards, maintain relationships with local communities, and foster an inclusive culture that strengthens long-term resilience and stakeholder trust.

In this section, we expand on the specific social factors that we are considering as part of the broader risk management.

Health & Safety

NEC's health and safety **(H&S)** approach is guided by the Group's HSMS framework and extends to our Engineering, Procurement and Construction **(EPC)** and O&M contractors, our communities, and throughout our supply chain. As our assets have mechanically simple designs, the inherent health and safety risks the Company faces relate to slips, trips and falls, minor cuts and bruises from accidental contact, falls from height, contact with wildlife, alongside electrical safety and site safety issues associated with asset locations.
We apply a robust approach to contractor prequalification that includes independent, third-party reviews of contractors' health and safety competencies and management systems. This process is grounded in a risk-based assessment of the potential scope of works, providing confidence that contractors engaged on our behalf are equipped with the necessary capabilities to manage health and safety risks effectively. In the event of an incident, prompt reporting enables us to investigate selected cases, offering further assurance regarding contractors' working practices and their ability to manage risk appropriately.

Community Engagement

NEC closely monitors policy developments and other factors that could affect local communities, particularly those in proximity to our assets. Throughout the investment cycle, we aim to maintain open and effective communication channels with all stakeholders and establish grievance mechanisms for those who are, or may be, affected by our activities or those of our suppliers. We include early screening, apply FPIC processes to ensure we are not impacting any Indigenous People and minority groups, and we have a clear mapping of key community stakeholders during the investment process. Where potential risks are identified, mitigation measures are included in the ESGAP. We then monitor the implementation of this plan throughout the investment, construction and operational phases.

We continue to strengthen our internal processes to enhance engagement and build strong relationships in the regions where we operate. The Group is in the process of developing its social strategy, which will be adopted by NEC, strengthening the consistency of this approach. In addition, we provide small grants to support environmental and educational initiatives and create positive international impact through our support of the NextEnergy Foundation, NextEnergy Group's international charity.

Human Rights

NEC maintains a structured approach to monitoring human rights risks across our operations and value chain. We are governed by NextEnergy Group's Human Rights Position Statement, which is part of NextEnergy Group's Sustainability Policies (Section 4). Given that the highest risk related to human rights sits within our supply chain, the Group has established a **Responsible Supply Chain** approach, which includes the **Code of Conduct for Suppliers**.

As part of our asset due diligence process, we assess potential risks related to products, material origins and working practices, including their ability to provide traceable raw materials in their products. This is a key mechanism to help avoid sourcing from regions at higher risk of human rights abuses, including modern slavery. Leveraging extensive expertise in solar supply chain risk management, we continuously monitor industry developments. This includes active participation in the SSI and trade association working groups focused on solar and battery storage supply chains, ensuring we remain aligned with evolving standards and best practices in human rights due diligence.

Diversity, Equity and Inclusion

Over the last year, NextEnergy Group's diversity and inclusion approach has had a particular focus on gender. The Group's gender balance is in line with the availability of candidates in the sustainable finance and renewables market. NextEnergy Group has however made notable progress in terms of the seniority of its female staff are who taking up management roles. Between December 2023 and November 2024, female managers across NextEnergy Group increased by 34%.

In 2024, in accordance with our SIP and the Group's Human Rights Position Statement, NEC upheld its commitment to the FPIC consultation process by providing support to the Diaguita Huillanco Indigenous Community located near the Travesía solar photovoltaic project in Chile. This support included the donation of surplus materials, aimed at promoting circular resource use and contributing to local value creation. Materials such as cable drums, pallets, and other reusable items were carefully delivered, offering the Community new opportunities to strengthen and enhance their shared spaces. The Community repurposed these materials to improve communal infrastructure, including the construction of durable tables, reinforcement of the local library and kitchen structures, support for a water tank installation, and creation of planters that now enhance shared spaces. Additional materials were used to fortify the community perimeter, contributing to both safety and a sense of collective identity.

This initiative exemplifies our integrated approach to combining operational efficiency, stakeholder engagement, and cultural respect to generate long-term positive impact in the regions where we operate.

7.2. Risk prioritisation and monitoring

NEC's approach to risk prioritisation and materiality is to assess the scale and scope of identified risks while considering financial materiality, direct ecosystem impacts, and supply chain dependencies. To determine financial materiality, we evaluate both the probability and magnitude of potential impacts on cash flows, access to finance, and the cost of capital. Risks we deem financially material trigger mitigation and monitoring protocols integrated into our risk management approach.

We conduct annual climate modelling to review and monitor our exposure to climate hazards. When we identify assets with climate risk, we assess them further for resilience measures, existing mitigations, and potential financial impacts. We consider the severity and probability of each risk at the portfolio level and incorporate them into our broader risk management framework.

In nature-related risk prioritisation, we base our prioritisation on the percentage of assets exposed to specific impacts and dependencies, our assessments of the State of Nature and State of Biodiversity, and the pressures exerted by our asset operations, following the methodology outlined in SBTN Step 1b. This approach is in line with TNFD definitions and classification methodologies.

At the asset level, nature-related risks can manifest in climate-related hazards such as wildfires and flooding, as well as soil pollution, land use change, habitat loss, and declining air quality. However, we also view these challenges as opportunities to integrate nature-based solutions, dual land-use measures, and ecosystem restoration in degraded and buffer areas. We incorporate sustainable solutions, such as introducing watercourses to mitigate wildfire risk or enhancing meadows and ponds to reduce flooding, into our planning, design, and operations.

Our due diligence process includes identifying social and community-related risks and opportunities through the ESGAP tool at transaction screening. NextEnergy Group is currently developing a Social Strategy to further structure our approach to social risk prioritisation, which NEC will adopt once published.

Our prioritisation of risks in the supply chain includes actions to protect against human rights abuses and to understand and address nature- and climate-related impacts. We take a risk-based approach to assessing module manufacturers, battery manufacturers, and major contractor suppliers prior to any investments or works. To refine our evaluation of supply chain impacts and dependencies, we conducted supply chain mapping to understand the materials and components used in our assets. This process supported the estimation of raw material quantities, particularly HICs, and helps us identify priority areas for risk mitigation.

7.3. Management of risks and opportunities

Transition risks	Impact	NEC response actions
Policy and Legal Transition Risks	1. Stricter manufacturing emissions standards or carbon pricing mechanisms (such as the EU Carbon Border Adjustment Mechanism) increase operational costs. 2. Planning processes and grid connectivity issues, including uncertainty around electricity market reforms (particularly in the UK), affect new or existing assets. 3. Potential litigation arising from non-compliance with environmental standards. 4. Potential risks associated with the increasing deployment of energy storage, including the use of conflict minerals in battery supply chains.	1. Work to enable the procurement of lower-carbon components including: development of a Climate Transition and net zero Strategy with detailed decarbonisation priorities; forthcoming submission of emissions reductions targets to the Science-Based Targets Initiative (SBTi); detailed supplier engagement to map progress against targets and net zero manufacturing capacity. 2. Proactive engagement with authorities on policy development processes. 3. Implementation of robust governance mechanisms and risk assessment procedures, and voluntary alignment with leading disclosure frameworks including ISSB S1, ISSB S2, and TNFD. 4. Ongoing support to industry supply chain initiatives, and development and implementation of bespoke battery supplier due diligence tools.
Market Transition Risks	1. Shifts in power markets and pricing that affect revenue streams. 2. Changing consumer supply chain expectations impact operations and reputation.	1. Ongoing monitoring of developments such as the UK's Review of Electricity Market Arrangements and diversification of portfolio with energy storage assets. 2. Development and implementation of policies including a specific approach to supply chain sustainability, and participation in industry groups to drive best practice.
Technology Transition Risks	1. Rapid advancement of alternative low-carbon technologies disrupt existing solar energy assets. 2. Changes in the costs of competing technologies affect the competitiveness of solar power.	1. Investment in battery storage projects to complement the solar portfolio and provide additional revenue flexibility. 2. Using Company expertise to pivot towards integrated clean technology solutions that combine solar power with energy storage and grid balancing services.
Reputational Transition Risks	1. Risks of greenwashing and greenhushing (overstating or understating sustainability credentials). 2. Supply chain volatility and changing demand for sustainable and low-impact manufacturing.	1. Implementation of strong governance and risk management approaches to maintain transparency through comprehensive reporting aligned with leading frameworks. 2. Implementation of comprehensive supply chain due diligence procedures, industry stewardship, and support to industry groups to drive best practice.
Physical risks		
Acute Physical Risks	1. Extreme weather events (storms, flooding) impact physical integrity of assets and operational performance 2. Natural disasters affect material extraction, transportation, and communities in the supply chain. 3. Wildfire risks to assets and surrounding areas.	1. Detailed climate risk assessment using the IPCC approach and CMIP 6 data and work to explore the implementation of an advanced climate risk assessment tool. Asset design to factor in adaptation and resilience mechanisms and manage placement of components on site. Dynamic monitoring of weather conditions at site and contractor planning. Use of water efficient approaches during construction, adopting waterless panel cleaning, and water management during operations. 2. Enhanced supply chain traceability and due diligence and organisation of workshops with technical experts to identify risk mitigation strategies. 3. Creation of asset-specific climate adaptation measures and consistent monitoring of physical climate risks across the portfolio.
Chronic Physical Risks	1. Long-term climate impacts affect stability and performance of solar assets. 2. Climate-driven impacts on supply chain efficiency and resource availability. 3. Increased maintenance costs due to climate-related impacts on equipment.	1. Scenario analysis conducted for climate warming scenarios based on IPCC Shared Socio-economic Pathways (SSP). 2. Mapping and analysis of material dependencies and emissions in the supply chain to identify pathways to decarbonisation. Engagement with suppliers to raise awareness and resilience and support supplier diversification 3. Proactive asset management practices through WiseEnergy and investment in technologies to improve operational efficiency.
Opportunities		
Climate-Related Opportunities	1. Growing market for solar power creates opportunities to target new customer segments 2. Potential to enhance reputation as a climate leader through transparent disclosure. 3. Opportunities to improve efficiency through new technologies. 4. Opportunity to meet new sources of demand for clean electricity, such as data centres.	1. Using expertise in solar investment management to adapt and create new solutions for corporate customers seeking to meet sustainability goals. 2. Early and voluntary adoption of leading frameworks (ISSB S1, ISSB S2, TNFD) and maintenance of EU SFDR Article 9 status. 3. Research, piloting, and deployment of advanced solar and storage solutions and exploring technologies that can reduce emissions and optimise maintenance. 4. Position of solar and storage assets to support growing electricity demand from digitalisation and emerging technologies.

Transition risks	Physical risks	NEC response actions
Disruption of operations, financial risk and exposure to extreme nature and climate events	Acute risks include landslide hazards and the immediate loss of ecosystem services, while chronic risks involve increased sedimentation and the long-term degradation of water quality in nearby waterways.	1. Implementation of integrated measures to enhance biodiversity and land management across assets, including dual land-use measures such as grazing and the establishment of wildflower meadows to support ecosystem health. 2. Prioritisation of sites in or close to degraded ecosystems for the implementation of NMPs. 3. Establishment of targets to prevent intervention in or conversion of natural ecosystems in future acquisitions. 4. Screening of all new site acquisitions to ensure the protection of natural and sensitive ecosystems.
Supply chain disruption due to policy risks such as the introduction of mining restrictions or traceability requirements which limit component availability. Market risks due to supply chain disruptions due to supply chain volatility such as demand shifts or resource scarcity.	Chronic risks of diminished availability of key materials due to environmental degradation. Acute risks of natural disasters affecting material extraction, transportation and local communities.	1. Implementation of procurement processes which identify sensitive raw material sourcing locations, remediation measures, and requirements for third-party supplier certifications. 2. Initiation of a nature-based LCA to identify impact hotspots across different supply chain stages, with remediation targets to be set based on the findings. 3. Active participation in industry initiatives to support sustainable and ethical sourcing.
Policy risks relating to stricter water usage and quality standards impacting operations and supply chains.	Chronic risk of water scarcity, degraded water quality, and related impacts on local communities.	1. Creation of formal commitment and plan to support nature restoration and responsible resource management across Company operations and supply chain. 2. Adoption of 30x30 Restoration Target, prioritising restoration opportunities in highly sensitive or degraded ecosystems located in appropriate proximity to Company solar assets.
–	Chronic risk of flooding that can damage infrastructure, disrupt operations, and increase maintenance costs.	1. Implementation of NMPs for all sensitive and priority sites, prioritising ecosystem restoration and nature-based solutions in highly degraded areas. Dual land-use measures, such as natural meadows that support hydrological regulation, incorporated into asset Sustainability and ESG action plans.
Reputational risk with local communities on the use of land and biodiversity.	Chronic risk for communities that depend on protected areas for recreational, cultural, and aesthetic experiences.	1. Formal commitment to support nature restoration through 30x30 Restoration Target, prioritising restoration opportunities in highly sensitive or highly degraded ecosystems located in proximity to assets. Use of bespoke due diligence processes to prevent interventions in sensitive areas, biodiversity hotspots, or locations that could impact local communities. Stakeholder engagement to involve communities where they may be affected.
Policy risks due to stricter manufacturing emissions standards or carbon pricing mechanisms. Market risks due to the demand for low-impact manufacturing processes or less polluting components or materials.	Chronic risks due to gradual climate-driven impacts on manufacturing operations, such as resource scarcity or efficiency.	1. Implementation of Sustainable Investment Policy and approach to responsible supply chain management to ensure the Company supports industry-wide action, drives best practices, and benefits from the expertise of other supply chain professionals.
Policy risks due to land use regulations and enforcement to protect soil and water resources. Reputational risks due to the perception of contributing to unsustainable land management.	Chronic risks due to gradual loss of soil quality contributing to flooding and landslides in disaster-prone areas.	1. Implementation of integrated measures to develop nature and biodiversity management plans, prioritising highly degraded ecosystems and sensitive sites.
Policy risks due to habitat, land use and biodiversity restoration and conservation policies. Reputational risk due to proximity to sensitive areas.	Chronic risks due to long-term habitat degradation reducing resilience of ecosystem and ecosystem services provision.	1. Application of mitigation hierarchy to avoid, minimise, mitigate, and restore affected ecosystems and ecosystem services. Adoption of No Conversion of Natural Ecosystems target to ensure that future acquisitions and supply chain activities do not impact natural ecosystems.
Reputational risk with human and labour rights, displacement of communities and local conflict. Transitional and financial risks due to supply chain volatility and regulations of mineral extraction.	Chronic risks due to gradual reduction in water quality and availability due to overuse and contamination. Acute risks due to short-term water scarcity in already water-stressed areas impacting ecosystems and communities.	1. Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of targets to improve Tier 1 traceability by 2027, supported by the introduction of a Supplier Code of Conduct, Supplier Data Form, and Supplier Screening Questionnaire to proactively identify and mitigate risks. Use of contractual ESG Schedule for EPCs and contractors to strengthen oversight and participation in industry initiatives.
Reputational risk for poor environmental management with local communities near the disposal areas. Transitional risk with regulations on recycling and disposal of electronics and hazardous materials.	Acute risks due to leaching events causing immediate harm to surrounding ecosystems and communities. Chronic risks due to gradual ecosystem degradation reducing land and water quality over time.	1. Initiation of an end-of-life workstream and Investment Adviser support to initiatives including the Solar Stewardship Initiative.

NATURE RISK MANAGEMENT: NATURE MANAGEMENT PLANS

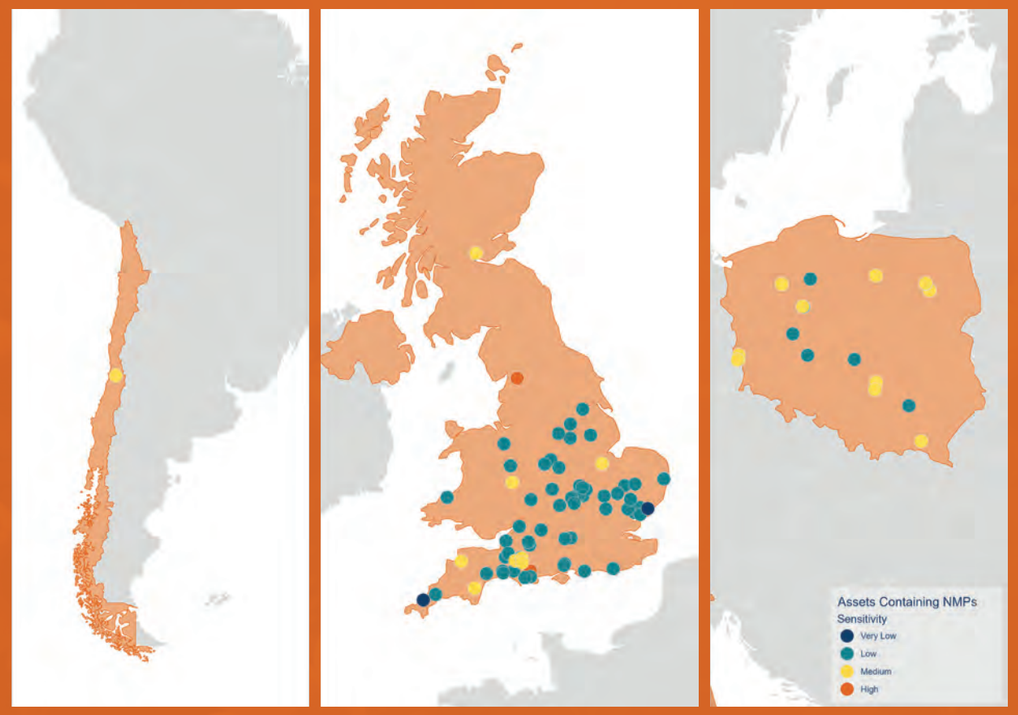
A core pillar of our nature risk management is our Sustainable Land Use Commitment. Under this initiative, we will develop and implement Nature Management Plans (NMPs) for all assets located in highly sensitive or high-priority landscapes by 2028. These comprehensive plans outline strategies, interventions, and actions to protect, conserve, and enhance natural ecosystems, going beyond minimum regulatory requirements.

Through NMPs, we take a holistic approach to biodiversity, integrating considerations such as soil health, water management, ecosystem connectivity, and overall landscape functionality into our asset management, rather than focusing solely on species-level metrics.

We prioritise assets for NMP deployment using a structured set of criteria, including:

- **The sensitivity of the surrounding landscape**
- **Proximity to protected areas within a 30 km radius**
- **The Biodiversity Integrity Index (BII) and Ecosystem Integrity Index (EII) of the site**

This landscape-based screening methodology, informed by our materiality assessment, ensures that we target nature-positive interventions where they are most impactful. These NMPs also complement and build on our existing local approaches while expanding this methodology on a global scale.



7.4. Integration with overall risk management

NEC adopts a risk management culture in which we identify, assess, prioritise, and monitor risks through both formal and informal processes.

NEC works closely with the Group ESG team to evaluate financially material sustainability-related risks and opportunities, determine appropriate mitigation measures, and present our findings to the appropriate fund Investment Committee for final decision-making.

This risk management approach ensures that sustainability-related financial risks and opportunities are incorporated consistently across all teams and integrated in the broader investment process. Embedding ESG considerations early in the investment cycle enables the identification of material risks and opportunities, supports informed decision-making, including “no-go” outcomes where necessary, ensures that required mitigation measures are reflected in capex and opex allocations throughout the asset lifecycle.

8.

Metrics and targets

In the last year, NEC has developed metrics and set targets for nature, continues forward with its existing climate metrics and is in the process of developing targets for climate-related issues. In addition, we also gather and analyse data on social-related factors. While these are material from a sustainability perspective, they have not yet been assessed for financial materiality. The Group is however working on a social strategy, which NEC will adopt. Additional information on our climate, nature, and social topics is presented in the sections below.

8.1 Climate-related metrics

Our emissions occur at two levels: corporate and financed. We follow the GHG Protocol Corporate Standard17 to categorise these emissions. Our corporate emissions are Scope 1, 2 and 3 (Categories 1-14) and the financed emissions from NEC's funds are Scope 3 (Category 15). The latter can be further divided into the funds' direct (Scope 1), operational (Scope 2) and value chain (Scope 3) emissions. Our funds' financed emissions are the most material to our business. Our climate metrics and targets focus on converging the financed Scope 2 and 3 emissions from our funds towards net zero by 2050. Our overarching approach is aligned with the SBTi's Financial Institutions Net Zero Standard and we have set targets following the SBTi's sector-specific pathways and the Transition Plan that will be issued by year end.

NEC's Scope 1, 2 and 3 GHG emissions and our emissions avoided for the year ended 31 December 2024 are illustrated in Figure 13-14. Given some co-investment activities, and specifically NESF direct investment in some NEIII assets, these figures are adjusted to avoid double counting at NEC level.

As can be seen from the figures, our emissions avoided, which stand at 689,467tCO2e are significantly higher than the sum of our NEC financed and corporate emissions.

Figure 13: NEC Emissions (tCO2e)

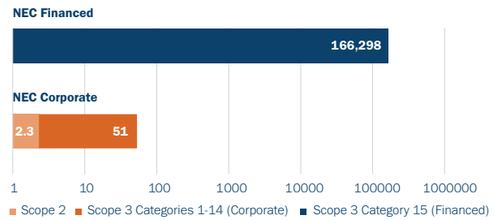
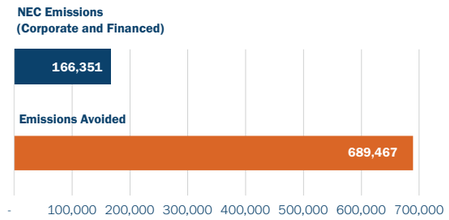


Figure14: -Emissions Avoided versus Total Emissions (bar graph)



NEC GHG EMISSIONS
NEC's GHG emissions are categorised based on their source:

- **Scope 1 emissions are direct emissions from sources we own or control. These amounted to 0 tCO_2e for the year ended 31 December 2024.**

- **Scope 2 emissions are indirect emissions from the generation of purchased energy. These amounted to 2.34 tCO_2e (market-based) for the year ended 31 December 2024. These emissions result from electricity we purchase from the grid to support our corporate offices.**

- **Scope 3 emissions encompass all other indirect emissions across the value chain and have a total footprint of 166,351tCO2e across the scope 3 categories . Table X provides a breakdown across the various categories.**

Table 7: Emissions

Activity	Emissions
Scope 3: 1 Purchased Goods & Services	0.05
Scope 3: 3 Fuel & Energy Related Activities	0.21
Scope 3: 5 Waste Generated in Operations	0.04
Scope 3: 6 Business Travel	31
Scope 3: 8 Upstream Leased Assets	20
Scope 3: 15 Financed Emissions	166,298

As is evident, Scope 3:15 - Financed Emissions is by far the most material and consist of the asset operational scope 2 emissions, contractor emissions and the most material emission resulting from the supply chain. This includes manufacturing and shipping of components for asset solar PV panels and battery storage, and the extraction, mining and refining of raw materials.

We engage third-party experts to measure both our GHG emissions and emissions avoided, using the GHG Protocol and the methodologies developed by the Partnership for Carbon Accounting Financials **(PCAF)**. Further detail is available in the Technical Annex: Emissions calculations and climate risk.

8.2 Climate-related Targets

We are committed to aligning our GHG reduction targets with climate science and the Paris Agreement's goals and targets to limit the temperature increase to well below 2°C above pre-industrial levels (**UNFCCC**). This commitment is also made at the Group level. As a first step, the Group achieved carbon neutrality for its corporate operations for the first time in 2023, which covers its office and travel emissions footprint. NextEnergy Group's corporate emissions excludes the financed emissions from NEC's funds. Full details can be found in **NextEnergy Group's 2024 Sustainability Report**. Building on this achievement, we continue to focus on further reducing our emissions and implementing comprehensive decarbonisation strategies in line with the mitigation hierarchy (i.e., avoid, reduce, restore and only then offset).

As detailed in Section 5.7, we are targeting net zero by 2050 and are developing our TPT-aligned Transition Plan. Our carbon emissions reduction targets will be set in the year ending 2025 based on our comprehensive Scope 1, 2, and 3 baseline for the year ended 31 December 2024 and aligned with the SBTi's guidelines.

Figure 15: Operational Decarbonisation Dependencies

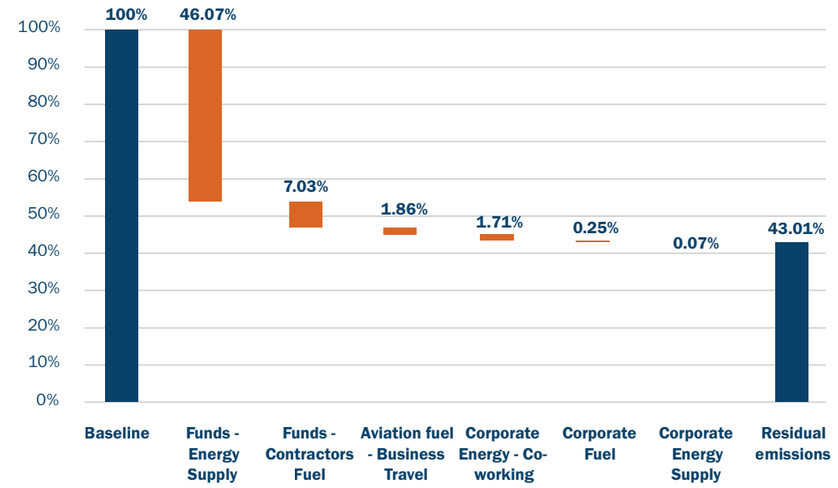
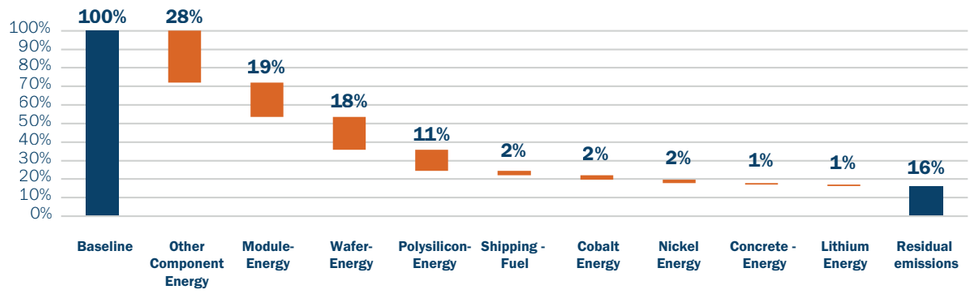


Figure 15 shows where NEC's can decarbonise our operational emissions for the year ended 31 December 2024. We estimate that we could reduce 46% of our baseline operational emissions by decreasing emissions associated with imported energy used on site, primarily by increasing the share of renewable electricity powering our security, monitoring, communications, and other infrastructure. An additional 7% reduction could be achieved by minimising fossil fuel use in contractor vehicles, both for travel to and movement on site. These reductions depend on increased availability of renewable electricity for on-site use and vehicle charging, as well as our contractors transitioning to electric vehicle fleets.

The residual emissions represent 43% of our baseline; these are the financed emissions which are not feasible to reduce by 2035. We will offset any remaining emissions by 2050 using verifiable offsets following the mitigation hierarchy.

Figure 16: Supply Chain Decarbonisation Dependencies



NEC has also mapped decarbonisation dependencies within our supply chain. The columns in in Figure 16 show the proportion of our baseline supply chain emissions that will be reduced by supplier targeted actions. For example, the supply chain steps attributed to the energy used account for 19% of the overall supply chain emissions baseline, and this will be decreased through existing commitments by key suppliers and grid operators. The

residual emissions column indicates that 16% of our supply chain emissions baseline is not feasible to reduce by 2050; and whilst there is a substantial period of time for this to change before 2050, currently these emissions will require offset using verifiable offsets to achieve carbon neutrality.

As with our operational emissions, the reductions shown in figure 16 are based on sectoral and jurisdictional targets as of 31 December 2024, including government and industry decarbonisation efforts in shipping and policies promoting electric transport. Our supply chain decarbonisation success depends not only on our own actions but also on wider third-party engagement, specifically, whether governments, industries, and companies deliver on their climate commitments. NEC continues to actively monitor and implement actions to ensure that the decarbonisation pathway will be successful, and this includes measures such as structured supplier engagement, monitoring net zero commitments of the suppliers, mandating certified lifecycle assessment documentation to assess the emissions (and other impact data) footprints of key products and progress of the overall efficiency measures and promises made by suppliers.

Calculating these metrics marks a significant milestone for NextEnergy Capital as we can now assess our progress against the targets outlined in Section 8.4 and disclose that progress in future reporting.

8.3. Nature-related metrics

We present our baseline interactions with nature using the metrics shown in Table 8. These metrics are aligned with the Recommendations of the TNFD and have been calculated using:

- The comprehensive supply chain mapping exercise we conducted as part of the materiality assessment to develop NextEnergy Group's Nature Strategy;
- The nature-related LCA;
- Additional nature data we have collected as part of our ongoing efforts to deepen our understanding of impacts and contribution.

Table 8: NEC TNFD metrics

Metric No.	Driver of Nature Change	Indicator	Metric	Upstream value chain	Direct Operations	Unit
C1.0	Land, freshwater & ocean-use change	Total spatial footprint	Surface area controlled/managed by the organisation	N/A	4274.72	ha
			Total disturbed area[5]	23,655,958.00	329.6	ha
			Total rehabilitated/restored area[6]	N/A	851.45	ha
C1.1		Extent of land, freshwater, ocean-use change	Total area by type of ecosystem	Not currently available[7]	4274.72	ha
			T3.3 Cool temperate heathlands - Shrublands and shrubby woodlands biome		13.16	ha
			T7.1 Annual croplands - Intensive land-use biome		3213.41	ha
			T7.2 Sown pastures and fields - Intensive land-use biome		676.16	ha
			T7.3 Plantations - Intensive land-use biome		229.11	
			T7.4 Urban and industrial ecosystems - Intensive land-use biome		59.36	ha
			T7.5 Derived semi-natural pastures and old fields - Intensive land-use biome		37.14	ha
			Unknown		46.38	
			Total area by type of business activity - PV asset	N/A	4273.62	ha
			Total area by type of business activity - BESS	0	1.1	ha
			Area conserved compliance	N/A[5]	289.5	ha
			Area sustainably mananged[8]	N/A	1646.67	ha
C2.0	Pollutants/ pollution removal	Pollutants released to soil split	Pollutants released to soil	447,041.52	2,069.79	tonnes
C2.1	Waste generation and disposal	Wastewater discharged	Wastewater discharged	12,903,378,459.61	67,854,818.73	tonnes
C2.2		Weight of hazardous and non-hazardous waste generated by type	Weight of non-hazardous waste generated	0.0	0.0	tonnes
			Weight of hazardous waste generated	0.0	0.0	tonnes
C2.3	Plastic pollution	Plastic footprint as measured by total weight of plastics used or sold	Plastic footprint as measured by total weight of plastics used or sold	0.00	0.00	m3
C2.4	Non-GHG air pollutants	Non-GHG air pollutants by type	Non-GHG air pollutants	10,273,023.91	39,237.25	tonnes
C3.0	Resource use / replenishment	Water withdrawal and consumption	Water withdrawal and consumption	681,967,520.56	3,564,016.79	m3
C3.1		Quantity of high-risk natural commodities sources from land/ ocean/freshwater	Quantity of high-risk natural commodities sourced from land/ocean/freshwater	111,267,004.36	177,623.99	tonnes
C7.0	Risk	TRANSITIONAL RISK - Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).	TOTAL		Proportion	$m
			NAV	135	5.56%	$
			Liabilities	-		$
			Revenue	3.4	1.70%	$
			Expenses	12.5	3.07%	$
C7.1		PHYSICAL RISK - Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).	TOTAL[9]		Proportion	$m
			NAV	483	19,89%	$
			Liabilities	-		$
			Revenue	20.5	10.3%	$
			Expenses	115	28.3%	$
C7.2		Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.	TOTAL	N/A	0	$m
C7.3	Opportunity	Amount of capital expenditure, financing or investment deployed towards nature-related opportunities, by type of opportunity, with reference to a government or regulator green investment taxonomy or third-party industry or NGO taxonomy, where relevant.	TOTAL[10]			$m
			Expenditure	-		$
			Financing	0.01		$
			Investment	-		$
C7.4		Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts.	TOTAL INCREASE			$
			Proportion of revenue	N/A		
A8.0	Risk	Physical risk	Number of locations/business lines/ facilities exposed to physical risk.	35 assets exposed to medium physical risk		Assets
G1.0	Governance	Number of members of board with competence in nature-related issues	One member of the NEIL team has competence in nature-related issues	One		
		Use of external expert advisers and subject matter experts to support board deliberations	NEIL oversees climate and nature strategies, risk management, and disclosures. NEIL, composed of senior experts across key sectors, also monitors NEC's service performance. The Group Head of ESG is a member of the NEIL team and the Nature Steering Committee, and engages regularly on sustainability strategy, performance, and reporting. The NEIL team takes the opportunity to elicit expert advice from the ESG team and various third-party providers as they deem appropriate.	10 ESG dedicated team members		
		Frequency that nature issues are discussed during board meetings	Nature-related issues are formally discussed at NEIL meetings at least four times per year, alongside numerous informal discussions throughout the year.	Four times per year alongside numerous informal meetings		

5 Disturbed area has been calculated based on the area directly impacted, such as infrastructure, roads, and hard standing. However, "disturbed area" does not include natural habitat, as it may overlap with rehabilitation activities within the boundaries of our assets, aimed at enhancing biodiversity value. For more details, see the Total Restored/Rehabilitated Area metric.
6 Ecological restoration is the process of assisting the recovery of an ecosystem to its original or a closely approximated natural state, including the re-establishment of native species, ecological structure, and self-sustaining functions. In contrast, rehabilitation focuses on enhancing ecosystem functionality and services without fully restoring the original or reference ecosystem, often by improving ecological conditions from a degraded or altered baseline. This may involve the introduction of modified landscapes, including the use of non-native or regionally appropriate species, depending on site conditions and land use history. In the context of NEC assets, the predisturbance state is typically agricultural land, which is already ecologically modified. Through appropriate interventions, such as establishing species-rich, native meadow habitats beneath and around solar arrays, we enhance biodiversity and ecological functioning beyond the agricultural baseline. While this does not constitute restoration to the site's original, pre-agricultural ecosystem (e.g. ancient grassland, heath, or woodland), it represents a form of ecological rehabilitation aligned with ecological principles. Accordingly, for the purposes of this disclosure, we report against this indicator on the basis of restoration and rehabilitation activities that measurably improve biodiversity and ecosystem service provision, even if they do not seek to fully restore original ecosystem conditions. This framing ensures clarity and alignment with current NEC land management practices, the site's historical context, the concept of shifting ecological baselines, and the TNFD framework. Note that the value reported includes projects supported by the NextEnergy Foundation to which NEC has contributed through direct donations.
7 Data not yet available. Future supply chain mapping and engagement will aim to identify and quantify upstream conservation and restoration efforts. This will support improved nature-related risk and opportunity assessments over time.

8 Areas classified as sustainably managed include land under dual-use regimes, agrivoltaic systems, and/or areas covered by Nature Management Plans. In many cases, NESF assets incorporate a combination of these practices. These sustainably managed areas often overlap with rehabilitated areas, as they involve activities that enhance biodiversity value and ecosystem function, even if they do not meet the strict criteria for ecological restoration.
9 Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NEC.
10 This value includes the financial donation made to the NextEnergy Foundation by NEC in the year ended 31 December 2024.

8.4 Nature-related targets

NEC has established time-bound targets and interim milestones across four core nature-related focus areas:

1. No conversion of natural ecosystems
2. Responsible land use
3. Natural ecosystem restoration
4. Supply chain transparency and sustainability

Figure 17: Nature Strategy Commitments

GOALS

	INTERIM TARGETS	INTERIM TARGET YEAR
No Conversion of Natural Ecosystems	**No conversion in direct operations**	2025
	No conversion in supply chains	2030
	Full remediation of all post-2020 conversion	
Responsible Land Use	**Nature management plans for all assets located in sensitive areas**	2028
	30% of managed land under dual-use	2030
30x30 Ecosystem Restoration Initiative	**Restoration of natural ecosystems in the ecoregions where NEC operates by up to 30% of NEC's land-use footprint**	2030
Supply Chain Transparency and Sustainability	**90% of total annual sourcing by mass traceable to Tier 1**	2025
	90% of net annual sourcing by mass of High Impact Commodities traceable to origin	2027
	100% of total annual sourcing by mass traceable to origin	2030
	90% of total annual sourcing by mass from suppliers with commitments aligned with the KM-GBF	

No Conversion of Natural Ecosystems

NextEnergy Group's nature strategy is firmly aligned with the global objective to halt and reverse nature loss by 2030, with a vision for full recovery by 2050. This ambition is fully adopted by NEC and supports the transition to an economy that operates within safe planetary boundaries.

To protect natural ecosystems, we have adopted a No Conversion of Natural Ecosystems commitment across both our direct operations and supply chains, in line with the SBTN Land Targets and the Accountability Framework Initiative **(AFI)**. This commitment ensures that no land use change leading to the conversion of natural ecosystems occurs after 31 December 2020, and that any such conversion since that date is remediated.

We have carried out a comprehensive assessment using the SBTN Natural Land maps and pre-development ecological survey data to identify areas classified as natural land prior to the establishment of our solar assets. Our No Conversion commitment applies to all new asset developments, acquisitions from 1 January 2020 onwards. Any natural ecosystems converted within our operational control since that date will be restored in line with SBTN and any legacy land use change prior to that date is outside the scope of this commitment but will be transparently disclosed and addressed in alignment with the nature strategy. To avoid future conversion, we have fully embedded natural land screening into our investment due diligence processes, aligning with the mitigation hierarchy and nature-related target-setting frameworks. We will monitor progress against this target using internal KPIs and the 'Total area by type of ecosystem' indicator under Metric No. C1.1 (Land, freshwater & ocean-use change) as outlined in Section 8.3 of this report.

REFORESTATION IN CHILE

Fenix, located in central Chile, serves as a key example of NEC fulfilling its mandate and commitment to reversing nature loss, in line with the broader Nature Strategy of the NextEnergy Group. Although this land was converted before the Group introduced its No Conversion Commitment, NEC remains dedicated to reversing the effects of past land-use changes on our assets.

As part of NEC's ongoing efforts to remediate nature loss and accelerate its recovery, we have launched a significant reforestation project at Fenix as expected and required under local regulation. In collaboration with third-party experts, NEC is overseeing the restoration of an area equal in size to the asset itself. Our approach centres on the reintroduction of indigenous species, specifically native flora that are foundational to Chile's Schlerophyllous forests. These forests are rich in biodiversity, providing essential habitats for a wide range of plant and animal species that maintain the region's ecological balance.

The restoration process is driven by science, with a focus on maintaining ecological integrity. NEC is working to re-establish the natural forest composition by planting autochthonous species that are well-suited to the region's unique climate and conditions. At the same time, we are facilitating the propagation of species considered at risk of extinction, by collecting and storing seeds from these species to be reintroduced once the ecosystem has reached a stable, sustainable condition.

As an outcome of comprehensive due diligence at the transaction phase, capital and operational provisions were integrated into the cost model to accommodate such risk management and opportunity delivery, ensuring the project's long-term success.

Our long-term vision for Fenix is to restore a habitat that not only reflects the biodiversity of the original ecosystem but also supports resilience against future ecological pressures. Through these efforts, we aim to create a thriving environment for wildlife, including rare and endangered species that rely on these ecosystems for survival.

This restoration initiative at Fenix is aligned with NextEnergy Group's overarching commitment to addressing the impacts of past land use conversion while actively contributing to the restoration of sensitive natural habitats.

Responsible Land Use

- 12% of NEC's assets, which are located in a sensitive landscape and are covered by a nature management plan with conservation or restoration measures.
- 39% of NEC's land footprint is managed either as (1) productive land use or (2) natural areas.

By 2028, NEC aims to implement Nature Management Plans for all of our assets located in areas of high ecosystem integrity or biodiversity intactness, ensuring that conservation and biodiversity strategies are fully integrated into our operational planning. A Nature Management Plan is a strategy developed by NextEnergy Capital for sensitive or high-priority solar assets, aimed at mitigating impacts, restoring biodiversity, and enhancing natural ecosystems beyond minimum compliance requirements. By 2030, we target managing 30% of our spatial footprint under dual land-use regimes, such as grazing, agrivoltaics, or designated conservation set-asides . We will track progress against this goal through internal KPIs and the 'Area sustainably managed by ecosystem type' and 'Area sustainably managed by business activity' indicators under Metric No. C1.1 of Table 9 in Section 8.3 of this report.

30 x 30 Ecosystem restoration initiative

- 851.45 hectares of natural ecosystems are under rehabilitation or restoration.
- 20% of NEC's land use footprint has an equivalent area (in hectares) under rehabilitation/restoration.

By 2030, NEC aims to contribute to the ecological restoration of natural areas across up to 30% of its operational footprint. This commitment prioritises landscapes of high ecological sensitivity or degradation near NEC assets to maximise impact and ensure restoration efforts are targeted and locally appropriate. The UK Biodiversity Net Gain (BNG) framework, adapted and applied across international habitat classification systems such as EUNIS (European Nature Information System) and IUCN (International Union for Conservation of Nature), is used to assess habitat condition before and after asset development. This approach is supported by site-specific ecological surveys to estimate restoration and rehabilitation outcomes. A precautionary approach is adopted in the assessment of ecological baselines, with conservative assumptions applied where data is limited.

To improve accuracy and consistency across sites, NEC is implementing a structured programme of works to enhance ecological data collection and standardise assessment methodologies as the SoN metrics are finalised. This includes defining core metric approaches, prioritising high-sensitivity sites, and integrating ground-truthed ecological data to inform our NMPs. These measures are designed to increase transparency, reduce uncertainty, and support continuous improvement in our nature-related disclosures. They are designed to be more holistic than our historical Biodiversity Management Plans (BMPs) and will complement and build upon the BMPs. We will track progress toward this target through internal KPIs and the 'Total Spatial Footprint' and 'Total rehabilitated/ restored area' indicators under Metric No. C1.0 in the table in Section 8.3 of this report.

11 As assets under management evolve over time, whether through acquisition, divestment, or changes in operational use - the proportion of land available for multifunctional management also shifts. Setting a target for dual land-use regimes (e.g., grazing, agrivoltaics, conservation set-asides) provides a flexible yet measurable approach to maintaining ecological and productive value across the spatial footprint. This ensures that multifunctionality remains a sustainable and intentional outcome, rather than a passive consequence of land availability.

ENHANCING STEPPE HABITATS IN SPAIN

As part of NextEnergy Group's Nature Strategy and commitment to ecosystem resilience, NEC recognises the importance of investing in nature-based solutions that extend beyond its immediate operational footprint. In Spain, several of NEC's photovoltaic projects are linked with a series of compliance based agri-environmental measures aimed at improving steppe habitats, a priority for regional biodiversity and local communities.

These initiatives began in 2024 through collaborative agreements with local farmers, who play a vital role in implementing conservation actions. The projects are also required and supported by the local City Council as part of the solar development, ensuring alignment with wider land management and conservation goals. Requirements and outline design were identified during the due diligence phase, with CapEx and OpEx integrated into the investment case alongside a strategic plan to deliver impact. This was presented to the Investment Committee at the transaction stage.

In total, the managed area covers more than 35 hectares, situated in an agriculturally significant region for the conservation of steppe bird species. Actions focus on enhancing agro-steppe habitats by creating or improving breeding, shelter, and feeding conditions for vulnerable and priority species such as the Eurasian Great Bustard *Otis tarda*, Little Bustard *Tetrax tetrax*, Montagu's Harrier *Circus pygargus*, Eurasian Stone-curlew *Burhinus oedicnemus*, and European Roller *Coracias garrulus*.

This initiative directly contributes to NEC's long-term 30x30 Ecosystem Restoration Target, which aims to restore natural ecosystems equivalent to 30% of the Company's operational land footprint by 2030. It also aligns with the Kunming-Montreal Global Biodiversity Framework, particularly Target 2 on restoring degraded ecosystems.

By investing in evidence-based, locally appropriate nature-based solutions, NEC demonstrates a strategic approach to nature that integrates operational performance with broader environmental stewardship, delivering tangible, long-term benefits for biodiversity, local communities, and the clean energy transition.

[Photo Credit: Athmos Sostenibilidad]

SUPPLY CHAIN TRACEABILITY

Understanding our supply chain is essential to meeting our climate, nature, and social sustainability commitments. A key part of this effort is obtaining and verifying the origins of critical components and raw materials, commonly referred to as traceability. By improving visibility into our upstream social and environmental footprint, we can promote responsible sourcing, drive positive change, and minimise impacts across our value chain.

Our traceability strategy prioritises the most material components and commodities, including PV modules, mounting systems, access tracks, and high-impact materials such as silica, steel, and aluminium. As they represent over 90% of our total sourcing by mass and environmental impact, they form the initial focus of our enhanced data collection and supplier engagement.

To strengthen procurement and supplier screening processes, we are working to ensure Tier 1 suppliers are systematically identified and assessed. These improvements are embedded in the onboarding of new assets, aligning procurement decisions with sustainability and ESG expectations from the outset.

We additionally conduct in-depth supply chain research to stay at the forefront of industry best practices. In June 2024, the Group's ESG team and our Construction and Procurement team led an extensive supplier engagement visit to China, including third-party audits, factory site visits, and discussions on responsible sourcing. These engagements reinforced our commitment to ESG principles and procurement standards. We regularly engage with manufacturers, auditors, investors, and stakeholders across the UK, Europe, Asia, and the US to advance supply chain risk management. Our involvement with the SSI further supports industry-wide collaboration and encourages supplier alignment.

Traceability is an iterative process that will evolve as our portfolio grows, contractual requirements mature, and industry standards advance. Future phases will increase visibility across the value chain, focusing on tracing high-impact commodities to their origin at the extraction or processing level. While achieving full transparency is a long-term challenge, our early action and ongoing commitment to responsible sourcing lay a strong foundation. By embedding stewardship principles in our procurement systems and building robust data infrastructure, we are contributing to a more transparent, responsible, and resilient solar sector.

Supply chain traceability and transparency

Our supply chain traceability and transparency commitment focuses on key components and materials which together account for over 90% of our total sourcing by mass: PV modules, mounting systems, access tracks, and high-impact commodities, such as silica, steel, and aluminium. We are actively engaging suppliers both through direct procurement and via platforms like the SSI to increase our transparency. We will track progress through internal KPIs, such as tracking the percentage (%) of net annual sourcing of high-impact commodities at the sub-national level, to achieve continuous improvements in traceability and sustainability across our supply chain. Our supply chain sustainability approach is currently being expanded to Batteries Energy Storage Systems (BESS) and its components.

8.5. Social-related metrics

0

Lost time incidents

1 January - 31 December 2024

Health and safety is a core priority for NEC. Throughout 2024, the Group focused on developing a clearer insight into H&S risks across our assets, and to improve our understanding of any incidents or events which occur. During the reporting period, in collaboration with the Group Health and Safety team, NEC improved connectivity in its H&S tools and its asset management platform, resulting in advancements in the quantity and quality of incident data. This in turn has allowed the development of proactive tools which allow trend identification at both an asset and contractor level.

Human rights

The most material human rights risks NEC has identified at present relate to the solar and battery storage supply chain. During the reporting period, NEC completed the following initiatives:

- Secured traceable PV modules for the first time for an existing asset, as part of the procurement of replacement equipment.
- Developed internal guidance and delivered training to staff on how to assess and manage human rights risks the PV module and battery supply chain.
- Updated our supplier screening procedures, including developing a bespoke battery assessment procedure.
- Developed updated contracts and annexes relating to raw material traceability and ESG risk management, improving legal protections and penalties for non-compliance.

Community funding

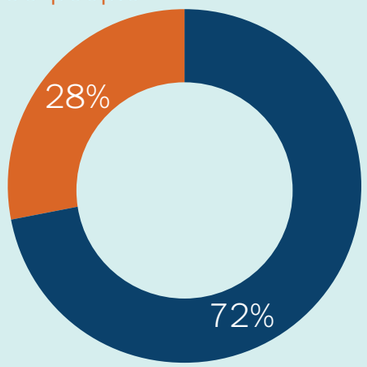
NEC provides direct community funding through its funds' SPVs, supporting initiatives such as educational outreach programs and local infrastructure improvements. This funding amounted to c.$375,000 in the reporting period. The Group is in the process of developing a social strategy, which NEC will adopt, which is expected to develop specific community impact, such as community benefit and funding per MW, job creation and other KPIs. Additionally, NEC, as one of Group's subsidiaries, contributed to NextEnergy Foundation donation, totalling c. $1,650,000 in cash and solar modules to the NextEnergy Foundation in the reporting period, supporting projects aligned with the Company's Sustainability and ESG objectives.

Gender breakdown at NextEnergy Capital in relation to NextEnergy Group
Figure 18 represents data for the financial year ending 31 December 2024.

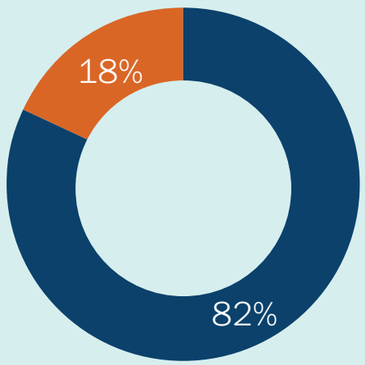
Please note that the figures below reflect the position of three individual senior members on multiple leadership teams, and their presence is counted separately for each. This may result in double counting between the different teams.

Figure 18: Gender Diversity

NextEnergy Capital
59 people



NextEnergy Capital Investment Leadership Team
11 people



Gender and diversity are topics which are addressed at the Group level and cascade down to the Group's companies, including NEC. The latest survey was carried out in October 2024, and indicated that 87% of employees 'felt genuinely supported to take advantage of flexible working policies'. This is a key metric which NextEnergy Group will continue to track as a measure of employee wellbeing as well as its ability to attract and retain staff.

Capturing accurate data on employees' race and ethnicity is not straightforward in the majority of the countries in which NextEnergy Group operates. We are, however, able to record information relating to nationality. NextEnergy Group comprises an extraordinary number of different nationalities (37 in total as of 31 December 2024) and is therefore representative of diverse cultural and linguistic backgrounds.

NextEnergy Capital and the Group have focused on building strategic partnerships with female associations and networks such as Women in Solar Europe, Investment in Women, and Reignite Academy, which provide support and networking opportunities for employees, as well as reaffirming our commitment to creating an inclusive workplace and fostering professional development opportunities.

LGBTQ+
Every June, NextEnergy Group celebrates Pride across its offices and makes targeted donations to grassroots charities that support the rights of marginalised LGBTQ+ communities. An internal LGBTQ+ champion, working alongside engaged colleagues, leads these initiatives and helps foster a culture of inclusion by promoting allyship among employees.

Diversity and inclusion literacy
In 2024, our approach to diversity and inclusion placed a strong emphasis on education and training. A central focus was equipping managers with the knowledge and tools to foster inclusive workplace cultures and lead diverse, high-performing teams. NEC recognises that effective management is foundational to inclusivity. To support this, people managers at every level participate in a seven-month development programme, which includes a dedicated module on managing cross-cultural and gender-diverse teams in a hybrid working environment.

NEC has also utilised an online training platform that allows us to deliver targeted diversity and inclusion content to all employees. This ensures that everyone, regardless of role, understands their legal obligations while building greater awareness and fluency in navigating this important and often complex space.

8.6. Target monitoring and verification

NEC is currently engaged in establishing climate-related targets, as described in Section 8.2. These targets are intended to be approved by the NEIL team and submitted for validation to the SBTi in the year ending 2025. Subject to their approval and validation, NEC will report progress against these in future reporting periods.

NEC has reported our leadership-approved baseline nature impact and intended nature targets in section 8.3 and will report progress against these in future reporting periods.

NextEnergyGroup is additionally progressing work on a dedicated Social Strategy, containing, targets and metrics which are intended to be aligned with the emerging TISFD framework.

8.7. Performance against targets

NEC has demonstrated measurable progress in all areas of its sustainability strategy and is actively engaged in the target setting process for climate and nature. Performance against these targets will be communicated in future reports. We have made significant progress in the last year in setting the framework and establishing baselines from which to progress in future and will continue to monitor and disclose accordingly. We remain dedicated to driving forward our mission and creating a more prosperous future for people and nature, one renewable energy project at a time.

9. Glossary

Below is a summary of some of the most common terms, organisations, benchmarks and initiatives used in NEC's discussions of renewable energy, climate change and nature.

Asset Manager or WiseEnergy
WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl.

Biodiversity Intactness Index
A nature index that assesses the structure and health of biodiversity in a particular location and how vulnerable it could be climate change and other impacts.

BOM
'Bill of materials.' A BOM is list of all components, parts, and materials included in a manufactured product, which can include information on their quantity, mass, and geographical origin

$CO2_e$
'Carbon dioxide equivalent'. $CO2_e$ is a measure used to compare missions from different greenhouse gases on the basis of their global warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide.

Energy storage
Either 1) deferring the final use of electricity to a moment later than when it was generated, or 2) the conversion of electrical energy into a form of energy which can stored, which refers to: the storing of such energy, and its subsequent reconversion into electrical energy, or its use as another energy carrier.

EU Sustainable Finance Disclosure Regulation
The EU's Sustainable Finance Disclosure Regulation (SFDR) applies to investment products. It sets strict minimum disclosure standards to prevent greenwashing. The SFDR requires reporting organisations to disclose how sustainability risks are considered in their investment process, what metrics they use to assess ESG factors, and how they address assessment decisions that might result in negative impacts on sustainability.

EU Sustainable Finance Disclosure Regulation Article 9
Investment funds which have Article 9 status can demonstrate that they make a positive impact on society or the environment through sustainable investment and have a core nonfinancial objective. Many funds only attain Article 8 status, which confirms they promote social or environmental factors and have good governance practices.

EU taxonomy
The EU Taxonomy Regulation creates a clear framework for the concept of sustainability, defining when a Company or enterprise is operating sustainably or is environmentally friendly. Compared with their competitors, these companies stand out positively and should benefit from higher investment.

Greenhouse gases (GHG)
Greenhouse gases (GHG) are gases such as carbon dioxide which trap heat in the earth's atmosphere. GHG are released by burning fossil fuels, which is why fossil fuels cause climate change.

GHG Protocol
GHG Protocol supplies the worlds most widely used greenhouse gas accounting standards.

GWh
'Gigawatt hour'. One GWh is a unit of energy representing a thousand-megawatt hours, or a billion-watt hours. It is a measurement of the output of large electricity generators.

GWp
'Gigawatt peak'. This is the theoretical maximum power generation capacity of a solar farm or other power plant, measured in gigawatts.

International Sustainability Standards Board (ISSB)
International Sustainability Standards Board.' The ISSB was established by the International Financial Reporting Standards Foundation at the 2021 COP26 climate summit in Glasgow. The ISSB has developed global baseline sustainability standards, with its IFRS S2 Climate-related Disclosures standard incorporating the recommendations of the TCFD. NEC's ISSB and TNFD Report is aligned with ISSB S1 and S2 disclosure requirement.

Lifecycle Assessment (LCA)
A standardised methodology for evaluating the environmental impacts associated with all stages of a product's life cycle, from raw material extraction through production, use, and disposal.

In the context of this report, the Nature LCA refers to the comprehensive assessment conducted on two photovoltaic (PV) plants and one battery energy storage system (BESS) managed by NextEnergy Captial. The primary objective is to quantify their environmental impact using a defined set of Key Performance Indicators (KPIs), while the secondary goal is to estimate the global impact of NEC managed assets.

This LCA study adheres to internationally recognized standards ISO 14040 and ISO 14044, and follows specific Product Category Rules (PCRs) from the International EPD System, including PCR 2007:08 v5.0.0 and C-PCR 024 v.2024/04/30. The report outlines the study's goals, scope, assumptions, methodologies, and results, providing a transparent and standardised framework for environmental impact evaluation.

MWh
'Megawatt hour.' One MWh is a unit of power equivalent to a thousand-kilowatt hours, or a million watt hours.

MWp
'Megawatt peak.' This is the theoretical maximum power generation capacity of a solar farm or other power plant, measured in megawatts.

NMP
'Nature Management Plan.' NMPs are designed and implemented for sensitive or high-priority solar assets to mitigate impacts and restore biodiversity values on site. Each Plan outlines the strategies, interventions and actions necessary to protect, conserve, and enhance natural ecosystems beyond defined minimum compliance.

Net Zero
Net zero refers to the target of reducing greenhouse gas emissions to as close to zero as possible and re-absorbing any remaining emissions from the atmosphere – for example, by forests and oceans. This means that on a net basis no greenhouse gases are released into the climate.

NextEnergy Capital (NEC)
NEC is an investment manager part of the NextEnergy Group.

NextEnergy Group
The NextEnergy Group includes NEC (investment and fund management), WiseEnergy (operating asset management), and Starlight (asset development), and is the founder of the NextEnergy Foundation.

Paris Agreement
The Paris Agreement, often referred to as the Paris Accord or the Paris Climate Accord, is an international treaty on climate change adopted in 2015. It covers climate change mitigation, adaptation and finance. The Paris Agreement's central aim is to strengthen the global response to climate change with a goal of keeping global temperature rise this century below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit temperature increase further, to 1.5 degrees Celsius.

Partnership for Carbon Accounting Financials (PCAF)
A global, industry-led initiative that enables financial institutions to measure and disclose greenhouse gas emissions associated with their loans and investments, using a standardized methodology to enhance transparency and support climate goals

SBTi
'Science Based Targets initiative.' The SBTi defines and promotes best practice in science-based target setting in emissions reductions.

SBTN
'Science Based Targets Network'. SBTN is a global coalition of organisations that helps companies and cities set science-based targets for nature.

Scope 1, 2 and 3 Emissions
The Greenhouse Gas Protocol classifies GHG emissions into three 'scopes':

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting Company, including both upstream and downstream emissions.

Solar PV
'Photovoltaics'. Solar PV is a generation technology which directly converts energy from the sun into electricity.

SoN
'State of Nature'. The condition and extent of ecosystems, habitats and species in a location.

SoNP
'State of Nature Pressure'. A composite indicator of the approximate value of nature on a solar farm or battery asset.

SPV
'Special purpose vehicle.' An SPV is a legal entity that can be used to manage the relationship between parent companies and their subsidiaries.

SSP
'Shared Socioeconomic Pathways.' SSPs are climate change scenarios established by the Intergovernmental Panel on Climate Change that describe a range of social and environmental impacts according to a range of assumed rises in global temperatures.

TCFD
'Taskforce on Climate-related Financial Disclosures.' The TCFD was established to change the way improve the way organisations manage climate risks and opportunities. TCFD established a standardised reporting methodology to provide forward-looking information on the material financial impacts of climate change. From 1 January 2021, all UK premium-listed companies have been required to state, in their Annual Report, whether their disclosures are consistent with TCFD recommendations, and if not, to explain why. The provisions of the TCFD have now been incorporated into the reporting of the ISSB.

TISFD
'Taskforce on Inequality and Social-related Financial Disclosures'. The TISFD is a global initiative aimed at developing a standardised framework for businesses and financial institutions to disclose their impacts, dependencies, risks, and opportunities related to inequality and social. issues. It seeks to promote transparency and accountability in how organisations address social factors, ultimately contributing to more equitable and resilient economies.

TNFD
'Taskforce on Nature-related Financial Disclosures.' Following on from the principles of the TCFD, the TNFD framework provides recommendations and guidance for market participants on how to report on and manage nature-related risks and opportunities. It is designed to support the work of investors, analysts, corporate executives and boards, regulators, stock exchanges and accounting firms.

TPT
'Transition Plan Taskforce.' The TPT was launched in April 2022 to develop a gold standard for private sector climate transition plans. Its materials were informed by global engagement with financial institutions, real economy corporates, policymakers, regulators and civil society.

UN PRI
'United Nations Principles for Responsible Investment.' The UN PRI were developed as a guide for investors on how to promote sustainable investment. They suggest measures for how to incorporate Sustainability and ESG issues into investment practice.

UN SDGs
'United Nations Sustainable Development Goals.' The 2030 Agenda for Sustainable Development, adopted by United Nations member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, intended to guide action to end poverty.

Technical Annex:
Emissions calculations and climate risk

NEC records and discloses emissions in accordance with the GHG Protocol, selecting emission factors from the most appropriate sources based on the availability of site-specific data and the geography of emissions. For international (supply chain) emissions, these factors are derived from lifecycle assessments, national databases, or international sources. Project site emissions are calculated using asset-specific parameters or, where unavailable, factors from relevant national databases. We present our emissions by scope in line with the EU SFDR to maintain consistency across regulatory disclosures.

We calculate avoided emissions following the methodology established by the UNFCCC's working group on International Financial Institutions (IFI), applying a consequential approach to estimate emissions that would occur without our solar generation. The IFI provides emission factor datasets using two approaches: the operating margin—representing the highest-cost fossil generation on the grid—and the combined margin, which blends the operating and build margins.
The IFI provides emission factor datasets structured around two approaches: the operating margin and the combined margin. The operating margin is defined as the plants producing the most-costly generation of the fossil fuel generation mix in the relevant jurisdiction. The combined margin is a ratio of the operating margin and build margin. The build margin uses an average of the annual emission intensities of new electricity generation projected over the next eight years under the stated policy scenario.

For transparency, we present avoided emissions using both the operating and combined margins. However, applying the displacement principle, we believe that if we do not supply renewable electricity to the grid, the resulting shortfall would be filled by fossil fuel generation, given the current lack of sufficient renewable supply. Therefore, we consider the operating margin to be the most appropriate measure.

Table 9

Climate Risk Type	Description	Exposure. Climate risk scenarios and NEC response actions are discussed in Sections 6.6 and 7.3. The risk exposures mapped below are not financially material for NEC.
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	• Only 1.98% of the total portfolio has a 10% chance of being a risk of a degree of flooding in 2030. This increases to 2.3% of the total portfolio in later time horizons indicating an element of asset resilience • Overall, there is a 10% chance that three assets will have a flood risk of >50cm by 2030, 2040 and 2050 across all scenarios.
Portfolio physical risk	Water stress (drought)	• Assets in Italy are located in areas projected to experience "extremely high" (over 80%) water stress by 2030 and under the least stressful climate scenario (SSP1-2.6) • In contrast, 4 assets in the UK are at a risk but typically are low-medium (10-20%) or low (<10%) risk and one additional asset in Portugal that is at a 10-20% risk.
Portfolio physical risk	Heat Stress	• Temperatures expected to increase across in variability across all locations under SSP1-2.6 . • NEC's assets located in Italy and the United States are projected to face the highest average temperature increases compared to the 1991-2022 historical baseline. In Italy, the largest anomaly is expected in July, with a 1.19°C rise. A similar pattern emerges for NEC's US-based assets, which are forecast to see temperature differentials of 1.05°C in July. • India appears to be relatively less exposed to heat stress, with more moderate temperature anomalies of 0.52°C in January, 0.56°C in April, 0.32°C in July, and 0.27°C in October. Similarly, the Company's assets in Chile are projected to face comparatively smaller increases, ranging from 0.50°C to 0.64°C across the different seasons. NEC's UK and Polish assets fall somewhere in the middle, with the UK sites anticipated to see temperature rises between 0.31°C and 0.61°C, and the Polish assets facing increases of 0.51°C to 1.06°C. Spain and Portugal also exhibit a mixed heat stress outlook, with the most significant impacts expected during the summer months.
Portfolio Emissions	Scope 2 emissions resulting from assets use of energy from the grid Scope 3 emissions resulting from contractors and suppliers	• After supply chain emissions, Scope 2 emissions (i.e. energy from the grid used by NEC assets) are NEC's second largest emissions contributor • Contractor emissions are comparatively small but are still considered

Technical Annex:
Nature-related materiality assessment

Table 10 summarises NEC's nature-related materiality assessment, presenting two values for each stage of our direct operations and value chain: an Indexed Pressure (IP) score and a Materiality Rating (MR).

The IP score assesses the potential severity, frequency, and timeframe of a nature-related impact, with values ranging from 3-9, where 9 is the highest impact. The MR determines whether a category should be included in the assessment, and therefore be subject to target setting, with 1 indicating inclusion and 0 indicating exclusion.

The IP score summary results are colour-coded from dark red to green, where dark red indicates the highest contribution to nature-related impacts, and green represents the lowest.

Table 10. NEC materiality screening in the context of IPBES drivers of nature loss[13]

		Land/Water/Sea use change						Resource use		Climate change		Pollution						Invasives and other			
Cradle-to-gate		Terrestrial use		Freshwater use		Marine use		Water use		GHG emissions		Water pollutants		Soil pollutants		Solid waste		Disturbances		Biological alterations	
Direct or Upstream	Product Stage	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)
Upstream	Extraction	9	1	8	1	ND	ND	9	1	9	1	8	1	7	1	8	1	7	1	6	1
	Processing & Refinement	9	1	ND	ND	ND	ND	9	1	9	1	8	1	8	1	8	1	7	1	ND	ND
	Manufacturing	9	1	8	1	ND	ND	8	1	9	1	7	1	7	1	6	0	6	0	6	1
	Transportation	8	1	8	1	ND	ND	8	1	9	1	5	0	7	0	7	1	7	1	7	1
Direct operations	Fund and Investment management	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	6	0	ND	ND	ND	ND
	Site Planning	9	1	ND	ND	ND	ND	ND	ND	9	1	6	0	6	1	7	1	ND	ND	6	1
	Construction	9	1	8	1	9	1	8	1	9	1	7	1	7	1	6	0	7	1	6	1
	Operations	8	1	ND	ND	ND	ND	8	1	9	1	7	1	7	1	6	0	ND	ND	ND	ND
	End-of-life	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	6	0	ND	ND	ND	ND

12 The nature-related impact for each stage of NEC's operations and value chain has a threshold based on the specifics of the category. Exclusions for certain categories are based on our operational framework and business practices. Where insufficient data is available to perform a robust assessment, the score is marked as ND (No Data).
13 IPS: Indexed Pressure Score. MR: Materiality rating (0 or 1). Marine use was excluded as material in direct operations during the refinement process due to lack of relevance for NEC.

NEC's detailed analysis enables us to take a systematic approach to managing its impacts. Water use has been identified as a material risk both in direct operations and in supply chain sourcing within the solar sector, potentially leading to costs associated with responsible water management. However, our operational and business practices do not rely on water-intensive systems such as concentrated solar power (CSP). As a result, operational water consumption remains minimal, limited primarily to panel cleaning, with natural rainfall reducing the need for intervention.

Nonetheless, the materiality assessment highlights significant pressure on water resources associated with the upstream sourcing of key raw materials. This presents NEC with an opportunity to enhance supply chain visibility, allowing us to better estimate the sourcing of raw materials, assess their impact on water resources, and strengthen value chain resilience through proactive engagement with upstream suppliers.

Annex: reporting boundaries

NEC uses third-party specialists to collect and analyse our climate and nature-related data and calculate impacts based on these.

Impacts associated with construction and manufacturing are attributed to the period beginning after the first revenue of an asset.

The metrics disclosed in this report are based on data associated with the following boundaries:

Climate

NEC's carbon emissions and other climate impacts are based on all funds we manage. Impacts are allocated in proportion to our financial exposure.

Nature

In line with the TNFD recommendations, NEC's assessment of nature-related financial materiality includes all assets where we hold majority ownership (>50%) and proportionally attribute impact to co-invested assets with minority ownership (<50%) where it retains partial operational, financial, or equity control. rooftop assets are also excluded, as their capacity is insignificant relative to our overall capacity, and key variables such as land use is either not applicable or difficult to assess due to their typically urban location.

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