NEXTENERGY
SOLAR FUND

Generating a more sustainable future

Sustainability and ESG Report for the year ended 31 March 2025

Content of this report

This is the Sustainability and ESG report (the **Report**) of NextEnergy Solar Fund (**NESF** or the **Company**) for the year ended 31 March 2025. The purpose of the Report is to inform relevant NESF stakeholders of the Company's approach to Sustainability and Environmental, Social and Governance (**ESG**) factors, how it executes its strategy, and how it creates impact. The Report is designed to be read in conjunction with the NESF Annual Report for the year ended 31 March 2025.

Building on its previous early adoption of the General and Climate standards of the International Sustainability Standards Board (**ISSB**), NESF is pleased to also report on its Sustainability and ESG activity for the year ended 31 March 2025 in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (**TNFD**). NESF does so as a voluntary early adopter, and for the first period for which it is possible.

The intent of the integrated disclosures in this Report is to provide consolidated, decision-useful information on Sustainability and ESG issues to investors and other users of the Company's Annual Report. As such this Sustainability and ESG Report makes all relevant disclosures under the following frameworks:

- ISSB Standard **S1**, which focuses on an entity's sustainability strategy and general risk management and monitoring. ISSB S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.
- ISSB Standard **S2**, which is topic-specific and focuses on climate. ISSB S2 requires an entity to disclose information that enables users of an entity's financial reports to understand the governance process, strategy, risk management and performance metrics used to manage its climate-related risks and opportunities. In line with ISSB S2, NESF's climate-related reporting includes a financial materiality assessment.
- The **Recommendations** of the TNFD, which is topic specific and focuses on nature. The Recommendations of the TNFD are additional to the general requirements of ISSB S1 and S2, although designed to be consistent with the approach of the ISSB. They enable the standardised disclosure of material information for users of an entity's financial reports to understand the governance process, strategy, risk management and performance metrics used to manage its nature-related risks and opportunities.

For this reporting year and as in the year ended 31 March 2024, NESF has focused on three principal sustainability topics: climate, nature and social-related issues, covering both its direct operations and value chain as relevant.

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

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1. Foreword from the ESG Committee Chair

The deployment of solar PV and battery storage continues to grow, despite challenges in the global economy including geopolitical tensions, a backlash against ESG, and policy uncertainty. This reflects the structural benefits of solar and batteries, which provide a low-cost, low carbon and highly versatile source of power. Together, they are making a significant contribution to the energy transition, and NESF is proud of the contribution that its portfolio of 937 MW of solar PV and batteries is making to that transition. The economic benefits are clear, enabling NESF to remain steadfast in its approach, generating attractive risk-adjusted returns while proactively identifying and managing Sustainability and ESG issues which are material to its operations and value chain.

In the year ended 31 March 2025, NESF made significant progress on key Sustainability and ESG topics, including:

- Adopting a new Sustainability and ESG Framework.
- Publishing its **Approach to Nature**, which provides a strategic framework for the Company to engage with nature-related issues.
- Supporting industry work on responsible sourcing, via the NESF Investment Adviser and the Solar Stewardship Initiative (**SSI**), which launched solar-specific ESG and Traceability Standards.
- Continuing the development of climate targets and initiatives, intended to culminate in the year ending 31 March 2026 with the release of a Transition Plan Taskforce (TPT) aligned Transition Plan.

Reflecting its commitments and progress, the Company is pleased that in the year ended 31 March 2025 it became a voluntary and early adopter of the Recommendations of the Taskforce on Nature-related Financial Disclosures (**TNFD**). The purpose of the TNFD is to enable financial market participants to understand the impact of specific investments on nature, and the impact of nature on those investments. NESF's TNFD alignment builds on the work it undertook in the previous financial year to align with related standards on climate change disclosures, and the Company's commitment to developing its reporting reflects increasingly sophisticated market understanding of how climate, nature and financial performance interact.

NESF's forward-thinking approach to reporting means it is also well placed to respond to regulatory change. Sustainability and ESG initiatives are subject to complex policy development processes that reflect evolving international priorities. NESF's work to identify, monitor and standardise its Sustainability and ESG impacts means it is well placed to meet current and future market standards and disclosure requirements, however they are implemented. This will also help ensure investors have access to the highest quality information possible on which to base their continued participation in NESF.

NESF continues to be classified as an Article 9 financial product under the EU Sustainable Finance Disclosure Regulation (SFDR). The SFDR came into force in 2021, and requires financial market participants to disclose their Sustainability and ESG policies and practices. NESF has sustainable investment as its objective, and its investments are fully aligned with the EU Taxonomy. The Company makes appropriate disclosures in its Annual Report and on its website under Annexes I, III and V of the Regulation.

NESF continues to meet its investment objective of providing ordinary shareholders with an attractive dividend yield, while driving action to support people, nature and prosperity. The Company monitors and takes action on material risks and opportunities relevant to achieving these goals, and I would like to thank the Investment Adviser for continuing to excel and innovate in its approach to Sustainability and ESG.

Josephine Bush,
Chair of the NESF Board ESG Committee

16 June 2025

Michael Bonte-Friedheim
Chief Executive Officer and Founding Partner of NextEnergy Group

Ross Grier
Chief Investment Officer of NextEnergy Capital

2. The year in ESG: CEO and CIO overview

NESF continues to lead the sector through its work to generate risk-adjusted returns while addressing the linked challenges of climate change and nature loss. For the year ended 31 March 2025, its assets generated 830 GWh of clean electricity – avoiding c.286,900 tonnes CO_2e of greenhouse gas emissions (GHG) and powering the equivalent of c.265,400 typical homes in the UK for a year.

The Company's Sustainability and ESG value creation continues to be led by the Investment Adviser, NextEnergy Capital, on behalf of NESF. The Investment Adviser ensures that NESF's approach to reporting and disclosure remains market leading. Reflecting this, for the year ended 31 March 2025, NESF is reporting for the first time against the recommendations of the TNFD. These disclosures are the culmination of a year of activity to identify, investigate and evaluate the impact of NESF and its supply chain on nature, and the potential financial impact on the Company which nature-related issues may present.

This work is at the cutting edge of investment management, and intended to provide a clear picture to investors and other NESF stakeholders of how NESF monitors and acts on risks and opportunities. It also builds on the disclosures the Company made in the previous financial year, when it first reported according to the requirements of the ISSB on risks and opportunities relating to climate, including its approach to decarbonisation. Understanding this information in detail means the Company is well-placed to navigate our changing world.

A milestone for the broader solar sector is the launch of both an ESG and a Traceability Standard by the Solar Stewardship Initiative (**SSI**), the solar-specific supply chain assurance programme, in April and December 2024 respectively. These two Standards will help companies like NESF to drive the highest levels of transparency and responsible sourcing across supply chains, maximising positive impact and minimising human rights and regulatory risks. The NESF Investment Adviser has supported the development of the SSI since inception, notably through the participation on its Board of Giulia Guidi, who is the NextEnergy Group Head of ESG and a member of the NESF Investment Committee of the Investment Adviser.

NESF makes all relevant disclosures to meets its obligations as an EU SFDR Article 9 financial product, and is pleased to follow its early adoption of the ISSB standards with its early adoption of the TNFD. The Company will continue to provide consistent, standardised metrics on its performance, and to engage with industry, investors, and regulators to explain how solar and energy storage investment companies like NESF can contribute to people, prosperity, and nature.

> **NESF's work is at the cutting edge of investment management**

3. Performance highlights

For the year ended 31 March 2025 unless stated

Environmental performance

GWh of clean energy generated for one year

830 GWh

Includes NESF's share of generation from private equity vehicle NPIII and co-invested assets and is not adjusted for debt. NESF's emissions avoided figure is adjusted to reflect NESF's proportion of capital interest (debt and equity). NESF's avoided emissions have been calculated in line with the United Nations Framework Convention on Climate Change's working group on International Financial Institutions.

Tonnes CO_2e avoided for one year

c.286,900

Equivalent number of homes powered for one year

c.265,400

NESF's equivalent number of homes powered figure is based on **OFGEM 2025** research and **Enerdata 2024** research.

Equivalent fossil fuel cars removed from the road

c.68,300

NESF's equivalent cars off the road figure is calculated using the total emissions avoided of NESF's solar PV projects and standard emission factors from the US Environmental Protection Agency where a typical fossil fuel passenger vehicle emits c.4.2 metric tonnes of CO_2e per year. We divide NESF's total emissions avoided by this emission factor to derive the equivalent number of fossil fuel cars taken off the road.

Nature performance

Total area rehabilitated or restored, as a proportion of NESF's land use footprint	Proportion of assets located in sensitive landscapes covered by a nature management plan with conservation or restoration measures	Percentage of land footprint managed as either (1) productive land use or (2) natural areas
23%	**92%**	**78%**

Social performance

Community funding through NESF Special Purpose Vehicles (SPVs)	Donation to the NextEnergy Foundation	Lost time injuries:
c.£155k	**c.£99k**	**0**

Governance performance

Board meetings, including Committees of the Board and ad-hoc meetings	Gender diversity at Board level	ESG Committee meetings, in addition to numerous informal meetings
19	**80% female** **20% male**	**3**

4. Introduction and approach to Sustainability and ESG reporting

NESF's overall approach to Sustainability and ESG evolves in line with regulatory, market and investor expectations. This means proactively identifying, monitoring and managing potential sustainability risks and opportunities, and reporting on these in a transparent format.

In the year ended 31 March 2025, the Company adopted a new Sustainability and ESG Framework. This was developed as part of a strategic review by the NextEnergy Group, conducted with the support of an independent adviser. The NESF Sustainability and ESG Framework supports the Company's primary objective of generating risk-adjusted returns whilst respecting people and nature.

NESF's approach to reporting is to disclose information on the topics included in its Sustainability and ESG Framework in alignment with market-leading sustainability standards. This means it can provide investors and other Company stakeholders with the highest quality information on issues and opportunities that may be financially material to its performance. These issues include climate and nature-related topics, in both NESF's direct operations and throughout its value chain. NESF also reports on social-related issues, including, health and safety, diversity and inclusion, community engagement, and human rights.

This Sustainability and ESG Report focuses on NESF's:

- General approach to Sustainability and ESG risks and opportunities, in line with ISSB S1.
- Climate-related Sustainability and ESG risks and opportunities, in line with ISSB S2.
- Nature-related Sustainability and ESG risks and opportunities, in line with TNFD.

Note that the depth and breadth of these disclosures, and the degree of financial materiality assessment for these topics, varies:

- NESF's approach to climate-related risk management includes a financial materiality assessment. This was first disclosed in the year ended 31 March 2024.
- NESF's approach to nature includes a financial materiality assessment, disclosed for the first time in the year ended 31 March 2025.
- NESF's approach to social issues does not include a financial materiality assessment.

A summary of this is presented below.

NESF will continue to monitor the evolution of all relevant standards, to ensure the Company retains its market-leading position on transparency and disclosures.

NESF Sustainability and ESG report:

disclosures and alignment for the financial year ended 31 March 2025

ESG FRAMEWORK TOPIC	ALIGNMENT	FINANCIAL MATERIALITY REVIEW	IMPACT MATERIALITY	FUTURE ALIGNMENT
CLIMATE	ISSB S1 AND S2	YES	YES	-
NATURE	TNFD	YES	YES	-
SOCIAL*	ISSB S1 (AS PART OF GENERAL DISCLOSURES)	-	-	-

***Disclosures for the year ended 31 March 2025 relate to health and safety, human rights, diversity and inclusion, and community engagement. Work in these areas is ongoing and levels of disclosures vary.**

Barnby Moor
Nottinghamshire
5.0MW

5. Governance

5.1. Governance structure

The corporate governance of NESF is intended to give shareholders and other key stakeholders confidence in its trustworthiness, fairness and transparency. NESF's Board of Directors (the Board) comprised five independent non-executive Directors as at 31 March 2025. At the date of this Report, there are four Directors who oversee the Company's strategy, performance, and management. This covers all Sustainability and ESG-related risks, including climate, nature, and social issues. The Board contains a wide range of relevant expertise and, in 2022, established an ESG Committee to further drive the Company's Sustainability and ESG agenda. This is chaired by Josephine Bush, who has extensive sustainable finance and strategy development experience.

NESF also benefits from the internal governance of NextEnergy Capital Limited (NEC), the Company's Investment Adviser. Oversight to NEC is provided by NextEnergy Capital IM, the Investment Manager to NESF.

NESF benefits from NEC's organisational grievance mechanisms, whistleblowing and other policies, and the expertise of the NextEnergy Investment Leadership committee (NEIL). NEIL includes senior professionals with expertise across the energy, finance, construction, procurement, portfolio management and environmental sectors. NEIL advises and oversees the Investment Adviser's climate and nature strategies, risk management, major decisions, and related disclosures, including for NESF.

NEIL also oversees the Investment Adviser's performance in providing a consistent service to the Company, based on the direction of the Board. The NextEnergy Group Head of ESG is part of NEIL and regularly engages with NEIL, the Board, and NESF's ESG Committee to discuss strategy, performance, and reporting requirements related to Sustainability and ESG risks and opportunities across the Company's operations and value chain.

Our Structure

Independent Board of Directors

Audit Committee

Management Engagement Committee

Remuneration & Nomination Committee

ESG Committee

Market Disclosure Committee

Investment Manager and Investment Adviser

Asset Manager

Investment Committee of the Investment Adviser

NEC IM Board

5.2. Management's role and responsibilities

The Investment Adviser has a dedicated ESG team. This is led by Giulia Guidi, the NextEnergy Group Head of ESG, who sits on the NESF Investment Committee of the Investment Adviser and takes an active role in the investment decision-making process. Giulia also sits on NEIL, and is responsible for informing and discussing the Company's Sustainability and ESG agenda with the NESF ESG Committee. Giulia is supported by two Senior Vice Presidents, with global expertise in climate and nature, as well as a team of associates and analysts with backgrounds and expertise relevant to energy and infrastructure. The Investment Adviser team undertake formal and other training to maintain and develop their Sustainability and ESG knowledge and skills.

11 Investment Adviser ESG team members

The services provided to NESF by the Investment Adviser and its ESG team are kept under review by the Board. Progress and changes in sustainability related risks and opportunities are discussed during NESF Board meetings, and three times a year in ESG Committee meetings. Giulia also meets on a monthly basis with Josephine Bush, the Chair of the ESG Committee, to discuss the Company's Sustainability and ESG strategy, while the NextEnergy Group's ESG team itself meets at least weekly with the Investment Adviser's Investment team and senior managers. Sustainability and ESG issues are included in the Company's risk register and inform its overall approach to risk management.

NESF's Asset Manager, WiseEnergy, plays a key role in helping to deliver the Company's sustainability mission through its proactive management approach. NESF implements processes to ensure its activities are monitored and recorded appropriately by WiseEnergy, including generating sustainability data and statistics. The Investment Adviser uses these controls and procedures to support the oversight of Sustainability and ESG risks and opportunities, integrating them with other internal functions, such as investment decision-making and asset management.

100+ Combined years of experience across the Investment Adviser ESG team

5.2.1 ESG team

NEC management and advisory services

Ross Grier

Chief Investment Officer

Ross oversees all NESF activity. Ross has deployed over £1.5bn of capital into UK solar and energy storage, including c. 1GW of transactions for the Company.

Stephen Rosser

Investment Director and UK Counsel

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

Investment Adviser Sustainability and ESG team

Giulia Guidi

Group Head of ESG

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

David Hawkins

Senior ESG VP - Climate and Regulation Lead

David has over 15 years' sustainability and environmental experience in the energy sector, and oversees the development and implementation of climate transition and net zero activity.

Hing Kin Lee

Senior ESG VP - Nature Lead

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

Sulwen Vaughan

Special Purpose Vehicle Director

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

Kevin McCann

Senior Associate, ESG

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

Flavia Galdiolo

Senior Associate, ESG

Flavia leads strategic sustainability and ESG engagement and communication.

Kristina Vucic

ESG Associate - Data Strategy, Intelligence and Regulation

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

Marianna Ricca

ESG Associate

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

Olivia Arden

Senior ESG Analyst

Olivia undertakes sustainability and ESG due diligence and reviews transaction and other reporting for NESF.

Valeria Ramos

ESG Analyst

Valeria undertakes sustainability and ESG due diligence and reviews transaction and other reporting.

Emily Ashwell

ESG Analyst - Geospatial

Emily conducts environmental due diligence, spatial analysis, and data visualisation.

Asset Manager ESG team

Serena Thaker

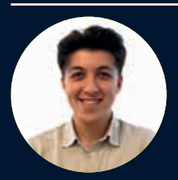
ESG Manager (WiseEnergy)

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

Marnie Winston-Fletcher

Environmental Analyst (WiseEnergy)

Marnie supports environmental monitoring, analysis and operations across NESF's portfolio of solar and energy storage assets, as part of the work of the Company's asset manager, WiseEnergy.



Joseph Baker

Junior ESG Analyst (WiseEnergy)

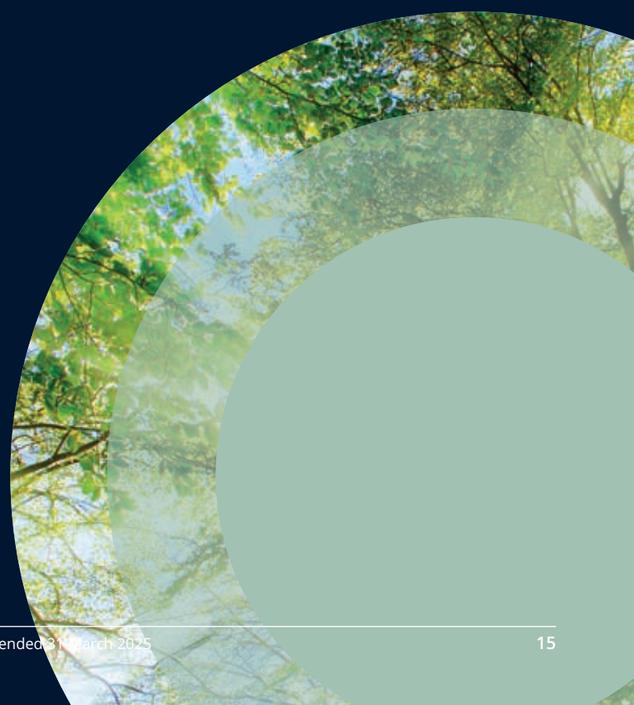
Joseph drives implementation of ESG Action plans, oversees incident monitoring and gathers operational and reporting data.

NextEnergy Foundation

Rita Selleri

NextEnergy Foundation Secretary

Rita oversees the work of the NextEnergy Foundation.



5.3. Competencies and training

In addition to the Investment Adviser competencies detailed in the previous section, the NESF Board contains a wide range of relevant expertise to oversee the Company's sustainability strategies. The ESG Committee Meetings held three times a year are forums to facilitate sustainability-related knowledge sharing between the Investment Adviser and the Board, while going forward, the Investment Adviser intends to introduce formal training on evolving ESG matters – such as regulations, frameworks and investor-led initiatives – to enhance the Board's climate and sustainability competencies.

5.4. Integration of sustainability related factors

NESF integrates sustainability in three key areas:

- **Strategy development.** The Board sets and oversees the strategic direction of the Company. This includes the development of specific Sustainability and ESG strategies, such as the Approach to Nature which NESF launched in November 2024, and the integration of relevant sustainability factors in initiatives such as NESF's capital recycling and financing programme. The Board also ensures that NESF sets and monitors appropriate ESG performance objectives.
- **Execution discipline: investment and asset management.** Undertaken through the delegated authority of the Investment Adviser, NESF ensures that robust processes and controls to identify and manage Sustainability and ESG issues are in place throughout the capital allocation lifecycle. This includes pre-acquisition due diligence, operational monitoring, and proactive risk and opportunity management.
- **Supply chain and stewardship.** Through its Investment Adviser, NESF undertakes extensive work to integrate Sustainability and ESG issues into its procurement and supplier management. This includes setting minimum requirements for suppliers, assessing the origins of the equipment and raw materials in equipment the Company acquires, and supporting industry initiatives to increase transparency and responsible sourcing in the solar sector.

The NESF Sustainability and ESG Framework guides the integration of sustainability-related factors, ensuring that climate, nature and social issues including human rights issues are aligned and incorporated into the Company's decision-making. This ensures that NESF's investments are aligned with its policies, including:

- The NESF **Sustainable Investment Policy**.
- The NESF **Modern Slavery Statement**.
- The other Sustainability Policies and commitments of **NextEnergy Group**, which NESF adopts in full. These include position statements on Climate Change, Human Rights, and Nature, and the NextEnergy Group's Responsible Supply Chain Approach.

NESF's integration process is iterative, enabling the ongoing assessment of operational assets and the assessment and management of new sites, the repowering or upgrade of existing sites, and suppliers. This helps ensure the most robust risk and opportunity management possible for the investments the Company makes.

5.5. Key sustainability topics

5.5.1. Climate

NESF's mission to lead the transition to clean energy means that it is fundamentally linked to risks and opportunities relating to climate change. The Company generates revenue through assets which directly contribute to climate change mitigation through the renewable energy they generate, and subsequently the carbon emissions avoided due to the displacement of fossil fuel use for energy generation.

NESF also has an impact on climate change through the carbon emissions it incurs, directly through the operations of its assets, and indirectly through the raw material extraction, refining, manufacturing and shipping processes linked to the equipment in which it invests. The changing climate itself also poses a variety of risks and opportunities to NESF assets: both physical and transitional, relating to the financial, policy and legal context in which the Company operates.

5.5.2. Nature

Nature is intrinsically linked to climate, wellbeing, and economic stability, but habitats, species and biodiversity richness are declining around the world. Solar and battery storage assets are physical infrastructure and so NESF has location-specific interactions with nature related to the geography of its operations, as well as impacts linked to the extraction and processing of raw materials used in its supply chain. Because solar energy projects can enhance biodiversity, NESF also has the opportunity to optimise nature conservation around its assets, while taking action to protect and promote nature in its supply chain. The financial success of NESF is intertwined with the resilience of the ecosystems it operates in, and so NESF identifies, monitors and acts on nature-related risks and opportunities across its operations and value chain.

5.5.3 Social

NESF interacts with suppliers and contractors who work on NESF sites, and whose employees have the right to expect a safe and healthy working environment and to see their human rights respected. Via the physical presence of its assets, NESF also has potential interactions with Indigenous Peoples and with local communities that host existing and potentially new NESF assets in future. NESF has procedures in place for land use agreements with Indigenous Peoples and local communities, ensuring respectful and transparent engagement. The Company's Investment Adviser also directly employs staff in multiple locations around the world, and has an interest in attracting and retaining a diverse range of talent in its workforce.

These interactions mean NESF's activities therefore sit within the social context of the energy transition. In the year ended 31 March 2025, the NESF Investment Adviser initiated work on a comprehensive social strategy, building on its existing efforts in climate and nature. The strategy aims to establish a structured approach to stakeholder engagement in the solar and battery storage industry, minimising Sustainability and ESG risks while maximising social value across the energy transition. NESF will consider the Investment Adviser's Social Strategy with the objective of adopting it in the future, as engaging with people will be central to NESF's role in the clean energy transition.

5.6 Interdependencies

NESF's Sustainability and ESG strategy reflects the interdependencies between the topics above and the internal and external context in which the Company operates. Key dependencies include:

- **The environment:** the impact of the changes in climate and nature on each other and on NESF assets.
- **Geopolitics**: trade and political relations between states in which NESF assets operate and those from which it sources equipment.
- **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 NESF assets.
- **Policy and regulation:** the operating and sustainability requirements in the jurisdictions in which NESF operates, and new or amended targets and objectives for renewable energy.
- **Supply chains:** the availability and cost of plant and machinery in which NESF invests, and the locations where these are produced.

NESF monitors and maps potential new climate and nature interdependencies through its Investment Adviser, including through engagement with investors, policymakers and regulators, and the advocacy of industry groups and trade associations. The Board ensures interdependencies are incorporated into the Company's strategy and decision-making processes.

Climate, nature and social dependencies are a critical part of NESF's integrated approach to sustainability risk management

5.7 Formalisation of targets and incentives

The Board oversees the setting of Sustainability and ESG-related targets for NESF, and monitors progress towards those targets. The Company has developed or is developing strategic climate and nature plans, and more information on their metrics and targets is provided below.

The Investment Adviser sets individual performance goals for its ESG team members, related to managing and executing NESF's Sustainability and ESG strategy. Base compensation for senior managers and other staff members is linked to delivering on strategic Sustainability and ESG objectives, which are reviewed regularly by the Investment Adviser's Remuneration Committee. Specific percentages of executive remuneration are not allocated to climate or broader Sustainability and ESG-related considerations, but are assessed as part of a holistic performance review that incorporates these requirements and progress made on Sustainability and ESG activity.

Strategic targets:

NESF reports its annual carbon dioxide equivalent (CO_2e) emissions avoided and its carbon footprint. NESF is targeting Net Zero by 2050 and the Company is developing a formal Transition Plan Taskforce (TPT) aligned Transition Plan, due to be published in the year ending 31 March 2026. The Transition Plan will detail specific climate risk assessment and decarbonisation priorities for the Company along with its Net Zero journey. In support of this, NESF will submit emissions reduction targets to the Science-Based Targets Initiative (SBTi) for formal approval and disclosure. The SBTi targets will provide 2030 and 2050 decarbonisation targets, and the Transition Plan will detail the key steps required by NESF to achieve them, and will be updated frequently to reflect on progress. Further information on NESF's climate targets is in Section 8.2.

During the reporting period, NESF developed and published formal nature-based targets in its Approach to Nature. These relate to the (non-) conversion of natural habitat, responsible land use, nature restoration, and supply chain transparency, and are aligned with the goals and targets of the Kunming-Montreal Global Biodiversity Framework (GBF). In this Report the Company is publishing a baseline assessment of its interaction with nature, as well as its interim and overall nature targets, intended to be achieved in 2030. Further information on NESF's nature targets is in Section 8.3.

In the year ended 31 March 2025 the NESF Investment Adviser initiated work on a comprehensive social strategy, reflecting the work it has undertaken to date on climate and nature. The purpose of the strategy will be to develop a structured approach to engaging with people as part of the solar and battery storage industry, to minimise Sustainability and ESG risks and maximise the opportunities the energy transition presents. NESF will monitor the development of this strategy, which will include key performance indicators for social issues, and intends to consider it for adoption when complete. Further information on NESF's social targets and metrics is in Section 8.5.

6. Strategy

6.1. Approach

NESF seeks to consider the context in which its operations sit when considering its approach to Sustainability and ESG. The Company recognises that it has specific locational impacts, linked to the construction and operation of its assets, and broader impacts relating to the origins of its supply chain, and the contractors and other organisations, people and communities it interacts with.

The Company's focus is on identifying, monitoring, and addressing Sustainability and ESG risks and opportunities as they relate to these direct operational and upstream value chain impacts, across climate, nature and social issues. It does so according to the policies outlined in Section 5.4, and in line with its Sustainability and ESG Framework. The Framework and its detailed underlying assessments support all aspects of NESF's sustainability-related risk and opportunity management.

Figure 1: the NESF Sustainability and ESG Framework

The Company aims to report on its Sustainability and ESG risks and opportunities in a consistent, decision-useful manner, which is why its approach to reporting is to align with the requirements of the ISSB and TNFD, as key international disclosure frameworks.

Tower Hill
Gloucestershire
8.1MW

Approach to Nature development

A major achievement for NESF in the year ended 31 March 2025 was the launch of its dedicated **Approach to Nature**. This addresses the fact that nature is inherently location-specific: the habitats, species and ecosystems of a given area are unique and not interchangeable, unlike carbon emissions, whose impacts are globally aggregated regardless of where they are released. Developing nature-related metrics and targets across a diversified portfolio is therefore complex but necessary for a company seeking to systematically identify and address its impact on nature, and the potential financial impact of nature on the company. This is why NESF has developed a bespoke approach to nature, which has been designed in alignment with international, science-based frameworks, including:

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

To develop its Approach to Nature, NESF first conducted a detailed ESG survey. The survey engaged internal and external stakeholders on material topics, and performed a materiality screening of nature-related issues in the solar sector. The analysis included mapping asset value exposed to nature-related risks, evaluating the impacts and dependencies of NESF on nature, and estimating NESF's contributions to material pressures on nature, including land use, greenhouse gas (GHG) emissions, water consumption, and soil pollutants. The key output of this process was a prioritisation matrix, which identified the NESF sites most exposed to nature-related risks and impacts, and actionable insights for financial and investment decisions to reduce the likelihood and severity of these risks.

The NESF Approach to Nature was approved by the NESF Board in November 2024 and its analysis and findings are discussed in this Report.

6.1.1 Scope

The scope of NESF's Sustainability and ESG work covers its direct operations and upstream value chain. The Company's objective is to ensure that any potential exposure to material Sustainability and ESG issues which could affect its ability to construct, operate or maintain its assets is identified and managed.

To carry this out, NESF has performed climate and nature materiality assessments in alignment with ISSB and TNFD requirements. The Company's climate assessment focused on carbon emissions caused by its operations and supply chain, and its nature assessment focused on location-specific operational impacts for its assets, and a nature-related supply chain assessment, evaluating its structure, transparency, key materials, and high-impact commodities. NESF adheres to the principle of double materiality, assessing both financial and impact materiality. This enables it to maximise its positive impact on society, while managing financial risk and identifying potential commercial opportunities arising from Sustainability and ESG issues.

NESF's climate and nature assessments also enable the Company to identify key stakeholders with which it needs to engage in order to address dependencies, such as the suppliers of raw materials in its assets. The purpose of this engagement is to ensure that suppliers and contractors throughout the Company's value chain take a proactive role to address any concerns identified, and start implementing measures to align with its ambitions.

In addition to climate, nature and their interactions, topics which are relevant to NESF from a sustainability perspective include health and safety, human rights, community engagement, and diversity, equity and inclusion. NESF ensures appropriate risk and opportunity management for these topics, in line with the processes described in this Report, and with market practice.

Figure 2: the evolution of NESF's Sustainability and ESG reporting

NESF first provided climate-related financial risk disclosures for the year ended 31 March 2022, under the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD).

For the year ended 31 March 2024, the first period for which it was possible, the Company made disclosures in line with the ISSB S1 General Standard, and the ISSB S2 Climate Standard, which superseded the climate reporting requirements of the TCFD.

For the year ended 31 March 2025, NESF is pleased to develop its reporting further, with its 2025 Sustainability and ESG Report also now aligned, during the first reporting period for which it is possible, with the Recommendations of the TNFD.

2022
TCFD-aligned

2023
TCFD-aligned

2024
ISSB S1 and ISSB S2-aligned

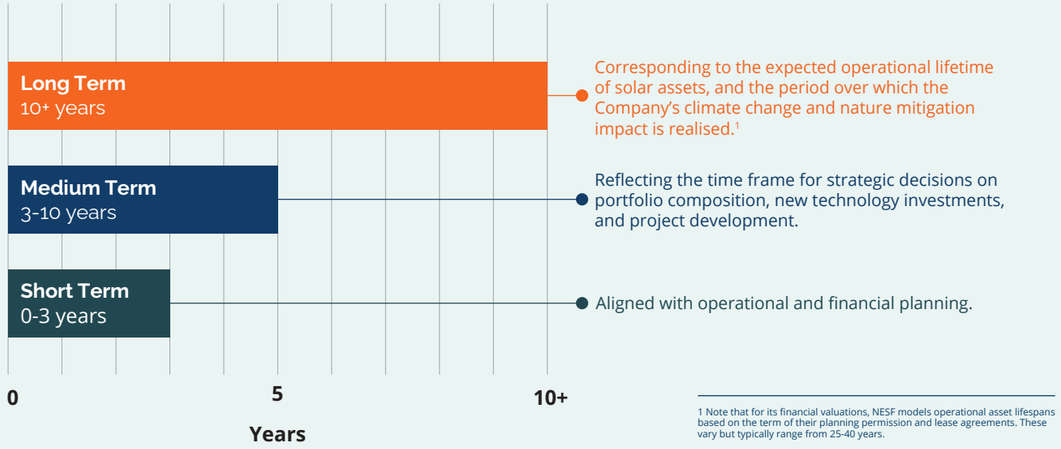
2025
ISSB S1, ISSB S2, and TNFD-aligned

6.1.2. Strategic time horizons

NESF assesses climate, nature, and other sustainability-related risks and opportunities in differing scenarios over three time horizons.

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

Figure 3: NESF Sustainability and ESG strategic time horizons



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

6.2. Identification of sustainability-related issues

NESF's materiality assessments have identified the following key Sustainability and ESG issues that are relevant to its assets, direct operations, and supply chains. These are:

- Climate-related physical and transition risks, including flood risk, heat stress and water stress, and their consequences for the operational performance of NESF assets, their physical integrity, and the supply and cost of supply of raw materials and components.[2]
- Nature-related risks, particularly impacts related to the key drivers of biodiversity loss, as defined by **the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services** (**IPBES**): land use and change, direct exploitation of natural resources, climate change, freshwater use and pollution, and other factors such as invasive alien species.
- Social issues which NESF considers material to its business. These include health and safety, human rights, community engagement, and diversity and inclusion.

Based on the implementation of its strategy to date and the analysis presented in this Section and Section 8, for the year ended 31 March 2025 there is no material financial risk to NESF from climate change or nature.

Research

NESF aims to ensure it is at the forefront of identifying and advancing investment opportunities in sustainability-related issues, and participates in research projects where they can support this goal. During the year ended 31 March 2025 the UK Research and Innovation (UKRI)-funded **Finance and Investment in Nature Positive Energy** project in which NESF participates received funding for a second phase of its activity, which is intended to identify nature-positive investment opportunities in the solar sector, and develop appropriate monitoring and reporting metrics. NESF is collaborating on the project with the University of York and Lancaster University, and in 2023 won the Environmental Finance IMPACT Awards for its participation. The project's outputs could inform the development of nature markets and their associated investment potential.

2 NESF's climate modelling has been carried out over three scenarios to stress-test its exposure to changing physical climate risks. This will enable the Company to respond strategically to any variances in actual climate and global warming trajectories.

6.3. Impacts on business model and value chain

6.3.1 Climate

NESF has performed detailed climate scenario modelling and assessments to identify potential climate-related impacts across its upstream value chain and construction activities, and in its direct operations.

Upstream value chain: development and construction

Potential physical and transitional climate change impacts on NESF's supply chain principally relate to the extraction and processing of polysilicon and other raw materials required for solar equipment, which tend to be concentrated in geographies that are exposed to varying degrees of climate change risk. This concentration could lead to supply chain disruption and associated price volatility, resulting in cost increases or delays in constructing new assets. The global transition to renewable energy and Net Zero is driving unprecedented demand for critical minerals which could ultimately lead to delayed decarbonisation efforts.

Although solar and batteries typically provide a positive climate impact in the form of emissions avoided when they are operational, NESF assets also incur GHG emissions associated with the mining of raw materials and manufacturing of components in which it invests, and from shipping and the use of plant and machinery during the construction of its sites. This results in both an impact contributing to climate change and a financial materiality consideration, as emissions could ultimately incur carbon taxes or other costs.

NESF carried out an in-depth supply chain review of these issues in the year ended 31 March 2025. The potential impacts on NESF are presented below. Note that NESF's response actions and mitigations are explained in Sections 6.4 and 7.1.

Climate Risk Type	Description	Impact
Physical climate risk	Flood, drought and extreme heat and weather events	Disruption to manufacturing and project delays
Transitional risks	Regulatory changes that expand carbon taxes (such as the EU Carbon Border Adjustment Mechanism) to include solar and battery assets or materials	Increased cost of products being brought into the UK and EU
Emissions	High Scope 3 emissions prevent NESF reaching Net Zero	Difficulty for NESF to reach its Net Zero ambition, resulting in a higher cost of offsetting and carbon neutrality

Direct operations including decommissioning

The direct operations of NESF assets are exposed to similar climate risks and opportunities as its upstream value chain. However, they manifest differently according to the phase of the asset. The relevant risks are provided below:

Climate Risk Type	Description	Impact
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	Potential to disrupt generation and / or access to sites for site level maintenance
Portfolio physical risk	Water stress (drought)	Lack of water for cleaning leading to soiling of panels, reduced generation capacity and lower revenues, and potential issues for contractors on site
Portfolio physical risk	Heat stress	Increased temperature decreases generation of the assets and stresses equipment, thereby accelerates aging prematurely
Portfolio emissions	Scope 2 emissions resulting from asset use of grid electricity Scope 3 emissions resulting from contractors and suppliers	Increased impact and contribution to climate change from operations Reputational risk and potential damage to social licence to operate

6.3.2 Nature

Nature-related physical risks such as land use change, extreme climate events, habitat loss, freshwater scarcity, and pollution could disrupt NESF's operations and those of its suppliers, particularly in geographies with high ecological sensitivity. This could have an impact on business continuity or expansion, for example where a nature-related impact affects the ability of the Company to procure components, or if the irreversible loss of biodiversity impacts the availability of land for new assets.

NESF's nature-related impact assessment considered environmental pressures, the state of nature, and upstream value chain impacts for each NESF asset. These were then aggregated to produce portfolio-level analysis. The assessment focused on key drivers of biodiversity loss, using location-specific data on the impact of the Company's operations and the state of nature in the area of each asset. The results for each biodiversity loss driver then clarified whether relevant impacts are linked to NESF's direct operations, or its upstream supply chain. The impacts assessed are determined by NESF's nature-related materiality screening, on which more information is available in the Technical Annex: Nature-related materiality assessment.

Upstream value chain: development and construction

The most material potential nature-related impacts for NESF are:

- Climate change
- Land use change
- Water resources

The pressures identified could lead to supply chain disruptions, cost volatility, chronic impacts on ecosystems, and impacts on community wellbeing. However, NESF's commitment to sustainable practices, and its proactive approach to addressing nature-related risks, will enhance its resilience and help position the Company as a leader in the renewable energy industry.

Direct operations including decommissioning

The potential nature-related impacts for NESF's business model and value chain are:

- Climate change
- Land use change
- Soil pollutants

From an asset perspective, NESF's nature-related risks are closely tied to the construction phase of a project, and the potential impacts on water quality and quantity. In addition, reputational and policy risks associated with environmental harm or resource mismanagement highlight the importance of proactive measures to ensure sustainable practices.

Nature-specific priority locations for operations and value chain

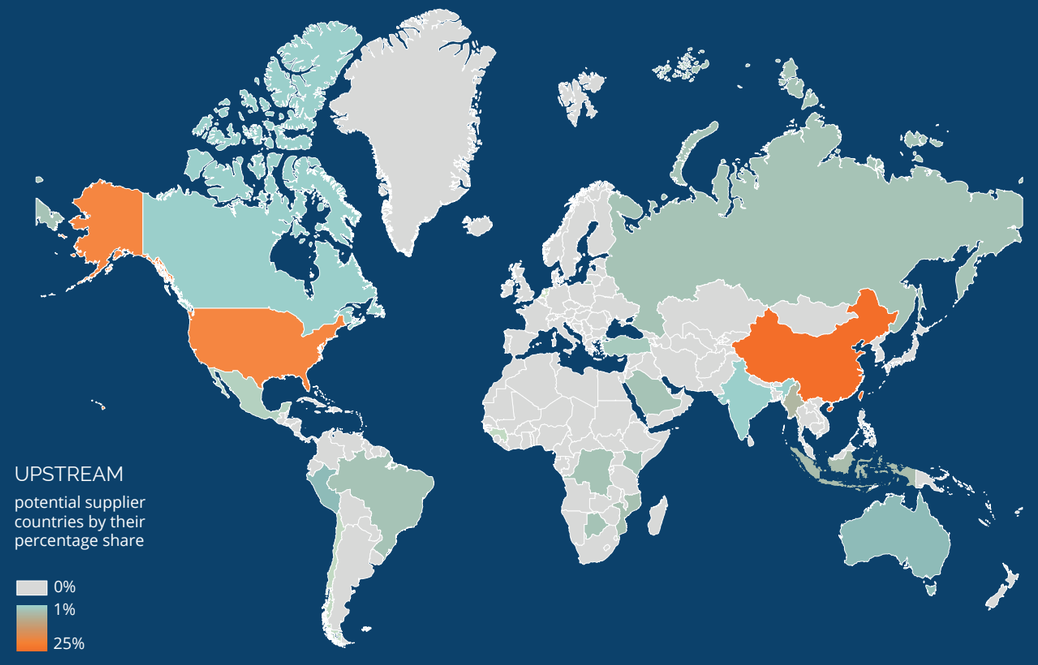
In line with the specific Recommendations of the TNFD, NESF has identified priority locations where there are material nature-related impacts, dependencies, risks and opportunities for its direct operations and upstream supply chain. The locations are provided below, followed by an explanation of the processes used to identify them.[3]

3 Note that this assessment is unique to TNFD, and based on the location-specific impacts of nature.

Priority locations for nature: upstream value chain

Figure 4: Estimated countries of origin with key nature-related impacts linked to NESF's raw material supply chain

Supply chains are complex and often opaque, particularly for commodities such as oil and gas, which are traded globally and blended from multiple sources. Potential exposure is estimated on available data, but actual sourcing may vary due to intermediaries, market dynamics, and re-exports. Sourcing origins beyond direct suppliers will be refined as NESF's stewardship and traceability workstreams progress.



Site prioritisation methodology: upstream value chain

NESF has identified key locations in its supply chain which it can prioritise to address its impacts on nature. To do so, the Company first gathered information on the components used in its assets from their Bills of Materials (**BOMs**), which are obtained during procurement. BOMs contain information on the quantity, mass, and geographical origin of parts in a product, such as a solar panel. NESF analysed the BOMs in its assets to determine the composition and weight of raw materials used in its supply chain, cross-referencing them against the SBTN-designated High-Impact Commodities (**HICs**) to identify those with the most significant environmental impact.

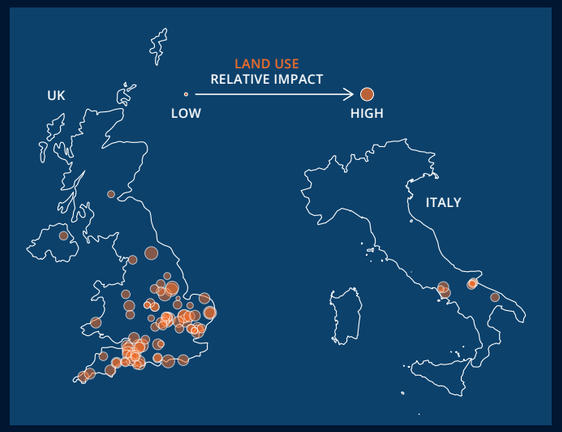
Following SBTN recommendations for traceability, NESF then estimated the geographical origin of these raw materials to at least national level. The Company used sources including the US Geological Survey and European Commission trade databases to estimate origins where primary data was lacking. NESF calculated a State of Nature Pressure Score (**SoNp**) for each country of origin by assessing environmental pressures including land use, water consumption, and greenhouse gas emissions, and estimating the impact on nature.

Finally, NESF assigned a score to its raw materials and countries using a prioritisation framework. This was based on environmental impact factors and the specific characteristics of source countries. Map 1 shows the most sensitive upstream locations which the Company will now aim to target in its work to identify and mitigate potential nature-related impacts. As part of this, one of NESF's Sustainability and ESG objectives is to engage with suppliers to increase transparency in its supply chain and minimise their impacts on nature. For more information, see Section 8.4.

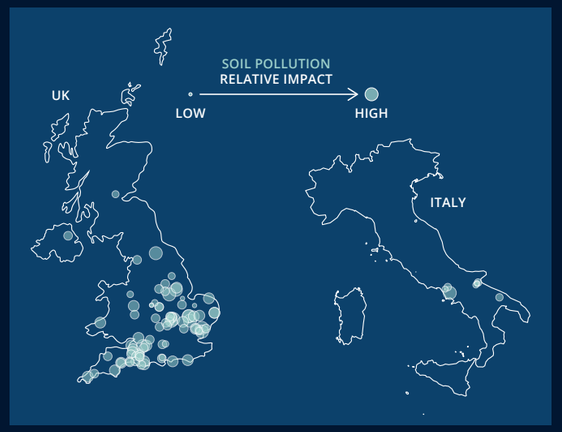
Priority locations for nature: direct operations

The maps below show the locations which NESF has identified as priorities for action, based on potential impacts in its direct operations linked to its most material nature and biodiversity pressures. These pressures are climate change, land use change, and soil pollutants.

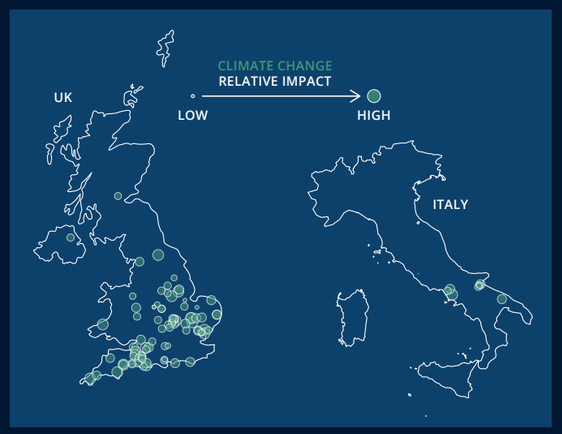
Priority locations: land use change



Priority locations: soil pollutants



Priority locations: GHG emissions



Site prioritisation methodology: direct operations

The process NESF used to identify priority locations for its operational assets followed SBTN and TNFD processes to estimate the State of Nature (**SoN**) for each of its assets. To generate the SoN, the Company extrapolated data from Geographic Information System (**GIS**) maps and databases. This provided insights into biodiversity loss drivers across the regions where the Company has assets. As with its upstream impacts, it then calculated the SoNP to estimate the impact on nature of each asset. The Company combined the SoN and SoNp with the state of biodiversity in each location to generate a final score for each asset, and ranked assets according to their contribution to biodiversity loss drivers. The Company will now aim to target action to improve nature based on this ranking.

High Impact Commodities

The SBTN has designated a non-exhaustive list of the most common environmental impacts associated with High Impact Commodities (**HICs**). These are raw materials which can have a significant impact on the areas and ecosystems from which they are extracted. To assess its exposure to HICs, NESF has conducted a mapping exercise to analyse the materials and production processes on which it depends.

The assessment identified that silica sand, steel, and aluminium represent an average of c.92% of the raw materials used in NESF's solar modules, cables, access tracks, and mounting racks by mass. They are also responsible for an estimated 93% of the freshwater footprint of the same components.

To address the impacts of the extraction and processing of these materials requires knowledge of their precise geographic origin. However, supply chains are complex, and at present not all suppliers are able to provide visibility of their raw material origins. As such, the key next step NESF has prioritised is to set traceability targets, to understand where its products come from. The Company is also conducting a nature-based Life Cycle Assessment (**LCA**) of its operations. Similar to a climate LCA, the nature LCA will provide a standardised estimate of NESF's lifecycle impacts on nature, drawing on its HIC mapping.

This work will provide a better understanding of which geographical areas and production processes NESF will need to prioritise in order to support change in the extraction and processing of HICs.

NESF's systematic approach to identifying climate and nature impacts on its business model and value chain means it is able to develop risk management procedures aligned with appropriate Sustainability and ESG risk policies, and to develop effective targets and monitoring. It also enables NESF to prioritise initiatives across the Company for planning, budgeting, and reporting purposes.

As NESF's activities diversify, it will revisit and update its materiality assessment to reflect evolving circumstances, and to ensure its continued relevance. To facilitate this, the methodology NESF has used is designed to be iterative, and to enable the identification of material climate and nature-related topics and their integration into due diligence, monitoring, mitigation and measurement processes.

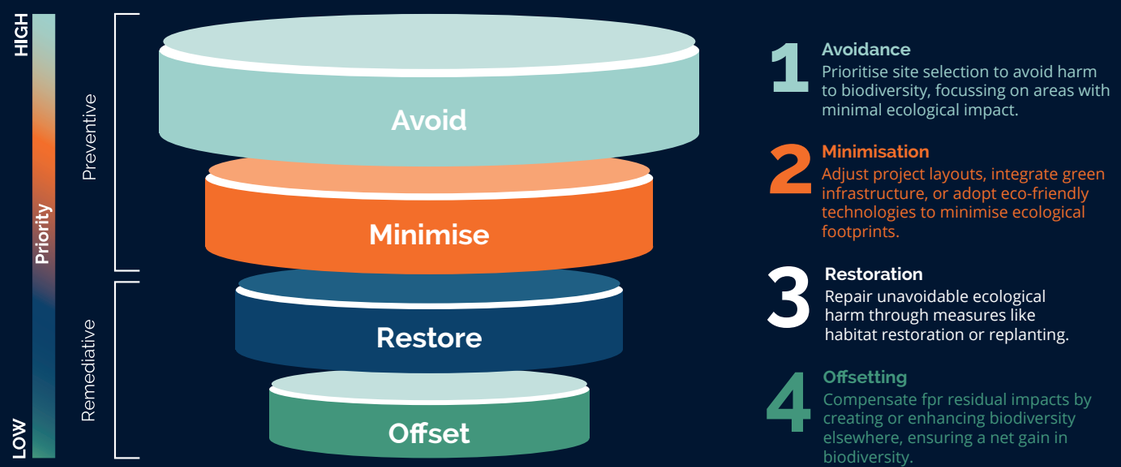
6.4. Strategic response

NESF has established specific and comprehensive plans to avoid and reduce negative impacts on climate and nature, regenerate ecosystems, and transform its business practices in line with the mitigation hierarchy. The Company has embedded the management of risks and opportunities related to these topics in its procurement, operational management, and long-term planning. This includes asset acquisition criteria, capital allocation, and long-term target setting. NESF's focus on identifying and responding at a strategic level also helps protect the Company's social licence to operate, and so its broader position as a responsible investor.

Integrating climate, nature and social costs into its planning on an ongoing basis means NESF is able to align its Sustainability and ESG objectives with resilient financial performance. For instance, the Company ensures it avoids sensitive and natural ecosystems – and therefore potential legal and management costs associated with preventing or remediating harm – by performing comprehensive due diligence as part of its investment, operational and supply chain management. This includes using proprietary screening tools and rigorous asset management practices including establishing nature management plans. The Company's adoption of relevant governance measures, such as setting Sustainability and ESG standards for suppliers and using bespoke contractual schedules to deliver these, reinforce these efforts.

To address upstream value chain interactions, NESF has prioritised improving its supply chain visibility, with a focus on developing advanced due diligence processes and monitoring environmental and social impacts. The Company's activity includes carrying out detailed assessments of supplier social and environmental practices, commissioning third-party audits to establish raw material origins, and ensuring robust contractual protections, such as termination clauses that enable products to be rejected should they be sourced from at-risk regions.

Figure 5: the Mitigation Hierarchy



6.4.1 Climate

NESF's strategic response to its climate impacts is to map and understand where and how it can decarbonise its operations and supply chain, and then take action to achieve this. As discussed in Section 5.7, the Company continued work on a dedicated climate strategy in the year ended 31 March 2025: the Company intends to release a Transition Plan Taskforce (TPT) aligned Transition Plan in the year ending 31 March 2026, and submit emissions reduction targets to the Science-Based Targets Initiative (SBTi) for formal approval and disclosure. The SBTi targets will provide interim and 2050 decarbonisation targets, and the Transition Plan will detail the key steps required by NESF to achieve them. To report on its progress NESF has aligned its disclosures, as an early and voluntary adopter, with the ISSB.

6.4.2 Nature

NESF's strategic response to nature-related risk and opportunity is to map and understand its interface and impacts on nature, and then take action to address these. To structure this action the Company has developed a dedicated Approach to Nature, and aligned its activity and disclosures, as an early and voluntary adopter, with the TNFD. The Company's Approach to Nature includes a roadmap that converts its commitments into actionable targets intended to be achieved by 2030. These are:

- Avoiding the conversion of natural lands, including the remediation of any land converted from 31 December 2020 onwards.
- Implementing nature management plans for all assets located in sensitive areas, and ensuring 30% of land is managed under dual-use regimes.
- Restoring nature over an area up to 30% of the Company's operational land footprint by 2030.
- Ensuring 100% of total annual sourcing by mass is traceable to origin, and that 90% of total annual sourcing by mass is from suppliers with commitments aligned with the **Kunming-Montreal Global Biodiversity Framework**.

NESF also intends to implement a Natural Capital Accounting framework. This will further integrate nature-related considerations into decision-making, facilitating alignment between financial performance and sustainability goals. In addition, it is developing a nature-related Life Cycle Assessment (LCA). This will provide data to inform NESF's understanding of the specific nature-related impacts of its value chain, ensuring continuous improvement as the Company expands its portfolio.

Together, these initiatives will help tackle key challenges such as land use change and biodiversity loss, while advancing the sustainability of the solar industry.

6.4.3 Social

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

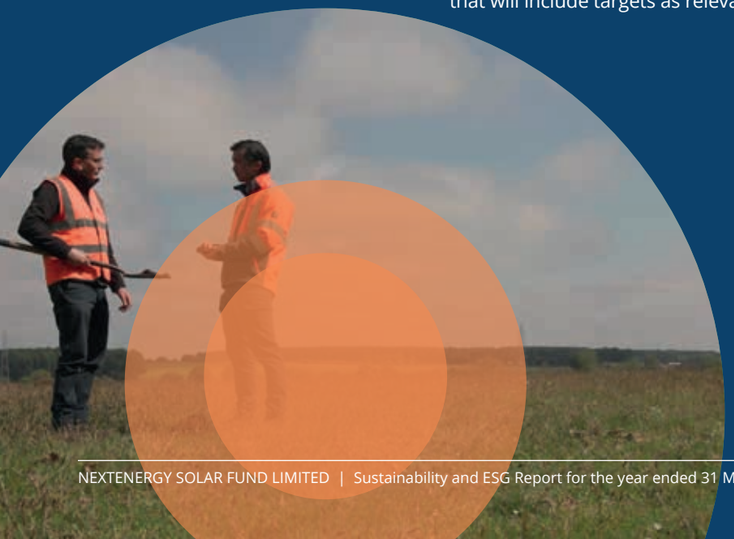
The Company's Health and Safety Management System (HSMS) is designed at NextEnergy Group level and adopted by NESF. In common with many safety management systems, the HSMS follows the Deming Cycle approach of Plan, Do, Check, Act. It establishes NESF's commitment to protect the health and safety of those it works with and is based on specific asset, contractor and process health and safety risk management and assessment processes. The Company also has prompt incident reporting and investigation processes. These feed into health and safety reports from the Investment Adviser Health and Safety team which the Board receives.

NESF's approach to social and human rights issues is guided by the Company's **Sustainable Investment Policy** and the relevant Sustainability Policies of NextEnergy Group, of which the Investment Adviser is part and which it adopts in full. These policies include its **Human Rights Position Statement** and **Code of Conduct for Suppliers**. They sit within the broader **NextEnergy Group Sustainability Strategy**, and are situated in the context of international frameworks including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines on Multinational Enterprises, and the Equator Principles.

NESF publishes an annual Modern Slavery Statement, in line with the principles and requirements of the UK Modern Slavery Act, and its Investment Adviser is a member of the **Solar Stewardship Initiative**, and a signatory to the UK Industry Supply Chain Statement and the US Solar Industry Forced Labor Prevention Pledge.

NESF's community impact approach involves maximising local involvement in project planning, development, and operations, investing directly in communities through its Special Purpose Vehicles (SPVs) and other local collaborations, and supporting charitable giving through the NextEnergy Group's international charity, the **NextEnergy Foundation**. Further information is provided in the Company's standalone publications on community funding and support to the NextEnergy Foundation.

NESF continues to take action to support diversity and inclusion across the renewable energy sector, through the Investment Adviser and the NextEnergy Group. Via the NextEnergy Group, the Company has supported the development of specific workstreams to attract, retain and support a diverse range of talent. The Company's activity in this area during the year ended 31 March 2025 is outlined in Section 8.5. The NESF Investment Adviser is progressing work on a specific social strategy, that will include targets as relevant and which NESF will consider for adoption.



6.5. Trade-off considerations

The Board ensures all relevant Sustainability and ESG issues are taken into account in NESF's strategy and decision-making, through a structured governance process that includes regular ESG Committee meetings and oversight of the implementation of the Sustainability and ESG Framework. This includes potential trade-offs between sustainability-related risks and opportunities when making decisions on major expenditure, acquisitions, and divestitures. Doing so ensures alignment with the Company's overall risk management framework. NESF will not make trade-offs where these would contravene one of its sustainable investment policies, such as by knowingly investing in a solar plant where there is evidence of modern slavery.

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

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

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

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

At present NESF has no current material financial impacts, although the Company has identified several sustainability-related risks and opportunities that could potentially impact its financial position, performance, and cash flows. These could result in increased short-term expenses for compliance, restoration, and adaptation. However, over the medium and long term, the proactive implementation of NESF's approach to Sustainability and ESG is expected to enhance NESF's resilience, safeguard revenue streams, and support asset valuations by ensuring alignment with investor and regulatory expectations.

NESF has allocated resources to build internal capacity, including through governance frameworks, partnerships, and innovation in environmental accounting, to adapt to evolving climate and nature-related challenges. Using scenario tools and impact modelling, NESF is well-positioned to anticipate and respond to uncertainties, ensuring that its strategy remains aligned with sustainability and financial performance goals.

Climate-related physical risks, such as extreme weather events, could negatively impact the performance and longevity of the Company's solar assets. For example, they could result in increased maintenance costs, or asset impairment. Conversely, the Company's focus on investing in solar energy infrastructure and integrating energy storage technologies positions it to benefit from the growing demand for renewable energy, and the transition to a low-carbon economy. This could lead to increased revenue and cash flows over the short, medium, and long term.

The Company's efforts to manage nature-related risks and opportunities at its solar sites and in its supply chain, including the implementation of its 2030 commitments for nature, could influence its financial performance. For example, implementing nature management and biodiversity initiatives might increase expenditure. However, with increasing public awareness of corporate impacts on the environment, these initiatives could also help the Company to maintain its social licence to operate, and so avoid reputational damage, while enhancing operational resilience and generating additional revenue streams, for example through biodiversity net gain units.

The Company's ongoing management of social risks and opportunities in its supply chain, through due diligence and supplier engagement, helps in mitigating potential financial impacts associated with supply chain disruptions, or reputational and legal risks associated with human rights, such as the imposition of import restrictions. The Company may also benefit from its proactive engagement with local communities to ensure a continued licence to operate, including by receiving support for future investment opportunities.

Due to the potential impact on its financial position and cash flows, NESF assesses these risks and monitors them on an ongoing basis. Climate-related risks are assessed for financial materiality in line with the requirements of the ISSB S2 Standard, and nature-related risks in line with the TNFD Recommendations. Currently no material sustainability-related financial impacts have been identified for the Company.

Scenario analysis – climate and nature-related financial risk

The NESF portfolio has been subject to an extensive climate and nature risk assessment. This included reviewing and applying relevant industry and sectoral tools, including:

- Analysis of multiple climate warming scenarios, based on the Shared Socio-economic Pathways (SSP) established by the International Panel on Climate Change (IPCC).
- The WWF Biodiversity Risk Filter, developed by the World Wide Fund for Nature (WWF).
- 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), who together form the ENCORE Partnership, previously known as The Natural Capital Finance Alliance (NCFA).

Based on these tools, NESF has evaluated the exposure of its portfolio to the impact of varying changes in temperature ranges, and how its activities interact with key drivers of biodiversity loss across its value chain.

Climate scenarios

In line with ISSB S2, in the year ended 31 March 2025 NESF performed financial analysis of its portfolio under specific climate change scenarios. These are based on the Shared Socio-economic Pathways (SSP) established by the International Panel on Climate Change (IPCC), which look at the impacts of varying changes in temperature ranges. The scenarios are set out below:

Table 1: Scenarios used for NESF climate change assessment

Climate Scenarios	Description
SSP1-2.6	Assumes net zero emissions are achieved by 2050, stabilising global temperature rise at approximately 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.
SSP3-7.0	Projects global emissions remain high throughout the 21st century, resulting in global average temperatures rising by approximately 3.7°C above pre-industrial levels by 2100.

Climate exposure

The figures provided in Table 2 represent the proportion of the NESF portfolio exposed to potentially financially material climate loss when materiality is disaggregated by asset. This does not imply total loss of those sites. The figures represent an exposure to risk, not a value of potential financial loss.

To determine the climate risk presented, the IPCC approach was adopted and applied at the asset level, before being aggregated to portfolio level to give an overall portfolio score. This approach relies on data from the Coupled Model Intercomparison Project 6 ('CMIP 6') as the basis for the assessment. This is the same data on which the most recent Sixth IPCC report was based.

The assessment was conducted for all NESF assets in the UK and Italy, and over three scenarios to capture a range of outcomes and stress-test exposure to changing physical climate risks. The overall climate risk score under these scenarios is shown in Table 2, with a further breakdown in Figure 6. For further detail on NESF's climate risk exposure, see the Technical Annex: Climate Risk Exposure.

Table 2: Proportion of NESF portfolio exposed to potentially material climate-related financial loss

Climate Scenarios	Climate Risk Score
SSP1-2.6	3.9%
SSP2-4.5	4.7%
SSP3-7.0	5.1%

The overall scores are relatively low, and reflect a strong degree of resilience in the portfolio.

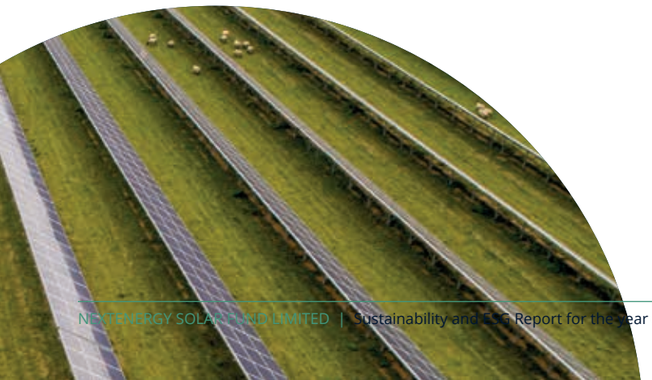
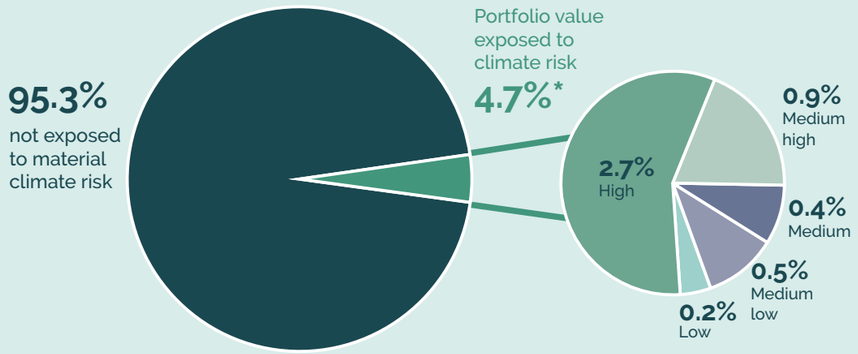


Figure 6: NESF climate risk exposure

The overall portfolio climate risk score for the Company under the most relevant scenario SSP2 is 4.7%. This means that 4.7% of the NESF portfolio will likely experience some level of financial loss between now and 2050 due to climate change. A breakdown of this exposure by risk level is below.



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

Nature scenarios

NESF's comprehensive nature-based assessment means it has a detailed understanding of the specific impacts and dependencies resulting from its operations, the associated risks these pose to business continuity and ecosystem health, and the opportunities for mitigation, adaptation, and value creation they present. This in turn means the Company can evaluate the materiality of each factor and reflect its significance in sustainability and financial terms.

Based on its nature assessment NESF has modelled its exposure to different nature-related scenarios. For example, in one scenario NESF has modelled, tightening regulation on land use and water pollution would increase costs associated with permitting, environmental offsets, and medium-term remediation. This scenario would necessitate investment in technology for freshwater management in the upstream stages of the NESF supply chain, the implementation of enhanced traceability practices, and the development of specific partnerships with stakeholders to monitor and comply with the stricter standards.

Another example scenario envisions physical risks, such as ecosystem degradation in high-risk locations to which the Company has exposure. This could lead to costs including land rehabilitation and reduced operational efficiency. In this case, NESF's measures and resilience planning, such as its Nature Management Plans, would help pre-empt and mitigate potential financial impacts.

NESF's nature-related risk identification, monitoring and response actions means it is well placed to respond to the nature scenarios it has identified. See Sections 7.2, 7.3 and 7.4 for further information.

Nature exposure

In line with the Recommendations of the TNFD, NESF has evaluated its overall exposure to potential nature-related financially material risk. This is presented in Figure 8. Note that the figures represent the proportion of the portfolio exposed to potential nature-related risk, not a value of the potential financial loss.

Figure 7: NESF Sustainability and ESG financial risk thresholds

As part of its nature analysis NESF has established a financial risk threshold scale from 1-5, based on the WWF Biodiversity Risk Filter and its recommended interpretation. This is presented below. NESF deems the nature-related risk for assets with an exposure score below 3.5 to be financially immaterial. However, the Company nonetheless considers it prudent to assess exposure across all categories. Based on this assessment, none of its assets exhibit a nature-related financial risk greater than 3.5.

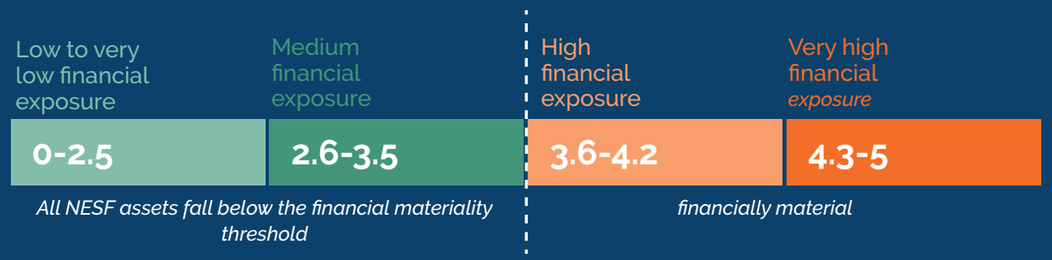
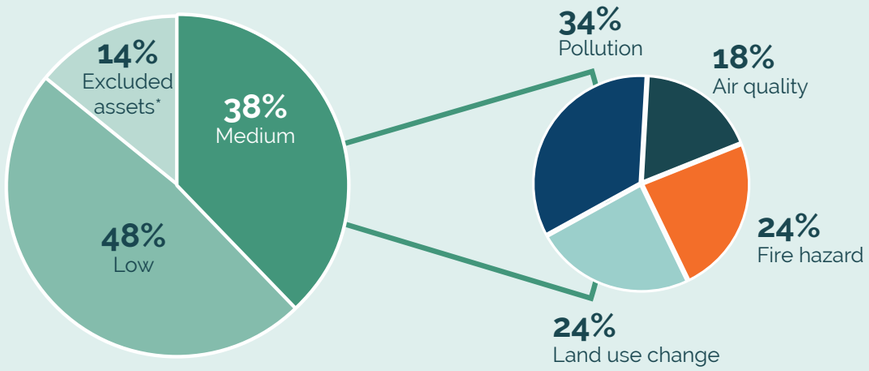


Figure 8: NESF nature risk exposure

0% of relevant NESF assets are exposed to very high or high nature-related risk



*See Technical Annex: Reporting Boundaries

Figure 8 demonstrates that none of NESF's assets are exposed to a material (high or very high) level of nature-related risk. 38% of the Company's assets are estimated to be at medium risk of some nature-related financial risks, including pollution, land use change, and fire hazards. Note that this represents an exposure to risk, not a value of potential financial loss. While exposure may indicate increased vulnerability, it does not necessarily translate into immediate or quantifiable financial impacts.

6.7 Transition risks and opportunities across jurisdictions

NESF's assets are located in multiple geographies, exposing the Company to country-specific transition and sustainability risks and opportunities, including policy and regulatory changes, new market designs, and community expectations. The Company has undertaken analysis of each category of transition risk, which is explained in the relevant section below. The assessment is conducted through the lens of financially material risks and opportunities. Note that there is significant uncertainty in how the climate and energy transition will evolve, which requires active monitoring of the identified risks and opportunities. NESF undertakes this on a rolling basis.

6.7.1. Policy and legal risks and opportunities

NESF is subject to policy and legal risks and opportunities related to the transition to a low-carbon economy. Current and proposed policies – such as the UK's Clean Power 2030 target and associated market reforms including potential changes to electricity pricing, Italy's National Energy and Climate Plan, and changing emissions standards – could all impact the Company's operations, costs, and markets. However, both the UK and Italy, where the majority of NESF's assets are located, have set ambitious targets to reduce greenhouse gas emissions, and increase the share of renewable energy in their electricity mix. This should create a favourable overall policy environment for solar power investment.

In the UK, the government has introduced various policy measures to support the growth of renewable energy, such as the Contracts for Difference (CfD) scheme, which provides long-term price stability for low-carbon electricity generation. The ambition of the Government elected in July 2024 is to triple solar capacity by 2030, to approximately 45-47 gigawatts, and it has demonstrated its commitment to help achieve this by launching an ambitious plan to reform the country's electricity system. This is intended to help accelerate new projects and unblock planning decisions. Additional measures since July 2024 have included lifting restrictions on developing onshore wind in parts of the country, and consenting several solar Nationally Significant Infrastructure Projects.[4]

In Italy, the National Energy and Climate Plan sets targets for renewable energy to account for 30% of total energy consumption and 55% of electricity consumption by 2030. The Italian government offers various incentives for solar power development, such as feed-in tariffs, tax deductions, and grants for innovative renewable energy technologies, although it has also introduced restrictions on solar being deployed on agricultural land.

This reflects the fact that in both the UK and Italy there are risks around the planning process and grid connectivity. The large scale deployment of renewables is putting electricity transmission and distribution infrastructure under pressure, and although there are ambitious grid upgrade targets, there is not necessarily consensus on how these should be executed, for example with the process being developed in the UK to reform the grid connections queue. There is also uncertainty in the UK relating to the Government's Review of Electricity Market Arrangements process, and the potential introduction of a zonal pricing system for electricity.

The Investment Adviser proactively engages with policymaking processes intended to resolve these issues, including by participating in Government and regulator forums, submitting responses to inquiries and calls for evidence, and participating in conferences and events.

4 Accelerating to Net Zero: responding to the CCC progress report and delivering the Clean Energy Superpower Mission - GOV.UK (December 2024)

Stakeholder engagement

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

The Investment Adviser contributed to the development of both of these Standards, and is represented on the SSI Board by its Head of ESG, while the Investment Adviser Supply Chain ESG Lead is a member of the SSI Working Group developing a Buyers' Guide. During the year ended 31 March 2025, the Supply Chain ESG Lead also chaired the forum of the UK industry working group on supply chain sustainability issues, the **Solar Energy UK** (SEUK) Responsible Sourcing Steering Group, and the Investment Adviser Group Lead for Nature chaired the SEUK Natural Capital Steering Group, as well as being an Industrial Advisory Board Member for the Sustainable Solar Energy Systems (SES) Network. The Investment Adviser SPV Director chaired the SEUK Natural Capital Working Group.

In the year ended 31 March 2025 the Investment Adviser's Head of ESG, Supply Chain ESG Lead, and Group Lead for Nature all directly briefed government officials and Parliamentarians on sustainability issues in their respective industry capacities. They and other Investment Adviser staff 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. In addition, the Chair of the Company's ESG Committee is a member of the ESG working group of the Association of Investment Companies, which supports the development of best practice in investment.

Investment Adviser trade association engagement[5]

Solar Energy UK (SEUK)

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

Solar Stewardship Initiative

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

5 During part of all of the year ended 31 March 2025.

The Investment Adviser is a member of or supports

THE ELECTRICITY STORAGE NETWORK

IFRS

PRI Principles for Responsible Investment

Solar Energy UK

SolarPower Europe

SOLAR STEWARDSHIP INITIATIVE

TNFD Taskforce on Nature-related Financial Disclosures

6.7.2. Technological risks and opportunities

NESF is well-positioned to capitalise on the opportunities presented by the transition to clean technologies, while managing the associated risks. The rapid development of low-carbon technologies, such as energy storage systems and smart grid solutions, could potentially disrupt the Company's existing solar energy assets by altering the dynamics of electricity supply and demand. This includes the historic decline in costs of competing technologies, such as offshore wind, although supply chain and other disruptions means these costs can also increase.

At present, solar is in a strong position. The technology offers a low cost per MWh and is now an established part of the energy system in many jurisdictions, including the UK and Italy, in which the majority of NESF assets are located. As competing technologies mature, these dynamics may change. However, NESF has demonstrated its ability to adapt to and integrate new clean technologies into its operations and offerings.

For example, the Company has invested in energy storage projects, such as the 50MW Camilla project in Scotland, which complements its solar portfolio, provides additional flexibility and revenue streams, and will potentially enable NESF to benefit from energy market changes. By leveraging its existing expertise in solar energy development and management, the Company can pivot towards integrated clean technology solutions that combine solar power with energy storage, grid balancing services, and other innovative applications. The development of energy markets and technologies may also present opportunities for the Company to benefit from new revenue streams and sources of demand for clean electricity.

6.7.3. Market risks and opportunities

Transition risks, including shifts in power markets and pricing, increasing climate and nature-related regulations, litigation arising from non-compliance with social and environmental standards, and changing consumer supply chain expectations, could lead to increased operational costs, reputational risks, and challenges in accessing capital.

NESF is adequately equipped to benefit from the market opportunities arising from the transition to a low-carbon economy. As concerns about climate change grow, and governments, businesses and consumers increasingly prioritise sustainability, the demand for renewable energy, including solar power, is expected to rise significantly. This includes the UK and Italy, which have both set ambitious targets for decarbonising their electricity sectors, and with the government in the UK, where the majority of the Company's assets are located, demonstrating its intent to consent major solar projects and reform planning to support renewable energy development.[6]

These policy drivers, coupled with the affordable cost of solar technology and the growing awareness of the environmental and economic benefits of clean energy, may accelerate the shift in customer preferences towards low-carbon solutions. NESF monitors relevant market developments, such as the UK's Review of Electricity Market Arrangements process, to understand their potential impact.

The Company's focus on solar energy means that it has limited exposure to any decline in demand for carbon-intensive products or services. This could help insulate the Company from potential financial impacts, such as reduced revenues or increased costs associated with market changes. Moreover, the expanding market for solar power presents opportunities for NESF to target new customer segments, such as corporate buyers seeking to procure renewable energy through Power Purchase Agreements or other mechanisms to meet their sustainability goals, or to enter new geographies with favourable solar resources and policy environments.

By leveraging its expertise in solar project development and management, the Company can adapt its offerings to meet the evolving needs of customers and exploit the growing demand for clean energy across diverse markets and sectors.

6.7.4. Reputational risks and opportunities

NESF has demonstrated a strong commitment to building and maintaining a positive reputation as a leader in the transition to a low-carbon economy. Its focus on solar energy, and its proactive approach to sustainability, have positioned it to capitalise on the reputational benefits of being a clean energy provider. This includes the continuous development of its disclosures and reporting.

Investor, regulatory and broader stakeholders are increasingly aware of the twin risks of greenwashing and greenhushing. These can be understood as the risk of overstating or understating sustainability credentials. This risk may materialise through fraud or error. The strong governance and risk management approach that NESF adopts is critical to mitigating both of these risks.

In addition, the Company has taken steps to enhance its reputation and brand value, including early and voluntary alignment of its disclosures with frameworks such as the TNFD, and taking all action to achieve and retain Article 9 status under the EU Sustainable Finance Disclosure Regulation (SFDR). By demonstrating transparency and accountability, while generating risk-adjusted returns from assets which address climate change, the Company has strengthened its credibility with government officials and regulators, investors, clients, academic and other research groups and the media. Represented by its Investment Adviser, NESF engages regularly with these stakeholders to explain the work it is doing to deliver responsible clean energy projects and maintain public support for the energy transition.

NESF considers its social licence to operate as a critical opportunity and any negative impact on this is a risk for future project approvals. The Company actively engages with local communities, promotes environmental education, and supports sustainable development initiatives through its solar projects. Its community engagement initiatives, such as partnering with schools and supporting biodiversity conservation efforts, have helped build trust and foster positive relationships with stakeholders in the areas where it operates.

NESF's commitment to sustainability extends beyond its direct operational activities, as evidenced by its support, through the Investment Adviser, for initiatives such as the SSI, and endorsement of the SEUK Industry Supply Chain Statement. These partnerships demonstrate the Company's leadership in driving the transition to a low-carbon future, and further enhance its reputation as a responsible investor. NESF's track record of delivering clean energy solutions and creating value for its stakeholders positions it well to maintain and further enhance its reputation in the years to come.

6.8. Resilience of strategy

The Board considers that the development of the Company's sustainability strategy and strategic response to identified risks provides a high degree of resilience to sustainability-related risks.

The Company's investments in solar energy and energy storage technologies contribute to climate change mitigation and adaptation efforts, further enhancing its climate resilience. This includes the disclosure of potentially material financial risks relating to climate change and nature, as expressed in this Report in alignment with the ISSB S1 and S2 Standards, and the Recommended Disclosures of the TNFD.

The Company's ongoing work to assess and understand other sustainability impacts and dependencies, and integrate these into decision-making processes, demonstrate its commitment to further increasing the resilience of its strategy. This includes the publication in the year ended 31 March 2025 of its flagship Approach to Nature, the ongoing development of its climate change assessment and planning, and the due diligence and engagement it performs to help manage supply chain issues.

The Company's ongoing monitoring and assessment of risks and opportunities, coupled with its financial flexibility and adaptable business model, position it to navigate the challenges and opportunities presented by the transition to a more sustainable future.

7. Risk management

7.1. Risk identification and assessment processes

NESF employs a comprehensive approach to identify, assess, prioritise, and monitor potential financially material Sustainability and ESG-related risks and opportunities, in its direct operations and across its value chain. The Company uses a bespoke Sustainability and ESG tool to assess new assets at each stage of their lifecycle as relevant, from pre-acquisition, through construction or re-powering, and into operation. Each assessment is performed in line with the NESF Sustainable Investment Policy and topic-specific Position Statements and policies.

The assessment informs the development of an asset-specific ESG Action Plan to mitigate these risks, with a focus on those which are potentially financially material, and the findings from this process are presented to the Investment Adviser's Investment Committee for NESF for consideration of financial impact before any acquisition is approved. The Action Plan is then handed over from the Investment Adviser's ESG team to the Construction and Procurement team, and subsequently to construction and other contractors for implementation during the construction phase. Following successful commissioning of the site, the Action Plan then passes to the Asset Manager. This includes another formal handover. The process ensures clear responsibility for managing Sustainability and ESG related risks identified during due diligence through each phase of the asset lifecycle, including for ongoing assessment during operations.

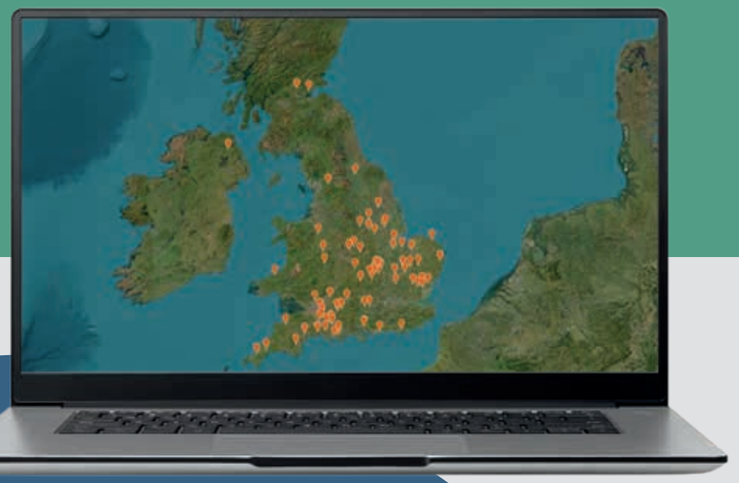
The following sections provide additional information on aspects of the Company's risk management.

Hill Farm
Oxfordshire
5.0MW

Geospatial data and the risk identification process

NESF continues to enhance its due diligence processes and reporting, including through its expanding use of digital data management. The Investment Adviser's dedicated, in-house GIS data management system serves as a critical risk management tool, enabling NESF to monitor and analyse the impact of its solar assets. Climate, nature, and social factors (including flood zones, conservation sites, and biodiversity indicators) are systematically gathered from publicly available sources, computer models, and asset-level surveys. This data is integrated and mapped to support diligence and decision-making.

As an early adopter of TNFD, NESF also calculates and applies a Biodiversity Intactness Index (BII) and Ecosystem Integrity Index (EII) assessment. These measure the state of nature in a particular location and how vulnerable it could be to environmental changes, and so help NESF ensure robust asset evaluations. These measures also mean NESF can implement nature-based solutions in locations where it can have the most long-term sustainability impact.



7.1.1 Climate

NESF has established climate-related criteria which are used to identify and assess the Company's climate exposure as part of its risk identification process. The criteria relate to physical and transition risks and their potential financial and operational implications, and relate to scenario analysis based on flood risk, heat stress, and water stress. NESF reviews these risks at the asset and portfolio level as well as across its supply chain, to understand the climate exposure profile of NESF, and the financial materiality of the risks. Where climate related exposure is identified, assets are reviewed for resilience measures or through mitigation opportunities, and updates are made to the ESG Action Plan which is embedded throughout the investment lifecycle, from due diligence and asset construction to ongoing investment and asset management. These measures are discussed internally based on the strong collaboration between the Sustainability and ESG team and the Construction & Procurement team, the Portfolio Management team and the Asset Management technical team.

NESF has carried out baselining and dependency mapping of its emissions and potential approach to decarbonisation, and is investigating or already applying approaches to reduce its material emissions sources (Scope 2 and Scope 3 supply chain). More information on this is provided in Section 8.2.

The NESF Investment Adviser has also undertaken scenario analysis to assess the potential physical climate impacts, specifically heat stress and water stress, on its corporate office locations.

7.1.2 Nature

NESF has established nature-related criteria which are used to identify and assess the Company's nature exposure as part of its risk identification process. The criteria address physical, transition and reputational risks and are underpinned by spatial mapping, asset level data layers and materiality assessments. NESF conducts an in-depth analysis of dependencies and impacts on nature, including biodiversity and water, across its solar assets and sourcing activities, including upstream raw materials and high impact commodities. This includes analyses based on pressure indicators such as land use, water consumption, soil pollutants, and state of nature indicators including ecosystem integrity and biodiversity intactness.

Assets and supply chains are prioritised using pressure state indices, reflecting the relative scale of NESF's impacts compared with the capacity of local ecosystems to self-regulate. Where nature related exposure is identified, assets are reviewed for resilience measures through mitigation or restoration opportunities, and updates are made to the ESG Action Plan which is embedded throughout the investment lifecycle, from due diligence and asset construction to ongoing investment and asset management. These measures are discussed internally based on the strong collaboration between the Sustainability and ESG team and the Construction & Procurement team, the Portfolio Management team and the Asset Management technical team.

7.1.3 Social

NESF proactively identifies and addresses potential social risks, including those relating to health and safety, human rights, community engagement, and diversity and inclusion. During the year ended 31 March 2025, the NESF Investment Adviser began developing a formalised approach to social issues, in order to standardise its social risk identification and assessment processes. NESF intends to consider this for adoption when complete.

Health & safety

The assets NESF operates have mechanically simple designs, and so the inherent health and safety risks the Company faces relate to slips, trips and falls, minor cuts and bruises from accidental contact, falls from height, and contact with wildlife, alongside the electrical safety issues associated with power plants. The Company has a robust approach to contractor prequalification, including third-party reviews of contractor health and safety competencies and management systems, which uses a risk-based assessment of potential works. This provides reassurance that contractors working on NESF's behalf have the necessary competencies and health and safety management systems to ensure that these risks are fully considered as part of all works. When incidents do occur, prompt reporting allows the investigation of select incidents which in turn provides assurances around contractor working practices and their management of risk.

Human rights

NESF monitors human rights risk across its operations and supply chains. The Company has identified the solar and battery storage supply chain as a specific area of concern. NESF assesses potential suppliers using proprietary tools to examine their product and material origins, working practices, and social standards, including their ability to provide traceable raw materials in their products. This is a key mechanism to help avoid sourcing from regions at risk of human rights abuses, including modern slavery. The Investment Adviser team has extensive experience in solar supply chain risk management, and proactively monitors supply chain developments, including through its participation in the SSI and trade association working groups on solar and battery storage supply chains.

Community engagement

NESF monitors policy and other developments relating to the potential impacts of renewable energy infrastructure on local communities, including where these host NESF assets, and develops internal processes to address new issues as they emerge. NESF ensures that new assets are screened for potential community impacts, and seeks to ensure that its contractors have appropriate systems in place to monitor and respond to any local issues. NESF provides small grants to environmental and educational projects in the UK, and creates international impact through its support to the NextEnergy Group's international charity, the NextEnergy Foundation.

Diversity and inclusion

NextEnergy Group's diversity and inclusion strategy includes a particular focus on gender. During the reporting period, the results of NextEnergy Group's detailed investigation of the perceptions of its female staff were presented to NextEnergy Group's Senior Leadership team. The work was carried out with specialist consultancy MPM included. The results were encouraging and indicative of a gender-inclusive workplace, but also contained recommendations for further action.

These included:

- Mentoring for high potential female employees
- Talent development and recruitment attraction procedures that reduce bias
- A Menopause Policy
- Amending and relaunching the Flexible Working Framework
- Better awareness of family leave provisions
- Enhanced Maternity Pay
- Return to work support

These have all been implemented, and NextEnergy Group will continue to review and amend its approach. The annual compensation benchmarking processes also give access to valuable data points to drive fairer compensation decisions.

7.2. Risk prioritisation and monitoring

NESF's approach to risk prioritisation and materiality assesses the scale and scope of identified risks, considering financial materiality, direct ecosystem impacts, and supply chain dependencies. To determine financial materiality, NESF considers both the probability and magnitude of potential impacts on cash flows, access to finance, and the cost of capital. Risks that are perceived to possess the potential for financial materiality trigger mitigation and monitoring protocols integrated into the Investment Adviser's risk management approach. The Investment Adviser's Risk Committee meets regularly to assess and review the relevance, evolution and continued materiality of identified risks.

The NESF Investment Adviser reviews and monitors the NESF portfolio exposure to climate hazard annually through climate modelling. Assets with exposure to climate risk are then further reviewed to understand the existing resilience of the asset, the state of any mitigations, the severity and probability of any identified climate risk and, ultimately, whether it could be susceptible to financial impact. The risk profile of the assets are considered at portfolio level and incorporated into the Investment Adviser's risk management approach.

NESF implements its nature-related risk prioritisation according to TNFD definitions and risk classification methodologies. The Company's risk prioritisation is determined based on the percentage of its assets exposed to specific impacts and dependencies, assessments of the State of Nature and State of Biodiversity, and the pressures exerted by asset operations, following the methodology outlined in SBTN Step 1b.

At the asset level, nature-related risks can manifest in climate-related hazards, such as wildfire and flooding. These risks extend to soil pollution, land use change, habitat loss, and deteriorating air quality. However, they also present opportunities to implement nature-based solutions, dual land-use measures, and ecosystem restoration in degraded and buffer areas. This type of risk can in turn present an opportunity for relevant nature-based or other sustainable solutions to be introduced during planning, design and operation: for example, introducing watercourses to mitigate wildfire risk, or enhancing meadows and creating ponds to reduce flooding.

The due diligence process includes the identification of social and community-related risks, through the ESGAP tool NESF uses to perform transaction screening. The Investment Adviser is developing a social strategy that will further structure its approach to social risk prioritisation. NESF will consider this strategy for adoption. Prioritisation of risks in the supply chain includes action to protect against human rights abuses, and understand and address nature and climate-related impacts. To refine the evaluation of supply chain impacts and dependencies, the NESF Investment Adviser conducted supply chain mapping to understand the materials and components used in its assets. This process facilitated the estimation of raw material quantities, particularly HICs. This helps NESF to identify priority areas for risk mitigation.

Monitoring of risks relies on periodic remeasurement for solar assets. As a minimum, this occurs annually. The Investment Adviser takes a risk-based approach to performing module manufacturer, battery manufacturer and major contractor supplier assessments prior to any investment or works.

Risk monitoring: data development

To support internal monitoring and enhance transparency, NESF intends to develop an integrated impact dashboard as part of its efforts to integrate climate and nature into decision-making. This will enable the continuous monitoring of existing assets, and support the prioritisation of related risks and opportunities as part of the due diligence process used to screen potential new assets.

The NESF dashboard will consolidate performance data and facilitate strategic planning processes. Based on the NESF nature LCA, it will also provide deeper insights into nature-related value chain impacts, and increase the Company's alignment with TNFD metrics. The Company's nature baseline presented in Section 8.3 will therefore be a foundation for ongoing performance measurement and future enhancements in nature-related disclosures. It will also play a key role in monitoring progress against the nature-related targets set by the Company.

NESF remains committed to improving greater transparency across the industry and the broader renewable energy sector, recognising the significance of shared learning, improved data practices, and collective progress towards nature-positive outcomes.

NESF uses sustainability dashboards to monitor data relating to its sites

NESF uses remote sensing and data mapping to assess its assets and operations

Transition risks

Policy and Legal Transition Risks

Impact

1. Stricter manufacturing emissions standards or carbon pricing mechanisms (such as the EU Carbon Border Adjustment Mechanism) increase operational costs.
2. Planning processes and grid connectivity issues, including uncertainty around electricity market reforms (particularly in the UK), affect new or existing assets.
3. Potential litigation arising from non-compliance with environmental standards.
4. Potential risks associated with the increasing deployment of energy storage, including the use of conflict minerals in battery supply chains.

NESF response actions

1. Work to enable the procurement of lower-carbon components including: development of a Climate Transition and net zero Strategy with detailed decarbonisation priorities; forthcoming submission of emissions reductions targets to the Science-Based Targets Initiative (SBTi); detailed supplier engagement to map progress against targets and net zero manufacturing capacity.
2. Proactive engagement with authorities on policy development processes.
3. Implementation of robust governance mechanisms and risk assessment procedures, and voluntary alignment with leading disclosure frameworks including ISSB S1, ISSB S2, and TNFD.
4. Ongoing support to industry supply chain initiatives, and development and implementation of bespoke battery supplier due diligence tools.

Market Transition Risks

Impact

1. Shifts in power markets and pricing that affect revenue streams.
2. Changing consumer supply chain expectations impact operations and reputation.

NESF response actions

1. Ongoing monitoring of developments such as the UK's Review of Electricity Market Arrangements and diversification of portfolio with energy storage assets.
2. Development and implementation of policies including a specific approach to supply chain sustainability, and participation in industry groups to drive best practice.

Technology Transition Risks

Impact

1. Rapid advancement of alternative low-carbon technologies disrupt existing solar energy assets.
2. Changes in the costs of competing technologies affect the competitiveness of solar power.

NESF response actions

1. Investment in battery storage projects to complement the solar portfolio and provide additional revenue flexibility.
2. Using Company expertise to pivot towards integrated clean technology solutions that combine solar power with energy storage and grid balancing services.

Reputational Transition Risks

Impact

1. Risks of greenwashing and greenhushing (overstating or understating sustainability credentials).
2. Supply chain volatility and changing demand for sustainable and low-impact manufacturing.

NESF response actions

1. Implementation of strong governance and risk management approaches to maintain transparency through comprehensive reporting aligned with leading frameworks.
2. Implementation of comprehensive supply chain due diligence procedures, industry stewardship, and support to industry groups to drive best practice.

Physical risks

Acute Physical Risks

Impact

1. Extreme weather events (storms, flooding) impact physical integrity of assets and operational performance.
2. Natural disasters affect material extraction, transportation, and communities in the supply chain.
3. Wildfire risks to assets and surrounding areas.

NESF response actions

1. Detailed climate risk assessment using the IPCC approach and CMIP 6 data and work to explore the implementation of an advanced climate risk assessment tool.

   Asset design to factor in adaptation and resilience mechanisms and manage placement of components on site.

   Dynamic monitoring of weather conditions at site and contractor planning.

   Use of water efficient approaches during construction, adopting waterless panel cleaning, and water management during operations.
2. Enhanced supply chain traceability and due diligence and organisation of workshops with technical experts to identify risk mitigation strategies.
3. Creation of asset-specific climate adaptation measures and consistent monitoring of physical climate risks across the portfolio.

Chronic Physical Risks

Impact

1. Long-term climate impacts affect stability and performance of solar assets.
2. Climate-driven impacts on supply chain efficiency and resource availability.
3. Increased maintenance costs due to climate-related impacts on equipment.

NESF response actions

1. Scenario analysis conducted for climate warming scenarios based on IPCC Shared Socio-economic Pathways (SSP).
2. Mapping and analysis of material dependencies and emissions in the supply chain to identify pathways to decarbonisation.

   Engagement with suppliers to raise awareness and resilience and support supplier diversification.
3. Proactive asset management practices through WiseEnergy and investment in technologies to improve operational efficiency.

Opportunities

Climate-Related Opportunities

Impact

1. Growing market for solar power creates opportunities to target new customer segments.
2. Potential to enhance reputation as a climate leader through transparent disclosure.
3. Opportunities to improve efficiency through new technologies.
4. Opportunity to meet new sources of demand for clean electricity, such as data centres.

NESF response actions

1. Using expertise in solar investment management to adapt and create new solutions for corporate customers seeking to meet sustainability goals.
2. Early and voluntary adoption of leading frameworks (ISSB S1, ISSB S2, TNFD) and maintenance of EU SFDR Article 9 status.
3. Research, piloting, and deployment of advanced solar and storage solutions and exploring technologies that can reduce emissions and optimise maintenance.
4. Position of solar and storage assets to support growing electricity demand from digitalisation and emerging technologies.

Nature-related risks, impacts, dependencies and opportunities

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

Nature Risk Management: Nature Management Plans, Universal Management Plans, and Exemplar sites

A key element of NESF's nature risk management is its Sustainable Land Use Commitment, under which the Company will develop and implement Nature Management Plans (NMPs) for all assets located in highly sensitive or high-priority landscapes by 2028. NMPs are comprehensive plans outlining the strategy, interventions, and actions needed to protect, conserve, and enhance natural ecosystems beyond minimum regulatory requirements. NESF will use NMPs to help ensure that biodiversity is addressed holistically, integrating considerations such as soil health, water, ecosystem connectivity, and landscape functionality—rather than focusing solely on species-level metrics—into its asset management.

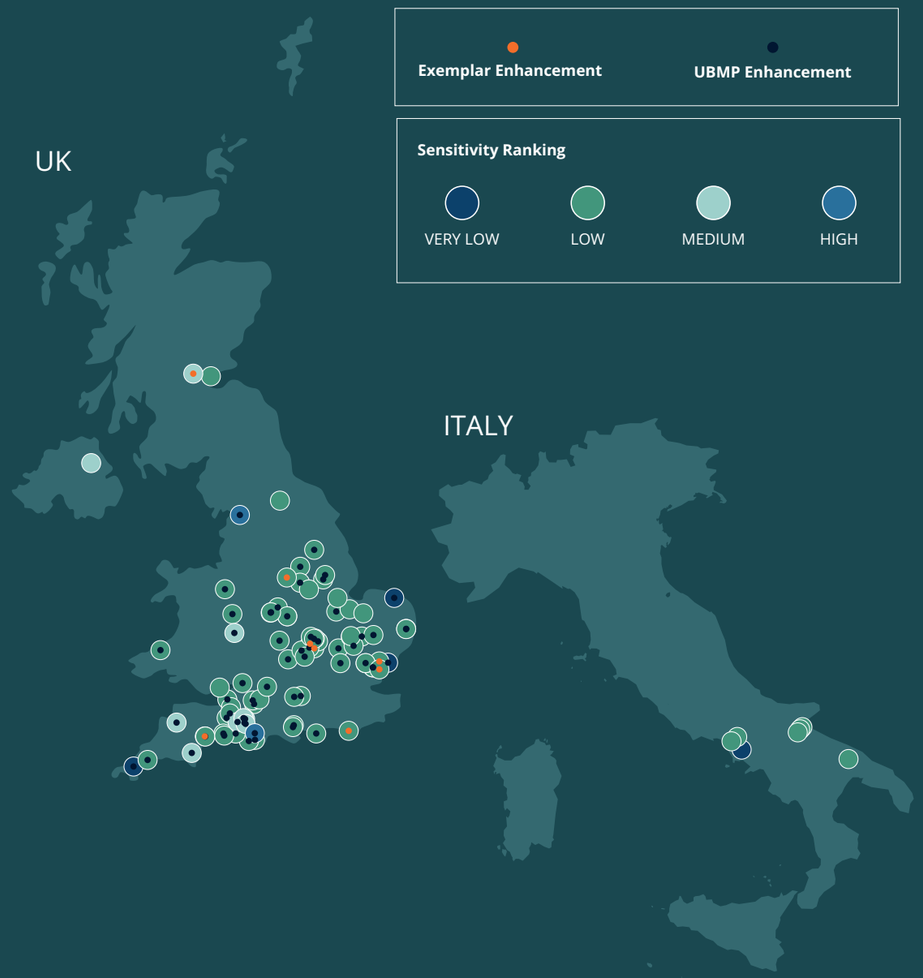
The process for prioritising assets for NMP deployment is based on a structured set of criteria. They include:

- The sensitivity of the surrounding landscape.
- Proximity to protected areas within a 30 km radius.
- The Biodiversity Intactness Index and Ecosystem Integrity Index of the site.

This landscape-based screening methodology, informed by NESF's materiality assessment, ensures that nature-positive interventions will be targeted where they are most impactful.

NMPs also complement and build on NESF's existing Universal Biodiversity Management Plan (UBMP) programme. UBMPs are standardised site-level biodiversity interventions designed by expert advisers and implemented across the Company's solar assets to increase biodiversity regardless of formal planning obligations. In parallel, the Company maintains and evaluates Exemplar Sites—a set of pilot locations where tailored biodiversity measures and enhanced monitoring regimes are implemented to trial advanced habitat interventions. Exemplar Sites serve as testing grounds for best conservation practices, helping refine and inform UBMP and NMP approaches across the broader portfolio.

NESF grazing sites (relevant assets)



7.4. Integration with overall risk management

NESF delegates risk management to its Investment Manager, NextEnergy Capital IM. The Investment Manager delegates some duties to the Investment Adviser, which adopts a risk management culture. Through formal and informal processes in conjunction with the Investment Adviser, risks are identified, assessed, prioritised, monitored, and mitigated.

The Investment Adviser's Sustainability and ESG team works closely with its Investment team to discuss identified risks and opportunities that are potentially financial material, agree on mitigation measures, and present the findings to the Investment Adviser's Investment Committee for NESF and Board as relevant.

This collaborative approach ensures that sustainability related financial and non-financial risks and opportunities are given appropriate weight during the different phases of the investment and risk management process, and integrated with other types of risks in the overall risk management process. The ongoing monitoring and management of sustainability-related risks and opportunities are carried out in line with asset-specific Sustainability and ESG Action Plans, allowing the Company to proactively manage the risks and benefit from the opportunities throughout the investment phase and lifecycle of NESF assets. The strength of the process is based on the deep integration between the Investment Adviser's teams, including during negotiations with contractors and asset managers who oversee the implementation of environmental and social action plans.

The NESF Sustainability and ESG Framework serves as the foundation for this culture, ensuring that climate, nature and other sustainability-related risks and opportunities are fully integrated into corporate decision-making. The Sustainability and ESG risk management and mitigation process is further incorporated into NESF's broader risk register as part of the Company's enterprise-level risk management framework. The enterprise approach to risk is set out in the Company's Annual Report alongside the presentation of its principal and emerging risks table.

Emberton
Buckinghamshire
9.0MW

8. Metrics and targets

NESF has developed metrics and set targets for nature, and is developing metrics and targets on climate-related issues. The Company also gathers and analyses data on social-related issues. The Investment Adviser is developing a social strategy which will include relevant metrics and targets, and NESF will consider this for adoption in due course.

Stalbridge
Dorset
5.0MW

8.1. Climate-related metrics

NESF's avoided emissions for the year ended 31 March 2025 and Scope 2 and 3 GHG emissions for the year ended 31 March 2025 are provided below.

Figures 9-11: NESF emissions and emissions avoided

Figure 9: NESF emissions (tCO_2e)

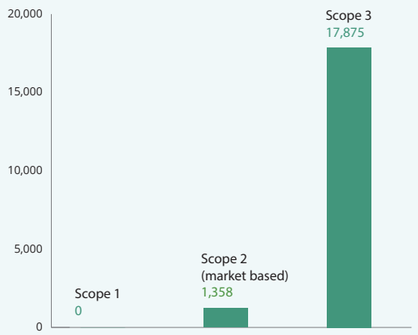


Figure 10: Emissions avoided and total emissions (tCO_2e)

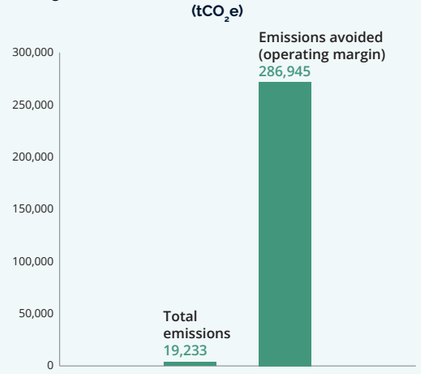
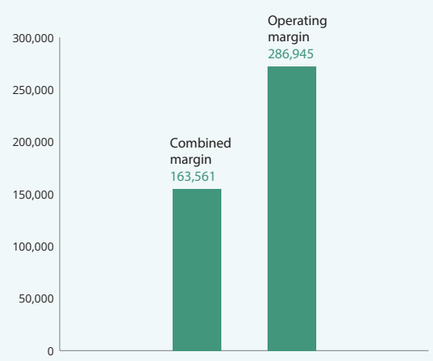


Figure 11: NESF avoided emissions (tCO_2e)



NESF GHG emissions

NESF's GHG emissions are categorised based on their source:

- **Scope 1 emissions**, which are direct emissions from sources owned or controlled by the Company. These amounted to 0 tCO_2e for the year ended 31 March 2025. The Company's solar assets do not emit significant direct emissions during their operation, which is typical for renewable energy generation.
- **Scope 2 emissions**, which are indirect emissions from the generation of purchased energy. These amounted to 1,358 tCO_2e (market-based) and 2,259 tCO_2e (location-based).[6] These emissions result from the purchase of electricity from the grid to support the Company's operations, such as powering maintenance equipment, onsite facilities, and ancillary equipment associated with the solar assets (such as communications and security).
- **Scope 3 emissions**, which include all other indirect emissions that occur in the Company's value chain. These were estimated to be 17,875 tCO_2e for the year ended 31 March 2025. These emissions primarily arise from the manufacturing and shipping of components used in the Company's solar PV panels and battery storage systems, as well as emissions related to the extraction and refining of raw materials used in these components. They also include emissions from the Company's operations and maintenance contractors.

NESF uses third-party experts to measure its GHG emissions and emissions avoided, using the GHG Protocol and the Partnership for Carbon Accounting Financials (**PCAF**) methodologies. For more information, see the Technical Annex: Emissions calculations.

6 NESF is pleased to report location-based emissions for the first time for the year ended 31 March 2025. Note that market-based emissions are more representative of Scope 2 emissions and therefore are the emissions presented in Figures 9 and 10.

8.2. Climate-related targets

As reported in Section 5.7, NESF is committed to Net Zero by 2050 and is developing a Transition Plan Taskforce (TPT) aligned Transition Plan. This is due to be published in the year ending 31 March 2026 and will include specific climate risk assessment and decarbonisation priorities for the Company. In support of this, NESF is following the best practice guidelines established by the Science Based Targets initiative (SBTi) to set emissions reductions targets aligned with the Paris Agreement's 1.5°C pathway. These targets will shape NESF's climate ambition and be derived from the comprehensive emissions baseline the Company developed across Scope 1, 2 and 3 emissions in the year ended 31 March 2024. The baseline provides NESF with a detailed understanding of the relative sources of its emissions, which will inform its decarbonisation journey.

Figure 12: NESF operational decarbonisation dependencies

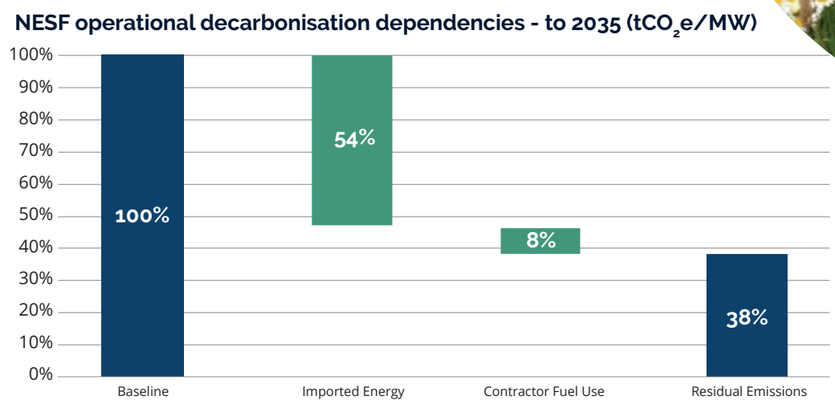
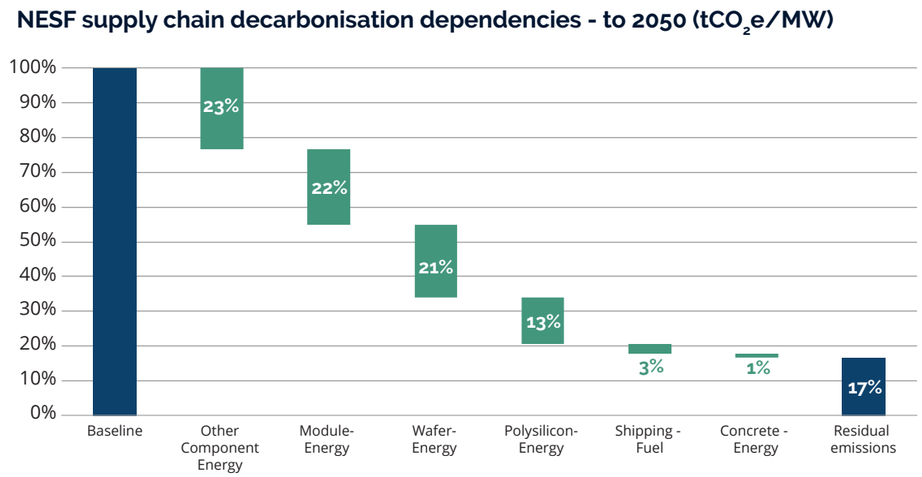


Figure 12 shows where NESF's operational emissions can be decarbonised as at 31 March 2024. The analysis remains valid for the year ended 31 March 2025.The Company could reduce 54% of its baseline operational emissions by 2035 by reducing emissions associated with imported energy used on site, principally through increasing the proportion of renewable electricity used for security cameras, monitoring, and communications. It could reduce 8% of its operational emissions by 2035 by reducing the use of fossil fuels in vehicles used by contractors, including for travel to and movement on site. These emissions reductions are dependent on there being increasing renewable electricity available to use on site and for vehicle charging, and on contractors changing their fleets to electric vehicles.

The Residual emissions column shows the proportion of the baseline for which it is not feasible for the Company to reduce emissions by 2035: 38%. NESF's intention is to offset any residual emissions which remain at 2050.

Figure 13: NESF supply chain decarbonisation dependences



NESF also mapped decarbonisation dependencies in its supply chain. Figure 13 shows the proportion of NESF's baseline supply chain emissions which could be reduced by taking action in the relevant area. For example, the Company could reduce its emissions by up to 3% by reducing the emissions associated with the fuel used in shipping its components.

The Residual emissions column shows the proportion of its supply chain emissions baseline which it is not feasible for the Company to reduce emissions by 2050: 17%. These emissions will be offset, in line with the strategy being developed for the Company by the Investment Adviser.

Note that as with the potential for NESF to reduce its operational emissions, the reductions set out in Figure 13 are based on targets set in sectoral and jurisdictional plans as at 31 March 2024 and reviewed by NESF as part of its analysis – for example, action the shipping industry is taking on decarbonisation, and policies in the UK and Italy to move to electric transport. This means that the Company's overall success in decarbonisation will partly depend on its own and third-party engagement, and whether the governments, industries and companies with the capacity to deliver sectoral and jurisdictional climate change plans do so.

NESF recognises this dependency, which is why it seeks to use its influence to drive change: the Investment Adviser's Sustainability and ESG team has, for example, successfully engaged with suppliers to create greater transparency on carbon emissions. It is not anticipated that there will be a 100% reduction in emissions for all relevant activities, which is why residual emissions remain.

8.3. Nature-related metrics

NESF's baseline interactions with nature are presented using the metrics in the table below. These metrics, which are aligned with the Recommendations of the TNFD, have been calculated using:

- The comprehensive supply chain mapping exercise the Company conducted as part of its materiality assessment.
- The nature-related Life Cycle Assessment (LCA) the Company is currently performing.
- Other nature data collected by NESF as part of its ongoing efforts to enhance its understanding of impacts and contributions.

The calculation of these metrics represents a significant milestone for NESF, because the Company will now be able to assess its progress against the targets described in Section 8.4 by making reference to the baseline metrics. NESF will disclose its progress in future reporting.

Table 3: NESF TNFD metrics

Metric No.	Driver of Nature Change	Indicator	Metric	Upstream value chain	Direct Operations	Unit
C1.0	Land, freshwater & ocean-use change	Total spatial footprint	Surface area controlled/managed by the organisation	N/A	1,606.07	ha
			Total disturbed area[7]	1,802,218	197.44	ha
			Total rehabilitated/restored area[8]	N/A	362.32	ha
C1.1		Extent of land, freshwater, ocean-use change	Total area by type of ecosystem	Not currently available[9]	1,606.07	ha
			T3.3 Cool temperate heathlands - Shrublands and shrubby woodlands biome		9.07	ha
			T7.1 Annual croplands - Intensive land-use biome		1,087.16	ha
			T7.2 Sown pastures and fields - Intensive land-use biome		413.64	ha
			T7.4 Urban and industrial ecosystems - Intensive land-use biome		10.30	ha
			T7.5 Derived semi-natural pastures and old fields - Intensive land-use biome		85.90	ha
			Total area by type of business activity - PV asset	N/A	1,605.02	ha
			Total area by type of business activity - BESS	N/A	1.05	ha
			Area conserved compliance	Not currently available[9]	35.55	ha
			Area sustainably managed[10]	N/A	1,248.62	ha
C2.0	Pollutants/ pollution removal	Pollutants released to soil split	Pollutants released to soil	34,057.65	1,450.16	tonnes
C2.1	Waste generation and disposal	Wastewater discharged	Wastewater discharged	983,037,899	39,178,684	tonnes
C2.2		Weight of hazardous and non-hazardous waste generated by type	Weight of non-hazardous waste generated	0	0	tonnes
			Weight of hazardous waste generated	0	0	tonnes
C2.3	Plastic pollution	Plastic footprint as measured by total weight of plastics used or sold	Plastic footprint as measured by total weight of plastics used or sold	0	0	m^3
C2.4	Non-GHG air pollutants	Non-GHG air pollutants by type	Non-GHG air pollutants	782,646	39,938.92	tonnes
C3.0	Resource use / replenishment	Water withdrawal and consumption	Water withdrawal and consumption	51,955,379.04	2,152,001	m^3
C3.1		Quantity of high-risk natural commodities sources from land/ocean/freshwater	Quantity of high-risk natural commodities sourced from land/ ocean/freshwater	8,476,825	145,358.38	kilotonnes

7 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.
8 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 NESF 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, NESF enhances 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, NESF reports 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 NESF 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 NESF has contributed through direct donations.
9 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.
10 Areas classified as sustainably managed include land under dual-use regimes, agrivoltaic systems, and/or areas covered by Nature Management Plans. In many cases, NESF assets incorporate a combination of these practices. These sustainably managed areas often overlap with rehabilitated areas, as they involve activities that enhance biodiversity value and ecosystem function, even if they do not meet the strict criteria for ecological restoration.

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[11]		Proportion	£m
			Portfolio value	492	73%	£
			Liabilities	0	0	£
			Revenue	39	75%	£
			Expenses	160	94%	£
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[12]		Proportion	£m
			Portfolio value	24	3.6%	£
			Liabilities	0	0	£
			Revenue	8.6	16%	£
			Expenses	0	0	£
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[13]			£m
			Expenditure	0		£
			Financing	0.1		£
			Investment	0		£
C7.4		Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts	TOTAL INCREASE			£m
			Proportion of revenue	N/A		£
A8.0	Risk	Physical risk	Number of locations / business lines / facilities exposed to physical risk	8 assets exposed to medium physical risk		Assets
G1.0	Governance	Number of members of Board with competence in nature-related issues	One member of the Board has competence in nature-related issues			
		Use of external expert advisers and subject matter experts to support board deliberations	NESF benefits from the internal governance of its Investment Adviser, to which the NESF Investment Manager delegates these duties, through the Investment Adviser's NextEnergy Investment Leadership Committee (NEIL). NEIL oversees climate and nature strategies, risk management, and disclosures. NEIL, composed of senior experts across key sectors, also monitors NEC's service performance, while the Group Head of ESG engages regularly with NESF's ESG Committee and the ESG Committee Chair on sustainability strategy, performance, and reporting	11 Investment Adviser team members		
		Frequency that nature issues are discussed during board meetings	Nature-related issues are formally discussed at Board meetings at least three times per year, alongside numerous informal discussions throughout the year	Three times per year alongside numerous informal meetings		

11 Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NESF.
12 Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NESF.
13 This value includes the financial donation made to the NextEnergy Foundation by NESF in the year ended 31 March 2025.

8.4. Nature-related targets

NESF has established time-bound, science-based targets and interim milestones across four core nature-related focus areas. These are as follows:

Figure 14: NESF nature-related targets

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

Each target is supported by a set of Key Performance Indicators (KPIs) designed to track material nature-related risks, impacts, dependencies, and opportunities in alignment with NESF's strategy and risk management processes. The targets are also aligned with the KM-GBF and the United Nations Sustainable Development Goals (SDGs), reflecting NESF's long-term commitment to contributing to a nature-positive future, and strengthening business resilience across its operations and supply chains. Further information on each target is below.

No Conversion of Natural Ecosystems

At the core of NESF's Approach to Nature is the commitment to contribute meaningfully to the global goal of halting and reversing nature loss by 2030, with full recovery targeted by 2050. This ambition spans asset development, investment, and operational management, and supports the transition to an economy that operates within safe planetary boundaries.

To safeguard natural ecosystems, NESF has adopted a No Conversion of Natural Ecosystems Commitment across both its direct operations and supply chains, in line with the SBTN Land Targets and the Accountability Framework Initiative (**AFI**). This commitment ensures that no land use change resulting in the conversion of natural ecosystems occurs after 31 December 2020, and requires the remediation of any conversion taking place from that date onward.

NESF has conducted a comprehensive assessment using SBTN Natural Land maps alongside existing pre-development ecological survey data to identify areas classified as natural land prior to the establishment of solar assets. This assessment has confirmed that no development has resulted in natural land conversion since the applicable cut-off date. To safeguard against future conversion, Natural Land screening has been fully embedded into NESF's investment due diligence processes, ensuring alignment with the mitigation hierarchy and nature-related target-setting frameworks. Progress toward this target will be tracked through internal KPIs and using the 'Total area by type of ecosystem' indicator under Metric No. C1.1 of Table 3 in Section 8.3 of this Report.

Responsible Land Use

- **92% of NESF of assets which are located in a sensitive landscape are covered by a nature management plan with conservation or restoration measures**
- **78% of NESF's land footprint is managed as either (1) productive land use or (2) natural areas.**

By 2028, NESF will implement Nature Management Plans (NMPs) for all assets located in areas of high ecosystem integrity or biodiversity intactness, ensuring that conservation and biodiversity strategies are fully integrated into operational planning. By 2030, NESF aims for 30% of its spatial footprint to be managed under dual land-use regimes, including grazing, agrivoltaics, or designated conservation set-asides. Progress toward this target will be tracked through internal KPIs and using the 'Area sustainably managed by ecosystem type' and 'Area sustainably managed by business activity' indicators under Metric No. C1.1 of Table 3 in Section 8.3 of this Report.

30x30 Ecosystem Restoration Initiative

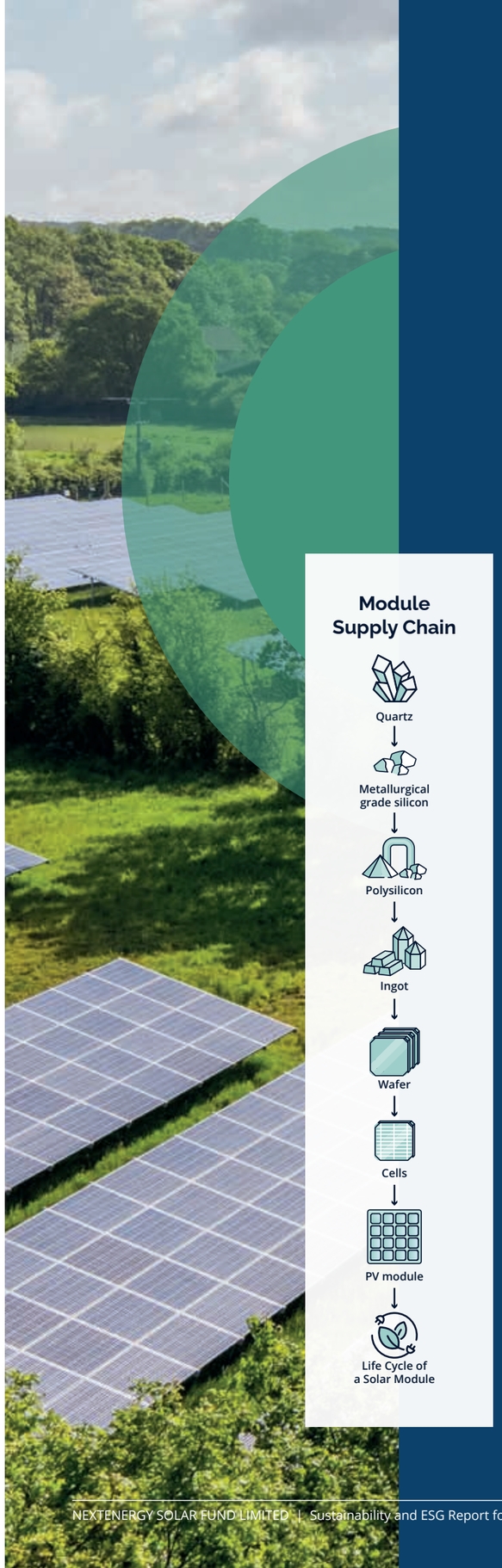
- **362.32 hectares of natural ecosystems are under rehabilitation or restoration.**
- **23% of NESF's land use footprint has an equivalent area (in hectares) under rehabilitation or restoration.**

By 2030, NESF aims to contribute to the ecological restoration of natural areas across up to 30% of its operational footprint. This commitment prioritises landscapes of high ecological sensitivity or degradation near NESF assets to maximise impact and ensure restoration efforts are targeted and locally appropriate. The UK Biodiversity Net Gain (BNG) framework is used to assess habitat condition before and after asset development, supported by site-specific ecological surveys to estimate restoration and rehabilitation outcomes. A precautionary approach has been adopted in the assessment of ecological baselines, applying conservative assumptions where data is limited.

To improve accuracy and consistency across sites, NESF is implementing a structured programme of works to enhance ecological data collection and standardise assessment methodologies as the State of Nature (SoN) metrics are finalised. This includes defining core metric approaches, prioritising high-sensitivity sites, and incorporating ground-truthed ecological data to inform NMPs. These measures are designed to enhance transparency, reduce uncertainty, and support continuous improvement in nature-related disclosures. Progress toward this target will be tracked through internal KPIs and using the 'Total Spatial Footprint' and 'Total rehabilitated/restored area' indicators under Metric No. C1.0 of Table 3 in Section 8.3 of this Report.

Supply Chain Transparency and Sustainability

NESF's nature-related supply chain work is focused on key components and materials: PV modules, mounting systems, access tracks, and HICs including silica, steel, and aluminium, which together represent over 90% of the Company's total sourcing by mass. NESF is engaging suppliers through direct procurement and platforms such as the SSI. Progress will be tracked through internal KPIs. Further detail on supply chain traceability is provided below.



Supply chain traceability

Understanding its supply chain will be critical for NESF to meet its climate, nature and social Sustainability and ESG commitments. The general process to do this is by obtaining and verifying the manufacturing and raw material origins of key components in the supply chain. This is known as traceability, and NESF runs both traceability and broader supply chain sustainability and ESG assessments. Gaining visibility into its upstream social and environmental footprint will enable NESF to drive change and promote responsible sourcing practices with its supply chain partners, and ultimately minimise environmental and social impacts across its value chain.

NESF's traceability and ESG review strategy is focused on its most material components and commodities. These are PV modules, mounting systems, access tracks, and high-impact materials including silica, steel, and aluminium. Together, these account for over 90% of the Company's total sourcing by mass and environmental impact. This is why they have been identified as the initial priority for enhanced data collection and supplier engagement.

NESF is working with its Investment Adviser to strengthen procurement systems and supplier screening processes, ensuring Tier 1 suppliers can be systematically identified and assessed. These improvements are being integrated into the onboarding of new assets, so that procurement decisions can be aligned with Sustainability and ESG expectations from the outset.

The Investment Adviser also carries out detailed supply chain research, so that NESF is at the forefront of industry knowledge and best practice. In June 2024, representatives of its ESG and Procurement teams conducted an extensive supplier engagement visit to China. The visit, which included the commissioning of a third-party comparative audit of potential supply chain partners, involved multiple factory site visits and comprehensive discussions on responsible sourcing, which provided the opportunity to reinforce NESF's commitment to ESG principles and procurement requirements. Investment Adviser staff meet on a regular basis with supply chain manufacturers, auditors, investors and commercial and legal representatives of the industry in the UK, Europe, Asia and the US to discuss supply chain risk management. The Company's ambition is reinforced through its involvement, via the Investment Adviser, with the SSI. The SSI is driving collective action on supply chain traceability and sustainability, and NESF supports collaboration across the industry to raise expectations and encourage supplier alignment.

Traceability is an iterative process that will develop as NESF's portfolio grows, contractual requirements evolve, and industry standards mature. Future phases of this work will extend visibility deeper into the value chain, aiming to trace high-impact commodities back to their origin, at the extraction or processing level. While full supply chain transparency remains a long-term challenge, NESF's early action and commitment to responsible sourcing provide a strong foundation. By embedding stewardship principles into procurement systems and building the necessary data infrastructure, NESF is helping to drive the solar sector toward a more positive, transparent, and resilient future.

8.5. Social-related metrics and targets

As described in this report, the NESF Investment Adviser is in the process of developing a formal approach to social issues, including relevant metrics. NESF is monitoring the development of this and intends to consider it for adoption when complete.

Updates for the year ended 31 March 2025 on activity related to social issues are provided below.

Health and safety

0 **Lost Time Incidents during the year ended 31 March 2025**

Health and safety is a core priority for NESF. The Company has focused on developing clearer insight into health and safety risks across its assets, and its understanding of any incidents or events which occur. During the reporting period, NESF improved connectivity in its health and safety tools and its asset management platform, resulting in advancements in the quantity and quality of incident data. This in turn has allowed the development of proactive tools which allow trend identification at both an asset and contractor level.

Human rights

The most material human rights risks NESF has identified at present relate to the solar and battery storage supply chain. During the reporting period, NESF, through its Investment Adviser:

- Secured traceable PV modules for the first time for an existing NESF asset, as part of the procurement of replacement equipment.
- Developed internal guidance and delivered training to staff on how to assess and manage human rights risks in the PV module and battery supply chain.
- Updated its supplier screening procedures, including developing a bespoke battery assessment procedure.
- Developed updated contracts and annexes relating to raw material traceability and ESG risk management, improving legal protections and penalties for non-compliance.
- Began the integration of its supply chain human rights assessment procedures with other developing strategic initiatives, such as the NESF Approach to Nature, in recognition that these present interlinked challenges.

Community funding

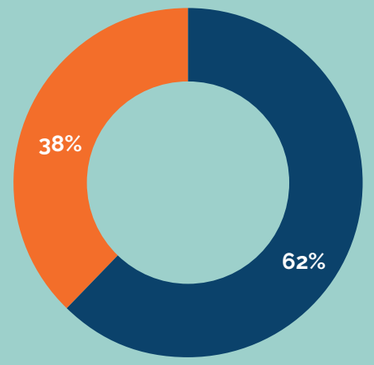
NESF provides direct community funding through its SPVs, supporting local initiatives that focus on energy and environmental issues. In the financial year ended 31 March 2025 this funding amounted to c.£155,000, and the Company also donated c.£99,000 to the NextEnergy Group's international charity, the NextEnergy Foundation, to support projects in the financial year ending 31 March 2026. Further information is provided in the NESF standalone documents on its Community Support and its Charitable Support.

Diversity, equity and inclusion

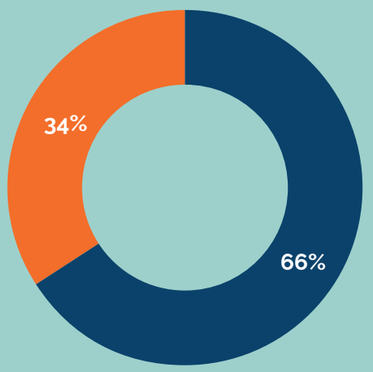
Figure 15: NextEnergy Group gender diversity

Note that NESF does not have employees. The figures provided relate to the Investment Adviser, Asset Manager, and the NextEnergy Group to which they belong.

WiseEnergy Senior Leadership team
8 people



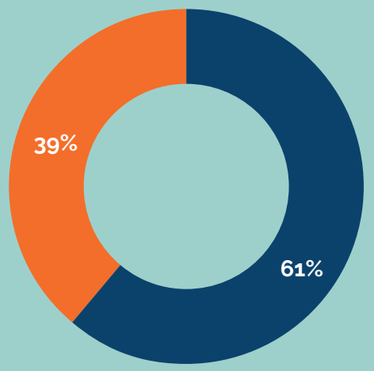
WiseEnergy
200 people



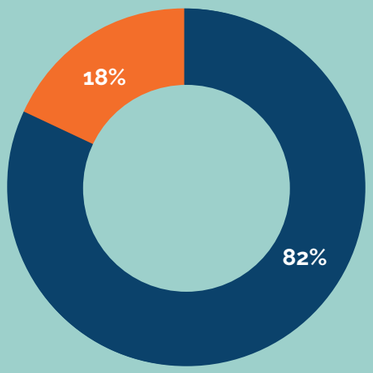
Male

Female

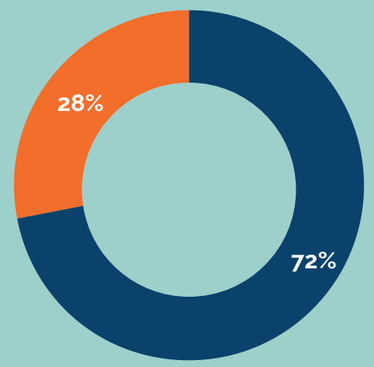
NextEnergy Group
380 people



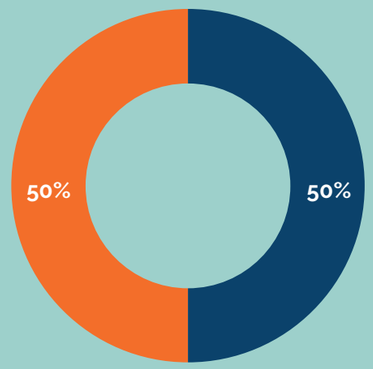
NextEnergy Capital
Investment Leadership team
11 people



NextEnergy Capital
61 people



NextEnergy Group Leadership team
8 people



87%

NextEnergy Group employees who felt supported to take advantage of flexible working policies

The NextEnergy Group Annual Employee Engagement Survey captures key data on the impact of diversity and inclusion policies. The latest survey was carried out in October 2024, and indicated that 87% of employees 'felt genuinely supported to take advantage of flexible working policies'. This is a key metric, which NextEnergy Group will continue to track as a measure of employee wellbeing, but also its ability to attract and retain staff with caring responsibilities, who are statistically more likely to be women.

Capturing accurate data on employees' race and ethnicity is not straightforward in the majority of the countries in which NextEnergy Group operates. However, it is able to record information relating to nationality. NextEnergy Group comprises an extraordinary number of different nationalities (37 in total) and is therefore likely to be representative of very diverse cultural and linguistic backgrounds.

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

LGBTQ+

NextEnergy Group celebrates Pride in its offices annually in June and makes targeted donations to grassroots charities promoting the rights of marginalised LGBTQ+ communities. NextEnergy Group has an internal LGBTQ+ champion, who together with other employees works on these initiatives, including communicating to employees to promote a sense of allyship.

Diversity and inclusion literacy

NextEnergy Group's 2024 diversity and inclusion strategy included a focus on education and training, in particular on equipping managers with the knowledge to understand the value of inclusive workplace culture and the skills to proactively nurture diverse, high performing teams. Building on the principle that good management is a cornerstone of inclusivity, people managers at every level participate in a 7-month management training programme, which includes a module dedicated to managing cross-cultural and gender diverse teams in a hybrid working environment.

NextEnergy Group has also invested in an online training platform that will allow it to deliver targeted diversity and inclusion training to all employees to ensure that everyone understands their legal obligations in this area and further general literacy in this important but complex area.

8.6. Target monitoring and verification

NESF is currently engaged in establishing climate-related targets, as described in Section 8.2. Subject to adoption, the Company will report against these in due course.

NESF has reported its baseline nature impact and intended nature targets in Section 8.3, and will report against these in due course.

The Investment Adviser is also progressing work on a specific social strategy, that will include relevant targets and which NESF will consider for adoption.

8.7. Performance against targets

The Company has demonstrated measurable progress in all areas of its sustainability strategy, and is actively engaged in the generation of data to inform target setting and reporting for climate and nature. Performance against these will be communicated in future reports.

9. Glossary

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

Asset Manager or WiseEnergy

WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl.

Battery 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.

Biodiversity Intactness Index (BII)

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

BOM

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

Climate change mitigation

Contributing 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.

CO_2e

'Carbon dioxide equivalent'. A term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, CO_2e signifies the amount of CO_2 which would have the equivalent global warming impact.

Ecosystem Integrity Index (EII)

A nature index that assesses the structure and health of the natural environment in a particular location and how vulnerable it could be to climate change and other impacts.

EU Sustainable Finance Disclosure Regulation (SFDR)

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

EU Sustainable Finance Disclosure Regulation Article 9

Financial products which have Article 9 status can demonstrate that they make a positive impact on society or the environment through sustainable investment, and have a core nonfinancial objective. Many financial products only attain Article 8 status, which confirms they promote social or environmental factors and have good governance practices.

EU Taxonomy Regulation

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

Greenhouse gases (GHG)

Greenhouse gases 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 contribute to climate change.

GWh

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

GWp

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

International Sustainability Standards Board (ISSB)

The ISSB was established by the International Financial Reporting Standards Foundation at the 2021 COP26 climate summit in Glasgow. The ISSB has developed global baseline sustainability standards, with its IFRS S2 Climate-related Disclosures standard incorporating the recommendations of the TCFD. The NESF 2025 Sustainability and ESG Report is aligned with ISSB S1 and S2 disclosure requirements.

Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (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.

KM-GBF

'Kunming-Montreal Global Biodiversity Framework.' The KM-GBF is a global agreement adopted in 2022 under the auspices of the UN Convention on Biological Diversity. It sets out 4 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.

LEMP

'Landscape and ecological management plan.' A LEMP is a site-specific document used to manage the biodiversity on a solar farm – for example, the planting and habitat management measures implemented.

MWh

'Megawatt hour,' being a measure of electricity generated per hour.

MWp

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

NMP

'Nature Management Plan.' NMPs are designed and implemented for sensitive or high-priority solar assets to mitigate impacts and restore biodiversity values on site. Each Plan outlines the strategies, interventions and actions necessary to protect, conserve, and enhance natural ecosystems beyond defined minimum compliance. The Plans complement NESF's existing Universal Biodiversity Management Plan (UBMP) and Exemplar Site programmes.

NEC or NextEnergy Capital

NEC is part of the NextEnergy Group. NextEnergy Capital IM is the Investment Manager to NextEnergy Solar Fund. A Management Agreement between the Company and the Investment Manager sets out the matters over which the Investment Manager has authority and responsibility such as the discretion to make investments in accordance with the Company's Investment Policy, subject to investment recommendations made by the Investment Adviser.

NextEnergy Capital is the Investment Adviser to NextEnergy Solar Fund. An Advisory Agreement exists between the Investment Manager and Investment Adviser who provides origination, evaluation, co-ordination and recommendation of investment opportunities for the Company and the related provision of investment advice to the Investment Manager.

NESF or the Company

NextEnergy Solar Fund Limited.

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 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.

SBTi

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

Science Based Targets Network (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 PV

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

SoN

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

SoNP

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

SPV

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

SSP

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

TCFD

'Taskforce on Climate-related Financial Disclosures.' The TCFD was established to 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.

TNFD

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

TPT

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

UBMP

'Universal Biodiversity Management Plan.' UBMPs are a type of biodiversity management plan developed by NEC to ensure NESF solar farms align with the Company's nature management guidelines. They are intended to help increase net biodiversity value beyond compliance requirements.

UN PRI

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

UN SDGs

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

10. Corporate information

Company

NextEnergy Solar Fund Limited

Registered Office:
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY
Registered no.: 57739
LEI: 213800ZPHCBDDSQH5447
Ordinary Share ISIN: GG00BJ0JVY01
Ordinary Share SEDOL: BJ0JVY0
London Stock Exchange Ticker: NESF
www.nextenergysolarfund.com

Directors

Paul Le Page, Interim Chair
Josephine Bush
Joanne Peacegood
Caroline Chan (appointed 1 April 2024)
Patrick Firth (retired 12 August 2024)
Helen Mahy (stepped down 15 May 2025)
(All Non-Executive and Independent)

Investment Manager

NextEnergy Capital IM Limited

PO Box 656, East Wing
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3PP

Investment Adviser

NextEnergy Capital Limited

75 Grosvenor Street
Mayfair
London W1K 3JS

Asset Manager

WiseEnergy

75 Grosvenor Street
Mayfair
London W1K 3JS

Company Secretary and Administrator

Ocorian Administration (Guernsey) Limited

Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY

Independent Auditor

KPMG Channel Islands Limited

Glategny Court
Glategny Esplanade
St Peter Port
Guernsey GY1 1WR

Registrar

MUFG Corporate Markets (Guernsey) Limited (formerly Link Group)

Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Legal Advisers

As to UK Law

Stephenson Harwood LLP

1 Finsbury Square
London EC2M 7SH

As to Guernsey Law

Carey Olsen (Guernsey) LLP

PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Sponsor and Joint Broker

Cavendish Corporate Finance

40 Portland Place
London W1B 1NB

Joint broker

RBC Capital Markets Ltd

100 Bishopsgate
London
EC2N 4AA

Media and Public Relations Adviser

H/Advisors Maitland

3 Pancras Square
London
N1C 4AG

Principal Bankers

Barclays Bank plc

St Julian's Court
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA

Technical Annex:
Emissions Calculations and Climate Risk

NESF records and discloses on its emissions in line with the Greenhouse Gas Protocol, with emission factors selected from the most appropriate source based on the availability of site specific datasets and geography of emissions. For international supply chain emissions, these are based on specific lifecycle assessments, national databases, or international sources. For emissions related to project sites, factors are based on asset specific parameters or, if these are unavailable, selected from the national emission factor databases in the relevant jurisdiction. The presentation of NESF emissions by scope has been completed in accordance with the EU SFDR for consistency of presentation in the Company's regulatory reporting.

NESF's avoided emissions have been calculated in line with the United Nations Framework Convention on Climate Change's working group on International Financial Institutions (IFI), to harmonise project-level greenhouse gas emissions accounting. Note that this results in the application of a consequential methodology to avoidance calculations, which requires an estimate of emissions that would be incurred had the solar assets generation not been utilised.

The IFI provides a dataset of emission factors to calculate this, which are structured across two approaches: an operating margin and a 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, NESF presents avoided emissions in both the operating and combined margin. However, using the principle of displacement, it is the Company's view that if it does not supply renewable energy to the grid then that energy can only be replaced by fossil fuels. This is because there is currently not enough renewable energy supply to meet the demand on the grid. For this reason, the operating margin is the most appropriate measure.

Climate Risk Type	Description	Exposure. Climate risk scenarios and NESF response actions are discussed in Sections 6.6 and 7.3. The risk exposures mapped below are not financially material for NESF.
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	• Only 0.97% of the total portfolio has a 10% chance of being a risk of a degree of flooding in 2030 • This increases to 1.22% of the total portfolio in later time horizons indicating an element of asset resilience • A 10% chance that three assets will have a flood risk of >50cm by 2030, 2040 and 2050 across all scenarios
Portfolio physical risk	Water stress (drought)	• NESF assets in Italy are located in areas projected to experience "extremely high" (over 80%) water stress by 2030 and under the least stressful climate scenario (SSP1-2.6) • In contrast, assets in the UK are exposed to a range of risks, including 4 assets exposed to high (40-80%) risk but typically are low-medium (10-20%) or low (<10%) risk
Portfolio physical risk	Heat Stress	• Temperatures expected to increase across in variability across all locations under SSP1-2.6 • The largest increase is in Italy, where the largest anomaly is expected in July, with a 1.19°C rise • In contrast, NESF's UK assets are seeing less variation and are expected to see temperature change variability increase between 0.31°C and 0.61°C
Portfolio Emissions	Scope 2 emissions resulting from assets use of energy from the grid Scope 3 emissions resulting from contractors and suppliers	• After supply chain emissions, Scope 2 emissions (i.e. energy from the grid used by NESF assets) are NESF's second largest emissions contributor • Contractor emissions are comparatively small but are still considered

Technical Annex:
Nature-related materiality assessment

The table on pp. 84-85 provides a summary of NESF's nature-related materiality screening. It provides two values for each stage of NESF's direct operations and upstream value chain: an Indexed Pressure (IP) score and a Materiality Rating (MR).

The IP score represents an assessment based on the potential severity, frequency, and timeframe of a nature-related impact. Potential IP scores range 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, where 1 means the category should be included for assessment, and 0 means it should not.*

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.

* The nature-related impact for each stage of NESF's operations and value chain has a threshold based on the specifics of the category. Exclusions for certain categories are based on NESF's operational framework and business practices. Where insufficient data is available to perform a robust assessment, the score is marked as ND (No Data).

Table 1: NESF materiality screening in the context of IPBES drivers of nature loss*

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	
Direct or Upstream	Product Stage	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)	Indexed Pressure score	Materiality Rating (0 or 1)
Upstream	Extraction	9	1	8	1	ND	ND	9	1	9	1	8	1	7	1	8	1	7	1	6	1
	Processing & Refinement	9	1	ND	ND	ND	ND	9	1	9	1	8	1	8	1	8	1	7	1	ND	ND
	Manufacturing	9	1	8	1	ND	ND	8	1	9	1	7	1	7	1	6	0	6	0	6	1
	Transportation	8	1	8	1	ND	ND	8	1	9	1	5	0	7	0	7	1	7	1	7	1
Direct operations	Fund and Investment management	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	6	0	ND	ND	ND	ND
	Site Planning	9	1	ND	ND	ND	ND	ND	ND	9	1	6	0	6	1	7	1	ND	ND	6	1
	Construction	9	1	8	1	9	1	8	1	9	1	7	1	7	1	6	0	7	1	6	1
	Operations	8	1	ND	ND	ND	ND	8	1	9	1	7	1	7	1	6	0	ND	ND	ND	ND
	End-of-life	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	6	0	ND	ND	ND	ND

The detailed analysis NESF has undertaken means the Company can take a systematic approach to addressing its impacts. For example, water use is a material risk for direct operations and supply chain sourcing in the solar sector, which could imply costs associated with responsible water management. NESF's operational and business practices within its direct operations do not use water-intensive systems; operational water use is minimal and limited to panel cleaning, with natural rainfall reducing the need for intervention. However, the materiality assessment highlights significant pressure on water resources in the sourcing of raw materials in the upstream supply chain.

This means NESF has an opportunity, through increasing visibility of its supply chain, to better estimate the sourcing of raw materials, understand its impact on water resources, and strengthen value chain resilience through proactive engagement with its upstream suppliers.

* 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 NESF.

Technical Annex: Reporting boundaries

NESF uses third-party specialists to collect and analyse its climate and nature-related and calculate impacts based on these.

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

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

Climate

NESF's carbon emissions and other climate impacts are based on the Company's entire portfolio, including its share in private equity vehicle NPIII, co-investments, and rooftop assets. Impacts are allocated in proportion to NESF's financial exposure.

Nature

In line with the TNFD framework, NESF's assessment of nature-related financial materiality includes all assets where it holds majority ownership (>50%) and proportionally attributes impact to co-invested assets with minority ownership (<50%) where it retains partial operational, financial, or equity control. Values associated with NESF's share in private equity vehicle NPIII have been excluded from the impact figures reported in this year's disclosure. These values will be addressed in future reporting cycles. Rooftop assets are also excluded, as their capacity is insignificant relative to overall NESF capacity, and key variables such as land use are either not applicable or difficult to assess due to their typically urban location.

Annex: NESF Principal Adverse Impacts

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: NextEnergy Solar Fund Limited, 213800ZPHCBDDSQH5447 on behalf of NextEnergy Capital Limited

Summary

NextEnergy Solar Fund Limited (the "Company"), 213800ZPHCBDDSQH5447, considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of NextEnergy Solar Fund Limited.

This statement on principal adverse impacts PAIs on sustainability factors covers the reference period from 1st April 2024 to 31 March 2025, in line with the financial reporting year.

The tables below contain the principal adverse impacts required by regulation and considered material to the Company. The results show limited adverse impacts in line with the sustainable investment objective.

The portfolio's structure heavily relies on third-party providers, particularly operations and maintenance contractors, for its activities. Consequently, the Company depends on data supplied by these entities.

During the current reporting period, estimations were still employed where operational data from operations and maintenance contractors was not available.

Efforts have been made to improve the accuracy and transparency of data, which resulted in overall improved quality of data provided by the operations and maintenance contractors.

Overall the principal adverse indicators reflect the positive nature of the sustainable investment objective and provide targeted areas for improvement in the future which the Company is actively engaged in addressing. The nature of the PAI are designed to be negative in isolation.

However, to review the Company's positive attributions please refer to the ESG reports https://www.nextenergysolarfund.com/esg/esg-reports-and-publications/

Description of the principal adverse impacts on sustainability factors

See descriptions in the table below:

Table 1

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	0	0	tCO_2e		NA
		Scope 2 GHG emissions	Location Based: 2,259 Market Based: 1,358	Market Based: 1,394.88	tCO_2e	Scope 2 emissions reflect electricity purchased across the portfolio. For 2025, the reporting methodology has been enhanced by including both location-based and market-based emissions calculations, in line with GHG Protocol best practices. The market-based emissions reflect the portfolio's renewable energy usage, as a significant portion of the portfolio uses renewable energy that does not incur emissions. The location-based figure provides an alternative perspective as it reflects the comprehensive energy consumption data captured across assets this year, regardless of renewable attributes. The market-based calculation accounts for renewable energy procurement, aligning with the organisation's ongoing commitment to increasing renewable electricity usage across the portfolio as part of a broader decarbonisation strategy. Scope 2 emissions remained stable between the reporting periods due to steady operational electricity consumption patterns across the Company's investment portfolio.	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	17,875	31,439.02	tCO_2e	The significant decrease in Scope 3 emissions between reporting periods is primarily attributed to construction and supply chain emissions within the Company's portfolio. During this reporting period, the total installed sites capacity (MWp) with first generation dates dropped, and therefore resulted in a significant decrease in scope 3 emissions. The followed methodology recognises construction and supply chain emissions at a single point in time when the project achieves first revenue. This approach uses the installed capacity (MWp) of each asset to calculate the associated emissions.	The Company's Investment Adviser and asset manager are actively engaged in improving data quality from suppliers.
		Total GHG emissions	Location Based: 20,134 Market Based: 19,233	Market Based: 32,833.90	tCO_2e	The overall decrease in total emissions between reporting periods is predominantly driven by the significant reduction in Scope 3 emissions. This decrease is directly associated with construction and supply chain emissions as explained above.	NA

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
	2. Carbon footprint	Carbon Footprint	Location Based: 25.05 Market Based: 23.93	Market Based: 37.01	tCO_2e per €M	The carbon footprint metrics for this reporting period are presented using both location-based and market-based methodologies, enhancing transparency in emissions reporting. This approach aligns with evolving best practices in sustainability disclosure. The carbon footprint figures reflect the portfolio's current operational profile, with the decrease resulting from the reduction in total emissions.	NA
	3. GHG intensity of investee companies	GHG intensity of investee companies	Location Based: 250.25 Market Based: 241.96	Market Based: 13,943.02	tCO_2e per €M	The GHG intensity has been calculated to reflect on total emissions while taking into account both location-based and market-based emissions. The significant decrease in GHG intensity is attributed to the impact of assets reaching their first generation date in 2023, which triggered substantial construction emissions recognition while these newly operational assets generated minimal revenues. This created a high GHG intensity in 2024.	NA
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		The investment strategy is focused on assets that produce renewable energy.	NA
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0.53%	0.40%	%	The change primarily reflects improved accounting methodology rather than an actual increase in non-renewable consumption. We enhanced the reporting to include the energy content from fuel used in site operations, which was previously not fully captured. While the portfolio continues to produce renewable energy with electricity generation significantly exceeding consumption, this more comprehensive accounting approach provides greater transparency and a more accurate baseline for future sustainability targets.	The strategy will continue, options for sourcing renewable import electricity are being explored.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.04	0	GWh per €M	This reporting period marks the first year that this indicator is being reported on for the Company's assets, establishing the initial benchmark data for future comparative analysis. The introduction of this metric provides valuable insights into the Company's development.	NA

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0	0	%	The Company undertakes environmental assessments before sites are constructed. There is an active biodiversity program in place to improve the performance of sites.	Biodiversity improvements will continue as part of the overall ESG strategy.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	It's considered best practice to avoid emitting nitrates, phosphates, and pesticides during operations. Contractors responsible for operations and maintenance are advised from using harmful chemicals during the module cleaning process.	NA
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0	0	tonne per €M	No hazardous wastes were produced during the reporting period.	NA

Indicators applicable to investments in investee companies							
Adverse sustainability indicator		Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0	%	The Company applies these policies, with a particular focus on supply chain. The investee companies themselves are SPVs holding assets and have no employees.	NA
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0	0		The Company has no employees. It invests in SPVs which hold solar assets. The operations are outsourced to third-party contractors.	NA
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	45%	45%	%	Investee companies are SPVs holding assets, these are not operational trading companies.	NA
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0	%	Investments are all in clean energy projects.	NA

Other indicators for principal adverse impacts on sustainability factors

Table 2*

Additional climate and other environment-related indicators							
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Water, waste and material emissions	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	14.13	284.6	m3 per €M	While 2024 figures were estimated due to limited site-specific data, 2025 values incorporate measured consumption where available, with remaining estimates based on provided data from comparable sites. This enhanced methodology provides a more accurate representation of actual water use.	Opportunities for recycling water are being explored, as are alternatives to using water.
		2. Weighted average percentage of water recycled and reused by investee companies	0	0	%	Water recycling and reuse systems are not implemented across the portfolio's assets due to their operational nature and minimal water requirements.	
	7. Investments in companies without water management policies	Share of investments in investee companies without water management policies	0	0	%	Coverage for this indicator is limited.	
	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy	0	0	%	Coverage for this indicator is limited for sites located in high water stress areas in the current year.	

* Note that NESF reports on the relevant PAI impacts for Table 2, which begin with impact 6.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact 2025	Impact 2024	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0	0	%	The investee companies are SPVs with no employees.	NA
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0	0		No accidents reported in the year.	NA
	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	0	0.035		No accidents reported in the year.	NA
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	0	0	%	The investee companies are SPVs to hold assets but suppliers are subject to procurement policies from the ultimate parent. When opportunities arise to re-tender Operations and Maintenance contracts, as part of the process, the Company aims to ensure new contractors adhere to the supplier Code of conduct.	NA

Description of policies to identify and prioritise principal adverse impacts on sustainability factors
The Board has established an ESG Committee, which is chaired by Josephine Bush who has extensive experience in sustainable finance.
a) The Board of the Company approved the latest version of the Sustainable Investment Policy in 2024.
b) Since it was established the ESG Committee has oversight of this policy with operational implementation delegated to NextEnergy Capital.
c) The indicators in Table 2 and 3 have been assessed based on their materiality. That is the likelihood and severity of occurrence. This process included an assessment of the asset lifecycle, from supply chain through operational life and end of life.
d) The assessment is inherently judgmental in nature which incorporates a margin of error. Feedback from stakeholders will be taken into account when reviewing this selection and amendments made in future reporting cycles if required.
e) Data is challenging on a number of metrics because it is primarily provided by third party operations and maintenance contractors. Additional data was available from the asset manager.

Data received from third-party contractors was assessed for quality. Anomalies were queried with providers. Estimates were used on data gaps using the data that was available as a proxy (converting this into an intensity metric and applying to relevant activity).

Engagement Policies
The investments are infrastructure assets. Engagement is primarily focused on operations and maintenance contractors to adopt more efficient and sustainable operations (using less fuel and less water are focus areas).

Supply chain is the other major area of focus for new sites under construction or parts for repairs. The engagement focus is on human rights and climate risk.

Reference to international standards
As an Article 9 financial product with a sustainable investment objective the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises are adhered to.
a) Indicators 10 and 11 in Table 1 are key to ensuring compliance with these frameworks.
b) As there is direct control over the infrastructure assets full coverage can be obtained. Extensive work is undertaken to collect data from contractors and suppliers but this has inherent limitations in completeness and accuracy.
c) Climate scenarios are not used in the indicators but they are considered as part of the TCFD/ISSB reporting, publicly available.

Historical comparison
The significant decrease in total GHG emissions between reporting periods is primarily attributed to the substantial reduction in Scope 3 emissions. This decrease is driven by lower construction and supply chain emissions within the NESF portfolio.

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