

NEXTENERGY SOLAR FUND

SUSTAINABILITY AND ESG REPORT

for the year ended 31 March 2026

Generating a more
sustainable future



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 2026. 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 (the **Annual Report**) for the year ended 31 March 2026 which can be found **here**.

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

- International Sustainability Standards Board (**ISSB**) IFRS Standard **S1**, which provides a

set of disclosure requirements designed to enable companies to communicate the sustainability-related risks and opportunities they face over the short, medium and long term to investors. The Standard covers an organisation's sustainability Governance, Strategy, Risk Management, and Metrics and Targets, and industry-based information is required to be provided.

- ISSB IFRS Standard **S2**, which sets out specific climate-related disclosure requirements for companies on their climate-related risks and opportunities. IFRS S2 builds on the requirements set out in IFRS S1.
- The **Recommendations** of the Taskforce for Nature Related Financial Disclosures (**TNFD**), which are focused on nature-related dependencies, impacts, risks and opportunities. TNFD disclosures are structured around the same requirements as the ISSB.

NESF is classified as an Article 9 financial product under the European Union (**EU**) Sustainable Finance Disclosure Regulation (**SFDR**), which requires financial market participants to disclose their sustainability and ESG policies and practices. NESF has 'sustainable investment' as one of its objectives, and its investments are 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.

For more information, please visit the Company's **website** or contact ir@nextenergysolarfund.com.

Foreword from the ESG Committee Chair



NESF and its assets have a crucial role to play in the energy transition. Sustainable infrastructure is secure infrastructure. As conflicts continue around the world, and with the impacts on fossil fuel markets growing, governments and society are accelerating the transition to clean energy. Solar farms are long-life assets which do not rely on volatile supply chains for their immediate fuel inputs. The resilient, domestically-generated power they produce therefore helps increase certainty in an uncertain world.

Sustainability and ESG risks and opportunities are intrinsic to the energy transition and NESF's expertise in addressing them provides a strategic advantage. NESF's Sustainability and ESG Framework (the **Framework**) is designed to address the material risks and opportunities NESF faces, and provide a forward-thinking roadmap to drive positive impact. As it evolves, it will take into account the Company's Strategic Reset, announced in March 2026.

During the year NESF delivered measurable progress in line with its Sustainability and ESG Strategy, including:

- Advancing its climate strategy from ambition to execution with

the publication of its first **Climate Transition Plan** (the **Transition Plan**), providing a clear, time-bound roadmap for emissions reductions aligned with global climate goals and frameworks.

- Achieving designation by the Guernsey Financial Services Commission (**GFSC**) as a **Natural Capital Fund**, awarded to schemes which make a positive contribution to the natural world, and so recognising NESF's action to promote nature-positive investment.
- Via NESF's Investment Adviser, NextEnergy Capital Limited (**NEC**), and its membership of the **Solar Stewardship Initiative (SSI)**, supporting industry work on responsible sourcing which culminated in the establishment of targets and reporting requirements for its manufacturer members.¹

NESF is committed to maintaining its market-leading position on sustainability and ESG transparency, and continues to report in line with the requirements of the ISSB and the Recommendations of the TNFD. By assessing and communicating financially material risks and opportunities related to climate

and nature, NESF provides its shareholders and other stakeholders with consistent, standardised metrics that support transparency and informed decision making. NESF's long-standing and proactive approach to assessment and communication of this information means it is well-positioned to meet future disclosure requirements.

Looking forward, and as the Company implements its Strategic Reset, NESF's Sustainability and ESG Strategy will help ensure it is resilient to the risks and maximises the opportunities associated with the energy transition.

Josephine Bush,
Chair of the NESF Board ESG
Committee

19 June 2026

¹ NESF itself is not a member of the SSI.



Performance highlights

For the financial year ended 31 March 2026, unless stated otherwise.

Climate

Clean energy generation²

844GWh

Equivalent number of homes powered for one year³

c.256,714

avoiding c.275,583 tCO₂e⁴

Climate resilient portfolio⁵

c.96%

of NESF's portfolio not exposed to material physical risks

Nature

Percentage of land under management rehabilitated or restored

68%

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

89%

Percentage of assets located in sensitive landscapes which are covered by a Nature Management Plan (NMP)^{6,7}

100%

People

Board Gender diversity

60:40

female/male

Community and charitable funding

c.£167k

(including c.£94k through NESF Special Purpose Vehicles (SPVs) and a c.£73k donation to the NextEnergy Foundation)

Lost time injuries⁸

1

²Including share in private equity vehicle (NextEnergy III LP ("NEIII"), formerly NextPower III LP or NPIII) and co-investments (Agenor and Santarém). Inclusion of NESF's 6.21% share of NEIII on a look-through equivalent basis increases generation by 57GWh (2025: 51GWh). Inclusion of NESF's 24.5% share of Agenor increases total generation by 19GWh (2025: 14GWh). Inclusion of NESF's 13.6% share of Santarém on a look-through equivalent basis increases generation by nil GWh (2025: nil GWh).

³NESF's equivalent number of homes powered figure is based on OFGEM 2025 research and Enerdata 2024 research.

⁴Emissions 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.

⁵As per the climate risk analysis evidence in Section 2.2.1.

⁶Nature Management Plans contain active on-site nature conservation or restoration measures.

⁷Sensitive landscapes are identified through a spatial assessment conducted within a 30km radius of each asset, using two indices: Ecosystem Integrity Index (EII), measuring the degree to which ecosystems remain structurally and functionally intact, and Biodiversity Intactness Index (BII), measuring the average abundance of originally present species relative to their abundance in undisturbed habitats. Assets falling within areas that score highly on either or both indices are flagged as located in sensitive landscapes. This classification is therefore a proximity-based indicator of potential environmental context, not a determination of harm or non-compliance. It simply means that the operations of those assets may have direct or indirect interactions with ecologically significant areas, and as such they are subject to attention in our nature-related prioritisation and risk management processes. Therefore, the target on NMPs is in sensitive areas.

⁸Lost time injuries are a standard health & safety performance indicator used to track the severity and impact of workplace injuries. Note that this figure relates to contractor employees only. NESF's continued focus on effective health & safety risk management is detailed on page 47 of this Report.

Recognition

Renewables Fund of the Year

During the reporting year NESF was pleased to receive recognition with the award of **Renewables Fund of the Year** in Environmental Finance's 2025 Sustainable Investment Awards. NESF stood out for being the first renewable energy investment company to embed nature into a solar strategy, as outlined in the Company's **Approach to Nature**.

Natural Capital Fund status

In February 2026 NESF was awarded Natural Capital Fund status by the GFSC. The GFSC's Natural Capital Fund regime is the world's first regulated designation for nature-positive investment funds, with NESF only the second Investment Company to achieve Natural Capital Fund status. The designation builds on NESF's existing Guernsey Green Fund mark and signals a growing recognition that solar infrastructure, when financed and managed in the right way, delivers real and measurable contributions to natural capital.

NESF's central contribution comes from the avoidance of greenhouse gas emissions through clean power generation. The Kunming-Montreal Global Biodiversity Framework (**KM-GBF**) identifies climate change as a major source of ecological degradation, linking the resilience of ecosystems directly to global emissions pathways. NESF's ambition to be nature-positive is further outlined in the Company's Approach to Nature and supported by its TNFD-aligned disclosures. This is underlaid by more than a decade of embedding nature considerations into its investment decisions and asset management practices, including the development of NMPs that enhance or restore habitats around solar farms. The impact of NESF's NMPs over time is detailed in **Section 4.4**.

To qualify for Natural Capital Fund designation, an Investment Company must show that it seeks financial returns while either contributing positively to nature or significantly reducing environmental harm. It must also demonstrate alignment with global frameworks such as the KM-GBF, the United Nations Sustainable Development Goals (**UN SDGs**) and the nature-related objectives of the EU Taxonomy. NESF's designation is not only a label, but a regulated confirmation that the Company's contribution to climate and nature is clear, credible and measurable.



Approach to sustainability and ESG Reporting

There are three key priority areas in the NESF Sustainability and ESG Framework: People, Nature and Prosperity. Each priority area is underpinned by three focus topics as set out in the framework below. These priority areas and topics are the result of a double materiality assessment undertaken in 2023. These areas remain a priority for the Company. The Framework structures NESF's approach to creating positive

sustainability and ESG outcomes alongside generating long-term total financial returns.

The Company's reporting strategy aligns with the Framework's priority areas and those of the ISSB and TNFD, ensuring stakeholders receive decision-useful insights into its performance. The information NESF discloses includes climate and nature-related considerations across

its construction activities, direct operations, and value chain. NESF also reports on key people topics, such as health and safety, diversity, equity and inclusion, community engagement, and human rights.

Figure 1: NESF Sustainability and ESG Framework



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01 Governance

1.1 Governance structure

NESF's Board of Directors (the **Board**) comprised five independent non-executive Directors as at 31 March 2026, with Tony Quinlan appointed the Chair of the Company on 3 December 2025.⁹ They have ultimate responsibility for the Company's strategy, performance and management. This covers all sustainability and ESG-related strategies, risk management, major decisions, and related disclosures. The Board's ESG Committee further drives the Company's sustainability and ESG agenda. This is chaired by Josephine

Bush, who has extensive sustainable finance and strategy development experience. Progress and changes in sustainability and ESG-related risks and opportunities are discussed during NESF Board meetings and in ESG Committee meetings.

Profiles of NESF's Board of Directors are available on the Company's **website**.

36
Board meetings in the year ended 31 March 2026, excluding 23 informal discussion meetings

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

⁹ For further detail on Tony Quinlan's appointment as Non-Executive Director and the Chair of the Company, please refer to the NESF Annual Report.

1.2 Management's role and responsibilities

Responsibility for day-to-day sustainability and ESG integration is delegated to NEC, the Company's Investment Adviser. Oversight of NEC is provided by NextEnergy Capital IM, the Investment Manager to NESF.

The Investment Adviser has a dedicated ESG team led by Giulia Guidi, the Head of ESG of NextEnergy Group (the **Group**). Giulia sits on the NESF Investment Committee of the Investment Adviser and takes an active role in the investment decision-making process. She is supported by a team that has extensive expertise across climate, nature and people-related topics.

1.2.1 NESF team

The Investment Adviser's ESG team is fully integrated across Investment, Construction and Procurement, Fund Management, and Asset Management team activities. By working closely with these teams, the Investment Adviser's ESG team embeds sustainability and ESG considerations across the

Company's assets, reinforcing a cohesive approach to responsible investment.

Profiles of the Investment Adviser's ESG team members are available on the Company's **website**.

1.3 Competencies and training

The NESF Board contains a wide range of relevant expertise to oversee the Company's Sustainability and ESG Strategies. ESG Committee meetings facilitate sustainability and ESG-related knowledge sharing between the Investment Adviser and the Board with more formal training undertaken on various topics as appropriate.

1.4 Formalisation of targets and incentives

The Board oversees the setting of sustainability and ESG-related targets for NESF, and monitors progress towards those targets. Any proposed target revisions require Board approval and documented justification. Further detail on targets is provided in **Section 4**.

The Investment Adviser sets individual performance goals for senior managers and other team members linked to delivering on NESF's sustainability and ESG targets. While executive remuneration does not allocate fixed percentages to sustainability and ESG considerations, these factors are embedded within a holistic performance assessment that meaningfully evaluates progress and delivery against sustainability and ESG priorities.



Balhearty
Clackmannanshire
5.0MW



02 Strategy

2.1 Approach

The Company's focus is on identifying, monitoring, and managing sustainability and ESG risks and opportunities as they relate to its direct operational and supply chain impacts, across Climate, Nature and People topics. It does so in line with its Sustainability and ESG Framework.

In the execution of its Framework, NESF has developed various policies, including:

- The NESF **Sustainable Investment Policy**
- The NESF **Modern Slavery Statement**
- **NextEnergy Group's Sustainability Policies**, which NESF adopts in full. These include topic-specific Position Statements on Climate, Nature, and Human Rights, and its approach to responsible supply chain management.

2.1.1 Strategic time horizons

NESF assesses Climate and Nature risks and opportunities in differing scenarios over three time horizons, as defined in Figure 2.

2.1.2 Materiality

As well as a double materiality assessment undertaken in 2023 that formed the basis of the Framework, NESF has performed climate and nature-specific materiality assessments in line with the requirements of the ISSB and Recommendations of the TNFD.

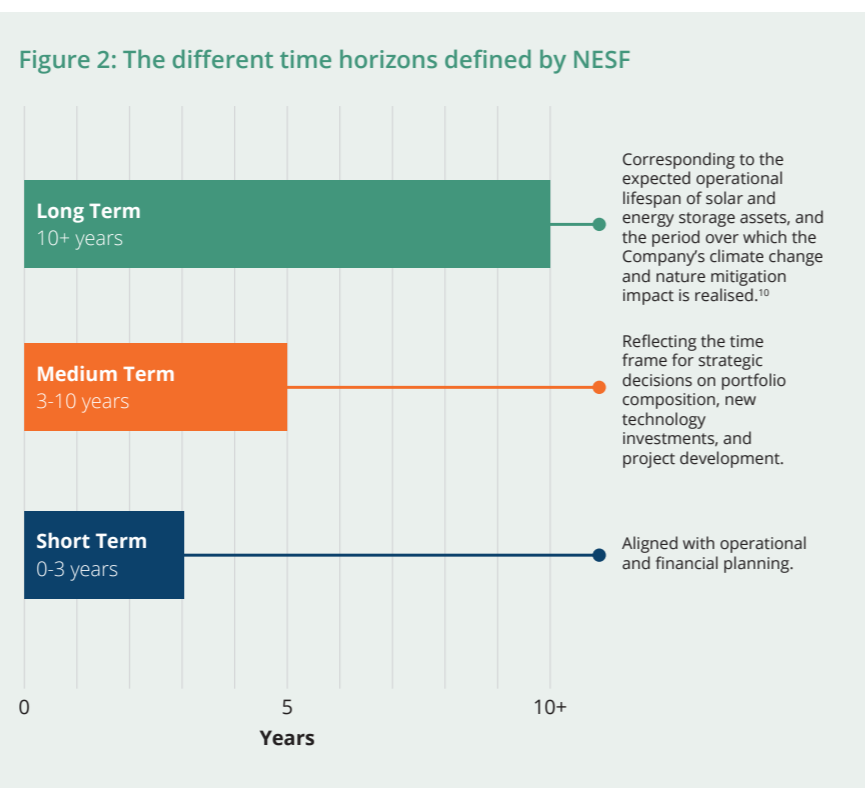
Its climate materiality assessment focused on carbon emissions caused by its operations and supply chain. Its nature materiality assessment focused on location-specific operational impacts, as well as a supply chain review that evaluated the

structure, transparency and impact of key materials and high-impact commodities (**HICs**) on nature, and the Company's potential interaction with Indigenous Peoples. Risks and opportunities related to these issues are covered in this Report, including the proportion of NESF's portfolio value which is potentially exposed to some level of financial risk linked to climate or nature.

NESF has further identified human rights, community engagement, health and safety, and diversity, equity and inclusion as key people-related sustainability and ESG issues. Its approach to these is also disclosed in this Report.

For the year ended 31 March 2026, NESF did not identify any material financial risks arising from climate, nature and people-related issues. However, the Company did identify several sustainability and ESG-related risks and opportunities that could potentially impact its financial position, performance, and cash flows, although these are not currently expected to be material. These risks and opportunities, and the scenario analysis on which they are based, are described in Sections 2.2.1 and 2.2.2.

NESF assesses the risks and opportunities outlined in this Section and monitors them in line with the processes detailed in Section 2.3 and Section 3.



¹⁰ 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.



2.2 Identification of sustainability-related risks, impacts and opportunities

The NESF portfolio has been subject to extensive ISSB and TNFD-aligned climate and nature scenario modelling and risk assessment to identify potential impacts across construction activities, direct operations, and supply chain.¹¹ This includes reviewing and applying relevant industry and sectoral tools such as:

- Analysis of multiple climate warming scenarios, based on the Shared Socio-economic Pathways (SSPs) established by the International Panel on Climate Change (IPCC).
- The WWF Risk Filter Suite, developed by the World Wide Fund 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 Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC), which together form the ENCORE Partnership, previously known as The Natural Capital Finance Alliance (NCFA).

2.2.1 Climate exposure, risks, impacts and opportunities

Physical climate scenario analysis

In accordance with IFRS S2, NESF has conducted a comprehensive, multi-faceted climate risk analysis across its portfolio of assets for the reporting period. These assessments utilise the IPCC SSPs and evaluate potential climate-related risks under various global emissions trajectories. Specifically, NESF assesses the impacts

of the SSP1-2.6, SSP2-4.5 and SSP5-8.5 scenarios on its portfolio across three time horizons – 2030, 2040, and 2050 – which are the standard short, medium and long-term time horizons for climate scenario analysis commonly aligned with key policy and scientific milestones. This allows NESF to understand how physical climate risks like flooding, water stress, and heat stress could evolve and affect its solar assets over their operational lifetimes, and to identify appropriate mitigation measures. The scenarios are described in Table 1.

NESF’s physical climate risk assessment employs an asset-level geospatial approach to extract scenario-specific climate projections across the three time horizons. For each asset, climate risk is quantified through the Hazard, Vulnerability, and Exposure framework. This is

the conceptual basis for climate risk assessment as defined in the IPCC methodology. The asset-level scenario analysis covers flood risk, heat stress and water stress. These serve as umbrella categories that capture a broader range of physical climate-related risks to which renewable energy infrastructure is most commonly exposed, including wildfire, drought, heavy rainfall, and coastal flooding. NESF has used the following datasets to inform its climate modelling approach:

- **Water Stress Analysis:** Using the **World Resources Institute’s (WRI) Aqueduct** tool to model changes in water availability across NESF’s portfolio under the different SSP scenarios. Water stress data is derived at the asset level, using the precise geographic coordinates of each asset to extract location-

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

Climate Scenarios	Description
SSP1-2.6	Assumes net zero emissions after 2050. Temperatures stabilise around 1.8°C above pre-industrial levels by 2100.
SSP2-4.5	Emissions decrease but do not reach net zero by 2100. Temperatures rise 2.7°C above pre-industrial levels by 2100.
SSP5-8.5	Represents an unchecked fossil-fuel driven future. CO ₂ emissions double by 2050 leading to 4.4°C temperature rise by 2100.

¹¹ A challenge in this process is that raw materials come from a range of different countries, some with limited visibility or measurement of supply chain impacts on climate and nature.



specific projections. It therefore reflects a high data resolution.

- **Heat Stress Analysis:** Using projections derived from the sixth Coupled Model Intercomparison Project (CMIP6), accessible through the **World Bank Climate Change Knowledge Portal**, and benchmarked against a 1991–2024 historical baseline. Given current data availability, heat stress data is derived at the country-level, reflecting the most appropriate resolution available.
- **Flood Risk Analysis:** Using projected flood depth data derived from **Fathom’s Global Flood Map** to assess flood risk exposure under the different SSP scenarios. Flood risk data is derived at the asset level, using the precise geographic coordinates. It therefore reflects a high data resolution.

Portfolio-level climate risk is determined by weighting individual asset scores against their contribution to total portfolio valuation, ensuring the assessment is proportional to the financial materiality of each asset.

NESF recognises that climate projections are subject to inherent uncertainty, as climate models are built on simplifications of complex Earth systems and cannot fully capture the range of possible future conditions. To address these limitations, the datasets on which NESF has based its analysis are the most widely adopted datasets available for each of the physical climate risk categories assessed:

- **Water stress analysis:** The World Resources Institute’s Aqueduct tool is recognised by WWF and World Business Council for Sustainable Development (WBCSD) as one of

the world’s three leading water risk frameworks for companies and investors globally. To account for uncertainties inherent in climate modelling, Aqueduct employs an ensemble of five climate models, reporting the median as the central estimate to capture a wider range of possible future climate conditions.

- **Heat stress analysis:** CMIP6 generates authoritative global climate model projections informed by the most current climate science and data assessed by the IPCC.
- **Flood risk analysis:** Fathom’s Global Flood Map, widely adopted by financial institutions, insurers and governments globally, provides robust and comprehensive flood risk data across all major flood perils - pluvial, fluvial and coastal.

Climate risk percentages are a relative measure that quantify the potential impacts of physical climate-related events on the portfolio under each scenario. The impacts for each scenario are shown in Table 2. Note that a year-on-year comparison is not possible. This is because changes in the portfolio composition affect the weighting of individual asset scores against their contribution to the total portfolio valuation.

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

Figure 3, on the following page, demonstrates that 3.2% of NESF's portfolio is exposed to a material (high or medium high) level of climate-related risk, including flood risk, heat stress and water stress. 0.4% of the

Company's assets are estimated to be at a medium level of climate-related risk.

NESF's overall portfolio climate risk score under the most relevant scenario SSP2 is 4.3%. SSP2 is considered the central scenario for climate risk analysis, offering a balanced view of future climate impacts under moderate global action, without assuming either rapid decarbonisation or high-emissions trajectories. This means that 4.3% of the NESF portfolio will likely experience some level of financial loss between now and 2050 due to climate change. For further detail on NESF's climate risk exposure, please refer to the **Technical Annex: Emissions Calculations and Climate Risk**.

This modelling fed into the analysis of the potentially material climate-related risks and opportunities included in Tables 3 and 4. It also feeds into the identification of mitigation measures to build the resilience of NESF's portfolio to potential future physical climate risks, as detailed in **Section 3.3**.

Table 2: The scenarios associated with the different climate scores

Scenario	NESF Climate Risk Impact
SSP1-2.6	4.1%
SSP2-4.5	4.3%
SSP5-8.5	4.5%

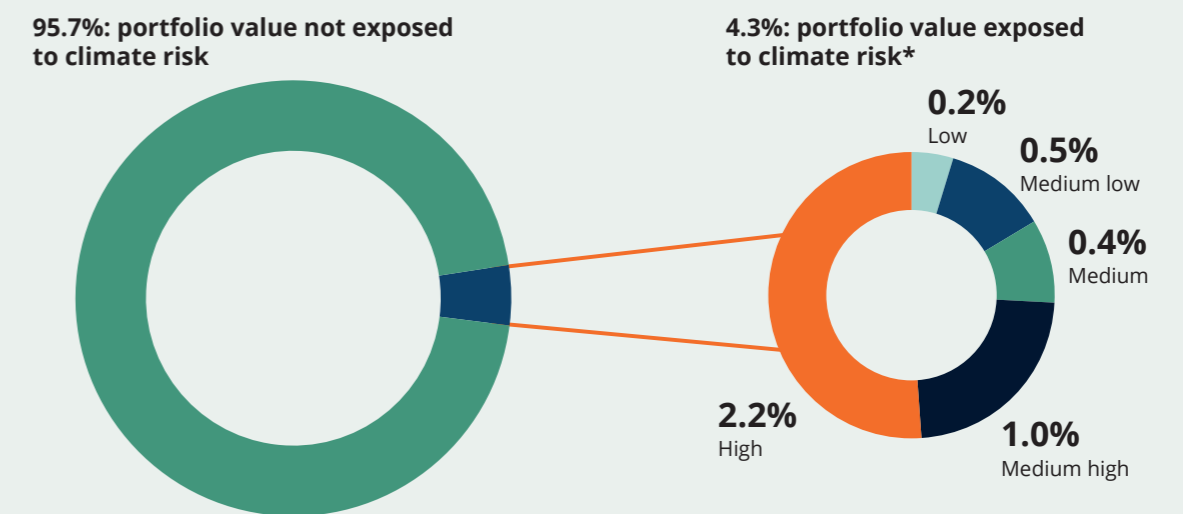


Bottom Plain
Dorset
10.1MW



Bay Farm
Suffolk
8.1MW

Figure 3: NESF climate risk exposure modelled between 2024 and 2050



*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

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

Table 3

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

Climate-related direct operational risks and opportunities, including decommissioning

The direct operations of NESF assets are exposed to similar climate-related impacts as its supply chain. However, they manifest differently according to the phase in the asset lifecycle.

Table 4

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

2.2.2 Nature exposure, risks, impacts and opportunities

NESF assesses nature-related impacts across its direct operations and supply chain, including those related to the key drivers of biodiversity loss, as defined by the **Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)**. In line with the Recommendations of the TNFD, the description of each risk includes specific nature-related dependencies. More information is available in the **Technical Annex: Nature-related materiality assessment**.

Nature scenario analysis

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.

NESF has modelled its exposure to different nature-related scenarios. For example, in one scenario, tightening land use regulation and the impact of 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 supply chain, the implementation of enhanced traceability practices, and the development of specific activity to monitor and comply with the stricter standards.

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 4. Note that the figures represent the proportion of the portfolio exposed to potential nature-related risk, not a value of

the potential financial loss. The exact financial impact depends on various factors, including the specific nature of the hazards, the effectiveness of risk mitigation strategies, and the resilience of the assets.

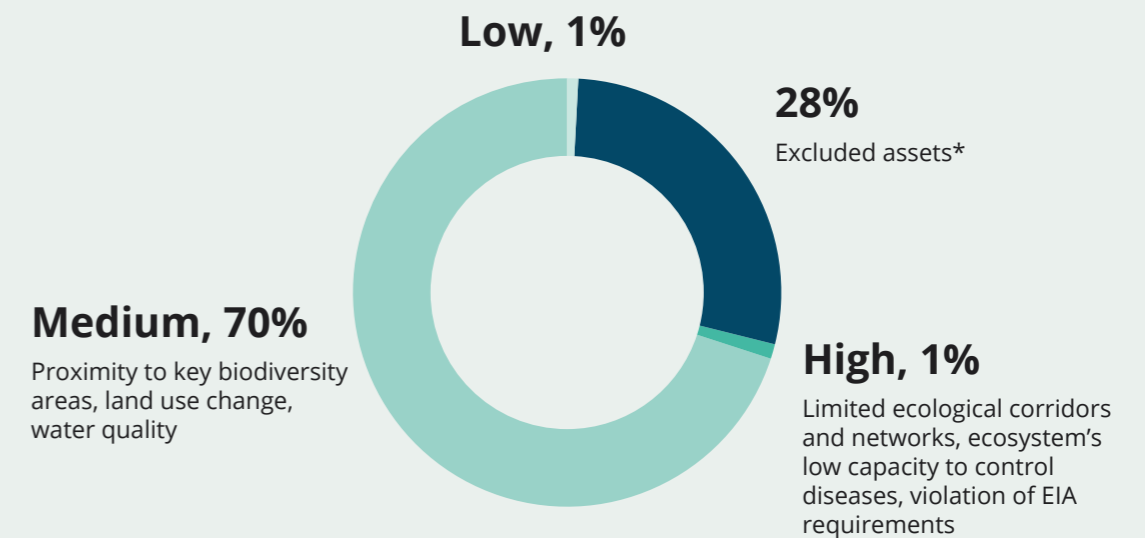
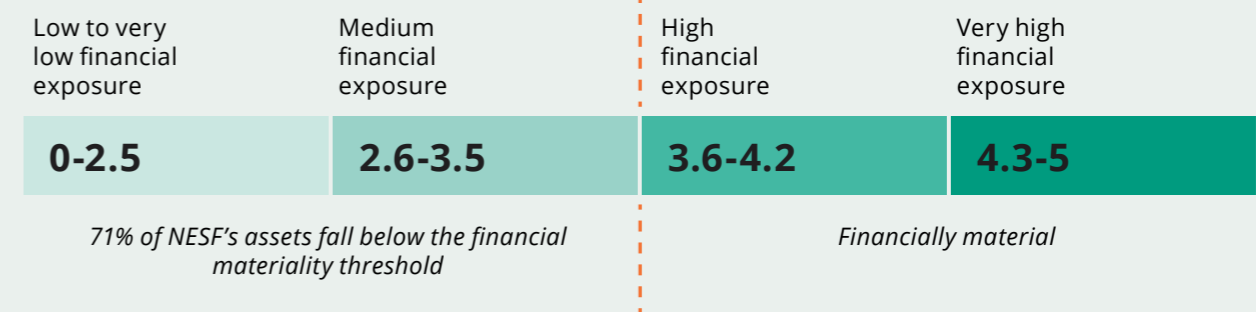
This modelling fed into the analysis of the potentially material nature-related risks and opportunities included in Tables 5 and 6. It also feeds into the identification of mitigation measures to build the resilience of NESF's portfolio to potential future nature risks, as detailed in **Section 3.3**.

Figure 4 demonstrates that only 1% of NESF's assets are exposed to a material (high or very high) level of nature-related financial risks, including limited ecological corridors and network delimitation. 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.



Figure 4: NESF nature risk exposure¹²

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, only 1% of its assets exhibit a nature-related financial risk greater than 3.5.



*See Technical Annex: Reporting Boundaries

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

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

Table 5

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

Nature-related direct operational risks and opportunities, including decommissioning

Table 6

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

2.2.3. People risks, impacts and opportunities

In line with its Sustainable Investment Policy, NESF conducts people-related risk and opportunity assessment throughout the asset lifecycle. The assessments are based on three focus topics underlying the People priority area of the Company's Sustainability and ESG Framework.

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

Table 7

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

People-related direct operational risks and opportunities, including decommissioning

Table 8

Type	Description	Risks and opportunities
Human rights	Labour conditions, modern slavery, and non-provision of fair employment practices across operations and maintenance activities.	<p>Risk: Adverse human rights impacts, compliance and reputational risks, and potential damage to social licence to operate.</p> <p>Opportunity: Good working conditions help ensure compliance and manage personal safety and security.</p>
Community engagement	Community grievances.	<p>Risk: Damaged community relationships, opposition to new development, and reputational damage.</p> <p>Opportunity: Engaging communities throughout asset lifecycle and supporting local initiatives builds trust in operational areas.</p>
Health and safety	Onsite medical incidents during maintenance works, and theft of solar and storage materials.	<p>Risk: Reduced employee and/or contractor health and wellbeing, reputational risk, cost of equipment replacement, and reduced revenue from operational downtime.</p> <p>Opportunity: Controlling construction and other onsite risks increases personnel security and reduces legal risk.</p>
Diversity, equity and inclusion	Personnel and workplace practices for relevant employees and contractors.	<p>Risk: Negative morale causes high staff turnover and reputational risk.</p> <p>Opportunity: Inclusive working environment improves staff retention and company image.</p>

2.3 Strategic response

NESF has established comprehensive strategies to avoid and reduce negative climate and nature impacts in line with the mitigation hierarchy (Figure 5). The Company also incorporates relevant people considerations as outlined below. **Section 3** describes how NESF integrates the strategies into its risk management process.

2.3.1 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. The Company does so according to the Climate Transition Plan detailed on pages 64-65.

2.3.2 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. The Company does so through its dedicated Approach to Nature. The Approach is aligned with the TNFD, and

includes a roadmap that converts its commitments into actionable targets intended to be achieved by 2030. These are detailed in **Section 4.3**.

Figure 5: Mitigation Hierarchy



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 formal assessment was conducted during the year ended 31 March 2025. A subsequent internal review as at 31 March 2026 has confirmed that the Company's geographic footprint and nature interface remains stable. Consequently, the 2025 analysis continues as a materially accurate

representation of NESF's priority locations. These are provided in Figure 6, followed by an explanation of the processes used to identify them.

Priority locations for nature: supply chain

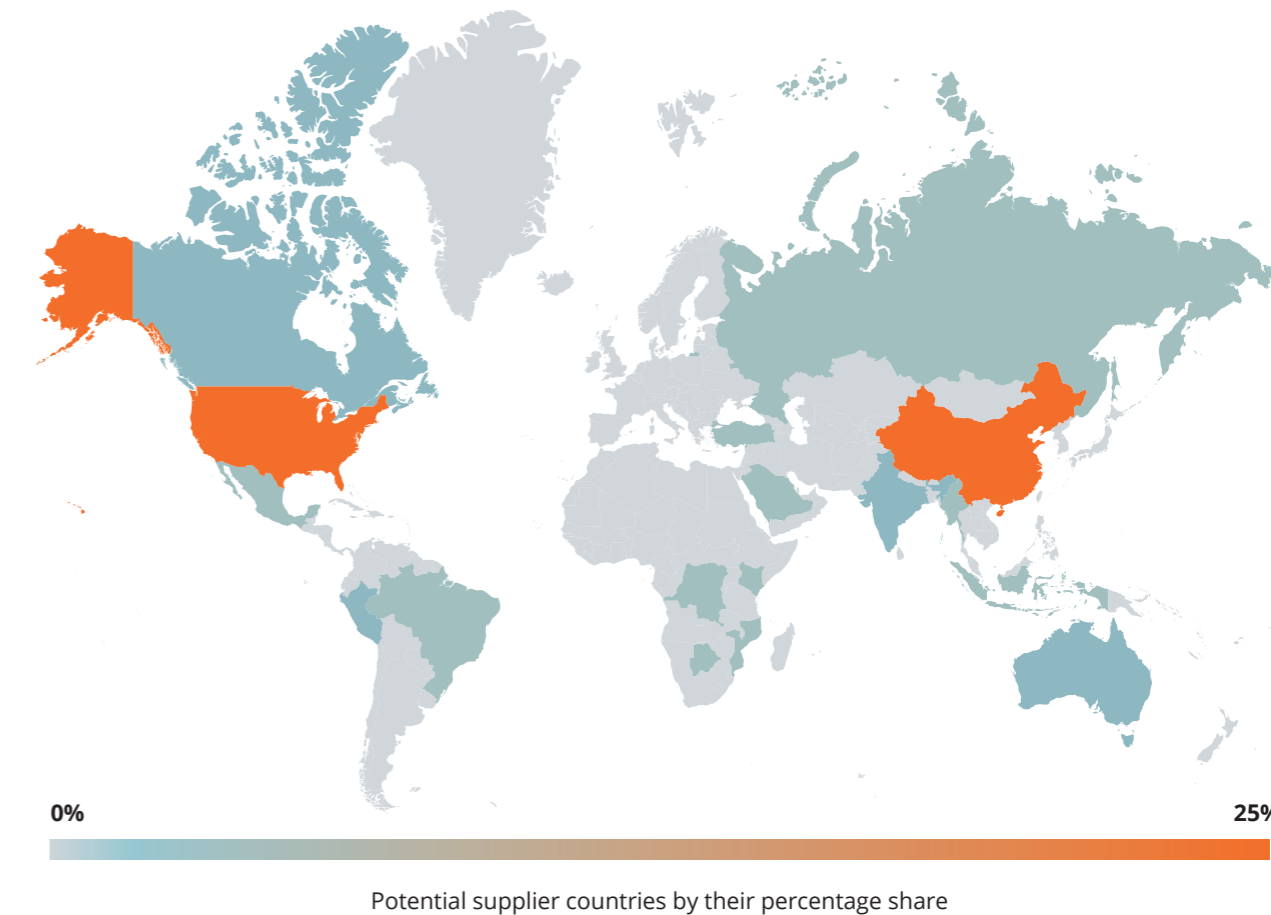
Supply chains are complex and often opaque, particularly for commodities such as oil and gas, which are traded globally and blended from multiple sources. Potential exposure is estimated on available data, but actual sourcing may vary due to intermediaries, market dynamics, and re-exports. Information on raw material origins beyond direct

suppliers will be refined as NESF's stewardship and traceability workstreams progress.

Site prioritisation methodology: supply 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.

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



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 Science Based Targets Network (SBTN) designated 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. Figure 6 shows the most sensitive upstream locations, which the Company is now

targeting 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 4.4](#).

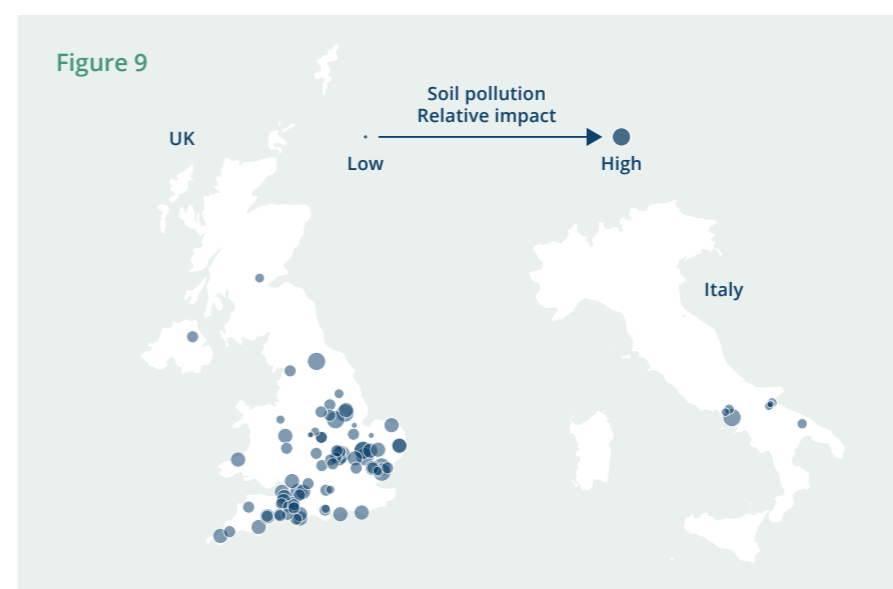
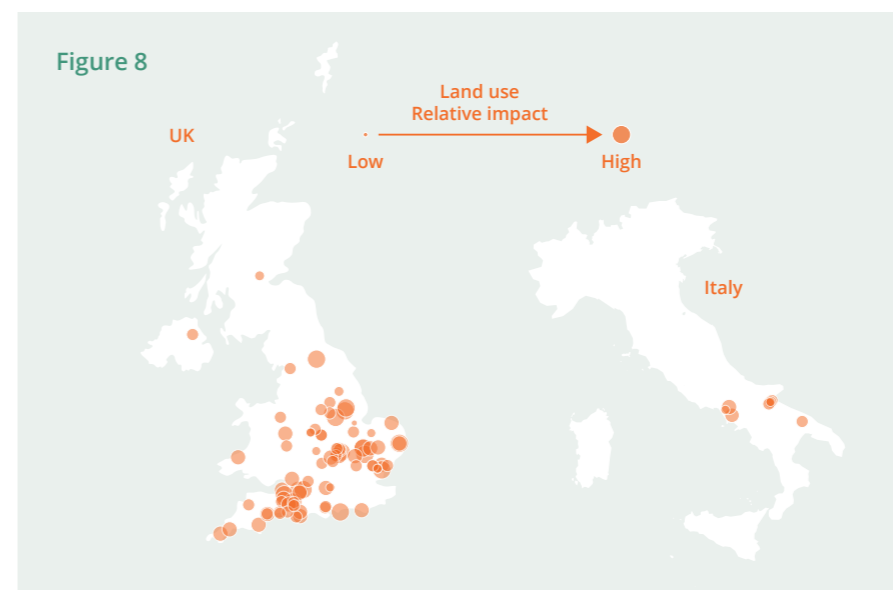
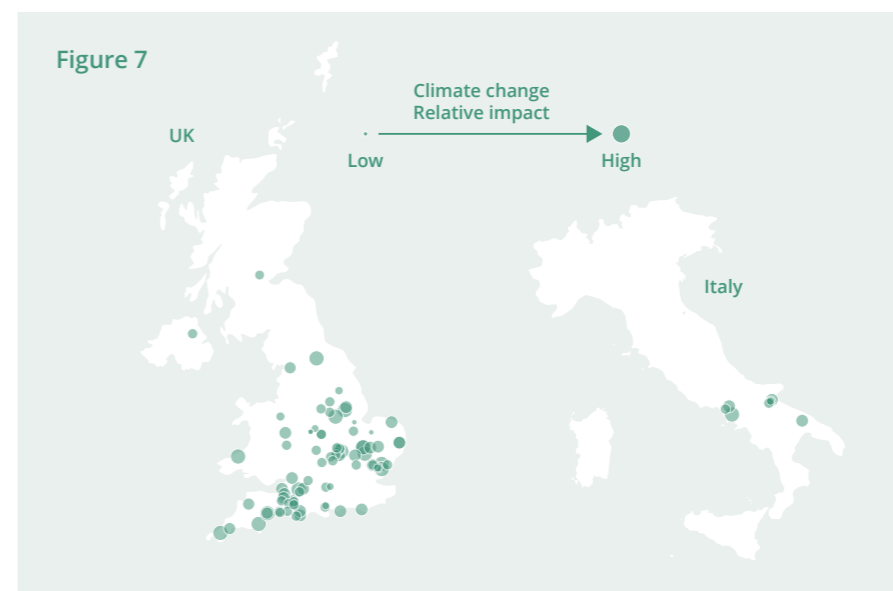
Priority locations for nature: direct operations

Figures 7, 8, and 9 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.

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. NESF is now targeting action to improve nature based on this ranking. During the reporting period, NESF also completed a nature-based Lifecycle Assessment (LCA) to obtain data-driven insights into the impact of its value chain on nature.





Nature-based Lifecycle Assessment

NESF has completed a cradle-to-grave LCA based on two photovoltaic plants and one energy storage system (BESS), located in different geographies. This selection means the LCA covers the diversity of its portfolio and supports the extrapolation of results across the wider asset base. The LCA was conducted in alignment with internationally recognised standards, including ISO 14040 and ISO 14044, ensuring methodological robustness and comparability.

The assessment measures a range of core indicators aligned with TNFD core metrics as well as relevant sector-specific metrics across all

lifecycle stages, from raw material extraction through to end-of-life. By integrating primary asset-level data and high-quality secondary datasets, the analysis provides a comprehensive view of environmental interactions, including land use intensity, pollutants, high-risk commodities, resource consumption, and emissions.

The results of the LCA have been embedded into an iterative analytical approach. This means NESF can calculate and update Company-wide impacts over time. By linking asset-level LCA outputs to a central Company-wide model, the approach allows impacts to be recalculated

as the composition of the portfolio changes, including through asset acquisitions, disposals or changes in operational status. This provides a robust, scalable baseline to inform TNFD-aligned disclosures, including the identification of impactful and priority value chain stages and the tracking of performance over time.



2.3.3 People

NESF assesses, evaluates and identifies potential response actions to people-related topics as part of its asset-level and supply chain due diligence when considering potential transactions, and as part of its asset management. Its response actions are guided by its Sustainable Investment Policy and other Sustainability Policies. These include its **Human Rights Position Statement** and **Code of Conduct for Suppliers**. They are

situated in the context of international frameworks including the United Nations Guiding Principles on Business and Human Rights (UNGP), the OECD Guidelines on Multinational Enterprises, and the Equator Principles. In line with the principles and requirements of the UK Modern Slavery Act, NESF also publishes an annual Modern Slavery Statement which details the steps it takes to identify and manage modern slavery and human rights risks.

NESF's community impact approach focuses on maximising local involvement in project planning, development and operations, while investing directly in communities through its SPVs and charitable giving via donations made to the **NextEnergy Foundation**. The Company also continues to advance diversity, equity and inclusion across the renewable energy sector. For more information see **Section 4.5**.

Energy storage supply chains

NESF's Investment Adviser is a signatory to the **UK solar industry supply chain statement** and **US Solar Industry Forced Labor Prevention Pledge**. In May 2025, the Investment Adviser further strengthened its position and joined other industry members in a **statement** condemning the use of forced labour in the global lithium-ion energy storage supply chain. The statement was coordinated by the Electricity Storage Network, of which the Investment Adviser is a member, and calls for rigorous due diligence and alignment with international standards, such as the UNGP.

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



2.4 Transition risks and opportunities across jurisdictions

NESF has undertaken analysis of country-specific transition and sustainability and ESG risks and opportunities. These are outlined below. The Company's Investment Adviser proactively monitors these and engages with policymaking and related processes affecting the energy transition, including by attending government and regulator forums, submitting responses to consultations, inquiries and calls for evidence, and participating in conferences and events.

2.4.1 Policy and legal

Operational

Current and proposed energy policies could impact NESF's operations, costs, and routes to market. Both the UK and Italy, where the majority of NESF's assets are located, have

set or reaffirmed targets to increase the share of renewable energy in their electricity mix, including as a result of fossil fuel-generated market instability in the reporting period.

In the UK, the Government has continued to consent to new large-scale solar projects, and in response to the conflict in the Middle East which began at the beginning of 2026, explicitly stated its intent to accelerate the deployment of renewable energy. However, during the reporting period the UK Government announced disappointing changes to the subsidy schemes which provide support to some of NESF's assets, and it has also created uncertainty in recent years through processes intended to reform electricity market structures.

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, although it has also introduced restrictions on the deployment of solar on agricultural land. During the reporting period members of the Italian Government indicated their desire to make changes to the European Union's Emissions Trading Scheme, which could affect power prices and create additional market volatility.

Supply chain

Physical supply chains are directly relevant to NESF's investments in real assets. By volume, the majority of the solar panel supply chain, in particular, is based in China and other parts of

Asia. This creates geographic and commercial concentration risk, including if the governments of manufacturing countries impose export restrictions, or if the UK, Italian or other governments where NESF needs to install or replace equipment impose import restrictions. Other supply chain risks could include new compliance requirements, and increased scrutiny of solar component sourcing, particularly regarding human rights concerns. Delays to new or replacement parts could occur should shipping be disrupted as a result of conflict, international health restrictions such as those linked to the Covid pandemic, or one-off events (such as the blocking of major trade routes).

Solar and energy storage supply chains present a range of opportunities, particularly if governments in jurisdictions where NESF has or might acquire assets aim to increase relevant manufacturing capacity. This could include subsidy or other support for generation assets that procure from domestic

supply chains. Local procurement would reduce concentration risk and provide lower transport, custom and associated logistics costs, as well as reputational benefits.

2.4.2 Technological

The continued evolution of the energy transition will present technological opportunities, including those reflected in the Company's Strategic Reset. By integrating energy storage alongside its existing portfolio, NESF could capture additional revenue streams, improve asset optimisation, and support grid stability, supporting policy goals to generate an increasing share of power from sources that do not rely on fossil fuel markets.

Increases in the technological efficiency of solar modules and other equipment may also continue as the industry matures, while circular economy frameworks could offer economic benefits through formalised panel recycling programs. As the first generation of solar projects

begins to be decommissioned at the end of their life – and should NESF engage in this sooner as part of any repowering associated with its Strategic Reset – then there will be potential opportunities to create value from materials recovered as part of recycling.

As systems become increasingly digitised, solar and energy storage assets face a heightened exposure to cyber security risks, including the potential for unauthorised access or disruption to operations. NESF's Investment Adviser, through its dedicated Technology & Digital Services team, is overseeing the adoption of digital innovation while implementing robust security controls to protect sensitive data and meet regulatory and cyber security requirements.



Stakeholder engagement

NESF benefits from the extensive involvement of its Investment Adviser in UK and international industry action to drive a more responsible solar industry. The Investment Adviser's ESG team and other 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.



Investment Adviser memberships and initiatives

During all or part of the year ended 31 March 2026.

UK Solar Taskforce

- NextEnergy Capital's CIO, Ross Grier, is a member of the UK Government's Solar Taskforce.

Solar Energy UK (SEUK)

- NextEnergy Capital's Lead on Nature is a member of the Natural Capital Steering Group.
- NextEnergy Capital's Supply Chain ESG Lead is a member of the Responsible Sourcing Steering Group.

Solar Stewardship Initiative (SSI)

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

UN Principles for Responsible Investment (UN PRI)

- NextEnergy Capital's Nature Lead is a member of the Nature Reference Group.
- NextEnergy Capital's Senior ESG Climate and Strategy Associate is a member of the Climate Reference Group.
- NextEnergy Capital's Senior ESG Climate and Strategy Associate and an ESG Associate are members of the Sustainable

Systems Investment Managers Reference Group.

The Investment Adviser is also a member of or supports:

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

Nature positive investments



solar value chain. It focused on current practices for integrating nature into business strategy, access to reliable data, and the operational challenges of applying nature related indicators at asset and portfolio level. The workshop also examined early experiences of TNFD reporting, and the implications for risk management, governance and stakeholder expectations.

NESF has used insight from the session to inform its internal approach to nature-related assessment and reporting, and to strengthen the Company's understanding of physical risks and future regulatory developments. It will help ensure that NESF's work supports the continued growth of renewable energy and the protection and restoration of biodiversity.

During the reporting period, NESF continued its participation in a research collaboration with its Investment Adviser, the University of York, and Lancaster University: **Finance & Investment in Nature Positive Energy (FINE)**. The project, financed by the UK Research and Innovation fund, is dedicated to identifying nature positive investment opportunities in solar assets, and to support the development of clear and practical methods for integrating biodiversity into financial and investment decision making.

In May 2025, FINE hosted its third workshop on Reporting and Disclosures for Nature Positive Solar. The event included participants from across the



2.4.3 Market

Concerns about conflict and climate change grew during the reporting period, and while government positions have been mixed, renewable energy continues to be supported for its potential ability to provide consumer price stability in the context of broader geopolitical volatility. Corporate buyers may also seek to procure more renewable energy through Power Purchase Agreements and other mechanisms to manage energy costs and meet sustainability goals.

However, the acceleration of renewable energy deployment could also disrupt NESF's revenue by altering the dynamics of electricity supply and demand such as, for example, if there is an increase in the number of negative price hours or curtailed generation in countries including Spain, to which NESF has exposure via its share in NEIII. Increasing

climate and nature-related regulation, changing consumer expectations, and geopolitical changes could also affect fossil fuel, renewable and other energy markets.

2.4.4 Reputational

Investor, regulatory and broader stakeholders are increasingly aware of the risks of greenwashing and greenhushing, through fraud or error. NESF adopts strong governance and risk management to mitigate these risks. It also seeks third-party recognition of the Sustainability and ESG Strategies it develops and implements, such as the Natural Capital Fund designation.

In addition, the Company voluntarily aligns its disclosures with frameworks such as the ISSB and TNFD, and takes all action needed to retain its EU SFDR Article 9 status. By demonstrating transparency and accountability, the Company aims to strengthen its

credibility with government officials and regulators, investors, clients, academic and other research groups, and the media.

NESF recognises that maintaining its social licence to operate presents a key opportunity, while any negative impacts on local communities may pose risks to future project approvals. Its community engagement initiatives, such as partnering with schools and supporting nature enhancement efforts, are intended to help build trust with stakeholders in the areas where it operates.

NESF's commitment to sustainability extends beyond its direct operational activities. The Investment Adviser's stakeholder engagement, outlined on page 38, demonstrates the Company's leadership in driving the renewable energy transition and further enhances its reputation as a responsible investor.



Hook Valley

Somerset
15.3MW

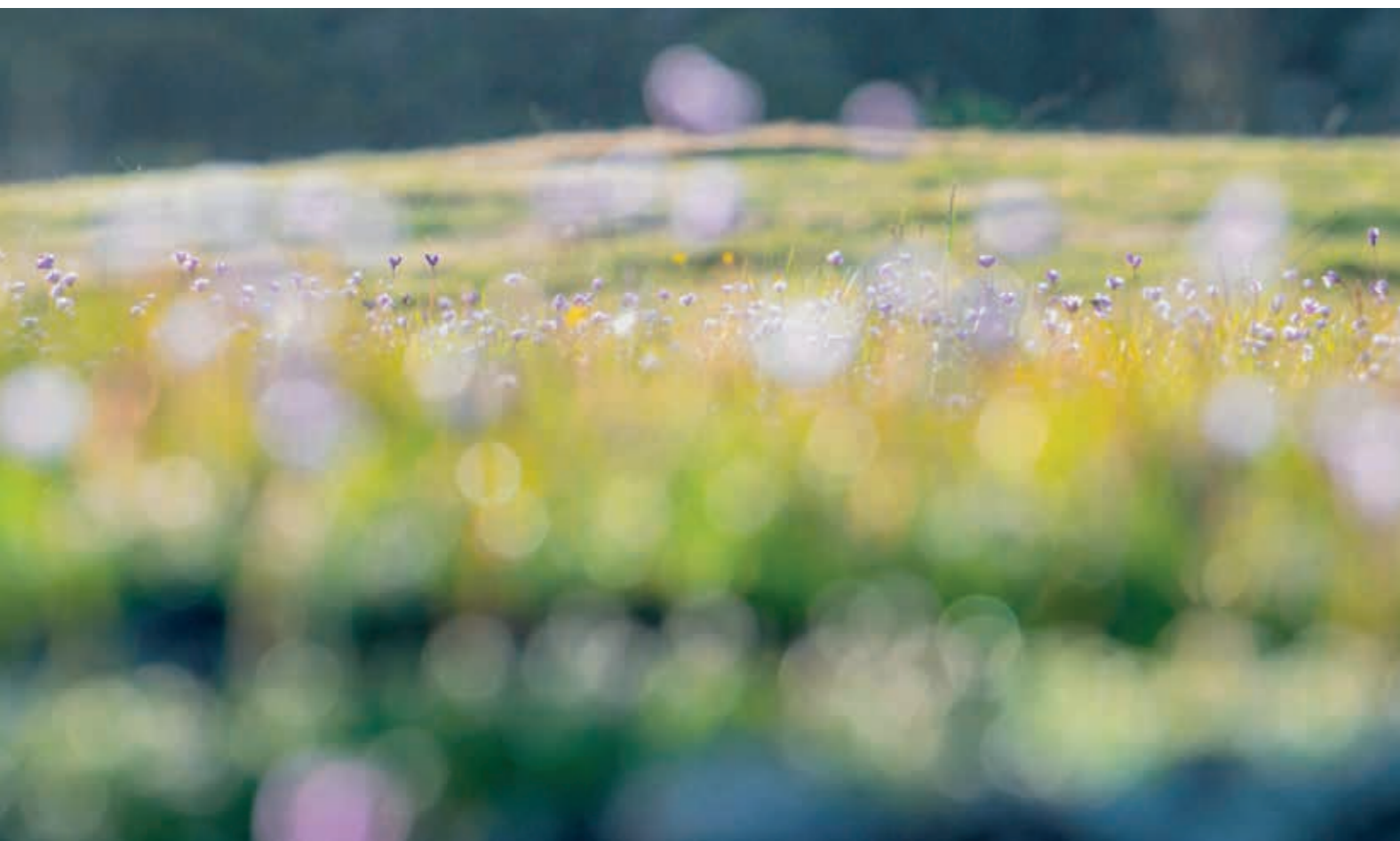
2.5 Interdependencies

NESF's Sustainability and ESG Strategy and supporting Framework reflects the interdependencies between the topics outlined in the previous sections and the internal and external context in which the Company operates. Key interdependencies 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 owns and operate assets, and from those which the Company sources equipment, services and raw materials.
- **Innovation:** including the technological efficiency of solar PV and energy storage 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.
- **Society:** the social and political context in which NESF operates, including public perception and the social licence to operate of renewable energy companies.
- **Technological change:** including the emergence of artificial intelligence, the increasing digitalisation of the energy sector, and cybersecurity

and data risks potentially associated with these.

NESF proactively monitors and maps these and emerging climate, nature and people interdependencies, ensuring they are incorporated into its due diligence and asset management processes, and its broader risk management, as per [Section 3.4](#). Doing so means it can respond to market and other signals ahead of time, building organisational resilience and agility. The Investment Adviser ensures interdependencies and all other relevant sustainability and ESG issues are raised to the Board via quarterly and ad-hoc reporting. The ESG Committee considers issues in detail, ensuring the Board incorporates sustainability and ESG in NESF's strategy and decision-making.



2.6 Trade-off considerations

NESF examines potential trade-offs involving sustainability and ESG-related risks and opportunities. These are assessed during the due diligence process and presented where relevant at the Investment Adviser's Investment Committee for NESF, to inform decisions on major expenditure, acquisitions, and divestitures. NESF's Sustainability and ESG Framework also informs the alignment of operational decisions as part of the asset management process.

Sustainability is a central priority for NESF, a commitment which it intends

to maintain through its Strategic Reset. However, consistent with the fiduciary duties of the Company's Board, financial impacts are a fundamental driver of decision-making. NESF therefore actively considers whether and how best to proceed with sustainability and ESG activity where it could create long-term value but involve short-term costs.

For example, enhanced due diligence procedures such as supply chain audits, or implementing nature commitments including offsetting and restoration, could mitigate reputational damage or the risk of

regulatory penalties. However, they might also increase operational expenses. Similarly, procuring components with lower embodied carbon could reduce the Company's climate impact and future cost of compliance, but imply higher capital expenditure. When capital is constrained NESF cannot necessarily make the most sustainable decisions possible, and the Company therefore aims to make balanced decisions that support the long-term resilience of its business, while advancing activity in line with its sustainability and ESG objectives.

2.7 Resilience of strategy

The Board considers that the development of NESF's Sustainability and ESG Strategy and strategic response provides a high degree of resilience to sustainability and ESG-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.

The Company's ongoing work to assess and understand other sustainability and ESG-impacts and dependencies, and integrate these into decision-making processes, demonstrates its commitment to further increasing the resilience of its strategy. This includes the publication of its first Climate Transition Plan during the reporting period, and the due diligence and stewardship NESF

performs to help manage supply chain issues.

Coupled with its financial flexibility and adaptable business model, the Company's Sustainability and ESG Strategy positions it to navigate the challenges and opportunities presented by the transition to a more sustainable and energy secure future.





03

Risk & opportunity management

3.1. Risk and opportunity 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 proprietary ESG Action Plan (**ESGAP**) tool to assess potential assets where these are being considered for acquisition. Each assessment is performed in line with the NESF Sustainable Investment Policy, and topic-specific Position Statements and policies. The assessment leads to an asset-specific ESGAP to develop opportunities and mitigate potential risks, with a focus on those which may be financially material. The findings from the assessment are presented to the Investment Adviser's Investment Committee for NESF, for consideration of the financial impact before any acquisition is approved. Outputs from the assessment are then used to define contractual obligations with the Engineering, Construction & Procurement (**EPC**) and Operational & Maintenance (**O&M**) contractors to ensure relevant mitigations are implemented on-site.

As each of the Investment Adviser and NESF continues to evolve their sustainability and ESG approaches, the tool will develop to reflect changes. NESF is developing and extending the use of the ESGAP to provide ongoing assessment of all its assets, including those acquired prior to the development of its dedicated approaches to nature and climate.

3.1.1 Climate

NESF has established criteria for climate-related physical and transition risks and their potential financial and operational implications, as described in **Section 2.2.1**. Where climate-related exposure is identified, assets are reviewed for resilience measures or mitigation opportunities, and updates are made to the assessment for an asset.

NESF has also carried out baseline and dependency mapping of its Scope 2 and 3 emissions and potential approach to decarbonisation to identify and prioritise the Company's most material climate impacts. More information on this is provided in **Section 4**. For this reporting period, the decarbonisation dependency analysis has been updated to reflect new policies development and more specific supplier data, which represents a meaningful improvement in data quality compared to the general LCA data used in prior years.

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

3.1.2 Nature

As described in **Section 2.2.2**, 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. NESF also conducts an in-depth analysis of dependencies and impacts on nature across its upstream raw materials and high-impact commodities as outlined on pages 31-32. Where nature-related exposure is identified, assets are reviewed for resilience measures through mitigation or restoration opportunities, and updates are made to the assessment for an asset.

NESF reviews the quality and completeness of the data used on a rolling basis, distinguishing between asset-level datasets, supplier-provided information and proxy data. Improvements are made when possible based on the availability of enhanced spatial datasets, increased supplier traceability, and site-specific biodiversity baselines. These are updated with a prioritisation plan to increase data granularity and location-specificity over time.¹³

3.1.3 People

Human rights

NESF monitors human rights, modern slavery and exploitative employment practices risks across its operations and supply chains. The Company addresses these risks through rigorous supplier due diligence, using proprietary assessment tools, and requiring that relevant partners and counterparties adhere to international standards, its Supplier Code of Conduct and its responsible sourcing expectations.

Community engagement

NESF identifies sensitivities relating to the potential impacts of its assets on local communities. While NESF's assets do not currently overlap with or sit in close proximity to Indigenous communities, the Company recognises that, where community engagement is identified as a sensitivity, the principles of Free, Prior and Informed Consent (**FPIC**) are respected. NESF implements and monitors mitigation measures throughout the investment, construction and operational phases.

Health and safety

The Company's Health and Safety Management System (**HSMS**) demonstrates a commitment to protecting the health and safety of individuals working on NESF assets. It is supported by comprehensive contractor management procedures designed to ensure that NESF assets are operated safely and efficiently. Material incidents or events are recorded and fed into Investment Manager reports which the Board receives.

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

During the reporting period, the Company updated and implemented a new standardised approach for pre-qualification of contractors. This ensures a consistent process for verifying that the Company's contractors have appropriate competencies for the activities they undertake across the portfolio. The approach also includes independent,

third-party reviews of contractor health and safety competencies and management systems, offering further assurance regarding working practices and their ability to manage risk.

Diversity, equity and inclusion

NextEnergy Group carries out regular staff surveys and incorporates feedback into its workplace management. In November 2025, NextEnergy Group held its first NEXTogether session for its companies, including NESF's Investment Adviser. NEXTogether is a deep-dive series focused on opening reflection, practical discussion, and a shared understanding of what inclusion and diversity means for employees. The series explores inclusion across gender, neurodiversity, LGBTQ+, age, race, and disability and aims to provide actionable takeaways to incorporate into the operations and risk management of the Group's companies.



Condover
Shropshire
10.2MW

¹³ As NESF continues to enhance data quality, traceability and location-specificity, nature-related metrics may be refined or recalculated in future reporting periods. Year-on-year changes may therefore reflect improved data availability or methodological updates, rather than underlying changes in ecological condition or performance.

Supply chain risk management

As an investor in real assets, NESF is dependent on the physical supply chains which extract raw materials and then manufacture and deliver plant and machinery. NESF and its Investment Adviser have developed

significant expertise in assessing and managing risks associated with these processes, including sustainability and ESG-specific issue identification, contracting, auditing and stewardship throughout the solar value chain.



Procurement

- **Due diligence:** NESF carries out extensive pre-qualification assessment of potential suppliers. This is focused on solar-specific parts of the value chain, including module, BESS and inverter manufacturers, where relevant, and EPC and O&M contractors. NESF's due diligence is based on its Investment Adviser's Responsible Supply Chain Approach and is updated on a regular basis to address emerging supply chain issues.
- **Contracting:** NESF procures where possible under framework agreements negotiated by its Investment Adviser. This means that it is able to implement sustainability and ESG risk controls based on its bespoke assessment of risks and opportunities, and use its collective buying power to drive the highest standards possible.



Quality control and auditing

Checks and audits: As part of its quality control processes, NESF commissions traceability reports to verify the provenance of key raw materials, and consolidates data from BOMs and other component documentation.



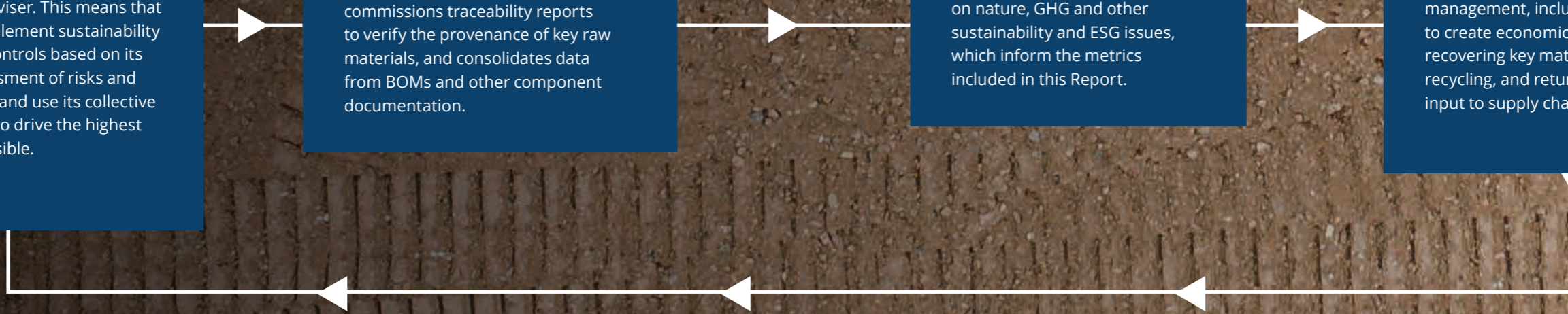
Impact analysis

Analysis: based on this data, NESF carries out detailed analysis to assess its impacts on nature, GHG and other sustainability and ESG issues, which inform the metrics included in this Report.



Circular economy

Decommissioning: NESF has initiated a workstream to develop its approach to responsible end-of-life management, including the potential to create economic value from recovering key materials as part of recycling, and returning these as an input to supply chains where possible.





3.2. 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 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.

NESF conducts annual climate modelling to identify asset exposure to physical climate risks and assess resilience and financial impacts at portfolio level. NESF's nature-related risk is prioritised according to TNFD definitions and risk classification methodologies. Risk is determined based on the percentage of 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.¹⁴

NESF takes a risk-based approach to performing equipment supplier and contractor assessments prior to investment or works, informed by the the supply chain risk management approach described on pages 48-49. This includes action to protect against human rights abuses, and understand and address nature and climate-related impacts.

3.3. Management of risks and opportunities

As described in **Section 2.2**, NESF has identified specific material sustainability and ESG-related risks and opportunities in line with the

requirements of the ISSB and TNFD. NESF takes an integrated approach to managing and responding to these and its broader risks and

opportunities. Its response actions are outlined in Table 9 on the following page.

¹⁴ SBTN Step 1b (Interpreting and Prioritising) involves evaluating the state of nature and the importance of ecosystem services across a company's direct operations and value chain to identify priority locations for action.



Bilsthorpe
Nottinghamshire
5.0MW

Table 9: Description

Physical risks	Acute	<ul style="list-style-type: none"> Extreme weather events (flooding, water stress, heat stress) impact the physical integrity of assets, site maintenance and operational performance, or cause immediate loss of ecosystem services. Natural disasters affect material extraction, transportation, and communities in the supply chain. 	<ul style="list-style-type: none"> Short-term water stress impacts ecosystems and communities and operational performance. 	
	Chronic	<ul style="list-style-type: none"> Long-term climate impacts affect stability and performance of solar assets in disaster-prone areas. Climate and nature-driven impacts on supply chain efficiency and resource availability due to environmental degradation. Increased maintenance costs, operational disruption, and damaged infrastructure due to climate-related impacts on equipment. Gradual ecosystem degradation due to overuse and contamination of land and water resulting in quality reduction, resources scarcity, remediation needs, and related impacts on local communities. 		





Management and response action

<ul style="list-style-type: none"> 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. Creation of asset-specific climate and nature adaptation measures and consistent monitoring of physical risks across the portfolio, including 	<ul style="list-style-type: none"> implementation of integrated measures to enhance biodiversity and dual-use land management, such as grazing, and prioritisation of sites in or close to degraded ecosystems for the implementation of NMPs. Dynamic monitoring of weather conditions at site and contractor planning. 	<ul style="list-style-type: none"> Establishment of targets to prevent intervention in or conversion of natural ecosystems in future acquisitions, alongside the screening of all new acquisitions to ensure the protection of natural and sensitive ecosystems, supported by enhanced supply chain traceability, due diligence, and the organisation of 	<ul style="list-style-type: none"> workshops with technical experts to identify risk mitigation strategies. Use of water efficient approaches during construction, and improving operational water management including adopting more efficient or waterless panel cleaning.
<ul style="list-style-type: none"> Scenario analysis conducted for climate warming scenarios based on IPCC shared SSPs. Implementation of integrated measures to enhance biodiversity and land management across assets, including dual land-use measures, such as grazing, and the establishment of wildflower meadows to support ecosystem health. Mapping and analysis of material dependencies and emissions in the supply chain to identify pathways to decarbonisation. Engagement with suppliers to raise awareness and resilience and support supplier diversification. Implementation of the Sustainable Investment Policy and approach to responsible supply chain management to ensure the Company supports 	<ul style="list-style-type: none"> industry-wide action, drives best practice, and benefits from the expertise of other supply chain professionals. Implementation of procurement processes which identify sensitive raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications. Initiation of a nature-based LCA to identify impact hotspots across different supply chain stages, with remediation targets to be set based on the findings. Active participation in industry initiatives to support sustainable and ethical sourcing. Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of 	<ul style="list-style-type: none"> 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 a contractual ESG Schedule for EPCs and contractors to strengthen oversight and participation in industry initiatives. Proactive asset management practices by NESF's Asset Manager, and investment in technologies to improve operational efficiency. Implementation of NMPs for all sensitive and priority sites, prioritising ecosystem restoration and nature-based solutions in highly degraded areas. Dual land-use measures, such as natural meadows that support hydrological regulation, incorporated into asset ESG Action Plans. 	<ul style="list-style-type: none"> Formal commitment to support nature restoration through a 30x30 Restoration Target, prioritising restoration opportunities in highly sensitive or highly degraded ecosystems located in proximity to assets. Use of bespoke due diligence processes to prevent interventions in sensitive areas, biodiversity hotspots, or locations that could impact local communities. Stakeholder engagement to involve communities where they may be affected. Application of a mitigation hierarchy to avoid, minimise, mitigate, and restore affected ecosystems and ecosystem services. Adoption of a No Conversion of Natural Ecosystems target to ensure that future acquisitions and supply chain activities do not impact natural ecosystems.

Transition Risks	Policy Risk	<ul style="list-style-type: none"> Regulatory changes that expand carbon taxes to include solar and energy storage assets or materials result in increased import costs, price fluctuations, and project delays due to supply chain, shipping or decommissioning issues. Planning processes and grid connectivity issues, including uncertainty around electricity and other market and policy reforms 	<ul style="list-style-type: none"> (particularly in the UK), affect new or existing assets. Supply chain disruption linked to environmental policy, including mining restrictions, traceability requirements, and conflict mineral controls affecting energy storage and component sourcing, which can reduce material availability and increase compliance pressure. 	
	Market Risks	<ul style="list-style-type: none"> Shifts in power markets or supply chain disruption due to political or climate events and tariffs. 		
	Technology Risks	<ul style="list-style-type: none"> Rapid advancement of alternative low-carbon technologies disrupt existing solar energy assets. 	<ul style="list-style-type: none"> Changes in the costs of competing technologies affect the competitiveness of solar power. 	
	Reputational Risks	<ul style="list-style-type: none"> Risks of greenwashing and greenhushing (overstating or understating sustainability credentials). Reputational risks arise from perceptions of contributing to unsustainable land management, proximity to sensitive areas, and poor environmental management near disposal sites, as well as concerns from 	<ul style="list-style-type: none"> local communities regarding land use and biodiversity. Reputational risks stemming from human and labour rights issues, including the displacement of communities, local conflict, and concerns from local communities about the impact on their rights and livelihoods. 	
	Liability Risks	<ul style="list-style-type: none"> Risk of failure to fulfil corporate responsibilities, including non-compliance with environmental standards and conflicts with local 	<ul style="list-style-type: none"> communities, resulting in legal litigation and financial penalties. 	

<ul style="list-style-type: none"> Work to enable the procurement of lower-carbon components including development of a Climate Transition Plan and net zero strategy with detailed decarbonisation priorities. Alignment of internal emission reduction targets with the Science Based Targets Initiative (SBTi). Detailed supplier engagement to map progress against priorities and net 	<ul style="list-style-type: none"> zero manufacturing capacity. Initiation of a dedicated decommissioning workstream. Proactive engagement with authorities on policy development processes. Implementation of robust governance mechanisms and voluntary alignment with IFRS S1, IFRS S2 and TNFD. 	<ul style="list-style-type: none"> Implementation of the Sustainable Investment Policy and approach to responsible supply chain management, including support to industry initiatives, to drive best practice and benefit from the expertise of other supply chain professionals. Implementation of procurement processes which identify sensitive 	<ul style="list-style-type: none"> raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications. Ongoing support to industry supply chain initiatives, and development and implementation of bespoke energy storage supplier due diligence tools.
<ul style="list-style-type: none"> Ongoing government policy monitoring and engagement, including via relevant trade and industry associations, alongside 	<ul style="list-style-type: none"> the diversification of the portfolio with energy storage assets. Development and implementation of a specific approach to supply 	<ul style="list-style-type: none"> chain sustainability including climate. Support to industry initiatives to drive best practice. Implementation of procurement processes that identify 	<ul style="list-style-type: none"> sensitive raw material sourcing locations, potential remediation measures, and requirements for third-party supplier certifications.
<ul style="list-style-type: none"> Investment in energy storage projects to complement the solar generation portfolio and provide 	<ul style="list-style-type: none"> additional revenue streams and flexibility. 		
<ul style="list-style-type: none"> Implementation of strong governance and risk management approaches to maintain transparency through comprehensive reporting aligned with leading frameworks. Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of targets to improve Tier 1 traceability by 2027, supported by supplier due 	<ul style="list-style-type: none"> diligence, and contractual and audit risk controls. Use of a contractual ESG Schedule for EPCs and contractors to strengthen oversight. Participation in and support to industry initiatives. Establishment of targets to prevent intervention in or conversion of natural ecosystems in future acquisitions. 	<ul style="list-style-type: none"> Prioritisation of sites in or close to degraded ecosystems for the implementation of NMPs. Initiation of an end-of-life workstream, and the Investment Adviser's support to initiatives including the SSI. Implementation of the Sustainable Investment Policy and approach to responsible supply chain 	<ul style="list-style-type: none"> management. Participation in industry initiatives to support sustainable and ethical sourcing. Creation of a formal commitment and plan to support nature restoration and responsible resource management across NESF's operations and supply chain.
<ul style="list-style-type: none"> Establishment of a comprehensive approach to supply chain and broader compliance, including traceability targets, supported 	<ul style="list-style-type: none"> by supplier due diligence, and contractual and audit risk controls. Use of a contractual ESG Schedule for EPCs and contractors 	<ul style="list-style-type: none"> to strengthen oversight and participation in industry initiatives. Prioritisation of sites in or close 	<ul style="list-style-type: none"> to degraded ecosystems for the implementation of NMPs.

People risks

Description		Management and response action	
Human rights	<ul style="list-style-type: none"> Human rights risks relating to the extraction and processing of the raw materials of solar and storage equipment, geographies with heightened risk of forced labour, unsafe working conditions, and weak labour protections. Modern slavery and exploitative employment practices during construction and operations. 		<ul style="list-style-type: none"> Establishment of a comprehensive approach to supply chain traceability, visibility, and sustainability. Setting of targets to improve Tier 1 traceability by 2027, supported by supplier due diligence, and contractual and audit risk controls. Use of a contractual ESG Schedule for EPCs and contractors to strengthen oversight. Participation in industry initiatives.
Community engagement	<ul style="list-style-type: none"> Land use, resettlement, and the rights of minority groups or Indigenous Peoples and community grievances. 		<ul style="list-style-type: none"> Implementation of the Sustainable Investment Policy and identification of sensitivities relating to the potential impacts of NESF assets on local communities.
Health and safety	<ul style="list-style-type: none"> Onsite medical incidents during maintenance works, and theft of solar and storage materials. 		<ul style="list-style-type: none"> Implementation of the Company's HSMS and comprehensive contractor management procedures.
Diversity, equity and inclusion	<ul style="list-style-type: none"> Personnel and workplace practices for relevant employees and contractors. 		<ul style="list-style-type: none"> Use of employee engagement surveys, internal workstreams including practical discussion and reflection, and involvement in external networks, such as Women in Solar Europe (WISEU).



3.4 Integration with overall risk management

The Investment Adviser’s ESG team works closely with its Investment team to evaluate financially material sustainability and ESG-related risks and opportunities, agree on mitigation measures, and present the findings to the Investment Adviser’s Investment Committee for NESF and the NESF Board, as relevant. This is complemented by the participation of the Investment Adviser teams in a

regular NESF forum, which facilitates cross functional consideration of financially material risks and opportunities alongside strategic and performance matters. This collaborative approach ensures that sustainability and ESG-related financial risks and opportunities are integrated in the overall risk management process and supports informed decision making.

The sustainability and ESG risk management 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.



Berwick
East Sussex
8.2MW

04

Metrics & targets

4.1. Climate-related metrics

NESF uses third-party experts to measure its GHG emissions and emissions avoided. The emissions are categorised based on their source following the GHG Protocol and the Partnership for Carbon Accounting Financials (PCAF) methodologies. Scope 3 emissions are further disaggregated by category. A summary of the emissions categories is shown in Figure 10. For more information, see the **Technical Annex: Emissions calculations**.

Table 10 provides NESF GHG emissions across Scopes 1, 2, and 3 for the year ended 31 March 2026, compared to the year ended 31 March 2025.

NESF does not have Scope 1 emissions because the Company does not directly own or control any onsite generators or equipment that combusts fuel or refrigerants.

The drop in Scope 2 location-based emissions in the year ended 31 March 2026 is attributable to a decrease in electricity consumption. The increase in Scope 2 market-based emissions is driven by a change of import electricity suppliers, which resulted in a change in the emissions factor allocation. Note that market-based emissions are more representative of Scope 2 emissions, as they reflect the actual emission factors associated with NESF's specific energy procurement choices rather than average grid emission factors and are, therefore, the emissions presented in Figures 11 and 12.

The significant decrease in Scope 3 emissions is primarily attributable to the drop in construction and supply chain emissions (Scope 3, Category 2). Construction emissions associated

with the Santarém asset (210 MWp) were fully recognised in the year ended 31 March 2025. The Category 2 emissions for the current reporting period comprise construction emissions from NESF's investment in NEIII, along with repowering emissions associated with a 4.7 MWp asset held directly by NESF.

NESF's Scope 2 and 3 GHG emissions and avoided emissions for the year ended 31 March 2026 are provided in Figures 11 and 12. The avoided emissions represent the fossil fuel associated emissions displaced through renewable electricity generation by NESF assets and are reported separately from, and do not offset, the Company's emissions. They are calculated using NextEnergy Group's **Avoided Emissions Methodology**.

Figure 10: NESF Scope 1, 2 and 3 emissions categories following the GHG Protocol

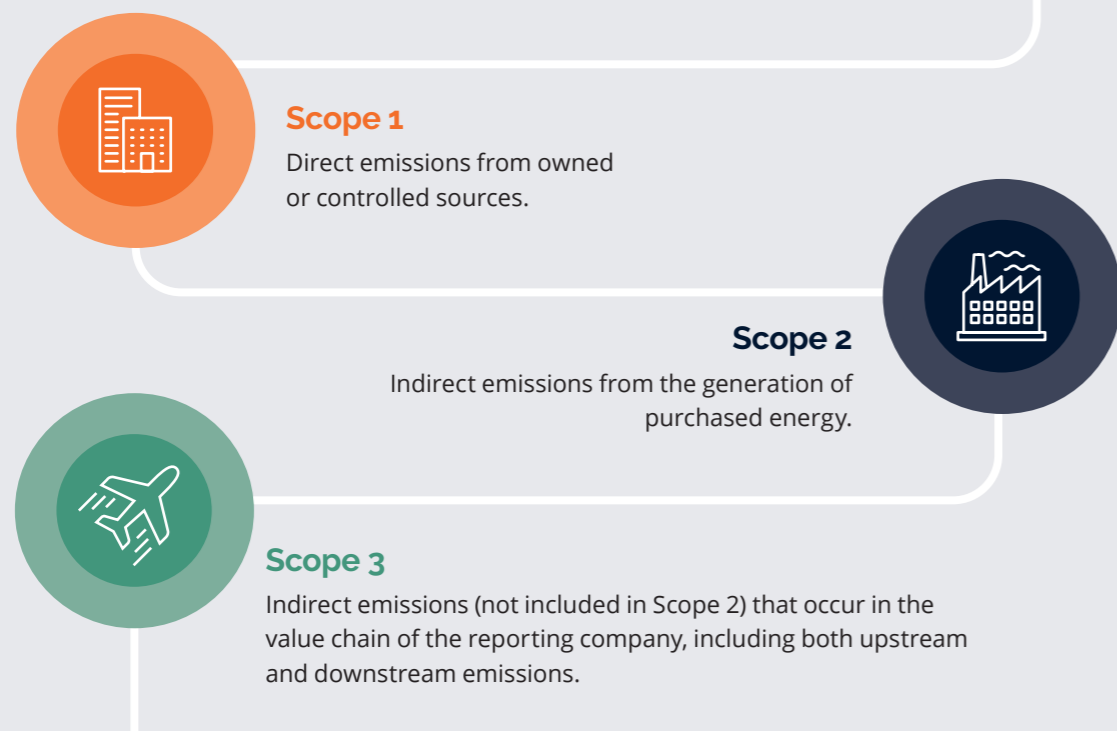


Table 10: NESF emissions by Scope

NESF does not disaggregate its emissions according to its share in NEIII and co-investment in Agenor and Santarém because they are immaterial. Individual figures are rounded and may not sum to equivalent figures where presented elsewhere.

Source	Emissions (tCO ₂ e): year ended 31 March 2025	Emissions (tCO ₂ e): year ended 31 March 2026
Scope 1	0	0
Scope 2 (market-based)	1,358	1,443
Scope 2 (location-based)	2,259	2,058
Scope 3 (total)	17,875	4,722
Scope 3: 1 - Purchased Goods & Services	0.23	1.45
Scope 3: 2 - Capital Goods	17,287	2,794
Scope 3: 5 - Waste Generated in Operations	0.24	0.15
Scope 3: 6 - Business Travel	543	1,891
Scope 3: 8 - Upstream Leased Assets	43	34
Scope 3: 9 - Downstream Transportation and Distribution	1.59	1.85

Figure 11: NESF emissions (tCO₂e)

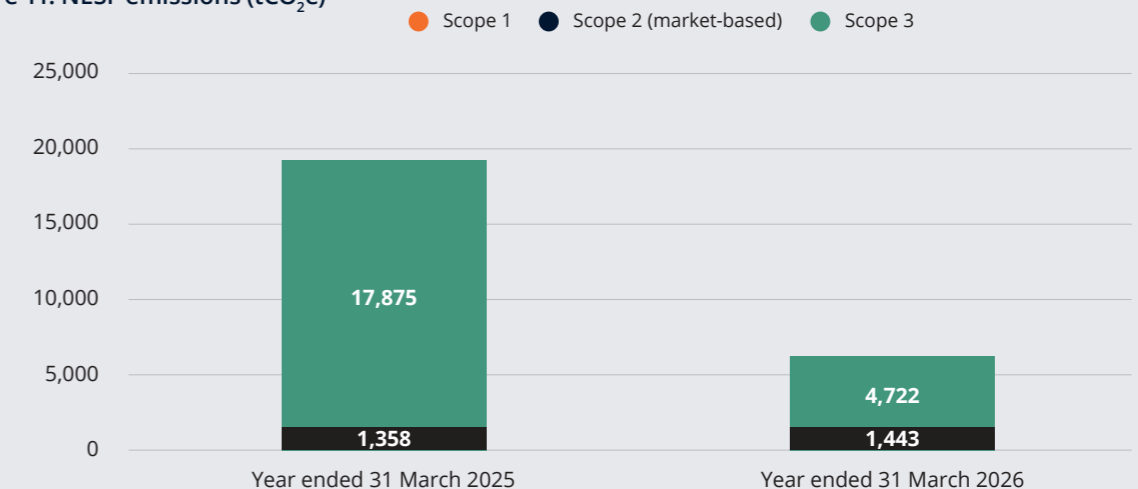
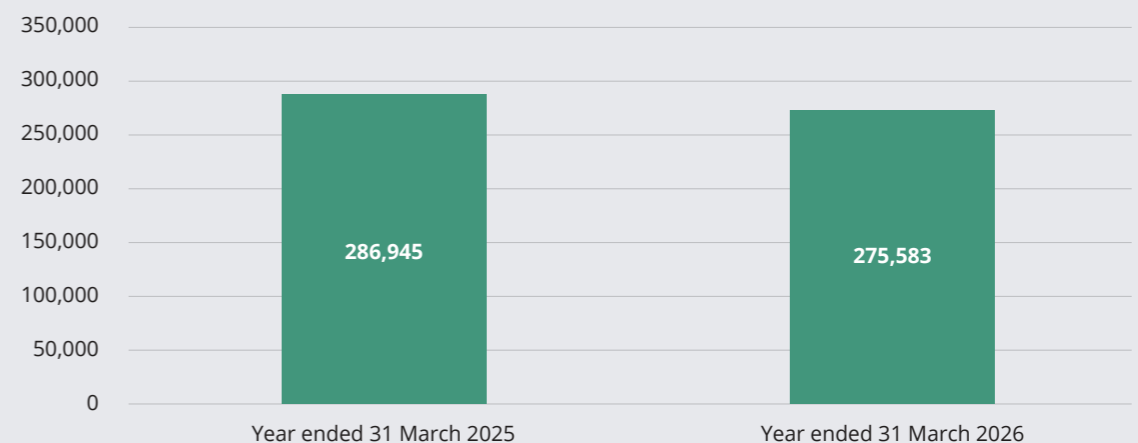


Figure 12: Emissions avoided (tCO₂e)



4.2. Climate-related targets

In June 2025, NESF published its first Climate Transition Plan following Board approval. The Transition Plan sets out how NESF aims to decrease the emissions intensity of its portfolio, to reach internal targets that have been calculated in line with the SBTi approach. The targets have been set from an emissions baseline of 2024. They are:

- Scope 2 financed (operational) GHG emissions intensity: 56.75% by 2035 (near-term reduction) and zero emissions by 2050.
- Scope 3 financed (value chain) GHG emissions intensity: 17% reduction by 2050.

NESF's business and operational models contribute to the clean energy transition as the energy produced directly from the solar PV and energy storage assets in the NESF portfolio avoids emissions from fossil fuel sources. As such, NESF has not set annual targets between now and its near-term target in 2035. For more details on the Company's Transition Plan please refer to the Feature on pages 64-65.

NESF's climate ambition to achieve net zero by 2050 remains the same as in the previous reporting period. However, to support the science-aligned targets described above, NESF has conducted an updated decarbonisation dependency analysis for the year ended 31 March 2026, to identify the external factors upon which the achievement its operational and supply chain emissions reductions depends. This analysis was first conducted in the year ended 31 March 2023, and the 2026 update reflects enhanced inventory coverage resulting from the extensive climate-related stewardship and engagement activities carried out by the Investment Adviser's ESG team with Tier 1 suppliers,

alongside updated policy and sector assumptions across the jurisdictions in which NESF held operating assets during the reporting period.

Figure 13 presents the updated near-term pathway for reducing NESF's operational emissions to 2035.

From a new baseline of 1.93 tCO₂e/MW in 2025 (compared to 2.09 tCO₂e in the original dependency mapping conducted in the year ended 31 March 2023), approximately 76% of operational emissions could be reduced by 2035, with a residual of 24% remaining. This is 14% lower than the 38% residual identified in the year ended 31 March 2023. The operational emissions intensity of renewable energy infrastructure is already below the average emissions intensity for the power generation sector. Accelerating renewable energy deployment will further lower the sector's average emissions intensity, and average grid emissions factors. As such, as long as the policy environment remains favourable for renewable investments, NESF's Scope 2 emissions reduction targets should be met.

NESF could bring forward the near-term time-frame in which its Scope 2 target is met by reducing the emissions associated with imported energy used on site (40%, Figure 13), principally through increasing the proportion of renewable electricity used for security cameras, monitoring, and communications. The Company could reduce a further 36% 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 for vehicle charging, and on contractors changing their fleets to electric vehicles.

The residual emissions column in Figure 13 shows the proportion of the baseline for which it may not be feasible for the Company to reduce emissions by 2035: 24%. These emissions will be offset following an approach which will prioritise high-integrity offsets from Integrity Council for the Voluntary Carbon Market (ICVCM) approved standards, and which NESF's Investment Adviser will develop closer to 2050.

NESF has mapped decarbonisation dependencies in its supply chain. As with the operational dependencies, this analysis was also updated in the year ended 31 March 2026 to reflect the latest policies and regulations applicable to the solar PV supply chain, providing a more accurate view of the trajectory of emissions associated with the Company's procured components and services. Figure 14 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 5% by reducing the emissions associated with the fuel used in shipping its components.

Following the updated analysis, the residual emissions column in Figure 14 indicates that NESF's supply chain is set to fully decarbonise by 2050, with no residual emissions remaining at that point. This positive outcome reflects the maturing policy and regulatory landscape governing the solar PV supply chain, including commitments across manufacturing, logistics, and end-of-life management.

As with the potential for NESF to reduce its operational emissions, the reductions set out in Figure 14 are based on targets established in sectoral and jurisdictional plans as at 31 March 2026 and reviewed by NESF as part of its analysis. These include, 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 NESF'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, and the Investment Adviser's ESG team has successfully engaged with suppliers to create greater transparency on carbon emissions and to support alignment with evolving decarbonisation pathways across the supply chain.

Figure 13: NESF operational decarbonisation dependencies – to 2035

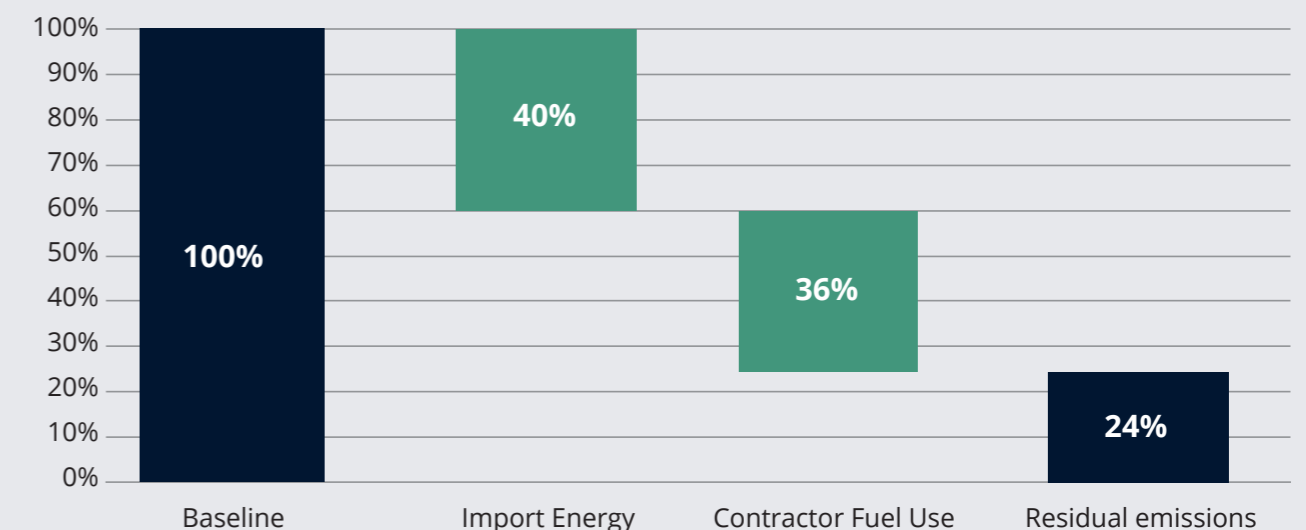
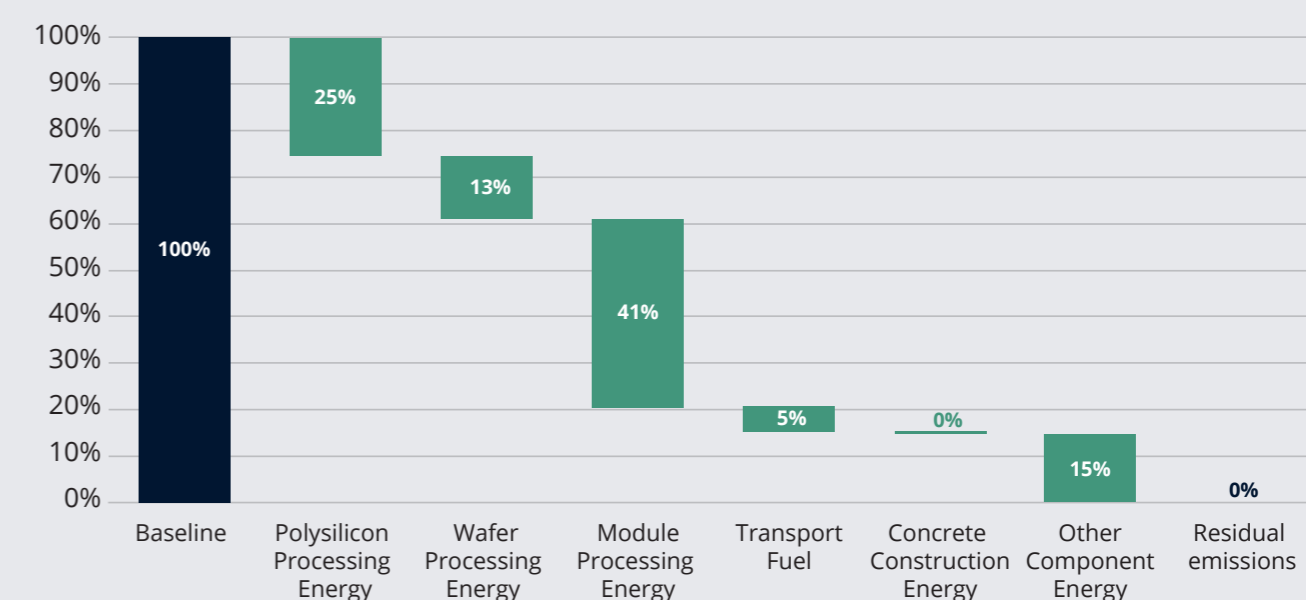


Figure 14: NESF supply chain decarbonisation dependencies – to 2050*



*Figures do not sum up to 100 because they have been rounded to the nearest whole number.

Climate Transition Plan development

NESF's Transition Plan is a time-bound roadmap which sets out the Company's ambition to decrease the emissions intensity of its portfolio and achieve net zero by 2050. It is aligned with the Transition Plan Taskforce (TPT), which represents the most credible and robust transition planning approach internationally, and is underlain by emissions reduction targets aligned with TPT guidance and the SBTi.

The Transition Plan complements the IFRS S2-aligned climate disclosures in this Report, which provide an annual, point-in-time update on NESF's climate-related governance, strategy, risk management, and metrics and targets. The Transition Plan is forward-looking,

and describes how NESF will further enhance its positive environmental impact while strengthening the resilience of its portfolio. Further detail on NESF's climate metrics and targets can be found in **Sections 4.1** and **4.2**.

The Transition Plan builds on NESF's alignment with global climate goals. It details the implementation and engagement strategies across each stage of the asset lifecycle which NESF is advancing to decarbonise its financed Scope 2 and Scope 3 emissions. NESF's climate priority is to decarbonise these emissions, because they represent its biggest source of emissions. An overview of these strategies is in the bottom left box.

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

- **National commitments:** Government policies connected to grid decarbonisation, electric vehicle adoption and technological advancements will shape the Company's decarbonisation journey.
- **Sectoral commitments:** The majority of lifecycle emissions for solar PV and energy storage assets reside in their supply chain. Progress against NESF's climate ambition is dependent on suppliers accelerating their own decarbonisation activities.
- **Technological advancements:** Evolution of low-carbon technologies and advances in manufacturing and shipping of key commodities will influence performance against NESF's climate targets.
- **Industry collaboration:** NESF relies on a unified industry approach to advocate for climate policy and to hold all actors accountable to accelerating climate action and innovation.

The assumptions and dependencies listed above are informed by NESF's transition risk and opportunity mapping, which is conducted annually for this Report and detailed in **Section 2.2.1**. NESF is working with an external consultant to test the robustness of the assumptions and assess the feasibility of accelerating NESF's decarbonisation

pathway beyond the baseline projections. This analysis includes quantifying the capital expenditure (CAPEX) required for accelerated emissions reduction initiatives, which will enable the development of an internal carbon price per tonne of CO₂e that can inform investment decisions and help to prioritise abatement opportunities.¹⁵

The assumptions underpinning the Transition Plan are being progressively integrated into financial planning and

disclosures. This integration ensures that NESF's financial statements and capital allocation planning increasingly account for the implications of climate commitments and the changing external environment. The capital and operational expenditures estimated to increase the climate resilience of NESF's portfolio are not expected to materially impact the Company's financial performance in the short-term.

NESF's climate governance and accountability follows the same

structures and rigour as described in **Section 1** for its broader sustainability and ESG activities. NESF's Transition Plan is intended to be updated in line with the short-term time horizon outlined in **Section 2.1.1** and progress against the Transition Plan will be reported annually in this ISSB-aligned Report.

¹⁵ NESF does not currently apply an internal carbon price in investment decision-making.



Langenhoe
Essex
21.2MW

NESF climate management strategies



Due diligence

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



Supply chain and construction

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



Operational asset management

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



Decommissioning

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

4.3. Nature-related metrics

NESF's baseline interactions with nature are presented using the metrics in Figures 15 to 21. These are aligned with the Recommendations of the TNFD. The metrics are calculated using:

- The comprehensive supply chain mapping exercise the Company conducted as part of its materiality assessment, detailed on pages 31-32.
- The nature-related LCA the Company performed, detailed on page 34.
- Other nature data collected by NESF as part of its ongoing efforts to enhance its understanding of impacts and contributions.

Building on the disclosures in its Sustainability and ESG Report for the year ended 31 March 2025, the Company is now able to assess its progress against the targets described in Section 4.4 by referring to the latest figures against its baseline in 2024.¹⁶

Figure 15 shows NESF's total managed land use area disaggregated across four categories. These are aligned with TNFD core nature metrics: disturbed area, sustainably managed, restored or rehabilitated land, and area conserved. The largest share of NESF's portfolio land use footprint is sustainably managed land¹⁷, followed by restored

and rehabilitated area, with conserved land¹⁸ accounting for a smaller but growing proportion. Total disturbed area has remained stable year-on-year, suggesting that operational disturbance is being effectively contained as the portfolio matures.

The restored or rehabilitated area reported is a core TNFD nature metric, capturing the hectareage of land actively converted from lower ecological baseline uses – such as intensive arable land – to higher-value semi-natural habitats, such as species-rich grassland, native hedgerows, or woodland. This year, NESF has refined its methodology to introduce a clearer scientific distinction between habitat condition and restoration extent: Biodiversity Net Gain (BNG) is now applied solely as a measure of ecological uplift and quality, while rehabilitation is reported separately as a discrete land area metric.

This separation reduces reliance on proxy assumptions, improves auditability, and avoids understating the true scale of rehabilitated land across the portfolio, resulting in a rehabilitation area of 1,089 ha, compared to 362 ha under the previous methodology, and an increase in

the share of land under restoration from 23% to 68% of total footprint. The weighted average BNG of 25% demonstrates portfolio-wide ecological uplift alongside this expanded extent. This dual-metric approach is aligned with TNFD guidance to distinguish between ecosystem condition and extent, and with the direction of travel in national and international nature policy – including the Land Use Framework for England, State of Nature metrics, and the targets established under the KM-GBF – all of which increasingly emphasise outcome-based approaches.

NESF's spatial footprint is classified by ecosystem type according to the International Union for Conservation of Nature (IUCN) Global Ecosystem Typology (Figure 16). The Company's dominant land use type is annual croplands, followed by sown pastures. The remainder of NESF's footprint is composed of derived semi-natural pastures and other anthropogenic ecosystem types. Collectively, over 99% of the Company's portfolio footprint falls within the intensive land-use biome. This reflects the fact that NESF's assets are predominantly sited on land already subject to significant human modification.

¹⁶ Year-on-year movements in reported nature metrics should be interpreted with care. Changes may reflect improvements in data availability, survey coverage, methodological refinement, spatial resolution, or modelling assumptions, rather than material changes to asset composition, footprints or land management practices. As biodiversity metrics are derived from a combination of field surveys, GIS analysis, and extrapolated assumptions, particularly where assets are at different lifecycle stages, reported variation may result from increased accuracy or maturity of measurement rather than underlying ecological change. As NESF's data quality, consistency, and metric application continue to develop, earlier periods may not be directly comparable to later disclosures.

¹⁷ Sustainably managed land comprises all operational land under NESF's control that is subject to active stewardship, defined as either (i) land managed under a site-specific Nature Management Plan, or (ii) land supporting dual-use practices such as grazing or agrivoltaics. These areas are managed to maintain or enhance ecosystem condition and biodiversity alongside renewable energy generation.

¹⁸ Area conserved comprises land within and associated with NESF's portfolio that is secured for long-term biodiversity conservation outcomes, including areas managed under Section 106 agreements and off-site land subject to formal management plans.

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

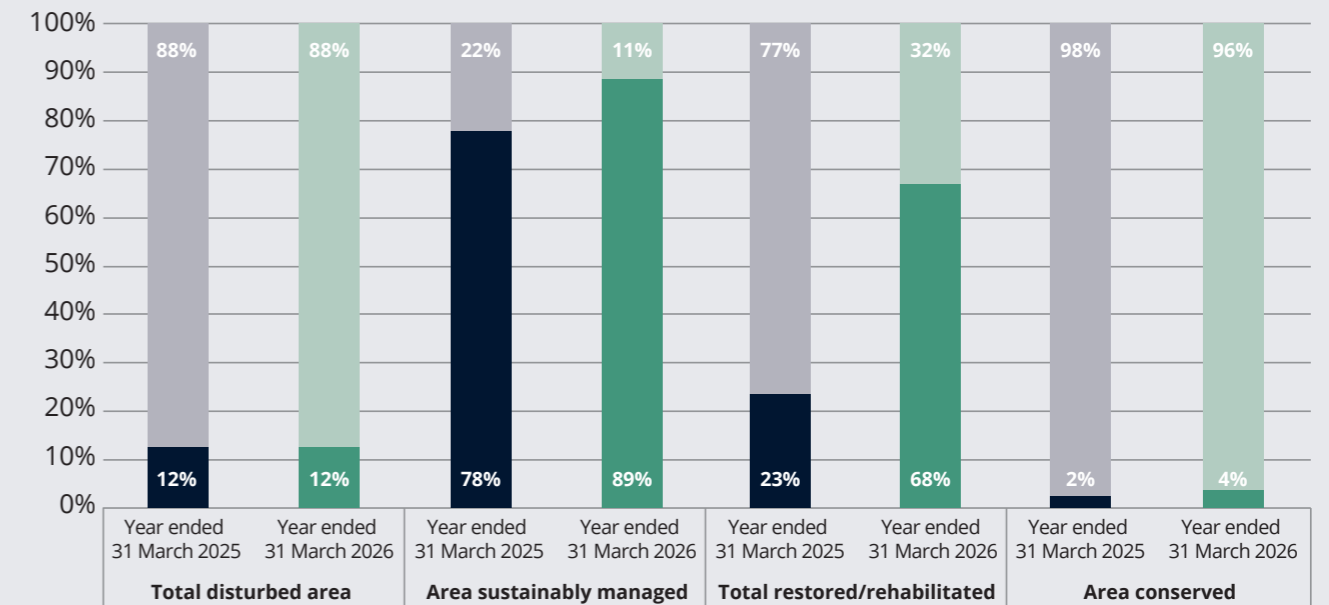
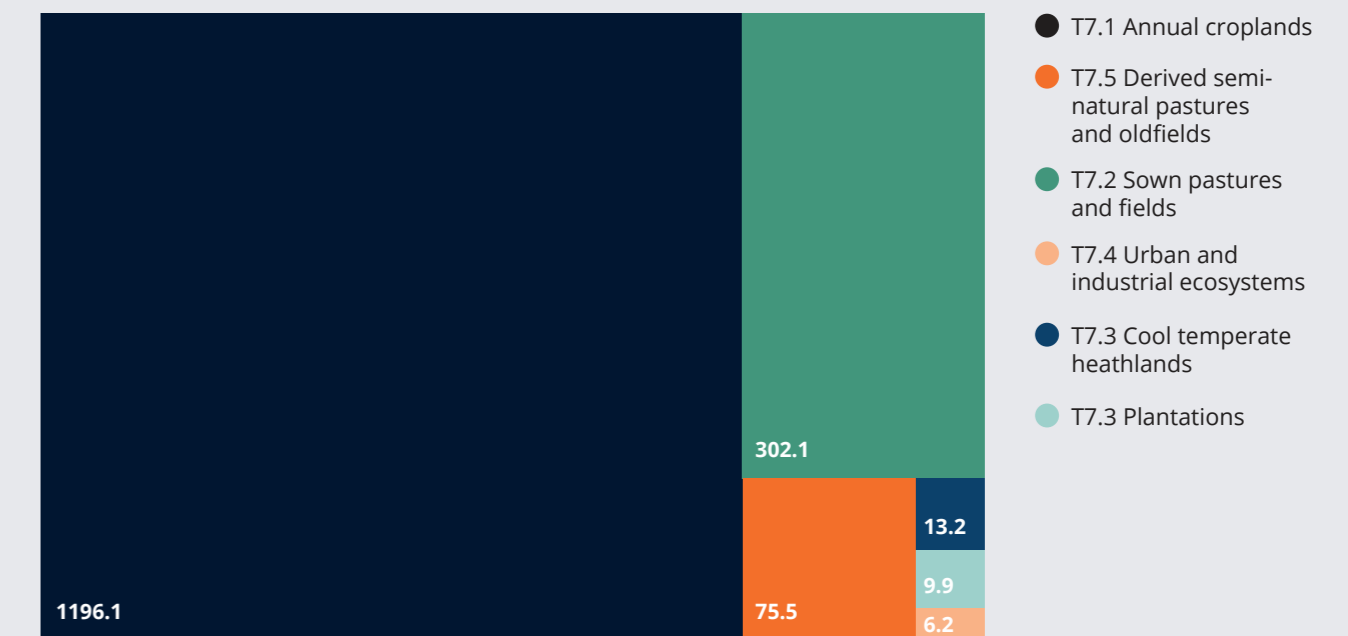


Figure 16: Total NESF spatial footprint (ha) classified by IUCN Global Ecosystem Typology, reflecting the distribution of ecosystem types across NESF's operational portfolio



The metrics in Figures 17, 18 and 19 correspond to TNFD's core nature impact metrics across the atmospheric, land, and water realms, reported per MWp for direct operations. While no new assets came online during the reporting year, the results continue to reflect lifecycle-based impacts where relevant, specifically including equipment replacement and repowering activities, for which upstream impacts (for example manufacturing and associated discharges) are captured. Accordingly, year-on-year variations reflect portfolio-level changes rather than new operational impacts.

Across the three realms, metrics capture non-GHG air pollutants, water withdrawal, consumption and

discharge, the quantity of HICs sourced and pollutants released to soil, and the extent of ecosystem use change. This provides an updated picture of NESF's nature-related pressures relative to the prior reporting year.

NESF has assessed the proportion of its NAV, revenue and expenses of assets located in areas exposed to nature-related physical and transition risks across its portfolio. As illustrated in Figure 20 (physical risks) and Figure 21 (transitional risks), a majority of the Company's assets remains outside areas with risk exposure across all three financial metrics, with transition risks showing a notably lower exposure than physical risks. Note that the figures reported relate to assets for which nature-related risks

have been assessed as non-material (medium or lower risk exposure).

NESF uses these metrics to inform how it prioritises management actions, site level interventions and engagement across its asset base, by identifying the most material sources of nature related pressures and tracking their evolution over time. NESF also uses insights derived from the data to support its investment decision making, asset management planning and the targeting of rehabilitation, restoration and mitigation measures, while strengthening governance and oversight by enabling consistent monitoring of nature related performance at Company level.



Larinho (NEIII)
Portugal
12.0MW

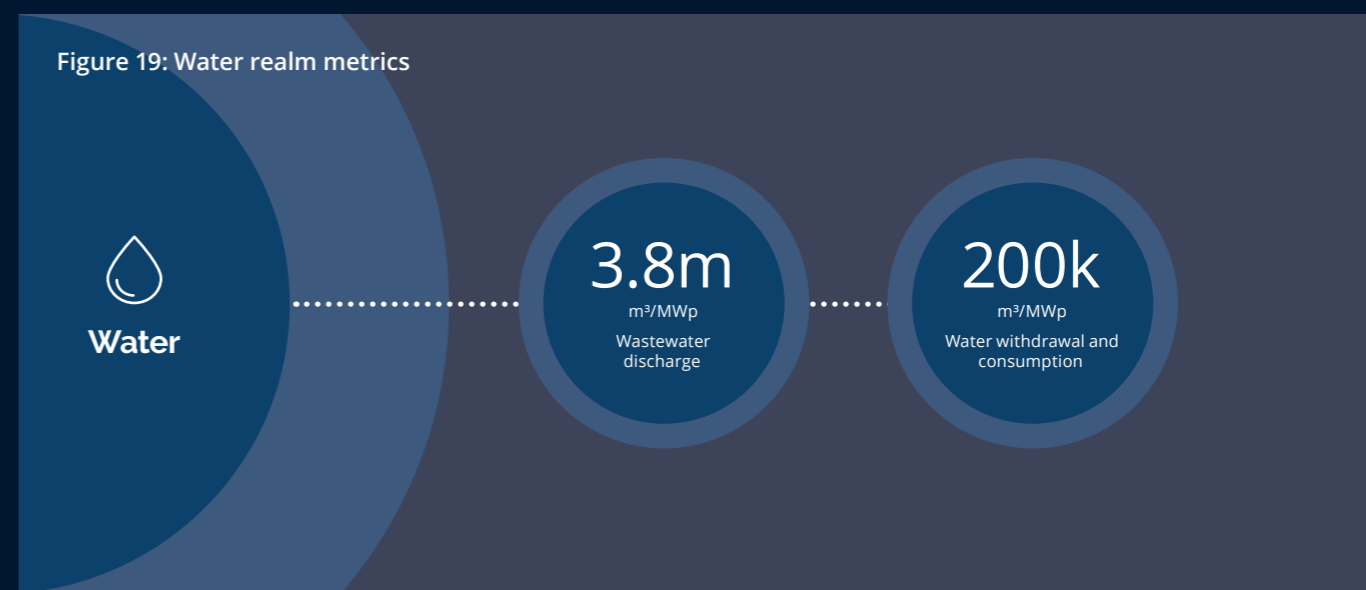
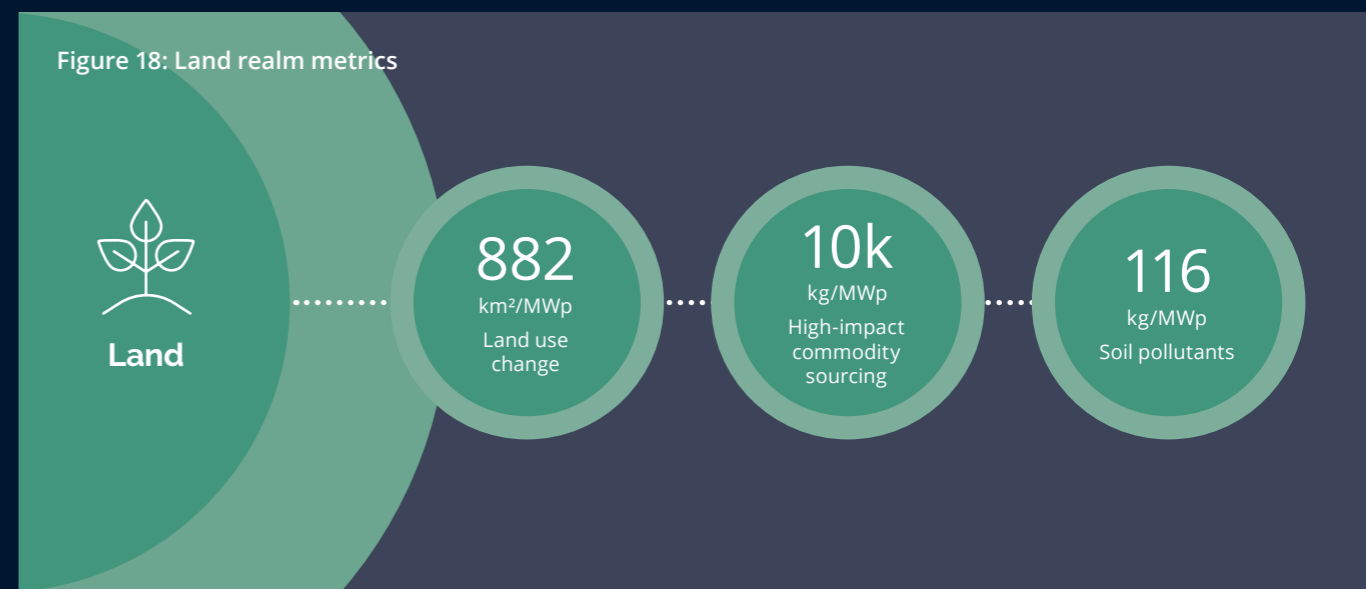
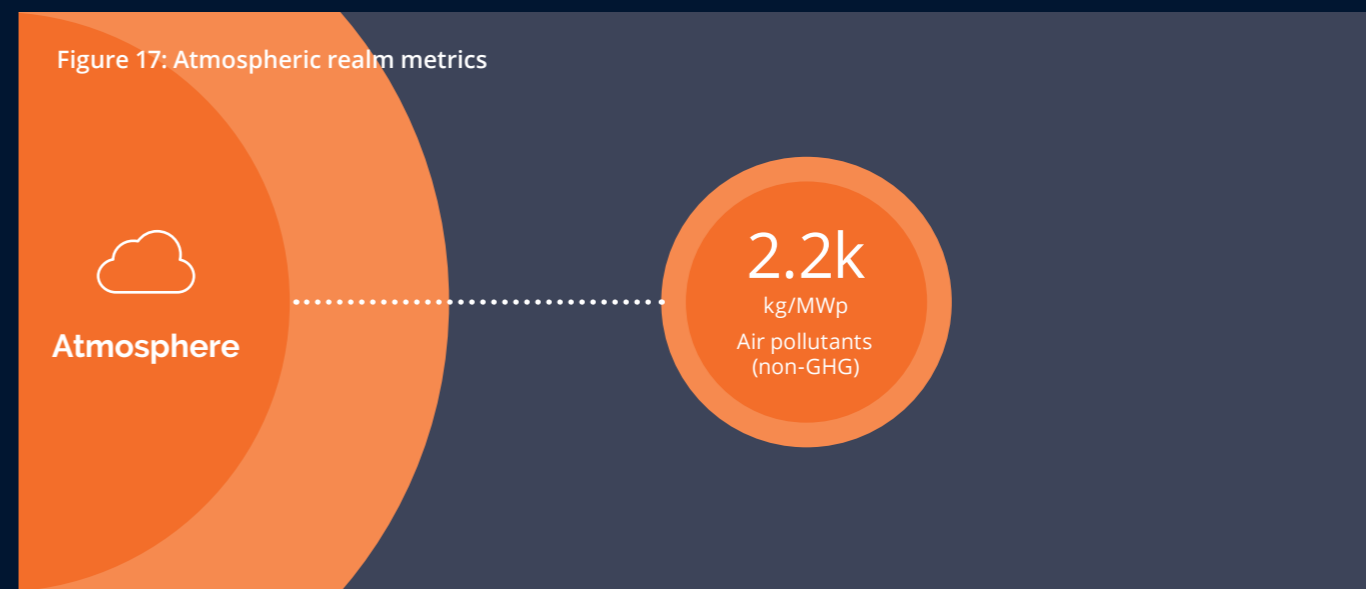


Figure 20: Risk metrics – value of assets located in areas of exposed nature-related physical risks (£m)

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

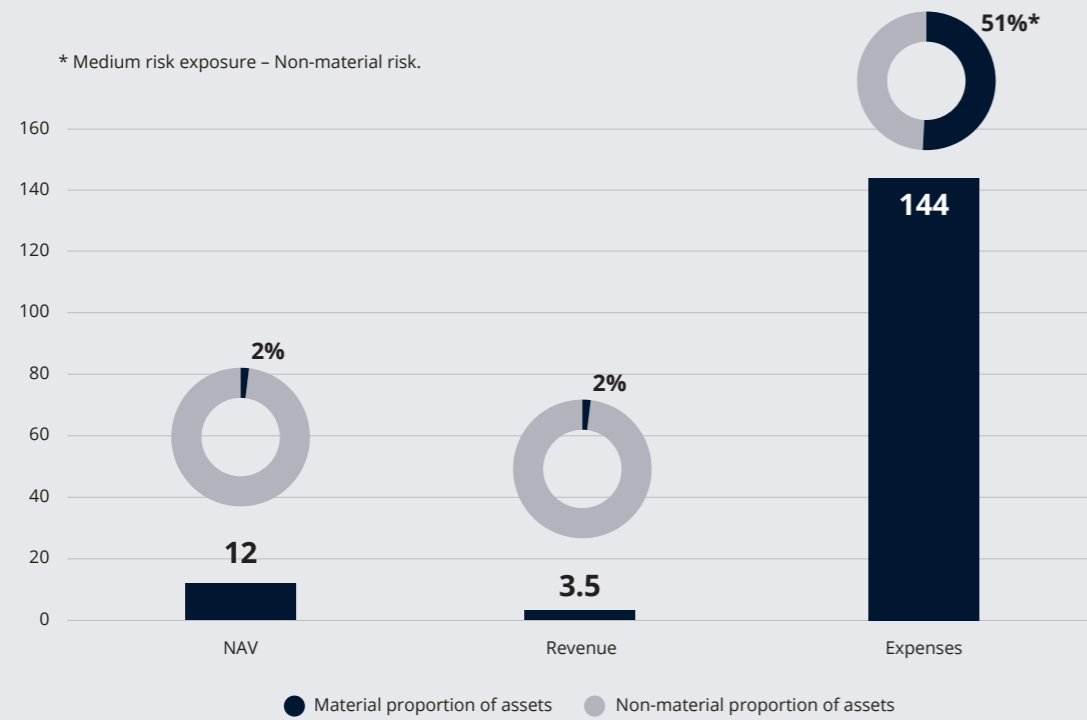
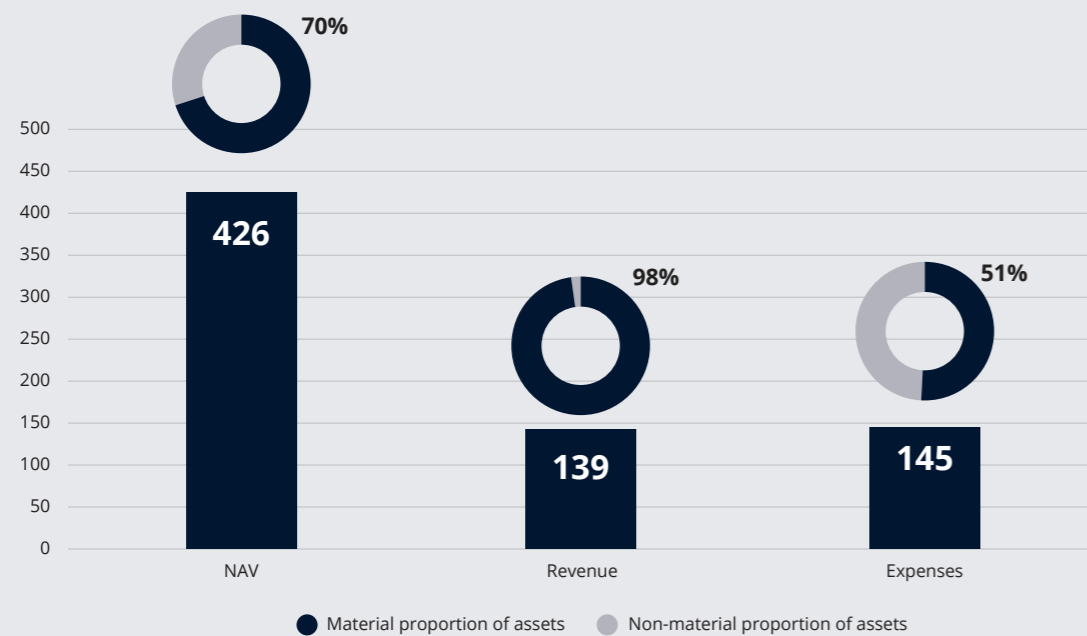


Figure 21: Risk metrics – value of assets located in areas of exposed nature-related transition risks (£m)

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



4.4 Nature-related targets

NESF has established time-bound, science-based targets and interim milestones across four core nature-related focus areas. The targets are aligned with the KM-GBF and the UN 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 detailed in NESF’s Approach to Nature and summarised below:

No Conversion of Natural Ecosystems

NESF’s No Conversion commitment for direct operations remains on track. The Company’s ESGAP screening procedure is used for new acquisitions to ensure no conversion of natural ecosystems occurs. For its supply chain, NESF is strengthening traceability across the Company’s most material HICs by implementing contractual clauses with suppliers to enhance visibility over silica sand,

steel and aluminium. This approach supports the development of robust measurement over time and will be complemented by ongoing efforts to establish stewardship partnerships across the solar sector to drive nature positive practices beyond direct operations.



**Hook Valley
Somerset**
15.3MW

Figure 22: Responsible land use commitment: NMPs for all assets located in sensitive areas target progress

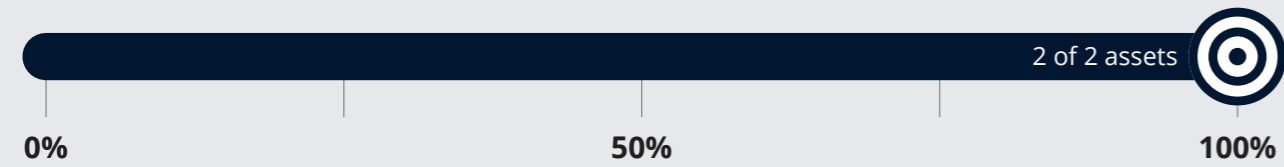


Figure 23: Map showing NMP against Sensitivity

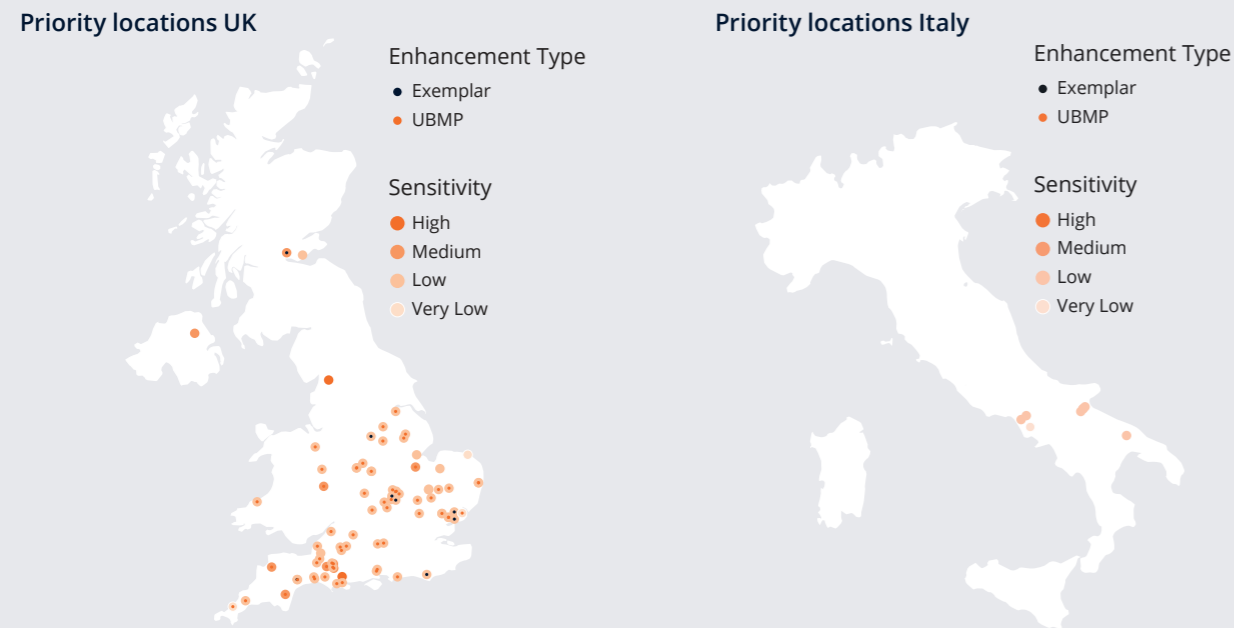


Figure 24: Responsible land use commitment: 30% of managed land under dual-use target progress

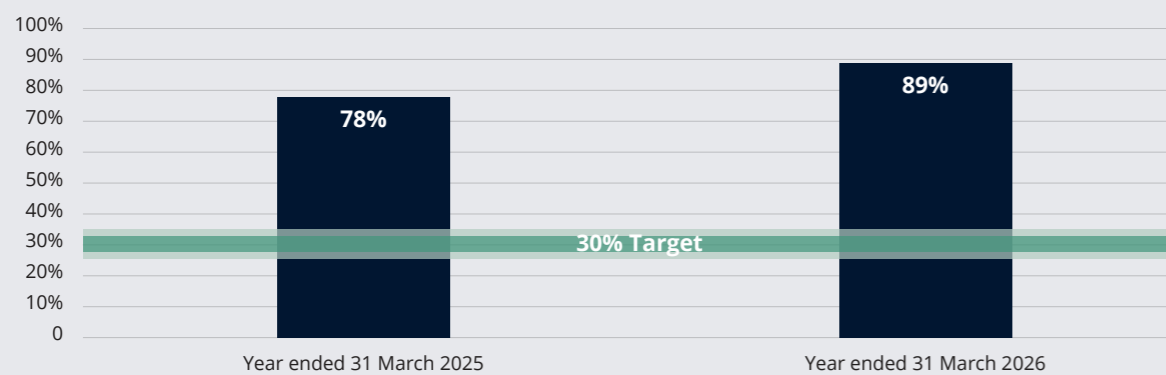
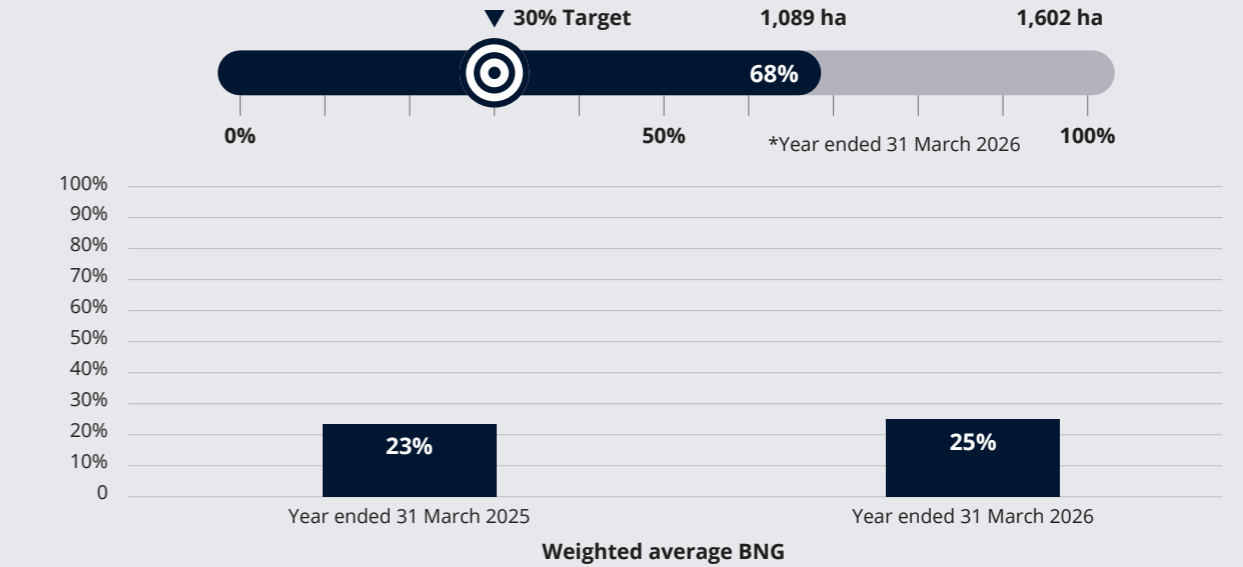


Figure 25: 30x30 Ecosystem restoration initiative target progress



Responsible land-use

Of the 14 NESF assets located in sensitive landscapes, two are classified as high sensitivity and 12 as moderate sensitivity. Full NMP coverage has been achieved across both high-sensitivity assets ahead of NESF's 2028 target deadline (Figure 22). Across moderate-sensitivity sites, 67% are currently covered, with the remaining four representing a near-term priority gap to ensure full portfolio coverage within the target timeframe.

By 2030, NESF will aim to have 30% of its spatial footprint managed under dual land-use regimes. Performance has remained well above this threshold, increasing from 78% in the year ended 31 March 2025 to 89% in the year ended 31 March 2026 (Figure 24), reflecting the ongoing integration of nature-compatible land management into existing operational practices. The target is on track, with the year-on-year improvement demonstrating NESF's growing capacity to unlock co-benefits between solar energy generation and nature stewardship.

30x30 Ecosystem restoration initiative

NESF's 30x30 target commits the Company to restoring natural ecosystems over an area equivalent to up to 30% of its land-use footprint by 2030. Following a refinement in methodology (Section 4.3), BNG is no longer used as a proxy for restoration extent but is instead reported alongside rehabilitation and restoration on a hectare basis.

On a comparable basis, weighted average BNG has improved from 23% in the year ended 31 March 2025 to 25% in the year ended 31 March 2026, reflecting continued enhancement in habitat quality across the portfolio. In parallel, this now translates to approximately 68% of land under management being classified as under rehabilitation or restoration in the year ended 31 March 2026 (Figure 25), providing a more direct measure of performance against the 30x30 target with four years remaining.

NESF achieves these outcomes through land management practices embedded within business-as-usual site operations, including conservation

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

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

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

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

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

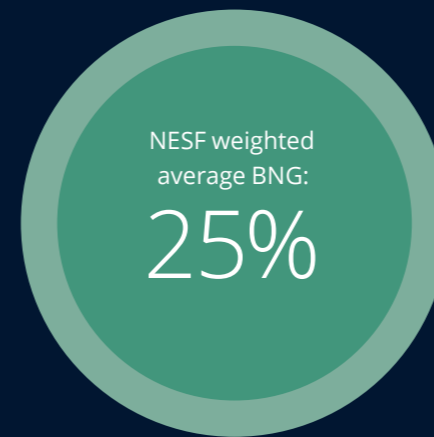
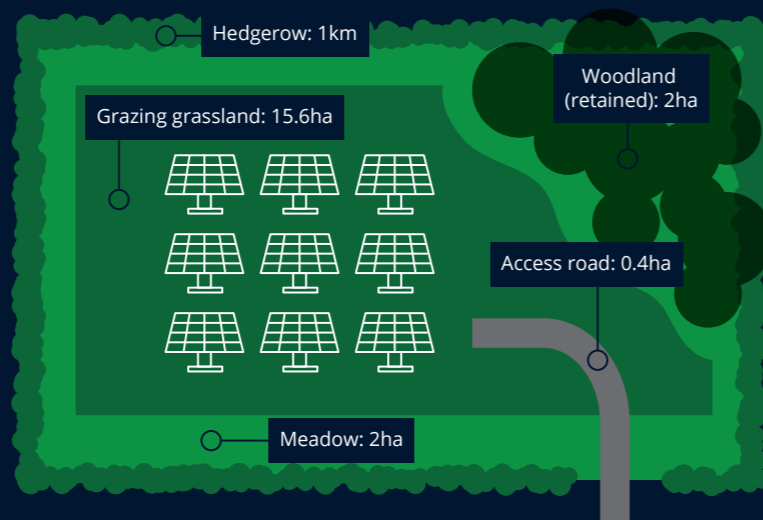
NESF applies the Global Biodiversity Calculator (**GBC**) developed by Arup and Starlight, the latter being NextEnergy Group's asset development company, to quantify biodiversity change in line with the mitigation hierarchy. Statutory metrics are applied where required, including those of the Department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

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

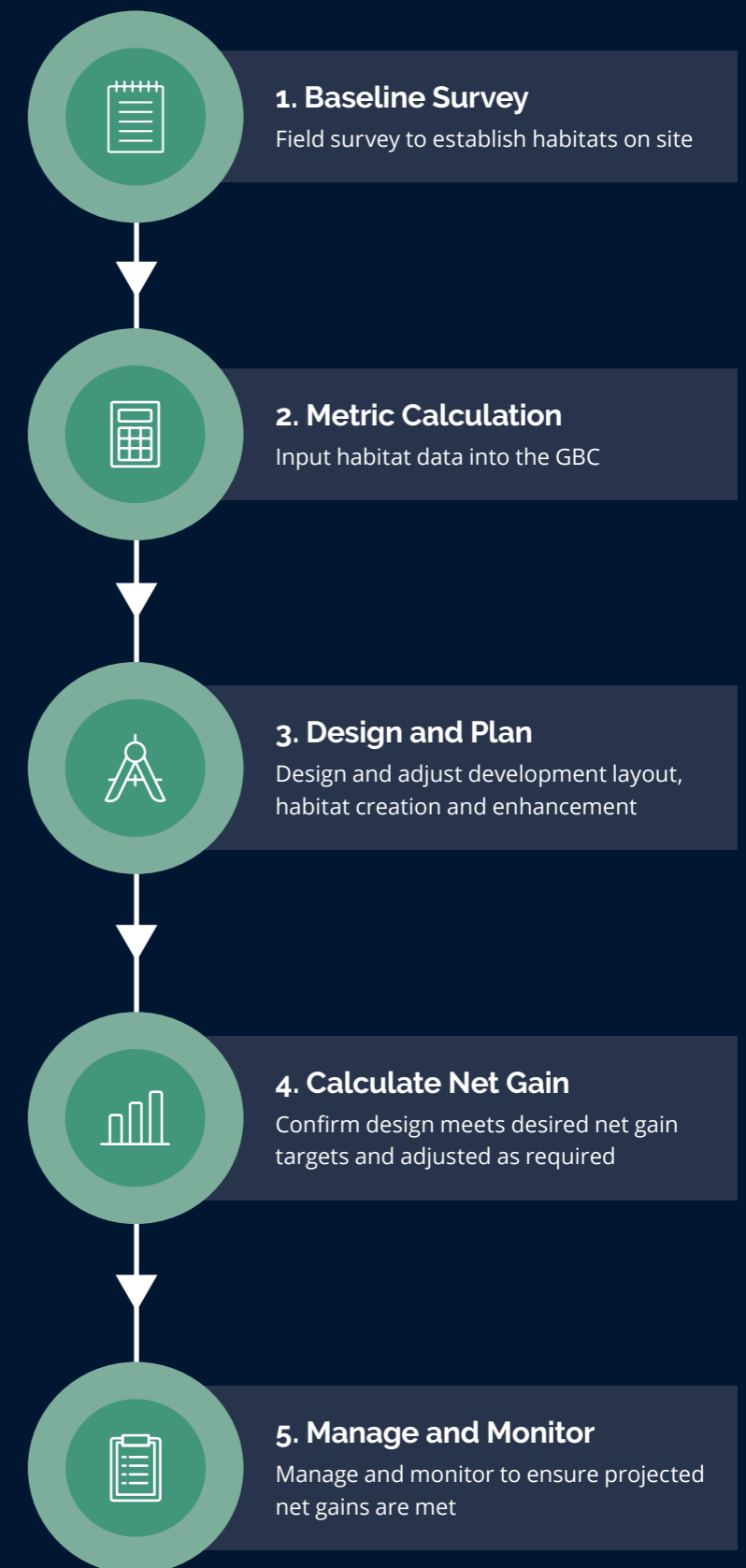
Pre-development



Post-development



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



Supply chain traceability and transparency

During the reporting period NESF continued to consolidate and develop its internal data on suppliers, raw materials and traceability. The Company intends to make its first disclosures on this topic in its reporting for the year ending 31 March 2027, focusing on material components and HICs. For more information on NESF's approach to supply chain risk management, see **Section 3**.



4.5 People-related metrics and targets

Human rights

The most material human rights risks NESF has identified relate to the solar and energy storage supply chain. NESF, through its Investment Adviser, has developed a comprehensive approach to identifying and addressing these risks. During the reporting period, NESF's Investment Adviser:

- Developed further internal guidance and delivered training to team members on how to assess and manage human rights risks in the solar and energy storage supply chain. This included creating a bespoke inverter manufacturer assessment procedure, drawing on lessons learned from its work on PV modules and energy storage.
- Began incorporating requirements on additional raw material traceability into procurement contracts and annexes, helping NESF to avoid sourcing from regions at risk of human rights violations.
- Continued the integration of supply chain human rights assessment procedures with other strategic initiatives, including the Approach to Nature, in recognition that these present interlinked challenges.

charity, the NextEnergy Foundation, to support projects in the financial year ending 31 March 2027. Further information is provided in the NESF standalone documents on its Community Support and Charitable Support.

Health and safety

Health and Safety remains a priority for NESF. During the reporting period, the Company continued using NextEnergy Group's incident reporting tool, implemented in 2024. This provides the Health and Safety team with informed insight to manage risk across the asset lifecycle. As the tool goes through further iterations, the quantity and quality of health and safety performance metrics will continue to advance.



Diversity, equity and inclusion

Figure 26 explains the gender breakdown of relevant NextEnergy Group entities for the year ended 31 March 2026.¹⁹

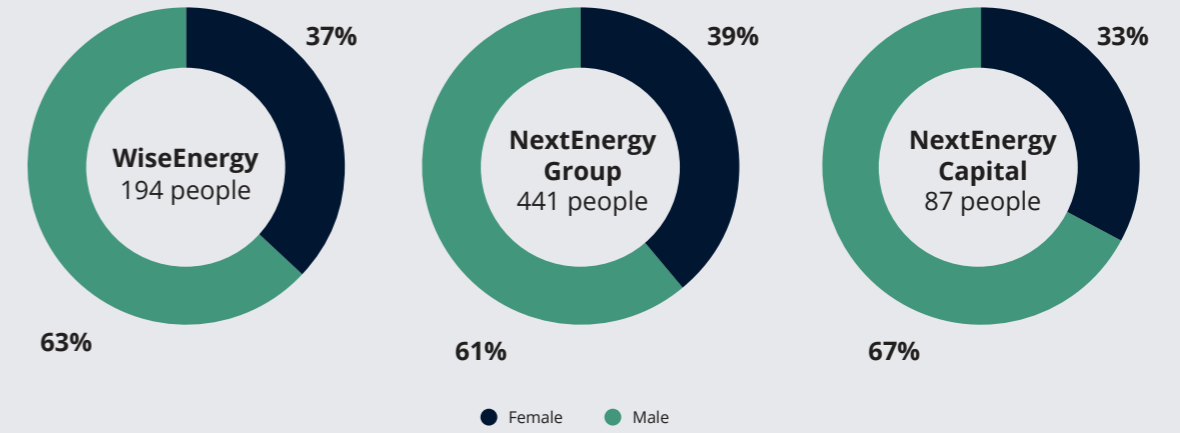
The NextEnergy Group Annual Employee Engagement Survey captures key data on the impact of diversity, equity and inclusion policies.

The latest survey was carried out in September 2025. The results showed that 91% of employees across the Group 'felt genuinely supported to take advantage of flexible working arrangements', increasing by 4% from 2024. This represents a key metric to track as a measure of employee wellbeing, as well as the NextEnergy Group's ability to attract and retain staff.

Cultural diversity is a key driver of the success of NextEnergy Group and its companies. As of 31 March 2026, the group comprised 40 nationalities. This range of cultural and linguistic backgrounds enriches the group's understanding on delivering local sustainability outcomes that reflect global needs.

The Investment Adviser and the wider NextEnergy Group continue to progress their commitment to diversity, equity and inclusion. This includes the group's NEXTogether series, described in **Section 3.1.3**, and involvement with external networks such as WiSEU. During the reporting period, one of the Investment Adviser's Senior ESG Associates spoke at WiSEU's event in Italy, while NextEnergy Group's Head of Talent spoke at an event in Spain and contributed to an article about the need for inclusive leadership, focusing on best health and safety practices and data.

Figure 26: NextEnergy Group entity gender diversity



4.6 Target monitoring and verification

NESF has established climate- and nature-related targets, as described in Sections 4.2 and 4.4. The Company will continue to monitor progress against them.

4.7 Performance against targets

Sections 2, 3 and 4 demonstrate the measurable progress NESF has made in the implementation of its Sustainability and ESG Strategy. NESF will continue to disclose performance against its climate, nature, and potential people targets in future reports.



¹⁹ The NextEnergy Group includes NEC (investment management), WiseEnergy (operating asset management), and Starlight (asset development).



05 Glossary

Asset Manager or WiseEnergy

WiseEnergy (Great Britain) Limited and WiseEnergy Italia Srl.

Avoided emissions

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

Bill of Materials or BOM

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

Biodiversity Intactness Index or BII

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

Biodiversity Net Gain or BNG

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

Carbon Border Adjustment Mechanism or CBAM

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

Carbon dioxide equivalent or CO₂e

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

to the equivalent amount of carbon dioxide.

Climate change mitigation

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

Double materiality

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

Energy storage

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

ESG Action Plan or ESGAP

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

EU Sustainable Finance Disclosure Regulation or SFDR

The EU's SFDR applies to investment products. It sets strict minimum disclosure standards to prevent

greenwashing. The SFDR requires reporting organisations to disclose how sustainability risks are considered in their investment process, what metrics they use to assess ESG factors, and how they address assessment decisions that might result in negative impacts on sustainability.

EU Sustainable Finance Disclosure Regulation Article 9

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

EU Taxonomy

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

Greenhouse gases or GHG

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

GHG Protocol

The GHG Protocol supplies the world's most widely used greenhouse gas accounting standards.

Gigawatt hour or GWh

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

Gigawatt peak or GWp

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

High impact commodities or HICs

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

International Sustainability Standards Board or ISSB

The ISSB was established by the International Financial Reporting Standards Foundation at the 2021 COP26 climate summit in Glasgow. The ISSB has developed global baseline sustainability standards, with its IFRS S2 Climate-related Disclosures standard incorporating the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). The NESF 2026 Sustainability and ESG Report is aligned with IFRS S1 and S2 disclosure requirements.

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

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

Kunming-Montreal Global Biodiversity Framework or KM-GBF

The KM-GBF is a global agreement adopted in 2022 under the auspices of the UN Convention on Biological Diversity. It sets out four goals to reach the global vision of a world living in harmony with nature by 2050, and includes 23 interim targets for 2030. The central aim is to instigate urgent

action to halt and reverse biodiversity loss, and to foster the investment of \$700 billion per year which is needed to close the biodiversity finance gap and realise the 2050 vision.

Lifecycle Assessment or LCA

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

Megawatt hour or MWh

One MWh is a unit of energy representing a thousand kilowatt hours. It is a measurement of the output of large electricity generators.

Megawatt peak or MWp

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

Nature Management Plan or NMP

NMPs are designed and implemented for sensitive or high-priority NESF assets to mitigate impacts and restore biodiversity values on site. Each Plan outlines the strategy 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.

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 Capital or NEC

NEC is part of the NextEnergy Group. NextEnergy Capital IM Limited is the Investment Manager to NESF. 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 Limited is the Investment Adviser to NESF. An Advisory Agreement exists between the Investment Manager, the Investment Adviser and NESF, whereby the Investment Adviser provides origination, evaluation, co-ordination and recommendation of investment opportunities for the Company and the related provision of investment advice to the Investment Manager.

NextEnergy Group

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

Paris Agreement

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

Partnership for Carbon Accounting Financials or PCAF

PCAF is a global, industry-led initiative that enables financial institutions to measure and disclose greenhouse gas emissions associated with their loans and investments, using a standardised methodology to enhance transparency and support climate goals.

Principle Adverse Impacts or PAIs

The most significant negative effects that investment decisions may have on sustainability factors, including environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery issues. Under the EU SFDR, financial market participants assess and disclose PAIs using prescribed indicators to provide transparency on the real-world impacts of investments.

Science Based Targets initiative or SBTi

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

Science Based Targets Network or SBTN

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

Scope 1, 2 and 3 emissions

The Greenhouse Gas Protocol classifies GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Solar photovoltaics or PV

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

State of Nature or SoN

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

State of Nature Pressure or SoNP

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

Special Purpose Vehicle or SPV

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

Shared Socioeconomic Pathway or SSP

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

Taskforce on Climate-related Financial Disclosures or TCFD

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

Taskforce on Nature-related Financial Disclosures or TNFD

The TNFD framework follows on from the principles of the TCFD and provides recommendations and guidance for market participants on how to report on and manage nature-related risks and opportunities. It is designed to support the work of investors, analysts, corporate

executives and boards, regulators, stock exchanges and accounting firms.

Transition Plan Taskforce or TPT

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

Universal Biodiversity Management Plan or UBMP

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

United Nations Principles for Responsible Investment or UN PRI

The UN PRI were developed as a guide for investors on how to promote sustainable investment. They suggest measures for how to incorporate sustainability and ESG issues into investment practice.

United Nations Sustainable Development Goals or SDGs

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





06

Corporate information

Company

NextEnergy Solar Fund Limited

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Ordinary Share SEDOL: BJ0JVY0

London Stock Exchange Ticker: NESF

www.nextenergysolarfund.com

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Josephine Bush

Jo Peacegood

Paul Le Page

Caroline Chan

(All Non-Executive and Independent)

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St Julian's Court
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 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.

Figure 1

Climate Risk Type	Description	Exposure. Climate risk scenarios and NESF response actions are discussed in Sections 2.2 and 3.3. The risk exposures mapped below are not financially material for NESF
Portfolio physical risk	Flooding risk (pluvial, fluvial and coastal)	<ul style="list-style-type: none"> Only 3.3% of the total portfolio has a 10% chance of being a risk of a degree of flooding in 2030 This increases to 4.4% 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)	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 1.13°C rise In contrast, NESF's UK assets are seeing less variation and are expected to see temperature change variability increase between 0.33°C and 0.57°C
Portfolio Emissions	Scope 2 emissions resulting from assets use of energy from the grid Scope 3 emissions resulting from contractors and suppliers	<ul style="list-style-type: none"> 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

Table 1 provides a summary of NESF's nature-related materiality screening. It provides two values for each stage of NESF's direct operations and supply 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 detailed analysis NESF has undertaken means it 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 to more accurately assess the origins of its raw materials. This will in turn help the Company 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.

* 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).

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.

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

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

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

Climate

NESF's carbon emissions and other climate impacts are based on the Company's entire portfolio, including its share in private equity vehicle NEIII, 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 includes all majority-owned assets (>50%) and pro-rated impacts from co-invested assets where it has asset-level operational oversight or stewardship

influence. Minority interests held via fund structures (e.g. NEIII) are excluded, as they are managed and disclosed separately and sit outside NESF's operational control and data boundary. Disclosures therefore reflect assets under NESF's direct management and influence, consistent with TNFD guidance on control, stewardship, and data availability. 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 principle adverse impacts (PAIs) 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, 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 on sustainability factors covers the reference period from 1st April 2025 to 31 March 2026

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 fund'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 below table:

Table 1

Individual figures are rounded and may not sum to totals

Indicators applicable to investments in investee companies							
Adverse sustainability indicator	Metric	Impact 2026	Impact 2025	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 ₂ e	NA	
		Scope 2 GHG emissions	Location Based: 2,058 Market Based: 1,443	Location Based: 2,259 Market Based: 1,358	tCO ₂ e	<p>Scope 2 emissions reflect electricity purchased across the portfolio. The reporting methodology includes 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.</p> <p>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 organization's ongoing commitment to increasing renewable electricity usage across the portfolio as part of a broader decarbonization strategy.</p> <p>The drop in Scope 2 location-based emissions is attributed to the decrease in electricity consumption. While the increase in Scope 2 market-based emissions is driven by the change of energy suppliers which resulted in a change in the emission factors allocation.</p>	Import data will continue to be collected, options for sourcing more renewable energy are being explored.
		Scope 3 GHG emissions	4,722	17,875.00	tCO ₂ e	<p>The significant decrease in Scope 3 emissions between reporting periods is primarily attributed to the drop in construction and supply chain emissions. Construction emissions associated with Santarém asset (210 MWp) were fully recognized in the year ended March 2025. The construction emissions in the current reporting period reflects only on NESF's investment in NEIII (NextEnergy III). The supply chain and installation emissions associated with the repowering of one asset under NESF (4.7 MWp) were also recognised in the current reporting period.</p> <p>The followed methodology recognises construction and supply chain emissions at a single point in time when the project reaches its first generation date. This approach uses the installed capacity (MWp) of each asset to calculate the associated emissions.</p>	The investment advisor and asset manager are actively engaged in improving data quality from suppliers.
		Total GHG emissions	Location Based: 6,779 Market Based: 6,165	Location Based: 20,134 Market Based: 19,233	tCO ₂ e	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 2026	Impact 2025	Unit	Explanation	Actions taken and actions planned and targets set for the next reference period	
	2. Carbon footprint	Carbon Footprint	Location Based: 11.24 Market Based: 10.22	Location Based: 25.05 Market Based: 23.93	tCO ₂ e per €M	The carbon footprint metrics 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: 52.21 Market Based: 47.77	Location Based: 250.25 Market Based: 241.96	tCO ₂ e 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 decrease in this metric is resulting from the reduction in total emissions.	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 compared to renewable energy sources	0.98%	0.53%	%	While the portfolio continues to produce renewable energy with electricity generation significantly exceeding consumption, the increase in this metric is driven by higher fuel energy consumption associated with land-based business travel activities.	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	0.06	0.04	GWh per €M	The increase in this metric is driven by higher fuel energy consumption associated with land-based business travel activities. This indicator provides valuable insights into the fund's development.	NA

Indicators applicable to investments in investee companies							
Adverse sustainability indicator	Metric	Impact 2026	Impact 2025	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.
	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 2026	Impact 2025	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	47%	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 indicator	Metric	Impact 2026	Impact 2025	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	67.67	14.13	m3 per €M	The increase in this metric is driven by higher water use reported across assets and improved data coverage.	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.	

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Adverse sustainability indicator	Metric	Impact 2026	Impact 2025	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		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 O&M contracts, as part of the process, the company aims to ensure new O&Ms 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 an extensive experience in sustainable finance.

- a. The Board approved the Sustainable Investing Policy in 2019.
- 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

- 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.

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.

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 fund 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, publically available.

Historical comparison

For this reporting cycle, the methodology remains consistent with the prior year. Greenhouse gas emissions continue to include supply chain emissions, estimated using an emission factor that encompasses cradle-to-gate plus transport and installation processes of solar panels

for sites reaching first generation during this period. Scope 2 emissions are again presented in both location-based and market-based formats in accordance with GHG Protocol standards, with the market-based calculation reflecting renewable energy procurement decisions and the location-based figure providing visibility into underlying grid electricity consumption. Compared to the previous reporting year, total GHG emissions dropped significantly, driven by a reduction in the total capacity of solar assets being constructed during this period. Data collection processes remain comprehensive, with continued reliance on estimation approaches for operations and maintenance activities where third-party data provision poses challenges.

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

Annex: Nature-related 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	1,602.96	ha	
			Total disturbed area ²⁰	0	193.82	ha	
			Total rehabilitated/restored area ²¹	N/A	1,089.12	ha	
C1.1	Land, freshwater & ocean-use change	Extent of land, freshwater, ocean-use change	Total area by type of ecosystem	Not currently available. ²²	1,602.96	ha	
			T7.1- Annual croplands		1,196.07	ha	
			T7.5- Derived semi-natural pastures and oldfields		9.94	ha	
			T7.2- Sown pastures and fields		302.08	ha	
			T7.4- Urban and industrial ecosystems		6.22	ha	
			T3.3- Cool temperate heathlands		13.16	ha	
			T7.3- Plantations		75.49	ha	
			Total area by type of business activity - PV asset	N/A	1,601.90	ha	
			Total area by type of business activity - BESS	N/A	1.05	ha	
			Area conserved compliance	Not currently available	57.73	ha	
Area sustainably managed ²³	N/A	1,424.34	ha				
C2.0	Pollutants/pollution removal	Pollutants released to soil split	Pollutants released to soil	0	1,116.40	tonnes	
C2.1	Waste generation and disposal	Wastewater discharged	Wastewater discharged	0	36,599,502.34	tonnes	
			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

²⁰ 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.

²¹ 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 (eg 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

²² 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.

²³ 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.

Metric No.	Driver of Nature Change	Indicator	Metric	Upstream value chain	Direct Operations	Unit
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	m3
C2.4	Non-GHG air pollutants	Non-GHG air pollutants by type	Non-GHG air pollutants	0	21,163.78	tonnes
C3.0	Resource use / replenishment	Water withdrawal and consumption	Water withdrawal and consumption	0	1,922,357.54	m3
			Quantity of high-risk natural commodities sourced from land/ocean/freshwater	0	95,806.78	tonnes
C7.0	Resource use / replenishment	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 ²⁴		Proportion	£m
			Portfolio value	426	70%	£
			Liabilities	-		£
			Revenue	139	98%	£
			Expenses	145	51%	£
C7.1	Resource use / replenishment	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 ²⁵			£
			Portfolio value	12	2%	£
			Liabilities	-		£
			Revenue	3.5	2%	£
			Expenses	144	51%	£
C7.2	Resource use / replenishment	Description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts.	TOTAL	N/A	0	£
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 ²⁶			£m
			Expenditure	0		£
			Financing	0.1		£
			Investment	0		£
C7.4	Opportunity	Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts.	TOTAL INCREASE			£
			Proportion of revenue	N/A		£

²⁴ Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NESF.

²⁵ Note that the figures reported relate to assets for which nature-related risks have been assessed as non-material for NESF.

²⁶ This value includes the financial donation made to the NextEnergy Foundation by NESF in the year ended 31 March 2026.

Metric No.	Driver of Nature Change	Indicator	Metric	Upstream value chain	Direct Operations	Unit
A8.0	Risk	Physical risk	Number of locations/business lines/facilities exposed to physical risk.	5 assets exposed to high physical risk	Assets	
G1.0	Governance	Number of members of board with competence in nature-related issues	One member of the Board has competence in nature-related issues.			
		Use of external expert advisers and subject matter experts to support board deliberations	Responsibility for day-to-day Sustainability and ESG integration is delegated to NextEnergy Capital Limited, the Company's Investment Adviser. Oversight of the Investment Adviser is provided by NextEnergy Capital IM, the Investment Manager to NESF. The Investment Adviser has a dedicated ESG team led by the NextEnergy Group Head of ESG, Giulia Guidi. Giulia meets on a monthly basis with the Chair of the NESF Board's ESG Committee to discuss the Company's Sustainability and ESG strategy.	7 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.		



