

Clean, affordable and accessible energy

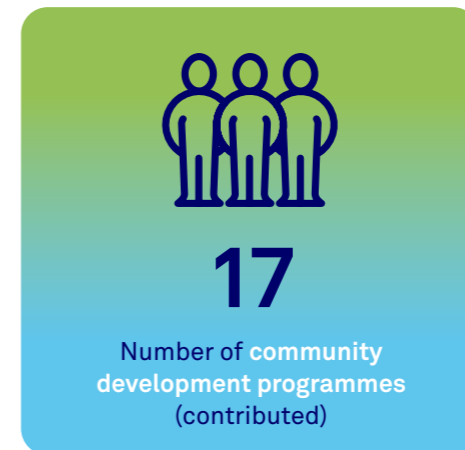
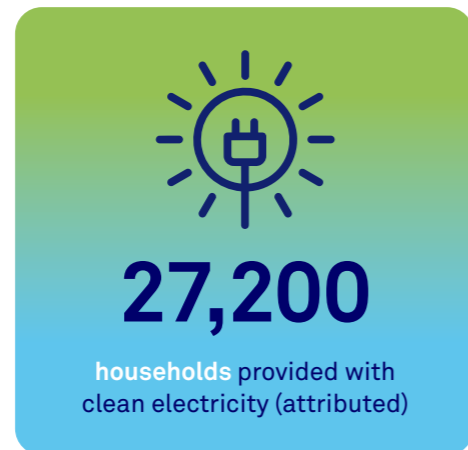
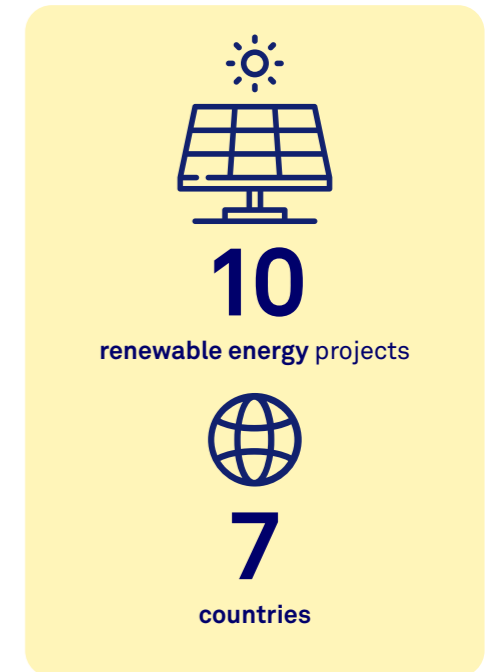
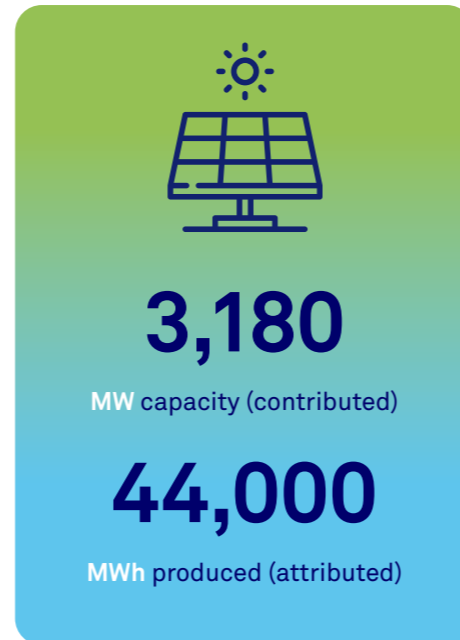
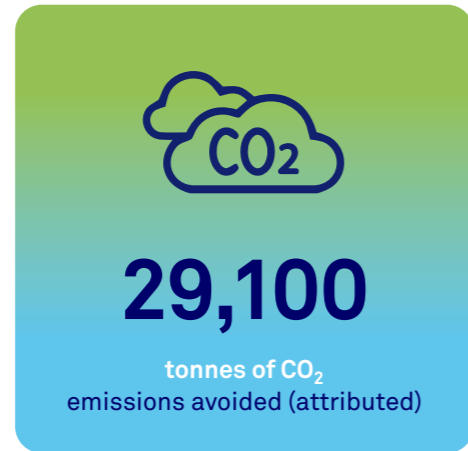
Triodos Emerging Markets Renewable Energy Fund
Impact Report 2022

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. An overview of the investor's rights can be found in the prospectus. 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 2022



Sustainable Development Goals contributed to:

5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION

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Powering progress

Foreword by Fund Managers Greig Blackie and Willy Bulsink



Impact Investing is the foundation upon which Triodos Emerging Markets Renewable Energy Fund has been established. The interconnectedness of energy and social-economic development is reflected in the fund's holistic investment approach, which has three interlinking impact objectives.

Over the course of the first full calendar year of the fund, the investments supported a diverse range of renewable energy projects, from the construction of large-scale, grid-connected projects in Vietnam to the development of mini-grids in rural villages in Nigeria. Local stakeholder engagement is a key component throughout our investment process, which in 2022 ranged from the development and adoption of community development programs, gender inclusion plans and sustainability in the supply chain.



Impact in emerging markets can occasionally arrive from angles that are unexpected. For example, when the fund originally invested in the construction of a 72 megawatt grid connected solar park in west Ukraine, the primary impact target was to increase the mix of renewable energy in the country. However, during 2022, the solar park remained fully operational and continued to provide reliable energy to a nation that desperately requires stability.

Looking forward to 2023, the fund's impact objectives have never felt more relevant. The social and economic importance to accelerate the decentralisation and democratisation of energy has been emphasised by the 2022 market dynamics. By investing in renewable energy, we can not only mitigate the impact of climate change, but also create a more sustainable and equitable future for all. The team remain well positioned to continue to put our dedicated investor's capital to work to achieve the fund's impact goals.

Greig Blackie and Willy Bulsink

Fund Managers Triodos Emerging Markets Renewable Energy Fund

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Clean, affordable and accessible energy

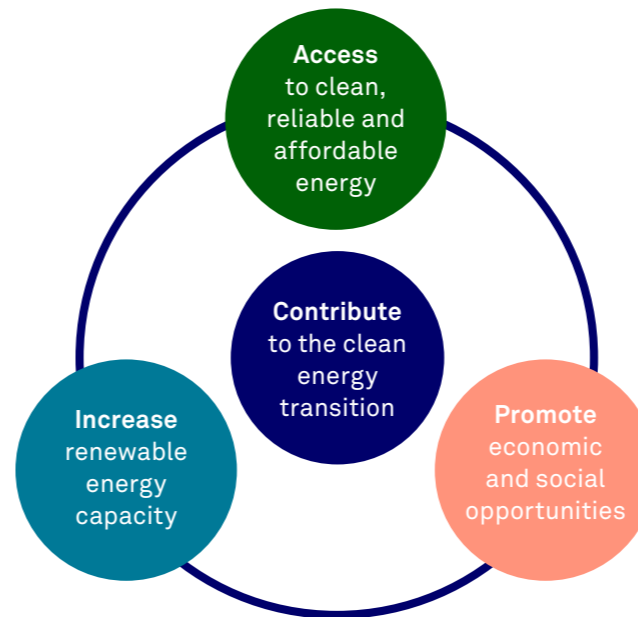
Triodos Emerging Markets Renewable Energy classifies as SFDR Article 9 fund. The fund offers investors a platform to invest capital into projects that contribute to the clean energy transition in developing countries. The projects typically increase renewable energy capacity to the national grids, or provide access to clean, affordable and reliable energy directly to commercial, industrial or household off-takers. In parallel, the projects promote economic and social opportunities for the 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 socio-economic 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 current electricity deficit. Switching to renewable energy sources enables countries to strengthen their energy security and achieve greater independence by harnessing the vast local renewable energy sources that are available.

Sustainable Development Goals

Aligning our impact objectives with the UN Sustainable Development Goals (SDGs) allows us to efficiently communicate about the impact we make with our investments. The SDGs were established in September 2015 and signed by 193 countries to define worldwide sustainable development priorities, set to be achieved by 2030.



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 within our vision and 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

- > Amount of renewable energy increases in the energy mix, resulting in avoided CO₂ emissions from alternative fossil fuel energy sources

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

- > All projects stimulate local involvement & benefits
- > Local jobs are created and skills are 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

Key impact indicators

		2022**	2021*
	MWh production (attributed)	44,000	N/A
	Tonnes of CO ₂ emissions avoided (attributed)	29,100	N/A
	Number of households reached (attributed)	27,200	N/A
	MW electricity capacity added (contributed)	3,180	N/A

During 2022, the Triodos Emerging Markets Renewable Energy Fund investments supported the renewable energy transition, which is highlighted by the production of clean electricity realised by the projects in the portfolio, which in turn led to avoided CO₂ emissions.

* 2022 was the first full calendar year of experience for the fund, as it was launched in October 2021.

** The fund's investees report the environmental annual impact data 60 to 90 days after each quarter end, thus data is presented on a one quarter lagged basis.

SDGs contributed to:





Lotus Wind Power, Vietnam

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Access to clean, reliable and affordable energy

Key impact indicators

		2022**	2021*
	Number of commercial and industrial (C&I) clients connected to clean, reliable and affordable energy (contributed)	301	N/A
	Number of new households connected to clean, reliable and affordable energy (attributed)	27,200	N/A

Promote economic and social opportunities

Key impact indicators

		2022**	2021*
	New direct jobs (contributed)	11,200	N/A
	Number of community development programmes (contributed)	17	N/A

* 2022 was the first full calendar year of experience for the fund, as it was launched in October 2021.

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SDGs contributed to:



SDGs contributed to:



Impact investments

Click [here](#) to access an interactive world map that shows all investments as at year-end 2022.

PowerGen

Developed and operated by PowerGen Renewable Energy 28 rural mini-grids in Nigeria will provide 55,000 people access to clean energy.
> Find out more [here](#)



Fourth Partner Energy

Fourth Partner Energy provides affordable, clean and sustainable energy solutions to commercial and industrial clients through the construction of small and medium scale solar systems.
> Find out more [here](#)



EVN Finance

EVNFinance is a financial non-banking institution that has increased its focus on providing loan products to support the development of rooftop solar products across Vietnam over the last several years.
> Find out more [here](#)



Lotus Wind Power

With an installed power capacity of 144 MW, the Lotus Wind Power project is the largest of its kind in Vietnam, helping the country to reduce its dependency on coal.
> Find out more [here](#)

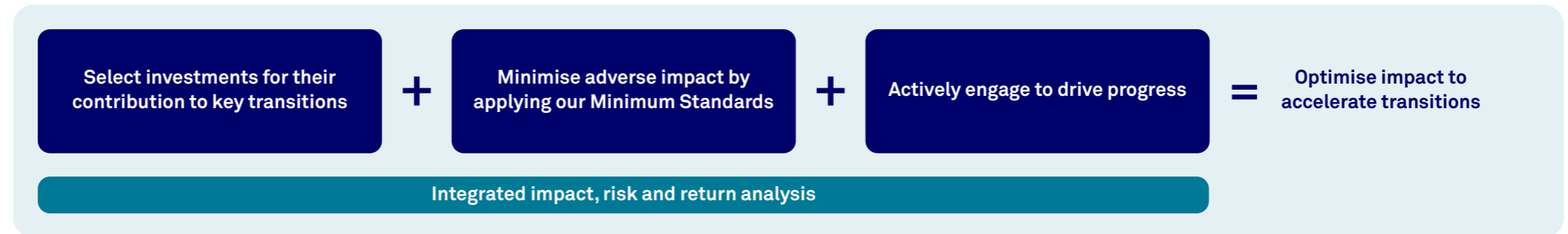


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Optimising impact to accelerate transitions

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 framework, 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. This is shown on pages 4-8.

Minimise adverse impact

We select for positive impact but also determine the level of potential adverse impact. This includes a 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 on the next page and 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 models, as well as on general corporate governance issues.

We engage to obtain information both in response to (potential) controversies and proactively on strategic topics. Read more on the next page.

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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 funds' investments in emerging markets are related to biodiversity, the impact of project development on the environment, and human rights including labour rights in the value chain, raw materials sourcing and equipment manufacturing.

During due diligence each investment is thoroughly screened on potential negative impact on people and planet by applying the Triodos Minimum Standards. Environmental and social impact assessments are performed for each investment by independent experts and are required to be in compliance with local law and for emerging market investments, the IFC Performance Standards. In case 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 fund manager 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.

Actively engage to drive progress

An example of how the fund team actively engaged with investees in 2022 includes:

Our emerging market investees are required to develop and implement a community development plan to enhance positive impact for the local communities affected by the projects. Examples of initiatives in 2022 are the implementation of a clean cooking initiative, food relief programme for primary schools, agricultural training and access to sanitation and drinking water.

Implementation of sustainability regulation

New regulatory requirements on sustainability have been implemented for Triodos Emerging Markets Renewable Energy Fund during 2022.

SFDR

All Triodos Investment Management funds are classified 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

We also report on the EU Taxonomy framework for funds that have an environmental objective. The EU Taxonomy is a manual that explains which economic activities are green and which are not for each sector.

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

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Looking ahead

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. We have identified five interlinked areas of intervention – food, resource, energy, society and wellbeing – where deep changes in human systems and institutions need to take place to achieve our goal of a prosperous life for people on a thriving planet.

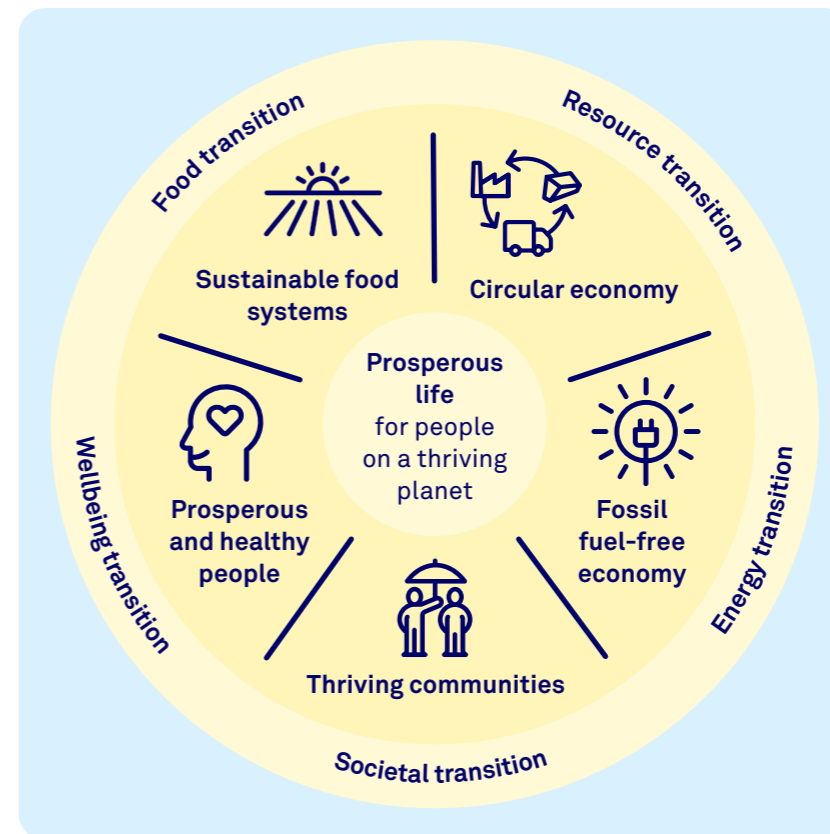
During 2023, we will take steps to integrate the five transition themes into the fund’s impact management and measurement process.

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 we will intensify our collaboration with other asset managers and institutions to increase harmonisation.

Our 2023 strategic engagement topic focuses on climate change following our AsOneToZero ambition. Other prioritised engagement topics include, plastic and excessive remuneration for our Impact Equities and Bond funds and progress on impact indicators for our Impact Private Debt and Equity funds.

Focus on five interlinked transitions



Annex: Impact metrics explained

Tonnes of CO₂ emissions avoided

Tonnes of CO₂ emissions avoided by generating renewable energy compared to generating electricity by conventional means. Conventional as defined at country level by the [Greenhouse Gas Protocol Initiative](#). The emissions avoided by operational assets are calculated based on 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.

Megawatt hours produced

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

Number of community development programmes in emerging markets

For each investment in the emerging markets portfolio, we require there to be a community development programme or plan to enhance positive impact for the local communities affected by the projects.

Number of household equivalents with clean electricity

The total number of households for which the annual electricity demand can be serviced by the megawatt hours produced. The 'annual electricity demand' is defined as the average electricity usage per household per country.

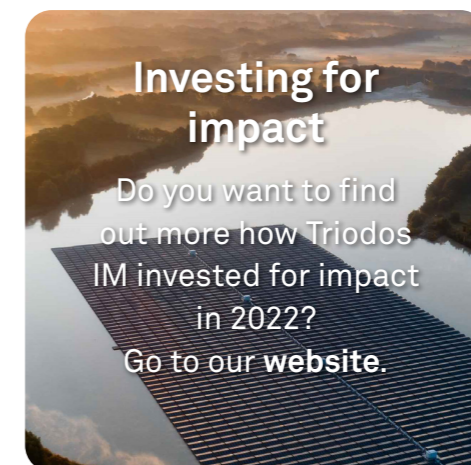
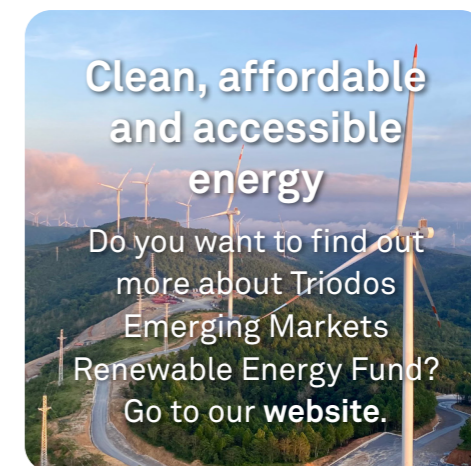
Renewable Energy generation capacity (MW)

Amount of installed generating capacity.

New direct jobs

Investing in projects which have a positive impact on the local community, such as economic development and job creation.

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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 25+ 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 2022: EUR 5.5 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:

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