NEXT ENERGY CAPITAL

Generating A More Sustainable Future

Our contribution to the UN Sustainable Development Goals

October 2021

The lack of a uniform global recovery has underlined regional disparities and, as iterated in the last Report, reinforces the critical importance of the UN SDGs in aligning, driving and achieving sustainable development for both people and planet."

Michael Bonte-Friedheim
Founding Partner and Group CEO

We offer our investors an opportunity to decarbonise their portfolio and transition towards sustainable energy."

Giulia Guidi
SDG and energy transition, Head of ESG

An introduction from our Group CEO and Founding Partner, Michael Bonte-Friedheim

I am delighted to present NextEnergy Capital Group's latest United Nations' Sustainable Development Goals ("UNSDGs") Report. As we publish the third edition of this report, the COVID-19 pandemic continues to force unprecedented levels of change on how we work, learn, and interact.

The lack of a uniform global recovery has underlined regional disparities and, as iterated in the last Report, reinforces the critical importance of the UN SDGs in aligning and achieving sustainable development for both people and planet.

Above all, the pandemic has portrayed the fundamental importance of adaptability. Countries, governments, businesses, and communities that were able to quickly adapt to the crisis have recovered more rapidly. Similarly, early adopters of clean energy sources have been able to further the green energy transition, diversify their energy mix and, ultimately, are likely to adapt more quickly to the climate impacts that lie ahead. Nonetheless, a global effort is required as climate transcends regional and national borders.

NextEnergy Capital Group intends to be at the forefront of decarbonising the power generation sector in the regions we operate in, while in parallel striving to accelerate the pursuit and achievement of the UN SDGs throughout our activities

Commitment to the UN SDGs and energy transition, Giulia Guidi, Head of ESG

In times as rife with transformation as these, concentrating efforts to pursue the 17 UN SDGs has never been more important. We have a strong management commitment and the technical experience to continue to develop reliable, sustainable and resilient infrastructure and support the transition to a more sustainable future. Our Environmental, Social and Governance ("ESG") framework for identifying, measuring, and reporting our contribution to the UN SDGs is aligned with our Mission and ensures we continue to build a sustainable and resilient future.

We offer our investors an opportunity to decarbonise their portfolio and transition towards sustainable energy. Since 2014, our funds have generated over 4,000 GWh globally, and avoided emissions of 1,794 kt CO_2, the equivalent to removing over 593,000 petrol cars of the road and powering over 1 million homes sustainably.

Continuing to improve

This report provides a non-exhaustive update on the work we are undertaking and the progress we have made. At NextEnergy Capital Group, we strive for excellence and welcome all feedback that you may have. Please get in touch with our ESG team at **info@nextenergycapital.com.**

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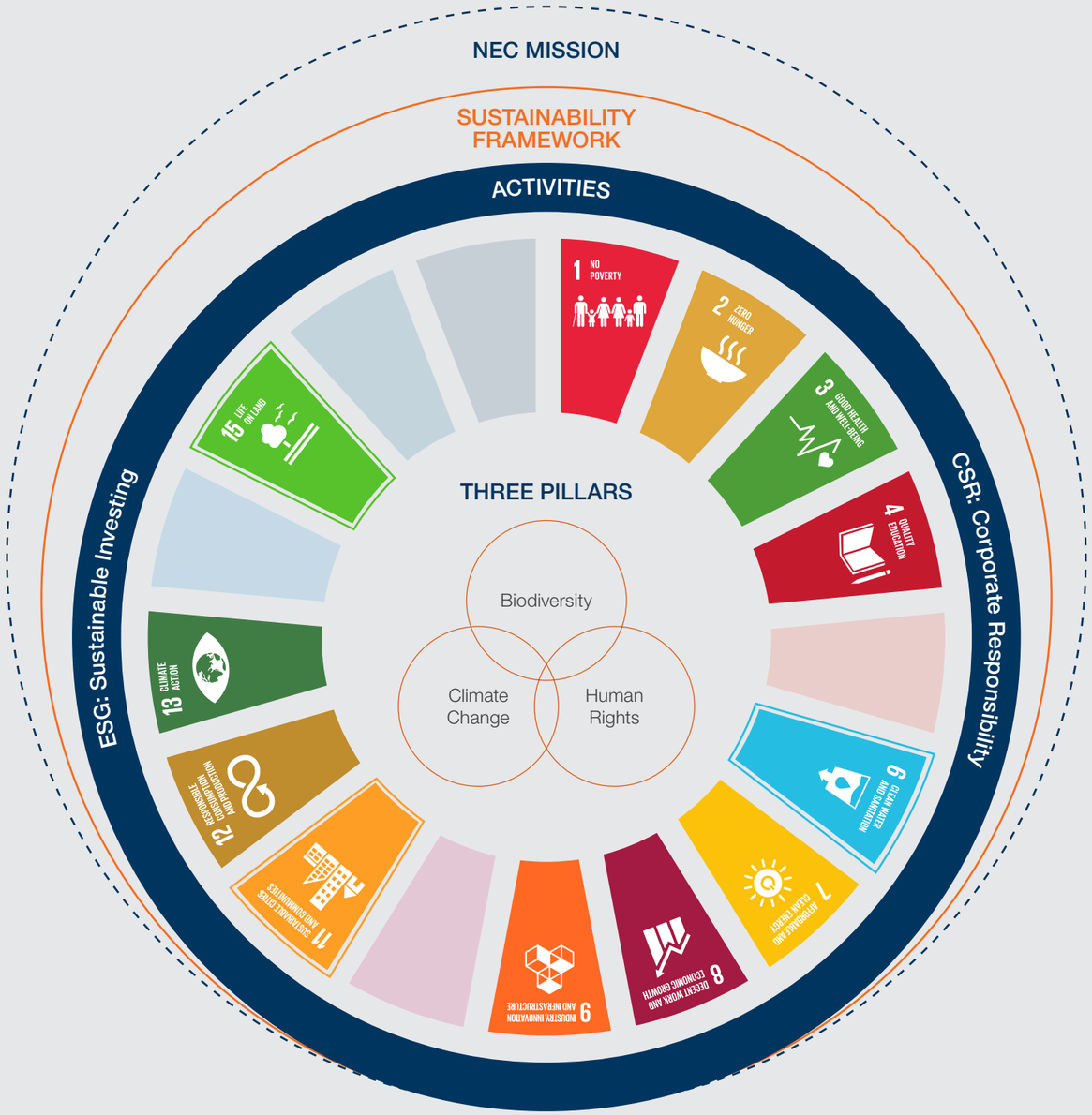
Who we are?

Founded in 2007, NextEnergy Capital Group is a specialist solar investment and asset manager. Our Mission is to generate a more sustainable future by leading the transition to clean energy. We have built a strong track record: investing in 325[1] utility-scale solar projects since inception, as a combination of assets under development, under construction, operational or which have been disposed, for an installed capacity in excess of 2,300MWp across Europe, North and South America and Asia, and establishing the biggest operating solar asset manager globally, Wise Energy. NextEnergy Capital Group is also the investment manager of one of the largest listed solar investment companies, NextEnergy Solar Fund ("NESF"), and the first truly international solar infrastructure investment vehicle, NextPower III ESG.

As the founding sponsor of NextEnergy Foundation, the Group has pledged at least 5% of its net annual profits to the NextEnergy Foundation since its inception in 2016. The Foundation's vision is to provide energy from renewable energy sources to underserved regions, as well as to benefit the local communities in which NextEnergy Capital is present, as well as those beyond our current investment scopes.

[1] This report focuses on the environmental, social and governance performance related to 206 plants, those which were operational at 31st of March 2021.



Key

Outlined SDGs: Mitigative/responsible investment measure

Sustainability Framework

Sustainability is entrenched in our business activities at NextEnergy Capital Group. Our commitment is cemented by our Sustainability Framework and our Mission to generate a more sustainable future by leading the transition to clean energy.

We have aligned our Sustainability Framework with the United Nations' Sustainable Development Goals. The Framework is based on the Three Pillars of Climate Change, Biodiversity and Human Rights. Recognising that our societal role goes beyond increasing access to clean energy, we have implemented our Sustainability Framework throughout both our sustainable investing ("ESG") and Corporate Social Responsibility ("CSR") activities.

The Sustainability Framework is supported by NEC's Sustainable Investment ("SI") Policy and Procedures, as is our recently published Human Rights and Climate Change Position Statements. We are guided by five Corporate Values, one of which is to Be Responsible. This Value is at the core of our SI Policy, Position Statements and Procedures, which together form the structure we use to integrate our analysis of potential ESG risks and opportunities within our decision making. This year, we have improved transparency on our ESG approach by complying with the requirements of the EU Sustainable Finance Disclosure Regulation ("SFDR") and by disclosing all relevant information on our website, annual reports, and in pre-contractual disclosures. The implementation of our Framework contributes to the mitigation of investment risks and improves community and environmental returns over the long term, therefore providing a competitive advantage for our core business.

The Value of fostering relationships by Building Trust is another fundamental mainstay of our Sustainability Framework. We believe that regularly mapping our stakeholders, including investors, suppliers, business partners, industry associations, subject matter experts, and NGOs not only allows us to better understand and manage investment and operational risks, but also to contribute to the wellbeing and development of the communities surrounding our assets. To this extent, we also pride ourselves on our approach to transparency and reporting, both at the Group and fund levels.

Material UN SDGs

NEC has adopted the UN SDGs as the underlying framework to identify, manage and measure our impacts on the environment and society. Our ESG team has been working with the Green Investment Group since 2018 to map the key impacts of our investments against 12 UN SDGs which we have identified as material to our business and NextEnergy Foundation.

Of the 169 specific Targets to be achieved by 2030 across all 17 UN SDGs, NEC has elected to track and report on those which are consistent with our Mission and Sustainability Framework, as well as with the NextEnergy Foundation. The materiality assessment is reviewed every year to ensure we are focusing on themes that are relevant to our business and that we account for any emerging issues and evolving societal needs. Some of the Targets are also selected as aspirational goals to ensure that we embody our Mission of generating a more sustainable future by leading the transition to clean energy. This year we have added eight additional UN SDG targets 6.A, 6.B, 8.3, 8.7, 8.8, 9.A, 10.2 and 11.3.

1 NO POVERTY

Overview

NextEnergy Foundation's Mission to participate proactively in the global effort to reduce carbon emissions, provide clean power sources in regions where they are not yet available, and contribute to poverty alleviation. Since its establishment in 2016, the Foundation has supported projects in developing countries primarily in Sub-Saharan Africa, South Asia and Latin America, as well as in undeserved regions in developed countries, primarily Italy and the UK.

UN SDG Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Contribution/Alignment

The projects supported by the Foundation are predominantly focused on the promotion and development of renewable energy resources and technologies in underserved regions and communities, and their nexus with poverty alleviation. While some projects have centred on the environment, namely reforestation, the majority have addressed the causes of poverty, such as access to food, education, and security, and their social implication. As of last year, the Foundation's remit has been expanded to include projects providing relief to those affected by the socio-economic impacts of the COVID-19 pandemic. To date, NEF is supporting 19 organisations to contribute to UN SDG1.

Case Study

NextEnergy Capital donated 50% of the budgets originally set aside for the 2020 Christmas festivities in the London (UK), Hyderabad (India) and Milan (Italy) offices to support marginalised elderly, vulnerable children and struggling families over the 2020/21 Winter season.

With additional support from NextEnergy Foundation, grants were made to five organisations. In the UK, 1,780 food parcels were delivered to 740 children and 50 elderly individuals across the country together with Open Kitchens, and 10,000 hot meals were distributed across London together with The Akshaya Patra Foundation. In India, Happiness Boxes, including dry rations for one month for an entire family plus school and hygiene supplies, were distributed to almost 2,000 children, also with The Akshaya Patra Foundation. In Italy, individuals and communities were supported through the distribution of food parcels in Milan and laptops to facilitate children's studies from home across the country.

3 GOOD HEALTH AND WELL-BEING

Overview

Generating clean energy for the planet is a responsibility we are privileged to hold. We also recognise that, through our Corporate Value to *Be Responsible*, this responsibility extends from our planet's health to that of its inhabitants.

UN SDG Target 3.9

By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

Contribution/Alignment

According to the World Health Organisation, harmful air pollutants including nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) can lead to premature death and illnesses, such as stroke, heart disease, lung cancer and chronic respiratory diseases. Avoidance of fossil fuel electricity generation through renewable energy generation is forecast to avoid emissions of harmful air pollutants that lead to deaths and illnesses[1]. Historical data on how we contribute to this SDG is provided in detail at the back of this report (Appendices 1 & 2).

Case Study

NextEnergy Foundation first partnered with GivePower in May 2020 to respond to the COVID-19 pandemic in Nepal. NextEnergy Foundation is now contributing to the installation of a 'Mobi' solar water farm in the Cabo de la Vela community, La Guajira, Colombia. The desalinisation system will provide potable water for 2,500 people every day for 20 years, contributing to well-being and healthier living condition for local communities. GivePower has partnered with the University of California, Berkeley's Energy Resource Group to conduct impact studies on the solar water farm. Key impacts envisaged for the Mobi are related to the environment, health, and female empowerment.

Emissions to air avoided in FY20/21[2] (plus difference from 19/20)

520 tonnes NO_x ↑109 from 19/20

42 tonnes $PM_{2.5}$ ↑10 from 19/20

1,080 tonnes SO_x ↑246 from 19/20

11 tonnes PM_{10} ↑2 from 19/20

Note: Funds' composition at 31/03/2021.

[1] Source: Funds' composition at 31/03/2021

[2] Emissions to air avoided data provided by Green Investment Group calculated using their Green Impact methodology (see https://www.greeninvestmentgroup.com/who-we-are/measuring-our-impact.html) based on information provided by NextEnergy Capital for the year ending 31 March 2021. Historical data can be found in Appendix 2 'Green Impact data by fund'.

Overview

Solar photovoltaic ("PV") plants require water for activities such as cleaning PV panels. This has the potential to create negative impacts on the environment and communities surrounding the plants if not adequately managed.

UN SDG Target 6.4, 6.A, 6.B

By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling, and reuse technologies.

Support and strengthen the participation of local communities in improving water and sanitation management.

Contribution/Alignment

The cleaning of solar PV modules comprises the majority of water consumption on site. As part of the due diligence process, prior to acquiring an asset, NEC's ESG team input the plants' coordinates on Aqueduct, the online World Resource Institute ("WRI") tool to check for water scarcity and stress. If the area is found to have moderate to high levels of water stress, mitigation measures relating to improving usage efficiencies and reducing overall water consumption are recommended on site. In order to quantify our usage and make meaningful efforts to monitor and reduce our water consumption over time, we have asked Operations and Maintenance ("O&M") contractors to measure their onsite water usage and we are reporting our water intensity on a fund-by-fund basis. Details of our initial baseline can be found at the back of this report (Appendix 3).

Where we acquire asset(s) with high water consumption and intensity, one of our ESG commitments will be to implement measures to reduce these values to get closer to our benchmark.

Case Study (6.B)

NextEnergy Foundation has worked alongside Istituto Oikos ("Oikos) on a project that promotes access to clean water and sanitation. Oikos is a non-profit organisation that operates to safeguard biodiversity and to promote the widespread adoption of more sustainable lifestyles. In November 2019, Oikos began a three-year project to strengthen the water, sanitation, and hygiene ("WASH") services in the Region of Manyara, Tanzania. The intervention aims to guarantee and increase equitable access and economically sustainable rural water schemes in villages across the Districts of Kiteto and Simanjiro. NextEnergy Foundation has replaced two diesel water pumps with solar-powered water pumps in the rural villages of Ilkishbour and Ndedo in the Kiteto District. Approximately 9,300 people have benefited from the project by getting access to clean water. Oikos and their local partner, Rural Water Sanitation Agency, met with the two communities to collaborate on the project with them. Oikos has reaffirmed that this close partnership in loco will undoubtedly ensure the sustainability of the water pumps following the completion of their installation.

Mitigation and Proactive Management

Going forward we will continue to measure water consumption and intensity at our asset and we are looking to report in alignment with the EU SFDR and the respective Regulatory Technical Standard ("RTS").

Note
Outlined SDGs: Mitigative/responsible investment measure

Overview

Solar energy has always been the most plentiful and sustainable source of energy available in the world. Now, it is also the most economic and powerful way to mitigate climate change.

UN SDG Targets 7.1, 7.2, 7.B

By 2030, ensure universal access to affordable, reliable and modern energy services

By 2030, increase substantially the share of renewable energy in the global energy mix

By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.

Contribution/Alignment

Providing affordable and clean energy is our core business and we continue to develop additional renewable energy generation capacity on an annual basis.

This year NEC has acquired a 76MW portfolio comprising of 4 solar assets in India. In addition, NEF is currently supporting 12 organisations which are directly contributing to SDG7. NEF supported BrightLife (FINCA's social enterprise) to provide clean energy access to 80,000 Ugandans for the first time.

In FY20/21

1,094 GWh
clean energy generated

1,291 MW
of Solar Capacity

814 MW
NextEnergy Solar Fund
Operational

115 MW
NextPower Development UK
Operational

141 MW
NextPower II
Operational

1 MW
NextEnergy Capital
Operational

220 MW
NextPower III
Operational

Case Study

NextEnergy Foundation's partnership with Empower Malawi was established in 2017 and, since then, we have funded the installation of solar lighting systems on 100% of the primary schools in the Nkhata Bay District. This has exposed 86,000 children to solar power for the first time and created additional study time for 19,000 students every day. In order to support Empower Malawi's new Five-Year Plan, the Foundation has committed to financing the installation of solar systems on all of the 52 secondary schools and the 22 health centres located across the District.

8 DECENT WORK AND ECONOMIC GROWTH

Overview

As the solar industry expands, the potential for decent employment rises throughout the renewable energy supply chain, and the development, construction, and operational stages of solar PV plants.

UN SDG Target 8.5

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Contribution/Alignment

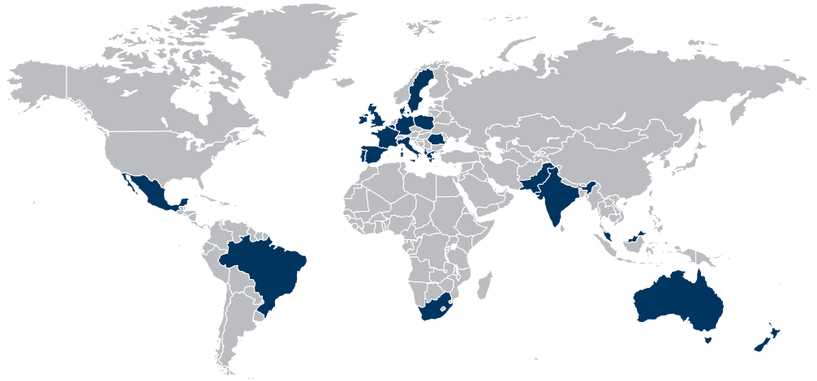
Our own solar PV plants create jobs during the construction and operational phases, including electrical design, construction and operational engineers, environmental consultants, and asset managers and other associated services. Ensuring a diverse workforce is a key driver of success and will be fundamental to us in the pursuit of our mission.

This year we have reported information related to our own workforce and also those related to the O&M contractors that operate our assets.

199 Employees[1]

38% Identify as female

21 Nationalities[2]



Next Energy Capital data

O&M data

441 Employees[1]

20% Identify as female

16 Nationalities[2]

Going forward we will ask our EPC and O&M contractors to provide more information on number of full-time employees, nationalities, and gender in alignment with the reporting requirements of the EU SFDR.

[1] Including those on fixed term contracts and apprenticeships but not including interns
[2] Nationalities represented by employee. 'Nationality' data which HR holds refers to the citizenship that allows the individual to work in the UK, although their nationality may actually differ from their citizenship

8 DECENT WORK AND ECONOMIC GROWTH

Overview

As the solar industry expands, the potential for decent employment rises throughout the renewable energy supply chain, and the development, construction, and operational stages of solar PV plants.

UN SDG Target 8.7

Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Contribution/Alignment

NEC is committed to preventing modern slavery in our own activities and those related to our business relationships, including our supply chain. In 2020 NEC Group has extended our due diligence process to our supply chain, including module, inverter and battery suppliers, developing a specific due diligence questionnaire that assesses the suppliers' approach to ESG issues including, but not limited to, human rights and labour policies and practices. In addition, we have engaged with regional industry associations to understand how the solar industry can best tackle this issue collectively. In Q1 2021 NEC Group signed the Solar Energy Industry Association ("SEIA") Labour Prevention Pledge[1] and the Solar Energy UK ("SEUK") Supply Chain Statement[2]. NEC's Head of ESG has been appointed as Chair of SEUK's Sustainable Sourcing Task Group, which has been formed to support industry efforts to enhance traceability and human rights protections across the entire solar value chain.

NEC remains committed to maintaining the highest possible standards of ethical behaviour and expects the same of all our stakeholders.

Twenty-three contractors responded to our survey on slave labour and the protection of minorities. Of these 52% (12 contractors) have clauses against slave labour and clauses on the protection of minorities within their labour contracts.

Mitigation and Proactive Management

NEC has been at the forefront of integrating ESG considerations into its investment process, including those related to slave labour and working condition throughout the supply chain. Early on, we developed a supply chain risk management approach[3] consistent with the Group's sustainability framework. Our suppliers have to abide by our Code of Conduct for Suppliers[4] and respond to our Due Diligence Questionnaire for Suppliers. This approach has been effective with tier 1 suppliers; however, we cannot always get transparent and verifiable information from tier 2, and tier 3 suppliers. NEC has taken a very active role with Solar Energy UK (SEUK) to tackle this collectively and through a process that requires a long term commitment and willingness to influence market changes. In the years ahead with will continue to be committed to this global challenge and to contribute to eradicate any form of slave labour throughout the value chain.

[1] https://www.seia.org/sites/default/files/Solar%20Industry%20Forced%20Labor%20Prevention%20Pledge%20Signatories.pdf
[2] https://solarenergyuk.org/uk-industry-supply-chain-statement/
[3] https://www.nextenergycapital.com/sustainability/sustainable-investing/supply-chain/
[4] https://cdn.next1.nextenergycapital.com/next/2021/08/NEC-Supplier-Code-of-Conduct.pdf

8 DECENT WORK AND ECONOMIC GROWTH

Overview

As the solar industry expands, the potential for decent employment rises throughout the renewable energy supply chain, and the development, construction, and operational stages of solar PV plants.

UN SDG Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Contribution/Alignment

NEC is committed to maintaining the highest possible standards of ethical behaviour; we require our Engineering, Procurement and Construction ("EPC") and O&M contractors to abide by our labour policies and international best practice. In some cases, contractors are required to hire a local workforce, which contributes to the local economy and employment. In terms of Health & Safety ("H&S"), NEC ensures that all contractors have adequate H&S management systems in place.

Twenty-three contractors across all funds responded to our survey and 73% of these have H&S policies in place.

Case Study

When carrying out the due diligence for a portfolio of assets in Chile, the ESG consultant appointed by NEC's ESG team noted that in addition to the local workforce, migrant workers would need to be brought in during the construction period. In order to limit the demands and pressures placed on local services, such as accommodation and public services, an Accommodation Management Plan was developed and implemented to avoid any potential social or socio-economic impacts to the community as a result of the temporary influx of workers.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Overview

Resilient infrastructure and sustainable technologies are essential starting points for business and societies to thrive.

UN SDG Target 9.1, 9.A

Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological, and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.

Contribution/Alignment

As a leading specialist investment and asset manager in the solar sector, NEC's key activities contribute to the development of quality, reliable, sustainable and resilient infrastructure.

Our operational plants are currently located across the UK, Europe, Chile, India, and the United States. NEC's international fund, NextPower III ESG, primarily invests in OECD Countries, with up to 15% in OECD Key Partner Countries and no more than 10% in any Other Country. NEC continues to have a global reach to support economic development and equitable access to energy by going beyond national requirements in these countries in order to facilitate the development of sustainable infrastructure and promote the generation of clean energy in underserved regions.

In FY20/21

206 operating solar plants

94	103	6	2	1
NextEnergy Solar Fund	NextPower II	NextPower III	NextPower Development UK	NextEnergy Capital

Case Study

In India, solar plants are exempt from undergoing an Environmental and Social ("E&S") Impact Assessment. To identify environmental and social risks and opportunities, NEC commissioned a biodiversity assessment, a climate change risk assessment, and a stakeholder review to be carried out post-acquisition of all 4 assets in NextPower III ESG's Indian portfolio. All studies and plans have been commissioned this year and are to be developed in the next financial year.

Overview

Our investment decision process begins with a commitment to safeguard communities and cultural and natural heritage because we recognise that development should not be extricated from traditions and sites of socio-environmental importance.

UN SDG Target 11.4

Strengthen efforts to protect and safeguard the world's cultural and natural heritage.

Contribution/Alignment

Safeguarding communities, cultural heritage and natural heritage is built in at the very beginning of our investment decision process. As stated in our Sustainable Investment Policy, we undertake extensive due diligence to ensure that all of our projects are in line with local regulation and with international standards, such as the IFC Performance Standards. Fundamental to our efforts is community engagement which forms a key part of our investment decision making process and ongoing asset management strategy.

We have a stringent 'No-Go' procedure to protect cultural and natural heritage and, we are working with local communities to significantly contribute to development and ensure they continue to thrive.[1]

Governance

One of the Excluded Activities in NextEnergy Capital's Sustainable Investment Policy is investing in areas of cultural and natural heritage, such as UNESCO World Heritage Sites. We are working with local communities to significantly contribute to their development and ensure that they continue to thrive.

Note
Outlined SDGs: Mitigative/responsible investment measure

[1] Source: Investment Process - ESG Integration, SI Policy, NPIII Project Screening DD Form.

Overview

Solar is the most powerful and plentiful energy source available to mankind. It also reduces the need for fossil fuel combustion. Our projects promote the consumption and production patterns which form the basis of sustainable development trajectories.

UN SDG Targets 12.2, 12.4

By 2030, achieve the sustainable management and efficient use of natural resources.

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

Contribution/Alignment

The electricity produced at our solar projects reduces the need for fossil fuels to be combusted elsewhere. At the same time, we use the limitless and natural solar resource.

We have calculated the sustainable management of natural resources by using a 'fossil fuel use avoided' metric for our funds. The historical data on how we contribute to this SDG can be found at the back of this report (Appendices 1 & 2).

In FY20/21[1]

1.5 million barrels
of oil equivalent avoided

[1] Data provided by Green Investment Group based on information provided by NextEnergy Capital for the year ending 31 March 2021

13 CLIMATE ACTION

Overview

Tackling climate change is an integral part of our Mission and core business. Solar has emerged as one of the key technologies to support the transition away from carbon-intensive fossil fuels towards clean energy.

UN SDG Target 13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Contribution/Alignment

NEC understands the importance of raising awareness about climate change mitigation. The transition away from fossil fuel dependency towards clean energy is fundamental in minimising the negative social and environmental implications of climate change. Solar energy is a clean, green, and cost-effective solution that also contributes to reducing the harmful air pollution associated with fossil fuel combustion.

By investing in our funds, we offer investors the opportunity to decarbonize their portfolio and allocate capital towards energy transition. We are committed to provide them with a quantification of the GHG emission reduction associated with our activities. The historical contribution to this SDG is provided in Appendix 1 and 2 at the back of this report.

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In FY20/21[1]

475 kt CO_2e avoided
equivalent to removing over 157,000 petrol cars off the road[2]

1,094 GWh generated by the funds
equivalent to the energy consumption of over 325,000 homes[3]

Annualised lifecycle emissions - Estimated scope 1, 2 and 3 GHG emissions[4]

NESF	NPII	NPIII
35.3 kt CO_2e/year	9.2 kt CO_2e/year	23.9 kt CO_2e/year

[1] GHG emissions data provided by Green Investment Group calculated using their Green Impact methodology (see https://www.greeninvestmentgroup.com/who-we-are/measuring-our-impact.html) based on information provided by NextEnergy Capital for the year ending 31 March 2021
[2] Data provided by Green Investment Group calculated using UK Government conversion factors based on information provided by NextEnergy Capital for the year ending 31 March 2021
[3] Data provided by Green Investment Group calculated using country specific average electricity consumption per electrified household 2020 data and based on information provided by NextEnergy Capital for the year ending 31 March 2021
[4] Estimations provided by Green Investment Group using an annual average figure of the entire portfolio's (operational and pre-operational projects) GHG emissions of each fund based on each portfolio's forecast renewable electricity generation

15 LIFE ON LAND

Overview

As the number of solar farms grows around the world, we see it as our duty to promote their use as safe harbours for nature to thrive undisturbed by human activity. NEC is committed to leading best practices in biodiversity within the solar industry.

UN SDG Targets 15.2, 15.5, 15.B

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

Contribution/Alignment

NEC believes that we have a moral obligation as custodians of our environmental to protect and promote biodiversity. Solar farms can harbour an abundance of flora and fauna that improve numerous environmental KPIs such as air, water and soil quality, whilst also preventing soil erosion or habitat destruction. Recognising the role that biodiversity has in promoting sustainability, NEC has developed biodiversity management plans for a number of projects acquired in FY20/21, as well as implemented plans at sites that were already under management.

As stated in our Sustainable Investment Policy, we are committed to protecting the natural environment from activities arising from the construction and operation of our solar projects. We undertake extensive due diligence to ensure that all projects are in line with local environmental regulation and with international standards such as the IFC Performance Standards. Wherever possible we actively work to enhance biodiversity.

NEC has developed a Universal Biodiversity Management Plan ("UMBP") for NESF sites and have hired biodiversity specialists to design and implement bespoke and effective measures that develop, repair and connect local wildlife, habitats and ecosystems. This makes up part of NESF's wider Biodiversity Strategy which works to support the UK Governments 25-year Environmental Plan. Around 45% of both NESF and NPIII portfolios have biodiversity management plans in place.

Case Studies

At the Briel and Gardy solar farm in Virginia, we developed a wildflower seeding project to create a pollinator-friendly green space and enhance the floral biodiversity for the benefit of the nature conservancy adjacent to the plant and make a positive contribution to the ecosystems surrounding the solar plant..

We continue to be fully committed to biodiversity enhancement at our sites and we plan to issue a Biodiversity Position Statement to increase transparency around our principles and operating standards as well as expanding the UMBP approach across all funds.

Note
Outlined SDGs: Mitigative/responsible investment measure

NextEnergy Foundation - Project Progress and Continued COVID-19 Response

Flavia Galdiolo
NextEnergy Foundation
Coordinator

“We have a vision to provide energy and light from renewable energy sources to underserved regions, as well as to benefit the local communities in which NextEnergy Capital is present, and beyond.”

Flavia Galdolo
NextEnergy Foundation
Coordinator

At NextEnergy Foundation (“NEF”), our Mission is to contribute to poverty alleviation by both addressing energy access deficits and participating in the global effort to reduce carbon emissions.

Since the Foundation’s establishment in 2016, we have focused our efforts towards increasing access to renewable energy in underserved regions, and to marry this ambition with education, health, and wider renewable-enabled infrastructure projects.

In March 2020, the Foundation expanded its remit to respond to the socio-economic impacts of COVID-19. This year, we committed additional funds to continue supporting those communities most affected by the pandemic whilst remaining fully committed to our Mission; we recognise the critical importance of maintaining a holistic response, guided by the SDGs, to realise our vision.

The case studies on the following pages highlight the variety of projects the Foundation is currently supporting, including in response to the socio-economic issues that continue to worsen due to the pandemic.

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Note
For further information on the Foundation and its activities, please visit http://www.nextenergyfoundation.org/

SDG-Aligned COVID-19 Response

Case Studies

Dream Renewables
Dream Renewables is a non-profit organisation whose mission is to educate and inspire young Ghanaians about renewable energy. This is done by encouraging and facilitating locally-led renewable energy projects; equipping young adults with practical skills to enhance their employability in the renewable energy sector; and, increasing awareness of renewable energy amongst the wider community.

NextEnergy Foundation has fully funded two solar power programmes to provide 40 students with a comprehensive introduction to solar power design and installation. Students ultimately design and develop a business case for a solar energy system in their community, learning to connect up a DC system and a small off-grid AC system. There is an element of circularity to the programmes because after completing them, students form small groups and run at least one workshop at a local school or community centre related to the programme subject areas. These workshops are designed to educate the wider community about renewable energy and sustainability, increasing acceptance and uptake of such technologies in communities. Overall, 450 community members are expected to learn about renewable energy.

Contribution/Alignment

No poverty

Quality Education

Affordable and Clean Energy

Decent Work and Economic Growth

Industry, Innovation and Infrastructure

Sustainable Cities and Communities

Climate Action

SDG-Aligned COVID-19 Response

Case Studies

Renewable World
Renewable World is a UK-based charity which tackles poverty using innovative renewable energy solutions that help the poorest and hardest-to-reach communities adapt to climate change and mitigate its impact.

NextEnergy Foundation has been supporting Renewable World's Clean Energy for Health Project (E4H), which aims to improve health in rural areas of Surkhet District, Nepal, where inadequate healthcare access and ill-health severely limit opportunities for the poorest. E4H has improved health in ten communities by increasing access to solar energy-enabled healthcare in ten communities by increasing access to solar energy-enabled healthcare – in partnership with local health departments and communities – and rolling out solar cook stoves which will reduce indoor air pollution, reduce the use of firewood, and create new livelihoods opportunities for agriculture-dependent communities.

NextEnergy Foundation has supported Renewable World to deliver this project in two communities in 2020/21, Baispani and Khanikola, where over 4,000 people have benefited from the Foundation's support.

Contribution/Alignment

No poverty

Good Health and Well-Being

Affordable and Clean Energy

Decent Work and Economic Growth

Climate Action

SDG-Aligned COVID-19 Response

Case Studies

FromU2Them
FromU2Them is a disaster relief project of the Gaia Conservation Foundation, a non-profit organisation which was founded six years ago to provide urban reforestation and sanitation in Maharashtra, India. Since March 2020, the FromU2Them project has been providing relief to those affected by the COVID-19 pandemic across India.

In direct response to the COVID-19 pandemic, NextEnergy Foundation supported the distribution of 25 oxygen concentrators in India. The oxygen concentrators have been directed towards hospitals and COVID-19 centres in proximity to NextEnergy Capital's office in Hyderabad and NextPower III ESG's solar assets in India.

In each location, the oxygen concentrators have provided essential support for those who continue to suffer from the pandemic and boosted resilience against future waves.

Contribution/Alignment

Affordable and Clean Energy

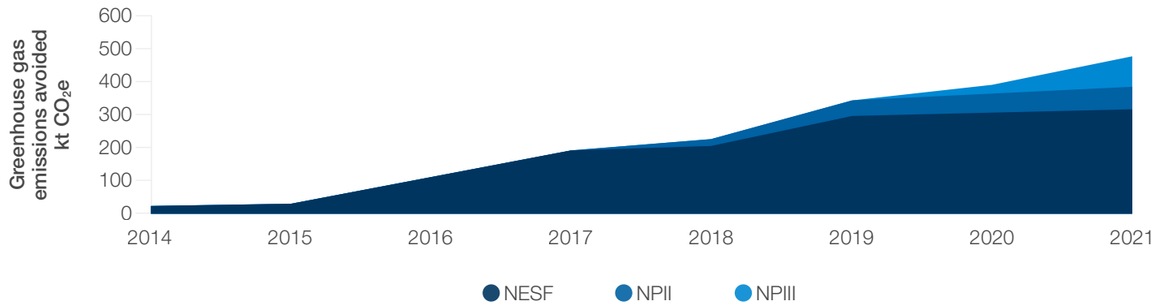
Reduced Inequalities

Appendix 1

Actual Green Impact Performance

GHG avoided, by fund

The Portfolio avoided emissions of 1,794 kt CO_2e during the period 2014-2021.



Next Energy Capital Annual portfolio performance

	Unit	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
GHG emissions avoided	kt CO_2e	22	31	110	191	226	347	393	475
NO_X emissions avoided	t NO_x	34	41	108	176	220	354	412	520
SO_X emission avoided	t SO_x	83	94	214	336	430	707	834	1,080
PM_{10} emissions avoided	t PM_{10}	1	1	2	4	5	7	9	11
$PM_{2.5}$ emissions avoided	t $PM_{2.5}$	2	2	8	14	17	27	32	42
Fossil fuels consumption avoided	kt oe	9	13	47	82	97	151	170	203

Appendix 2

Green Impact data by fund

NESF

	Unit	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
GHG emissions avoided	kt CO_2e	22	31	110	191	211	299	308	318
NO_X emissions avoided	t NO_x	34	41	108	176	193	267	274	284
SO_X emission avoided	t SO_x	83	94	214	336	366	499	512	527
PM_{10} emissions avoided	t PM_{10}	1	1	2	4	4	6	6	6
$PM_{2.5}$ emissions avoided	t $PM_{2.5}$	2	2	8	14	16	23	23	24
Fossil fuels consumption avoided	kt oe	9	13	47	82	90	128	131	136

NPII

	Unit	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
GHG emissions avoided	kt CO_2e	No data, Fund not established				15	47	59	72
NO_X emissions avoided	t NO_x					27	86	109	131
SO_X emission avoided	t SO_x					64	208	261	315
PM_{10} emissions avoided	t PM_{10}					1	2	2	3
$PM_{2.5}$ emissions avoided	t $PM_{2.5}$					1	4	6	7
Fossil fuels consumption avoided	kt oe					7	23	29	35

NPIII

	Unit	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
GHG emissions avoided	kt CO_2e	No data, Fund not established						26	90
NO_X emissions avoided	t NO_x							29	115
SO_X emission avoided	t SO_x							61	262
PM_{10} emissions avoided	t PM_{10}							1	2
$PM_{2.5}$ emissions avoided	t $PM_{2.5}$							3	12
Fossil fuels consumption avoided	kt oe							10	34

Appendix 3

O&M SDG contribution data: FY20/21 performance by fund

		Unit	NESF	NPII	NPIII
5 GENDER EQUALITY	Females in managerial position	%	24	18	20
	Female board members	%	38	50	2
6 CLEAN WATER AND SANITATION	Water consumption	m^3/year	365	52	2311[1]
	Water Intensity	m^3/MWh	4	2	26
8 DECENT WORK AND ECONOMIC GROWTH	Health & Safety contract clauses[2]	% of portfolio	100	N/A	100
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste disposed	Tonnes	8	0	25
	Recycle exhausted panels	% of portfolio	38	83	50

[1] The higher water consumption for NPIII has arisen due to the increased panel washing frequency required for the Indian portfolio, The NEC ESG team is working with the Wise technical team to investigate ways in which the water consumption can be reduced, for example implementing rainwater harvesting measures that helps to reduce water scarcity by not utilising groundwater sources for cleaning.
[2] Our O&M SDG Contribution Survey also covered questions on contract clauses against i) slave labour and ii) exploitation of minorities. Responses to these questions are not included in this year's report, but will be included in future reporting.

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