



## Nature Strategy & Delivery Framework

Nature is Next.  
NEXT IS NOW®

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Prepared in collaboration with ETIFOR

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# Preface

NextEnergy Group was founded in 2007 to become a leading market participant in the international solar sector. NextEnergy Group comprises five companies: Starlight (asset development), NextEnergy Capital (investment management), WiseEnergy (asset management), NextSTEP (VC sustainability accelerator) and NextEnergy Foundation (international charity).

Since our inception, we have been active in the development, construction, and ownership of solar assets across multiple jurisdictions. As the energy transition accelerates, we are developing and enhancing our capabilities in other renewable energy technologies, such as wind and battery energy storage, across the Group's three core companies: Starlight, NextEnergy Capital and WiseEnergy.

After nearly 20 years of actively improving the local environment around our solar assets, the Group is presenting a Nature Strategy<sup>1</sup> which will allow us to strengthen and enhance our relationship with nature. The Strategy builds upon the lessons learned from our environmental management activities to date and establishes a science-based and evidence-led thread to unite our core companies' future nature-related activities.

This document outlines the Group's Nature Strategy. It demonstrates that we recognise the importance of nature to our operations, and that we must continue to manage and enhance our relationship with nature. It also formalises our ambition to ensure that we operate within safe boundaries for people and planet. This is the Group's vision for a nature positive future.

The Strategy follows from an extensive assessment of how our activities interface with the natural environment. This assessment was undertaken at the operational level; else, considering our development, financing and asset management activities. We will implement the Strategy at this level through a robust delivery framework, starting with our solar assets.

As the Group's activities evolve into new renewable energy technologies, we will develop and expand the Strategy to continue leading the transition to renewable energy and the broader sustainable investment sphere. The Strategy also sets out clear and meaningful commitments to guide decision-making. These commitments apply to both the strategic and operational levels across our core companies. However, the measurement and monitoring we will carry out to track progress against them is only at the operational level as this is where we mitigate nature-related risks, whilst seizing opportunities.

The Nature Strategy does not serve as a formal disclosure; rather, it is a foundational document that establishes how NextEnergy Group will continue to integrate nature into the energy transition. It is aligned with emerging global standards, such as the Taskforce on Nature-related Financial Disclosures (TNFD). It will also ensure that we are well-prepared to meet future nature-related disclosure requirements and to address nature-related risks and opportunities in a more structured and transparent way, ultimately contributing to the resilience and long-term success of the Group.

Please refer to the glossary for definitions of specific terms used in this document.



<sup>1</sup> The Group's Nature Strategy prioritises Starlight, NextEnergy Capital and WiseEnergy as they form the core of our operational activities and comprise the majority of the Group's commodity use. As such, the scope of the assessment conducted to develop the Group's Nature Strategy did not include NextSTEP and the NextEnergy Foundation.

## Foreword



**Nature is key to our prosperity.** We know that healthy and biodiverse ecosystems are essential for people, the planet and economies to thrive.

**Significant progress has been made in dialogue, cooperation, and governance to tackle threats to nature.** The landmark Kunming-Montreal Global Biodiversity Framework (KM-GBF) represented a significant step in the right direction, with nations pledging to halt and reverse nature loss, prevent extinctions, curb biodiversity decline, and protect 30% of the planet by 2030. Despite this ambitious framework, nature continues to deteriorate rapidly, and current efforts fall short of achieving the goals of the KM-GBF. Urgent, more effective action is needed to meet them.

**Integrating nature into our decision making is the norm at NextEnergy Group.** As the financial sector awakens to the threat of nature loss and begins correctly valuing natural capital, we aim to continue setting the standard for sustainable investment and renewable infrastructure.

**Early in our journey, we realised that financed, developed and harnessed in the right way, renewable energy is an investment strategy that can mitigate climate change, protect biodiversity, and minimise nature loss.** Since 2014, we have pioneered biodiversity initiatives and solutions on our solar sites.

**NextEnergy Group's activities cover all stages of our asset's lifecycle, allowing us to co-create the best possible outcomes for clean energy and nature.** Crucially, we do this together with our landowners and communities.

**We are not driven by regulatory requirements and pure risk mitigation. We are driven by a willingness to make a difference.** We know that realising our vision for a nature positive future means rethinking our approach to land use and our relationship with nature. We also know that understanding an organisation's interface with nature is paramount to achieving this, which is why we worked for over 12 months to develop NextEnergy Group's Nature Strategy (the Strategy).

**I am excited to launch this Strategy. It is the culmination of our effort to interrogate, interpret and establish how we can enhance the prosperity we generate for people and nature through clean energy.** It demonstrates the Group's commitment to leading the normative shift needed within the renewables and sustainable finance industries for a nature positive future. Our proactive and innovative approach puts us in a strong position to lead this change. After all, *Being a Leader* is not a position or a rank; it is the desire to pave a path for others to follow.

**NextEnergy Group continues to develop the capacity and expertise to translate what we know about our interface with nature into action.** Contributing to a nature positive future demands nothing less of us because Nature is Next, and **NEXT IS NOW®**.

**Giulia Guidi**  
Head of ESG

## Introduction

### Why is nature important?

Nature describes our natural world and encompasses four realms: Land, Ocean, Freshwater and Atmosphere.<sup>2</sup> It is intrinsically linked to our well-being, livelihoods, and economic stability. Natural systems regulate our atmosphere and the air we breathe; shelter us from extreme events and disease; and underpin our economy. Nature therefore provides humanity with the essential resources and services to survive.

Despite this, natural ecosystems and biodiversity continue to decline. Nature loss and climate change are inextricable global challenges which must be overcome to ensure a prosperous future. The myriad social and environmental challenges we face today require transformative and decisive action to **mitigate climate change, halt and reverse biodiversity loss, and ensure safe, fair, and equitable working conditions for all.** We must act urgently and reevaluate how we interact with nature to meet these challenges.

**NextEnergy Group** is a specialist investment and asset manager active in the development, operation and financing of renewable energy infrastructure assets. We are on a mission to generate a more sustainable future by leading the transition to clean energy. Ensuring that

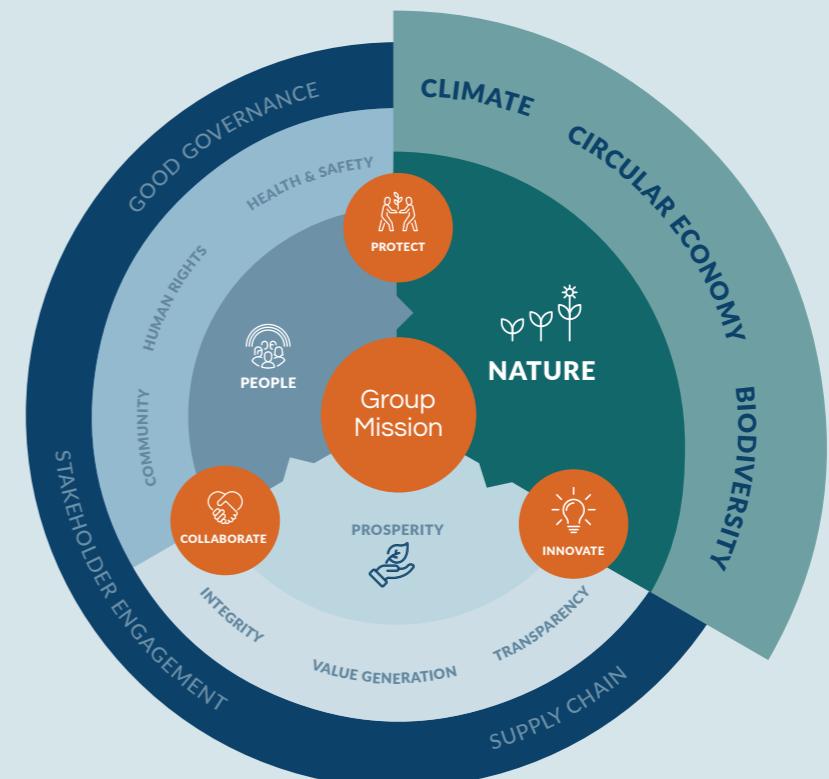
our communities thrive and that our ecosystems are healthy and resilient is fundamental to this mission. We recognise that our continued success depends not only on leading the clean energy transition but also on safeguarding nature.

Since 2013, we have built a strong foundation of sustainability, including environmental due diligence and risk management, dual land-use programmes, and biodiversity enhancement measures across our sites. Early in 2024, NextEnergy Group published a new Sustainability Strategy focused on three priority areas: **People, Nature and Prosperity.**<sup>3</sup> We therefore set out to re-examine our relationship with nature. We are proud to share the significant strides we have made toward developing a deeper understanding of nature across our business and further integrating nature-related topics into our operational activities and value chains.<sup>4</sup>

<sup>2</sup> Taskforce for Nature-Related Financial Disclosures (TNFD), 2023. *Recommendations of the Taskforce on Nature-related Financial Disclosures*. Available from: [https://trfd.global/wp-content/uploads/2023/08/Recommendations\\_of\\_the\\_Taskforce\\_on\\_Nature-related\\_Financial\\_Disclosures\\_September\\_2023.pdf?v=1695118661](https://trfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf?v=1695118661)

<sup>3</sup> NextEnergy Group, 2023. *Sustainability Report 2023*. Available from: [https://cdn.next1.nextenergycapital.com/next/2024/02/NextEnergy\\_Group\\_Sustainability-Report.pdf](https://cdn.next1.nextenergycapital.com/next/2024/02/NextEnergy_Group_Sustainability-Report.pdf)

<sup>4</sup> NextEnergy Group, 2024. *Nature Position Statement 2024*. Available from: [https://cdn.next1.nextenergycapital.com/next/2024/12/NextEnergyGroup\\_NaturePositionStatement-Nov-24.pdf](https://cdn.next1.nextenergycapital.com/next/2024/12/NextEnergyGroup_NaturePositionStatement-Nov-24.pdf)



## NextEnergy Group's Nature Strategy

Our new **Nature Strategy** aims to align NextEnergy Group with the KM-GBF, allowing us to contribute to a nature positive economy. It stems from a clear understanding that our work in renewable energy infrastructure development, financing and management both impacts and depends upon nature. Material nature topics could generate risks to our stakeholders, our natural landscapes and the long-term success of the Group, but they also present opportunities to generate value for people and nature. Our Nature Strategy is **carefully designed to mitigate nature-related risks while seizing opportunities to pave the way towards a nature positive future.**

NextEnergy Group's Nature Strategy summarises our approach to addressing nature-related challenges, including the scientific basis and logical framework underpinning our Strategy, as well as our ambitions, delivery framework, governance, and targets.

We also intend to participate as **Early Adopters** of the **Taskforce for Nature-related Financial Disclosures (TNFD)** and the **Science Based Targets for Nature (SBTN)**. These provide the internationally recognised frameworks which will enable NextEnergy Group to set meaningful targets; transparently disclose our progress; and, provide stakeholders and peers with a pioneering example of how to take responsibility for nature-related topics. A full overview of the delivery framework is provided in Section 3.

The core components of our Nature Strategy include **strong governance, evidence-led action plans, science-based targets, and transparent disclosures**; they are all necessary for us to undertake our work safely and responsibly.

Complex problems require multifaceted solutions. We recognise that the severity and magnitude of the risks we seek to address require collective action. **We cannot meet these challenges alone.** We know that achieving our targets will require collaboration, consultation and engagement across our value chain, including with our communities, suppliers, investors, industry associations, service providers, NGOs, and academia. We believe this Strategy prepares us to drive the normative shift needed to effect meaningful and lasting change towards a nature positive future.

Highlights include:



**No Conversion of Natural Ecosystems, a Science Based Targets Network (SBTN)-aligned commitment to prevent the material loss of natural ecosystems in direct operations and supply chains;**



**Responsible Land Use will be achieved through updated nature-related risk management procedures; and,**



**30x30 Nature Restoration Target to restore natural ecosystems in the regions where NextEnergy Group operates and which need support.**

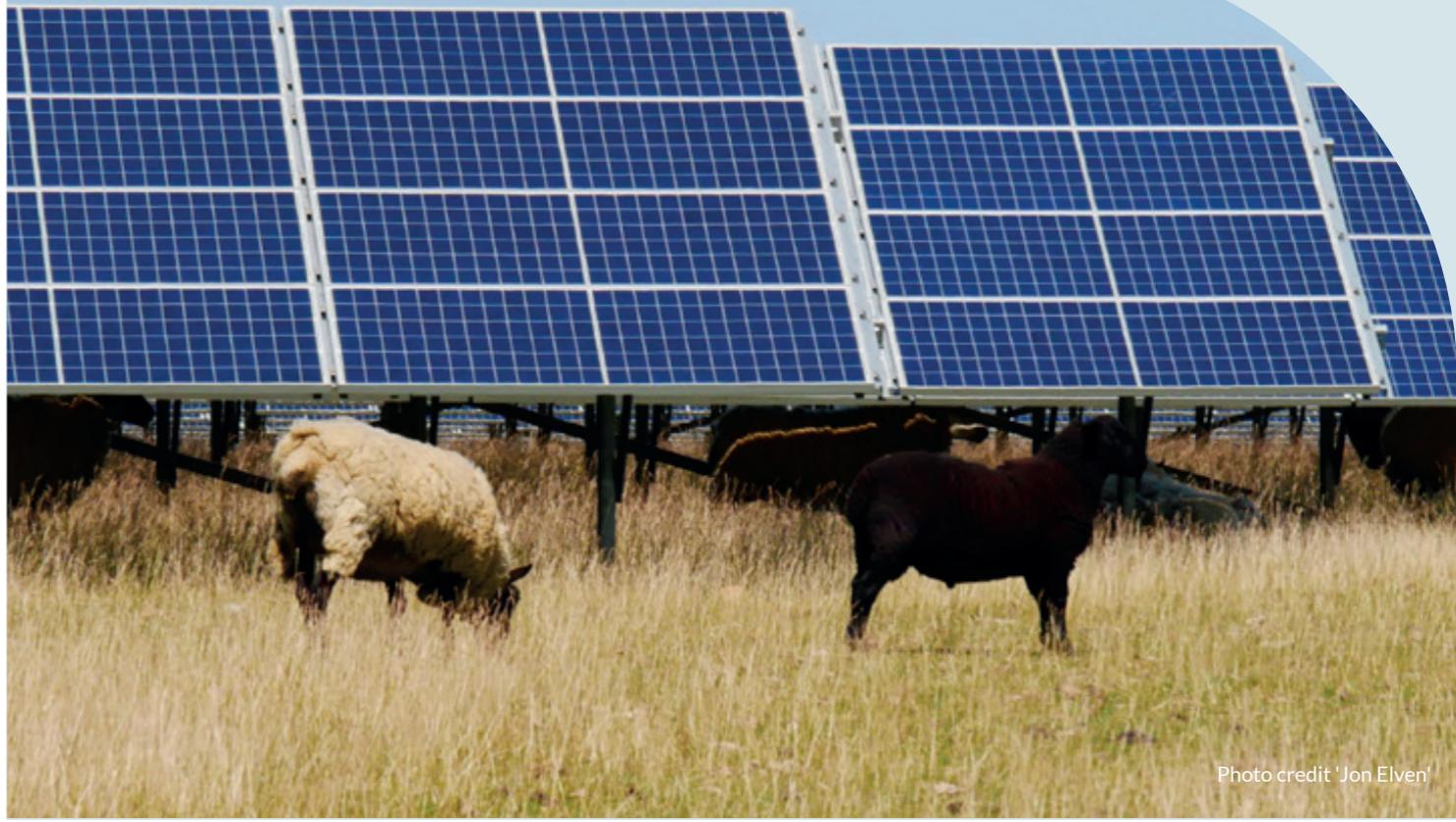


Photo credit 'Jon Elven'

## 1. Background

Nature loss and ecosystem degradation are sources of profound economic and social risks. NextEnergy Group's Nature Strategy seeks to address these challenges head on through a delivery framework which underpins our ambition. The following sections provide an overview of the key concepts and nature-related topics material to NextEnergy Group.

### 1.1 Planetary Boundaries

**Our economy and our well-being depend on stable, secure, and self-regulating Earth systems** – the atmosphere, biosphere, hydrosphere, and other natural systems which underpin our livelihoods and our prosperity. These systems can absorb our impacts on nature, but their capacity is limited. Beyond a certain threshold, they begin to break down. These planetary boundaries therefore represent the safe operating space within which we can thrive without exceeding or compromising nature's capacity to sustain itself.<sup>5</sup>

In 2023, the Stockholm Research Centre confirmed that **we have exceeded six out of the nine planetary boundaries originally identified in 2009, including climate change, biosphere integrity, land-use change, and freshwater change** (Figure 1). This assessment was underpinned by a strong scientific consensus on the critical state of our Earth systems. Without a fundamental overhaul of our energy system and immediate, deep cuts to our greenhouse gas emissions, we are on a path to surpass both the 1.5°C target and the 2°C limit of the Paris Climate Accord.<sup>6</sup> Nearly 75% of the Earth's land cover has been heavily modified through human development, agriculture, and industry.<sup>7</sup> Biodiversity and ecosystem integrity are declining rapidly worldwide. The global rate of species extinction is accelerating and is now tens to hundreds of times higher than the average over the past 10 million years. Alarming, this crisis extends beyond species classified as threatened or endangered.<sup>8</sup> Terrestrial wildlife populations have plummeted by nearly 70%, while freshwater populations have suffered an even more dramatic decline of 83%.<sup>9</sup>

<sup>5</sup> Rockström, J., et al. 2009. A safe operating space for humanity. Available from: <https://www.nature.com/articles/461472a>

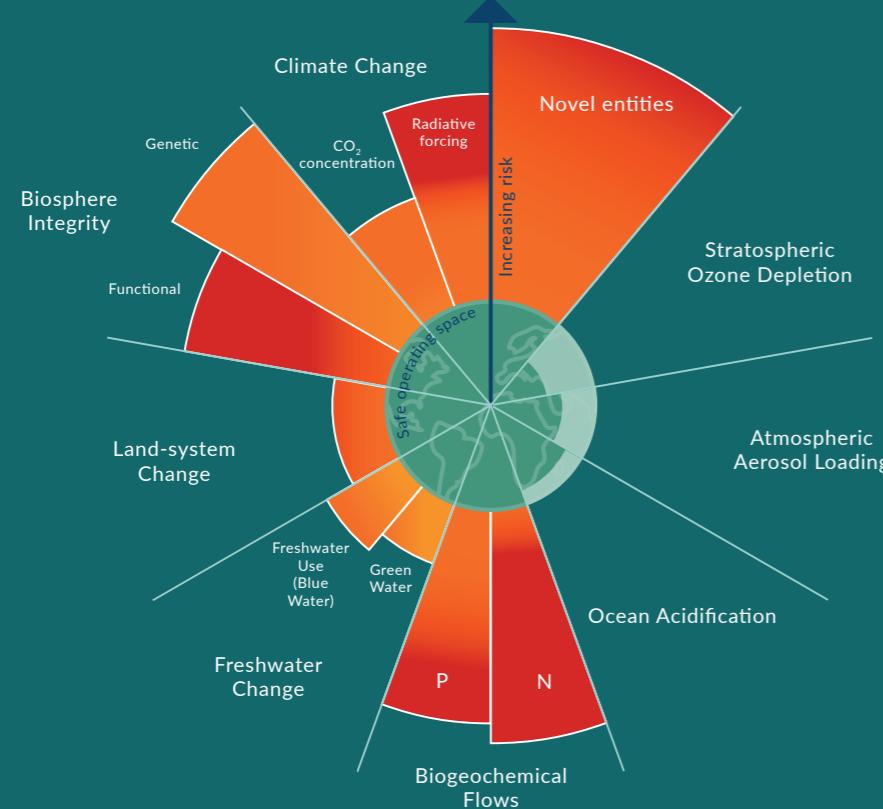
<sup>6</sup> Intergovernmental Panel on Climate Change (IPCC), 2023. Climate Change 2023: Summary for Policymakers. Available from: [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_SPM.pdf](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf)

<sup>7</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), 2019. Global Assessment of Biodiversity and Ecosystem Services. Available from: <https://www.ipbes.net/global-assessment>

<sup>8</sup> IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Diaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany. 1148 pages. Chapter 2.2. Section 2.2.5 pg. 238. Available from: <https://doi.org/10.5281/zenodo.3831673>

<sup>9</sup> World Wildlife Fund (WWF), 2024. Living Planet Report 2024. Available from: <https://livingplanet.panda.org/en-US/>

Figure 1. Planetary boundaries in 2023<sup>10</sup>



Earth systems and their planetary boundaries are intertwined; each impacts and is, in turn, impacted by the others. The Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) emphasise the **inextricable links between climate change, land-use change, and biodiversity loss**, stating clearly that “*Limiting global warming to ensure a habitable climate and protecting biodiversity are mutually supporting goals, and their achievement is essential for sustainably and equitably providing benefits to people.*”<sup>11</sup>

NextEnergy Group’s ambition is to ensure we operate within safe boundaries for people and planet. We recognise the threats and pressures which are straining Earth’s interdependent systems. This validates the holistic approach of our Nature Strategy, including how we assess, manage, and disclose our impacts and dependencies on nature. Importantly, the Group does not aim for zero impacts on nature, as this is neither prudent, realistic, nor achievable; everything we do interacts with nature to some degree. However, we **recognise our obligation to understand our impacts and ensure they do not exceed the capacity of natural systems to self-regulate**. This position is broadly

supported by the **Nature Positive Initiative** and underpins the central tenets of the SBTN.

## 1.2 Drivers of Nature Loss

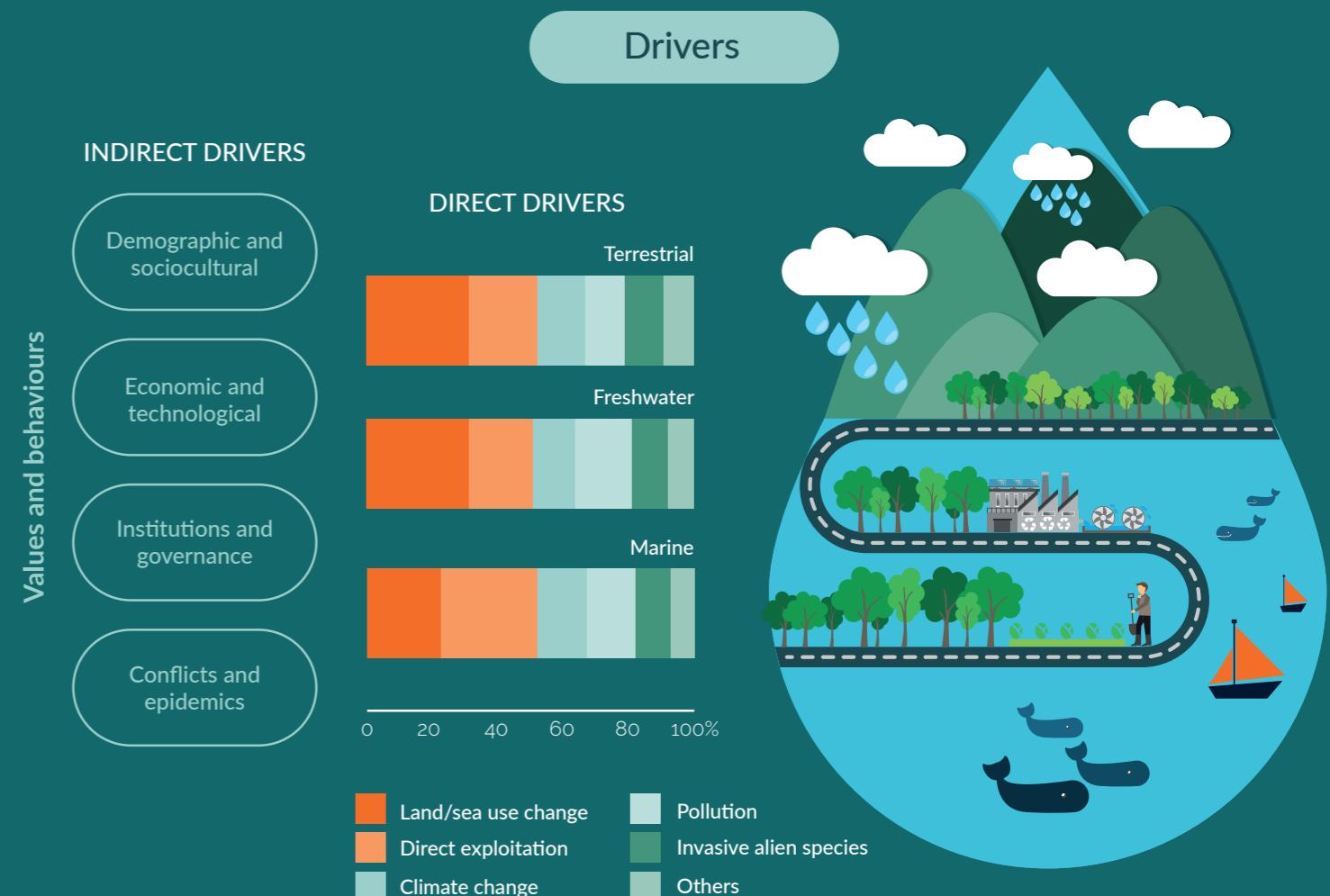
IPBES has identified **five main drivers of nature loss: land/sea use change, direct exploitation of natural resources, climate change, pollution, and invasive alien species** (Figure 2). Each of these drivers intersects with solar energy operations and supply chains in different ways. It is necessary to assess material risks or opportunities for each one to develop an effective Nature Strategy.

<sup>10</sup> Source: Adapted from Azote for Stockholm Resilience Centre, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009. Available from: <https://www.stockholmresilience.org/research/planetary-boundaries.html>

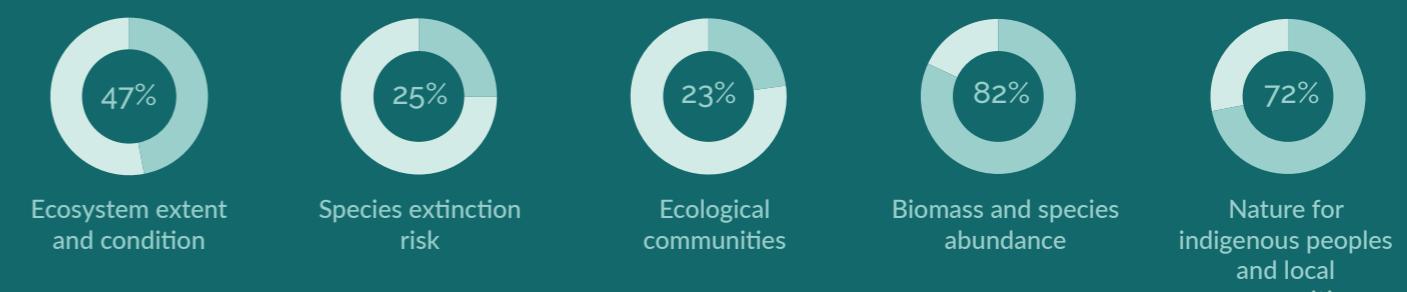
<sup>11</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and Intergovernmental Panel on Climate Change (IPCC), 2021. IPBES-IPCC Joint Report. Available from: [https://files.ipbes.net/ipbes-web-prod-public-files/2021-06/20210609\\_workshop\\_report\\_embargo\\_3pm\\_CEST\\_10\\_june\\_0.pdf](https://files.ipbes.net/ipbes-web-prod-public-files/2021-06/20210609_workshop_report_embargo_3pm_CEST_10_june_0.pdf)

<sup>12</sup> Source: Adapted from Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), 2019. Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Available from: <https://doi.org/10.5281/zendona.3831673>

Figure 2. IPBES Drivers of Nature Loss<sup>12</sup>



## Examples of Declines in Nature



Natural ecosystems have **declined by 47%** on average, relative to their earliest estimated states

Approximately **25 %** of species are already threatened with extinction in most animal and plant groups studied

Biotic integrity - the abundance of naturally present species - has **declined by 23 %** on average in terrestrial communities\*

The global biomass of wild mammals has **fallen by 82%.\*** Indicators of vertebrate abundance have declined rapidly since 1970

72% of indicators developed by indigenous peoples and local communities show **ongoing deterioration** of elements of nature important to them

\*since prehistory

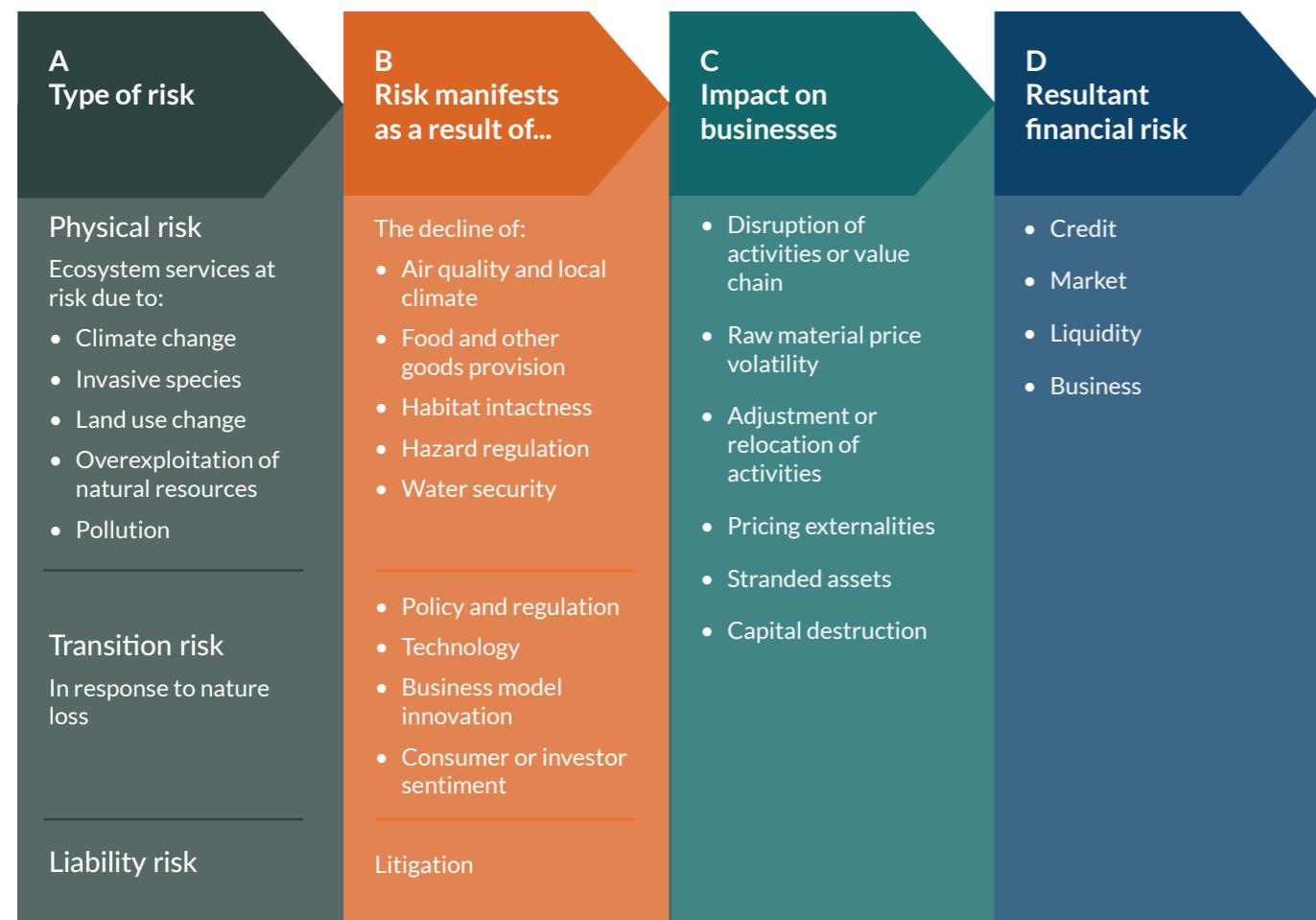
The drivers of nature loss are **highly location-dependent**, differing by geography, land-use history, local economic incentives, natural resource distributions, and wealth disparities, amongst other factors. Given that NextEnergy Group's assets are distributed across the world, our approach to nature risk identification and management must be spatially explicit and location-dependent.

### 1.3 Nature-related Economic Risks

Nature loss is closely linked with economic risk. **An estimated 55% of global GDP is moderately to highly dependent on nature, with most industries also exhibiting hidden dependencies in their value chains on more than 50% of the Gross Value Added**

**(GVA) of their products.**<sup>13</sup> If nature loss and ecosystem degradation continue at their current pace, the impacts will extend beyond cultural, aesthetic, and environmental concerns, posing significant financial risks as well. The World Bank has stated that the global decline of biodiversity and ecosystem services is an economic development issue: current degradation rates are leading to an estimated 2.3% contraction in real Global GDP by 2030, with a disproportionate impact on low-income countries (up to 10% contraction in real GDP).<sup>14</sup> In the United Kingdom alone, it is estimated that biodiversity loss, environmental degradation, and climate change will lead to a contraction in GDP by up to 8% in the 2030s, equivalent to between four and seven years of lost growth.<sup>15</sup>

Figure 3. Types of nature-related risks and impacts for businesses<sup>16</sup>



<sup>13</sup> PricewaterhouseCoopers (PwC), 2023. Managing Nature Risks. Available from: <https://www.pwc.com/gx/en/strategy-and-business/content/sbpwc-2023-04-19-Managing-nature-risks-v2.pdf>

<sup>14</sup> World Bank, 2021. The Economic Case for Nature: A Global Earth-Economy Model to Assess Development Policy Pathways. Available from: <https://openknowledge.worldbank.org/server/api/core/bitstreams/9f0d9a3a-83ca-5c96-bd59-9b16f4e936d8/content>

<sup>15</sup> Green Finance Institute, 2024. UK Nature-Related Risks: Full Report. Available from: <https://openknowledge.worldbank.org/server/api/core/bitstreams/9f0d9a3a-83ca-5c96-bd59-9b16f4e936d8/content>

<sup>16</sup> Source: Adapted from Cambridge Institute for Sustainability Leadership (CISL), 2021. Handbook for Nature-Related Financial Disclosures. Available from: <https://www.cisl.cam.ac.uk/system/files/documents/handbook-for-nature-related-financial.pdf>

Financial risk related to nature loss is typically categorised as either **physical, transitional, or liability/reputational risk**. Table 1 provides a brief description of each type of nature-related risk. Risk and return are directly related, but until now many nature-related risks have been externalised from standard financial

valuations. NextEnergy Group's integration of nature risks into our due diligence, risk management, and Sustainability Framework can potentially de-risk our future investments and deliver more value for people and nature.

Table 1. Types of Nature-related financial risk<sup>17</sup>

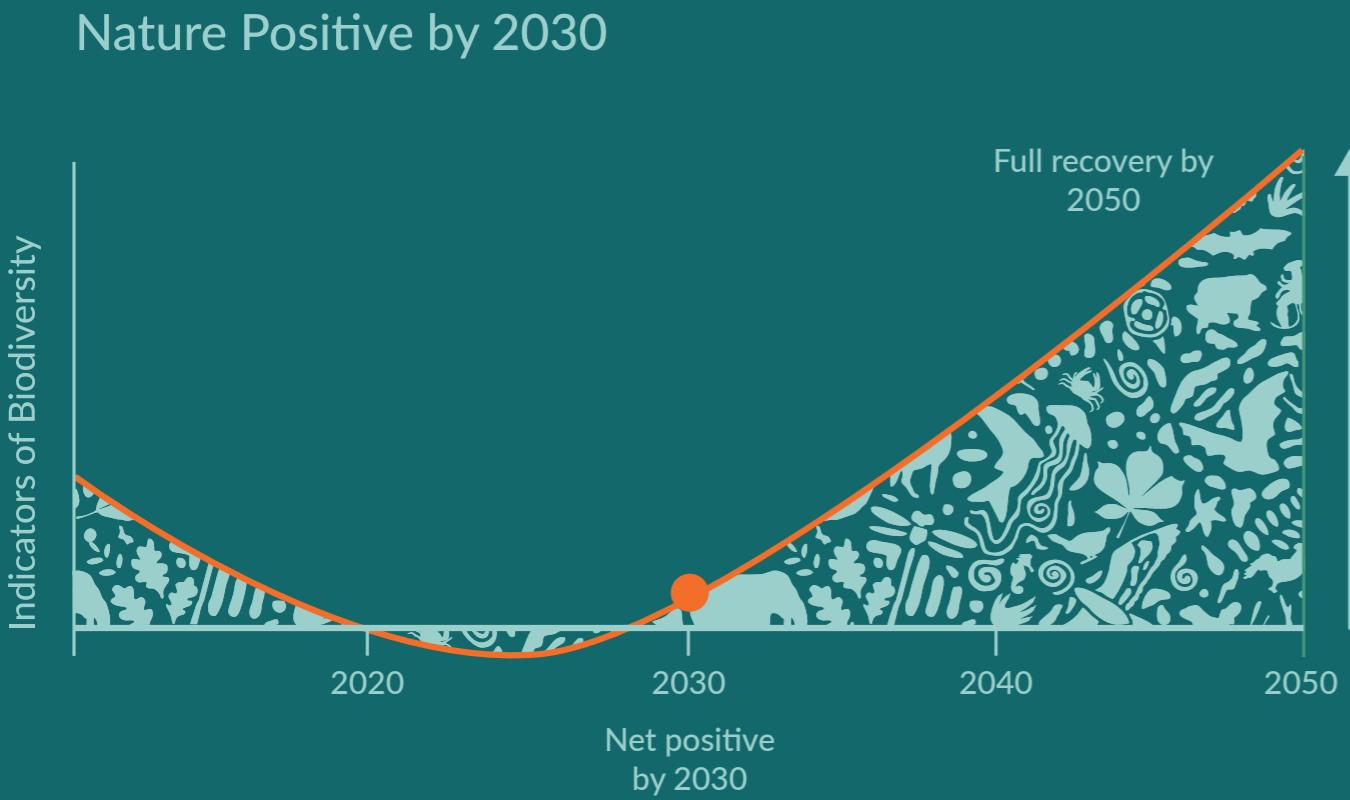
Type of Risk	Description
Physical	Risks derived from compromised natural systems, including extreme events (drought, flooding, heatwaves) as well as widespread, acute, or chronic changes to ecosystem equilibriums, processes, functions, and services.
Transitional	Regulatory or market efforts to reverse nature loss can negatively impact businesses and result in stranded assets; this includes the sudden or disorganized introduction of public policies, technological changes, shifts in consumer or investor sentiment, and disruptive business model innovations.
Liability	Historic and emerging legal cases and litigation related to nature loss, including pay-outs, fines, legal and administrative costs, insurance costs, financing costs, and reputational costs.



NextEnergy Group will contribute its part to realising the **KM-GBF** targets and the **Global Goal for Nature**, and a **nature positive economy** by 2030 (Figure 4). These goals include measures to halt and reverse nature loss from 2020 to 2030, aiming for full nature recovery by 2050. Our ambition covers three core companies within the Group:

- NextEnergy Capital (Investment Management)<sup>18</sup>
- WiseEnergy (Asset Management)<sup>19</sup>
- Starlight (Asset Development)<sup>20</sup>

Figure 4. The Global Goal for Nature<sup>21</sup>



These companies are prioritised in the Strategy because they form the core of our operational activities and comprise the majority of the Group's commodity use. The Strategy is focused on solar assets. However, as the Group's activities evolve into new renewable energy technologies, we will continue to develop and expand the Strategy.

To achieve our nature positive vision, NextEnergy Group commits to **support the transition toward an economy that operates within safe planetary boundaries; avoid and minimise the principal drivers of nature loss; fund nature restoration at scale; and effectively manage nature-related risks in our operations and supply chains.**

Figure 5. The Kunming-Montreal Global Biodiversity Framework Themes and Targets<sup>22</sup>



<sup>18</sup> NextEnergy Capital, <https://www.nextenergycapital.com/>

<sup>19</sup> WiseEnergy, <https://www.wise-energy.com/>

<sup>20</sup> Starlight, <https://www.starlight-energy.com/>

<sup>21</sup> Source: Adapted from Nature Positive Initiative, n.d. Available from: <https://www.naturepositive.org/>

<sup>22</sup> Source: Adapted from Government of Canada, 2023. Toward a 2030 Biodiversity Strategy for Canada: Halting and reversing nature loss. Available from: <https://www.canada.ca/en/environment-climate-change/services/biodiversity/canada-2030-nature-strategy.html>

### 3. Nature Strategy and Delivery Framework

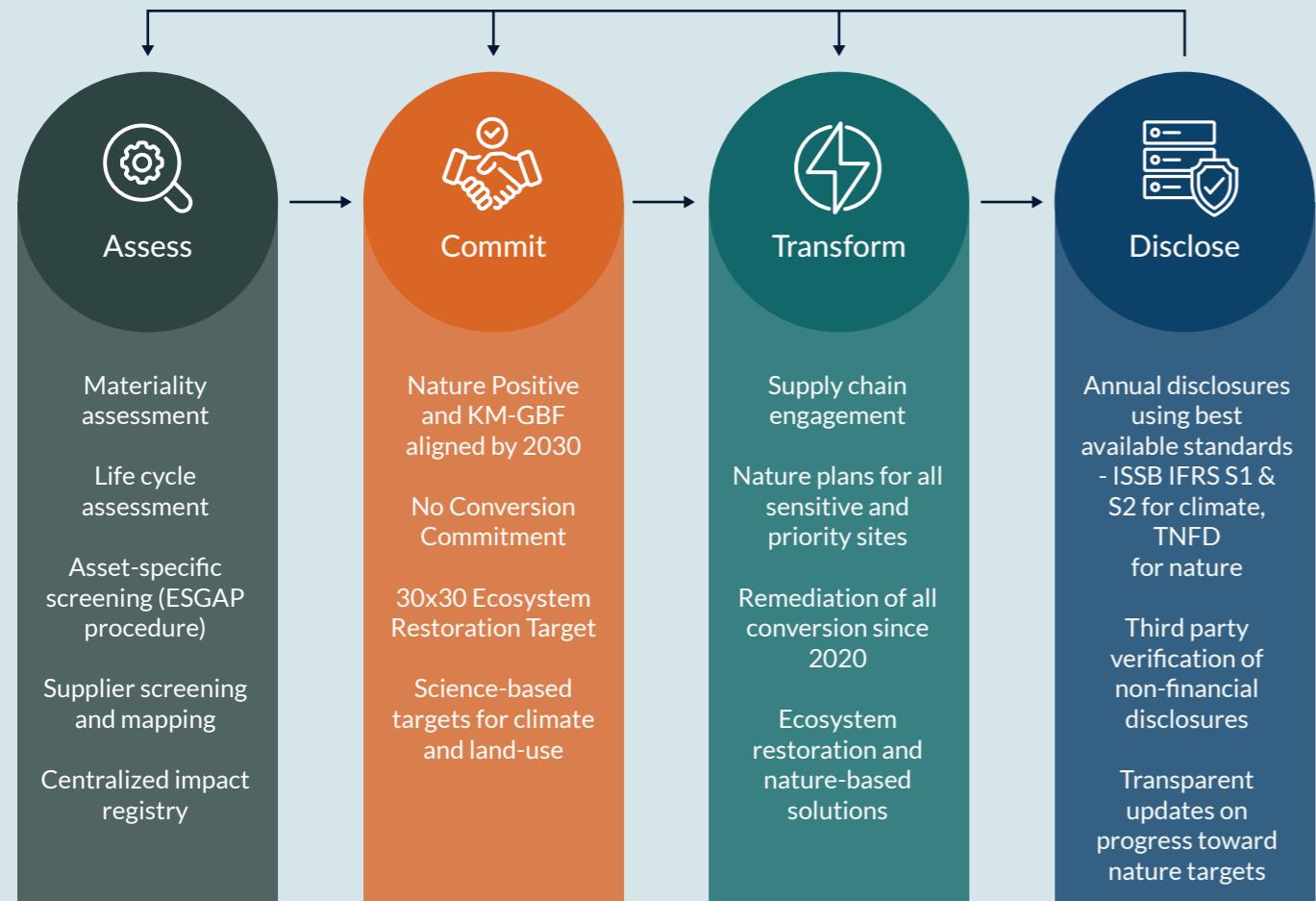
Our Nature Strategy is reinforced by best practices and internationally recognised frameworks and standards to deliver on our nature positive ambition. The core pillars of the Strategy and delivery framework include initiatives to:

- **Measure, manage, and reduce nature impacts** and risks driven by our asset development and management activities.
- **Increase supply chain traceability and engagement** on high-impact commodities.

- **Support nature restoration at scale; and,**
- **Transparently disclose nature-related topics** and progress toward our nature targets with our stakeholders.

NextEnergy Group's Nature Strategy follows the recommendations of the **ACT-D framework** which is endorsed by the Capitals Coalition, WWF, TNFD, and SBTN (Figure 6)<sup>23</sup>. It defines a stepwise and iterative approach to align with the KM-GBF targets and the Global Goal for Nature – **Assess, Commit, Transform, and Disclose**.

Figure 6. NextEnergy Group's Nature Strategy ACT-D Framework<sup>24</sup>



The Nature Strategy consolidates and builds upon the lessons we have learned from nearly 20 years of active environmental engagement while looking ahead to meet ambitious global targets. It signifies a shift toward a more **coherent and centralised framework** that determines our engagement with nature-related issues while recognising the nuances of each of our assets. Most importantly, our Strategy reflects the scale and ambition of the Group; it establishes a **science-based**

and **evidence-led** thread uniting Starlight, NextEnergy Capital and WiseEnergy to ensure a consistent and standardised approach to meet our nature commitments.

<sup>23</sup> Capitals Coalition, n.d. ACT-D: High Level Business Actions on Nature. Available from: <https://capitalscoalition.org/business-actions/>

<sup>24</sup> Source: Capitals Coalition, n.d. ACT-D: High Level Business Actions on Nature. Available from: <https://capitalscoalition.org/business-actions/>

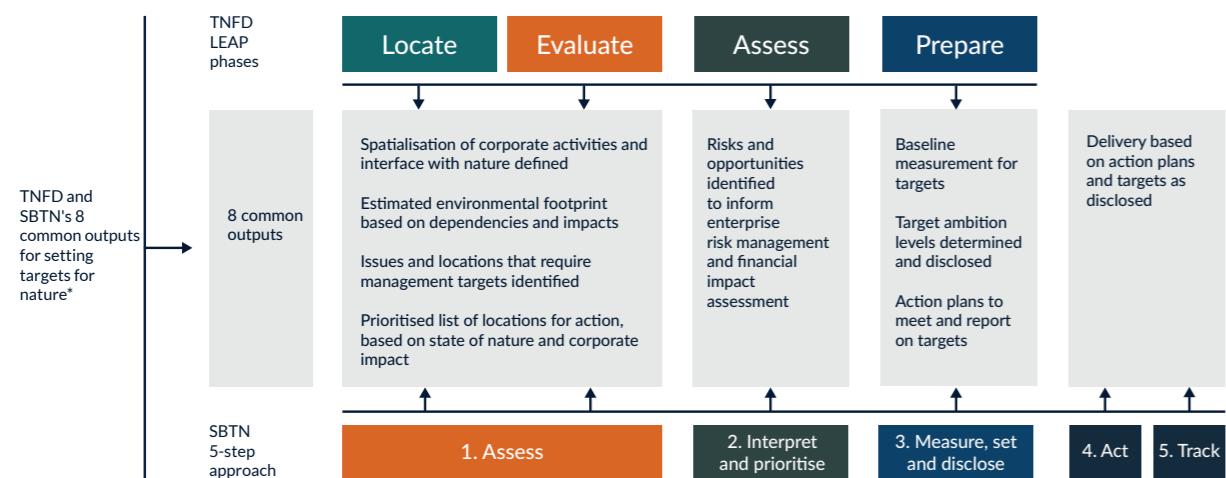


## Assess

The boundaries of the materiality assessment encompassed NextEnergy Group and its three core underlying companies, including Starlight, NextEnergy Capital and WiseEnergy. Our assessment approach is iterative and adaptive to identify material nature-related topics at the Group level and integrate them into our due diligence, measurement and monitoring activities at the company levels.

Our Nature Strategy is underpinned by a Group-level materiality assessment conducted between 2023 and 2024 to identify our material nature-related impacts, dependencies, risks, and opportunities. Materiality was delineated by the IPBES-defined contributors to nature loss:

Figure 6. Common outputs of the TNFD LEAP and SBTN 5-step approach<sup>26</sup>



\*There are 8 common outputs from the TNFD LEAP approach and SBTN methods. An organisation using either one of the approaches would produce these 8 common outputs. They are not the only outputs an organisation requires to report against TNFD recommendations or to use the SBTN methods.

Alignment with both frameworks allows NextEnergy Group to prepare to disclose nature-related topics through the recommendations of TNFD and to set ambitious and comparable science-based targets for nature following the prescriptive requirements from SBTN.

The boundaries of the materiality assessment encompassed NextEnergy Group and its three core underlying companies, including Starlight, NextEnergy Capital and WiseEnergy. Given our business model, nature-related materiality was assessed on three levels: asset, fund, and Group. Local pressures, states of nature, and upstream value chain impacts were assessed for each asset. These were then aggregated at the fund

1. Terrestrial use and change;
2. Direct exploitation;
3. Climate change;
4. Pollution; and,
5. Other drivers such as alien invasive species.

The assessment covered both financial and impact materiality, known as **double materiality**. The materiality assessment was carried out in collaboration with ETIFOR, a spin-off of the University of Padova, and followed prescriptive guidance from the **TNFD LEAP approach** and the **SBTN's 5-Step Process**, specifically Step 1: Assess and Step 2: Prioritise (Figure 6).<sup>25</sup>



<sup>25</sup>Taskforce for Nature-related Financial Disclosures (TNFD), n.d. The Leap Approach. Available from: <https://tnfd.global/wp-content/uploads/2022/03/tnfd-the-leap-approach.pdf>. Science Based Targets for Nature (SBTN), 2024. SBTN 5-Step Process. Available from: <https://sciencebasedtargetnetwork.org/companies/take-action/how-to-get-started/>

<sup>26</sup>Science-Based Targets Network (SBTN), Taskforce on Nature-Related Financial Disclosures (TNFD), 2023. Guidance for corporates on science-based targets for nature. Available from: [https://tnfd.global/wp-content/uploads/2023/09/Guidance\\_for\\_corporates\\_on\\_science\\_based\\_targets\\_for\\_nature\\_v1.pdf](https://tnfd.global/wp-content/uploads/2023/09/Guidance_for_corporates_on_science_based_targets_for_nature_v1.pdf)

Table 2. Key outputs of NextEnergy Group's materiality assessment

## NextEnergy Group Materiality Assessment

Output	Description
Stakeholder ESG survey	Engagement on material topics through a survey sent to 175 internal and external stakeholders, including NextEnergy Group Leadership Team, employees, suppliers, partners, investors, and local communities.
Materiality screening	Screening on nature-related materiality in the solar energy sector related to terrestrial and marine ecosystem use, water use, climate change, pollution, and other main drivers of nature loss using the SBTN Materiality Screening Tool (MST) derived from the ENCORE database and refined to the specific activities of NextEnergy Group.
Supply chain assessment	Analysis of the primary components and raw materials used in our photovoltaic (PV) sites, with an assessment of supply chain structures, traceability, and mapping of key input materials and high-impact commodities.
Risk assessment	Evaluation of nature-related risks (physical, transition, reputational) and opportunities in direct operations and supply chains; mapping of asset value exposure to nature-related risk at the Group- and fund-levels.
Impact & dependency analysis	Evaluation of impacts and dependencies on nature in NextEnergy Group's direct operations, including the most important impacts and dependencies and corresponding risks, for biodiversity and water for each asset.
Pressure estimation	Quantitative estimate of contributions toward material pressures in direct operations and upstream, including land use, GHG emissions, water consumption, and soil pollutants.
State of nature indicators	Quantitative estimate of local states of nature, including a pressure-sensitive indicator for each pressure category as well as ecosystem integrity and biodiversity intactness.
Prioritisation matrix	Prioritisation of NextEnergy Group assets and upstream sourcing areas by pressure-state indices derived from the relevant magnitude of our impacts on nature compared with the local capacity of ecosystems to self-regulate and assimilate impacts.
Sensitivity analysis	Prioritisation of NextEnergy Group assets and upstream sourcing areas by proximity to landscapes of high ecosystem integrity and biodiversity intactness.

The results of the materiality assessment indicate that NextEnergy Group's core business operations have material impacts and dependencies on nature. Impacts are driven mainly by **terrestrial ecosystem conversion and use, greenhouse gas emissions, water use, and soil and water pollution**. The magnitude and severity of these nature-related impacts are distributed unevenly through the solar energy production process, with the vast majority embedded in upstream commodity sourcing, refinement, manufacturing, and transportation. Critical dependencies include mass and slope stabilisation, flood control, water availability, and predictable atmospheric conditions.

Importantly, the materiality assessment has provided NextEnergy Group with the spatially explicit data

necessary to enable an evidence-led Nature Strategy; identify key information gaps; and, prioritise hotspots both in our value chains and the ecosystems in which we operate. As a result, we can allocate our resources more efficiently toward material nature-related risks and opportunities.

At the asset level, we have updated NextEnergy Capital's **ESG Action Plan (ESGAP)** tool following the materiality assessment findings. The ESGAP tool is integrated across Starlight and WiseEnergy. The **ESGAP tool provides detailed step-by-step guidance and handover instructions for our teams** across asset development, investment management, and asset management. It helps us identify and assess nature-related risks and opportunities for each asset, and

ensure compliance with our nature positive commitments.

Looking ahead, we are updating NextEnergy Group's **supplier screening questionnaire and traceability systems** to identify key focus areas in our supply chains that contribute to land-use change, greenhouse gas emissions, water use, pollution, and other drivers of nature loss. We are currently prioritising the evaluation of three principal site components – **PV modules, mounting racks, and access tracks** – as well as three high-impact commodities in the solar supply chain – **steel, silica sand, and aluminium**. Together, these comprise **more than 90% of the mass for both our assets and our sourcing volumes of high-impact commodities**.

Additionally, the Group plans to conduct a **Life Cycle Assessment (LCA)** of the main impacts associated with our direct operations and supply chain to establish a quantitative baseline against which science-based targets can be set. We also aim to carry out a **natural capital assessment** using a well-established protocol or standard (e.g. the Capitals Coalition Natural Capital Protocol or the British Standards Institute (BSI) 8632 standard) to better understand the financial materiality of nature-related impacts and dependencies, and to support investment and budgetary decision-making.<sup>27</sup>

<sup>27</sup> Natural Capital Coalition, 2021. Natural Capital Protocol. Available from: [https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp\\_filter\\_tabs=guide\\_supplement](https://capitalscoalition.org/capitals-approach/natural-capital-protocol/?fwp_filter_tabs=guide_supplement) BSI Standards, 2021. BSI 8632: Natural Capital Accounting for Organizations. Available from: <https://knowledge.bsigroup.com/products/natural-capital-accounting-for-organizations-specification?version=standard>



## Commit

The main commitments of our Nature Strategy include our **Nature Positive Ambition Statement** (Section 2), our targets to **No Conversion of Natural Ecosystems** and our **30x30 Nature Restoration** goal (Section 5).



## 30x30

### No Conversion of Natural Ecosystems

- this commitment aims to provide a structured approach to prevent the loss of natural ecosystems where they arise through our direct operations and supply chains. It also requires the remediation of **any conversion occurring after 31st December 2020**.

The commitment aligns with the requirements of the **SBTN Land Targets** guidance as well as the scope, terms and definitions, and approach recommended by the **Accountability Framework Initiative (AFI)** for developing and implementing a robust and science-based no conversion implementation framework.<sup>28</sup>

**Conversion definitions, guidelines, and assessment tools** are integrated into the ESGAP tool and the supplier screening processes described above in the “Assess” section during the asset development stage.

These are **supported by escalation strategies or redlines** to ensure that none of our assets or supply chains contribute to the conversion of natural ecosystems.

### 30x30 Nature Restoration Target

- this commitment aligns with Targets 2 and 19 of the KM-GBF. NextEnergy Group commits to support nature restoration up to 30% of our land footprint by 2030. We will prioritise restoration opportunities in **highly sensitive or highly degraded ecosystems within relevant proximity to our solar assets**. Impacts will be **robustly quantified, durable, and third-party verified by a reputable standard**. The key common metric between restoration projects will be their extent, in hectares, of natural ecosystems successfully undergoing restoration. Other relevant and site-dependent metrics will also be included to holistically measure local biodiversity impacts and to **maximise opportunities for additional sustainability benefits, including carbon, water, and community gains**.

The Group also plans to submit science-based targets for nature, specifically, land and climate targets, to the **Science Based Targets Initiative (SBTi)** and the SBTN in early 2025. The “Disclose” and “Nature Governance” sections below outline how the Group will monitor, track progress, and report on these targets.

<sup>28</sup> Science Based Targets Network, 2024. Land Guidance. Available from: <https://sciencebasedtargetsnetwork.org/about/hubs/land/>. Accountability Framework Initiative, 2024. Available from: <https://accountability-framework.org/>

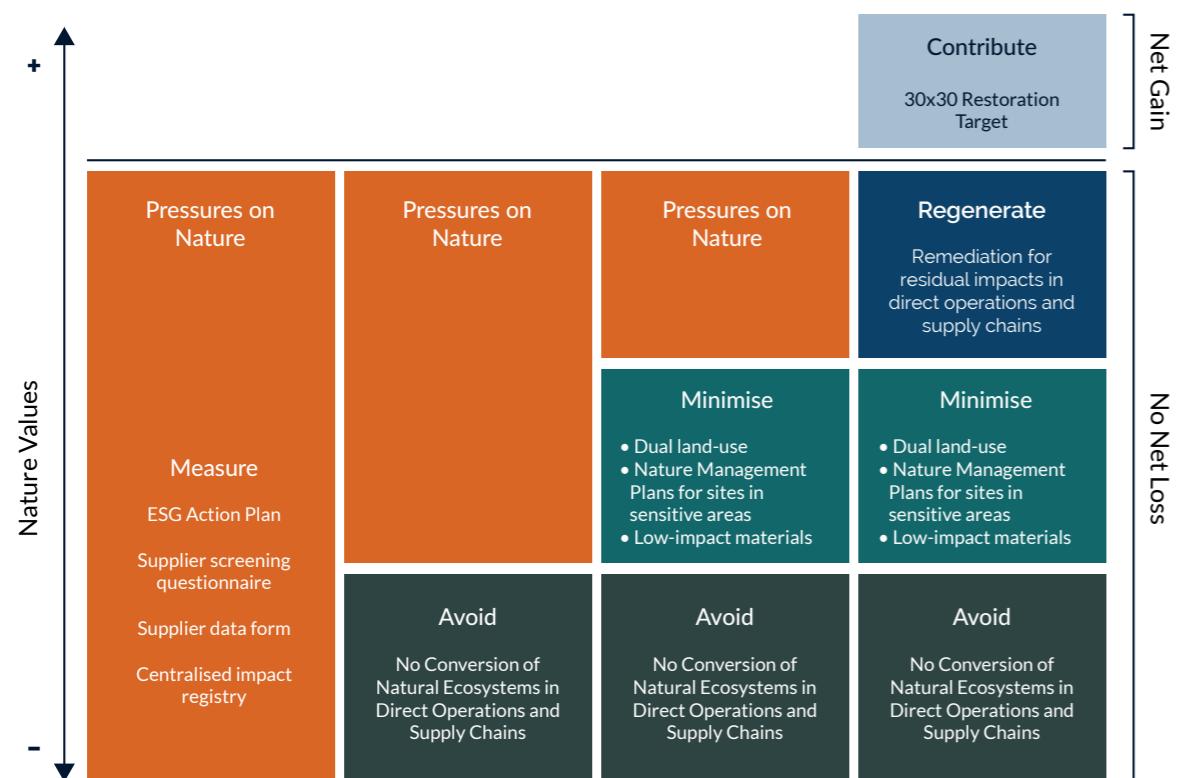


## Transform

Measures to transform our business model and the solar sector include supply chain engagement through programmes such as the **Solar Stewardship Initiative (SSI)**, with which NextEnergy Group is proactively engaging to develop a supply chain sustainability standard.<sup>29</sup> Other engagement will include targeted market initiatives in pre-competitive forums with suppliers, producers, and developers to prioritise key high-impact commodities, starting with silica, steel, and aluminium.

As part of our ESGAP-based due diligence and risk management procedures, we have established guidelines to integrate dual land-use programmes, such as grazing and natural meadows, with our solar assets. We also have a system to identify sensitive or high-priority sites where we develop and implement Nature Management Plans (**NMPs**) to mitigate impacts and restore biodiversity values on site. These NMPs are crucial for our biodiversity management efforts, complementing our existing Biodiversity Management Plan (**BMP**) programme, and ensuring we adopt a strategic and holistic approach to site management that aligns with our commitment to all aspects of nature.

Figure 7. Approach to Nature Delivery Framework - alignment with the mitigation hierarchy



Our Delivery Framework, which comprises the Assess, Commit, and Transform pillars of our Nature Strategy, aligns our priorities with the mitigation hierarchy to avoid, minimise, regenerate, and contribute toward No Net Loss and Net Gain targets for nature (Figure 7).

<sup>29</sup> Solar Stewardship Initiative (SSI), Standards. Available from: <https://www.solarstewardshipinitiative.org/ssi-standards/>



## Disclose

NextEnergy Group will annually disclose its nature-related impacts, dependencies, risks, and opportunities as well as progress toward nature targets following the recommendations from the TNFD. The TNFD identifies as a “*global, market-led, science-based and government-supported initiative to help companies and financial institutions incorporate nature into their decision-making.*”<sup>30</sup> The initiative aims to provide consistency, comparability, and the capacity to benchmark performance on nature-related materiality for financial market participants and other key stakeholders. The recommendations for disclosure are comparable and interoperable with other leading voluntary and regulatory standards, including the **European Sustainability Reporting Standards (ESRS)**, which is required by the **Corporate Sustainability Reporting Directive (CSRD)**, the **International Financial Reporting Standards (IFRS)**, and the **Sustainability Disclosure Standards (SDS)**.<sup>31</sup>

Figure 8. TNFD recommended disclosures<sup>32</sup>

TNFD recommended disclosures			
Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.</p> <p>Recommended disclosures</p> <ul style="list-style-type: none"> <li>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</li> <li>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</li> <li>C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</li> </ul>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.</p> <p>Recommended disclosures</p> <ul style="list-style-type: none"> <li>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</li> <li>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</li> <li>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</li> <li>D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</li> </ul>	<p>Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risk and opportunities.</p> <p>Recommended disclosures</p> <ul style="list-style-type: none"> <li>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</li> <li>A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).</li> <li>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</li> <li>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</li> </ul>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p> <p>Recommended disclosures</p> <ul style="list-style-type: none"> <li>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</li> <li>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</li> <li>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</li> </ul>
<p>Much of the information requested by the TNFD was gathered during the materiality assessment phase of our Nature Strategy development (Table 2). The TNFD recommendations will be integrated alongside our <b>IFRS International Sustainability Standards Board (ISSB) S1 General Disclosures</b> and linked to our <b>S2 Climate Disclosures</b> starting in 2025 (reporting on FY 2024), with annual disclosures thereafter. NextEnergy Group is committed to sharing the best available information with our stakeholders. In the interest of continuous improvement, we will update our disclosures as we fill information gaps and increase the granularity of our annual assessments over time.</p>			



<sup>30</sup> Taskforce on Nature-related Financial Disclosures (TNFD). (n.d.). Recommendations of the TNFD. Available from: <https://tnfd.global/recommendations-of-the-tnfd/>

<sup>31</sup> Taskforce on Nature-related Financial Disclosures (TNFD).2024. Correspondence mapping ESRs and TNFD. Available from:<https://tnfd.global/wp-content/uploads/2024/06/Correspondence-mapping-ESRs-and-TNFD.pdf>

<sup>32</sup> Taskforce on Nature-related Financial Disclosures (TNFD).2024. ISSB delivers further harmonisation of the sustainability disclosure landscape as it embarks on new work plan. Available from: <https://tnfd.global/issb-delivers-further-harmonisation-of-the-sustainability-disclosure-landscape/>

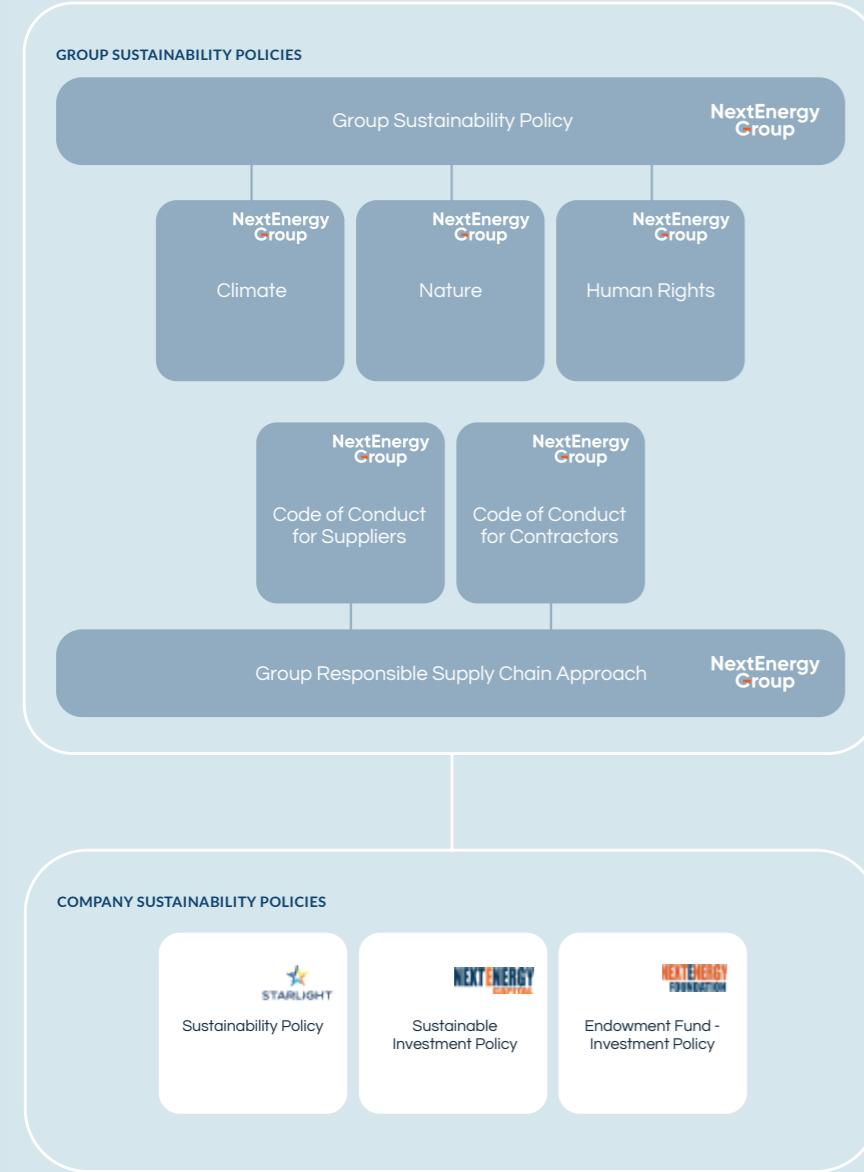
<sup>33</sup>Source: Adapted from Recommendations of the TNFD. Available from: <https://tnfd.global/recommendations/>

## 4. Nature Governance

NextEnergy Group's ESG activities are governed by a suite of Sustainability Policies (Figure 9).

Figure 9.

### NextEnergy Group sustainability policies



integration of nature-related considerations into operations, strategy, and risk management.

Aligned with TNFD recommendations, the Committee supports the identification, assessment, and management of nature-related risks, dependencies, and opportunities. It ensures nature is embedded within decision-making processes and reporting structures.

#### 4.1 Role and responsibilities

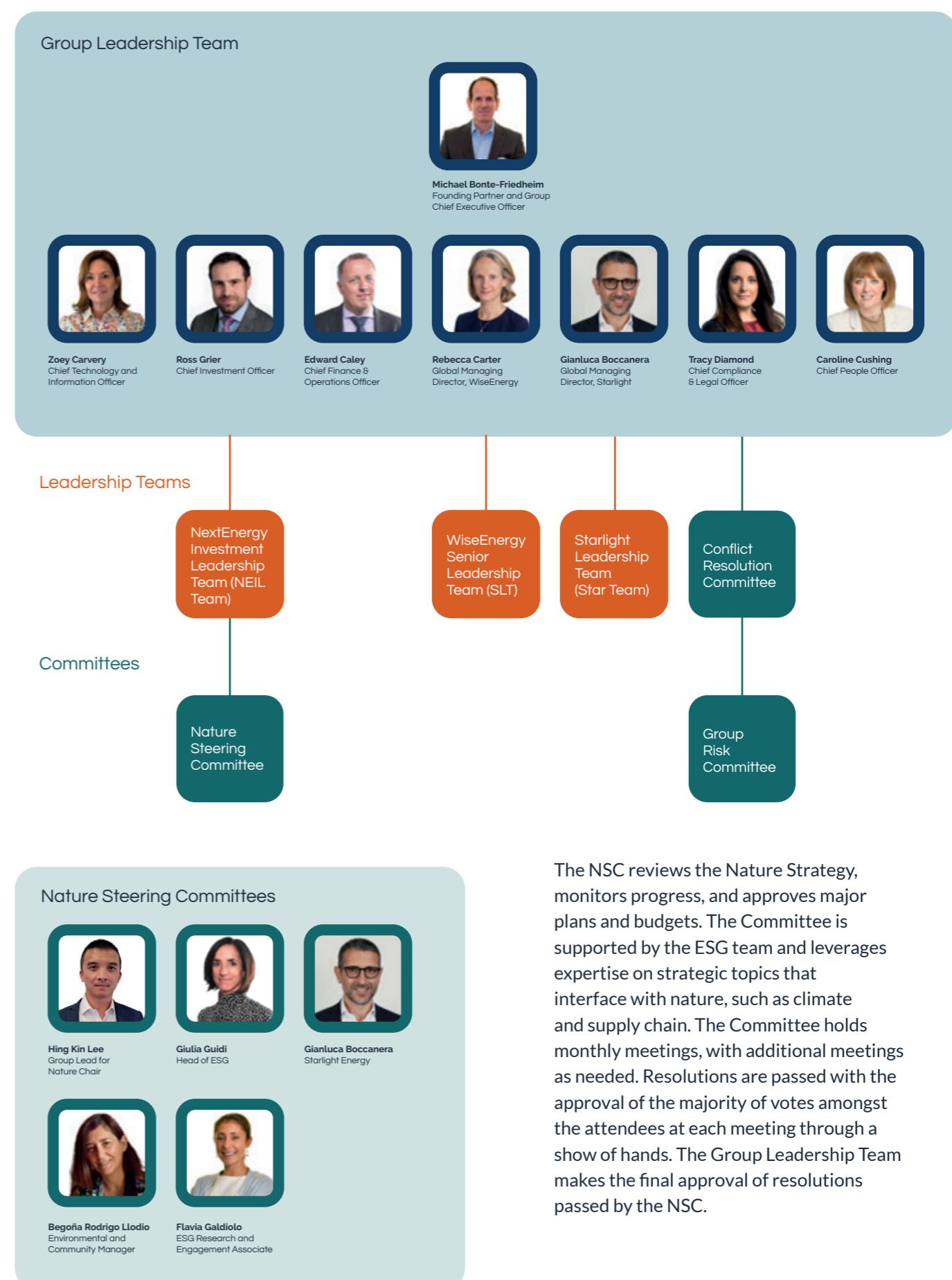
The Head of ESG is responsible for ensuring adherence to the Group's Sustainability Policies – including a Nature Position Statement which establishes our nature-related principles, commitments and governance – and executive decision-making on broader sustainability and ESG issues. The role reports to the Founding Partner and Group CEO. The Head of ESG is supported by a Group Lead for Nature, with over 20 years' experience in biodiversity and natural capital, as well as a team of associates and analysts with different backgrounds and expertise.

#### 4.2 Nature Steering Committee

NextEnergy Group has established a Nature Steering Committee (the NSC, or the Committee) to oversee its nature-related activities (Figure 10). The Committee comprises Senior Management and General Members, ensuring representation from each Group company and supporting an expanding membership base. The Committee is chaired by the Group Lead for Nature and is responsible for overseeing the

The Head of ESG and the Global Managing Director of Starlight ensure that nature-related governance is integrated into the Group's overall sustainability framework. This includes clear accountability pathways to the NEIL team, Group Leadership Team executives, and ultimately the CEO, ensuring oversight of nature-related impacts and dependencies in line with best practices and disclosure requirements.

Figure 10. NextEnergy Group's Nature Governance Structure



# Our Values

We are one Group with one set of Values which are the impetus for us to grow and achieve our mission. The Values are not only important to us individually, but they are also a common thread joining our companies together. We strive to help create a great workplace where everyone can contribute, develop and shape their future, as well as the Group's.



BE A  
LEADER



BUILD  
TRUST



BE  
RESPONSIBLE



BRING  
YOUR ALPHA



BE AN  
INNOVATOR

## 4.3 ESG Team

NextEnergy Group has a dedicated ESG team. The team is led by the Head of ESG, Giulia Guidi, who reports to the Founding Partner and Group CEO, Michael Bonte-Friedheim.

The ESG team advances sustainability through multiple channels across the Group. Different team members are dedicated to the different companies' activities, and the Group benefits from subject matter experts whose knowledge supports the investment due diligence processes and strategic projects. Examples include the advancement of topic-specific workstreams which are material to us and support the overarching Nature Strategy.

Pre-acquisition, the team works closely with NEC's Investment, and Construction and Procurement teams to ensure the full integration of the Nature Strategy. Post-acquisition, it liaises with NEC's Portfolio Management and WiseEnergy's Commercial and Technical teams. ESG team members are also actively engaged with responsible investment associations, and hold Chairing positions for key industry working groups.

## ESG and Sustainability Resources



### Giulia Guidi

#### Head of ESG

Giulia has more than 20 years' experience in ESG and Sustainable Finance. She oversees the implementation of the Group's Sustainability Strategy and its integration across the business.



### David Hawkins

#### Group Lead for Climate

David has over 10 years' sustainability and environmental experience in the energy sector, and oversees the development and implementation of climate transition and net zero activity.



### Hing Kin Lee

#### Group Lead for Nature

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



### Flavia Galdiolo

#### ESG Research and Engagement Associate

Flavia leads NextEnergy Group's strategic sustainability and ESG engagement and communication, and manages the NextEnergy Foundation.



### Kevin McCann

#### Senior ESG Associate

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



### Marianna Ricca

#### Senior ESG Analyst

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



### Kristina Vucic

#### Geospatial Manager

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



### Valeria Ramos

#### ESG Analyst

Valeria has been working in sustainable investing since graduating from university. She joined the Group to support the ESG due diligence for NPIII and NPV.



### Olivia Arden

#### Senior ESG Analyst

Olivia undertakes the ESG due diligence for UK acquisitions and supports the team to advance ESG initiatives.



### Begoña Rodrigo Llodio

#### Environmental and Community Manager / Starlight

Begoña has over 16 years' ESG experience in the energy sector. She joined Starlight to support the company to implement the Group Sustainability Strategy within Starlight's operations.



### Serena Thaker

#### ESG Manager / WiseEnergy

Serena joined WiseEnergy in 2019 and is responsible for managing and coordinating ESG delivery requirements across the funds.



### Marnie Winston-Fletcher

#### Environmental Analyst / WiseEnergy

Marnie is responsible for ensuring Local Environmental Management Plan compliance across the operational UK portfolio.



### Joseph Baker

#### Junior ESG Analyst / WiseEnergy

Joe drives the implementation of ESG action plans for NPIII and NPUK. He actively oversees ESG incident monitoring across operational assets and gathers operational data for SFDR reporting

## 5. Nature Targets and Key Areas of Focus

Target year  
**2030**

GOALS



Supply Chain  
Transparency and  
Sustainability



No Conversion of  
Natural Ecosystems



Responsible  
Land Use



30x30 Ecosystem  
Restoration Initiative

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

Figure 11. NextEnergy Group's Nature Targets and KPIs

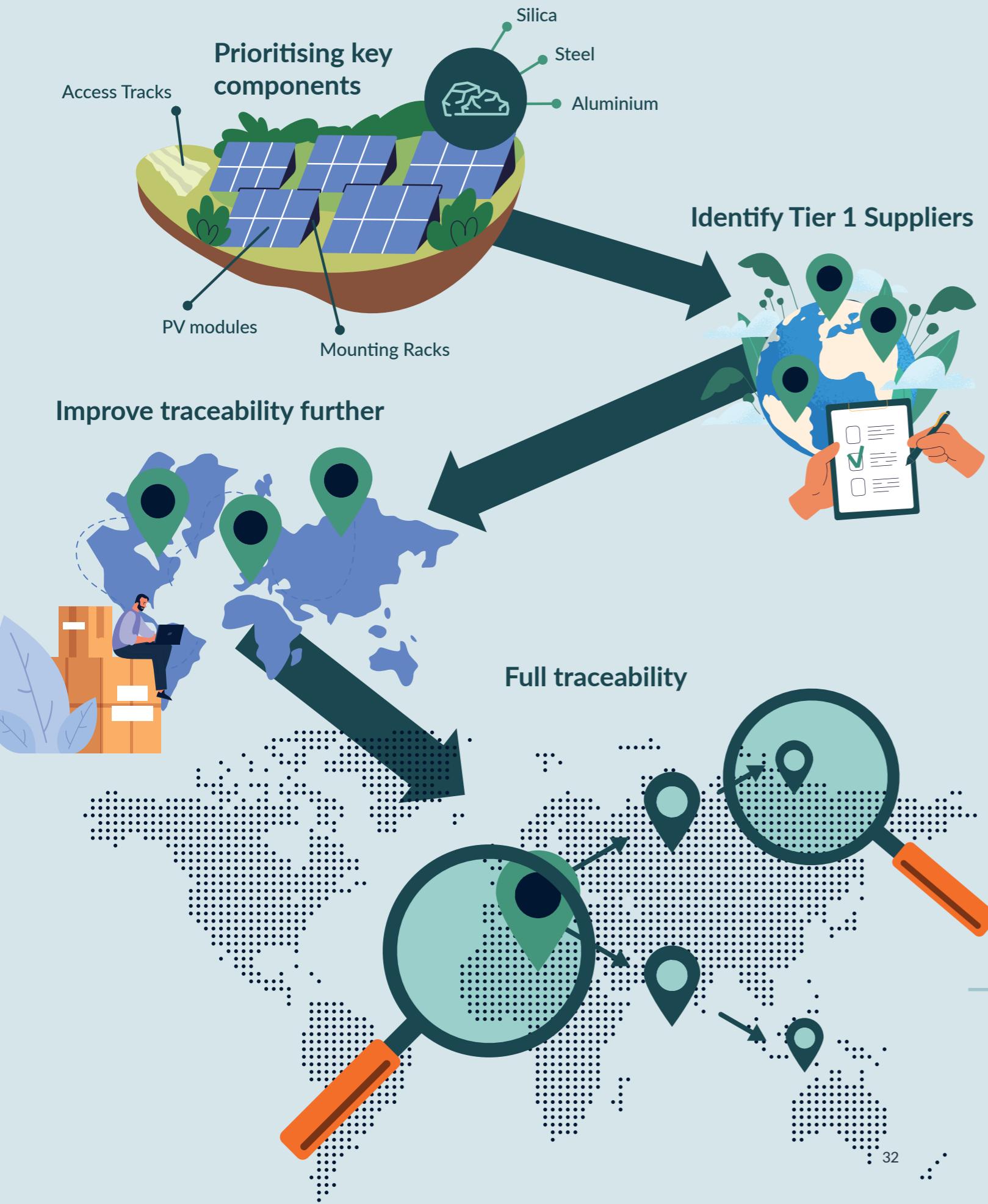




# Supply Chain Transparency and Sustainability

GBF Alignment: 15 | SDG Alignment: 12

Supply chain traceability is key to achieving our other nature targets. We will begin by prioritising our key components: PV modules, mounting racks, and access tracks, as well as our key high-impact commodities, including silica, steel, and aluminium. Together, these comprise more than 90% of the total mass and high-impact sourcing of our operations. By the end of 2025, we aim to have restructured our procurement data management and supplier screening systems to quickly and effectively identify major Tier 1 suppliers of the component manufacturers and providers of the materials listed above. By 2027, we aim to improve traceability beyond our immediate suppliers to trace our high-impact commodity sourcing to the extraction or harvest levels. Looking ahead to 2030, we aim to achieve full traceability of our upstream supply chains and to leverage our involvement in pre-competitive forums such as the Solar Stewardship Initiative to help our suppliers, and their suppliers, to commit to the KM-GBF targets and align with a nature positive future. We acknowledge that end-to-end supply chain traceability and full transparency are challenges which will take time to overcome. However, we are confident that our Responsible Supply Chain<sup>33</sup> commitments place us in a strong position to lead the solar industry towards a nature positive future.



## Key Performance Indicators

2025

Percentage (%) of annual sourcing by volume traceable to Tier 1

2027

Percentage (%) of net annual sourcing of High Impact Commodities (silica sand, steel, aluminium) traceable to extraction or manufacturing at the sub-national level

2030

Percentage (%) of total annual sourcing by mass traceable to extraction or manufacturing at the subnational level

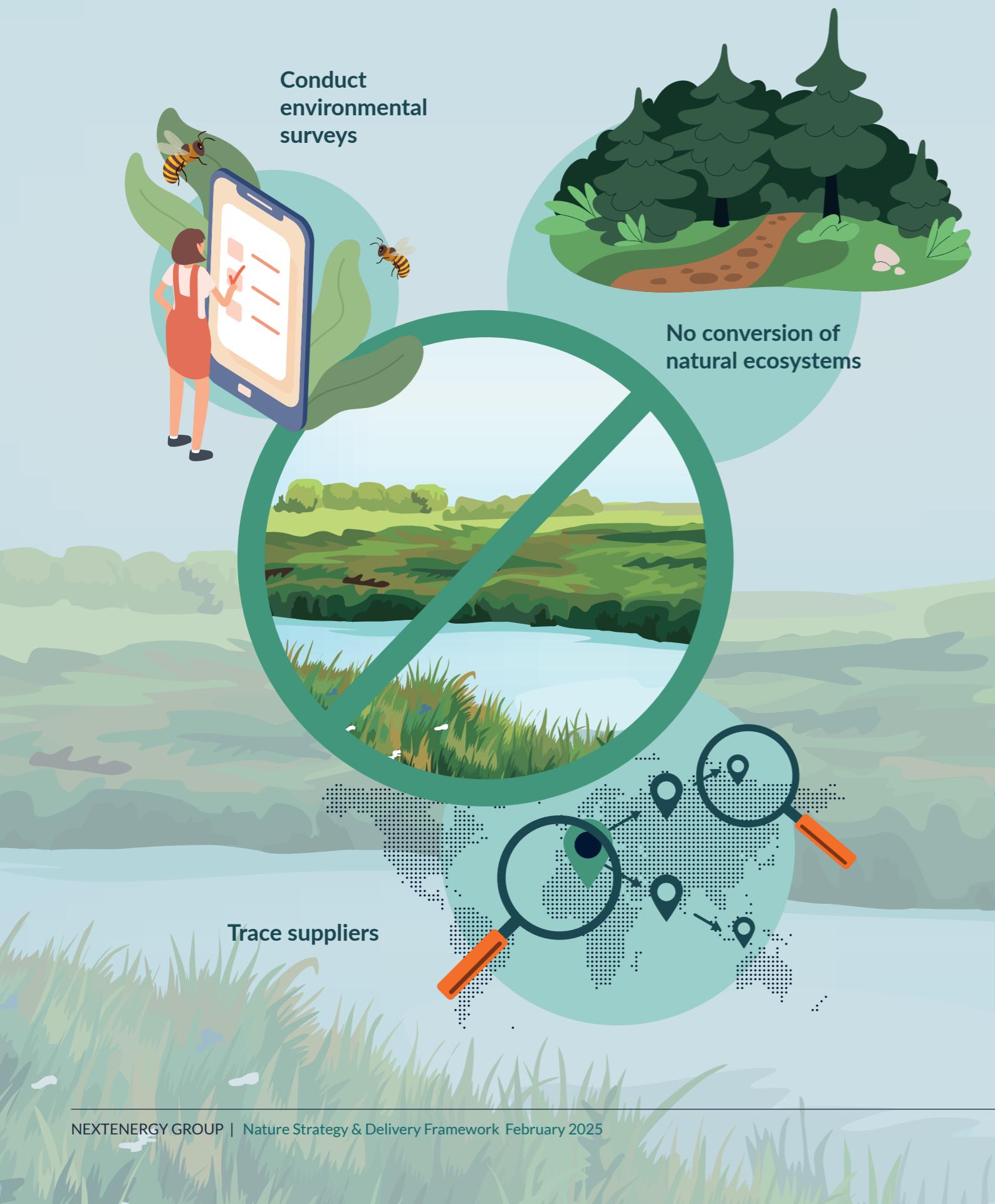
Percentage (%) of total annual sourcing by mass with public commitments to align with the goals and targets of the KM-GBF



## No Conversion of Natural Ecosystems

GBF Alignment: 2 | SDG Alignment: 15

In alignment with the KM-GBF and the recommendations of SBTN, NextEnergy Group commits to No Conversion of Natural Ecosystems in our direct operations, solar energy development, investment, and asset management by 2025, and no conversion in our supply chains by 2030. We also commit to remediate any conversion found to have taken place after 31st December 2020 in our solar energy assets or sourcing areas, proportionate to the area commensurate with our sourcing volumes. NextEnergy Group will embed the necessary screening, due diligence, and risk management systems in our policies and procedures to ensure our No Conversion commitments and targets are met.



### Key Performance Indicators

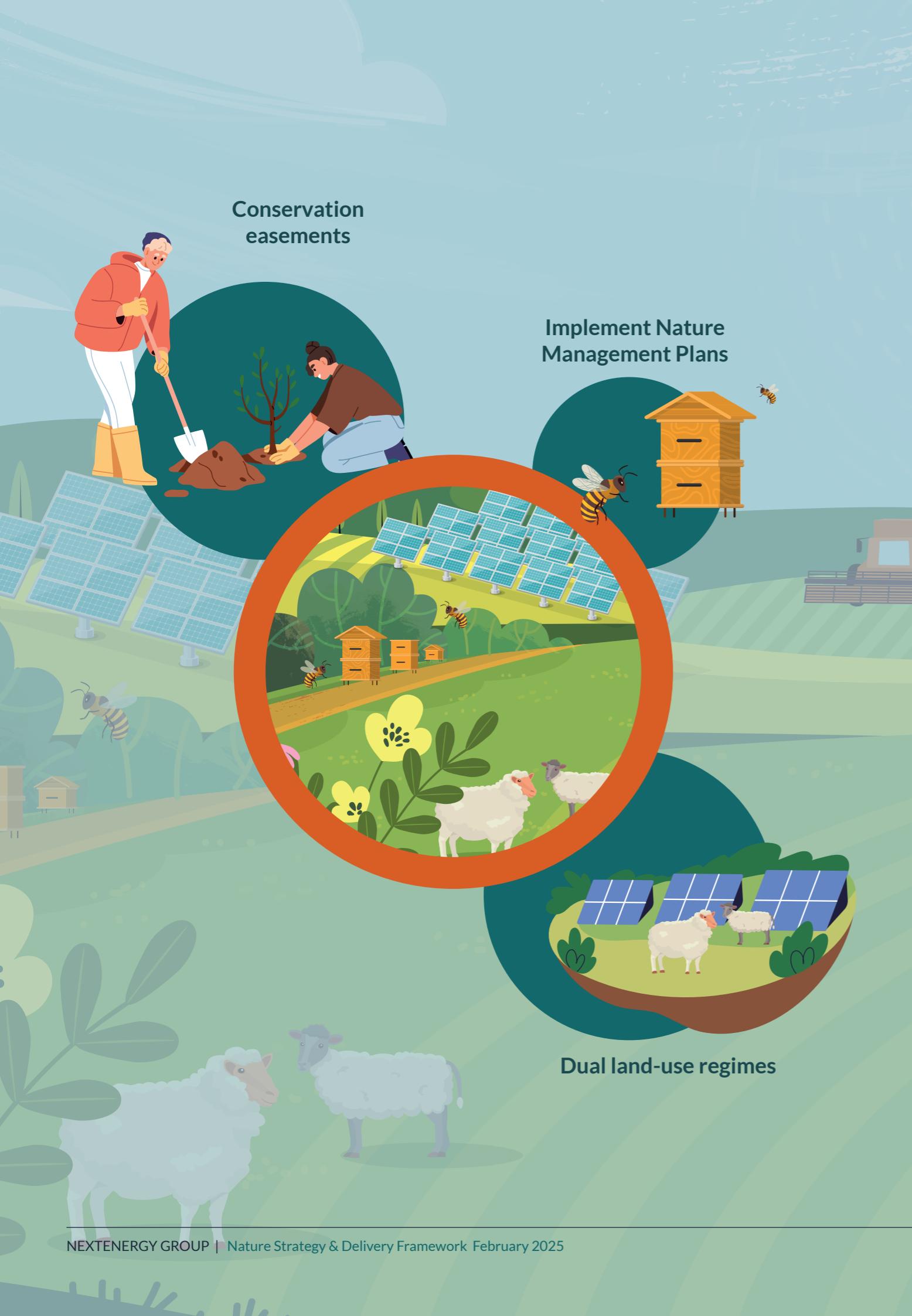
2025

Percentage (%) of solar PV assets verified for no conversion from 2020

2030

Percentage (%) of key supply chains (modules, mounting systems, and access tracks) verified for no conversion after 2020, split by component and commodity

Percentage (%) of area converted from 2020 restored in an ecologically equivalent area



Conservation easements

Implement Nature Management Plans

Dual land-use regimes



## Responsible Land Use

GBF Alignment: 2, 3, 19 | SDG Alignment: 12, 15

By 2028, NextEnergy Group will draft and begin to implement Nature Management Plans for all assets located in areas of high ecosystem integrity or biodiversity intactness. These metrics are identified and integrated during our due diligence and screening processes. By 2030, we aim to have 30% of our spatial footprint managed under dual land-use regimes, including either productive nature-based enterprises like animal grazing or conservation easements and set-asides.

### Key Performance Indicators

2028

Percentage (%) of solar PV assets located in sensitive landscapes covered by a nature management plan with active on-site nature conservation or restoration measures

2030

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



Net Gain

Enhancement and management

30x30

## 30x30 Ecosystem Restoration Initiative

GBF Alignment: 2, 3, 19 | SDG Alignment: 15

By 2030, we will contribute to the ecological restoration of natural areas up to 30% of our operational land footprint. In particular, we will focus on restoration areas of high degradation or high sensitivity near our assets to maximise our impact and engage proactively with the landscapes in which we operate. Impacts will be rigorously quantified, additional, durable, and third-party verified by a reputable standard.

### Key Performance Indicators

2030

Hectares (ha) of natural ecosystems under restoration

Percentage (%) of solar PV land use footprint with an equivalent area (ha) under restoration

## 6. Our Commitments and Memberships

Our approach to create a nature positive future aligns with a number of international policy objectives, standards, coalitions, and initiatives related to climate- and nature-related risk management, reporting, and nature positive goals. The summary provided below is divided between NextEnergy Group and our companies based on relevance and applicability. Some of these standards and initiatives apply to The Group while others are company- or fund-specific.

As the nature positive initiative continues to mature and new initiatives emerge, we will update this summary accordingly.

### NextEnergy Group

- **Kunming-Montreal Global Biodiversity Framework (KM-GBF)<sup>34</sup>** – The Group's Nature Strategy and delivery framework align with the 2030 targets and 2050 goals of the KM-GBF, in particular Targets 1, 2, 3, 8, 11, 15, and 19.
- **International Finance Corporation (IFC) Performance Standards<sup>35</sup>** – The Group has a standardised approach to apply IFC Performance Standard 6 on Biodiversity and the Sustainable Management of Living Natural Resources when developing assets in highly sensitive areas.
- **International Sustainability Standards Board (ISSB) and the International Financial Reporting Standards (IFRS)<sup>36</sup>** – NextEnergy Solar Fund (NESF) issued its first IFRS-ISSB S1 and S2 disclosures in 2024. NextEnergy Group plans to publish its first Group-level ISSB-TNFD integrated disclosure in 2025.
- **Science Based Targets for Nature (SBTN)<sup>37</sup>** – NextEnergy Group has submitted an expression of interest as an early target-setter using the SBTN framework and plans to submit targets for validation in 2025.
- **Taskforce for Nature-related Financial Disclosures (TNFD)<sup>38</sup>** – NextEnergy Capital is an Early Adopter of the TNFD framework and plans to publicly disclose on nature-related topics in 2025 for the 2024 calendar year.

### NextEnergy Capital

- **EU Commission Business and Biodiversity Platform<sup>39</sup>** – NextEnergy Capital is an official member of the EU Business & Biodiversity Platform.
- **EU Sustainable Finance Disclosure Regulation (SFDR)<sup>40</sup>** – NextEnergy Capital is the investment manager of NextEnergy Solar Fund (NESF), NextPower UK ESG (NPUK), NextPower III ESG (NPIII) and NextPower V ESG (NPV). All of NEC's funds are classified as Article 9 under the EU SFDR.
- **United Nations Principles for Responsible Investment (PRI) Spring Initiative<sup>41</sup>** – NextEnergy Capital has been a Signatory of the UN PRI since 2016. NEC endorses the Spring Initiative to support nature stewardship, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors.



<sup>34</sup>Kunming-Montreal Global Biodiversity Framework. Available from: <https://www.cbd.int/ghf>  
<sup>35</sup>IFC Performance Standard 6. Available from: <https://www.ifc.org/en/insights-reports/2012-ifc-performance-standard-6>  
<sup>36</sup>International Financial Reporting Standards - S1 & S2. Available from: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>  
<sup>37</sup>Science Based Targets Network. Available from: <https://sciencebasedtargetsnetwork.org/>  
<sup>38</sup>The Taskforce on Nature-related Financial Disclosures (TNFD). Available from: <https://tnfd.global/recommendations-of-the-tnfd/>  
<sup>39</sup>EU Business and Biodiversity Platform. Available from: Available from: [https://green-business.ec.europa.eu/business-and-biodiversity/about/our-members\\_en](https://green-business.ec.europa.eu/business-and-biodiversity/about/our-members_en)  
<sup>40</sup>Sustainable Finance Disclosure Regulation. Available from: [https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)  
<sup>41</sup>PRI Spring Initiative. Available from: <https://www.unpri.org/investment-tools/stewardship/spring/investors>



## 7. Conclusion

The sustainability landscape is increasingly complex. Unravelling this complexity requires tackling sustainability challenges together. Climate change, nature loss and ecosystem degradation are the most formidable and interconnected sustainability challenges of our time. At NextEnergy Group, we believe that to advance our mission to lead the renewable energy transition, and to do so whilst creating positive outcomes for people, we must tackle both challenges synergistically.

NextEnergy Group's Nature Strategy is the roadmap for the proactive steps we are taking to realise our nature positive vision. While nature-related standards, best practices and methodologies are still evolving, our proactive mindset places us in a strong position to create a more prosperous future for people via nature. Our iterative and adaptive approach is rooted in the ACT-D framework and the mitigation hierarchy, and ensures that nature-related risks and opportunities are effectively integrated into our business model,

due diligence systems, governance, and stewardship activities for nature restoration.

NextEnergy Group recognises our position to drive normative change in the solar and sustainable finance industries. We take responsibility for our impacts and dependencies on nature. The Strategy is designed to evolve alongside the Group and respond to policy developments that put nature at the heart of global environmental governance decision-making and value systems. Nothing less is enough. The work needed to address the intertwined crises of climate change and nature loss is both necessary and urgent. At NextEnergy Group, we are striving to contribute our part because:

NATURE IS NEXT, AND  
NEXT IS NOW®

# Glossary

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

**Accountability Framework Initiative (AFI)** – The [Accountability Framework Initiative](#) is a roadmap for achieving ethical supply chains that protect forests, natural ecosystems, and human rights. The Framework gives consensus-based guidelines for companies in the agriculture and forestry sectors.

**ACT-D Framework** – [ACT-D](#) is a framework developed by the Capitals Coalition in collaboration with other international organisations to guide businesses to Assess, Commit, Target-set and Disclose their nature-related impacts. The Framework is built upon high-level actions to spur businesses to transform their relationships with nature. It has been designed so that it can be extended to assessments and disclosures of impacts and dependencies on social and human capital.

**Asset Manager** or [WiseEnergy](#) - a market-leading solar asset manager delivering services across all elements of the solar asset's life.

**Asset Developer** or [Starlight](#) – a developer focused on the development and construction phase of solar and other renewable energy projects worldwide.

**Biodiversity Management Plan (BMP)** – Plans historically designed by NextEnergy Capital to lay out the specific goals for biodiversity on our sites and how these goals will be achieved, including the establishment of specific habitat enhancements, their maintenance, and monitoring. These plans will be superseded by more holistic Nature Management Plans (NMPs).

**Conversion** – A change, or loss, of a natural ecosystem to agriculture or another land use. Conversion includes severe and sustained degradation, and any change to the species composition, structure, or function within a natural ecosystem.

**ESG Action Plan (ESGAP)** – The Investment Adviser's proprietary due diligence tool developed to integrate ESG risk and opportunity management across all phases

of the investment process. The ESGAP includes detailed step-by-step guidance and handover instructions across asset development, investment management, and asset management. It supports identifying and assessing nature-related risks and opportunities for each asset and ensures compliance with nature positive commitments.

**EU Corporate Sustainability Disclosure Regulation (CSRD)** – The EU's CSRD applies to large companies and listed companies within and outside the EU. It establishes a set of rules for companies to publish regular reports on the ESG risks they face, and on how their activities impact people and the environment. The ultimate aim is to drive accountability and transparency, while promoting sustainable practices and investments, in order to advance Europe's ambition to be the first climate-neutral continent, which is part of the European Green Deal.

**EU Sustainable Finance Disclosure Regulation (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** – Funds attaining Article 9 status demonstrate that they make a positive impact on society or the environment through sustainable investment, and have a core nonfinancial objective. Many funds only attain Article 8 status, which confirms they promote social or environmental factors and have good governance practices.

**Global Goal for Nature** – The Global Goal for Nature an ambition which is guided by three temporal objectives to achieve a nature positive world: Zero Net Loss of Nature from 2020, Net Positive by 2030, and Full Recovery by 2050. The ultimate aim aligns with the KM-GBF to halt and reverse nature loss by 2030, from a baseline of 2020, and to achieve full nature recovery by 2050. Full details are available [here](#).

**International Sustainability Standards Board (ISSB)** – The ISSB was established by the International Financial Reporting Standards (IFRS) Foundation at the 2021 COP26 climate summit in Glasgow. The ISSB has developed global baseline for sustainability standards. Its IFRS S2 Climate-related Disclosures standard incorporates the recommendations of the TCFD.

**Kunming-Montreal Global Biodiversity Framework (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 4 goals to reach the global vision of a world living in harmony with nature by 2050, and includes 23 interim targets for 2030. The central aim is to instigate urgent action to halt and reverse biodiversity loss, and to foster the investment of \$700 billion per year which is needed to close the biodiversity finance gap and realise the 2050 vision.

**Natural ecosystems** – Natural ecosystems, also known as **natural lands**, are ecosystems which substantially resemble ones which would be found in an area undisturbed by major human impacts. In accordance with the SBTN target-setting process for nature goals, natural ecosystems include human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.

**Nature positive** – In accordance with the SBTN's Initial Guidance on setting SBTs for nature, nature positive is *"A high-level goal and concept describing a future state of nature (e.g., biodiversity, nature's contributions to people) that is greater than the current state."*<sup>42</sup> In the context of NextEnergy Group's Nature Strategy, the high-level goal which the SBTN refers to is to halt and reverse nature loss by 2030, measured from a baseline of 2020.

**Nature Management Plans (NMPs)** – Plans designed by NextEnergy Capital and implemented on sensitive or high-priority solar assets to mitigate impacts and restore biodiversity values on site. Each Plan outlines the strategies, interventions and actions necessary to protect, conserve, and enhance natural ecosystems beyond NEC's defined minimum compliance.

**NESF** – NextEnergy Solar Fund Limited.

**Net gain** – Net gain refers to measures taken to outweigh, or exceed, efforts to ensure no net loss. It is also referred to as **net positive**.

**No net loss** – There is no universally accepted definition of no net loss, also referred to as **net neutral**, in relation to nature. It is generally used to refer to the goal of balancing negative impacts on biodiversity with compensation measures which follow the mitigation hierarchy – i.e., to avoid, minimise, regenerate and offset – so that no loss, or residual impact, remains.

**NextEnergy Group** – The NextEnergy Group includes NextEnergy Capital (fund management), WiseEnergy (operating asset management), Starlight (asset development), and NextSTEP (VC sustainability accelerator). It is the founder of the NextEnergy Foundation.

**Paris Climate Accord** – The Paris Climate Accord, often referred to as the **Paris Accord** or the **Paris Agreement**, is an international treaty on climate change adopted in 2015. It covers climate change mitigation, adaptation and finance. The Paris Accord's central aim is to strengthen the global response to the threat of climate change, with the 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.

**Science Based Targets Initiative (SBTi)** – The [Science Based Targets Initiative](#) defines and promotes best practice in science-based target setting in emissions reductions.

**Science Based Targets Network (SBTN)** – The [Science Based Targets Network](#) is a group of organisations working to shape private sector and city impacts on nature by using science-based targets.

**Solar photovoltaics (PV)** – The generation of electricity by using solar panels to capture energy from the sun.

<sup>42</sup> SBTN-initial-guidance-for-business.pdf (sciencebasedtargetsnetwork.org)

**Task Force on Climate-Related Financial Disclosures (TCFD)** – The TCFD developed a set of recommendations to change the way organisations manage climate risks and opportunities. TCFD reporting provides consistent, pertinent, forward-looking information on the material financial impacts of climate change. From 1 January 2021, all UK premium-listed companies were required to state, in their Annual Reports, whether their disclosures were consistent with TCFD recommendations, and if not, to explain why. The UK Government was the first G20 country to make TCFD-aligned disclosure mandatory for over 1,300 of the largest UK-registered companies and financial institutions. [The TCFD was disbanded in November 2023 and superseded by the ISSB Standards.](#)

reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

**Taskforce on Nature-related Financial Disclosures (TNFD)** – The TNFD framework seeks to provide recommendations and guidance on nature-related risks and opportunities relevant to a wide range of market participants, including investors, analysts, corporate executives and boards, regulators, stock exchanges and accounting firms. The framework is being developed following the TCFD principles; else, to be market-usable, science-based, purpose driven, integrated and adaptive, globally inclusive. It embraces a full approach to nature-related risks and employs an integrated approach to climate-and nature related risks.

**Tier 1 Supplier** - Tier 1 suppliers are used in this report to refer to the direct supplier(s) of the component manufacturers and providers of materials listed. Please note that supply chain definitions and terminology may vary by sector.

**United Nations Principles for Responsible Investment (UN PRI)** – The United Nations Principles for Responsible Investment were developed as a guide for investors on how to promote sustainable investment. They suggest possible measures for how to incorporate ESG issues into investment practice.

**United Nations Sustainable Development Goals (UN SDGs)** – The 2030 Agenda for Sustainable Development, adopted by United Nations member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries – developing and developed – in a global partnership. They recognise that ending poverty and other deprivations must go hand in hand with strategies that improve health and education,

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