
Sustainability and ESG Report

2025 | ISSB and TNFD aligned

NEXTENERGY
CAPITAL

NextEnergy Group is on a mission to generate a more sustainable future by leading the transition to clean energy

Who we are

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

NEC is part of **NextEnergy Group (the Group)**, which comprises five entities operating across the Solar+ asset lifecycle: 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.

[→ FIND OUT MORE ABOUT US HERE](#)

Content of this report

This is NEC’s Sustainability and Environmental, Social and Governance (ESG) Report (the Report) for the year ended 31 December 2025. The purpose of this report is to provide credible, decision-useful information to NEC’s stakeholders, upholding our commitment as a transparent and responsible investment manager. The Report details how we implement NextEnergy Group’s Sustainability Strategy, and our progress towards creating a more prosperous future for nature and people.

Our Sustainability and ESG Report makes relevant disclosures under the following frameworks:

- IFRS-International Sustainability Standards Board (ISSB) Standard S1, which provides a set of disclosure requirements designed to enable companies to communicate the sustainability-related risks and opportunities they face over the short, medium and long term to investors. The Standard covers an organisation’s sustainability Governance, Strategy, Risk Management, and Metrics and Targets, and industry-based information is required to be provided.
- IFRS-ISSB Standard S2, which sets out specific climate-related disclosure requirements for a company to disclose information about its climate-related risks and opportunities. Standard S2 builds on the requirements set out in Standard S1.

- The Recommendations of the Taskforce for Nature Related Financial Disclosures (TNFD), which are focused on nature-related dependencies, impacts, risks and opportunities. TNFD disclosures are structured around the same requirements as the ISSB.

This Report considers all relevant sustainability and ESG-related subject areas, risks and opportunities across NEC-managed funds during the reporting year, namely NextEnergy Solar Fund, NextEnergy UK I (formerly NextPower UK ESG), NextEnergy III (formerly NextPower III ESG) and NextPower V.

For more information, please contact ir@nextenergycapital.com.

"We remain committed to building Solar+ assets that not only advance the clean energy transition but also deliver meaningful benefits for people and nature."

Introduction to our year in sustainability by NextEnergy Group's Head of ESG

2025 was a year of alignment, consolidation and transformation for NextEnergy Capital. Against a backdrop of evolving expectations and shifting narratives around sustainability, our focus was on strengthening the foundations of NextEnergy Group's Sustainability Strategy and improving coordination of initiatives across the investment lifecycle. We prioritised embedding sustainability and ESG more deeply into day-to-day decision-making, enhancing risk management, strengthening operational resilience and delivering more value for our investors and broader stakeholders.

As of 31 December 2025, NEC's assets under management were c.\$4.5 billion with an installed capacity in excess of 2,644MWp across the UK, Europe, North and South America and Asia. This includes 521 utility-scale solar photovoltaic (**PV**) projects and nine battery energy storage projects as a combination of assets under development, construction, or operation, or which have been disposed.

We remain committed to building Solar+ assets that not only advance the clean energy transition but also deliver meaningful benefits for people and nature. During the year, we completed the acquisition of project Giugliano, one of the largest agrivoltaics projects in Italy, and project Extremadura, a Nature-based Solution (**NbS**) that aims to restore degraded forest ecosystems by planting around a quarter of a million trees. These milestones are the outcome of extensive engagement and collaboration with investors, NEC's Investment teams and the ESG team, and demonstrate the company's pioneering approach to developing renewable energy infrastructure with tangible climate, nature and people positive outcomes.

In November, we published NEC's first [Climate Transition Plan \(Transition Plan or the Plan\)](#), providing a roadmap to progressively converge our financed emissions towards net zero. The Transition Plan complements the benchmarks for nature and climate action set out in the Group's [Nature Strategy](#) and [Climate Strategy](#), which are being implemented by NEC. While our ambition is not driven by regulation

alone, the systematic identification, monitoring and standardisation of our impacts ensures we also are well positioned to meet evolving market best practice and disclosure expectations.

In 2026 we are continuing to advance our Solar+ development, construction and operations in a way that accelerates the clean energy transition while empowering people and protecting, restoring and enhancing nature. Our focus is on harnessing technology and innovation to uncover new sustainable growth opportunities and sources of value creation, laying the groundwork for even greater impact. Through continued collaboration with our stakeholders and the wider solar and sustainable finance industries, we aim to help drive the change required for meaningful, systemic change and to further reinforce the long-term resilience of NextEnergy Capital's business model and financial performance.

Giulia Guidi | Group Head of ESG



Performance highlights

For the year ended 31 December 2025, unless stated otherwise



CLIMATE

Clean energy generation^{1,2}

1,965 GWh

Avoided emissions³

896,775 tCO₂e

Equivalent number of homes powered for one year⁴

c.673,061

Climate resilient portfolio

c.91%

of NEC-managed fund portfolios not exposed to material physical risks⁵



NATURE

Percentage of land under management rehabilitated or restored

64%

Percentage of assets located in sensitive landscapes which are covered by a Nature Management Plan (NMP)⁶

18%

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

59%



PEOPLE

Community and charitable funding⁷

c.\$315k

Lost time injuries⁸

2

NEC Gender Diversity⁹

31% female

69% male

1 Note that figures have been rounded to the nearest whole number.
2 To avoid double counting at NEC level, the following adjustments were made: (i) NextEnergy Solar Fund's (NESFs) share of emissions in NextEnergy III (NEIII) has been excluded, as the entire NEIII fund is already accounted for under NEC (ii) NESFs share of emissions in Santarem has been excluded, as Santarem is fully accounted for under NEC through NEIII Co-invest (75% ownership) and NEIII (25% ownership).
3 Emissions avoided figure is adjusted to reflect NEC's proportion of capital interest (debt and equity). NEC's avoided emissions have been calculated in line with the United Nations Framework Convention on Climate Change's working group on International Financial Institutions.
4 NEC's equivalent number of homes powered figure is based on OFGEM 2025 research and Enerdata 2024 research.

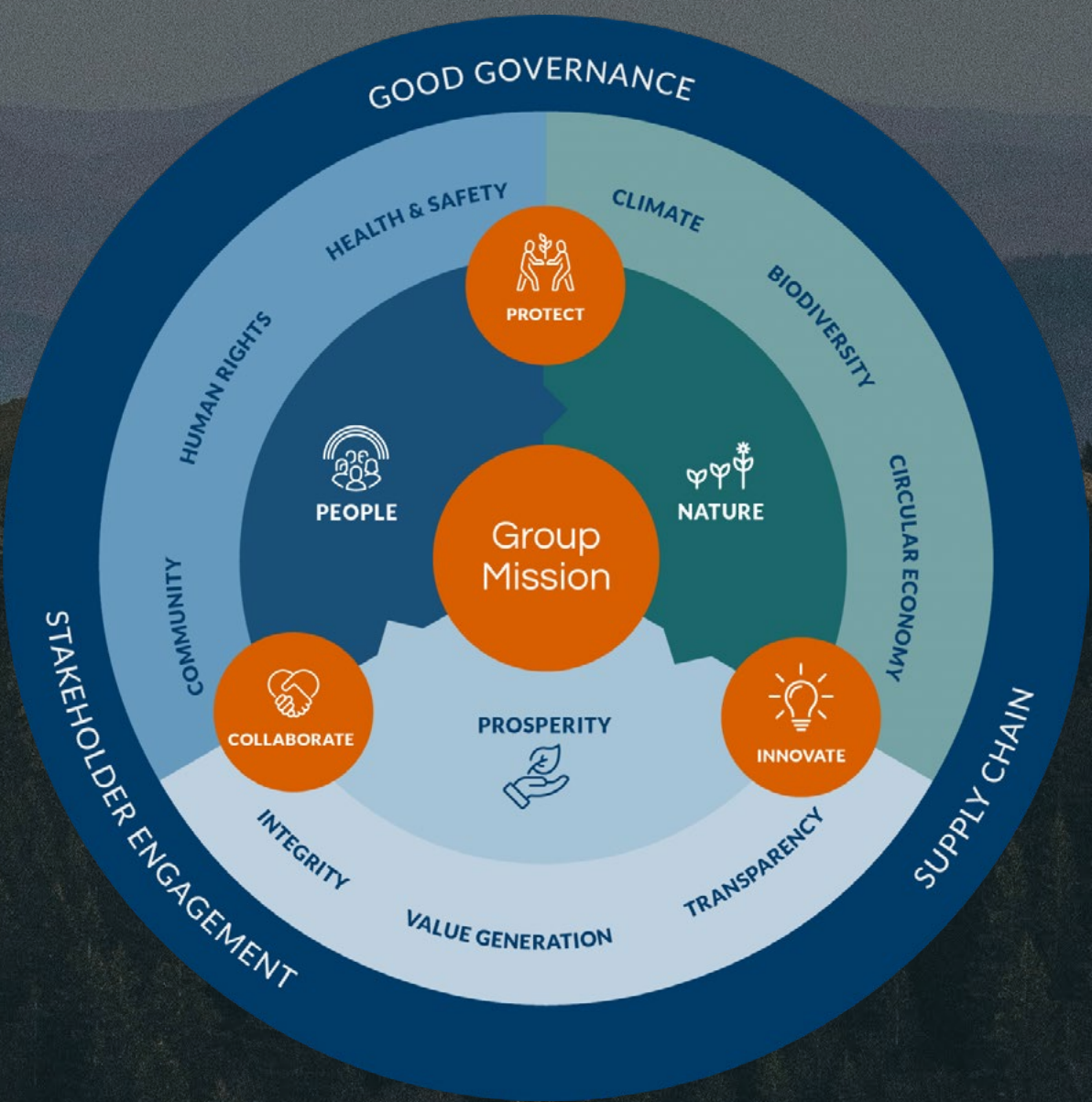
5 As per the climate risk analysis evidence in Section 2.2.1.
6 Nature Management Plans contain active on-site nature conservation or restoration measures.
7 Including c.\$261,000 through Special Purpose Vehicles (SPVs) and c.\$54,000 through NextEnergy Group's donation to the NextEnergy Foundation. Note that ad hoc community funding may not be captured in this figure.
8 Lost time injuries are a standard health & safety performance indicator used to track the severity and impact of workplace injuries. Note that this figure relates to contractor employees only. NEC's continued focus on effective health & safety risk management is detailed in Section 3.1.3 of this Report.
9 Based on Full Time Equivalent (FTE) NEC employees.

Approach to sustainability reporting

NEC implements NextEnergy Group’s Sustainability Framework (the **Framework**, Figure 1). The Framework structures our approach to creating positive sustainability and ESG outcomes alongside generating risk-adjusted financial returns. There are three priority areas – People, Nature and Prosperity – each of which is underlaid by three focus topics which were identified through a double materiality process carried out in 2023. These areas remain material and a priority for NEC.

Our reporting strategy aligns with the Framework’s priority areas and those of the ISSB and TNFD, ensuring stakeholders receive relevant insights into our performance which may be financially material. The information we disclose includes climate and nature-related considerations across our construction activities, direct operations, and value chain. We also report on key people topics, such as health and safety, diversity, equity and inclusion, community engagement, and human rights.

Figure 1: NextEnergy Group Sustainability Framework



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1.

Governance

1.1 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, finance, construction, procurement and ESG sectors. NEIL has ultimate oversight and approval of sustainability and ESG strategy, risk and opportunity management for our investments, and disclosure requirements. NEIL reports to the NextEnergy Group Leadership Team (**GLT**) which includes the Group CEO and NEC's CIO.

[→ SEE PROFILES FOR NEIL](#)

1.2 Management's role and responsibilities

NEC has a dedicated ESG team led by the Group Head of ESG, Giulia Guidi. Giulia is a member of NEIL and sits on the Investment Committee of each of NEC's funds, taking an active role in the investment decision-making process. She is supported by a team with extensive expertise across climate, nature and people-related topics.

1.2.1 NEC's ESG team

Our dedicated ESG team is strongly integrated with the various functions within NEC including the Investment, Construction and Procurement, and Fund Management teams. By working closely with these teams, our ESG team integrates sustainability and ESG considerations across NEC's assets, reinforcing a cohesive approach to our responsible investment strategy.

[→ SEE NEC'S TEAM MEMBER PROFILES](#)

1.3 Competencies and training

Our NEIL and ESG teams hold qualifications and experience spanning finance, energy markets, environmental sciences, community impact and sustainability and ESG risk management.

We support ongoing professional development through regular training and active engagement with industry best practices. In the reporting year, this included a compulsory ESG course for all employees across NextEnergy Group's entities, including NEC. The course gave an overview of what sustainability and sustainable investment mean globally, and the material sustainability and ESG topics for NEC.

1.4 Formalisation of targets and incentives

NEIL oversees the setting of sustainability and ESG-related targets for NEC, and monitors progress towards those targets. Any proposed revisions to targets require NEIL approval and documented justification. Further detail on targets is provided in [Section 4](#).

Rather than allocating specific percentages of executive remuneration according to sustainability and ESG-related metrics, performance and progress against sustainability and ESG activities are evaluated annually as part of a holistic executive performance review process.

We support ongoing professional development through regular training and active engagement with industry best practices





2.

Strategy

2.1 Approach

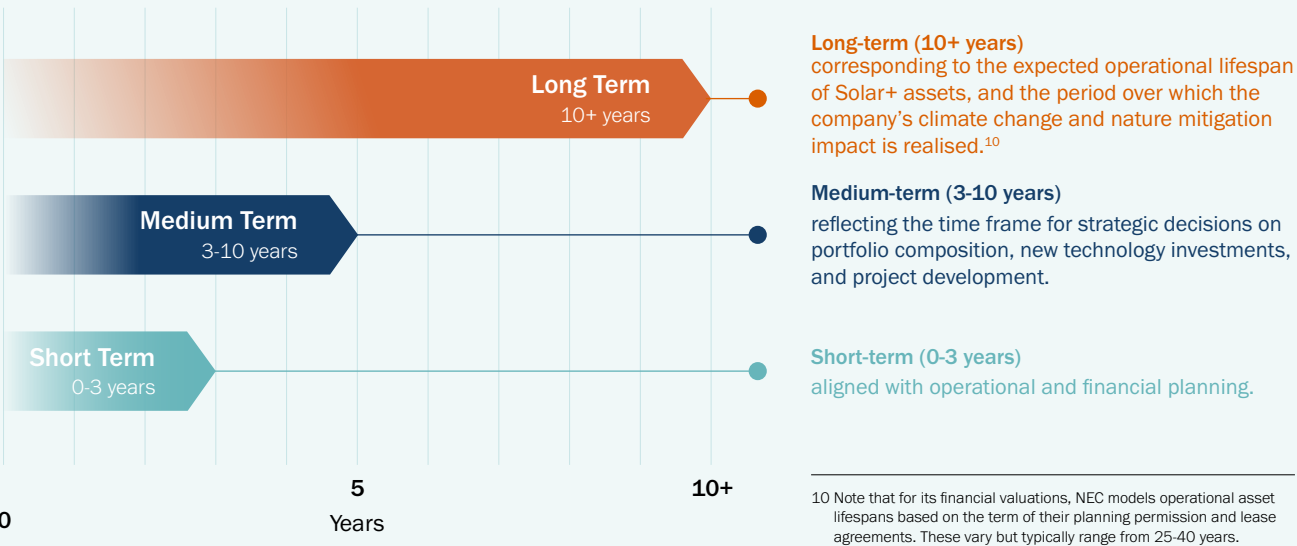
NextEnergy Group’s Sustainability Framework supports all aspects of NEC’s sustainability and ESG-related risk and opportunity management as they relate to our direct operational and value chain impacts, across climate, nature and people topics. The Framework aligns NEC’s investments with the Group’s Climate and Nature Strategies and sustainability 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.

2.1.1 Strategic time horizons

We assess climate and nature risks and opportunities in differing scenarios over three time horizons, as defined in Figure 2.

Figure 2: The different time horizons defined by NEC



2.1.2 Materiality

As outlined on page 9, a double materiality assessment was conducted in 2023 to support development of the Group’s Sustainability Framework. In line with the ISSB and Recommendations of the TNFD, we have also performed climate and nature-specific materiality assessments to support our approach.

Our climate materiality assessment focused on financed carbon emissions caused by our Solar+ assets’ operations and supply chain. The nature materiality assessment addressed location-specific operational impacts across our assets.

This included a supply chain review, examining the structure, transparency, key materials, and high-impact commodities (**HICs**) of our supply chain, and our potential interaction with Indigenous Peoples. Risks and opportunities related to these topics are covered in this Report, including the proportion of our portfolio value which is potentially exposed to some level of financial risk linked to climate or nature.

Beyond climate and nature, we recognise several people-related sustainability and ESG impacts, including health and safety, human rights, community engagement, and diversity, equity and inclusion.

For the year ended 31 December 2025 we have not identified any material financial risk to NEC or NEC’s funds arising from climate, nature or people-related issues. We have identified some sustainability and ESG-related risks and opportunities that could potentially impact our portfolios’ financial positions, performance, and cash flows, although the impact on these is not currently expected to be material. The risks and opportunities, and the scenario analyses on which they are based, are described in Sections 2.2.1 and [2.2.2](#).

We assess the risks and opportunities outlined in this Section and monitor them in line with the processes detailed in [Section 2.3](#) and [Section 3](#).

2.2 Identification of sustainability-related risks, impacts and opportunities

NEC’s portfolio has undergone extensive ISSB and TNFD-aligned climate and nature scenario modelling and risk assessment to identify potential impacts across construction activities, direct operations, and supply chain.¹¹ This included the review and application of relevant industry and sectoral tools such as:

- 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 World Wide Fund (**WWF**) for Nature.
- The ENCORE (**Exploring Natural Capital Opportunities, Risks and Exposure**) database, created by the Global Canopy, the United Nations Environment Programme Finance Initiative (**UNEP FI**), and the United Nation Environment Programme World Conservation Monitoring Centre (**UNEP-WCMC**), which together form the ENCORE Partnership, previously known as The Natural Capital Finance Alliance (**NCFA**).

¹¹ 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.



CLIMATE

2.2.1 Climate exposure, risks, impacts and opportunities

Physical climate scenario analysis

In accordance with IFRS S2, NEC has conducted a comprehensive climate risk analysis across its entire portfolio of assets for the reporting period. These assessments utilise the IPCC’s SSPs and evaluate potential climate-related risks under various global emissions trajectories. Specifically, NEC assesses the impacts of the SSP1-2.6, SSP2-4.5 and SSP5-8.5 on our portfolio across three time horizons – 2030, 2040, and 2050 – which are the standard short, medium and long-term time horizons for climate scenario analysis commonly aligned with key policy and scientific milestones. This allows NEC to understand how physical climate risks like flooding, water stress, and heat stress could evolve and affect our Solar+ assets over their operational lifetimes, and to identify appropriate mitigation measures. The scenarios are described in Table 1.

Table 1: Description of the SSPs used for the scenario analysis

CLIMATE SCENARIO	DESCRIPTION
SSP1-2.6	Assumes net zero emissions after 2050. Temperatures stabilise around 1.8 °C above pre-industrial levels by 2100.
SSP2-4.5	Emissions decrease but do not reach net zero by 2100. Temperatures rise 2.7 °C above pre-industrial levels by 2100.
SSP5-8.5	Represents an unchecked fossil-fuel driven future. CO2 emissions double by 2050 leading to 4.4 °C temperature rise by 2100.

NEC’s physical climate risk assessment employs an asset-level geospatial approach to extract scenario-specific climate projections across the three time horizons. For each asset, climate risk is quantified through the Hazard, Vulnerability, and Exposure framework – the conceptual basis for climate risk assessment as defined in the IPCC methodology.

Physical climate scenario analysis continued

The asset-level scenario analysis covers flood risk, heat stress and water stress. These serve as umbrella categories that capture a broader range of physical climate-related risks to which renewable energy infrastructure is most commonly exposed. They include wildfire, drought, heavy rainfall, and coastal flooding. We have used the following datasets to inform NEC’s climate modelling approach:

WATER STRESS ANALYSIS

The [World Resources Institute's \(WRI\)](#) Aqueduct tool is used to model changes in water availability across NEC's portfolio under the different SSP scenarios. Water stress data is derived at the asset level using the precise geographic coordinates of each asset to extract location-specific projections, thus reflecting a high data resolution.

HEAT STRESS ANALYSIS

Projections are derived from the sixth Coupled Model Intercomparison Project (**CMIP6**), accessible through the [World Bank Climate Change Knowledge Portal](#), and benchmarked against a 1991–2024 historical baseline. Given current data availability, heat stress data is derived at the country level, reflecting the most appropriate resolution available.

FLOOD RISK ANALYSIS

Projected flood depth data is derived from [Fathom's Global Flood Map](#) to assess flood risk exposure under the different SSP scenarios. Flood risk data is derived at the asset level using the precise geographic coordinates, thus reflecting a high data resolution.

Portfolio-level climate risk is determined by weighting individual asset scores against their contribution to

total portfolio valuation, ensuring the assessment is anchored to the financial materiality of each asset.

NEC recognises that climate projections are subject to inherent uncertainty as climate models are built on simplifications of complex Earth systems and cannot fully capture the range of possible future conditions. To address these limitations, the aforementioned datasets upon which we have grounded NEC's analysis are the most authoritative and widely adopted datasets available for each of the physical climate risk categories assessed:

WATER STRESS ANALYSIS

The World Resources Institute's Aqueduct tool is recognised by WWF and World Business Council for Sustainable Development (**WBCSD**) as one of the world's three leading water risk frameworks for companies and investors globally. To account for uncertainties inherent in climate modelling, Aqueduct employs an ensemble of five climate models, reporting the median as the central estimate to capture a wider range of possible future climate conditions.

HEAT STRESS ANALYSIS

CMIP6 generates authoritative global climate model projections informed by the most current climate science and data assessed by the IPCC.

FLOOD RISK ANALYSIS

Fathom's Global Flood Map, widely adopted by financial institutions, insurers and governments globally, provides a robust and comprehensive flood risk data across all major flood perils – pluvial, fluvial and coastal.

91.3% of NEC-managed fund portfolios not exposed to material physical risks

Climate exposure

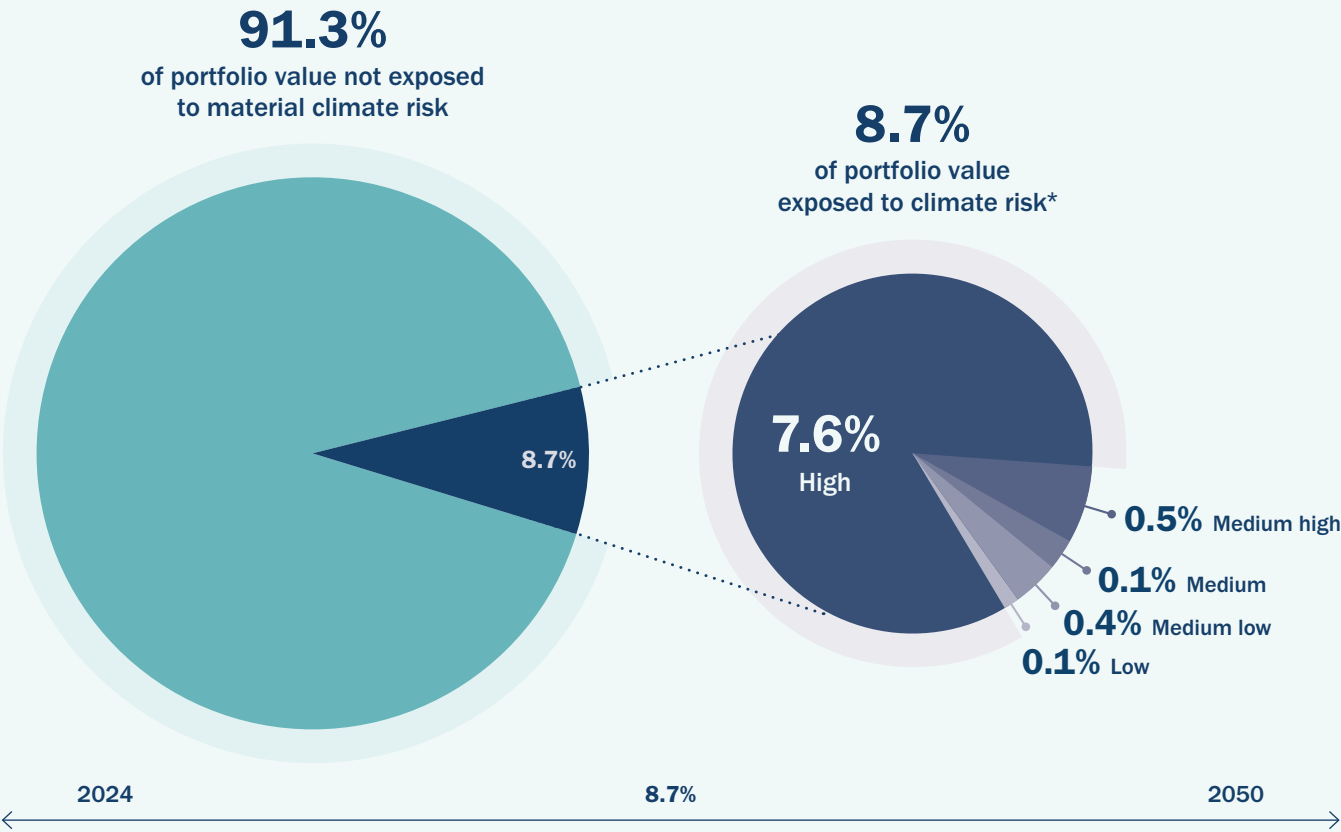
Climate risk percentages are a relative measure that quantify the potential impacts of physical climate-related events on the portfolio under each scenario. The final scores for each scenario are shown in Table 2. The narrow variance of 0.5 percentage points across the three scenarios – ranging from 8.3% under SSP1-2.6 to 8.8% under SSP5-8.5 – indicates low scenario uncertainty. This demonstrates that the portfolio's physical climate risk remains stable across the full spectrum of plausible climate futures. Note that a year-on-year comparison of the scores is not possible considering that changes in the portfolio composition affect the weighting of individual asset scores against their contribution to total portfolio valuations.

The figures do not directly equate to a financial loss percentage. Instead, they indicate the level of exposure to potential adverse financial impacts due to climate factors. The exact financial impact depends on various factors, including the specific nature of the hazards, the effectiveness of risk mitigation strategies, and the resilience of the assets.

Table 2: The scenarios associated with the different climate impacts

CLIMATE SCENARIO	MODELLED PORTFOLIO CLIMATE RISK EXPOSURE
SSP1-2.6	8.3%
SSP2-4.5	8.7%
SSP5-8.5	8.8%

Figure 3: NEC climate risk exposure modelled between 2025 and 2050 under SSP2-4.5



*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

Climate exposure *continued*

NEC’s overall portfolio climate risk score under the most relevant scenario SSP2-4.5 is 8.7% (Figure 3). SSP2 is considered the central scenario for climate risk analysis, offering a balanced view of future climate impacts under moderate global action, without assuming either rapid decarbonisation or high-emissions trajectories. The assessment indicates that assets representing 8.7% of portfolio value are exposed to some degree of climate-related risk. Actual financial outcomes will depend on the effectiveness of existing adaptation measures, asset-

specific resilience characteristics and future climate conditions. For further detail on NEC’s climate risk exposure, please refer to the [Technical Annex: Emissions calculations and climate risk](#).

The climate risk score also fed into the analysis of the potentially material climate-related risks and opportunities included in Tables 3 and 4. The outcome of this analysis feeds into the identification of mitigation measures to build the resilience of NEC’s portfolio to potential future physical climate risks, as detailed in [Section 3.3](#).

Table 3: Direct operations: climate-related risks and opportunities, including during decommissioning

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Physical	Flooding risk (pluvial, fluvial and coastal).	Risk	Potential disruption to operational performance and/or access for site maintenance.
		Opportunity	Flood mitigation lowers likelihood of outages and supports greater revenue stability.
	Water stress (drought).	Risk	Lack of water for cleaning means greater panel soiling, reduced operational performance and lower revenues, and potential issues for contractors on site.
		Opportunity	Adopting more efficient cleaning practices reduces dependency on water resources and related costs.
	Heat Stress.	Risk	Increased temperatures decrease operational performance and stress equipment, accelerating premature aging.
		Opportunity	Technological improvements stabilise performance.
Transition	Shifts in power markets affecting revenue streams and grid curtailment.	Risk	Negative electricity prices and increased Scope 2 emissions resulting from asset use of grid electricity.
		Opportunity	Deployment of battery energy storage assets helps manage volume and price risk.
	Introduction of additional regulatory requirements relating to decommissioning.	Risk	Increase in compliance costs.
		Opportunity	New technologies generate potential to recover and create value from recycled materials.



The direct operations of NEC’s assets are exposed to similar climate-related risks and opportunities as its supply chain. However, they manifest differently according to the phase of the asset.

Table 4: Supply chain: climate-related development and construction risks and opportunities

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Physical	Polysilicon and other raw materials required for Solar+ equipment tend to be concentrated in geographies that are exposed to varying degrees of physical climate risk. This includes flood, drought and extreme weather events.	Risk	Supply chain disruption and associated price volatility, resulting in cost increases or delays in constructing new assets.
		Opportunity	Greater supply chain resilience enables more reliable delivery and price scheduling and reduces exposure to impacts of conflict and geopolitical instability.
Transition	Regulatory changes that expand carbon taxes, such as the EU Carbon Border Adjustment Mechanism (CBAM), to include solar and battery energy storage assets or materials.	Risk	Increased import costs under new or existing carbon tax mechanisms, price fluctuations, and project delays.
		Opportunity	Procuring from lower-carbon suppliers decreases regulatory exposure and increases potential cost competitiveness.
	Market risk such as commodity price volatility and supply chain disruption due to political or climate events and tariffs.		
	Stricter emissions standards for manufacturing and shipping.	Risk	Increased capital expenditure as suppliers pass through costs of emissions reduction initiatives and alternative shipping fuels to contractors.
		Opportunity	Greater engagement with suppliers required to align decarbonisation targets. Lower-carbon shipping increases regulatory resilience and lowers costs.



NATURE

2.2.2 Nature exposure, risks, impacts and opportunities

We conduct nature-related assessments at the asset level to assess the impact of physical risks such as land use change, physical climate-related risks, habitat loss, freshwater scarcity and pollution across our direct operations, construction and value chain. In line with the Recommendations of the TNFD, the description of each risk includes specific nature-related dependencies. More information is available in the [Technical Annex: Nature-related materiality assessment](#).

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.

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.

Nature exposure

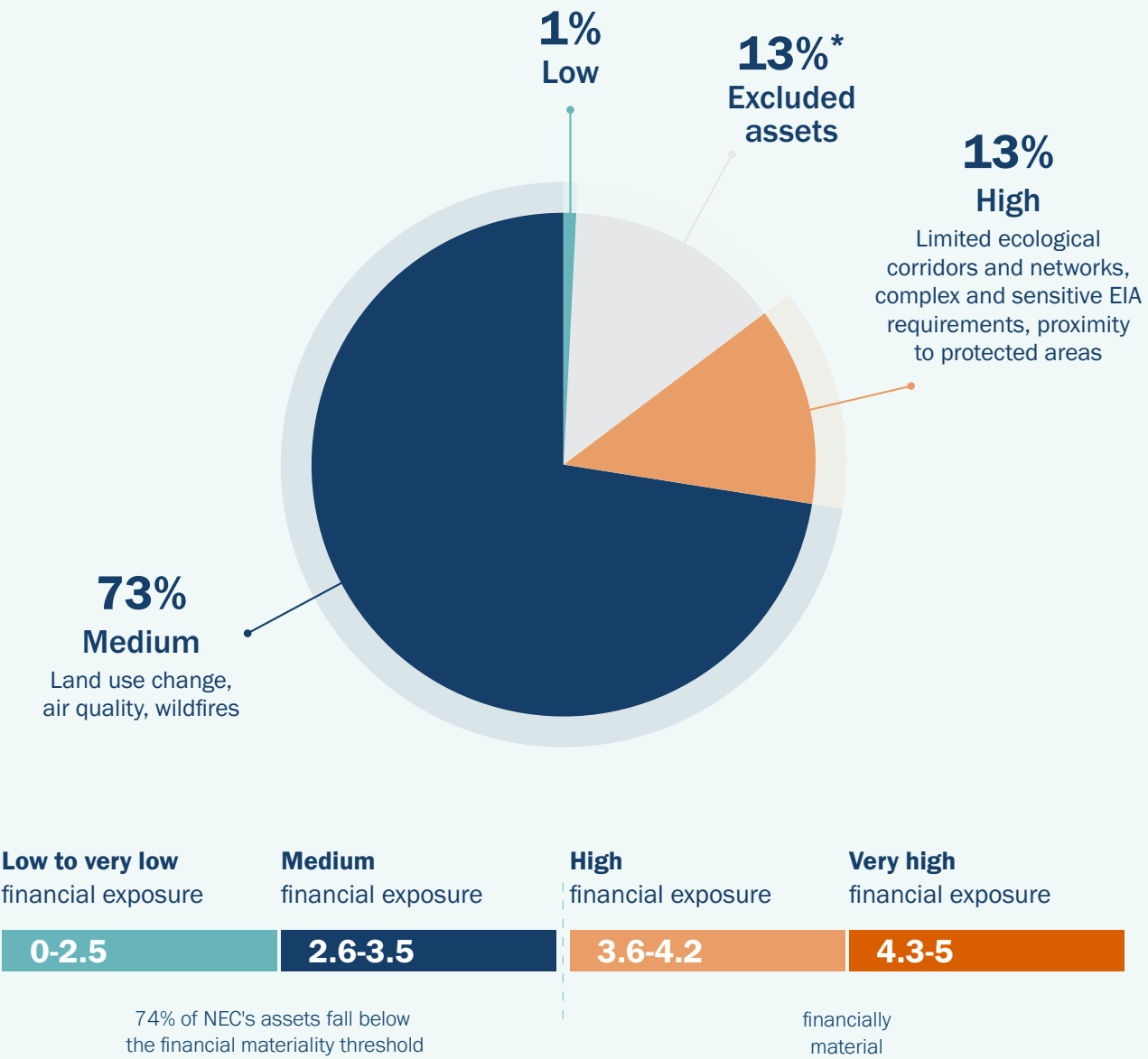
NEC has evaluated our overall exposure to potential financially material nature-related risks in line with the Recommendations of the TNFD. We have established a financial risk threshold scale from 1-5 using a financial risk threshold adapted from the WWF Biodiversity Risk Filter and its recommended interpretation. We have deemed the nature-related risks for assets with an exposure score below 3.5 to be financially immaterial based on the WWF Risk Filter guidance. Still, we consider it prudent to assess exposure across all risk categories. Based on this assessment, 74% of our assets present a potential nature-related financial risk below 3.5.

The analysis indicates that 1% of NEC's portfolio is classified as low risk, 73% as medium risk, and 13% as high risk, with 13% of assets excluded from the assessment. Rooftop assets and non-generating sites have been excluded from the analysis and classified as "excluded assets". The results are summarised in Figure 4. They do not directly equate to a financial loss percentage; instead, they indicate the level of exposure to risk due to nature-related factors, such as water pollution. The exact financial impact depends on various factors, including the specific nature of the hazards, the effectiveness of risk mitigation strategies, and the resilience of the assets.

Our analysis has also shown that key drivers of medium-risk exposure include land use change, air quality, and wildfires, while high-risk exposure is influenced by factors such as limited ecological corridors and networks, complex and sensitive EIA requirements, and proximity to protected areas.



Figure 4: NEC's nature risk exposure¹²



* See Technical Annex: Reporting Boundaries

The modelling fed into the analysis of the potentially material nature-related risks and opportunities included in Tables 5 and 6. It also feeds into the identification of mitigation measures to build the resilience of NEC's portfolio to potential future nature risks, as detailed in [Section 3.3](#).

¹² Values have been updated to reflect broader coverage of physical and transitional risks, following an assessment of financial materiality in accordance with the TNFD recommended disclosure framework and the application of the WWF Biodiversity Risk Filter v3.0. Figures may therefore differ from those reported in prior periods.



Lower emissions reduce carbon offsets, increase regulatory alignment and improve supply chain efficiency

Table 5: Direct operations: nature-related risks and opportunities, including during decommissioning

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Physical	Dependency Stable temperatures and predictable irradiance. Low fire hazard conditions and stable ecosystems.	Risk	Reduced asset performance and physical damage from extreme weather.
	Impact Reduced performance and damage from extreme heat and weather events.	Opportunity	Asset performance enhancement, revenue yield protection and asset lifespan increase.
		Risk	Asset damage, operational disruption, and increased maintenance costs from fire and climate variability.
		Opportunity	Downtime reduction, long-term asset value protection, insurance costs reduction and natural capital asset portfolio differentiation.
	Dependency Functional habitats providing ecosystem services.	Risk	Declining ecosystem services affecting site performance and nearby communities.
	Impact Habitat degradation affecting long-term site conditions.	Opportunity	Site stability, performance improvement and social licence to operate.
	Dependency Healthy, uncontaminated soils supporting ecosystems stability.	Risk	Reduced site quality and increased remediation needs.
	Impact Soil contamination from operational and decommissioning materials.	Opportunity	Reduced restoration and remediation costs.
Transition	Dependency Stable operating conditions.	Risk	Increased costs and regulatory pressure linked to carbon emissions.
	Impact Emissions from construction, materials, and operations contributing to GHG footprint.	Opportunity	Lower regulatory costs and operational improvement efficiency.
Liability	Dependency Functional habitats supporting regulatory compliance and reputational aspects.	Risk	Permitting delays and biodiversity compensation costs.
	Impact Habitat conversion, biodiversity loss, and reduced connectivity.	Opportunity	Lower permitting risks, management, compensation and litigation costs, social licence to operate, and decommissioning remediation liability reduction.

Table 6: Supply chain: nature-related development and construction risk and opportunities

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Physical	Dependency Stable climate conditions required for extraction, manufacturing, and transport.	Risk	Shipping disruption and price volatility.
	Impact Disruptions from extreme weather affect production and logistics.	Opportunity	Stable supply chains increase investment confidence and reliability of delivery and construction timetables.
	Dependency Predictable rainfall and availability of water for equipment suppliers.	Risk	Component shortages and increased procurement costs.
	Impact Water scarcity disrupts manufacturing output.	Opportunity	Production stability reduces cost volatility and protects business continuity.
	Dependency Functional ecosystems to support resource availability.	Risk	Reduced long-term raw material availability.
	Impact Habitat loss and reduced ecosystem productivity.	Opportunity	Habitat stability creates longer-term visibility and security of supply.
	Dependency Adequate water supply for mining and processing.	Risk	Restricted material availability and increased costs.
	Impact Water depletion limits production capacity.	Opportunity	Production stability reduces cost volatility and protects business continuity.
Transition	Dependency Carbon-intensive upstream production systems.	Risk	Regulatory pressure and rising costs for carbon-intensive inputs.
	Impact GHG emissions from extraction, manufacturing, and transport.	Opportunity	Lowering emissions reduces carbon offsets, increases regulatory alignment and improves supply chain efficiency.
Liability	Dependency Clean water systems and responsible supplier practices.	Risk	Reputational damage, legal exposure and financial penalties.
	Impact Water pollution from upstream activities.	Opportunity	Strong water management reduces litigation risk, enhances supplier performance and social licence to operate.



PEOPLE

2.2.3 People risks, impacts and opportunities

In line with our Sustainable Investment Policy, NEC performs people-related risk and opportunity assessments throughout the asset lifecycle. The assessments are based on the three focus topics underlying the People priority area of the Group’s Sustainability Framework.

Table 7: Direct operations: people-related risks and opportunities, including during decommissioning

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Human rights	Labour conditions, modern slavery, and non-provision of fair employment practices across operations and maintenance activities.	Risk	Adverse human rights impacts, compliance and reputational risks, and potential damage to social licence to operate.
		Opportunity	Good working conditions help ensure compliance and manage personal safety and security. No confirmed incidents of forced labour, modern slavery or severe human rights violations were identified within NEC's directly contracted supply chain during the reporting period.
Community engagement	Community grievances.	Risk	Damaged community relationships, opposition to new development, and reputational damage.
		Opportunity	Engaging communities throughout asset lifecycle and supporting local initiatives builds trust in operational areas.
Health and safety	Onsite medical incidents during maintenance works, and theft of Solar+ materials.	Risk	Reduced employee and/or contractor health and wellbeing, reputational risk, cost of equipment replacement, and reduced revenue from operational downtime.
		Opportunity	Controlling construction and other onsite risks supports local employment through the use of local security personnel, enhances on-site safety, and reduces legal risks.
Diversity, equity and inclusion	Personnel and workplace practices for relevant employees and contractors.	Risk	Negative morale causes high staff turnover and reputational risk.
		Opportunity	Inclusive working environment improves staff retention and company image.



Table 8: Supply chain: people-related development and construction risks and opportunities

TYPE	DESCRIPTION	RISKS AND OPPORTUNITIES	
Human rights	Human rights risks relating to the extraction and processing of the raw materials of Solar+ equipment, geographies with heightened risk of forced labour, unsafe working conditions, and weak labour protections. Modern slavery and exploitative employment practices during construction.	Risk	Adverse human rights impacts, compliance and reputational damage.
		Opportunity	Traceability and other proactive risk management reduces potential exposure to high-risk areas and increases social licence to operate.
Community engagement	Land use, resettlement, and the rights of minority groups or Indigenous Peoples.	Risk	Damaged supplier relationships and reputational damage.
		Opportunity	Supporting supplier community engagement builds trust with value chain stakeholders, and ensures communities derive value from Solar+ activities.
Health and safety	Onsite medical incidents during construction, and theft of Solar+ equipment.	Risk	Reduced employee and/or contractor health and wellbeing, compliance breaches, reputational risk, cost of equipment replacement, and project delivery disruption.
		Opportunity	Controlling supply chain and contractor site risk supports local employment through the use of local security personnel, enhances on-site safety, and reduces legal risks.



CLIMATE



NATURE

2.3 Strategic response

NEC has established comprehensive strategies to avoid and reduce negative impacts on climate and nature in line with the mitigation hierarchy (Figure 5). We also incorporate relevant people considerations as outlined in [Section 2.3.3](#). More detail on how we integrate our strategies into the risk management process is provided in [Section 3](#).

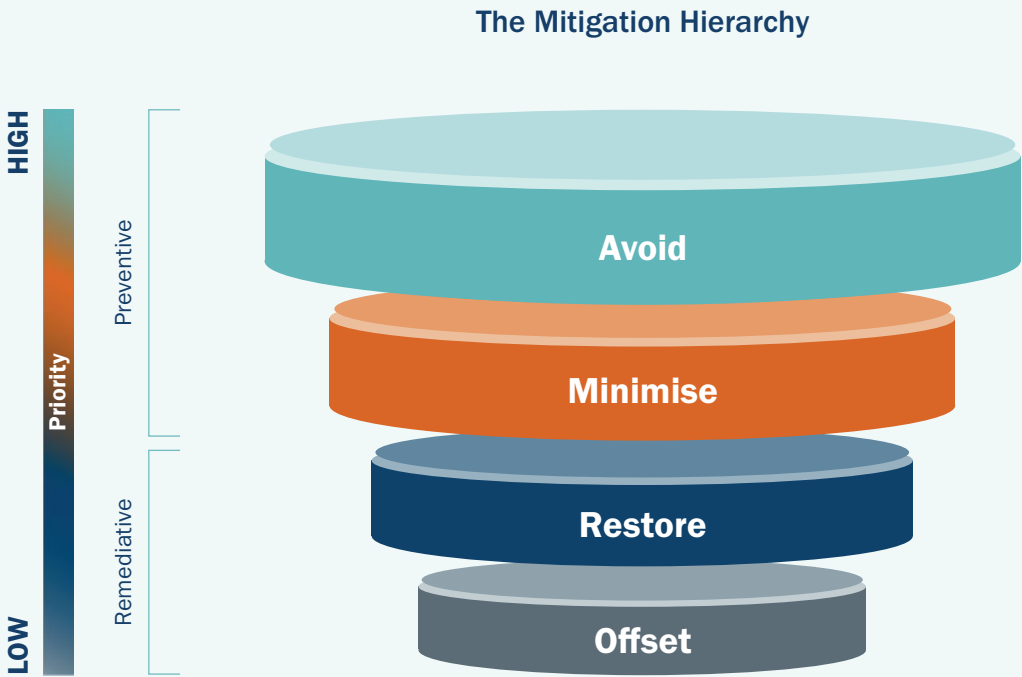
2.3.1 Climate

NEC’s strategic response to climate change is two-fold, as established in NextEnergy Group’s Climate Strategy: decarbonisation and climate resilience. We map and understand where and how we can decarbonise our operations and supply chain and then take action to achieve these goals. Our Transition Plan provides the roadmap against which to do this, details of which are on page 71. We also assess exposure to physical climate risks to understand where mitigation measures are necessary to enhance the resilience of our assets.

2.3.2 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 includes actionable targets intended to be achieved by 2030. These are detailed in [Section 4.4](#).

Figure 5: Mitigation Hierarchy



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 our direct operations and upstream supply chain. The formal assessment was conducted during 2024; a subsequent internal review confirms that our geographic footprint and nature-interface remain stable. Consequently, the 2024 analysis continues to serve as a materially accurate representation of our priority locations. These locations are provided in Figure 6, followed by an explanation of the processes used to identify them.

Priority locations for nature: supply chain

NEC's value chain spans a globally diverse network of raw material sourcing countries, with upstream supply linked to key commodities across multiple continents. To understand where nature-related impacts are most material within this value chain, we mapped the countries of origin for the primary raw materials used across our asset portfolio.

Figure 6 maps the estimated upstream supplier countries by their proportional share of NEC's raw material supply chain. These geographies represent the priority locations where nature-related pressures linked to raw material extraction and processing are most likely to arise, forming the basis for our supply chain site prioritisation methodology described below.

Site prioritisation methodology: supply chain

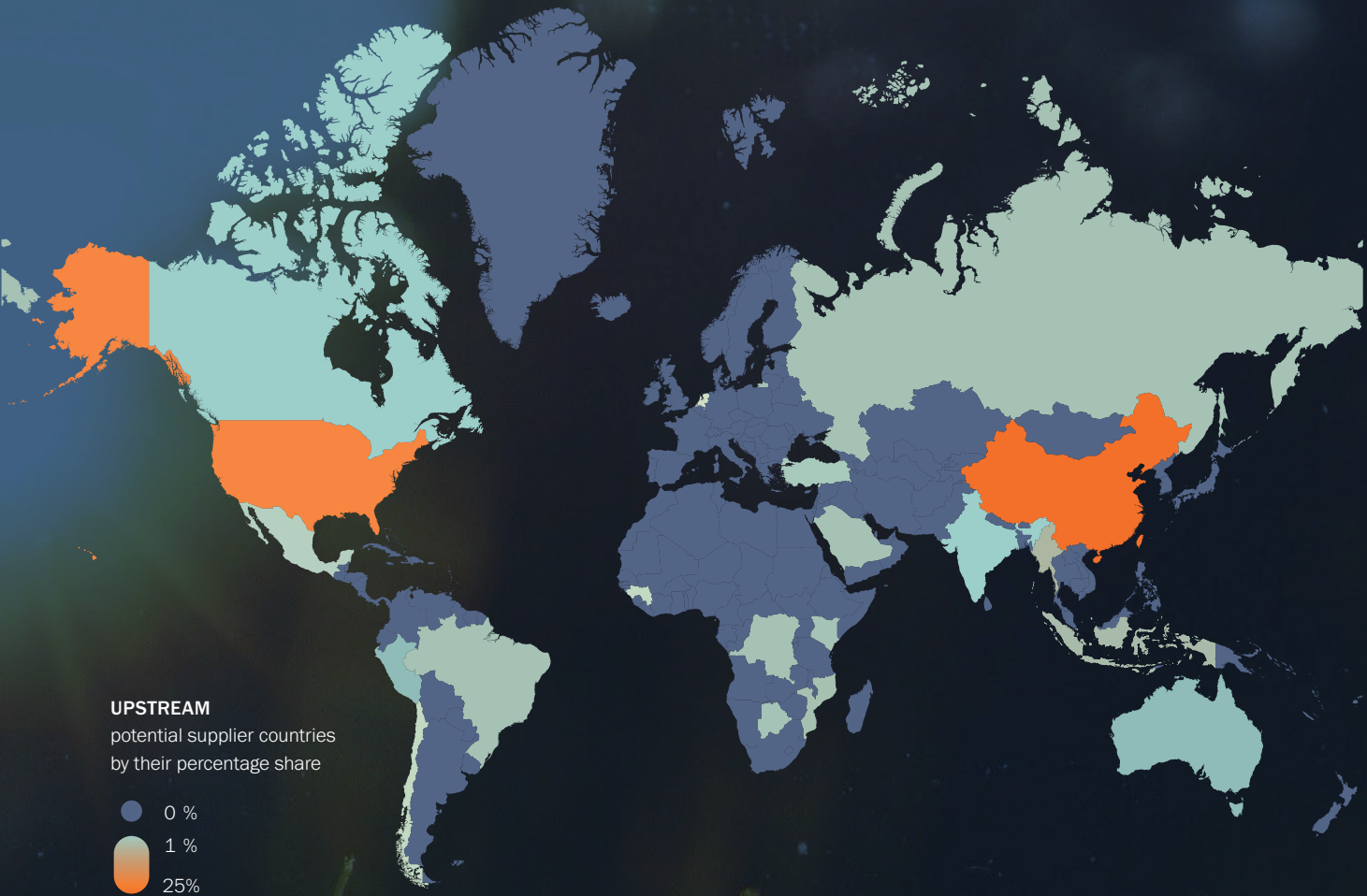
We identified key locations in our supply chain that we can prioritise to address our impacts on nature. To prioritise our supply chain site assessments, we first gathered information on the components used in our assets from the Bills of Materials

(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 Science Based Targets Network (SBTN) designated 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.

We 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 we will now aim to target in NEC's work to identify and mitigate potential nature-related impacts. As part of this, one of NEC's sustainability and ESG objectives is to engage with suppliers to increase transparency in our supply chain and minimise their impacts on nature. For more information, see [Section 4.4](#).

Figure 6: Countries of origin identified with key nature-related impacts linked to NEC's raw material supply chain

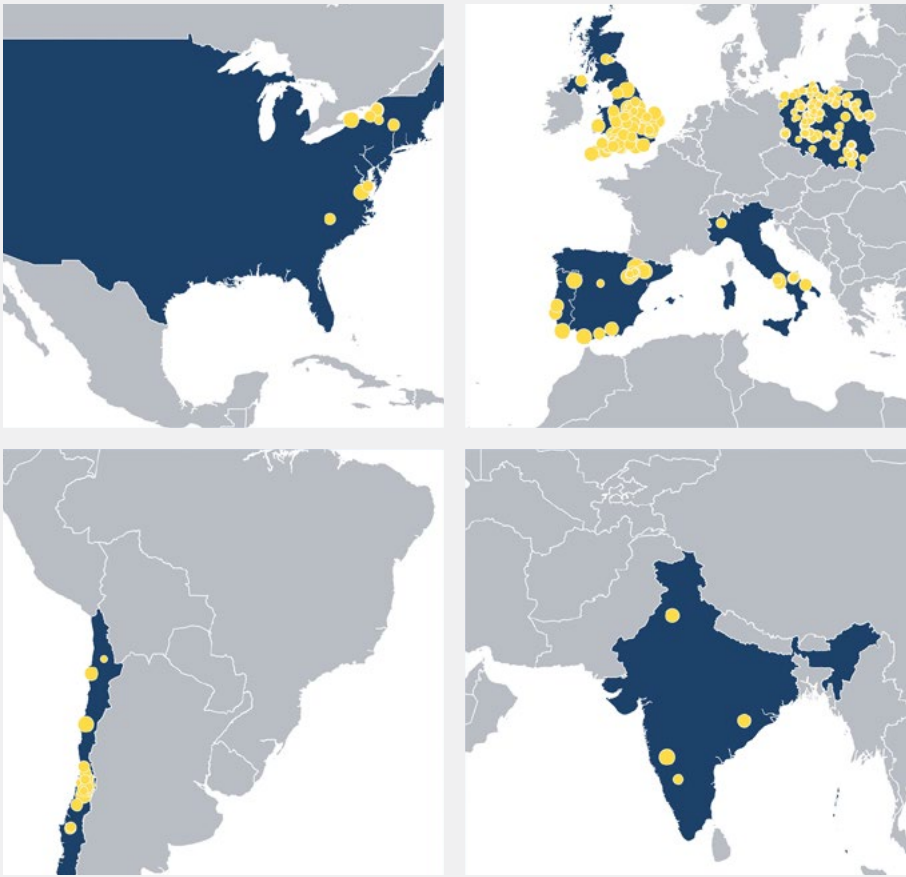


Priority locations for nature: direct operations

NEC’s operations span a variety of locations, with a portfolio of Solar+ 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.

Figures 7-9 highlight NEC’s priority operational areas based on key biodiversity loss drivers, including terrestrial land use change, climate 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: Land use



SENSITIVITY

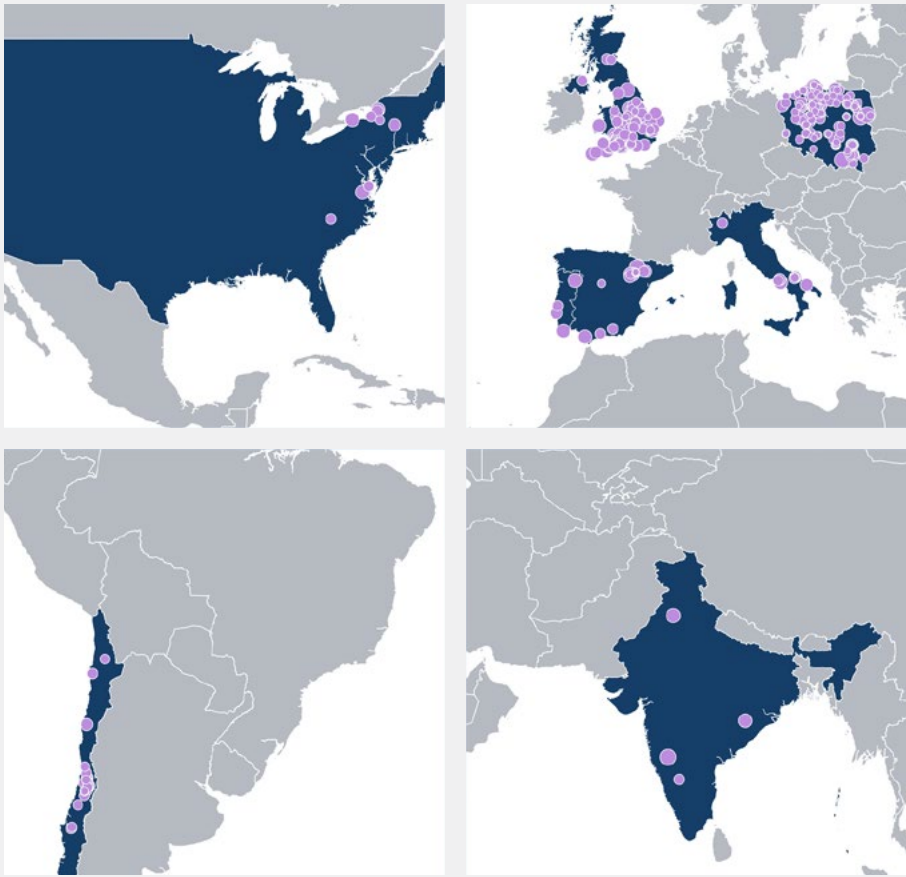
- Very low
- Low
- Medium
- High

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.

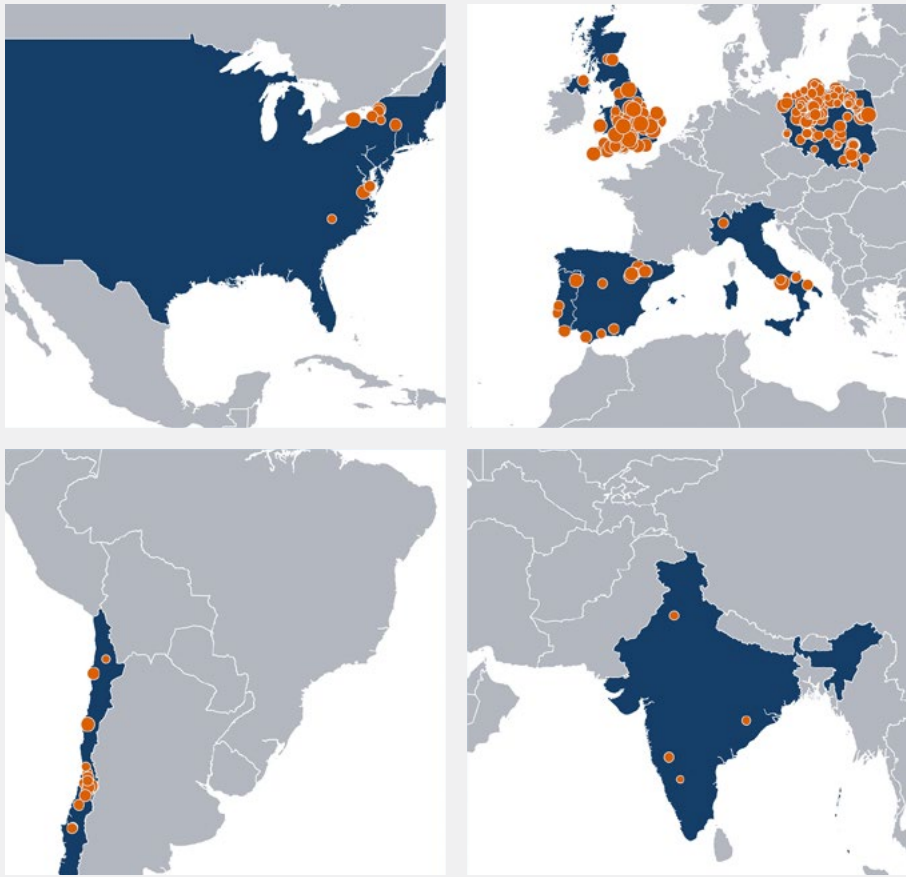
By combining SoN and SoNp with the biodiversity conditions of each region, we generated a final prioritisation score for NEC’s assets. This ranking enables us to prioritise sites based on their contribution to biodiversity loss drivers, ensuring that targeted and effective mitigation strategies are deployed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

Figure 8: Climate change



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 our due diligence, monitoring, mitigation, and measurement processes.

Figure 9: Soil pollution



In 2025, we completed a nature-based LCA to obtain data-driven insights into the impact of our value chain on nature, ensuring continuous improvement as we expand our portfolio

NATURE-BASED LIFECYCLE ASSESSMENT

We have completed a cradle-to-grave LCA across three representative assets within our portfolio: two photovoltaic plants and one battery energy storage system located in different geographies. This selection enables the capture of portfolio diversity and supports the extrapolation of results across the wider asset base. The LCA was conducted in alignment with internationally recognised standards, including ISO 14040 and ISO 14044, ensuring methodological robustness and comparability.

The assessment adopts a nature-oriented approach, measuring a range of core indicators aligned with TNFD core metrics as well as relevant sector-specific metrics across all lifecycle stages, from raw material extraction through to end-of-life. By integrating both primary asset-level data and high-quality secondary datasets, the analysis provides a comprehensive view of environmental interactions, including land use intensity, pollutants, high-risk commodities, resource consumption, and emissions.

The results of the LCA have been embedded into an iterative analytical approach, enabling NEC to dynamically calculate and update impacts as assets are acquired or divested. By linking asset-level LCA outputs to a central Company-wide model, the approach allows impacts to be recalculated as the composition of the portfolio changes, including through asset acquisitions, disposals or changes in operational status. This provides a robust, scalable baseline to inform TNFD-aligned disclosures, including the identification of impactful and priority value chain stages and the tracking of performance over time.

2.3.3 People

We assess, evaluate and identify potential response actions to people-related topics as part of our asset-level and supply chain due diligence when considering potential transactions. Our response actions are 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](#). Our commitments are also informed by international frameworks, such as the United Nations Guiding Principles on Business and Human Rights (**UNGP**), the OECD Guidelines on Multinational Enterprises, and the Equator Principles.

Our community impact approach focuses on maximising local involvement in project planning, development and operations, while investing directly in communities through SPVs and charitable giving via the [NextEnergy Foundation](#), to which NextEnergy Group donates at least 5% net annual profits. NEC also continues to advance diversity, equity and inclusion across the renewable energy sector. For more information see [Section 4.5](#).

During the reporting period, NextEnergy Group continued work on developing a Community Impact Strategy, which NEC will adopt once published. This Strategy is intended to provide a structured approach to community engagement in the context of renewable energy infrastructure. NextEnergy Group is also a member of the Taskforce on Inequality and Social-related Financial Disclosures (**TISFD**), providing NEC with access to further expertise from which it may benefit to enhance the positive community impact of our activities.

≥5% of net annual profits
are donated to the NextEnergy Foundation

2.4 Transition risks and opportunities across jurisdictions

NEC's assets are located across Europe, North and South America, and South Asia. This means we face a range of transition-related sustainability and ESG risks and opportunities. These are outlined below. We proactively monitor these risks and opportunities and engage with policymakers to ensure an enabling environment for the energy transition. These engagements are both direct – including by attending Government and regulator forums – and indirect – including submitting responses to consultations, inquiries and calls for evidence, and participating in conferences and events in the jurisdictions where our assets operate.

2.4.1 Policy and legal

Operational

Current and proposed energy policies could impact NEC's operations, costs, and routes to market. In 2025, governments around the world set or reaffirmed their ambitions to increase the share of renewable energy in their electricity mix, including as a result of fossil fuel-generated market instability in the reporting period. For example, more than one hundred countries updated their Nationally Determined Contributions (**NDCs**) towards cutting GHG emissions as part of the Paris Agreement.

Related to these developments, governments and regulators updated specific policies which could affect existing NEC assets. For example, in the UK, the Government continued to consent new large-scale solar projects. However, it also consulted on (and subsequently announced) changes to the subsidy schemes which provide support to some of NEC's assets, and it has created uncertainty in recent years through processes intended to reform electricity market structures.

This policy complexity is reflected in other jurisdictions, such as Italy, where members of the Government indicated their desire to make changes to the European Union (**EU**) Emissions Trading Scheme (**ETS**). This could affect power prices and create additional market volatility. In the US, restrictions have been imposed on the development of renewable energy in the form of wind power, while in Spain new measures were introduced to promote battery energy storage and repowering, which could

create new opportunities for operational assets. More broadly, there are ongoing discussions in the EU about how to accelerate the deployment of solar and increase manufacturing.

NEC monitors and evaluates the potential impact of these and other relevant changes on our assets on a rolling basis to ensure that our management activities reflect an up-to-date picture of international politics and policy.

BATTERY SUPPLY CHAINS

NEC is a signatory to the [UK solar industry supply chain statement](#) and [US Solar Industry Forced Labor Prevention Pledge](#). To strengthen its position, in May 2025 we joined other industry members in a joint [statement](#) condemning the use of forced labour in the global lithium-ion battery supply chain. The statement was coordinated by the Electricity Storage Network, of which NEC is member, and calls for rigorous due diligence and alignment with international standards, such as the UNGP.

In parallel, as part of our supply chain approach and in support of our nature targets, we continued to develop our approach to human rights and transparent, sustainable sourcing during the reporting period. This included ongoing supplier engagement and work to develop contracting requirements relating to HICs, specifically aluminium and steel.



Supply chain

Physical supply chains are directly relevant to NEC’s Solar+ assets. By volume, the majority of the solar panel supply chain, in particular, is based in China and other parts of Asia. This creates geographic and commercial concentration risk, including if the governments of manufacturing countries impose export restrictions, or if the governments where NEC needs to install or replace equipment impose import restrictions. Other supply chain risks could include new compliance requirements – such as the extension of the EU CBAM to include manufactured products, such as solar panels – and increased scrutiny of solar component sourcing, particularly regarding human rights concerns. Delays to new or replacement parts could occur should shipping be disrupted as a result of conflict, international health restrictions such as those linked to the Covid pandemic, or one-off events (such as the blocking of major trade routes).

Solar+ supply chains present a range of opportunities, particularly if Governments in jurisdictions where NEC has or might acquire assets aim to increase relevant manufacturing capacity. This could include subsidy or other support for generation assets that procure from domestic supply chains. Local procurement would reduce concentration risk and provide lower transport, custom and associated logistics costs, as well as reputational benefits. NEC’s supplier diversification, due diligence, traceability requirements and contractual controls are further designed to reduce concentration-related risk.

STAKEHOLDER ENGAGEMENT

NEC benefits from our extensive involvement in industry action to drive a more responsible solar industry. Our ESG team and other team members meet regularly with civil society representatives to discuss sustainability and ESG issues in renewable energy, take part in conferences, panels and events, and support academic and other research projects where possible.

NEC memberships and initiatives

During all or part of the year ended 31 December 2025

UK SOLAR TASKFORCE

- NextEnergy Capital’s CIO, Ross Grier, is a member of the UK government’s Solar Taskforce which published the UK’s [Solar Roadmap](#) in 2025.

SOLAR STEWARDSHIP INITIATIVE (SSI)

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

NEC IS ALSO A MEMBER OF OR SUPPORTS:

- The Electricity Storage Network.
- International Sustainability Standards Board.
- Taskforce on Nature-related Financial Disclosures.

SOLAR ENERGY UK (SEUK)

- NextEnergy Group’s Nature Lead is a member of the Natural Capital Steering Group.
- NextEnergy Group’s Supply Chain ESG Lead is a member of the Responsible Sourcing Steering Group.
- NextEnergy Capital’s UK Investment Vice President is a member of the Planning Steering Group.
- NextEnergy Capital’s Head of Grid Connection is a member of the Grid Steering Group.

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (UN PRI)

- NextEnergy Group’s Nature Lead is a member of the Nature Reference Group.
- NextEnergy Group’s Sustainable Finance and Climate Lead is a member of the Climate Reference Group.
- NextEnergy Group’s Sustainable Finance and Climate Lead and an ESG Associate are members of the Sustainable Systems Investment Managers Reference Group.

2.4.2 Technological

The continued evolution of the energy transition will present technological opportunities, including those associated with managing the increasing capacity of renewable generation. By integrating battery energy storage alongside NEC's existing portfolio, we could capture additional revenue streams, improve asset optimisation, and support grid stability, supporting policy goals to generate an increasing share of power from sources that do not rely on fossil fuel markets.

Increases in the technological efficiency of solar modules and other equipment may also continue as the industry matures, while circular economy frameworks could offer economic benefits through formalised panel recycling programs. As the first generation of solar projects begins to be decommissioned at the end of their life – and should NEC engage in this sooner as part of any repowering associated with assets it manages – then there will be potential opportunities to create value from materials recovered as part of recycling.

As systems become increasingly digitised, Solar+ assets face a heightened exposure to cyber security risks, including the potential for unauthorised access or disruption to operations. The Group maintains a cyber security framework that informs the design and operation of its cyber security controls. The Group is developing a Security Strategy that will guide the continued enhancement of its cyber security capabilities and controls. No material cyber security incidents were identified during the reporting year.

2.4.3 Market

Concerns about conflict and climate change grew during the reporting period, and while government positions have been mixed, renewable energy continues to be supported in several jurisdictions for its potential ability to provide consumer price stability in the context of broader geopolitical volatility. Corporate buyers may also seek to procure

more renewable energy through Power Purchase Agreements and other mechanisms to manage energy costs and meet sustainability goals.

However, the acceleration of renewable energy deployment could also disrupt the revenue of NEC's Solar+ assets by altering the dynamics of electricity supply and demand – for example, if there is an increase in the number of negative price hours or curtailed generation. Increasing climate and nature-related regulation, changing consumer expectations, and geopolitical changes could also affect fossil fuel, renewable and other energy markets, with potential implications for the financial performance and cash flows of NEC's assets.

2.4.4 Reputational

Investor, regulatory and broader stakeholders are increasingly aware of the risks of greenwashing and greenhushing, through fraud or error. NEC adopts strong governance and risk management to mitigate these risks. We also seek third-party recognition of the Sustainability Strategies the Group develops and NEC implements, including on behalf of our investments, where relevant.

In addition, we voluntarily align our disclosures with frameworks such as the ISSB and TNFD, and implement relevant controls and monitoring needed for the investments we manage to retain their EU Sustainable Finance Disclosure Regulation (SFDR) Article 9 status.¹³ By demonstrating transparency and accountability, we aim to strengthen our credibility with government officials and regulators, investors, clients, academic and other research groups, and the media.

We consider NEC's social licence to operate as a critical opportunity and any negative impacts as a risk for future project approvals. Our community engagement initiatives, such as partnering with schools and supporting nature enhancement efforts, are intended to help build trust with stakeholders in the areas where we operate.

Our community engagement initiatives are intended to help build trust with stakeholders in the areas where we operate

NEC's commitment to sustainability extends beyond our direct operational activities. Our stakeholder engagement, outlined on page 42, demonstrate NEC's leadership in driving the renewable energy transition and further enhances our reputation as a responsible investor.

2.5 Interdependencies

NEC implements the Group's Sustainability Strategy and supporting Framework, which reflect the interdependencies between the topics outlined in the previous Sections and the internal and external context in which we operate. Key interdependencies 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 equipment, services and 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.

SOCIETY

The social and political context in which NEC operates, including public perception and the social licence to operate of renewable energy companies.

TECHNOLOGICAL CHANGE

Including the emergence of artificial intelligence, the increasing digitalisation of the energy sector, and cybersecurity and data risks potentially associated with these.

We proactively monitor and map these and emerging climate, nature and people interdependencies, ensuring they are incorporated into our due diligence and asset management processes, and as part of our broader risk management described in [Section 3.4](#). Doing so means we can respond to market and other signals ahead of time, building organisational resilience and agility.

¹³ As at 31 December 2025, all of NEC's funds are Article 9 status under the EU SFDR.

2.6 Trade-off considerations

NEC examines potential trade-offs involving sustainability and ESG-related risks and opportunities during the due diligence process. These are then presented where relevant at Investment Committees to inform decisions on major expenditure, acquisitions, and divestures. Our Sustainable Investment Policy, the Group's Sustainability Policies, and the Group's Sustainability Framework guide the process, establishing clear environmental and social standards that investment and operational decisions must meet.

Sustainability and ESG is a central priority for NEC. However, in line with our fiduciary duties, financial risk is a fundamental driver of decision-making. Trade-offs are therefore generally considered in terms of costs and sustainability and ESG, recognising that the financial implications of sustainability and ESG-related activities may involve short-term costs but create long-term value.

For example, enhanced due diligence procedures such as supply chain audits, or implementing nature commitments including offsetting and restoration, could mitigate reputational damage or the risk of regulatory penalties. However, they might also increase operational expenses. 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 and UK CBAMs.

When capital is constrained, we aim to make balanced decisions to generate long-term risk-adjusted financial returns while supporting a more prosperous future for people and nature.

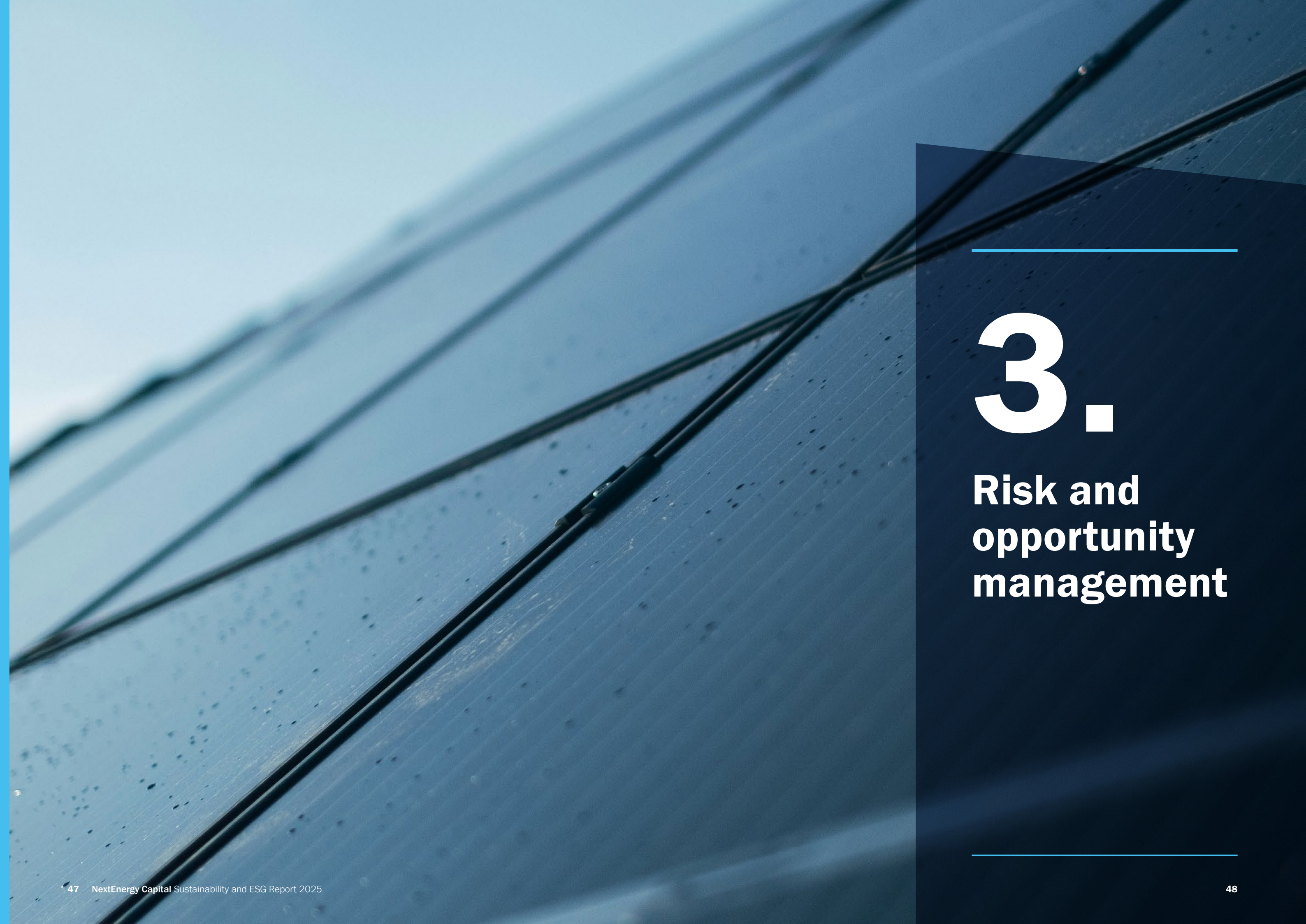
2.7 Resilience of strategy

The Group's Sustainability Strategy and supporting Framework, along with our proactive approach to risk management, strengthens our resilience against sustainability and ESG-related challenges. NEC's investments in Solar+ technologies play a crucial role in strengthening climate resilience by supporting both mitigation and adaptation efforts, further enhancing our climate resilience.

Our ongoing work to assess and understand other sustainability and ESG 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 our first Climate Transition Plan during the reporting period, and the due diligence and engagement we undertake with our value chain counterparties.

Coupled with our financial flexibility and adaptable business model, NEC is well equipped to navigate the challenges and opportunities presented by the transition to a more sustainable and energy secure future.





3.

Risk and opportunity management

3.1 Risk and opportunity identification and assessment processes

NEC employs a comprehensive approach to identify, assess, prioritise, and monitor potential financially material sustainability and ESG-related risks and opportunities, in our direct operations and across our value chain.

We use a proprietary ESG Action Plan (**ESGAP**) to evaluate new assets that are being considered for acquisition. Each assessment is performed in line with our Sustainable Investment Policy and the topic-specific Position Statements and policies. The assessment leads to an asset-specific ESGAP to develop opportunities and mitigate potential risks, with a focus on those which may be financially material. The findings from the assessment are subsequently integrated into the broader investment opportunity and presented to the relevant fund Investment Committee for consideration of the financial impact before an acquisition is approved. Outputs from the assessment are then used to define contractual obligations with the Engineering, Construction & Procurement (**EPC**) and Operational & Maintenance (**O&M**) contractors to ensure relevant mitigations are implemented on-site.

As we continue to evolve our sustainability and ESG approaches, this tool develops to reflect such changes. We are developing and extending the use of the ESGAP to provide ongoing assessment of all our assets, including those acquired prior to the development of the Group’s approaches to nature and climate.





CLIMATE

3.1.1 Climate

NEC has established climate-related criteria that encompass both physical and transition risks, with potential financial and operational implications assessed through scenario analysis, as described in [Section 2.2.1](#). Where risks are identified, assets are reviewed for resilience measures or mitigation opportunities, and updates are made to the assessment for an asset. NEC has further undertaken scenario assessments to evaluate potential physical climate impacts, including heat and water stress, across our corporate office locations.

To complete the climate analysis across construction, operations and supply chain, we have additionally undertaken an emissions baselining and dependency mapping to inform our decarbonisation approach. Further details on these efforts are outlined in [Section 4](#). For the reporting period, the decarbonisation dependency analysis has been updated to reflect new policies development and more specific supplier data, which represents a meaningful improvement in data quality compared to the general LCA data used in prior years.

NEC's core climate risk management processes remained consistent with the previous reporting period, as our established methodology continues to effectively identify and assess climate-related risks across our portfolios. We will continue to monitor emerging best practices and regulatory requirements.



NATURE

3.1.2 Nature

As described in [Section 2.2.2](#), NEC has established nature-related criteria to identify and assess our exposure to nature as part of our broader risk identification process. We also undertake an in-depth analysis of our dependencies and impacts on nature across our upstream raw materials and HICs as outlined on page 19. Where nature-related exposure is identified, assets are reviewed for resilience measures through mitigation or restoration opportunities, and updates are made to the assessment for an asset.

To support robust decision-making, we continually review the quality and completeness of our data, distinguishing between asset-level datasets, supplier-provided information and proxy data. We make ongoing improvements, including enhanced spatial datasets, increased supplier traceability and the development of site-specific biodiversity baselines. These efforts follow a prioritisation plan aimed at progressively increasing data granularity and location specificity over time.¹⁴



¹⁴ As NEC continues to enhance data quality, traceability and location specificity, nature related metrics may be refined or recalculated in future reporting periods. Year on year changes may therefore reflect improved data availability or methodological updates, rather than underlying changes in ecological condition or performance.



PEOPLE

3.1.3 People

Human Rights

NEC maintains a structured approach to monitoring human rights, modern slavery and exploitative employment practices risk across our operations and value chain. We address potential risks through rigorous supplier due diligence, using proprietary tools, and requiring that relevant partners and counterparties adhere to international standards, the Group's [Code of Conduct for Suppliers](#), and our responsible sourcing expectations.

Community Engagement

NEC closely monitors policy developments and other factors that could affect local communities, particularly those in proximity to our assets. We include early screening, apply Free, Prior and Informed Consent (**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, we implement and monitor mitigation measures through the investment, construction and operational phases.

Health & Safety

NextEnergy Group's Health and Safety Management System (**HSMS**) is managed by the Group's Health and Safety team and demonstrates a commitment to protecting the health and safety of individuals working on NEC's assets. It is guided by our robust risk management and assessment processes tailored to our assets, contractors, and operations. Material incidents or events are recorded and feed into reports which are shared at GLT level.





Case study

COMMUNITY ENGAGEMENT IN CHILE

On project Travesía, a 9MWp solar PV asset in NEIII, we are implementing a structured Stakeholder and Community Engagement Plan. The Plan was developed following enhanced ESG due diligence pre-acquisition which identified an Indigenous Community – the Diaguita Huillanco Indigenous Community (the **Community**) – living in close proximity to the project in Chile. It builds on the FPIC process conducted by the seller pre-acquisition and supports our commitment to establishing a long-term trusted relationship with the Community.

Atacama Region | Chile



Our ESG Associate who led the due diligence first visited the Community in March 2023, accompanied by the specialist social consultant appointed by NEC to support with the development of the Plan. In October 2025, the same Associate returned to Chile with the social consultant, delivering workshops focused on cultural preservation and skills development as well as visiting the local firefighters' hub in Copiapó. The visit served to introduce project Travesía, outline its construction and future operational footprint, and share detailed site maps to support emergency planning. During the meeting, we also discussed opportunities for on-site familiarisation visits, which the firefighters expressed a strong interest in undertaking. These visits are planned for 2026 and have been aligned with the start of the project's operations.



Health & Safety continued



PEOPLE

As the deployment of renewable energy technologies increases, so too does the focus on associated operational risks, including potential equipment fire and thermal events. While these risks are primarily addressed through procurement and engineering design processes, rather than as a standalone health and safety function, they are central to the development of Solar+ assets. Fire risk, suppression systems and explosion containment are key design considerations, especially with an increased focus on batteries, where engineering controls such as the placement of deflagration panels directly influence site layout and overall asset configuration.

In 2025, the Group updated and implemented a new standardised approach for pre-qualification of contractors. This ensures a consistent process for verifying that contractors have appropriate competencies for the activities they undertake across NEC's portfolios. The approach also includes independent, third-party reviews of contractors' health and safety competencies and management systems, offering further assurance regarding contractors' working practices and their ability to manage risk appropriately.

Diversity, equity and Inclusion

NextEnergy Group carries out regular staff surveys and incorporates feedback into its workplace management. In November 2025 the Group also held its first NEXTogether session, including NEC. The series is focused on opening reflection, practical discussion, and a shared understanding of what inclusion and diversity means for employees. It will continue into 2026 and explore inclusion across gender, neurodiversity, LGBTQ+, age, race, and disability, aiming to provide actionable takeaways to incorporate into the company's actions.





3.2 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.

For climate-related risk we conduct annual climate modelling to identify asset exposure to physical climate risks and assess resilience and financial impacts at portfolio level. This is undertaken in line with the TCFD-based IFRS S2 framework. Nature-related risks are prioritised based on asset exposure 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.¹⁵ This approach is in line with TNFD definitions and classification methodologies.

We take a risk-based approach to assessing equipment manufacturers, and major contractor suppliers prior to any investments or works, informed by the supply chain risk management approach described on the left of this page. This allows us to prioritise actions that protect against human rights abuses and address nature and climate-related impacts.

3.3 Management of risks and opportunities

As described in [Section 2.2](#), we have identified specific material sustainability and ESG-related risks and opportunities in line with the requirements of the ISSB and TNFD. We take an integrated approach to managing and responding to these and our broader risks and opportunities. Our response actions are outlined in Table 9 on the following page.

¹⁵ SBTN Step 1b (Interpreting and Prioritising) involves evaluating the state of nature and the importance of ecosystem services across a company's direct operations and value chain to identify priority locations for action.

Table 9

		DESCRIPTION	MANAGEMENT AND RESPONSE ACTION		
PHYSICAL RISKS 	ACUTE	• Extreme weather events (flooding, water stress, heat stress) and natural disasters impact the physical integrity of assets, site maintenance and operational performance, or cause immediate loss of ecosystem services. • Extreme weather events (flooding, water stress, heat stress) and natural disasters affect material extraction, transportation, and communities in the supply chain. • Short-term water stress impacts ecosystems and communities and operational performance.	• Detailed climate risk assessment using the IPCC approach and CMIP6 data and work to explore the implementation of an advanced climate risk assessment tool. • Creation of asset-specific climate and nature adaptation measures and consistent monitoring of physical risks across the portfolio, including implementation of integrated measures to enhance biodiversity and dual-use land	- management, such as grazing and prioritisation of sites in or close to degraded ecosystems for the implementation of NMPs. • Dynamic monitoring of weather conditions at site and contractor planning. • Establishment of targets to prevent intervention in or conversion of natural ecosystems in future acquisitions, alongside the	- screening of all new acquisitions to ensure the protection of natural and sensitive ecosystems, supported by enhanced supply chain traceability, due diligence, and the organisation of workshops with technical experts to identify risk mitigation strategies. • Use of water efficient approaches during construction and improving operational water management including adopting more efficient or waterless panel cleaning.
	CHRONIC	• Long-term climate impacts affect stability and performance of solar assets in disaster-prone areas. • Climate and nature-driven impacts on supply chain efficiency and resource availability due to environmental degradation. • Increased maintenance costs, operational disruption, and damaged infrastructure due to climate-related impacts on equipment. • Gradual ecosystem degradation due to overuse and contamination of land and water resulting in quality reduction, resources scarcity, remediation needs, and related impacts on local communities.	• Scenario analysis conducted for climate warming scenarios based on IPCC Shared SSPs. • 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. • 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. • Implementation of our Sustainable Investment Policy and approach to responsible supply chain management to ensure we support industry-wide action, drive best practice, and benefit from the expertise of other supply chain professionals. • Implementation of procurement processes which identify sensitive raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications.	• 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. • Active participation in industry initiatives to support sustainable and ethical sourcing. • 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 and Supplier Screening Questionnaire to proactively identify and mitigate risks. Use of contractual ESG Schedule for EPCs, O&Ms and contractors to strengthen oversight and participation in industry initiatives. • Proactive asset management practices by the Asset Manager, and investment in technologies to improve operational efficiency. • 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 ESG Action Plans. • 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. • 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.

Table 9 continued

TRANSITION RISKS 	DESCRIPTION	MANAGEMENT AND RESPONSE ACTION			
	POLICY RISK	- Regulatory changes that expand carbon taxes to include Solar+ assets or materials result in increased import costs, price fluctuations, and project delays due to supply chain, shipping or decommissioning issues. - Planning processes and grid connectivity issues, including uncertainty around electricity and other market and policy reforms, affect new or existing assets. - Supply chain disruption linked to environmental policy, including mining restrictions, traceability requirements, and conflict mineral controls affecting battery and component sourcing, which can reduce material availability and increase compliance pressure.	- Work to enable the procurement of lower-carbon components including development of a Climate Transition Plan and net zero strategy with detailed decarbonisation priorities. - Alignment of internal emission reduction targets with the Science Based Targets Initiative (SBTi). - Detailed supplier engagement to map progress against priorities and net zero manufacturing capacity. - Initiation of a dedicated decommissioning workstream.	- Proactive engagement with authorities on policy development processes. - Implementation of robust governance mechanisms and voluntary alignment with IFRS S1, IFRS S2 and TNFD. - Implementation of our Sustainable Investment Policy and approach to responsible supply chain management, including support to industry initiatives, to drive best practice and benefit from the expertise of other supply chain professionals.	- Implementation of procurement processes which identify sensitive raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications. - Ongoing support to industry supply chain initiatives, and development and implementation of bespoke battery supplier due diligence tools.
	MARKET RISKS	Shifts in power markets or supply chain disruption due to political or climate events and tariffs.	Ongoing government policy monitoring and engagement, including via relevant trade and industry associations, alongside the diversification of the portfolio with battery energy storage assets.	Development and implementation of a specific approach to supply chain sustainability including climate. Support to industry initiatives to drive best practice. Implementation of procurement processes that	identify sensitive raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications.
	TECHNOLOGY RISKS	- Rapid advancement of alternative low-carbon technologies disrupt existing Solar+ assets. - Changes in the costs of competing technologies affect the competitiveness of solar power.	Investment in battery energy storage projects to complement the solar PV portfolio and provide additional revenue streams and flexibility.		
	REPUTATIONAL RISKS	- Risks of greenwashing and greenhushing (overstating or understating sustainability credentials). - Reputational risks arise from perceptions of contributing to unsustainable land management, proximity to sensitive areas, and poor environmental management near disposal sites, as well as concerns from local communities regarding land use and biodiversity. - Reputational risks stemming from human and labour rights issues, including the displacement of communities, local conflict, and concerns from local communities about the impact on their rights and livelihoods.	- Implementation of strong governance and risk management approaches to maintain transparency through comprehensive reporting aligned with leading frameworks. - Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of targets to improve Tier 1 traceability by 2027, supported by supplier due diligence, and contractual and audit risk controls. Use of a contractual ESG Schedule for	EPCs, O&Ms and contractors to strengthen oversight. Participation in and support to industry initiatives. - Establishment of targets to prevent intervention in or conversion of natural ecosystems in future acquisitions. - Prioritisation of sites in or close to degraded ecosystems for the implementation of NMPs. - Initiation of an end-of-life workstream, and support to initiatives including the SSI.	- Implementation of our Sustainable Investment Policy and approach to responsible supply chain management. Participation in industry initiatives to support sustainable and ethical sourcing. - Creation of a formal commitment and plan to support nature restoration and responsible resource management across NEC's operations and supply chain.

Table 9 continued

		DESCRIPTION	MANAGEMENT AND RESPONSE ACTION		
TRANSITION RISKS 	LIABILITY RISKS	Risk of failure to fulfil corporate responsibilities, including non-compliance with environmental standards and conflicts with local communities, resulting in legal litigation and financial penalties.	Establishment of a comprehensive approach to supply chain and broader compliance, including traceability targets, supported by supplier due diligence, and contractual and audit risk controls. Use of a contractual ESG Schedule	for EPCs, O&Ms and contractors to strengthen oversight and participation in industry initiatives.	
	HUMAN RIGHTS	Human rights risks relating to the extraction and processing of the raw materials of Solar+ equipment, geographies with heightened risk of forced labour, unsafe working conditions, and weak labour protections. Modern slavery and exploitative employment practices during construction and operations.	Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of targets to improve Tier 1 traceability by 2027, supported by supplier due diligence, and contractual and audit	risk controls. Use of contractual ESG Schedule for EPCs, O&Ms and contractors to strengthen oversight. Participation in industry initiatives.	human rights violations were identified within NEC's directly contracted supply chain during the reporting period.
	COMMUNITY ENGAGEMENT	Land use, resettlement, and the rights of minority groups or Indigenous Peoples, and community grievances.	Implementation of our Sustainable Investment Policy and identification of sensitivities relating to the potential impacts of NEC's assets on local communities.		
	HEALTH AND SAFETY	Onsite medical incidents during maintenance works, and theft of Solar+ materials.	Implementation of the NextEnergy Group's HSMS and comprehensive contractor management procedures.		
	DIVERSITY, EQUITY AND INCLUSION	Personnel and workplace practices for relevant employees and contractors.	Use of employee engagement surveys, internal workstreams including practical discussion and reflection, and involvement in external networks such as Women in Solar Europe (WISEU).		

3.4 Integration with overall risk management

NEC's ESG team works closely with the Investment teams to evaluate financially material sustainability and ESG-related risks and opportunities, determine appropriate mitigation measures, and present our findings to the appropriate fund Investment Committees for final decision-making. This collaborative risk management approach ensures that sustainability and ESG-related financial risks and opportunities are incorporated consistently across all teams and integrated in the broader investment process.



4.

Metrics and targets

4.1 Climate-related metrics

NEC engages a third-party climate specialist to measure our GHG emissions, avoided emissions and other positive environmental indicators. Emissions are categorised based on their sources following the GHG Protocol Corporate Accounting and Reporting Standard (**GHG Protocol**) and Partnership for Carbon Accounting Financials (**PCAF**) attribution methodologies. Scope 3 emissions are further disaggregated by Category (1-15).

NEC's corporate emissions are classified as Scope 1, 2 and 3 (Categories 1-14) and the financed emissions from our funds are classified as 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. A summary of the emissions categories is shown in Figure 10. Further detail is available in the [Technical Annex: Emissions calculations and climate risk](#).

Table 10 provides the GHG emissions across Scopes 1, 2, and 3 for the year ended 31 December 2025, compared to the year ended 31 December 2024.

Table 10: NEC's emissions by Scope

Figures have been rounded to 1 decimal place

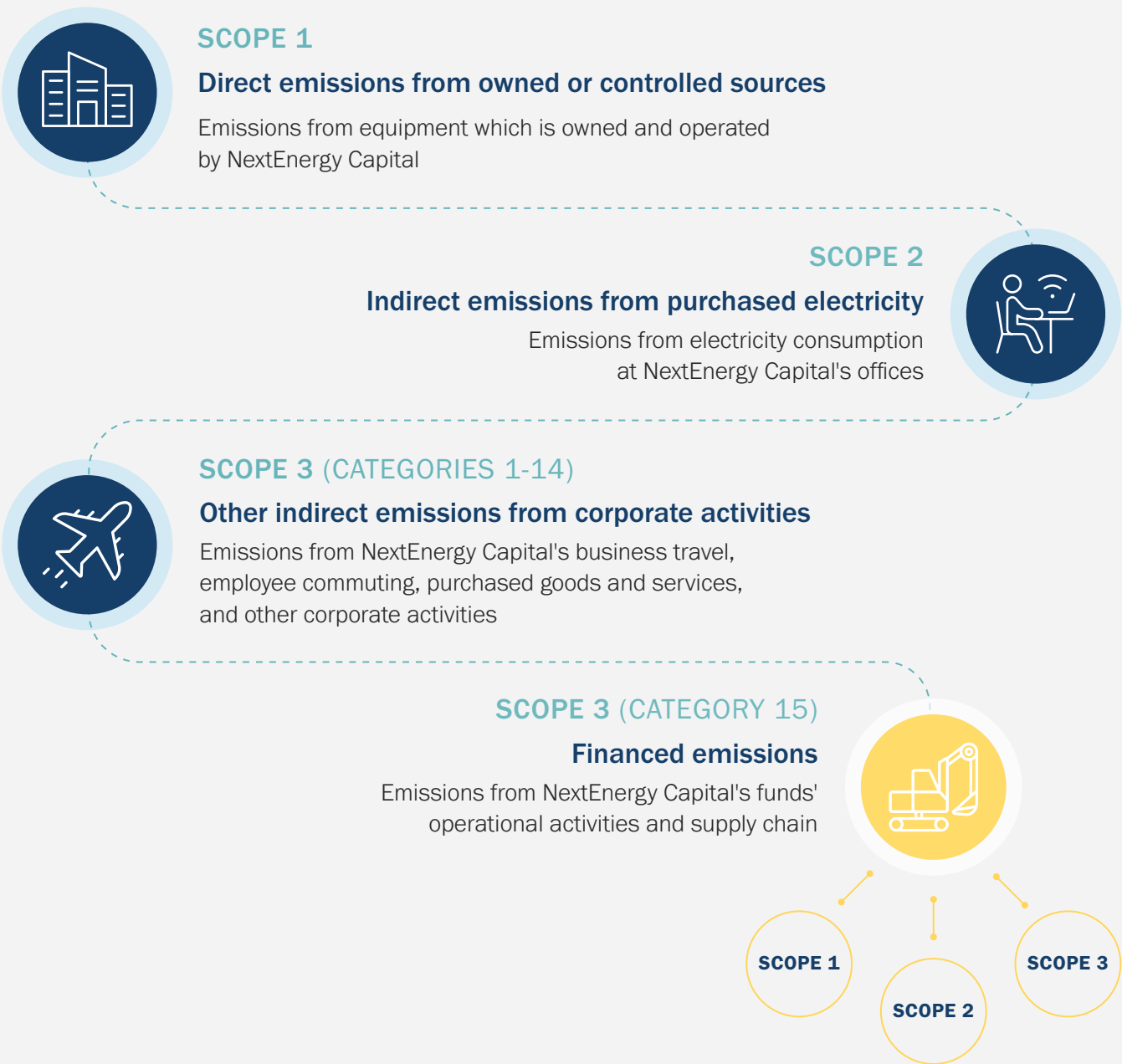
SCOPE	EMISSIONS (tCO ₂ e) – 2025	EMISSIONS (tCO ₂ e) – 2024
Scope 1	0.0	0.0
Scope 2 (market-based)	4.0	2.3
Scope 2 (location-based)	4.0	4.0
Scope 3 (total)	216,987.0	166,349.0
Scope 3: 1 - Purchased Goods & Services	0.0	0.1
Scope 3: 3 - Fuel & Energy Related Activities	0.4	0.2
Scope 3: 5 - Waste Generated in Operations	0.2	0.0
Scope 3: 6 - Business Travel	360.3	31.0
Scope 3: 8 - Upstream Leased Assets	18.4	20.0
Scope 3: 15 - Financed Emissions	216,608.0	166,298.0

NEC and our funds do not have Scope 1 emissions because they do not directly own or control any onsite generators or equipment that combusts fuel or refrigerants. NEC's corporate Scope 2 emissions result from electricity we purchase from the grid for our corporate offices. The increase in Scope 2 emissions from 2024 to 2025 is attributed to improvements in data quality, resulting in more accurate emissions figures, rather than a deterioration in our underlying emissions performance. This is consistent with the GHG Protocol's core principles and PCAF's emissions accounting requirements whereby data quality improvements are expected to alter emissions reported as better primary data becomes available.

As with the increase in NEC's corporate Scope 2 emissions, the increase in NEC's corporate Scope

3 emissions (Categories 1-14) reflects enhanced data quality for business travel activities, resulting in more accurate emissions reporting. NEC's financed emissions (Scope 3, Category 15) remain the most material emissions source to our business. The same is true for all financial institutions. Our Scope 3 Category 15 emissions are further classified according to whether they are included by our operational activities (Scope 2 financed emissions) or value chain (Scope 3 financed emissions). The latter includes manufacturing and shipping of components for Solar+ assets, and the extraction, mining and refining of raw materials. The increase in these emissions from 2024 to 2025 is primarily attributed to the expansion of NEC's portfolio through the addition of new assets and their associated construction emissions, which were recognised upon reaching their first generation date.

Figure 10: NEC's Scope 1, 2 and 3 emissions categories following the GHG Protocol



4x more emissions avoided than financed*

* Figure is not cumulative since inception. Financed and avoided emissions for the period from 1 January-31 December 2025

NEC's corporate Scope 2 and 3 (Categories 1-14) and Financed (Category 15) emissions and the emissions avoided by the Solar+ assets in NEC's funds for the year ended 31 December 2025 are illustrated in Figures 11 and 12.¹⁶ Our emissions avoided represent the fossil fuel associated

emissions displaced through renewable electricity generation by NEC's assets. They are reported separately from, and do not offset, our corporate and financed emissions, and are calculated following the Group's [Avoided Emissions Methodology](#).

Figure 11: NEC's emissions (tCO₂e)

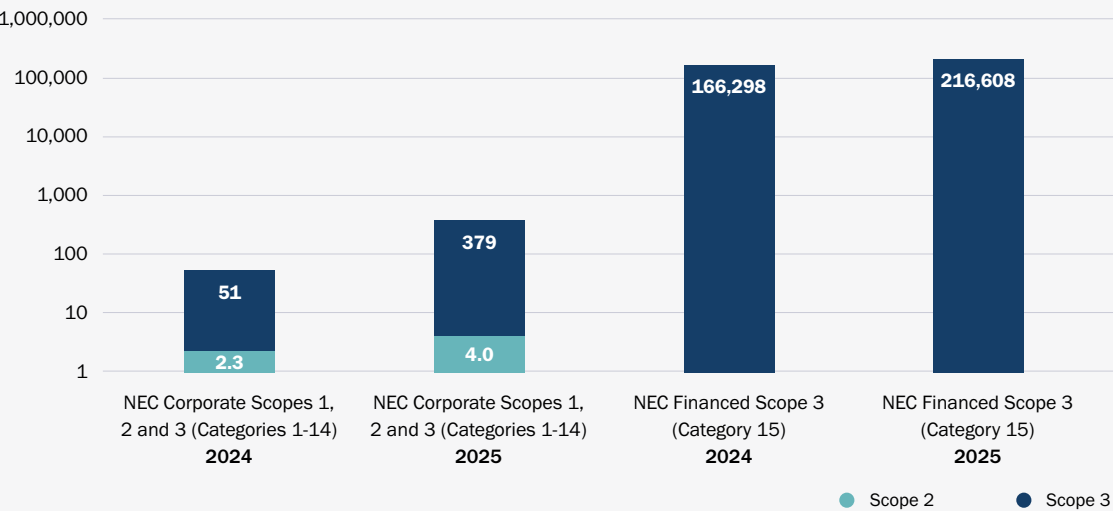
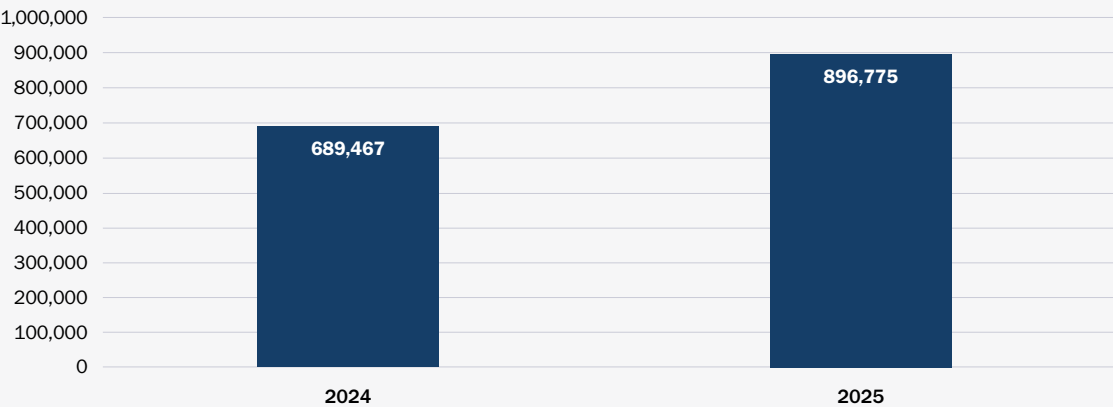


Figure 12: Emissions avoided (tCO₂e)

Figures are not cumulative since inception. The emissions avoided by NEC's funds' assets do not offset NEC's corporate emissions (Scope 1, 2 and 3 Categories 1-14) and financed emissions (Scope 3 Category 15)



16 Given some co-investment activities, and specifically NESF's direct investment in some NEIII assets, these figures are adjusted to avoid double counting at the NEC level.
17 S&P Global (2023, 20 January). Financed emissions are missing from many firms' net zero plans, [available here](#).

NEC's mission, business model and investment strategy are inherently aligned with the decarbonisation goals of the Paris Agreement

4.2 Climate-related targets

Following NEIL approval, we published our first Transition Plan in November 2025. The Transition Plan supports the decarbonisation pillar of NextEnergy Group's Climate Strategy, which was published at the same time. It sets out the roadmap for how NEC will converge our funds' financed emissions (Scope 3 Category 15) towards net zero by 2050. The focus is on converging our financed emissions towards net zero because they are the most material to our business. Despite the same being true for all financial institutions, they are often missing from corporate net zero plans.¹⁷ For more details, please refer to the Transition Plan feature on page 71-72. The Plan includes internal targets that have been set from an emissions baseline of 2024 and calculated in line with the SBTi Power Sector Decarbonisation Approach (SDA) and the Transition Plan Taskforce (TPT) guidance. They are as follows:

SCOPE 2 FINANCED (OPERATIONAL) GHG EMISSIONS INTENSITY

65% by 2035 (near-term reduction) and zero emissions by 2050.

SCOPE 3 FINANCED (VALUE CHAIN) GHG EMISSIONS INTENSITY

17% reduction by 2050.

NEC's mission, business model and investment strategy are inherently aligned with the decarbonisation goals of the Paris Agreement. As such, we have not set annual interim targets between now and 2035.

Our targets are SBTi-aligned, demonstrating NEC's commitment to pursuing a science-based emissions reduction pathway. However, our targets are not SBTi validated as we consider that the current SBTi Financial Institutions framework does not adequately accommodate the business structure of a specialist renewable energy investment manager, particularly with respect to how financed emissions are treated for entities whose portfolios are inherently aligned with the energy transition. We will continue to monitor developments in SBTi guidance and any new sector-specific standards that may better reflect our business model and investment activities to determine whether to maintain alignment or seek validation in future.

NEC's climate ambition to achieve net zero by 2050 remains the same as in the previous reporting period. However, to support the science-aligned targets described above, we have conducted an updated decarbonisation dependency analysis using data collected in 2025 to identify the external factors upon which the achievement of our operational and supply chain emissions reductions depends. This analysis was initially undertaken in 2022, and the update with data collected in 2025 reflects improved inventory coverage from the extensive climate-related stewardship and engagement activities undertaken by the ESG team with NEC's Tier 1 suppliers, as well as revised policy and sector assumptions across the jurisdictions in which NEC's funds had operating assets in the reporting period – the UK, Italy, India, Portugal, Spain, Poland, Chile and the USA.



4.2 Climate-related targets continued

Figure 13: NEC's operational decarbonisation dependencies – to 2035

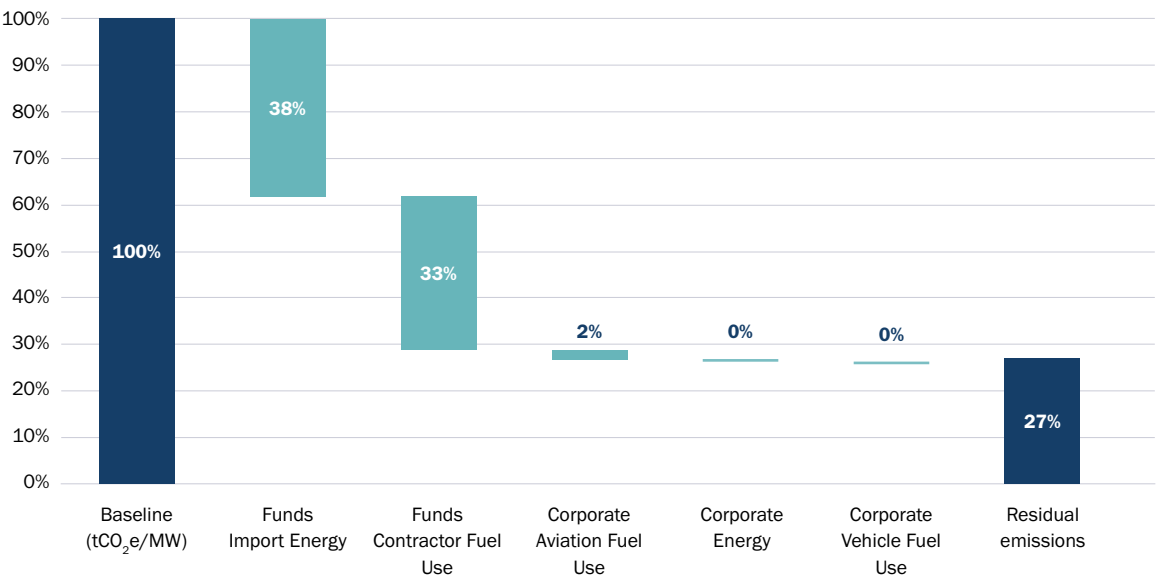


Figure 13 presents the updated near-term pathway for reducing NEC's corporate and financed Scope 2 (operational) emissions to 2035. From a new baseline of 2.07 tCO₂e/MW using data collected in 2025 (compared to 2.44 tCO₂e in the original dependency mapping conducted in 2022), approximately 73% of these emissions could be reduced by 2035, with a residual 27%. Near-term reductions are primarily dependent on grid decarbonisation across fund operating jurisdictions and the transition away from fossil-fuel contractor vehicles, which together account for 97% of the total projected reduction. Smaller contributions are expected from reductions in corporate energy use, aviation fuel and other vehicle-related emissions. The 2035 residual reflects the fact that

country-specific grid decarbonisation trajectories and sector pathways only reach their full impact beyond the near-term period. It should therefore be understood as an interim milestone on the pathway to net zero rather than the final outcome. NEC will continue to monitor these trajectories and address residual emissions through renewable electricity procurement where available and commercially strategic. For those emissions which are unavoidable, we will consider acquiring high-quality offsets following the mitigation hierarchy and following an approach which will prioritise high-integrity offsets from Integrity Council for the Voluntary Carbon Market (ICVCM) approved standards, which we will develop closer to 2050.

Approximately 73% of operational emissions could be reduced by 2035, with a residual 27%

Figure 14: NEC's supply chain decarbonisation dependencies – to 2050

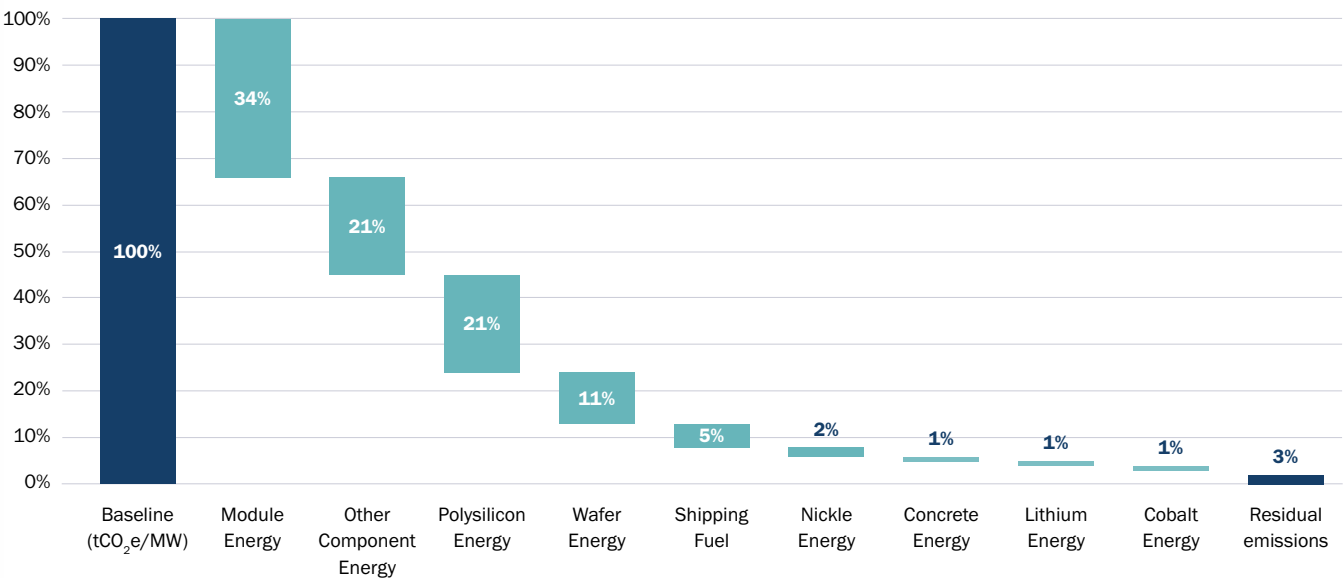


Figure 14 presents NEC's updated supply chain decarbonisation dependency analysis to 2050. As with the operational dependencies, this analysis was also updated using data collected in 2025. It shows the proportion of financed Scope 3 Category 15 (supply chain) emissions projected to be reduced through policy delivery, sector pathways and supplier decarbonisation. As part of this update, the Solar PV supply-chain emissions factor was recalculated using improved supplier evidence, including Environmental Product Declarations (EPDs) provided directly by NEC's suppliers and additional product-level research on comparable Solar PV technologies. The use of EPDs and consistent product category rules provides greater methodological transparency and cross-manufacturer comparability relative to the previous evidence base. The battery energy storage emissions factor was retained from the previous study, as no new supplier-specific lifecycle assessment data was available; however, the policy assumptions underpinning the battery energy storage reduction pathway were updated. As the updated Solar PV emissions factor was finalised after the close of

the reporting period, the greenhouse gas calculations presented in this report reflect the previously applied factor. We will adopt the updated factor in NEC's inventory from the next reporting cycle onwards, ensuring that future disclosures benefit from the improved evidence base.

Based on Figure 14, the largest supply chain emissions reductions depend on the decarbonisation of manufacturing electricity across China-linked supply chains, with further reductions linked to shipping fuel and mining-related energy use across key jurisdictions. The modelled residual emissions represent approximately 3% of the current baseline, driven primarily by limited decarbonisation trajectories in certain mining jurisdictions. NEC continues to actively monitor and support this pathway through structured supplier engagement, monitoring of supplier net-zero commitments, and mandating certified lifecycle assessment documentation to track the emissions footprints of key products and the progress of supplier-level efficiency measures.

NEC'S Climate Transition Plan

Our Transition Plan is a time-bound roadmap which articulates how we are positioning NEC's funds to meet net zero by 2050, and to continue generating long-term financial returns within a low-carbon, climate resilient future. It is aligned with the TPT, which represents the most credible and robust transition planning approach internationally, and the SBTi's Financial Institutions Net Zero Standard. The Plan is underpinned by emissions reductions targets which are aligned with both the TPT guidance and the SBTi Power Sector Decarbonisation Approach.

The Plan builds on NEC's inherent alignment with global climate goals and details the implementation and engagement strategies across each stage of the asset lifecycle which the company is advancing to decarbonise our financed Scope 2 (operational) and financed Scope 3 (value chain) emissions. Our climate priority is to decarbonise these emissions as they represent the highest emissions source for NEC. The same is true for all financial market participants. An overview of these strategies is below:

NEC's climate ambition is informed by a set of assumptions linked to key external dependencies about the speed and scale of national and sectoral-level commitments, climate and broader sustainability-related policy developments, and technological advancements to meet the Paris Agreement's 1.5 °C warming limit. These assumptions comprise dependencies on external factors which exist on a spectrum, from those over which NEC has visibility today to predict the world tomorrow, to those entirely outside of our control:

National commitments

Government policies connected to grid decarbonisation, electric vehicle adoption and technological advancements will shape NEC's decarbonisation journey.

Sectoral commitments

The majority of lifecycle emissions for solar PV and battery energy storage assets reside in their supply chain. Progress against NEC's climate ambition is dependent on suppliers accelerating their own decarbonisation activities.

Technological advancements

Evolution of low-carbon technologies and advances in manufacturing and shipping of key commodities will influence performance against NEC's climate targets.

Industry collaboration

We rely on a unified industry approach to advocate for climate policy and to hold all actors accountable to accelerating climate action and innovation.

DUE DILIGENCE

Undertake extensive ESG supplier due diligence, incorporating climate considerations to inform investment decision making.

SUPPLY CHAIN AND CONSTRUCTION

Engage with suppliers and EPC contractors to align their commitments and performance with NEC's climate ambition.

OPERATIONAL ASSET MANAGEMENT

Work with O&M contractors to enhance energy efficiency and procure renewable energy.

DECOMMISSIONING

Develop an approach in line with industry standards to ensure end-of-life emissions are minimised.

The assumptions and dependencies listed above are informed by NEC's transition risk and opportunity mapping, which is conducted annually for this Report and detailed in [Section 2.1.1](#).

We intend to progressively integrate the assumptions underpinning our Transition Plan into financial planning and disclosures. This includes quantifying the capital expenditure (CAPEX) required for accelerated emissions reduction initiatives, which may lead to the development of an internal carbon price per tonne of CO₂e to inform future investment decisions and help to prioritise abatement opportunities.¹⁸ The CAPEX and operational expenditures (OPEX) estimated to increase the climate resilience of our portfolios are not expected to materially impact our funds' financial performance in the short-term because we have grounded our climate ambition in realistic assumptions.

NEC's climate governance and accountability follow the same structures and rigour as described in [Section 1](#) for our broader sustainability and ESG activities and progress against the Transition Plan will be reported on annually in this ISSB-aligned Report.



¹⁸ NEC does not currently apply an internal carbon price in investment decision-making.

4.3 Nature-related metrics

We present our baseline interactions with nature using the metrics in Figures 15 to 21. 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, detailed on page 35;
- The nature-related LCA, detailed on page 37;
- Additional nature data we have collected as part of our ongoing efforts to deepen our understanding of impacts and contribution.

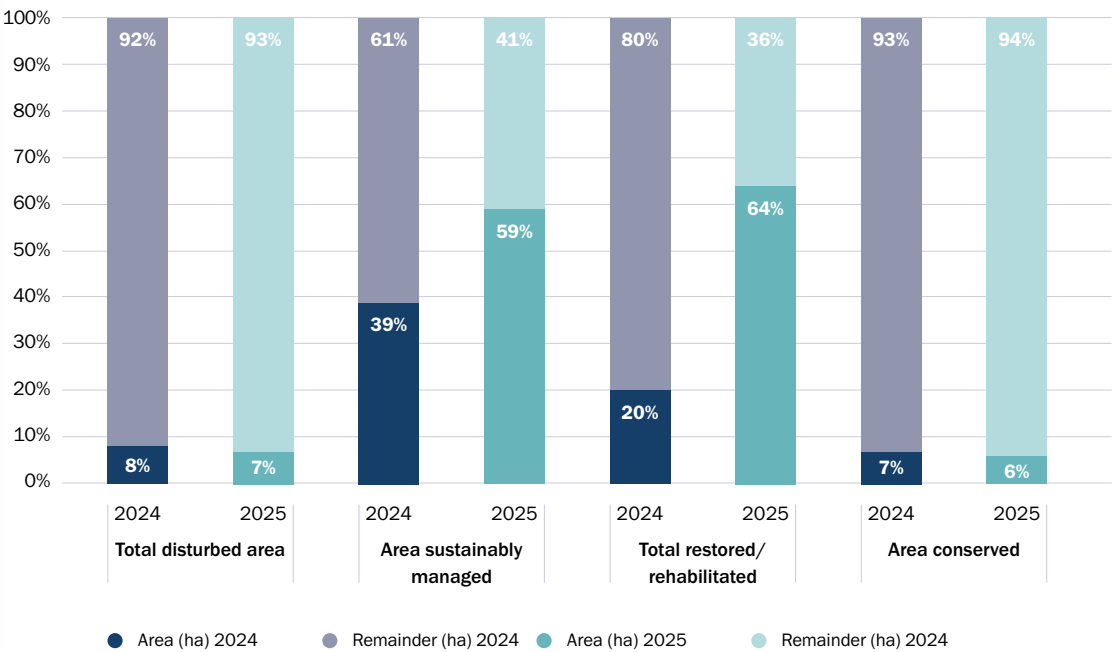
Building on the foundations laid in our previous Report for the year ended 31 December 2024, we are now able to assess our progress against the targets described in [Section 4.4](#) by referring to these latest figures against our baseline in 2024.¹⁹

The spatial footprint and land use change metrics in Figure 15 illustrate NEC's responsible land stewardship across four TNFD-aligned categories: disturbed area, sustainably managed area, restored or rehabilitated land, and area conserved. The disturbed area category – which is calculated based on the area directly impacted, such as

infrastructure, roads, and hard standing – remains minimal, representing only 7-8% of the portfolio in both periods and reflecting effective containment of operational impact. Over half of the total managed area (59%) falls under the sustainable management area category, demonstrating a strong commitment to responsible practices, including dual-use regimes, agrivoltaics systems, and/or areas covered by Nature Management Plans, and progress against the Nature Strategy targets detailed in [Section 4.4](#). Restoration and rehabilitation captures the hectareage of land actively converted from lower ecological baseline uses, such as intensive arable land to higher-value semi-natural habitats including species-rich grassland, native hedgerows, or woodland. Efforts in this area are also substantial, covering 64% of land, underscoring active investment in ecosystem recovery. Finally, conserved area corresponds to land managed by NEC exclusively for restoration and conservation purposes, whether for compliance or voluntary commitments. The area conserved is proportional to the total managed area; as such, the observed decrease in the conserved percentage in 2025 is not indicative of a reduction in absolute conservation effort, but rather reflects a 22% expansion in the remainder area relative to the total area managed in 2024, which naturally dilutes the conserved share as a proportion of a larger overall base.

64% of land
is under restoration and rehabilitation

Figure 15: NEC's spatial footprint (ha) disaggregated by land use category as a percentage of the total managed area



The restored or rehabilitated area reported is a core TNFD nature metric. This year, we have refined our methodology to introduce a clearer scientific distinction between habitat condition and restoration extent: Biodiversity Net Gain (BNG) is now applied solely as a measure of ecological uplift and quality, while rehabilitation is reported separately as a discrete land area metric. This separation reduces reliance on proxy assumptions, improves auditability, and avoids understating the true scale of rehabilitated land across the portfolio, resulting in a rehabilitation area of 3,349 ha, compared to 851 ha under the previous methodology, and an

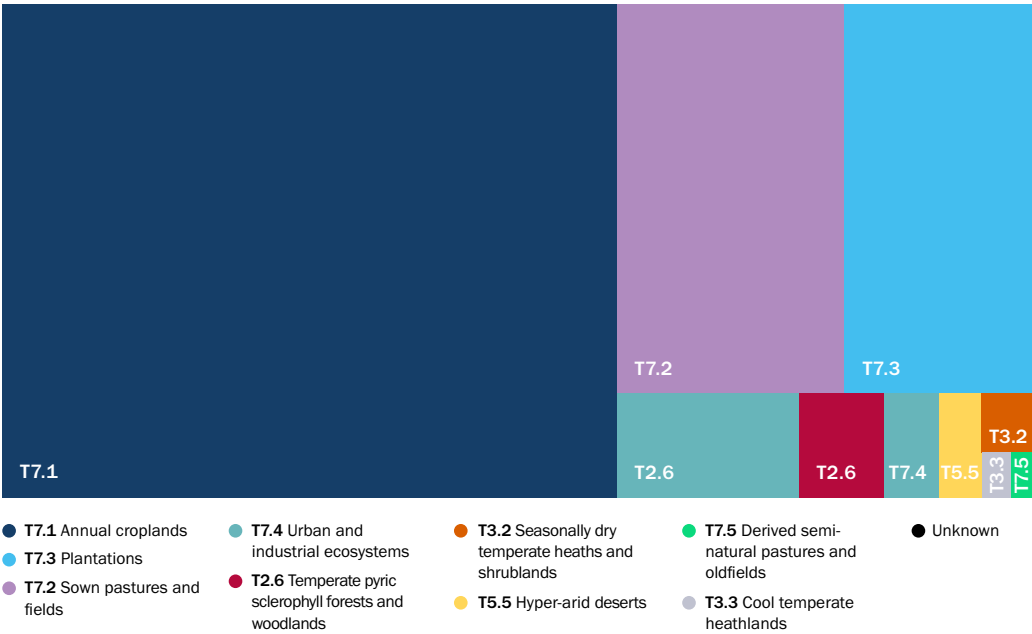
increase in the share of land under restoration from 20% to 64% of total footprint. The weighted average BNG of 32% demonstrates portfolio-wide ecological uplift alongside this expanded extent. This dual-metric approach is aligned with TNFD guidance to distinguish between ecosystem condition and extent, and with the direction of travel in national and international nature policy – including the Land Use Framework for England, State of Nature metrics, and the targets established under the KM-GBF – all of which increasingly emphasise outcome-based approaches.

¹⁹ Year-on-year movements in reported nature metrics should be interpreted with care. Changes may reflect improvements in data availability, survey coverage, methodological refinement, spatial resolution, or modelling assumptions, rather than material changes to asset composition, footprints or land management practices. As biodiversity metrics are derived from a combination of field surveys, GIS analysis, and extrapolative assumptions, particularly where assets are at different lifecycle stages, reported variation may result from increased accuracy or maturity of measurement rather than underlying ecological change. As NEC's data quality, consistency, and metric application continue to develop, earlier periods may not be directly comparable to later disclosures.

4.3 Nature-related metrics continued

NEC's spatial footprint is classified by ecosystem type according to the International Union for Conservation of Nature (IUCN) Global Ecosystem Typology (Figure 16). Annual croplands represent the dominant land use, followed by sown pastures and fields. The remainder of the footprint is composed of derived semi-natural pastures, plantations, and other semi-natural and stress-adapted terrestrial ecosystems. Collectively, over 93% of the portfolio footprint falls within the intensive land-use biome, reflecting the fact that NEC's assets are predominantly sited on land already subject to significant human modification and are therefore not contributing to additional land conversion. With the commitments outlined in [Section 4.4](#), NEC's assets are, instead, improving natural ecosystems.

Figure 16: Total spatial footprint (ha) classified by IUCN Global Ecosystem Typology type, reflecting the distribution of ecosystem types across NEC's operational portfolio



Collectively, over 93% of the portfolio footprint falls within the intensive land-use biome, reflecting the fact that NEC's assets are predominantly sited on land already subject to significant human modification and are therefore not contributing to additional land conversion

The metrics presented in Figures 17, 18 and 19 on the next page correspond to TNFD core nature impact metrics across the atmospheric, land and water realms, reported per MWp for both direct operations and upstream value chain activities. This dual boundary provides a comprehensive view of NEC's nature-related pressures across its full value chain.

During the reporting period, the portfolio expanded from 2,091MW in 2024 to 2,580MW in 2025, and variations in absolute values primarily reflect this increase in operational scale and associated upstream sourcing requirements. As such, changes in the reported metrics are largely driven by portfolio growth rather than changes in underlying impact intensity. Across all three realms, upstream impacts remain materially higher than those from direct operations, highlighting the significance of supply chain contributions to NEC's overall nature footprint.

Across the atmospheric realm, metrics capture non-GHG air pollutants. Within the land realm, indicators include the quantity of high-impact commodities sourced, total pollutants released to soil, extent of ecosystem use change, and land use intensity. The water realm covers water withdrawal, consumption and wastewater discharge. Together, these metrics provide a consolidated view of NEC's key pressure pathways on nature across operational and upstream activities for the reporting period.



Kentishes
Essex | 5MW

Figure 17: Atmospheric realm metrics



ATMOSPHERE

NON-GHG AIR POLLUTANTS (KG)

Value per MWp-
Upstream
1,494,765

Value per MWp-
Direct Ops
7,302

Figure 18: Land realm metrics



LAND

**QUANTITY OF HIC SOURCED FROM
LAND/OCEAN/FRESHWATER (KG)**

Value per MWp-
Upstream
16,169,023

Value per MWp-
Direct Ops
33,058

TOTAL POLLUTANTS RELEASED TO SOIL (KG)

Value per MWp-
Upstream
65,040

Value per MWp-
Direct Ops
385

**EXTENT OF LAND/FRESHWATER/OCEAN
ECOSYSTEM USE CHANGE (KM²)**

Value per MWp-
Upstream
3,428,989

Value per MWp-
Direct Ops
2,720

LAND USE INTENSITY (KM²/TON)

Value per MWp-
Upstream
218

Value per MWp-
Direct Ops
0

Figure 19: Water realm metrics



WATER

WATER WITHDRAWAL & CONSUMPTION (M³)

Value per MWp-
Upstream
98,919,097

Value per MWp-
Direct Ops
663,304

WASTEWATER DISCHARGED (M³)

Value per MWp-
Upstream
1,871,237,232

Value per MWp-
Direct Ops
12,628,547

4.3 Nature-related metrics continued

We have assessed the proportion of our net asset value (NAV), revenue and expenses of assets located in areas exposed to nature-related physical and transition risks across our portfolio, as illustrated in Figure 20 (physical risks) and Figure 21 (transitional risks). We use these metrics to inform how we prioritise management actions, site level interventions and engagement across NEC's asset base, by identifying the most material sources of

nature-related pressures and tracking their evolution over time. We also use insights derived from the data to support our investment decision-making, asset management planning and the targeting of rehabilitation, restoration and mitigation measures, while strengthening governance and oversight by enabling consistent monitoring of nature related performance at Group-level.



Figure 20: Risk metrics: value of assets located in areas of exposed nature-related physical risks (\$m)

Pie charts show proportion of assets located in areas of identified nature-related physical risk exposure

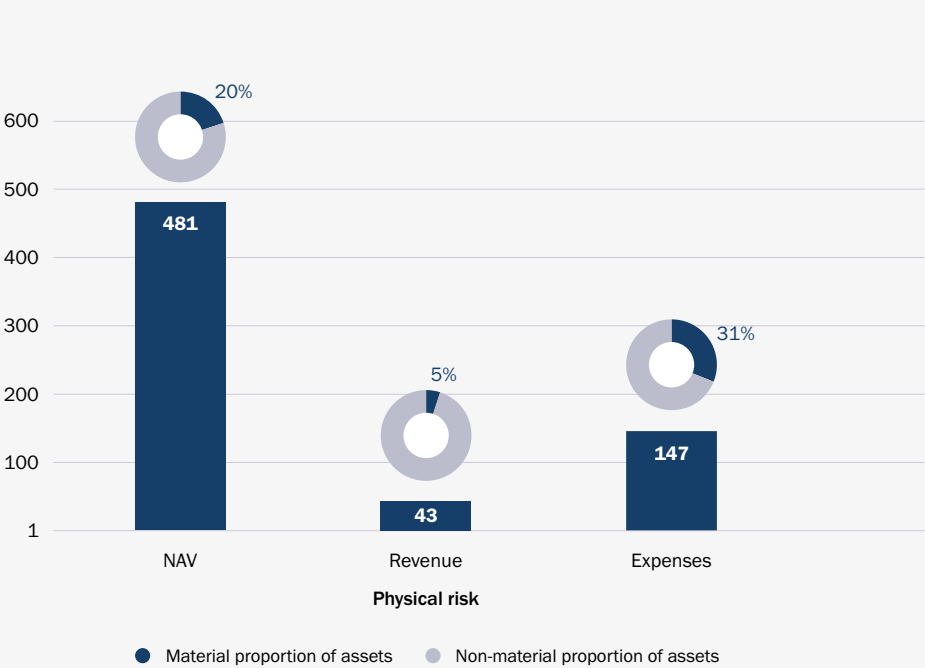
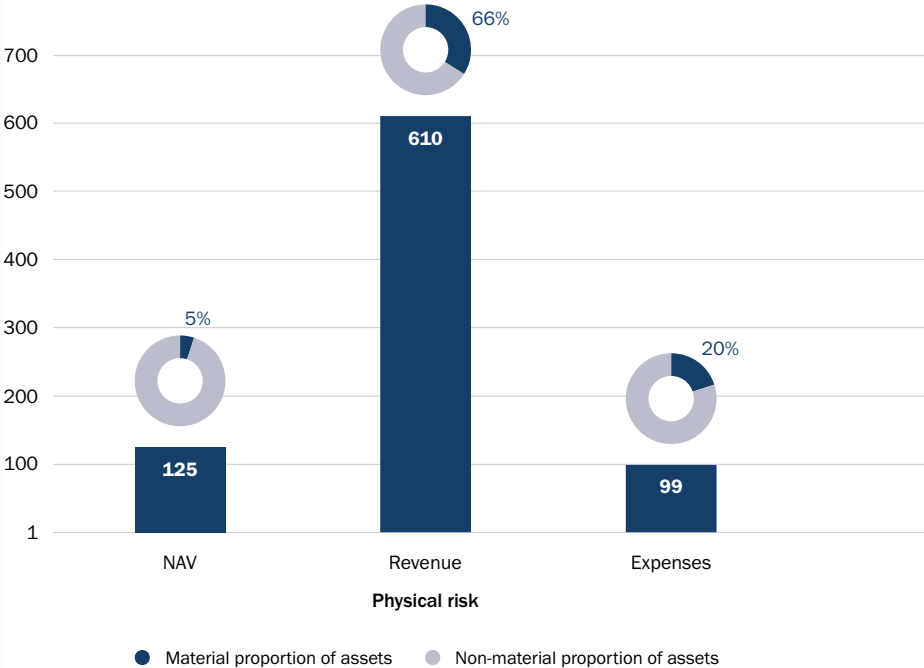


Figure 21: Risk metrics: value of assets location in areas of exposed nature-related transition risks (\$m)

Pie charts show proportion of assets located in areas of identified nature-related transition risk exposure



4.4 Nature-related targets

NEC has established time-bound, science-based targets and interim milestones across four core nature-related focus areas. These targets are aligned with the KM-GBF and the UN SDGs, reflecting our long-term commitment to contributing to a nature-positive future and strengthening business resilience across our operations and supply chains. Further information on each target is detailed in the Group’s Nature Strategy and summarised below.



No Conversion of Natural Ecosystems

NEC’s No Conversion commitment for direct operations remains broadly on track. Since the commitment was established, the ESGAP screening procedure has been systematically applied across asset development and management activities to prevent the conversion of natural ecosystems across the portfolio.

Two assets involve historical conversion of natural land associated with their development, which occurred prior to the adoption of this commitment in February 2025. The converted area represents approximately 0.4% of the total surface area controlled by NEC. For these assets, corresponding ecosystem restoration measures are already in place to remediate impacts, including reforestation of an equivalent area with the aim of enhancing biodiversity outcomes over the medium term. These cases are being managed in alignment with the intent of the commitment and will be reflected in its ongoing refinement.

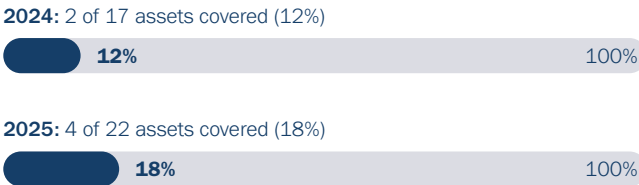
99.6% of NEC-controlled land is not associated with historical conversion of natural ecosystems

Across the supply chain, we are strengthening traceability for NEC’s most material HICs by implementing contractual clauses with suppliers to enhance visibility over silica sand, steel and aluminium. This approach supports the development of robust measurement over time and will be complemented by ongoing efforts to establish stewardship partnerships across the solar sector to drive nature-positive practices beyond direct operations.



Responsible Land Use

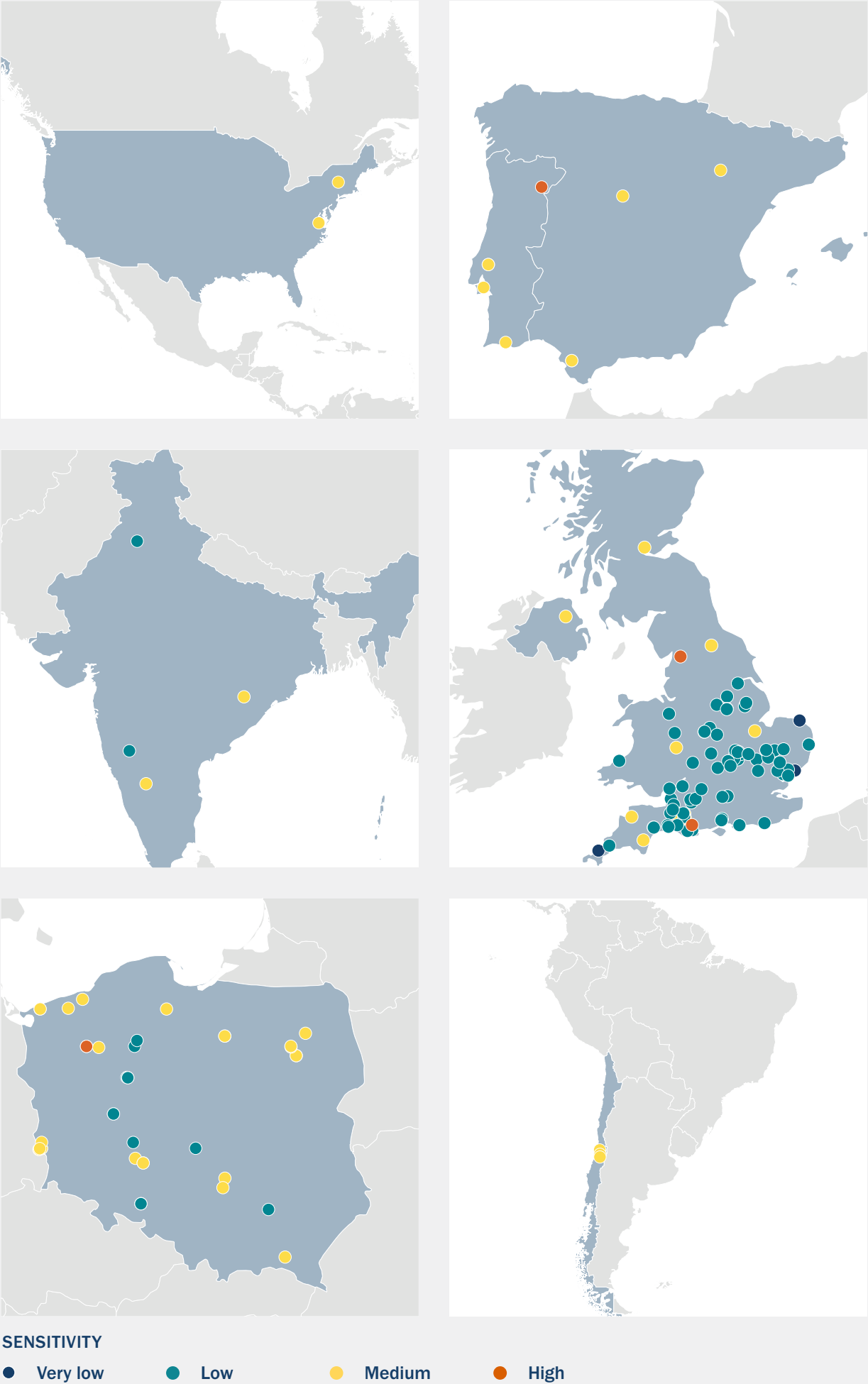
Figure 22: Responsible land use commitment: progress towards NMP coverage for assets located in sensitive areas. Target: 100%



Of the 22 NEC assets located in sensitive landscapes, two are classified as very high sensitivity and 20 as high sensitivity.²⁰ NMP coverage has been established for 18% of these sites, representing initial progress towards the 2028 target (Figure 22). The remaining assets are prioritised for near-term implementation to ensure full portfolio coverage within the target timeframe.

²⁰ Sensitive landscapes are identified through a spatial assessment conducted within a 30km radius of each asset, using two indices: Ecosystem Integrity Index (EII), measuring the degree to which ecosystems remain structurally and functionally intact, and Biodiversity Intactness Index (BII), measuring the average abundance of originally present species relative to their abundance in undisturbed habitats. Assets falling within areas that score highly on either or both indices are flagged as located in sensitive landscapes. This classification is therefore a proximity-based indicator of potential environmental context, not a determination of harm or non-compliance. It simply means that the operations of those assets may have direct or indirect interactions with ecologically significant areas, and as such they are subject to attention in our nature-related prioritisation and risk management processes. Therefore, the target on NMPs is in sensitive areas.

Figure 23: Map showing NMP against Sensitivity

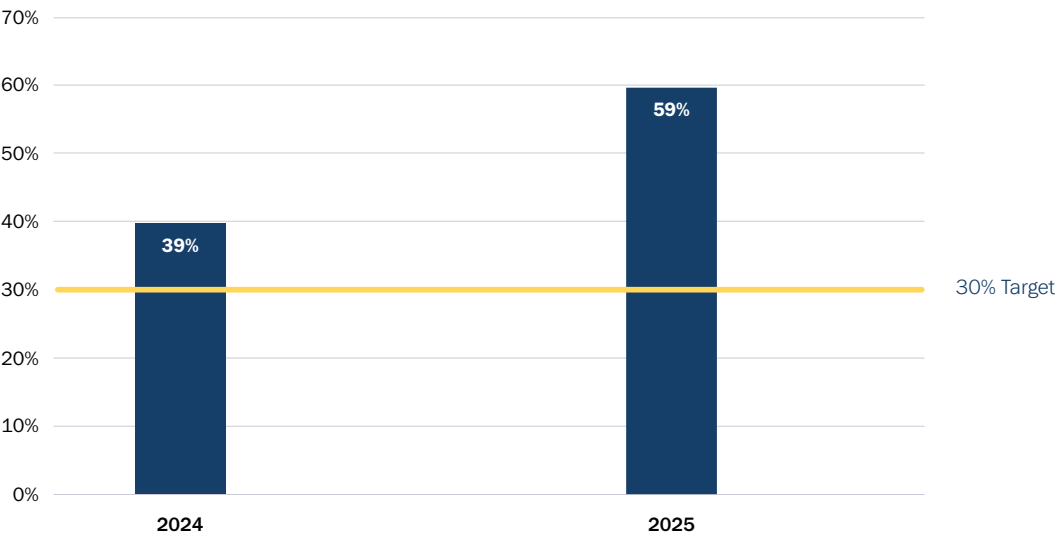


4.4 Nature-related targets continued

By 2030, NEC will aim to have 30% of its spatial footprint managed under dual land-use regimes. Performance has remained above this threshold, increasing from 39% in 2024 to 59% in 2025 (Figure 24), reflecting the ongoing integration of nature-compatible land management into existing

operational practices. The target is on track, with the year-on-year improvement demonstrating the Group's growing capacity to unlock co-benefits between solar energy generation and nature stewardship.

Figure 24: Responsible land use commitment: 30% of managed land under dual-use target progress



PROJECT GIUGLIANO

In line with our nature positive investment approach and the Group's Nature Strategy, NextPower V (NPV) acquired Project Giugliano in June 2025. Located in Campania, South-Eastern Italy, Giugliano combines a 73MWp utility-scale solar asset with modern, sustainable agriculture in an agrivoltaics model. Agrivoltaics is one form of dual land use and contributes to the Nature Strategy target to have 30% of managed land under dual-use by 2030.

Giugliano is one of the largest agrivoltaics projects in Italy. Once operational, it will restore 140 hectares of land while producing clean electricity. At least 70% of the restored land will be dedicated to agricultural activities, including planting crops such as tomatoes and "friarielli", a cruciferous vegetable which originates from Campania and is a staple in southern Italian cuisine. The area will also be used for extensive sheep and goat breeding. This approach diversifies the fund while capitalising on value enhancement synergies between utility-scale solar PV infrastructure and agriculture to create a low-carbon, food secure future. For the farmers and landowners, co-locating solar PV with agriculture also bolsters income by improving agricultural yields through beneficial shade for animals and crops and generating two revenue streams from the same land.

Giugliano further enhances community impact by employing local businesses. Regional contractors are involved across the design, construction and management phases, with training internships offered to local students throughout operation. By bringing together farmers, educational institutions, and businesses, Giugliano promotes community empowerment, resilience, and a shared ownership of sustainable outcomes.

Campania | Italy

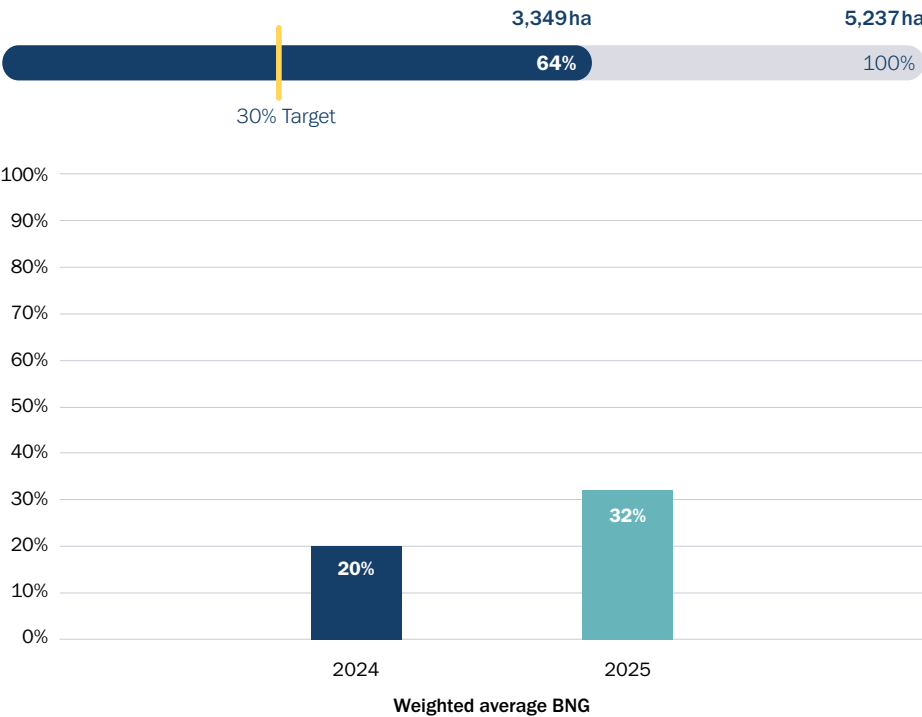


We recognise the importance of strong, local partnerships in delivering sustainable renewable energy projects. For Giugliano, this means working closely with key community stakeholders including Coldiretti, the largest Italian farmers association, and Legambiente, one of the most prominent environmental associations in the country. The local university will also play a central role in supporting the farmers to select the most suitable crops and cultivation methods relevant to each of the different clusters of the project.

4.4 Nature-related targets continued

30x30
**30x30 Ecosystem
Restoration Initiative**

Figure 25: 30x30 Ecosystem restoration initiative target progress



NEC’s 30x30 target commits us to restoring natural ecosystems over an area equivalent to up to 30% of its land-use footprint by 2030. Following a refinement in methodology (Section 4.3), BNG is no longer used as a proxy for restoration extent but is instead reported alongside rehabilitation and restoration on a hectare basis. On a comparable basis, weighted average BNG has improved from 20% in 2024 to 32% in 2025, reflecting continued enhancement in habitat quality across the portfolios. In parallel, this now translates to approximately 64% of land under management being classified as under rehabilitation or restoration in 2025 (Figure 25), providing a more direct measure of performance against the 30x30 target with four years remaining. The Group achieves these outcomes through land management practices embedded within business-as-usual site operations, including conservation grazing and targeted planting

regimes. Progress is further supported by the inherent rehabilitation potential of utility-scale solar assets and enabled by NEC’s proactive nature modelling, asset-level management, and targeted NMP initiatives.

Reporting BNG and rehabilitation extent as complementary metrics provides a clearer distinction between ecosystem condition (captured through habitat uplift in BNG) and ecosystem extent (captured through hectares under restoration). This dual-metric approach aligns with emerging best practice in State of Nature metrics, moving towards measurement of ecosystem change from pre-development baseline to post-intervention state, and emphasising demonstrable, landscape-scale ecological recovery.

32% weighted average BNG
achieved across NEC’s portfolio



Using Biodiversity Net Gain as a proxy for nature value and restoration/rehabilitation outcomes

As policy and investor expectations shift toward nature positive outcomes, BNG has emerged as a key metric to assess and demonstrate measurable improvements in biodiversity associated with development.

BNG measures change in biodiversity units by integrating habitat extent, condition, distinctiveness, strategic significance, and delivery risk. While it does not capture all dimensions of biodiversity, it provides a consistent, repeatable indicator of biodiversity change that can be applied across assets and aggregated at portfolio level.

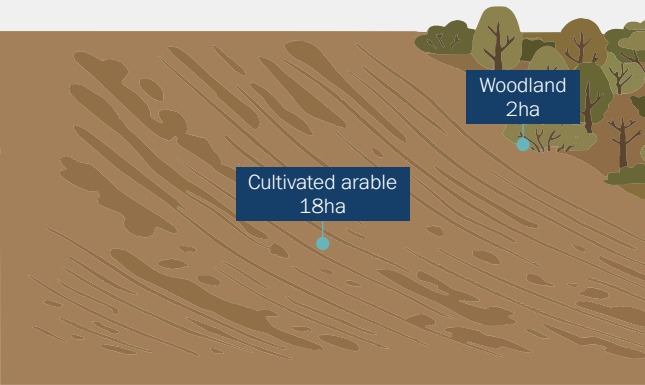
NEC applies the Global Biodiversity Calculator (**GBC**) developed by Arup and Starlight, NextEnergy Group’s Asset Developer, to quantify biodiversity change in line with the mitigation hierarchy. Statutory metrics are applied where required, including those of the Department for Environment, Food and Rural Affairs’s Biodiversity Metric in England (**Defra**).

The GBC establishes baseline biodiversity value using pre-development habitat surveys and aerial imagery. Post-development value reflects retained, enhanced, and newly created habitats, adjusted for delivery risk, time lag, complexity, and spatial factors. Net gain is calculated as the percentage increase in biodiversity units relative to the baseline.

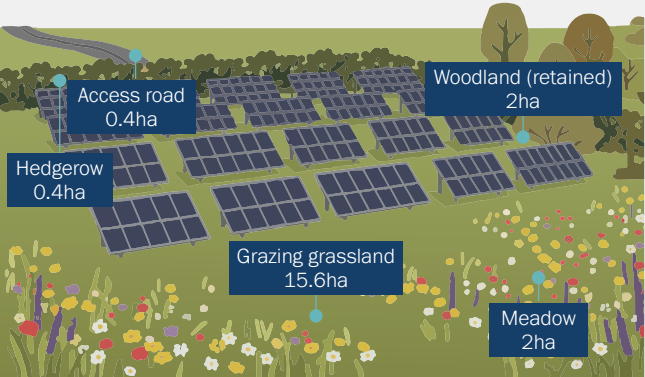
We use BNG to measure relative improvements in habitat condition and ecological value across its portfolio. To ensure alignment with the TNFD framework, we complement BNG disclosure with separate reporting on the extent of land under active rehabilitation and restoration, defined as areas converted from lower ecological baseline uses to higher-value habitats under long-term management. Together, these metrics demonstrate both the quality of biodiversity outcomes and the scale of land under improved ecological management.

Example mapping

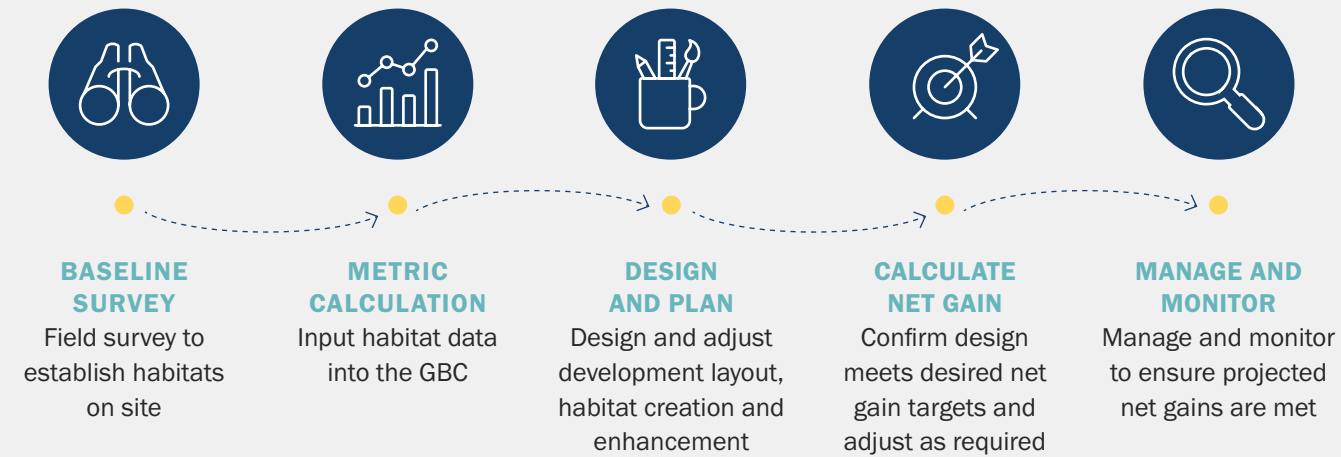
Pre-development baseline



Post-development baseline



BNG process flow



Governance & Assurance

- Statutory biodiversity metrics are applied where required under the Environment Act in England, with surveys and calculations undertaken by Suitably Qualified Ecologists in line with statutory obligations.
- For other jurisdictions or where statutory calculations do not apply, independent third-party baseline surveys are used and interpreted to inform the metric calculation.
- Interpretation of third-party baseline data and calculation of biodiversity metrics is carried out by an external or in-house qualified ecologist (**MCIEEM**) and Chartered Environmentalist, using either the statutory Defra Biodiversity Metric or the Starlight Global Biodiversity Calculator, as appropriate, to derive portfolio- and fund-level metrics.
- Independent third-party review is conducted at the point of disclosure to ensure accuracy and integrity.



Case study

The initiative involves planting over 200,000 native trees, sequestering approximately 41,200 tonnes of CO₂e

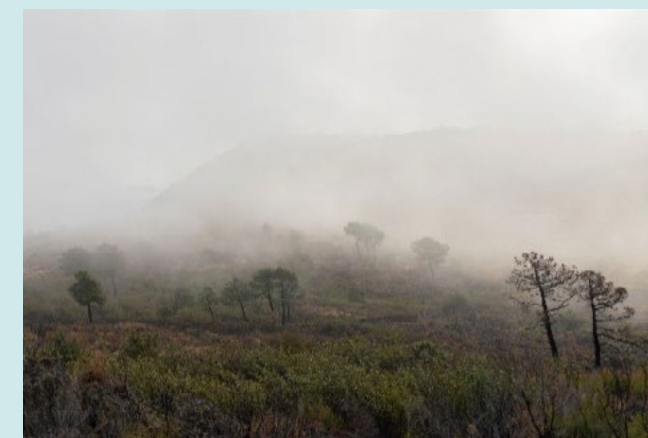
PROJECT EXTREMADURA

As part of NEC's commitment to nature restoration and applying the Group's Nature Strategy, NEIII has acquired [Project Extremadura](#) (Extremadura), a NbS pilot located in the Extremadura region of Spain. The region has experienced extreme biodiversity and forest degradation due to wildfire and overgrazing. Between 2001 and 2023, Iberia lost 1.64 million hectares of tree cover, more than any other region in Western Europe, releasing 618 million tonnes of CO₂.²¹

Extremadura addresses this crisis through reforestation, biodiversity enhancement, and nature recovery, while producing measurable climate and commercial outcomes. The initiative involves planting over 200,000 native trees, sequestering approximately 41,200 tonnes of CO₂e, creating local jobs, and establishing productive chestnut forest for the municipality to support additional employment and community engagement.²²

Part of NEC's broader Project Natura initiative, which aims to integrate NbS projects with renewable infrastructure, Extremadura was selected following a materiality assessment conducted during development of the Nature Strategy. This ensured alignment with the equivalency principle ("like-for-like or better") and targeted restoration in the same ecoregions where nature impacts or dependencies were identified.

This pioneering project enhances NEC's Iberian portfolio by directly addressing nature impacts and advancing a nature positive and carbon neutral position for the portfolio. It also support our ambition to incorporate nature value creation into fund strategies and help investors meet their disclosure and nature targets.



Extremadura | Western Spain

4.4 Nature-related targets continued



**Supply Chain
Transparency and
Sustainability**

During the reporting period we continued to consolidate and develop NEC’s internal data on suppliers, raw materials and traceability. We intend to make our first disclosures on this topic in the reporting year ending 31 December 2026, focusing on material components and HICs. For more information on our approach to supply chain risk management, see [Section 3](#).

4.5 People-related metrics and targets

As mentioned on page 39, NextEnergy Group has continued work to develop a Community Impact Strategy, containing, targets and metrics which are intended to be aligned with the emerging TISFD framework. Metrics for people-related topics in the year ended 31 December 2025 are provided below.

Human rights

The most material human rights risks NEC has identified relate to the Solar+ supply chain. During the reporting period, NEC:

- Developed further internal guidance and delivered training to team members on how to assess and manage human rights risks in the Solar+ supply chain. This includes creating a bespoke inverter manufacturer assessment procedure, drawing on lessons learned from its work on PV modules and batteries.
- Began incorporating requirements on additional raw material traceability into procurement contracts and annexes, helping NEC to avoid sourcing from regions at risk of human rights violations.
- Continued the integration of supply chain human rights assessment procedures with other strategic initiatives, including relevant supply chain approaches within the Group’s Nature Strategy, Climate Strategy, and NEC’s Transition Plan, in recognition that these present interlinked challenges.

Community funding

NEC provides direct community funding through its funds’ SPVs, supporting initiatives such as educational outreach programs and local infrastructure improvements. This figure amounted to c.\$261,000 in the reporting period. Additionally, NextEnergy Group contributed c.\$54,000 to NextEnergy Foundation, supporting projects aligned with the Foundation’s mission to participate proactively in the global effort to reduce carbon emissions, provide clean power sources in regions where they are not yet available, and contribute to poverty alleviation. In 2025, NextEnergy Foundation managed 47 active projects across 18 different countries, reaching c.300,800 local community members.²³



Health and safety

NEC is committed to maintaining the highest standards of health and safety. In 2025 we harnessed the Group’s new incident reporting tool that was implemented in in the previous year. The tool provides informed insights for the Health and Safety team to appropriately manage risks across the asset lifecycle and generate trend identification at both asset and contractor level. The tool will continue to undergo iterations, ensuring the quantity and quality of health and safety performance metrics advances.

2	Lost time incidents	
	1 January-31 December 2025	

²³ Figure based on estimates provided by NextEnergy Foundation’s project partners in 2025.

4.5 People-related metrics and targets continued

Diversity, equity and inclusion

Figure 26 represents the gender breakdown for the year ended 31 December 2025.

Gender and diversity are topics which are addressed at the Group level and cascade down to the Group’s companies, including NEC. The latest annual employee engagement survey was carried out in September 2025. Results showed that 91% of employees ‘felt genuinely supported to take advantage of flexible working arrangements’, increasing by 4% from 2024. 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.

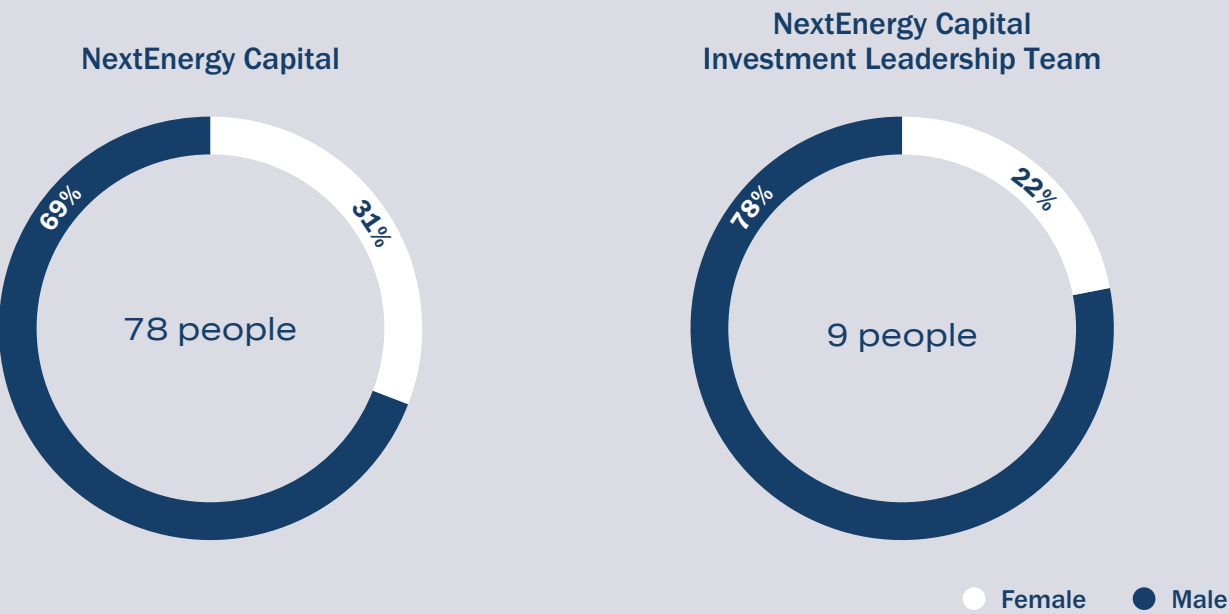
Cultural diversity is a key driver of the success of NextEnergy Group and its entities. As at 31 December 2025, the Group comprised 40 nationalities. This range of cultural and linguistic backgrounds enriches our understanding on delivering local sustainability outcomes that reflect local needs.

NEC and the Group continue to progress their commitment to diversity, equity and inclusion. This includes the Group’s NEXTogether series, as mentioned in [Section 3.1.3](#), and our involvement with external networks such as WiSEU. In 2025, one of NextEnergy Group’s Senior ESG Associates spoke at a session organised by WiSEU at the first Solar and Storage Live conference in Italy, whilst the Group’s Head of Talent spoke at an event in Spain and contributed to an article about the need for inclusive leadership, focusing on best health and safety practices and data.

40 nationalities
represented within the Group at year-end 2025



Figure 26: NextEnergy Capital gender diversity



4.6 Target monitoring and verification

NEC has established climate and nature-related targets, as described in [Sections 4.2](#) and [4.4](#). We will continue to monitor progress against them. NextEnergy Group is also developing a Community Impact Strategy, which will apply to NEC and contain relevant people-related targets.

4.7 Performance against targets

[Sections 2](#), [3](#) and [4](#) demonstrate measurable progress in all areas of the Group’s Sustainability Strategy, that NEC implements. We will continue to disclose performance against our climate, nature, and potential people targets in future reports.

Glossary

Asset Manager or WiseEnergy

WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl.

Avoided emissions

Avoided emissions represent the fossil fuel associated emissions displaced through renewable electricity generation by renewable assets.

Battery 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 be stored, which refers to: the storing of such energy, and its subsequent reconversion into electrical energy, or its use as another energy carrier.

Bill of materials or BOM

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

Biodiversity Intactness Index or BII

BII is 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.

Biodiversity Net Gain or BNG

BNG refers to measures taken to outweigh, or exceed, efforts to ensure no net loss of biodiversity.

Carbon Border Adjustment Mechanism or CBAM

A CBAM is a policy instrument to put a fair price on the carbon emitted during the production of carbon intensive goods imported into countries with a carbon tax or emissions trading system. The aim is to encourage cleaner industrial production outside the importing country's border and to prevent carbon leakage, which occurs when companies based in the importing country move carbon-

intensive production abroad to countries where less stringent climate policies are in place. The EU and the UK have both introduced a CBAM.

Carbon dioxide equivalent or CO₂e

CO₂e is a measure used to compare emissions from all greenhouse gases on the basis of their global warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide.

Climate change mitigation

Climate change mitigation contributes to the stabilisation of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous human-caused interference with the climate system. This can be carried out by avoiding or reducing greenhouse gas emissions or enhancing greenhouse gas removals, and is consistent with the long term temperature goal of the Paris Agreement.

Double materiality

Double materiality is an approach to assessing sustainability issues that considers both impact materiality (how the company's activities affect the environment and society) and financial materiality (how sustainability issues affect the company's financial performance, position or future prospects).

ESG Action Plan or ESGAP

An ESGAP is a proprietary due diligence tool developed to integrate ESG risk and opportunity management across all phases of the investment process. It supports identifying and assessing sustainability and ESG-related risks and opportunities for each asset.

EU Sustainable Finance Disclosure Regulation or SFDR

The EU's 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

Financial products classified under Article 9 of the SFDR must have sustainable investment as their core objective. This means their investment strategy is explicitly aligned with environmental or social goals, alongside good governance practices. In contrast, Article 8 financial products promote environmental or social characteristics but do not have sustainable investment as their primary objective.

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 or GHG

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.

Gigawatt hour or GWh

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.

Gigawatt peak or GWp

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

High impact commodities or HICs

HICs are raw materials or products within a company's value chain that are associated with disproportionately high sustainability and ESG risks, and are therefore prioritised for assessment, management and engagement.

International Sustainability Standards Board or ISSB

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 Taskforce for Climate-related Financial Disclosures (TCFD). NEC's ISSB and TNFD Report is aligned with IFRS S1 and S2 disclosure requirement.

Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services or IPBES

IPBES is an independent intergovernmental body established by States to strengthen the science-policy interface for biodiversity and ecosystem services for the conservation and sustainable use of biodiversity, long-term human well-being and sustainable development.

Kunming-Montreal Global Biodiversity Framework or KM-GBF

The KM-GBF is a global agreement adopted in 2022 under the auspices of the UN Convention on Biological Diversity. It sets out four goals to reach the global vision of a world living in harmony with nature by 2050, and includes 23 interim targets for 2030. The central aim is to instigate urgent action to halt and reverse biodiversity loss, and to foster the investment of \$700 billion per year which is needed to close the biodiversity finance gap and realise the 2050 vision.

Lifecycle Assessment or 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.

Megawatt hour or MWh

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

Megawatt peak or MWp

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

Nature Management Plan or NMP

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 or NEC

NEC is the 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 or PCAF

PCAF is 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.

Science Based Targets initiative or SBTi

The SBTi defines and promotes best practice in science-based target setting in emissions reductions.

Science Based Targets Network or SBTN

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 photovoltaics or PV

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

State of Nature or SoN

SoN is the condition and extent of ecosystems, habitats and species in a location.

State of Nature Pressure or SoNP

SoNP is a composite indicator of the approximate value of nature on a solar farm or battery asset.

Special Purpose Vehicle or SPV

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

Shared Socioeconomic Pathway or SSP

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.

Taskforce on Climate-related Financial Disclosures or TCFD

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.

Taskforce on Inequality and Social-related Financial Disclosures or TISFD

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.

Taskforce for Nature-related Financial Disclosures or TNFD

The TNFD framework follows on from the principles of the TCFD and 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.

Transition Plan Taskforce or TPT

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.

United Nations Principles for Responsible Investment or UN PRI

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.

United Nations Sustainable Development Goals or SDGs

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

Technical Annex: Emissions calculations and climate risk

NEC undertakes emissions accounting and discloses it in accordance with the GHG Protocol and the PCAF, selecting emission factors from the most appropriate sources based on the availability of site-specific data and the geography of emissions. For supply chain-related emissions, these factors are derived from lifecycle assessments, national databases, or international sources. For project-level 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.

Please refer to NextEnergy Group’s [Avoided Emissions Methodology](#) for full details.

Table 11

CLIMATE RISK TYPE	DESCRIPTION	EXPOSURE
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	- Only 1.63% of the total portfolio has a 10% chance of being at risk of flooding in 2030, increasing slightly to 1.90% by 2050, indicating asset resilience across all time horizons. - Overall, there is a 10% chance that three assets out of 7 identified potentially at risk will have a flood risk of >50cm depth by 2030, 2040 and 2050 across all scenarios. This risk is still considered low.
Portfolio physical risk	Water stress (drought)	80% of NEC’s assets in Italy are located in areas projected to experience “extremely high” (over 80%) water stress by 2030 under the least stressful climate scenario (SSP1 2.6). The same is true for 90% of NEC’s assets in Chile, 70% of NEC’s assets in Spain, 50% of NEC’s assets in India and 50% of NEC’s assets in Portugal. 2% of NEC’s assets in Poland are projected to experience “extremely high” (over 80%) water stress, while 65% of the assets are forecast to be in regions with “medium-high” (20-40%) to “high” (40-80%) risk categories. - In contrast, only 4% of NEC’s assets in the UK are at “high” (40-80%) risk while the majority of NEC’s portfolio in the UK is in areas with relatively lower water stress, predominantly in the “low” (under 10%) to “low-medium” (10-20%) risk categories. - Most US assets are at “low” (under 10%) risk, with only three assets (30% of the assets) at “extremely high” (over 80%) risk. - NEC is implementing water-efficient and waterless cleaning technologies where appropriate, alongside looking into possible water stewardship monitoring within high-risk jurisdictions.
Portfolio physical risk	Heat Stress	- NEC’s assets located in Italy and the United States are projected to face the highest average temperature increases across the 2025–2030 projection period, relative to the 1991-2024 historical baseline under SSP1-2.6. In Italy, the largest anomaly is expected in July, with a 1.13 °C rise. A similar pattern emerges for NEC’s US-based assets, which are forecast to see temperature differentials of 0.99 °C in July. - India is relatively less exposed to heat stress, with more moderate temperature anomalies of 0.49 °C in January, 0.53 °C in April, 0.30 °C in July, and 0.25 °C in October. - NEC’s assets in Chile are projected to face comparatively smaller increases, ranging from 0.47 °C to 0.61 °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 0.33 °C in April and 0.57 °C in July, and the Polish assets facing increases of 0.50 °C in April to 1 °C in January. - Spain and Portugal also exhibit a mixed heat stress outlook, with the most significant impacts expected during the summer months, with temperature anomalies of 1.06 °C in Spain and 0.90 °C in Portugal.
Portfolio Emissions	Scope 2 financed emissions resulting from assets use of energy from the grid Scope 3 financed emissions from contractors and suppliers	- After supply chain emissions (Scope 3 financed emissions), Scope 2 financed emissions (i.e. energy from the grid imported 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 12 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.²⁴

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.

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.

²⁴ 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 No Data **(ND)**.



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Technical Annex: Nature-related materiality assessment continued

Table 12: NEC materiality screening in the context of IPBES drivers of nature loss²⁵

Cradle-to-gate		 Land/Water/Sea use change						 Resource use		 Climate change		 Pollution						 Invasives and other			
		Terrestrial use		Freshwater use		Marine use		Water use		GHG emissions		Water pollutants		Soil pollutants		Solid waste		Disturbances		Biological alterations	
		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)
Direct or Upstream	Product Stage																				
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

25 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.

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, which refers to the date on which the asset becomes operational and starts generating income through the export and sale of electricity.

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 managed as at 31 December 2025. Impacts are allocated in proportion to our financial exposure to the identified impacts, and proportionate to materiality.

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.



Annex: Nature-related metrics

Metric No.	Driver of Nature Change	Indicator	Metric	Supply Chain	Direct Operations	Unit
C1.0	Land, freshwater & ocean-use change	Total spatial footprint	Surface area controlled/managed by the organisation	N/A	5,237.35	ha
			Total disturbed area ²⁶	25,210,456	361.34	ha
			Total restored/rehabilitated area ²⁷	N/A	3,348.53	ha
C1.1	Land, freshwater & ocean-use change	Extent of land, freshwater, ocean-use change	Total area by type of ecosystem	Not currently available ²⁸	5,237.35	ha
			T7.1 - Annual croplands		3,124.48	ha
			Unknown		58.04	ha
			T7.3 - Plantations		756.72	ha
			T7.2 - Sown pastures and fields		903.02	
			T7.4 - Urban and industrial ecosystems		91.81	ha
			T2.6 - Temperate pyric sclerophyll forests and woodlands		200.00	ha
			T3.2 - Seasonally dry temperate heaths and shrublands		31.80	ha
			T5.5 - Hyper-arid deserts		48.39	ha
			T7.5 - Derived semi-natural pastures and oldfields		9.94	ha
			T3.3 - Cool temperate heathlands		13.16	ha
			Total area by type of business activity – PV asset	N/A	5,036.30	ha
			Total area by type of business activity – battery energy storage	N/A	1.05	ha
			Area conserved compliance	N/A	289.06	ha
			Area sustainably managed ²⁹	N/A	3,075.49	ha
C2.0	Pollutants / Pollution removal	Pollutants released to soil split	Pollutants released to soil	478,185.03	2,670.03	tonnes
C2.1	Waste generation and disposal	Wastewater discharged	Wastewater discharged	13,757,625,971.64	87,533,047.22	m³
C2.2		Weight of hazardous and non-hazardous waste generated by type	Weight of non-hazardous waste generated	0.00	0.00	tonnes
			Weight of hazardous waste generated	0.00	0.00	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	tonnes
C2.4	Non-GHG air pollutants	Non-GHG air pollutants by type	Non-GHG air pollutants	10,989,740.84	50,616.23	tonnes
C3.0	Resource use / replenishment	Water withdrawal and consumption	Water withdrawal and consumption	727,268,523.14	4,597,599.35	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	118,877,164.82	229,135.77	tonnes

26 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.

27 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 pre-disturbance 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.

28 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.

29 Areas classified as sustainably managed include land under dual-use regimes, agrivoltaics systems, and/or areas covered by Nature Management Plans. In many cases, NEC 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.

Annex: Nature-related metrics continued

Metric No.	Driver of Nature Change	Indicator	Metric	Supply Chain	Direct Operations	Unit
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	125	5%	\$
			Liabilities	0	0%	\$
			Revenue	610	66%	\$
			Expenses	99	20%	\$
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 ³⁰		Proportion	\$m
			NAV	481	20%	\$
			Liabilities	0	0%	\$
			Revenue	43	5%	\$
			Expenses	147	31%	\$
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 ³¹			\$k
			Expenditure	–		\$
			Financing	25		\$
			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.	28 assets exposed to high 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.	7 ESG 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		

30 Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NEC.

31 This value includes the financial donation made to the NextEnergy Foundation by NEC in the year ended 31 December 2025.

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