



NextEnergy Capital Green Finance Framework

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1. Overview of sustainability at NextEnergy Capital

1.1. Introduction

NextEnergy Capital (**NEC**) is the Investment Manager of [NextEnergy Group](#). The Group also comprises WiseEnergy (asset management), Starlight (asset development), NextSTEP (VC sustainability accelerator) and NextEnergy Foundation (international charity). NextEnergy Group's companies cover all stages of the solar value chain, from project development to operational asset management and decommissioning, delivering exceptional performance at each stage because they are working together to pursue the same mission: to generate a more sustainable future by leading the transition to clean energy.

NEC is a leading global investment manager in the solar energy infrastructure sector. We refer to the solar energy and complementary technologies, including energy storage, which NEC's business activities focus on within this sector as **Solar+**. NEC has built a strong track record, investing in 530 utility-scale solar projects since inception in 2007 to the time of publishing this Green Finance Framework¹ as a combination of assets under development, construction, operation, or which have been disposed of. At the time of publishing this Green Finance Framework, NEC has an installed capacity in excess of 2GW across the UK, Europe, North and South America and Asia.

NEC is the investment manager of one of the largest listed solar investment companies, NextEnergy Solar Fund (**NESF**), and the first truly international solar infrastructure investment vehicle, NextEnergy III (**NEIII**). At present NEC manages an additional two private equity funds – NextEnergy UK I (**NEUK I**) and NextPower V ESG (**NPV**) – and sold a portfolio of operating solar projects in Italy owned by NextEnergy II in January 2022. The portfolio was composed of 105 individual solar projects with a capacity of c.149MW.

NESF, NEUK I, NEIII and NPV are compliant with the requirements of the EU Sustainable Finance Disclosure Regulation (**SFDR**) (EU) 2019/2088 and the Taxonomy Regulation (EU) 2020/852. These funds are all classified under Article 9 of the SFDR.

NextPower V is NEC's most recently-launched Article 9 fund focused on the Solar+ sector. The fund is targeting capital commitments of \$1.5 billion with a \$2 billion ceiling, and currently has a size of \$745mn (including \$150mn in co-investment allocations)². NPV has a pipeline from market opportunities of c.18GW, and will invest in c.4-5GW of solar.

1.2. Sustainability at NextEnergy Group

NextEnergy Group is committed to leading the transition to clean energy generation in a responsible manner. Being responsible is an intrinsic part of the Group as it is one of the Group's five Corporate Values. For this reason, NextEnergy Group holds itself to the highest environmental, social and governance (**ESG**) standards.

NextEnergy Group launched a new Sustainability Strategy and Framework in January 2024 (Figure 1). It is centred on three priority areas - People, Nature and Prosperity - which are underlaid by focus topics which align with the global ESG agenda and are material for NextEnergy Group's business activities (including NEC's), the solar industry, and the Group's Corporate Values.

¹ As at date of publication

Further details can be found in the Group's latest annual Sustainability Report at the time of publishing this Green Finance Framework: [2024 Sustainability Report](#).



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

- **Nature** – NEC's core business activities focus on mitigating climate by avoiding carbon emissions. Yet, NEC recognises that constructing and operating renewable energy assets whilst continuing to combat climate change does not exempt from potentially negatively impacting nature in some ways. For this reason, NextEnergy Group is also committed to promoting local biodiversity and encouraging circularity in the solar value chain.
 - **Addressing climate change** – NextEnergy Capital's funds' objectives are to help deliver the goals of the Paris Agreement and facilitate investing aligned with global net zero emissions;
 - **Promoting local biodiversity** – NextEnergy Group recognises the urgency for action to be taken to reduce the intensity and drivers of biodiversity loss as part of the Kunming Montreal Global Biodiversity Framework. NextEnergy Group's [Nature Strategy](#) establishes our aim to avoid and minimise the principal drivers of nature loss; fund nature restoration at scale; and, effectively manage nature-related risks in our direct operations and throughout our supply chains; and
 - **Encouraging circularity in the solar value chain** – NextEnergy Group's ESG team is working closely with NEC's Construction and Procurement team, WiseEnergy's Project Delivery team, and suppliers / contractors to examine end-of-life issues and understand how the Group and other companies across the value chain can support the most sustainable Solar+ industry possible.
- **People** – NextEnergy Group is committed to taking people with us in the renewable energy transition because their ideas help us to co-create people-positive outcomes. NEC works to

sustain and grow the local communities in which our Solar+ assets operate and cares about the human capital development of our team members.

- **Ensuring health and safety (H&S)** – NEC promotes the highest H&S standards by implementing the Group’s H&S Management System framework which applies to the sites and workplaces in which NextEnergy Group operates. NEC extends the Framework to our EPC and O&M contractors, local communities and along the supply chain;
- **Respecting and promoting human rights** – NEC’s commitment is guided by the UN Guiding Principles of Business and Human Rights, aligns with the Ten Principles of the UN Global Compact, and draws on other international principles and standards, as set out in NextEnergy Group’s [Human Rights Position Statement](#), [Code of Conduct for Suppliers](#) and NEC’s [Sustainable Investment Policy](#); and

Supporting communities - NextEnergy Group is committed to creating long-term, shared value for the communities around our Solar+ assets. At the time of publishing this Green Finance Framework, we are developing a Stakeholder and Community Engagement Plan to further structure the Group’s approach to community engagement.

- **Prosperity** – Prosperity is one of the three pillars of action under the UN 2030 Agenda for Sustainable Development. Sustained, inclusive, and sustainable economic growth is essential for shared prosperity. Resilient infrastructure and sustainable technologies are the starting points for businesses and societies to thrive. Solar energy is a key pathway towards a more prosperous future, ensuring energy and food security, creating jobs, and stimulating synergies with nature.

To further promote sustainability, NextEnergy Group and NEC are signatories to or a member of the following initiatives:

- **UN Principles for Responsible Investment (UN PRI)** – signatory since 2016.
- **Solar Energy UK (SEUK)** – an active member of SEUK, the UK solar trade association..
- **SolarPower Europe (SPE)** – an active member of SPE and has been collaborating closely with the association since 2022 to develop and launch the Solar Stewardship Initiative in 2024.
- **Solar Stewardship Initiative (SSI)** – the first-ever supply chain sustainability assurance scheme dedicated to the needs of the solar PV sector and its customers. NextEnergy Group’s Head of ESG sits on the SSI Board.
- **The Electricity Storage Network (ESN)** – an active member of the industry group supporting organisations and professionals which develop, operate and supply storage in the GB Market.

1.3. Sustainability at NextEnergy Capital

As a mission-driven organisation, NextEnergy Capital pursues positive sustainability outcomes to shape a more prosperous future for people and nature. [NextEnergy Group’s Sustainability Policies](#) and [NEC’s Sustainable Investment Policy](#) align with the principles of international conventions, standards and guidelines, which are relevant for the solar and sustainable investment industries. NEC applies these standards to all of its investments and throughout the whole value chain of the business.

NEC’s Sustainable Investment Policy applies to our activities across two distinct investment areas: private equity and listed equity. It is supported by internal procedures which set out the tailored due diligence

processes for NEC's funds and guide NEC's Investment, Construction and Procurement, and Portfolio Management teams on how to integrate ESG factors into the investment process.

NEC also recognises that our role in society goes beyond safeguarding and accelerating the transition to a low-carbon economy. As such, we leverage our memberships with industry associations and initiatives, and the working groups for which team members hold chairing positions.

1.4 Overview of the Green Finance Framework

NEC's Green Finance Framework (the **Framework**) enables funds managed by NextEnergy Capital to issue green debt instruments to facilitate the acquisition of assets in line with our sustainability and ESG ambitions. The Framework provides a transparent set of criteria to drive forward NEC's contribution to the global transition to a low carbon economy and our mission.

Under the Framework, 'Use of Proceeds' instruments may be issued. The Framework has been developed by taking into account global best practice in sustainable finance methodologies, guidelines and taxonomies including the [LMA/LSTA/APLMA Green Loan Principles 2025² \(GLP\)](#). Loans issued under it and availed by the Borrower and its subsidiaries – including but not limited to NextPower UK Holdco Limited, NextPower V Master Holdco S.à r.l., NextPower V Holdco S.à r.l., NextPower V UK Holdco Limited – may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances.

2. Use of Proceeds Financing

As referenced in the LMA GLP, the cornerstone of a green loan is the utilisation of the proceeds of the loan for eligible Green Projects (see Section 3.2. below), including other related and supporting expenditures which should be appropriately described in the legal documentation of the instrument. In the case of NEC, these other related and supporting expenditures may include management fees to support with the running of the fund, subject to an appropriate threshold that has been agreed with lenders.

All designated eligible Green Projects should provide clear environmental benefits, which will be assessed and, where feasible, quantified by the issuer.

In line with the aforementioned guidelines, the Framework will adhere to the core components of the LMA Principles 2025, outlined below, as well as the recommendation for external reviews.

1. Use of Proceeds
2. Process of Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2.1. Eligibility criteria

NEC will determine the eligibility of acquisitions to be classified as Eligible Categories under the guidelines set out in Section 3.3. The disclosed categories align with the GLP and do not represent an

² Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA) Green Loan Principles.

exhaustive list of eligible activities that will be supported through these Green Financing criteria.

All proposed activities must:

- Align with NEC's [Sustainable Investment Policy](#)
- Contribute positively towards the SDGs




2.2. Eligibility categories

The following categories constitute Eligible Categories in accordance with the previously outlined principles. The business activity examples are indicative and should not be considered to be an exhaustive list.

2.3. Eligible types of Use of Proceeds or Investments

Investments into assets focused on any of the eligible activities, as described in section 3.3.1 below, are permitted.

2.3.1. Green Categories

GLP Categories	Eligible Green Activities	Examples	Indicative impact metrics	UN SDG contribution	EU Taxonomy activity ³
Renewable Energy	<ul style="list-style-type: none"> Development, deployment, maintenance and generation of energy from renewable sources including ancillary infrastructure including but not limited to development of land, transmission lines and sub-stations for each renewable energy project Proceeds used for the purposes of financing acquisition premiums (as well as the associated due diligence and advisor costs), construction related capital expenditures, and other costs directly associated with bringing greenfield investments into operating brownfield sites 	<ul style="list-style-type: none"> Solar projects, including any associated equipment and components Battery storage systems 	<ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent Annual renewable energy generation in MWh/GWh (electricity) Annual renewable energy capacity developed / acquired (MW) 	  	<p>4.1. Electricity generation using solar photovoltaic technology</p> <p>4.8. Storage of electricity</p> <p>7.6. Installation, maintenance, and repair of renewable energy technologies</p>

³ This framework is developed to align with the LMA GLP and as such, does not seek to align with EU Taxonomy Regulation and the Technical Screening Criteria for economic activities significantly contributing to the Climate Change Environmental Objective, as outlined in Climate Delegated Act.

3.4 . Process for Evaluation and Selection

The evaluation and selection process will be conducted by NextEnergy Group's ESG team to ensure that the net proceeds of the Green debt instruments issued under the Framework will be used to originate loans that meet the Eligible Financing Criteria.

This process is set out in NEC's Sustainable Investment Policy. The Policy guides the integration of potential ESG risks and opportunities into our investment decision-making. It particular, it details our approach to ESG risk management and due diligence which are conducted in alignment with the [IFC Performance Standards](#) and the [Equator Principles](#). Please refer to the [Policy](#) for full details.

The outcome of the due diligence for each potential acquisition is summarised in an ESG Memorandum (**Memo**) which forms part of the Investment Paper presented to the Investment Committee of each of NEC's funds. The Memo outlines the material risks and opportunities of the specific investment, and provides details on climate change, biodiversity, and human rights/community impacts, amongst others.

The responsibility for deciding whether an investment complies with NEC's ESG criteria lies with the Investment Committee for each NEC fund, of which NextEnergy Group's Head of ESG and other relevant senior leadership and C-suite personnel are members.

NextEnergy Group Global Leadership Team and Senior Leadership Team

NEXTENERGY GROUP GLOBAL LEADERSHIP TEAM & SENIOR LEADERSHIP TEAM									
	Michael Bonte-Friedheim Founding Partner & Group CEO		Ross Grier Chief Investment Officer		Carrie Cushing Chief People Officer		Stephen Rosser Interim Chief Compliance & Legal Officer		Andrew Nowington Chair of the Investment Committee
	Rebecca Carter Managing Director, WiseEnergy		Gianluca Boccanera Managing Director, Starlight		Zoey Carver Chief Technology & Information Officer		Edward Caley Group Finance and Operations Director		Spyros Stantos Investment Director, Head of NEUK II
									Antonio Salvati Managing Director, Head of NextEnergy III & NextPower V

3.5. Management of Proceeds

NEC intends to allocate the proceeds from the green financing to a portfolio of eligible investments that contribute to climate change mitigation. These investments will be selected in accordance with the Use of Proceeds criteria and the Process for Evaluation and Selection process outlined in Section 3.4 above.

The Funds covered by this Green Finance Framework anticipate making a varied selection of investments, including controlling, shared control, and minority positions. All investments will be held through Portfolio Companies. Once the investments have been made less risky and start generating yields, the average holding period of ownership for each investment is expected to range between 6 and 10 years.

NEC has appointed Apex Group (Apex Fund and Corporate Products S.A for NPV and Apex Depositary (UK) Limited for NEUK I) as the depositary for the Funds. The Depositary will be responsible for the safe-keeping of the Fund's investments, including fiduciary oversight, verifying ownership and keeping records of other investments, and for cash monitoring.

In carrying out its functions, the Depositary must act honestly, fairly, independently and in the interest of the Funds and the Limited Partners.

NEC will track and monitor the allocation of the proceeds using an internal tracking system. NEC does not store cash for a long period but limited to six months, beyond which the unallocated proceeds shall be utilised to repay the debt. As such all proceeds drawn down from the loan are done so with specific projects and expenditures in the pipeline. NEC intends to only draw down where an imminent purchase or investment in an eligible asset is confirmed. NEC intends to avoid keeping green proceeds sitting idle as cash for extended periods of time.

3.6. Reporting

NEC will make and keep readily available reporting covering the allocation of net proceeds to the eligible portfolio and, wherever feasible, reporting on the impact of the eligible portfolio, at least at the category level. Reporting will take place annually whilst funds have been drawn down.

NEC intends to provide aggregated (portfolio) reporting for all its sustainable financing and other potential sustainable finance outstanding, as set out in section 3.6.1.

3.6.1. Allocation Reporting

The allocation report will provide:

- Total amount of acquisition and/or participation in the eligible portfolio;
- Brief description of all eligible acquisitions funded, including their location (country) and the types and sectors of the companies;
- The balance of unallocated proceeds;
- Dates of acquisition; and,
- Assertions by management that an amount equal to the net proceeds of that tranche or series of financing instruments are invested in qualifying eligible portfolio (and that, until full allocation, the remainder is allocated as set out in section 3.5 'Management of Proceeds')

3.6.2. Impact Reporting

The impact report may provide reporting including but not limited to:

- Climate and other environmental related indicators (such as GHG or other emissions; energy generation, among others) of the investment financed where feasible and applicable
- Estimation of positive and adverse environmental impacts in aggregated form
- Information on the methodology and assumptions used to evaluate the impacts of investments

For example, specific impact metrics in relation to the Green categories mentioned above could be:

- Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
- Annual renewable energy generation in MWh/GWh (electricity)
- Annual renewable energy capacity developed / acquired (MW)

NEC will, on a best effort basis, report annually on adequate relevant impact metrics where available for monitoring the investment financed on an aggregate basis at an asset level in line with the GLP.

4. External Review

NEC has engaged S&P Global Ratings to provide an external review in the form of a Second Party Opinion on this Framework and the underlying procedures, and confirm alignment with the four core components of the GLP.

S&P Global Ratings has confirmed the alignment of this Framework and the underlying assets and/or procedures with the GLP.