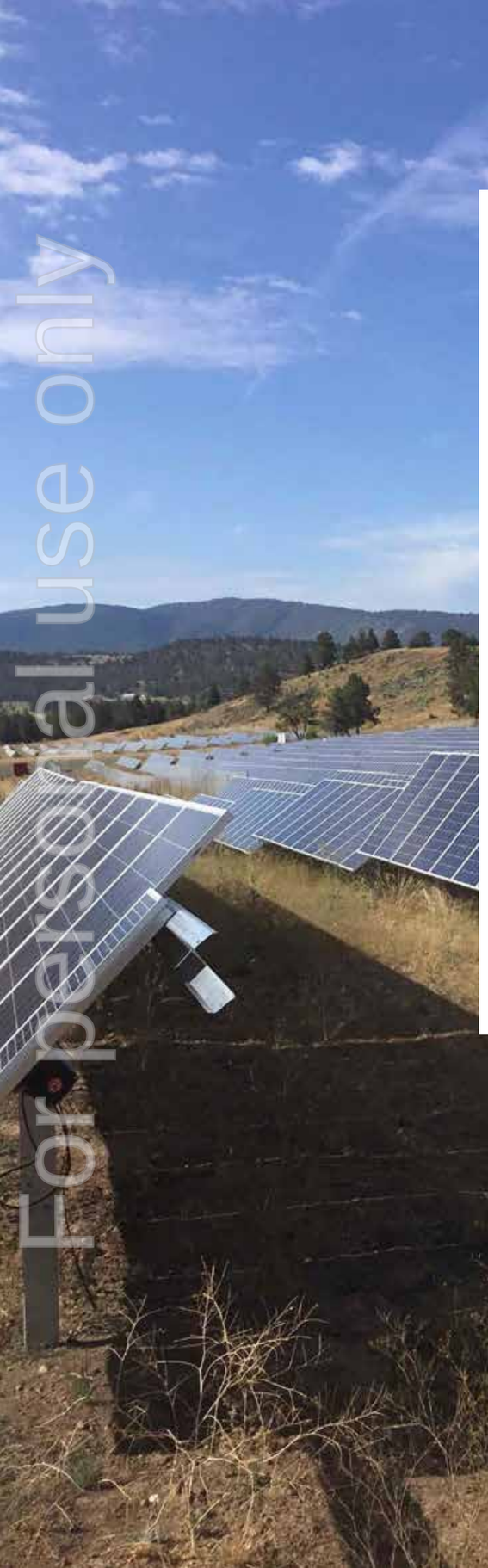
New Energy Solar

SUSTAINABILITY REPORT

2021



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Noted entities:

Noted entities: New Energy Solar Limited (ACN 609 396 983), New Energy Solar Manager Pty Limited (ACN 609 166 645, CAR No. 1237667) (**Investment Manager**).

1. Letter From The CEO

As the new CEO of New Energy Solar (ASX:NEW, **NEW** or the **Company**), I am pleased to present our Sustainability Report for 2021.

While we have seen significant disruption to global economies, supply chains and day-to-day interactions resulting from the pandemic, the pace of adoption of renewable energy has remained high. Importantly, investor demand for sustainable investments is also strong. According to Morningstar[1], in the third quarter of 2021, global sustainable fund assets climbed to US$3.9 trillion and ESG assets are on track to exceed US$53 trillion globally by 2025, representing more than a third of the expected US$140.5 trillion of global assets under management[2]. As demand for sustainable investment opportunities continues to grow, there is an increasing awareness of the need to implement more sustainable operating practices in business and to measure the impact of those practices for the benefit of investors and stakeholders.

IMPROVING DISCLOSURE FOR SUSTAINABILITY

Over the course of this year, the parent of the Investment Manager of the Company has become a signatory to the UN Principles for Responsible Investing (**UNPRI**) and next year will see the mandatory adoption of new disclosure standards in the EU for financial market participants, the Sustainable Financial Disclosure Regulation (**SFDR**) and the implementation of the Taxonomy Regulation (the **Taxonomy**)[3]. The SFDR and the Taxonomy (together the **EU Regime**) will be followed by disclosure standards for EU-listed entities and the combination is intended to enable investors to understand the extent to which businesses are conducting their operations sustainably and, in turn, to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. It is also expected that there will be a significant improvement in the information available on the impact of sustainability risks and a reduction in the incidence of unsubstantiated claims pertaining to environmental credentials, known as "greenwashing".

The format of sections of this report have changed to reflect some of the disclosure elements of the EU Regime. While NEW is not legally required to comply, international investors, and particularly European investors, are seeking information from investee companies to fulfil their own ESG-related disclosure obligations. Accordingly, NEW is establishing measures that will enable it to provide the comprehensive information required by the SFDR on a regular basis with a view to achieving consistency with the EU Regime.

NEW was conceived and developed to generate electricity in a way that would eliminate greenhouse gas emissions and also reduce the impact of the power sector on the environment through the reduced use of water and lower waste. The siting of NEW's assets was chosen to have a minimal impact on their surrounds, and we seek to manage the business in a way that upholds the values of the applicable human rights, anti-bribery, anti-corruption and anti-slavery legislation. While NEW is externally managed and accordingly, does not directly employ personnel, NEW's Investment Manager recognises the need to focus on diversity and employee wellbeing. For these reasons NEW is well-placed to benefit from the increased attention to the ESG practices of enterprises.

THE ENERGY TRANSITION IS PROGRESSING WELL IN THE UNITED STATES

This year has been one of significant change for NEW with the sale of its Australian assets and the concentration of its business in the United States. The regulatory and capital environment in the US is supportive of the energy transition and we are comfortable that the portfolio of fourteen well-positioned assets represents an important renewable energy portfolio.

Increasing acceptance of the role of renewables in power systems and the declining cost of batteries to improve the integration of renewables is driving continued strong growth in the development of solar in the US. Decarbonisation of the electricity grid by 2035 is a goal of the current federal administration and an increasing number of states, cities and utilities are committing to net-zero carbon-emissions goals.

Analysis undertaken by energy consultants ScottMadden[4] found that although the electricity sector was historically the largest source of carbon emissions in the US, emissions peaked in 2007 and have been trending downwards since. The reduction in emissions is the result of fossil fuel switching (switching from coal to natural gas) and the introduction of carbon-free generation. Currently, nuclear and hydro generation are the largest sources of carbon-free generation in the United States, but their input is relatively unchanged since 2005, whereas wind and solar are the two most significant sources of the growth in carbon-free generation. No significant coal capacity has been constructed since 2013.

Recent data from energy consultancy, Wood Mackenzie[5], indicates that installations of solar in the US in the second quarter of 2021 totalled 3.7 GW, the largest second quarter on record and despite high commodity prices and supply chain uncertainties. Their forecast for installed capacity for 2021 is 19.9 GW, a significant increase over the 14 GW installed in 2020 in the US.

While the US has 72.6 GW of installed utility-scale solar, 40% of this operating capacity is concentrated in California and Texas. However, a number of US states have over 2 GW of operating utility-scale solar including Virginia, North Carolina, Georgia, Florida, Arizona, Nevada and the District of Columbia. Of the capacity installed in the second quarter of 2021, Texas and Florida installed the largest shares and these two states, together with California, account for almost 40% of the development pipeline of new solar projects[6].

1. Morningstar Direct.
2. ESG assets may hit $53 trillion by 2025, a third of global AUM. Bloomberg Intelligence, February 23, 2021.
3. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.
4. Power Decarbonisation: Past and Future, ScottMadden's Energy Practice, October 2021.
5. US utility-scale solar market update: Q3 2021, Wood Mackenzie, Sylvia Leyva Martinez, Senior Analyst and Matthew Sahd, Research Associate.
6. Ibid.

The market remains robust with voluntary procurement being the largest driver of demand. Utility scale solar is, and is likely to remain, the most economically competitive electricity source in most US states. Corporate procurement, as a result of the adoption of ESG goals, is also an important driver and similarly, state and utility clean energy and emissions reduction goals. Currently, 28 states and the District of Columbia have active renewable or clean energy requirements and 248 utilities have announced clean energy or emissions reduction targets.[7]

The energy transition momentum appears to be solid in the United States, with 72% of the 114 GW of expected generation capacity retirements between 2021 and 2026 comprising coal-fired generation.[8] The current policy environment for additional federal government clean energy legislation is complex but most commentators believe that Congress will pass some form of energy policy that is likely to be favourable for carbon-free forms of generation.

NEW ENERGY SOLAR LOOKS AHEAD

In October, NEW bought back almost 10% of its shares through an off-market buy-back. Shortly after, NEW commenced an on-market buyback. We are also working with our financing partners in the US to further optimise the long-term debt in the portfolio through a large refinancing. These measures will improve dividend coverage and the ability of the business to capitalise on the energy transition. I look forward with great confidence and thank you for your support of the role of solar power in hastening the energy transition to a low-carbon future.

Yours faithfully,

LIAM THOMAS
Chief Executive Officer

7. Ibid.
8. Ibid.

2. About New Energy Solar

OVERVIEW OF NEW ENERGY SOLAR

KEY FEATURES	SUMMARY
New Energy Solar	New Energy Solar is a sustainable investment business focused on investing in utility-scale solar power plants and associated assets that generate emissions-free power. The Company currently focuses on assets with contracted cash flows in the US.
Revenue generated by NEW	NEW generates revenue through directly or indirectly acquiring and operating utility-scale solar power plants. The solar power plants generate revenue by selling the electricity generated by the plants under long term (10+ years) PPAs with creditworthy electricity buyers (**Offtakers**). The Company may acquire, directly or indirectly, project companies which own power plants through different entity structures, including subsidiary companies, sub-trusts and US or other offshore partnerships or companies, or alongside investment partners.
Investment objective	NEW's objective is to acquire utility-scale solar power plants and associated assets, which have contracted cash flows from creditworthy Offtakers, and to help investors generate positive financial returns and social impacts. Financially, these assets are expected to produce stable long-term cash flows, while from a social perspective, an investment in solar assets results in a significant reduction in emissions (relative to fossil fuel power). The Company's mandate allows investments in other types of renewable energy and related assets; however the current focus is on acquiring solar and associated assets.
Investment strategy	NEW seeks to acquire assets which, over their technical life, are expected to support gross portfolio returns of 7% to 10% p.a. (before taxes, management expenses, administration costs, and external corporate borrowing costs)[9]. It is important to note that NEW's distributions may be less than the actual or target returns of its assets. While NEW is currently focused on US opportunities, the investment mandate is global and investments will be considered in geographies with: supportive regulatory and legal arrangements; well understood solar resource; creditworthy Offtakers; and supportive foreign investment arrangements.

9. The Business may target assets outside this range where market conditions and other circumstances suggest it may be beneficial.

KEY PORTFOLIO METRICS

14
Solar power plants in the United States

606 MW$_{DC}$
Total portfolio capacity[10]

>1.5 million
Solar panels generating emissions-free electricity

15.1 years
Capacity weighted average PPA term[11]

A$0.2865
Distributions per share paid to investors since IPO

>1,300,000 MWh
Electricity generated annually[12]

>787,100
Tonnes of displaced CO_2[12, 13]

171,300
Equivalent US and Australian cars displaced[12,14]

161,800
...or US and Australian equivalent homes powered[12,15]

10. Total portfolio of 606 MW$_{DC}$ includes plants that are wholly or partly owned by NEW.
11. As at 30 September 2021.
12. Estimates use the first year of each plant's electricity production once operational or acquired by the Investment Manager. Assumes all plants are owned by NEW on a 100% basis and that all plants are fully operational for the period.
13. US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (**AVERT**). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.
14. Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.
15. Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

3. Sustainability Philosophy & Framework

SUSTAINABILITY PHILOSOPHY

NEW is aligned with the UNSDG approach to sustainability and believes that "*for sustainable development to be achieved, it is crucial to harmonise three core elements: economic growth, social inclusion and environmental protection. These elements are interconnected and all are crucial for the well-being of individuals and societies.*"[16]

SUSTAINABLE DEVELOPMENT GOALS PROMOTED BY NEW'S BUSINESS PRACTICES

In 2015, the United Nations developed 17 Sustainable Development Goals (**SDGs**) to enable individuals, organisations, corporations and government to implement, record and measure their approach to addressing global challenges including poverty, inequality, and climate change. In this Sustainability Report, NEW uses the SDG symbols to indicate its business activities that contribute to these goals.

SUSTAINABILITY FRAMEWORK

INTRODUCTION

New Energy Solar's primary activity is investing in renewable energy plants that generate emissions-free power, contributing directly to the world's transition to a lower carbon economy. In addition to NEW's patently sustainable character, the Company also seeks to conduct its business in a sustainable way, to ensure that its impact on the communities in which it operates is positive, that its partnerships promote the goals of the UNSDG framework, and that its stakeholders can measure its impact.

As an externally managed investment entity, NEW has a company board (the **Board**) and no employees. NEW's assets are managed by New Energy Solar Manager Pty Limited, the Investment Manager, which employs over 20 people. This team is dedicated to managing two solar investment funds, New Energy Solar (ASX:NEW) and US Solar Fund (LON:USF). We refer to the Investment Manager's personnel as NEW's team in this Sustainability Report.

GOVERNANCE

Developing, implementing, managing and reporting on NEW's sustainability activities is undertaken by the Investment Manager, which reports to the Board on a quarterly basis.

The Company's policies, including those pertaining to sustainability, are reviewed by the Board on an annual basis.

REPORTING

While the UNSDG provides guidance for the way in which NEW is operated and managed, the measurement of NEW's contribution to these goals is through sustainability reporting. NEW's sustainability reporting has been developed with reference to the Global Reporting Initiative (**GRI**) and the PRI to ensure its format is particularly suitable for one of NEW's largest stakeholder groups, investors. This year the parent entity of the Investment Manager has become a PRI signatory and formal compliance with the PRI regime will be required by the Investment Manager with respect to NEW's reporting.

16. United Nations Sustainable Development Goals.

INFLUENCE OF INCOMING EU REPORTING REGIME

Reporting on sustainability impacts and measures to alleviate the adverse impacts of the operations of business on ESG factors is becoming increasingly topical and increasingly comprehensive. While a range of reporting formats has been or is being developed by various groups, for example the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures, one of the most prescriptive and potentially influential reporting regimes is the European Union's SFDR. It forms part of the European Commission's Action Plan on Financing Sustainable Growth (2018) and, unlike other ESG reporting regimes, it has been implemented through legislation, coming into effect in the EU on 10 March 2021 for financial market participants.

The focus on the finance sector is based on an understanding that finance is a *"critical enabler of transformative improvements in existing industries in Europe and globally"*.[17] Meeting the EU's environmental objectives requires public sector, institutional and private capital resources to both expand the low-carbon, resilient economy and to transform existing activities to a more sustainable footing. The legislative tools, such as the SFDR, are designed to help plan and report the transition of economic activities to emissions-reduction and sustainable pathways.

Complementing the SFDR is the Taxonomy, an amendment to the SFDR, which, in essence, is a means of classifying activities to the extent that they contribute to environmental objectives. The Taxonomy provides a practical tool to assist the market to understand which activities are consistent with environmental objectives, and accordingly the extent to which any activity can be called sustainable, with economic activity considered Taxonomy aligned or sustainable if it:

a) Substantially contributes to at least one of the environmental objectives as defined in the Taxonomy and its technical screening criteria (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention control, and protection and restoration of biodiversity and ecosystems);

b) Does no significant harm to any of the other European environmental policy objectives as defined in the Taxonomy and its technical screening criteria (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention control, and protection and restoration of biodiversity and ecosystems); and

c) Complies with minimum social safeguards, defined in reference to the UN Guiding Principles on Human Rights and the OECD Guidelines.

The EU Regime has been described as representing *"a generational shift for responsible investment "*.[18] It intends to make the sustainability profile of investment funds and products easier to understand, more comparable, and to avoid "greenwashing". Mandatory reporting for EU financial participants[19] will apply from 1 January 2022 with a similar regime expected to be extended to all European-listed entities (Non-Financial Reporting Directive[20]). While NEW does not fall under the scope of the EU Regime, European-based investors are seeking information from investee companies, to fulfill their own reporting obligations, which has the practical effect of extending the scope of the EU Regime beyond Europe.

The potential reach of the EU Regime is acknowledged by the Technical Expert Group developing the EU Regime and some of the obligations required to fulfil the disclosure under the EU Regime are required irrespective of the location of the underlying economic activity.[21]

17. Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020.
18. PRI Investor Briefing "EU Taxonomy".
19. Defined term in Article 2(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.
20. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014.
21. Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020.

APPLICATION TO NEW

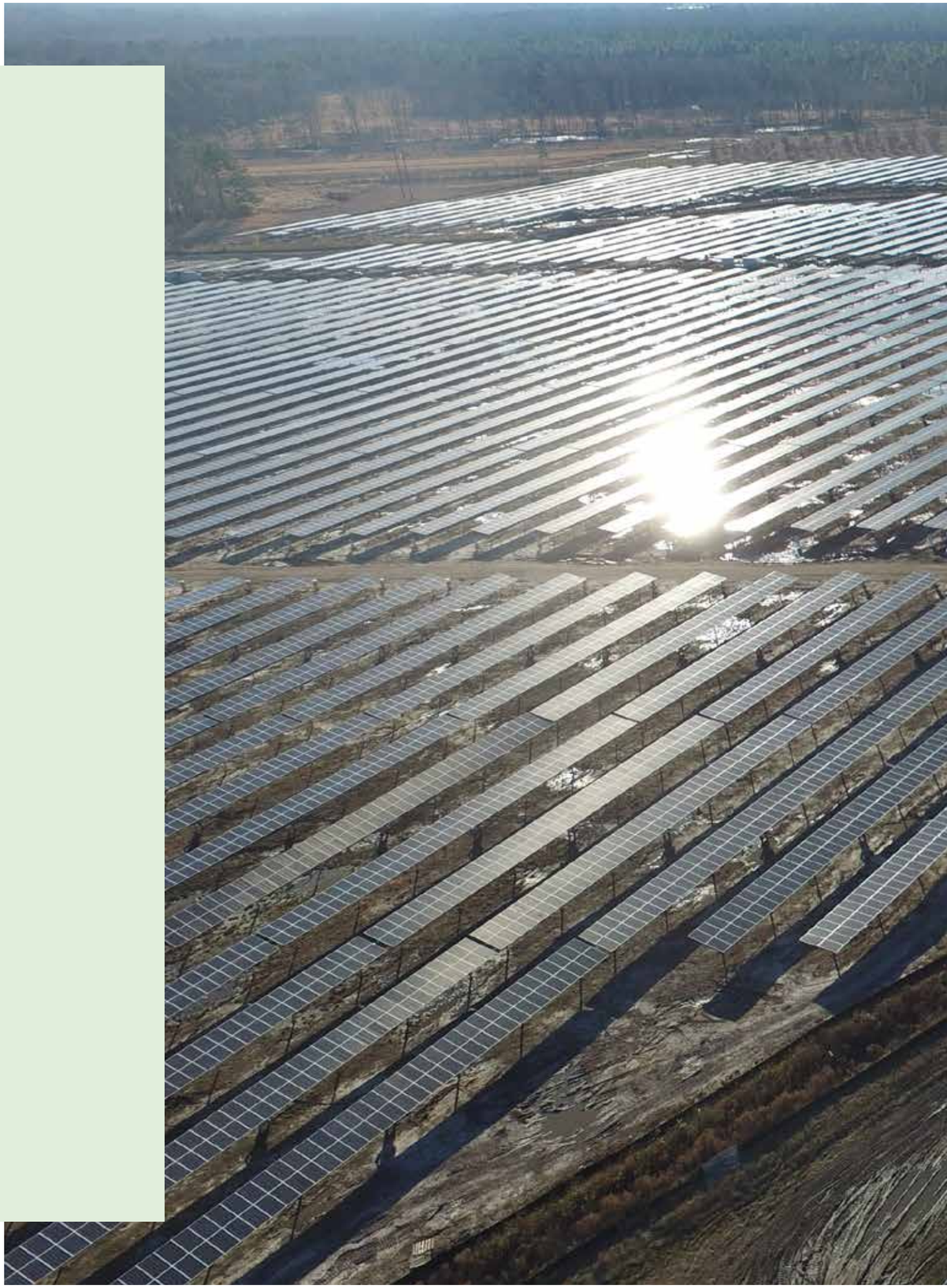
The EU Regime does not technically apply to NEW but as a business that was founded to promote the transition to a low-carbon economy, NEW is well-placed to benefit from a reporting environment that is more focused on sustainability. Additionally, the mandatory nature of the EU Regime for European investors provides a strong rationale for companies with or seeking European shareholders to try to provide the degree of information on the nature of their economic activities, sustainable or otherwise, that best meets the requirements of investors.

Accordingly, NEW is initiating reporting that is consistent with the framework of the EU Regime and some of its substantive requirements, with a view to implementing policies and processes that will enable the Company to meet the EU Regime standards over the course of the next 18-24 months. The information provided in this Sustainability Report is not required and is not intended to be exhaustive. It represents the commencement of a process to achieve compliance over time and will evolve as reporting under the EU Regime becomes more widespread and standards and consistency of measurement tools and benchmarks improves.

CONSISTENCY WITH UNPRI

The UN's 2030 Agenda for Sustainable Development has at its core the SDGs and the EU determined that it would link the SDGs to its policy framework to ensure that all EU actions and policy initiatives, both within the EU and globally, would take account of the SDGs. The rationale for this commitment is a belief that the transition to a low-carbon, more sustainable, resource-efficient and circular economy in line with the SDGs is key to ensuring long-term competitiveness of the economy of the EU. The EU Regime represents the practical implementation of this commitment and seeks to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development by requiring enterprises to assess on a continuous basis not only all relevant financial risks, but also all relevant sustainability risks that might have a relevant material negative impact on the financial return of an investment or of investment advice.

There is an inherent consistency between the EU Regime and the aims of the UNPRI. An investor briefing from the PRI states that reporting under the EU Regime links to the PRI[22] and the frameworks have some similarities, although the EU Regime is focused on both the entity and product levels, while the PRI is at an entity level. The EU Regime is also more prescriptive, while the PRI asks more open-ended and broader questions about responsible investment overall.



22. PRI Investor Briefing "EU Regulation on Sustainability-Related Disclosures in the Financial Services Sector" Updated in April 2021.

4. Industry background

IMPROVING MOMENTUM FOR THE ENERGY TRANSITION

There is no doubt that awareness of the potentially catastrophic effects of climate change is increasing. This year, the sixth assessment report (**AR6**) of the Intergovernmental Panel on Climate Change (**IPCC**) was released and it unequivocally stated that human influence has warmed the atmosphere, ocean and land and that warming observed in the period 1850 to 2020 is unprecedented in more than 2000 years.[23] Conviction on these issues has strengthened considerably in the seven years since the release of the previous report (**AR5**). The conclusions of the report and the outputs of the modelling undertaken by the IPCC were confronting. The panel warns that global warming of 1.5 and 2 degrees Celsius will be exceeded during this century, as early as 2040, unless deep reductions in CO_2 and other greenhouse gas emissions occur in the coming decades. As a result of such warming, AR6 indicates that changes in the climate system will become proportionally larger, such as frequency and intensity of hot extremes, marine heatwaves and heavy precipitation, agricultural and ecological droughts, intensity of tropical cyclones, as well as reductions in Arctic sea, snow cover and permafrost. Some of these changes, particularly in the ocean, ice sheets and global sea levels, will be irreversible.

While the conclusions of the report were not new, the release of AR6 coincided with the advent of devastating bushfires and record temperatures across the northern hemisphere. Also, the tone of AR6 was quite different to previous communications. Previously, IPCC scientists have been very measured and gone to great lengths to not overstate the circumstances and implications of climate change. AR6, however, betrays an IPCC that is clearly alarmed at what the science is indicating. The UN Secretary-General characterized this report as "a code red for humanity[24] ". Accordingly, media and public interest was heightened and leaders across the globe appeared to grasp the need to focus on preventing climate change from worsening and figuring out how to adapt to the changes we can no longer prevent. Thankfully, there appears to be widespread acceptance that climate change is no longer a question of physical science.

SUSTAINABLE INVESTMENT DEMAND

The strong demand for sustainable investment shows in the amount of capital flowing into ESG focused investments. Globally, sustainable investments reached a record $2.3 trillion in Q2 2021 driven by an increase in sustainable investment products, market appreciation and new capital inflows. Europe drove most of the growth with $112.4 billion net inflows during the quarter. In the US, the second quarter of 2021 saw roughly $17.5 billion in net inflows to sustainable investments. While this is lower than the all-time high set in Q1 2021 of $21.5 billion, it is still higher than Q2 2020.[25] As demand for more renewables continues to drive the energy transition, support for sustainable investments looks to be meeting the need for capital to fund new projects. With the increase in capital in the sector and as sustainable investing matures, disclosure for investors is also evolving to become more comprehensive.

THE OUTLOOK FOR RENEWABLES

Electricity generation accounts for approximately 25% of greenhouse gas emissions in the United States[26]. Emissions are released during the combustion of fossil fuels, such as coal, oil and natural gas, to produce electricity. In 2019, coal accounted for approximately 61% of CO_2 emissions from the sector, although it only represented 24% of the electricity generated in the US. The current US federal administration has a goal to achieve 100% clean electricity by 2035[27] and replacing coal-fired generation will be a key element in cutting emissions.

23. IPCC Climate Change 2021, The Physical Science Basis, Summary for Policymakers, 7 August 2021

24. UN Press Release "Secretary-General Calls Latest IPCC Climate Report 'Code Red for Humanity', Stressing 'Irrefutable' Evidence of Human Influence", 9 August 2021

25. Morningstar Direct. Data as of 30 June 2021. (https://www.morningstar.com/articles/1048918/us-sustainable-fund-assets-reach-a-new-milestone-in-2021s-second-quarter)

26. US EPA data "Sources of Greenhouse Gas Emissions"

27. White House Fact Sheet, April 22, 2021.

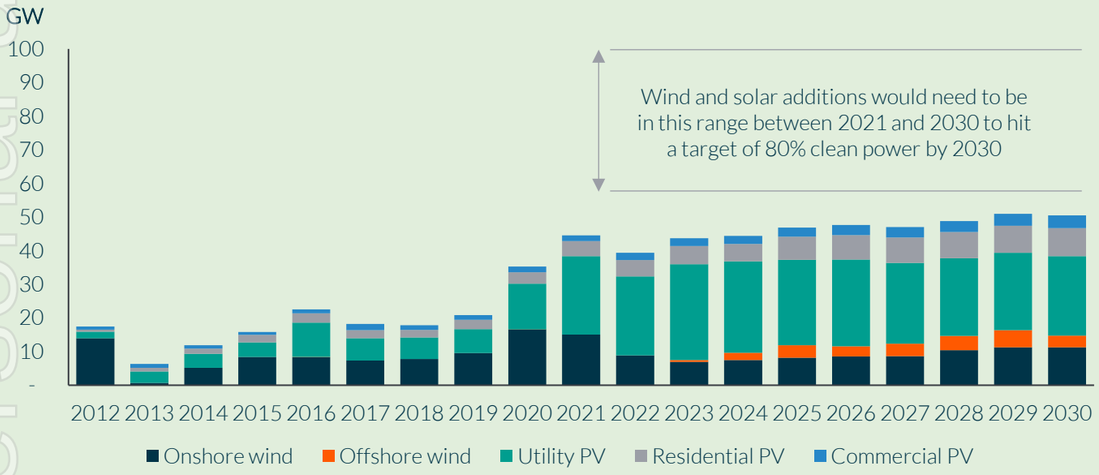
The outlook for renewables is very positive and Bloomberg New Energy Finance (**BNEF**) forecasts strong growth in renewables, assuming current policy settings.

Under current policy settings, the largest growth is anticipated in utility-scale solar, with forecasts of in excess of 22 GW added each year over the next five years. Onshore wind installations will also be significant with over 16 GW, similar to last year, anticipated to be completed before the end of 2021. BNEF expects onshore wind build to fall over the near-term from these high levels as the production tax credit scheme phases out (under current policy) and congestion in windy markets makes new projects less attractive.

In contrast, offshore wind is set to boom from 2024 given improved permitting and development processes and more states setting offshore wind capacity targets. Forecasts detail a cumulative capacity of 50 GW by 2035.

The US federal administration's infrastructure plan contains provisions to "potentially turbo-charge[28]" the pace of decarbonization in the U.S. power sector. The stimulus contained in the infrastructure and associated bills would reform and extend the tax credit system for renewables and provide incentives for utilities to gradually increase the share of clean energy in their generation mix each year. The stimulus is expected to bridge the gap between the current rate of growth of renewables in the US and the rate required to decarbonize the electricity sector by 2035.

Figure 1: Projected Annual U.S. Wind and Solar Capacity Additions

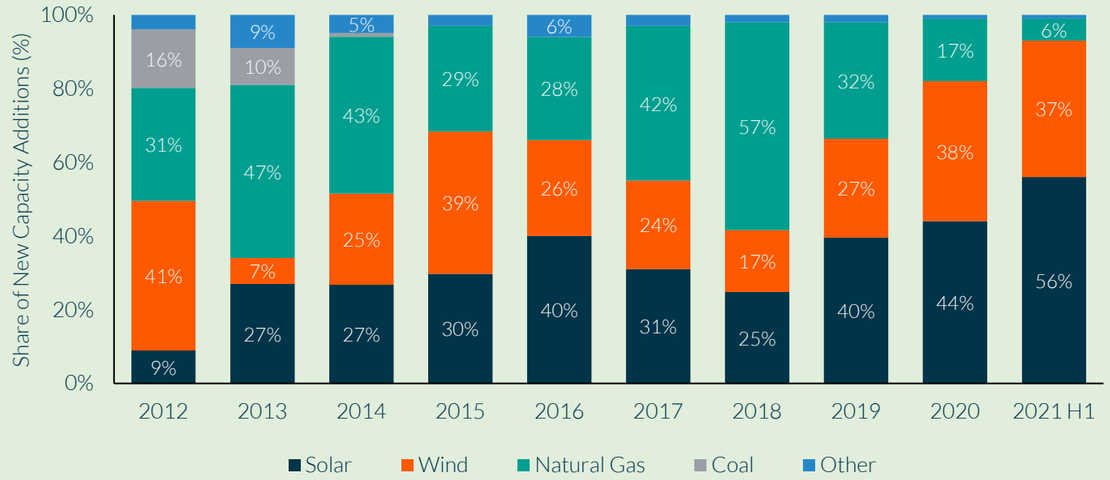


Source: BloombergNEF
Note: Range of capacity additions is an indicative estimate.

SOLAR PV INSTALLATION IN 2021

In the first half of 2021 in the US nearly 11GWDC of solar PV has come online, more than most of the annual installation volumes of the past decade.[29] Every segment of the market, residential, community, commercial and utility, experienced quarter-over-quarter growth in Q2 2021 except commercial where variability in quarterly installation volumes is more common. Utility solar set another Q2 record, with 48% growth over Q2 2020. Overall, solar PV accounted for 56% of all new electricity-generating capacity additions in the first half of 2021, continuing to make up the largest share of new generation in the US.

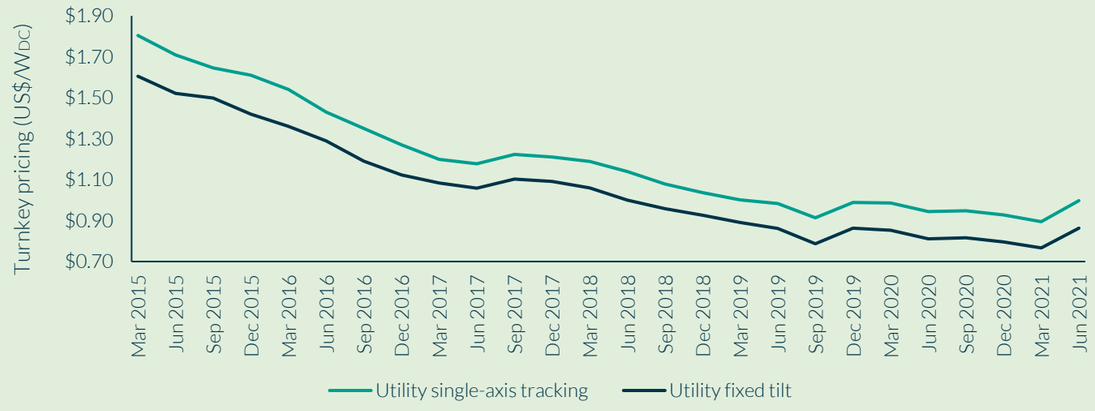
Figure 2: New U.S. Electricity-Generating Capacity Additions, 2012-H1 2021



Source: Figure from SEIA and Wood Mackenzie U.S. Solar Market Insight Full Report Q3 2021, September 2021.

Following years of declining solar cost, cost pressures are emerging in solar this year with the impact of the pandemic evident in supply chain constraints and price increases. The most significant price increases have come from higher input costs (steel, aluminium etc) and elevated freight costs. Prices in the utility sector have increased most significantly given the higher proportion of internationally sourced equipment, particularly modules. Distributed solar has fared better as it relies more on domestically produced modules and racking.

Figure 3: Cost of Solar



Source: Figure from SEIA and Wood Mackenzie U.S. Solar Market Insight Full Report Q3 2021, September 2021.

28. BNEF 2H 2021 U.S. Renewable Energy Market Outlook, Tara Narayanan, Pol Lezcano, Chelsea Jean-Michel, October 12, 2021.
29. SEIA and Wood Mackenzie US Solar Market Insight Full Report Q3 2021, September 2021.

5. Environmental, Social & Governance Performance

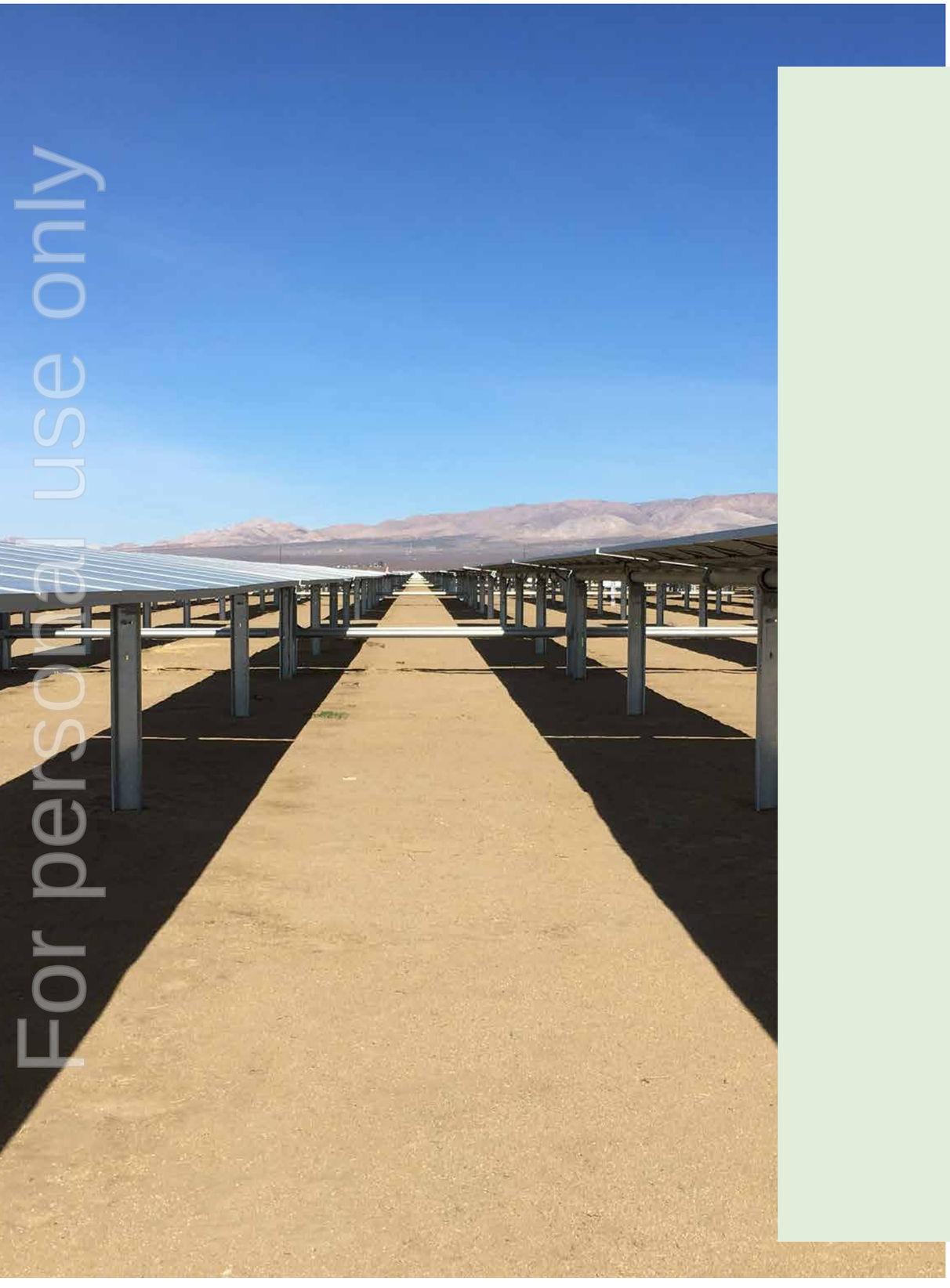
UN SUSTAINABLE DEVELOPMENT GOALS ADHERED TO IN NEW'S BUSINESS PRACTICES

Sustainability is a global opportunity and NEW's business practices do not exist in isolation.

In 2015, the United Nations created a blueprint to addressing global challenges including poverty, inequality, and climate change, with the 17 Sustainable Development Goals (SDG). Each goal has specific targets to be achieved with a 15-year timeframe (by 2030).

NEW has identified 12 United Nations SDGs that it can best contribute to. In this Report, NEW uses the SDG symbols to demonstrate the business activities that contribute to these specific goals.

New Energy Solar



ENVIRONMENTAL

NEW PORTFOLIO

New Energy Solar is a business facilitating the transition to a low-carbon economy and to the mitigation of the consequences of climate change by generating clean, emission-free energy and promoting maximum efficiency in its operations. As at September 2021, NEW's portfolio comprised 14 operational solar plants.

	FORECAST ANNUAL YEAR 1 GEN (MWH)^	CO2 (FULL YEAR TONNES)+	EQUIVALENT HOUSEHOLDS POWERED◊	EQUIVALENT CARS DISPLACED°
Stanford	157,000	83,200	23,900	18,100
TID	156,800	83,100	23,900	18,100
NC-31	74,800	50,900	5,500	11,100
NC-47	81,000	55,100	6,000	12,000
Boulder Solar 1	282,700	206,400	24,900	44,900
Arthur	11,400	7,700	800	1,700
Bonanza	12,800	11,000	1,200	2,400
Church Road	7,900	5,400	600	1,200
County Home	10,800	7,300	800	1,600
Hanover	11,100	7,500	800	1,600
Heedeh	8,000	5,400	600	1,200
Organ Church	11,600	7,900	900	1,700
Pendleton	11,900	10,200	1,100	2,200
Mount Signal 2	464,200	246,000	70,800	53,500
Total	**1,302,000**	**787,100**	**161,800**	**171,300**

^ Generation is illustrative of the first 12 months of energy production based on the power plant's P50 forecast.

+ US CO_2 emissions displacement is calculated using data from the US Environmental Protection Agency's "AVoided Emissions and geneRation Tool" (AVERT). Australian CO_2 emissions displacement is calculated using data from the Australian Government – Department of the Environment and Energy.

◊ Calculated using data from the US Energy Information Administration (principal agency of the US Federal Statistical System) and the Australian Energy Regulator.

° Calculated using data from the US Environmental Protection Agency and the Australian Bureau of Statistics.

OPERATING US SOLAR POWER PLANTS AS AT 30 SEPTEMBER 2021

STANFORD SOLAR POWER PLANT (STANFORD)

1 STANFORD

Stanford is located on a 242-acre leased site in Rosamond, Kern County, California, which is approximately 120 kilometres north of Los Angeles. Stanford is located next to the TID solar power plant.

LOCATION	Rosamond, Kern County, California
GENERATING CAPACITY	67.4 MW_{DC} / 54 MW_{AC}
COD*	December 2016
PPA TERM	25 years from COD
PPA OFFTAKER	Stanford University
O&M SERVICE PROVIDER	NovaSource

157,000^ First Year Generation (MWh)

83,200+ Equivalent CO_2 displaced (tonnes)

23,900◊ Equivalent households powered

18,100° Equivalent cars displaced

*Commercial Operation Date

TURLOCK IRRIGATION DISTRICT POWER PLANT (TID)

2 TID

TID is located on a 265-acre leased site in Rosamond, Kern County, California, approximately 120 kilometres north of Los Angeles. TID is located next to Stanford.

156,800^ First Year Generation (MWh)

83,100+ Equivalent CO_2 displaced (tonnes)

23,900◊ Equivalent households powered

18,100° Equivalent cars displaced

LOCATION	Rosamond, Kern County, California
GENERATING CAPACITY	67.4 MW_{DC} / 54 MW_{AC}
COD	December 2016
PPA TERM	20 years from COD
PPA OFFTAKER	Turlock Irrigation District
O&M SERVICE PROVIDER	NovaSource

NORTH CAROLINA 43MW_{DC} SOLAR POWER PLANT (NC-31)

3 NC-31

NC-31 is located on a 196-acre leased site in Bladenboro, Bladen County, North Carolina, which is approximately 232 kilometres east of Charlotte, North Carolina.

LOCATION	Bladenboro, Bladen County, North Carolina
GENERATING CAPACITY	43.2 MW_{DC} / 34.2 MW_{AC}
COD	March 2017
PPA TERM	10 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc
O&M SERVICE PROVIDER	DEPCOM Power, Inc.

74,800^ First Year Generation (MWh)

50,900+ Equivalent CO_2 displaced (tonnes)

5,500◊ Equivalent households powered

11,100° Equivalent cars displaced

NORTH CAROLINA 48MW_{DC} SOLAR POWER PLANT (NC-47)

4 NC-47

NC-47 is located on a 260-acre leased site in Maxton, Robeson County, North Carolina, which is approximately 166 kilometres east of Charlotte.

81,000^ First Year Generation (MWh)

55,100+ Equivalent CO_2 displaced (tonnes)

6,000◊ Equivalent households powered

12,000° Equivalent cars displaced

LOCATION	Maxton, Robeson County, North Carolina
GENERATING CAPACITY	47.6 MW_{DC} / 33.8 MW_{AC}
COD	May 2017
PPA TERM	10 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	DEPCOM Power, Inc.

BOULDER SOLAR 1 POWER PLANT (BOULDER SOLAR 1)

5 BOULDER SOLAR 1

Boulder Solar 1 is located on a 542-acre leased site in Boulder City, Clark County, Nevada, approximately 50 kilometers south of Las Vegas.

LOCATION	Boulder City, Clarke County, Nevada
GENERATING CAPACITY	124.8 MW_{DC} / 100 MW_{AC}
COD	December 2016
PPA TERM	20 years from 1 Jan 2017
PPA OFFTAKER	NovaSource
O&M SERVICE PROVIDER	SunPower Corp., Systems

282,700^ First Year Generation (MWh)

206,400+ Equivalent CO_2 displaced (tonnes)

24,900◊ Equivalent households powered

44,900° Equivalent cars displaced

ARTHUR SOLAR POWER PLANT (ARTHUR)

6 ARTHUR

Arthur is located on a 35-acre leased site in Tabor City, North Carolina.

11,400^ First Year Generation (MWh)

7,700+ Equivalent CO_2 displaced (tonnes)

800◊ Equivalent households powered

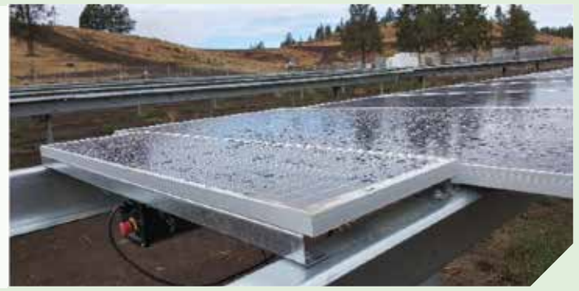
1,700° Equivalent cars displaced

LOCATION	Tabor City, North Carolina
GENERATING CAPACITY	7.5 MW_{DC} / 5.0 MW_{AC}
COD	July 2018
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	Cypress Creek Renewables O&M (**CCR O&M**)

BONANZA SOLAR POWER PLANT (BONANZA)

7 BONANZA

Bonanza is located a 57-acre leased site located 30 kilometres east of Klamath Falls, Oregon.



LOCATION	Bonanza, Oregon
GENERATING CAPACITY	6.8 MW_{DC} / 4.8 MW_{AC}
COD	December 2018
PPA TERM	12.9 years from COD
PPA OFFTAKER	PacifiCorp
O&M SERVICE PROVIDER	CCR O&M

12,800^ First Year Generation (MWh)

11,000+ Equivalent CO_2 displaced (tonnes)

1,200◊ Equivalent households powered

2,400° Equivalent cars displaced

CHURCH ROAD SOLAR POWER PLANT (CHURCH ROAD)

8 CHURCH ROAD

Church Road is located on a 21-acre leased site in Angier, North Carolina.

7,900^ First Year Generation (MWh)

5,400+ Equivalent CO_2 displaced (tonnes)

600◊ Equivalent households powered

1,200° Equivalent cars displaced

LOCATION	Angier, North Carolina
GENERATING CAPACITY	5.2 MW_{DC} / 5.0 MW_{AC}
COD	August 2018
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	CCR O&M

COUNTY HOME SOLAR POWER PLANT (COUNTY HOME)

9 COUNTY HOME

County Home is located on a 30-acre leased site located five kilometres southeast of Rockingham, North Carolina.

LOCATION	Rockingham, North Carolina
GENERATING CAPACITY	7.5 MW_{DC} / 5.0 MW_{AC}
COD	September 2018
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	CCR O&M

10,800^ First Year Generation (MWh)

7,300+ Equivalent CO_2 displaced (tonnes)

800◊ Equivalent households powered

1,600° Equivalent cars displaced

HANOVER SOLAR POWER PLANT (HANOVER)

10 HANOVER

Hanover is located on a 45-acre leased site in Maysville, North Carolina.

11,100^ First Year Generation (MWh)

7,500+ Equivalent CO_2 displaced (tonnes)

800◊ Equivalent households powered

1,600° Equivalent cars displaced

LOCATION	Maysville, North Carolina
GENERATING CAPACITY	7.5 MW_{DC} / 5.0 MW_{AC}
COD	April 2018
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	CCR O&M

HEEDEH SOLAR POWER PLANT (HEEDEH)

11 HEEDEH

Heedeh is located on a 21-acre leased site in Delco, North Carolina.

LOCATION	Delco, North Carolina
GENERATING CAPACITY	5.4 MW_{DC} / 4.5 MW_{AC}
COD	July 2018
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	CCR O&M

8,000^ First Year Generation (MWh)

5,400+ Equivalent CO_2 displaced (tonnes)

600◊ Equivalent households powered

1,200° Equivalent cars displaced

ORGAN CHURCH SOLAR POWER PLANT (ORGAN CHURCH)

12 ORGAN CHURCH

Organ Church is located on a 45-acre leased site located 15 kilometres northwest of Kannapolis, North Carolina.

11,600^ First Year Generation (MWh)

7,900+ Equivalent CO_2 displaced (tonnes)

900◊ Equivalent households powered

1,700° Equivalent cars displaced

LOCATION	Organ Church, North Carolina
GENERATING CAPACITY	7.5 MW_{DC} / 5.0 MW_{AC}
COD	February 2019
PPA TERM	15 years from COD
PPA OFFTAKER	Duke Energy Progress, Inc.
O&M SERVICE PROVIDER	CCR O&M

PENDLETON SOLAR POWER PLANT (PENDLETON)

13 PENDLETON

Pendleton is located on a 44-acre leased site five kilometres west of Pendleton, Oregon.

LOCATION	Pendleton, Oregon
GENERATING CAPACITY	8.4 MW_{DC} / 6.0 MW_{AC}
COD	September 2018
PPA TERM	13.2 years from COD
PPA OFFTAKER	PacifiCorp
O&M SERVICE PROVIDER	CCR O&M

11,900^ First Year Generation (MWh)

10,200+ Equivalent CO_2 displaced (tonnes)

1,100◊ Equivalent households powered

2,200˚ Equivalent cars displaced

MOUNT SIGNAL 2 SOLAR POWER PLANT (MS2)

14 MS2

MS2 is located in Imperial Valley, California.

LOCATION	Imperial Valley, California
GENERATING CAPACITY	199.6 MW_{DC} / 153.5 MW_{AC}
COD	Q4 2019
PPA TERM	20 years from COD
PPA OFFTAKER	Southern California Edison
O&M SERVICE PROVIDER	First Solar

464,200^ First Year Generation (MWh)

246,000+ Equivalent CO_2 displaced (tonnes)

70,800◊ Equivalent households powered

53,500˚ Equivalent cars displaced

TACKLING SOLAR PANEL RECYCLING

As a sustainably-run business, New Energy Solar is conscious of its obligations to carefully consider and plan for the future disposal of solar panels. In June 2020, a fire damaged panels at the Stanford and TID solar power plants at Rosamond, California resulting in reduced generation of approximately 32% from these plants. Remediation of these sites has necessitated the removal and replacement of approximately 50,000 solar panels from the sites. Discussions with the insurers of the solar power plants resulted in the implementation of a program run by WeRecycle to recycle all of the damaged panels. WeRecycle attempts to repair and resell modules at discounted prices and those it can't cost-effectively repair, it processes to scrap commodities. The program aims to recover up to 99% of the raw commodities by weight; the solar panels are dismantled, severed and shredded, undergo secondary chemical processing, and have their raw materials returned to the global commodities market.

As at October 2021, approximately 36,000 modules have been sent to the recycling program with the balance scheduled to be sent in the next few months. The WeRecycle process is compliant with R2:2013, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and aims to harvest all parts, re-marketable components, and scrap commodities without threat to the environment.

With restoration of the sites almost complete, NEW is very pleased to have participated in a program to retrieve valuable metals and components from the panels and to have averted the creation of considerable waste.

SOCIAL

CLEAN ENERGY

New Energy Solar owns solar power plants in local communities in the United States. These solar power plants contribute to the provision of renewable energy in the United States and, as a result, contribute to the displacement of carbon dioxide and other greenhouse gases. The contribution of each of our assets to reducing carbon dioxide is detailed on preceding pages 13 to 16 of this report.

In addition, NEW strives to make tangible contributions to the prosperity and development of the communities in which it operates and to progress the development of the renewable energy industry, through education and participation in research.

EMPLOYMENT AND ECONOMIC GROWTH

All of NEW's solar power plants are operational and each plant offers long-term employment to operations and maintenance (**O&M**) contractors who operate, maintain and repair the plants and the sites on which they are situated and to asset managers who liaise with grid system operators and offtakers to ensure the dispatch of electricity from NEW's solar power plants.

Clean energy remains the largest job creator across America's energy sector, employing nearly three times as many workers as work in fossil fuel extraction and generation.[30] In 2020, about 3 million Americans worked in the areas of energy efficiency, wind and solar, grid modernization, battery and energy storage and clean vehicle manufacturing. This represents a decline from the previous year of 2019, when employment in clean energy reached 3.36 million, as the pandemic related economic contraction reduced activity and constrained supply chains. The sector, however, is well-positioned for recovery and in the second half of 2020, clean energy businesses added about 300,000 employees with the strongest growth in clean vehicle manufacturing.

COMMUNITY CONTRIBUTIONS

In addition to New Energy Solar's contribution to employment and economic growth in the communities in which it operates, NEW also provides small grants directly to community organisations including local schools and not-for-profit groups. In 2021, recipients included the First Baptist Church and Bladen High School in North Carolina. NEW has also hosted community days at its solar power plants, as well as conducted school group tours and education forums, although these activities have not been possible in 2021 as a result of COVID-19 restrictions. All of these activities are designed to ensure NEW's plants and operations are well-understood in their communities and also to educate communities on the way in which energy technology and electricity production is advancing.

SOLARBUDDY PROGRAM

New Energy Solar seeks to make a positive contribution to communities and on significant global social issues through active participation and contributions (beyond NEW's primary operations of solar energy generation). NEW and Australian charity, SolarBuddy, entered into a partnership in May 2018 to assist communities suffering energy poverty. Energy poverty describes the lack of access to modern energy services, including household electricity. Energy poverty is considered fundamental to fulfilling basic social needs, driving economic growth and fuelling human development. The United Nations and World Health Organization have found that the wealth and development of a nation is closely correlated to the type and extent of access to energy.

SolarBuddy estimates that 1.4 billion people around the world do not have access to modern electricity, with many resorting to burning large amounts of wood and toxic kerosene as their primary light source during the evening. NEW has partnered with SolarBuddy to contribute to addressing this problem through a two-pronged approach – education and illumination.

In developed countries, such as Australia, the initiative promotes energy poverty education, providing children in schools with the opportunity to build SolarBuddy solar lights. The SolarBuddy solar light is the world's first and only LED solar light that can be assembled by a child as young as seven years. The light comprises a high UV resistant plastic and a tough rubber encasement designed to prolong usage. Since 2016, over 130,000 students across 500 schools and 21 countries have participated in the SolarBuddy Education Program; building lights and distributing them to marginalised communities around the world.

These solar lights have also been used by Non-Governmental Organizations (NGOs) including Australia Aid, Red Cross and the United Nations. To date, over 500,000 lives have been illuminated by SolarBuddy solar lights.

While the work of SolarBuddy was interrupted in 2020 by travel and other restrictions to contain the spread of COVID-19, the organisation was able to resume, to an extent, its work in 2021. New Energy Solar's contribution assisted the organisation to distribute 1,000 solar lights to children living in extreme energy poverty across Cambodia, the Dominican Republic, Tanzania and Papua New Guinea. It is estimated that the lights will enable those students to undertake over 2 million additional hours of study over the next three years.

30. E2 Report, "*Clean Jobs America 2021*" April 19, 2021.

In addition, the impact of the lights extends to the families of the children with research showing that the lights are used by an average of five people within each family. Importantly, the lights replace the need for alternative fuels such as kerosene and accordingly, offset up to 155,000 kgs of CO_2 equivalent carbon over the life span of the lights. Reduced kerosene consumption has direct financial benefits for families given its cost with research in these communities indicating that kerosene consumption falls by as much as 40%, greatly improving household finances.

HEALTH AND SAFETY

New Energy Solar is committed to protecting the environment, and the health and safety of the Investment Manager's employees (the NEW team) and NEW's contractors, customers, stakeholders, and the communities in which NEW operates. We recognise that by integrating sound environmental, health, and safety management practices into all aspects of our business, we can construct, operate, and maintain our renewable power generation plants responsibly and profitably, while conserving and enhancing resources for future generations.

NEW's solar power plants are generally located in rural areas with the solar power plants often adjacent to farm properties. The plants contain high voltage and transmission equipment, meaning any accident could threaten peoples' well-being and could result in damage to property, environmental issues, endangerment of wildlife, reduced plant availability, loss and reputational impacts. As such, health and safety are firmly ingrained in all processes of the Company and we strive for continuous improvement in our systems and in the efficacy of our operations, programs and processes. It is NEW's objective to have an injury free workplace, which is achievable via appropriate policies and procedures, and an emphasis on safety culture throughout the Company.

With all of NEW's solar power plants now operating the focus of health and safety for the Company is on the security and management of, and work done on, the site by each plant's Operations and Maintenance (**O&M**) contractor and their sub-contractors. Upon appointment of O&M contractors for a plant, a Safety and Health Management Plan is implemented. These plans provide personnel working at the site with a framework for addressing safety and health in the workplace with the goal of preventing any fatalities, injuries, illnesses and equipment damage. The approach is based on the principle that nearly all worksite fatalities, injuries and illnesses are preventable.

Safety and Health Management Plans specifically designate roles and responsibilities for the O&M contractor personnel to ensure a safety and health committee is put in place comprising contractor management and employees. Specific reporting requirements and the need for consultation with NEW as the plant owner is also set out, together with a general provision enabling reasonable access for NEW to the O&M contractor's health and safety records and reports.

The O&M safety and health committees covering NEW's sites are tasked with developing a system for identifying and correcting hazards; conducting regular workplace inspections; planning for foreseeable emergencies; providing training on safety practices and hazards and the correct use of equipment; and establishing and enforcing disciplinary measures in the event the plan policies are violated or not adhered to.

Of paramount importance in these plans is the requirement to report and investigate all safety incidents. On site, all injuries and incidents must be reported immediately. Reporting is followed by a well-documented investigation process, detailed report, and corrective action. Investigation procedures are designed to identify and control the causes of all incidents in order to prevent their recurrence, and also to identify any shortcomings in the Safety and Health Management Plan applicable to that site. Safety incident procedures must also be consistent with and meet the requirements of the US Department of Labor's OSHA Division.

Also important are the inspection and training regimes outlined in Safety and Health Management Plans. Recognising and correcting hazards both through intermittent and systematic inspection programs assists to ensure workplaces are safe. Similarly, providing O&M employees with appropriate training to understand hazards and risks and to act and operate carefully and safely is essential.

INJURY REPORTING

In the period from 1 January 2021 to the end of October 2021, there were no recordable incidents at NEW's operational facilities.

The Rosamond sites are considered active construction sites and in the period of 1 January 2021 to 29 October 2021 there was one recordable injury on these sites. In August 2021, there was a lost time incident associated with the insurance restoration work involving an individual who became dehydrated and was treated by the medical staff. Onsite, there are cooling stations and mandatory breaks to prevent such incidents. Lost time resulted from the site team taking a stand down after this incident to reiterate the risk of working in hot environments.

During the period, there were also a non-injury incident involving a Border Patrol truck backing into a site inverter at Mount Signal 2. Other than some cosmetic damage to the inverter, there was no other impact from this incident. NEW's underlying philosophy is that all injuries and accidents can be prevented. The Business remains committed to providing a safe and healthy environment for the benefit of all personnel working on NEW sites, for proximate communities , and for stakeholders alike.

GOVERNANCE FRAMEWORK

The NEW Board recognises the importance of strong corporate governance, particularly with respect to implementing sustainable business practices, and are committed to high standards of governance and compliance. The NEW Board has a majority of independent directors, including an independent chairman.

With respect to corporate governance standards, the Board, where appropriate, benchmarks the Business against the Fourth Edition of the Corporate Governance Principles & Recommendations issued by the Australian Stock Exchange Corporate Governance Council (ASX Recommendations). The Board's corporate governance practices have been documented in the Corporate Governance Charter, which is made available to securityholders on the NEW website, and other formal internal policy documents. The Board has adopted the following governance framework, which has been prepared with regard to the ASX Recommendations. The policies are reviewed and updated at least annually by the Board and some are reported on in the Corporate Governance Statement, which is included in the annual report each year.

CORPORATE GOVERNANCE POLICIES

- Continuous Disclosure
- Security Trading Policy
- Code of Conduct
- Diversity Policy
- Risk Management System
- Risk Appetite Statement
- Financial Risk Management Policy & Framework
- Capital Management Framework
- Whistleblowing Policy
- Audit & Risk Committee Charter
- Anti-bribery and Fraud Policy
- Risk Assessment Matrix
- Conflicts Management Policy
- Renewable Energy Asset Valuation Policy
- Related Party Disclosure Summary (which includes a conflicts of interest register)
- Board Policy
- Insider Trading Policy
- Work Health & Safety Policy

GOVERNANCE FRAMEWORK (CONTINUED)

The Company is a disclosing entity for the purposes of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and will be required to comply with the continuous disclosure regime under the Corporations Act. As such, the NEW Board has established internal systems and procedures to ensure that timely disclosure is made to shareholders. In addition to its continuous disclosure obligations, NEW has a policy of keeping all shareholders informed, including providing information on all major developments affecting NEW's activities, releases to the media and despatch of financial reports.

Information relating to NEW's governance and all ASX announcements made to the market, including annual and half-year financial results, are placed on the NEW website.

In addition to the above, NEW looks to enhance its disclosure by adhering to the Australian Securities & Investments Commission (ASIC) Regulatory Guide 231 – Infrastructure Entities (RG231). RG 231 consists of nine benchmarks and 11 disclosure principles designed to strengthen investor confidence and enable investors to better understand the characteristics of infrastructure entities and the risks associated with them. NEW addresses all nine benchmarks and 11 disclosure principles via its RG 231 disclosure, which can be found on the NEW website.

NEW has also continued its efforts to assess board diversity, and actively facilitate a more diverse and representative management structure. The Board includes in the Corporate Governance Statement a summary of NEW's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the annual report relates and the proportion of female directors on the Board.

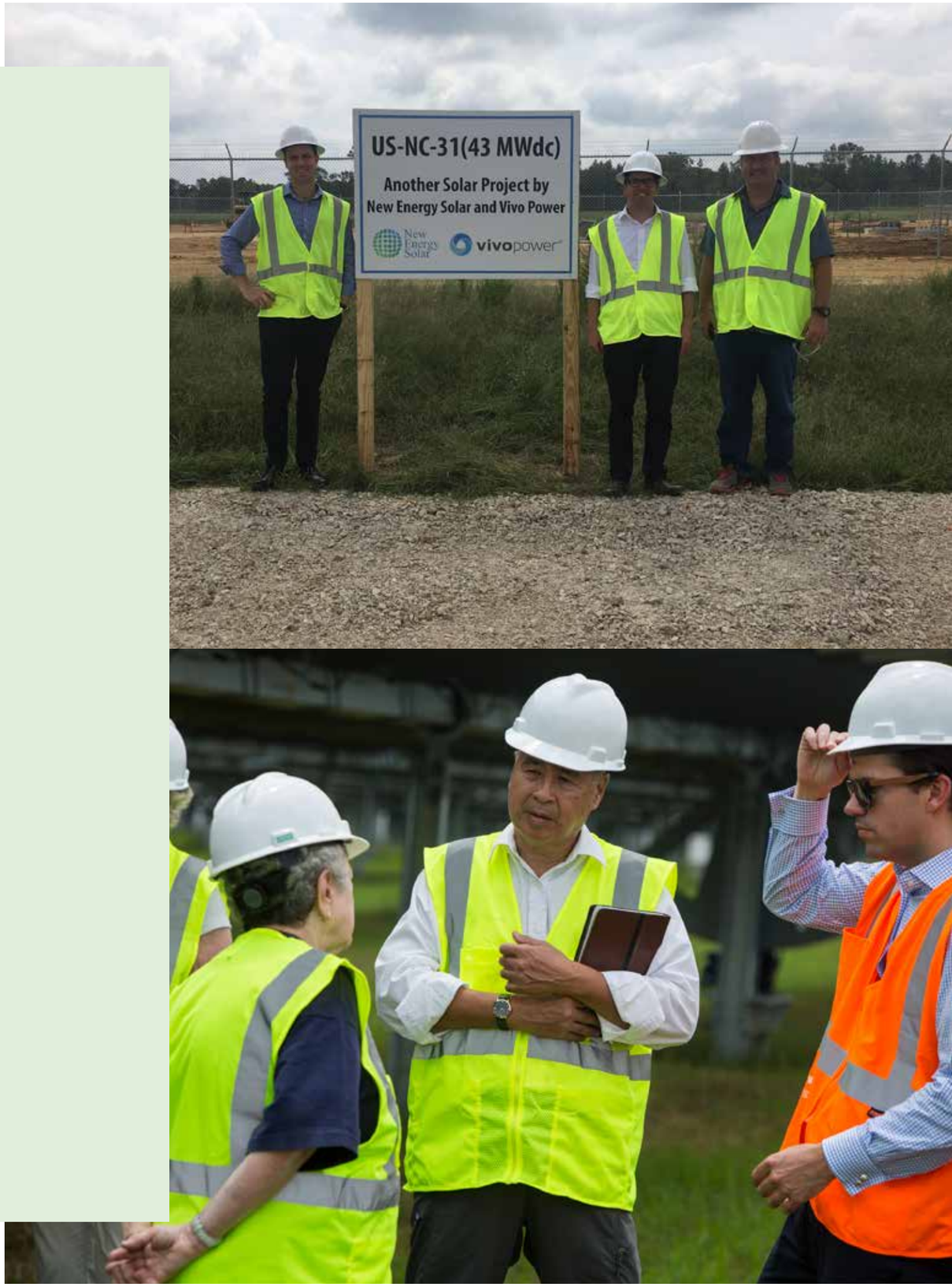
The Board is responsible for identifying, assessing, monitoring and managing the significant areas of risk applicable to NEW and its operations. The Board has established an Audit & Risk Committee to deal with these matters. The Board monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the NEW's auditors.

TRANSPARENCY AND ANTI-CORRUPTION

The governing values of NEW's culture include integrity, honesty, and professionalism, which are essential to uphold NEW's reputation in the industry and by extension, its success. As such, demonstrating transparency and professional rigor is essential in all of NEW's activities across its office locations and solar plants.

The NEW Board has adopted a Whistleblowing and an Anti-bribery and Fraud Policy consistent with their obligations under the Corporations Act and ASX Recommendations.

As part of its investment philosophy, NEW places emphasis on environmental and social factors when making investment selection, retention, and disposal decisions. Labour standards and ethical factors, including the impact of the Commonwealth and New South Wales anti-slavery legislation[31], are also considered when making these decisions. NEW does not use specific criteria or mechanisms for measuring the success of its approach to these factors and standards.



31. The *Modern Slavery Act 2018 (NSW)* (**NSW Act**) has not yet commenced and so its directions are not in force. The NSW Government's position is that the NSW Act should not be commenced in circumstances where there are inconsistencies with the Commonwealth Government's modern slavery legislation, the *Modern Slavery Act 2018 (Cth)* which was introduced to Federal Parliament in June 2018 (three weeks after the NSW Act was introduced) and commenced on January 2019. On 14 October 2021, the NSW Government introduced the *Modern Slavery Amendment Bill 2021* before Parliament.

INITIATION OF EU REGIME REPORTING

Mandatory reporting under the EU Regime represented by the SFDR and the EU Taxonomy effectively begins for EU financial participants[32] from 2022. Currently, the technical standards which will govern the reporting are incomplete and as a result, examples of best practice for meeting the EU Regime are not generally available. As previously mentioned in this Sustainability Report, NEW is not legally required to comply with the EU Regime. The information provided in this section is intended to give investors a sense of the precision and scale of the reporting required but does not represent strict adherence or compliance with the EU Regime. NEW's disclosure in this regard is not mandatory but is entirely voluntary and indicates the Company's aim to commence the process of implementing policies and practices to meet the requirements of the EU Regime and to provide investors with a high standard of reporting and disclosure around ESG and sustainability.

EU TAXONOMY CLASSIFICATION OF ECONOMIC ACTIVITY

The EU Taxonomy is a tool to help investors, companies, issuers and project promoters navigate the transition to a low-carbon, resilient and resource-efficient economy. The Taxonomy enables the revenue from economic activity to be classified as Taxonomy-aligned to the extent that the activity meets technical screening criteria that determine whether it:

- Makes a substantive contribution to one of six environmental objectives (climate change mitigation; climate change adaptation; sustainable and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems);
- Does not significant harm to the other five, where relevant;
- Meets minimum safeguards with reference to the OECD Guidelines on Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Currently, technical screening criteria have only been developed for the first two of the Taxonomy's described environmental objectives, climate change mitigation and climate change adaptation. Accordingly, only these two environmental objectives have been considered in NEW's initiation of compliance with the Taxonomy.

CLIMATE CHANGE MITIGATION

Production of electricity from solar PV is specifically cited as an example of an economic activity that makes a substantial contribution to climate change mitigation in its own right and is also unlikely to substantially undermine climate change mitigation objectives, as the life-cycle emissions will always fall well below the substantial contribution thresholds recommended. Accordingly, there is no "Do No Significant Harm" (**DNSH**) threshold for climate change mitigation criteria required to be met by solar PV.[33]

CLIMATE CHANGE ADAPTATION

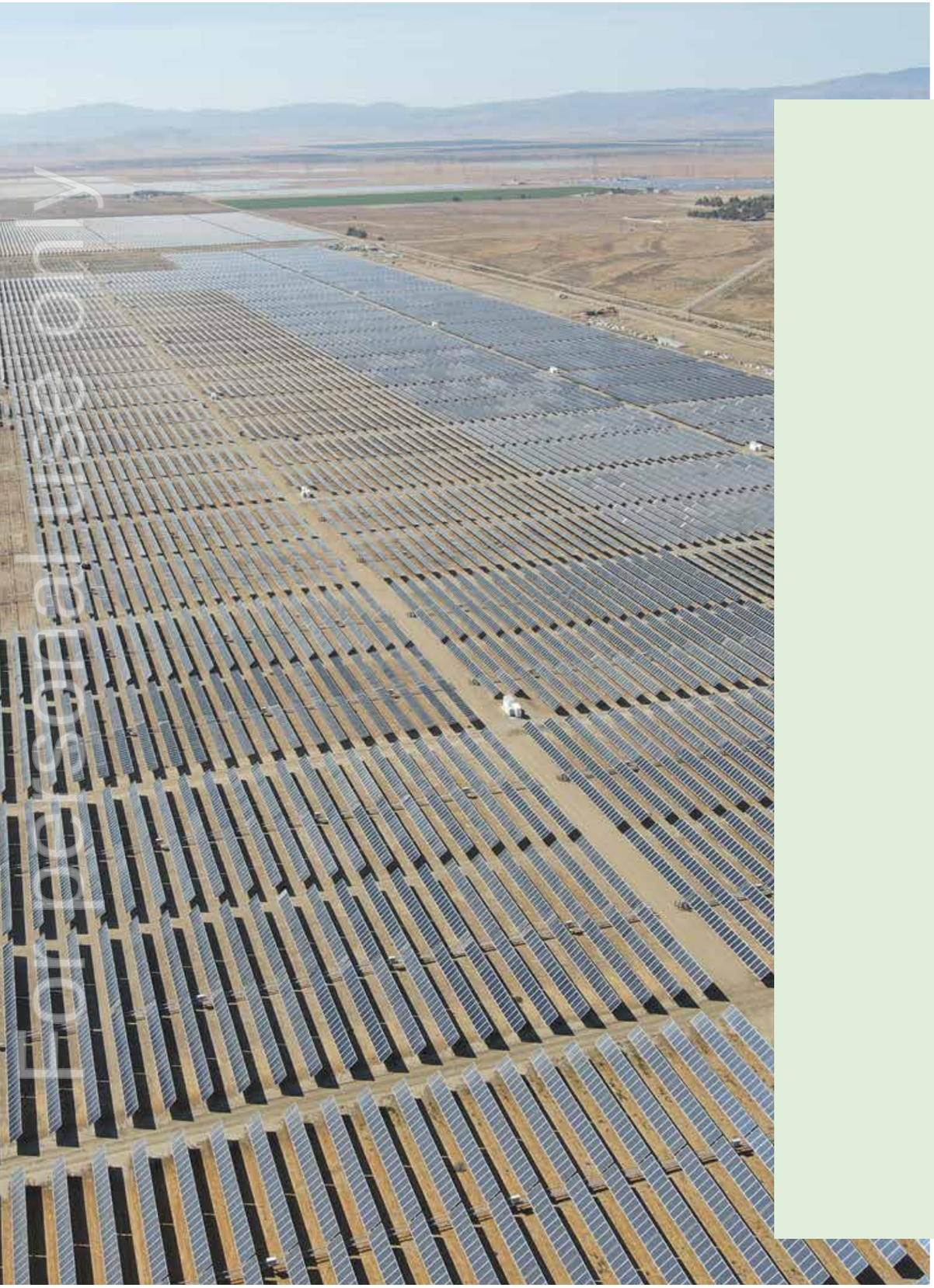
Under the tables available for the assessment of economic activity, production of electricity from solar PV is indicated as making a substantial contribution to climate change adaptation.

With respect to the other environmental objectives, currently technical screening criteria have not been developed but production of electricity from solar PV is indicated as an activity where those criteria will need to be considered with respect to the environmental objectives, circular economy and ecosystems.

As NEW engages only in the economic activity of electricity production, all of its revenue is Taxonomy aligned with respect to Climate Change Mitigation. NEW's turnover cannot be recognized for adapted activities and its capital and operating expenditure is not part of a plan to meet Taxonomy technical screening criteria for substantial contribution to climate change adaptation and DNSH criteria.

32. See definitions in Article 2 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019.

33. Taxonomy: Final report of the Technical Expert Group on Sustainable Finance, March 2020.



DISCLOSURE UNDER SFDR IN PRESCRIBED ANNEXE ONE FORMAT

FINANCIAL MARKET PARTICIPANT: NEW ENERGY SOLAR LIMITED (LEGAL ENTITY IDENTIFER 549300PURT8C88V2X319 AND ISIN AU000000NEW2)

SUMMARY

New Energy Solar considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of New Energy Solar and covers the reference period from 1 January 2021 to 31 December 2021.

DESCRIPTION OF PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS (INFORMATION REFERRED TO IN ARTICLE 6 SFDR)					
ADVERSE SUSTAINABILITY INDICATOR		**METRIC**	**IMPACT**	**EXPLANATION**	**ACTIONS TAKEN**
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
GHG Emissions	1. GHG emissions	Scope 1 GHG emissions	Nil	Operating solar power plants do not emit greenhouse gases or any gaseous by-product.	
		Scope 2 GHG emissions	Nil	See above.	
		Scope 3 GHG emissions (from Jan 2023)	Nil	See above.	
		Total GHG emissions	Nil		
	2. Carbon footprint	Carbon footprint	**Solar Power Plants** The carbon footprint of the solar power plants has been calculated using estimates from the US National Renewable Energy Laboratory (**NREL**) published in a 2012 study showing the carbon footprint of solar power plants to be equivalent to approximately 40g CO_2 eq/kWh assuming a 30-year life. The study estimates cover the full life cycle of solar power plants from raw minerals extraction to operation and maintenance and decommissioning and disposal. This estimate represents an average across different technologies, crystalline silicon modules and thin film modules, and across different regions. NREL advises that the solar irradiation assumption had the greatest impact on variability of GHG emissions. For example, increasing irradiation to reflect conditions in the Southwestern US, where for example NEW's Mount Signal 2 plant is located, would result in lower GHG emissions. A later study published in December 2017 in the science journal Nature estimated that the lifecycle emissions for solar and wind were in the range of 3.5 -12g CO_2 eq/kWh. In a typical year, NEW's portfolio of 14 solar power plants generates the following amounts of electricity. Note that the Rosamond plants are stated at their 2019 output before sustaining fire damage in June 2020. The table also includes the CO_2 equivalent carbon footprint according to each of the above reference points.		

<table>
<tr><th>ADVERSE SUSTAINABILITY INDICATOR</th><th>METRIC</th><th>IMPACT</th><th>EXPLANATION</th><th>ACTIONS TAKEN</th></tr>
<tr><td colspan="5">CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS (CONTINUTED)</td></tr>
<tr><td rowspan="5">GHG Emissions (continued)</td><td>2. Carbon footprint (continued)</td><td>CO_2 eq/kWH (tonnes)</td><td colspan="3">
<table>
<tr><th>Solar Power Plant</th><th>NEW's Actual Share of Generation 2020 (GWh)</th><th>NREL (2012) Carbon 49g CO_2 eq/ kWH (tonnes)</th><th>Nature (2017) Carbon 3.5 CO_2 eq/ kWH (tonnes)</th><th>Nature (2017) Carbon 12 CO_2 eq/ kWH (tonnes)</th></tr>
<tr><td>NC-31</td><td>58.3</td><td>2,332</td><td>204</td><td>700</td></tr>
<tr><td>NC-47</td><td>68.3</td><td>2,732</td><td>239</td><td>820</td></tr>
<tr><td>Stanford (2019)</td><td>150.2</td><td>6,008</td><td>526</td><td>1,802</td></tr>
<tr><td>TID (2019)</td><td>148.9</td><td>5,956</td><td>521</td><td>1,787</td></tr>
<tr><td>Boulder Solar 1</td><td>137.8</td><td>5,512</td><td>482</td><td>1,654</td></tr>
<tr><td>Rigel Portfolio</td><td>76.7</td><td>3,068</td><td>268</td><td>920</td></tr>
<tr><td>Mount Signal 2</td><td>404.9</td><td>16,196</td><td>1,417</td><td>4,859</td></tr>
<tr><td>Total</td><td>1,045</td><td>41,804</td><td>3,658</td><td>12,541</td></tr>
</table>
Investment Management
The Investment Manager maintains two offices for its operations, one in the US and one in Australia and in pre-COVID times executives regularly travelled within the US to visit asset sites and senior executives often travelled between the US and Australia. The last 12 months during which COVID-19 travel restrictions were in place has meant that travel has not taken place. Similarly, the offices in both the US and in Australia have not accommodated staff or operated as usual. Investment Management staff have largely worked from home.
NEW has estimated the carbon footprint from its corporate activity previously and arrived at an estimate of 22 tonnes per annum. It should be noted that carbon offsetting is employed for flights and this has not been accounted for in the carbon footprint estimate.
It is estimated that COVID conditions should be reflected in a 60% discount on the business-as-usual scenario, implying 8.8 tonnes of CO_2 for 2021.</td><td></td></tr>
<tr><td>3. GHG intensity of investee companies</td><td>GHG intensity of investee companies.</td><td>Investee companies covered in the above GHG responses.</td><td>NEW's assets are held in a US holding company which is a 100% owned subsidiary.</td><td></td></tr>
<tr><td>4. Exposure to companies active in the fossil fuel sector</td><td>Share of investments in companies active in the fossil fuel sector.</td><td>Nil</td><td></td><td></td></tr>
<tr><td>5. Share of non-renewable energy consumption and production</td><td>Share of non-renewable energy consumption and production from non-renewable energy sources compared to renewable energy sources expressed as a percentage.</td><td colspan="2">In terms of energy consumption, NEW's Australian office is located in New South Wales, Australia where coal comprised 81% of the fuel mix of the state's generation output over the last 12 months.[34]
NEW's US office is located in New York where natural gas (37%), nuclear (33%) and hydroelectricity (22%) are the most significant fuel types in the state's generation of electricity.[35]</td><td></td></tr>
</table>

34. AEMO market data available – https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/data-nem/data-dashboard-nem

35. New York Times data "*How does your state make electricity?*" by Nadja Popovich and Brad Plumer, 28 October 2020 – https://www.nytimes.com/interactive/2020/10/28/climate/how-electricity-generation-changed-in-your-state-election.html

ADVERSE SUSTAINABILITY INDICATOR		METRIC	IMPACT	EXPLANATION	ACTIONS TAKEN
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS (CONTINUED)					
GHG Emissions (continued)	6. Energy consumption intensity per high impact climate sector	In GWh per million EUR of revenue, per high impact climate sector.	The solar power plants consume a negligible amount of energy in their own right.	NEW is only active in the electricity sector and its energy consumption from activity to manage its solar power plants is not material.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Instances where activities of underlying operations are located in or near biodiversity-sensitive areas and activity negatively affects those areas.	N/A	In the siting of solar power plants, NEW has ensured that all environmental regulations have been observed. Once solar power plants are established, vegetation around and throughout the plants is maintained to reduce the risk of fire and to comply with local ordinances and planning regulations with respect to native trees and shrubs.	
Water	8. Emissions to water	Tonnes of emissions to water	N/A	NEW does not discharge waste, hazardous or otherwise, into water sources.	
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated	Approximately 50,000 solar panel modules.	Once solar power plants are established there is no waste produced unless panels need to be replaced. In June 2020, a fire damaged two solar power plants at Rosamond, California. Remediation of these plants will involve the replacement of approximately 50,000 solar panels across the two sites. All solar panels will be recycled through a program operated by WeRecycle in the US. The program aims to harvest all parts, re-marketable components and scrap commodities without threat to the environment. WeRecycle processes are R2:2013, ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 compliant.	As at October 2021, approximately 36,000 solar panel modules have been sent for recycling.

ADVERSE SUSTAINABILITY INDICATOR		METRIC	IMPACT	EXPLANATION	ACTIONS TAKEN
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 OECD Guidelines for Multinational Enterprises	10 principles covering human rights, labour practices, environment and anti-corruption and OECD similar but more comprehensive and include consumer interests, taxation, competition, science and technology.	NEW is not aware of instances that would constitute specific violations. A review of the solar panels employed in the business was conducted to ascertain exposure to alleged Chinese forced labour in solar panel manufacturing. The audit revealed that: • 35% are First Solar or Solar Frontier panels sourced from Malaysia, Vietnam, and Japan. These panels are not manufactured using solar-grade polysilicon raw materials • 34% are polysilicon panels sourced from outside China • 31% are polysilicon panels sourced from China • The panels being used for the rebuild of the fire damaged Rosamond plants are all coming from outside China. During the due diligence conducted by NEW when acquiring the plants, solar panel manufacturers stated that they complied with modern anti-slavery provisions and did not use forced labour in their supply chain and that is reinforced in their public codes of conduct. However, it remains possible that polysilicon used by manufacturers both within and outside China may have come from the Xinjiang region in China where it is alleged that forced labour has been used to manufacture solar panels.	Earlier in 2021, media reports[36] detailed alleged instances of forced labour camps populated by Chinese Uighurs involved in the manufacture of Chinese crystalline polysilicon module solar power panels.	The parent of the Investment Manager has adopted a Modern Slavery Statement and is implementing practices and processes, including the Supplier Code of Conduct which covers modern slavery, to improve due diligence in relation to procurement. NEW is a member of the US Solar Energy Industry Association (SEIA) and supports its initiative to require manufacturers to comply with a protocol to trace the provenance of products through the whole supply chain. See https://www.seia.org/research-resources/solar-supply-chain-traceability-protocol.

36. *"China uses Uyghur forced labour to make solar panels, says report"* BBC News 14 May 2021; *"Chinese Solar Companies Ted to Use of Forced Labour"* New York Times 28 January 2021

ADVERSE SUSTAINABILITY INDICATOR		METRIC	IMPACT	EXPLANATION	ACTIONS TAKEN
Social and employee matters (continued)	11. Lack of processes and compliance mechanisms to monitor compliance with the above	NEW has processes for monitoring its practices with respect to employee and social matters and is intent on developing more comprehensive policies and procedures to better uphold human rights and to monitor and ensure compliance with anti-corruption and anti-bribery regulations.			
	12. Unadjusted gender pay gap	Average pay gap.	NEW has no employees and NEW's directors receive the same compensation regardless of gender. With respect to the employees of the Investment Manager, personnel are paid market rates regardless of gender.	The parent entity of the Investment Manager is required to report annually to the Workplace Gender Equality Agency (WGEA) of the Australian Government and these reports are publicly available.	
	13. Board gender diversity	Ratio of male to female board members.	NEW's Board comprises one female and four male directors.		The Board is cognizant of the unbalanced gender ratio and committed to address it should opportunities emerge to replace current directors or expand the Board.
	14. Exposure to controversial weapons		Nil		

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACT	
Indicator from Table 2 – water usage	The solar panels of NEW's 14 solar plants are washed on an as needed basis by contractors employed to operate and maintain the solar power plants (O&M providers). Water is also used to maintain trees and shrubs on NEW properties, as required by local ordinances and planning regulations. Across the industry, O&M providers are focused on minimizing water usage, often through technology. For instance, NovaSource who provides O&M services to MS2, has a robotic system for cleaning that uses 75% less water than manual cleaning. For both panel cleaning and vegetation management, water is used sparingly and only when necessary. As a result, overall water usage is quite low. The total water usage for NEW is recorded at the asset level by each O&M contractor, but is not collated centrally as a matter of course. Processes to ensure central collation are in train.
Indicator from Table 3 – anti-corruption and anti-bribery	NEW is an enterprise operating in the United States and listed in Australia on the Australian Stock Exchange. With respect to its solar power plant operations, these are regulated largely by the laws of the US states in which the assets are located. NEW is not aware of specific instances where these operations are in contravention of laws or regulations prohibiting corruption and bribery. With respect to the conduct and compliance of the listed entity NEW, NEW is subject to the laws and regulation governing listed entities in Australia, including disclosure and reporting requirements. NEW is not aware of specific instances where its corporate operations are in contravention of laws or regulations prohibiting corruption and bribery.
Description of the policies on the assessment process to identify and prioritise PAI on sustainability factors and of how those policies are maintained and applied. NEW is in the process of implementing policies and practices to achieve voluntary compliance with the EU Regime. Development and publication of policies prescribing the means of compliance are in train.	
Shareholder engagement strategy – NEW is an investor in only one subsidiary where it does not also have control, Boulder Solar 1, the owner of the Boulder solar power plant in Nevada. The shareholder agreement for this entity allows NEW to influence decisions with respect to the operations of the Boulder solar power plant that would prevent adverse impacts on environmental objectives.	
References to international standards – The parent entity of NEW's Investment Manager is a signatory to the UNPRI.	

6. About This Report

Report Scope: New Energy Solar's Sustainability Report describes its work in the following key areas:

- Energy and climate change
- Community engagement
- Industry innovation and development
- Health and safety of people and communities
- Corporate governance and fiduciary duty to stakeholders

This report is prepared with reference to the GRI, the PRI and the EU Regime, internationally recognised reporting guidelines.

Boundaries: This Sustainability Report covers NEW's operations in the US and its executive office in Australia.

Reporting Year: NEW has reported data relating to the 2021 year unless otherwise noted. In some cases, data and information may include programs and activities underway or introduced in the period since 30 June 2020, as indicated.

Currency: All references are to currency are in Australian dollars, unless otherwise indicated.

Reporting History: This is New Energy Solar's fourth annual Sustainability Report.

Contact: Please direct questions on this Sustainability Report or topics related to NEW's corporate responsibility disclosures to info@newenergysolar.com.au.

Environmental Impact Calculator: Find out what your New Energy Solar Investment could mean for the environment.

newenergysolar.com.au/calculator