

Access to clean energy and socioeconomic development

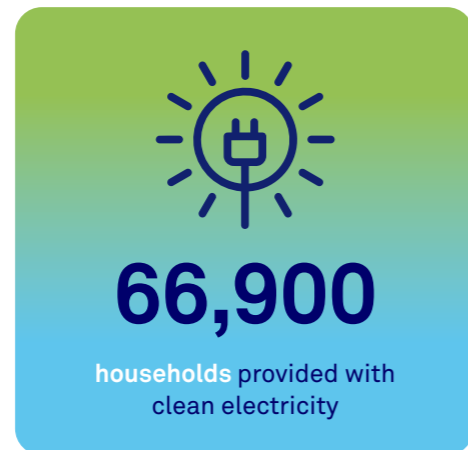
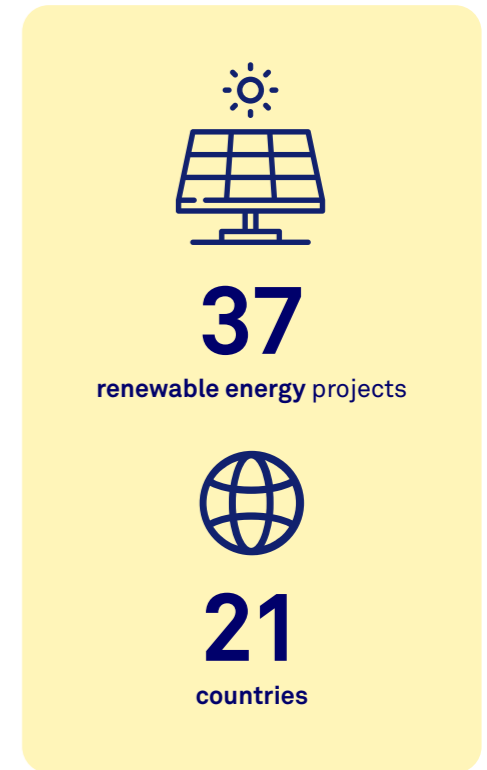
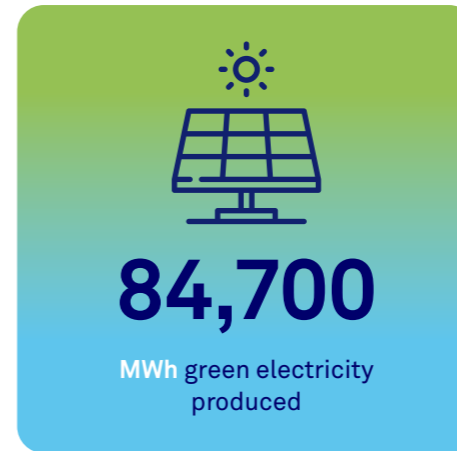
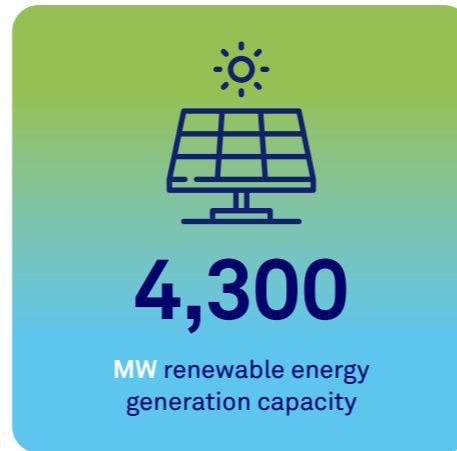
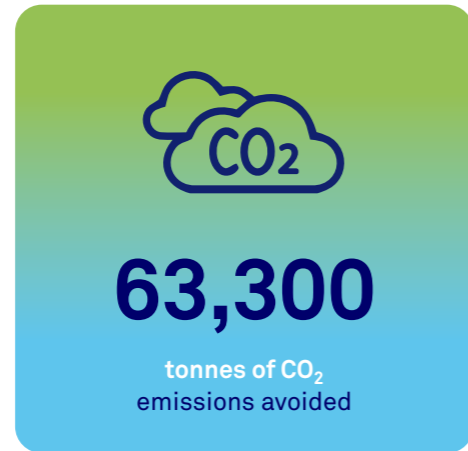
Triodos Emerging Markets Renewable Energy Fund
Impact Report 2023

Triodos @ Investment Management

This is a marketing communication. Please refer to the prospectus and the KIID of Triodos Emerging Markets Renewable Energy Fund before making any final investment decisions. A summary of investor rights in English can be found [here](#). The value of your investment can fluctuate because of the investment policy. Triodos Emerging Markets Renewable Energy Fund is managed by Triodos Investment Management. Triodos Investment Management holds a license as alternative investment fund manager and UCITS and is under the supervision of the Dutch Authority Financial Markets and De Nederlandsche Bank.



Impact highlights 2023



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Powering progress



Triodos Emerging Markets Renewable Energy Fund generates positive impact at the interconnection of renewable energy and socioeconomic development, alongside healthy financial returns.

Many emerging markets still lack reliable electricity access, which hampers their development and impedes the livelihoods of their people. Investing in local renewable energy solutions addresses these issues. Improving access to energy supports local economic activity and stimulates socioeconomic progress, thus supporting education, and healthcare. Furthermore, renewable energy projects create job opportunities, stimulating economic growth.

On a macroeconomic level, investing in renewables reduces reliance on imported fossil fuels, enhancing energy security and resilience to global market fluctuations. Given the vulnerability of emerging markets to climate change, renewable energy investments also bolster adaptive capacity and mitigate environmental risks. By transitioning to clean energy, these markets can mitigate climate change, reduce pollution, and protect ecosystems.

In 2023, we expanded the portfolio with four impactful investments in Rwanda, Chile, Ecuador, and the Dominican Republic, reflecting the commitment to advancing renewable energy globally.

Looking ahead to 2024, the fund's impact objectives remain relevant and vital. The business case for clean energy remains strong, driven by environmental concerns, international agreements like COP23, and geopolitical tensions emphasising energy independence. Developing countries' dependence on fossil fuel imports underscores the need for international financing to facilitate the transition to clean energy. The fund is poised to continue leveraging investor capital to achieve its impact goals, contributing to sustainable development and addressing global energy challenges.

Tim Crijns and Willy Bulsink

Fund Managers Triodos Emerging Markets Renewable Energy Fund



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Fund characteristics

Asset class
Alternative

Domicile
Luxembourg

Legal structure
Semi open-ended sub-fund of Triodos SICAV II

Inception date
29/10/2021

AUM per December 2023
USD 37m

Managed by
Triodos Investment Management

Custodian
CACEIS Investor Services Bank

Access to clean energy and social-economic development

Triodos Investment Management classifies Triodos Emerging Markets Renewable Energy Fund as an SFDR Article 9 fund. The fund offers investors a platform to invest capital in high-impact projects that contribute to the clean energy transition in developing countries. The projects typically increase renewable energy capacity to the national grids, or provide access to clean, affordable and reliable energy directly to commercial, industrial or household off takers. At the same time, the projects promote economic and social opportunities for local communities and countries.

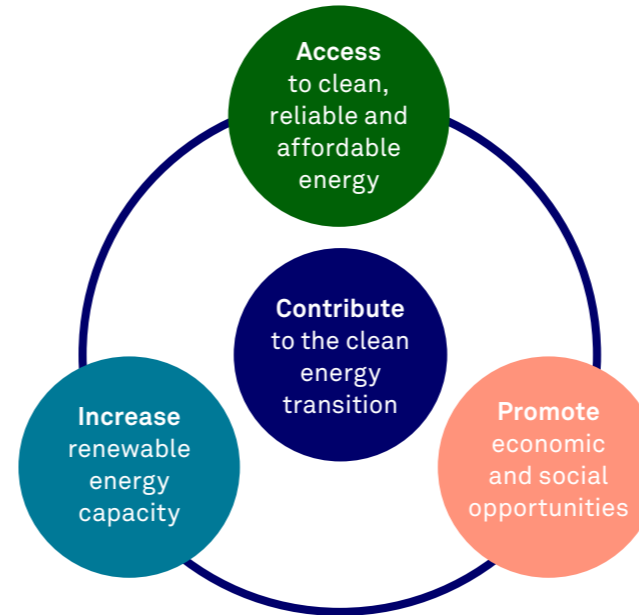
Triodos Emerging Markets Renewable Energy Fund's sustainable investment objectives are:

- To **increase** renewable energy capacity
- To provide **access** to clean and affordable energy
- To **promote** economic and social opportunities.

Why do we invest in the energy transition in emerging markets?

Emerging markets and developing countries are facing a dual challenge. On the one hand, they are particularly vulnerable to climate change, lacking the financial power to prevent or adequately respond to the impacts of climate change. On the other hand, a dependable and affordable energy supply is crucial to further socioeconomic development.

Emerging markets are an increasingly important factor on the global energy market. Up to 2030 it is expected that the strongest growth in power demand will come from non-OECD countries, due to population growth, economic development and the current electricity deficit.



Many countries still largely depend on importing fossil fuels for energy generation. Switching to renewable energy sources enables them to strengthen their energy security and achieve greater independence by harnessing the abundant local renewable energy sources that are available.

New developments in energy storage, smart grid technologies, and digital solutions enhance the reliability, efficiency, and scalability of renewable energy systems. This is particularly important in regions with limited or unreliable traditional grid infrastructure, allowing for more flexible and resilient energy solutions. This has a significant positive impact on the socioeconomic development of underserved communities.

Sustainable Development Goals

Aligning our impact objectives with the UN Sustainable Development Goals (SDGs) allows us to communicate about the impact we make with our investments. Triodos Emerging Markets Renewable Energy Fund primarily contributes to the following SDGs:

- 7 AFFORDABLE AND CLEAN ENERGY** Renewable energy generation projects increase access to affordable, reliable, sustainable and modern energy and reduce reliance on fossil fuels.
- 8 DECENT WORK AND ECONOMIC GROWTH** Projects in the renewable energy transition and related technologies offer great potential to create new green job opportunities along the value chain.
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** Integrating clean energy into commercial and industrial infrastructure, contributes to resilient infrastructure.
- 10 REDUCED INEQUALITIES** Improving energy access and fairer distribution is key in reducing inequalities (including gender, rural, and low-income communities).
- 11 SUSTAINABLE CITIES AND COMMUNITIES** Renewable energy generation projects and energy demand and energy intensity reduction solutions in cities contribute to sustainable cities and communities.
- 13 CLIMATE ACTION** A transition to more renewable and efficient energy systems represents an opportunity to contribute to delivering on climate action.

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Theory of Change

The Theory of Change underpins how Triodos Emerging Markets Renewable Energy Fund acts, invests and evaluates its activities.

If we:

Invest in and engage with projects, financial intermediaries and companies in emerging markets that fit with our vision and the transitions needed in society and that:

Assuming:

Then we expect:

Which will contribute to:

- > Develop or finance grid connected utility scale clean energy assets

- > Develop or finance off-grid solar solutions for commercial and industrial clients
- > Develop or finance mini-grid solutions for rural areas

- > Commit to maximising benefits for the local communities, for example through economic development and job creation

- > Markets and the policy environment favour clean energy
- > Clean energy is reliable and affordable

- > Clients do not have access to a reliable national electricity grid
- > Clients are open to use off-grid energy solutions

- > Projects provide budget and resources for community development and engagement
- > Local population has access to job opportunities

- > The amount of renewable energy to increase in the energy mix, resulting in avoided CO₂ emissions from alternative fossil fuel energy sources

- > More commercial and industrial clients, communities and households to connect to clean, reliable and affordable energy

- > All projects to stimulate local involvement and benefits
- > Local jobs to be created and skills enhanced

Increase renewable energy capacity

Access to clean, reliable and affordable energy

Promote economic and social opportunities

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Impact data overview

Increase renewable energy capacity

SDGs contributed to:



Key impact indicators

		2023*	2022	Change
	Cumulative number of projects	37	10	270%
	Tonnes of CO ₂ emissions avoided	68,300	29,100	135%
	Number of households provided with clean electricity	66,900	27,200	146%
	Renewable energy generation capacity (MW)**	4,300	3,180	38%
	Green electricity production (MWh)	84,700	44,000	93%

Explanation

The substantial increase in the renewable energy generation capacity is partly driven by increase in capacity for existing projects but also by adding four new investees to the fund during 2023. In 2023, green electricity production substantially increased due to both higher production of existing investees and by the production of the new investees added to the investment portfolio in 2023. The higher production from existing investees is a combination of increased capacity and a good wind year (great wind speeds and high plant availability).

* The full 2023 production data was not yet available; the calculation is based on production data from the period Q4 2022-Q3 2023.

** Renewable energy generation capacity is the total capacity added to the grid over the fund's lifetime, not attributed to the share of the fund in the assets. Attributed generation capacity is 63 MW.

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Access to clean, reliable and affordable energy

Key impact indicators

		2023	2022	Change
	Number of commercial and industrial (C&I) clients connected to clean, reliable and affordable energy*	355	301	18%
	Number of new households connected to clean, reliable and affordable energy*	501	Unavailable**	–

Promote economic and social opportunities

Key impact indicators

		2023	2022	Change
	Number of direct jobs supported	N/A***	11,200	
	Number of community development programmes	25	17	47%

* These indicators are not attributed to the share of the fund. Attributed figures are: 12 C&I clients and 17 households connected to clean, reliable and affordable energy.

** 2022 data was removed due to a reporting error; the total number of households provided with clean energy was reported here.

*** This figure was not available at the time of publication and will be added later in 2024.

SDGs contributed to:



Explanation

In 2023, 54 new C&I connections were added, mainly by two investments: one in India and one in Vietnam. The number of new households counts households that are accessing energy for the first time from energy produced by WeLight Madagascar (see more on next page).

Explanation

In 2023, the number of community development programmes increased due to new investees as well as existing investees increasing the number of operational projects, thereby introducing community development programmes.

Impact investments

Click [here](#) to access an interactive world map that shows all investments as at year-end 2023.



Maranatha, Dominican Republic

The project includes the design, development, financing, construction, operation, and maintenance of a solar photovoltaic power plant with an installed capacity of 10 megawatts. Besides the positive climate impact, Maranatha has also committed to creating an inclusive and safe working environment.
> [Find out more here](#)

oEnergy, Chile

The company is specialised in the development, construction, operation, maintenance, and exploitation of electricity generation projects based on non-conventional renewable energies, including all associated infrastructure and facilities.
> [Find out more here](#)



WeLight, Madagascar

WeLight builds and develops solar mini-grids, which provide 45,000 households and businesses with access to clean, affordable and reliable energy. Alongside homes and businesses, the project benefits schools, health centres and public spaces.
> [Find out more here](#)



ARC, Rwanda

ARC Power is a leading provider of sustainable and clean energy solutions. The company aims to expand its operations and implement the grid expansion and grid-tied distributed renewable energy generation assets across the country.
> [Find out more here](#)



Lotus Wind Power, Vietnam

With an installed power capacity of 144 MW, the Lotus Wind Power Project is the largest of its kind in Vietnam, consisting of three separate 48 MW farms. Construction of the farms started in 2020 and operations commenced in November 2021. The project increased Vietnam's wind power capacity by 30%.
> [Find out more here](#)

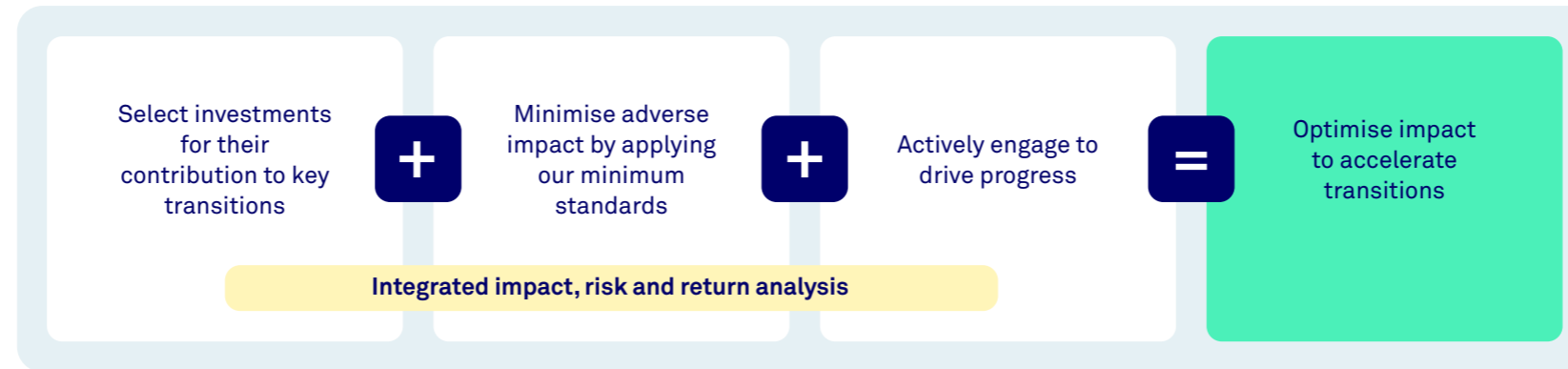


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Optimising impact to accelerate transitions

As a financial institution, we use money consciously, as a driving force towards a society that is humane, ecologically balanced and works for the benefit of all. We have a robust process in place to optimise impact and accelerate key transitions. We continuously develop this process following new insights and latest developments and standards.

A robust process to optimise impact



Contribution to transitions

We invest to realise our vision of a prosperous life for people on a thriving planet. Each fund has a Theory of Change, which describes how the fund can enable, contribute and accelerate sustainable transitions. This ambition is translated into a set of objectives, indicators and internal targets per fund.

Each potential investment must significantly contribute to at least one of fund's sustainability objectives to qualify for investment (see pages 4 and 5).

Minimise adverse impact

We select for positive impact but also determine the level of potential adverse impact. This includes screening based on the Triodos minimum standards, potential controversies, the EU SFDR Principal Adverse Impacts (PAIs) and relevant sector-specific standards to ensure our investments do not cause any significant harm.

We also mitigate and manage any material sustainability risk. Read more in [Our approach to impact](#).

Engage to drive progress

We aim to accelerate transitions and promote sustainable long-term value creation for all our stakeholders. To this end, we frequently engage on environmental and social topics that are relevant to each investee's business model, as well as on general corporate governance issues.

We engage to obtain information both in response to (potential) controversies and proactively on strategic topics. Furthermore, we believe that by active ownership - exercising voting rights for listed investments and board seats for private equity investments - we can exert a positive influence on a company's long-term strategy.

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Minimise adverse impact by applying our minimum standards

To make sure that its investments do not cause any significant harm, Triodos Emerging Markets Renewable Energy Fund continuously monitors alignment with the strict Triodos minimum standards. Material risks for the fund's investments in emerging markets are related to the impact of the project on the surrounding environment and local communities, occupational health and safety and human rights and labour rights both at project level and in its supply chain.

During due diligence, each investment is thoroughly screened on potential negative impact on people and planet by applying the Triodos minimum standards. Depending on the size of the project, environmental and social impact assessments are performed for each investment by independent experts and are required to comply with local law and the IFC Performance Standards. We perform such screening in close cooperation with our partner lenders, such as DFIs and other impact investors. If no satisfactory clarification nor mitigatory measures are possible, the Investee is not deemed suitable for investment. During the entire lifecycle, the investment is monitored on a continuous basis and at least annually on potential adverse impact on people and planet. Should a breach take place after investing, the investment team engages with the investee to remediate the breach.

Sustainability in the supply chain has become an important item in our due diligence process and we proactively engage with and support our investees on this topic.

Sustainability regulation

SFDR

Triodos Investment Management classifies its funds as Article 9 funds under the EU Sustainable Finance Disclosure Regulation (SFDR). Article 9 classification refers to the most sustainable product category and has the strictest requirements on sustainability disclosures.

This includes information on the adherence to the sustainable objectives of the fund, how we mitigate adverse impact on people and planet, how sustainability risks are assessed and managed and how we ensure good business conduct of all investments.

EU Taxonomy

As from 1 January 2023 Triodos IM is obliged to report what percentage of a fund's portfolio is aligned with the EU Taxonomy Regulation. The EU taxonomy is a classification system that defines criteria based on which economic activities can be considered as environmentally sustainable.

Find out more: [EU SFDR and Taxonomy requirements](#) and the disclosures of [Triodos Emerging Markets Renewable Energy Fund](#).

Engagement agenda

As an active investor, we use our influence to promote the long-term value creation of the companies we invest in. From the start, with the initial analysis and due diligence, we engage in regular dialogue with our investment companies to drive more sustainable business practices. In the case of our equity investments, we use our board seat and position to influence the activities and behaviour of the investee companies to reduce the negative and increase the positive impact of their business activities.

Environmental and Social Impact Performance



We require that our investees integrate plans and standards into their core processes to reduce negative (and enhance the positive) environmental and social impact that stems from their operations.

Local communities



Our investees develop and implement community development programmes to support local communities to improve their quality of life. Examples of initiatives in 2023 are education scholarship programmes, subsistence support, improvement of local infrastructure and access to clean water and sanitation.

Human rights in supply chains



We ask our clients to confirm their commitment to human rights and the respect of human rights in their supply chain during the dialogue before investing, especially in the case of solar panel solutions. Confirmation could be in the form of a written confirmation from the supplier, such as within the solar module supply chain, or a thorough analysis of the client's processes and procedures in selecting and monitoring their suppliers.

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Impact reporting in 2024

Facing several interrelated social and environmental challenges, our most critical task today is to navigate a social and ecological transformation based on a new economic paradigm.

Rethinking the purpose and goals of economic activity and directing financial flows to finance those activities that have the largest impact on societal change is a key action to trigger deep changes. To this end, we have identified five interlinked areas of intervention – food, resource, energy, society and wellbeing.

Our mission as a financial player is to enable and accelerate these five vital transitions, by financing groundbreaking initiatives and providing funding to shift practices from less to more sustainable. We must invest in the deep, systemic transformation required to achieve our goal of a prosperous life for people on a thriving planet.

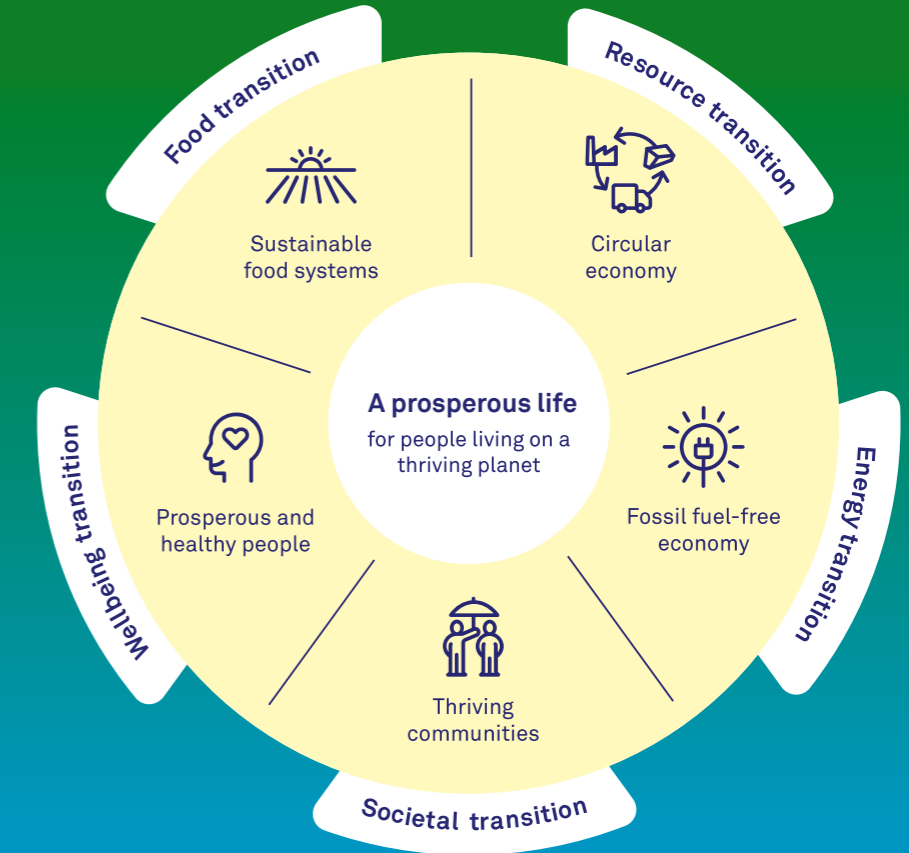
In 2023, we fully implemented the five transition themes into our impact management and measurement process. On page 14 and 15 you can see how this fund contributes to the transition themes and the SDGs.

We will also continue implementing external requirements driven by increasing EU regulation on sustainability, such as the EU Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD).

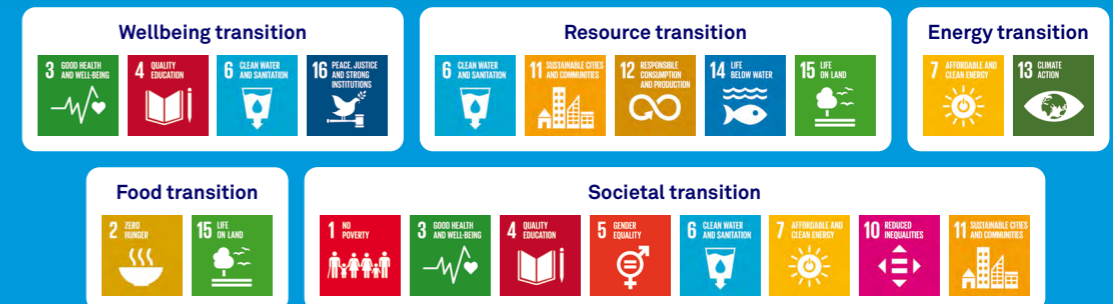
Furthermore, we will continue to strengthen and evolve our impact management and measurement practices and processes, and intensify our collaboration with other asset managers and institutions to increase harmonisation.

Our 2024 strategic engagement topics focus on climate change following our AsOneToZero ambition. Other prioritised engagement topics include, plastic use and excessive remuneration for our Impact Equities and Bond funds and progress on impact and sustainability objectives and measurement for our Impact Private Debt and Equity funds.

Focus on five interlinked transitions



Anchored in the UN Sustainable Development Goals



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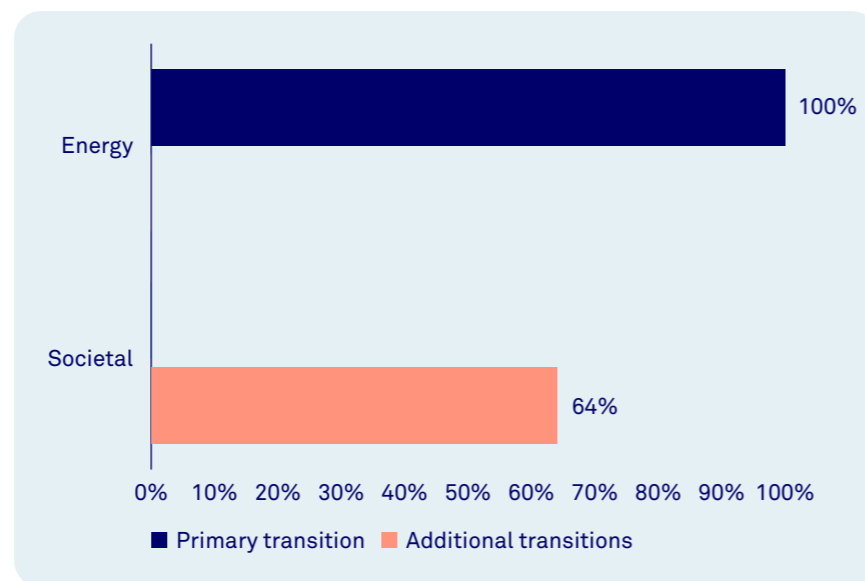
Contributions to the transitions

All investments of Triodos Emerging Markets Renewable Energy Fund contribute to one or more of the five transitions. Their primary contribution is to the Energy Transition, because investments in renewable energy in emerging markets are needed to meet the increasing demand for electricity that is non-fossil-fuel-based. Enhancing access to energy and improving grid reliability and connectedness in emerging markets are also a vital part of the Energy Transition, but are also particularly relevant for the Societal Transition especially in emerging markets, where access to reliable energy is a basic need, contributing to human dignity and equal opportunity for all.

The fund additionally contributes to the Societal Transition, because energy is a basic need and an essential service in a responsible society to guarantee human dignity.

A breakdown of the fund's contribution to the transition themes by percent of the portfolio value is provided below:

Contribution to transitions



100% of the fund's investments contribute to the **Energy Transition**. This includes both direct investments (86%) and investments through financial intermediaries to enhance their green financing for renewable energy or energy efficiency projects (14%).

Investments that provide first-time access and fairer distribution to clean, affordable and reliable energy for rural or low-income communities in underserved regions (for example, mini-grids), and larger projects with a significant focus on local community development and job creation are considered to contribute additionally to the **Societal Transition**.

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Triodos Emerging Markets Renewable Energy Fund contributes to the following UN Sustainable Development Goals

SDG	Rationale	Key Impact Indicators	Example Investees	
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none">• Universal access to affordable, reliable and modern energy services (Target 7.1)• Increasing renewable energy in the global energy mix (7.2)• Developing sustainable energy services for all in developing countries (7.b)	Renewable energy generation projects increase access to affordable, reliable, sustainable and modern energy and reduce reliance on fossil fuels	<ul style="list-style-type: none">• Renewable Energy generation capacity: 4,300MW• Renewable Energy production: 84,700MWh	Maranatha
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none">• Upgrading infrastructure and retrofitting industries to make them sustainable (Target 9.4)	Integrating clean energy in commercial & industrial processes, electrifying transport, energy efficiency, waste management and similar industry and infrastructure innovation contributes to resilient infrastructure.	<ul style="list-style-type: none">• Number of Commercial & Industrial (C&I) clients: 355	Fourth Partner Energy Private Limited
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none">• Achieving employment and decent work for all women and men (Target 8.5)• Promoting labour rights and safe and secure working environments for all workers (Target 8.8)	Projects in the renewable energy transition and related technologies offer great potential to create new green job opportunities along the value chain. We require that our investees develop and implement community development plans in every project.	<ul style="list-style-type: none">• Number of direct jobs supported: Not available*	Green Growth Equity Fund
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none">• Empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status (Target 10.2)	Projects that provide access, fairer distribution, quality and affordability of energy access is key in reducing inequalities (incl. gender, rural, low-income communities) contributing to potential improvements in energy spending, fuel debt traps and income disparities.	<ul style="list-style-type: none">• Number of new households connected to clean, reliable and affordable energy: 58	WeLight Madagascar Limited

* The number of direct jobs supported in 2023 was not available yet at the time of the publication of the report.

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SDG	Rationale	Key Impact Indicators	Example Investees
 <ul style="list-style-type: none"> • Ensuring access to adequate, safe and affordable basic services (Target 11.1) • Reducing the adverse per capita environmental impact of cities (11.6) 	<p>Integration of renewable energy in urban infrastructure and community renewables projects reduces environmental impact and contributes to modern, sustainable cities.</p>	<ul style="list-style-type: none"> • Number of households provided with clean electricity: 66,900 	<p>Climate Investor One</p>
 <ul style="list-style-type: none"> • Integrating climate change measures into national policies, strategies and planning (Target 13.2) 	<p>A transition to more renewable and efficient energy systems in developing communities represents an opportunity contribute to delivering on climate action by mitigating the effects of climate change</p>	<ul style="list-style-type: none"> • Tonnes of CO₂ emissions avoided: 68,300 	<p>Lotus Wind Power</p>

Annex: Impact metrics explained

The figures in this impact report are attributed to the share of the fund in the asset except for a few indicators, in this case it is stated in the below explanations. The attribution is calculated based on the market value of the fund's equity and debt divided by the balance sheet total of the asset which is used as proxy.

Cumulative number of projects

The cumulative total number of projects the fund is financing with the debt and equity investments over the fund's lifetime.

Tonnes of CO₂ emissions avoided

Tonnes of CO₂ emissions avoided by generating renewable energy compared to generating electricity by conventional means. The emissions avoided by operational assets are calculated based on the actual production figure and an 'emission factor'. The emission factor is based on the grey energy facilities that are first priced out of the market and replaced by renewables in a certain country.

Number of household provided with clean electricity

The total number of households equivalents for which the annual electricity demand can be serviced by the megawatt hours produced. The number of households is calculated based on the actual production figure divided by the annual electricity usage per household in a certain country.

Renewable energy generation capacity (MW)

The total megawatt generating capacity that the fund supported to install over the fund's lifetime.

Green electricity production (MWh)

Megawatt hours generated by the funds' operational, energy producing assets.

Number of commercial and industrial (C&I) clients connected to clean, reliable and affordable energy

The number of commercial and industrial clients connected over the fund's lifetime. This is calculated based on the number of connections added by the projects.

Number of new households connected to clean, reliable and affordable energy

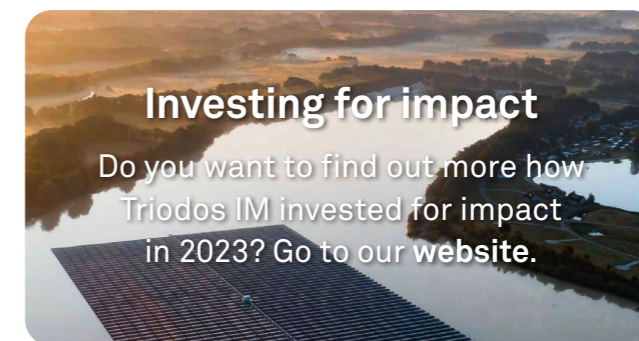
The number of new households accessing electricity for the first time. This is calculated based on the energy produced by the off-grid projects in the portfolio and average electricity use per household in the country.

Number of direct jobs supported

The total number of full-time equivalent employees of the investees in the year.

Number of community development programmes

The number of community development programmes implemented by our investees to support local communities to improve their quality of life.



Climate-related financial risk disclosures

This [disclosure](#) shows how climate-related risks and opportunities are organised in processes and procedures to consider both physical risks (that arise as physical consequences from climate change) and transition risks (relating to the transition to a climate-neutral economy). For a full understanding of Triodos IM's approach to climate change, this disclosure should be considered together with Triodos Bank's Integrated Annual Report and As One To Zero progress reports.

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About Triodos Investment Management

Triodos Investment Management (Triodos IM) is a globally active impact investor. We see impact investing as a driving force in the transition to a green, inclusive and resilient economy. We have built up in-depth knowledge throughout our 30+ years of impact investing in sectors such as Energy and Climate, Financial Inclusion and Sustainable Food and Agriculture. Triodos IM also invests in listed companies that support sustainable solutions for the future. Assets under management as per end of December 2023: EUR 5.7 billion.

Triodos IM is a wholly owned subsidiary of Triodos Bank, a leading expert in sustainable banking.

Investing in positive change

For more information about our impact investment strategies and solutions, please contact our Investor Relations team at:

+31 (0)30 694 2400
TriodosIM@triodos.com
www.triodos-im.com

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