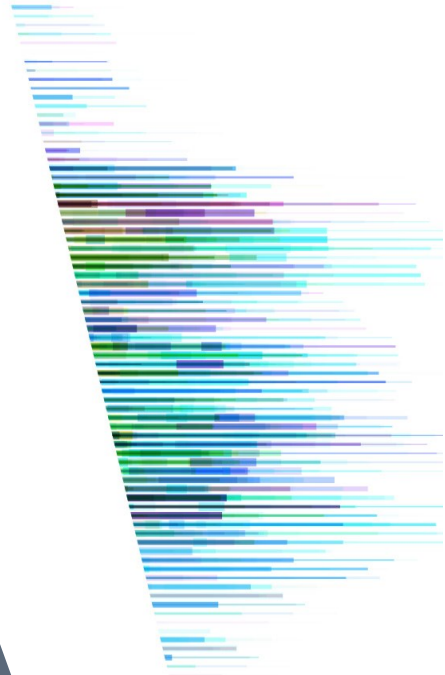


2022

Sustainability Report



Underwriting A Greener Future®



Underwriting a Greener Future® - an Inflection Point of Opportunity

Last year was a turbulent one as the world extended its recovery from COVID-19. Global economic growth slowed as a result of several important factors that were also interlinked: Russia's invasion of Ukraine in February, persistent supply chain disruptions, and the combined effect of inflation – which according to the IMF spiked at 8.9% globally – and substantial interest rate increases across many of the largest economies. Notably in the US, the Federal Reserve increased rates by more than 400 basis points in a single year and the US inflation rate hit a 40-year high in the summer of 2022, which spurred the passage of the Inflation Reduction Act (IRA) in August. The IRA represents, among other important features, a \$369 billion investment in the modernization of the American energy system, with tax credits and other provisions designed to accelerate the deployment of clean energy technologies, reduce global emissions, and make equitable progress in the clean energy transition.

The IRA started to take effect in 2023 with the emergence of regulations and IRS guidance, tipping numerous new sectors into viability and facilitating a re-allocation of capital to low-carbon technologies. Technology solutions such as carbon capture and storage, energy storage, green hydrogen, biofuels and energy efficiency all benefit from the provisions of this historic legislation.

New clean energy projects are surfacing that align with the new incentives and existing projects are being re-structured accordingly. Corporations continue to lean in, encouraged by public policy signals, and are pledging their commitment to decarbonize their operations and build a sustainability focus into their strategies.

New Energy Risk (NER) provides an impact-focused and mission-driven platform that provides a pathway for our insurance partners to shape and implement their sustainability and clean energy underwriting strategy in addition to their investment strategy. Our commitment is to use our extensive expertise and experience to evaluate techno-economic risk related to new technologies and applications and turn risks into opportunities for both our clients and our insurance partners. Over the last decade, we have invested in our platform and in our team to create *the* leading insurance platform delivering innovative insurance solutions for the energy transition. We have supported over \$3.25 billion of investment accelerating the deployment of impactful technologies and helping shape a more sustainable future.

In this annual report, we are pleased to share some of the climate, sustainability and environmental benefits of our client portfolio. Their innovations continue to set a new standard for carbon reduction and the circular economy at scale.

Investors, technology developers, insurers, industries and governments have an opportunity to maximize the impact of their capital and accelerate the energy transition. New Energy Risk plays a pivotal role as a catalyst in these collective efforts.

Insurance Innovation Providing Solutions and Driving Impact

NER's innovative insurance solutions are centered around our data-driven, forward-looking techno-economic risk evaluation and requires projects and technologies to have a clear and net positive contribution to sustainability.

We systematically evaluate the net socio-environmental effects of each opportunity relative to our climate and sustainability values. Our client pipeline is dynamic and evolving with new technologies and business models, so we periodically review our criteria to reflect the realities of current innovations and the marketplace. Our qualitative and quantitative criteria enable us to capture the holistic impact of our clients' activities over a meaningful timescale, helping us make decisions based on our values and helping our clients structure their projects to achieve the greatest possible benefit. By vetting prospects whose impact aligns with our standards, and those of our insurance partners, we enable the commercialization and scaling of some of the most beneficial technologies addressing global challenges.

This green underwriting framework allows insurers to prioritize such commercial opportunities and develop underwriting strategies that include support for sustainability.

NER's technical risk products have facilitated over \$3.25 B in deployed capital, with a quantifiable impact – detailed later in this report. NER's unique products and solutions turn insurance into a value enhancing solution for our clients.

The shift to net-zero emissions presents all kinds of uncertainties and opportunities. NER and our insurance partners are perfectly positioned to contribute to a sustainable global economy by reducing and managing risk.

A Final Thought

Each year brings greater urgency for progress on climate change mitigation. Our mission, to accelerate the deployment of breakthrough technologies that address global challenges, puts us on the forefront of bringing actionable solutions. We appreciate the trust and confidence our customers and partners place in our team, our process and our solutions to enhance their businesses and support their growth to achieve greater scale. With our unique strength in integrating technical diligence, commercial assessment and insurance structuring we continue to solve the pressing needs of a newly galvanized market working to address a planetary problem.

Thank you for joining us on this journey as we Underwrite a Greener Future®

Tom Dickson

CEO



Sherry Huang

Chief Actuary and
Managing Director of
Underwriting Development



Shawn Lee

Senior Scientist



Richard Riley

Manager, Business
Development



Business Highlights

- Proprietary technoeconomic risk-evaluation of new technologies, businesses and projects
- Insurance solutions promote investor confidence and customer adoption
- Policies issued globally by one of the affiliate companies of AXA XL or Markel Corporation
- Covers commissioning, operations, or warranty backstops for 15+ years
- \$5M-\$200M+ insurance capacity per project
- We have helped our clients unlock over \$3.25B in capital supported by more than \$1.5B+ of insurance capacity

Applicable Across Diverse Sectors

Renewable Energy



Fuel Cells



Energy Storage



Energy Efficiency



Waste to Energy



Biofuels & Chemicals



Water Treatment



Indoor Farming



Industrial Processes



Carbon Capture



Biomass Processing



Anaerobic Digesters



Hydrogen



Petrochemicals



Nuclear Medicine



Power Generation



Grid



Aquaculture



Representative Client Impact

Waste Processed



The amount of trash produced per year by **500,000 US residents**

In the waste-to-value sector, NER's clients process a wide variety of wastes as feedstocks – from mixed municipal solid waste to traditionally non-recyclable plastic films – into valuable products, including fuels, industrial chemicals and other industrial products. These unconventional feedstocks set our clients apart from the incumbent recycling technologies by selectively helping divert from landfills some of the waste that is most difficult to recycle. Collectively, the companies intend to process 449,000 tons of waste per year once they are fully operational. NER's facilitation of these projects is having a catalyzing effect on the industry which will amplify our directly measurable impacts.

Representative Client Impact

Low-Emission Energy Generated



The amount of energy used per year by **200,000 US homes**

Thanks to NER's clients, customers have access to more reliable, higher-efficiency distributed baseload generation. This increases the resilience of electrical supply in the face of a fast-changing electricity system and climate pressures. The projected installed capacity for these insured projects will generate 2.2 TWh annually and the majority are already in operation and realizing their benefit. This represents more than a 40% increase over 2021. While the figure only covers insured assets, NER insurance solutions have assisted the scale-up of these power generation technologies more broadly, so the true systemic impact of deployed insurance capacity includes both the sites that are supported by our insurance solutions and other sites where investments and customer adoption are heavily influenced by NER's risk analysis and substantial risk capital commitments.

Representative Client Impact

Alternative Fuel Produced



The amount of fuel used per year by **100,000 US drivers**

The alternative fuel projects supported by NER provide an important low-carbon bridge to full decarbonization of the transportation sector. When operating to design performance, the facilities NER supports will produce 50M gallons per year of low-carbon alternative fuels. These fuels reduce the carbon emissions of existing ground transportation as it electrifies, as well as portions of difficult-to-electrify air fleets. Some of the products produced along with fuels even sequester small amounts of carbon.

Representative Client Impact

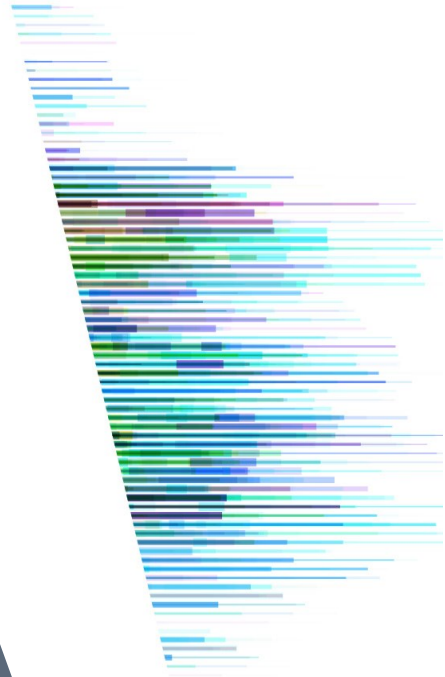
CO₂e Avoided



The emissions from **650,000 passengers** flying a roundtrip NYC to SF

Our clients, with our support, will avoid the emission of 474,290 tons of CO₂ equivalents per year when fully built out, based on current baselines. Our wide range of technology performance insurance solutions enable access to deeper sources of cost-effective finance for first and early commercial scale projects and low-carbon technology and promote widespread customer adoption and market penetration. As our clients' innovations scale, this goes a long way to proving technological maturity and justifying more extensive adoption and investment that compounds the initial impact.

Insurance policies are administered through New Energy Risk affiliate
Complex Risk and Insurance Associates, LLC | CA License #0124307



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