



Accelerating the energy transition in Europe

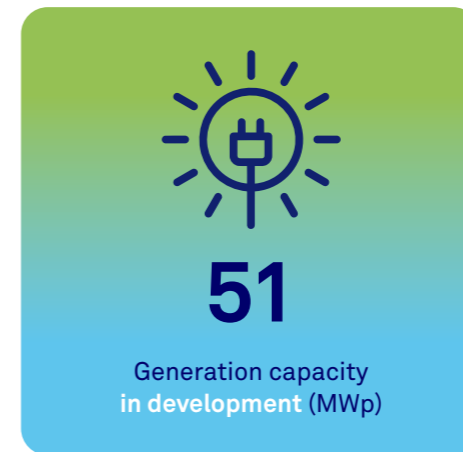
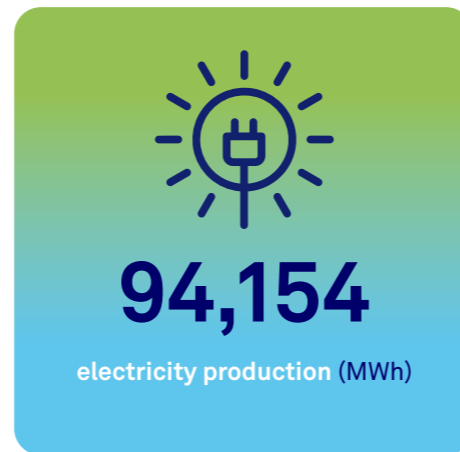
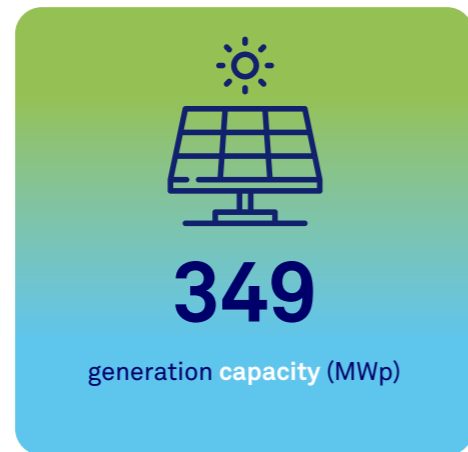
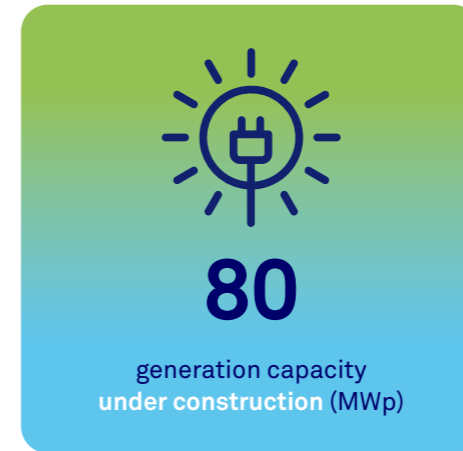
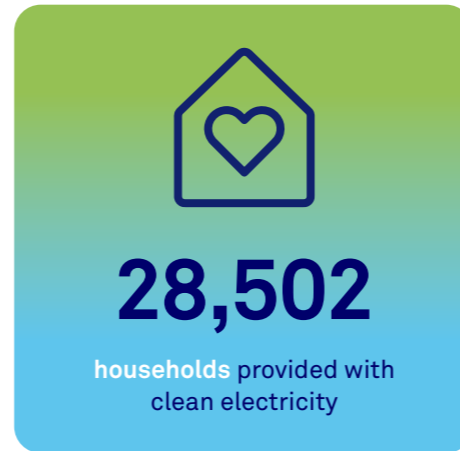
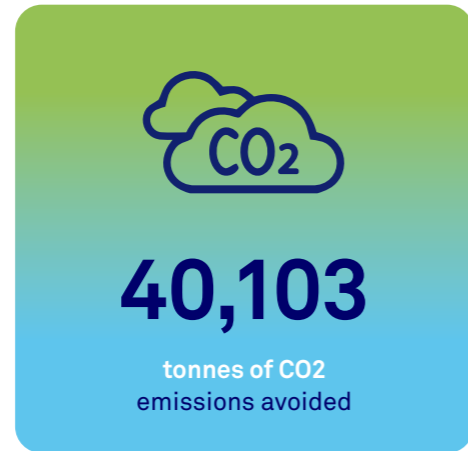
Triodos Energy Transition Europe Fund
Impact Report 2022

Triodos @ Investment Management

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Impact highlights 2022



Key Sustainable Development Goals contributed to:



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Moving towards a renewable energy system

Foreword by Fund Manager Vincent van Haarlem



In 2022, the relevance of Triodos Energy Transition Europe Fund was emphasised once more during the energy crisis that hit Europe. The war in Ukraine exposed the vulnerability of our current energy system and its dependency on geopolitical developments beyond our control, highlighting the need to accelerate to a renewable, and reliable energy system. This is where the fund wants to make a difference.

In the past year, the fund added four more projects to its portfolio. Investments are mostly done in the development or construction phase storage projects in collaboration with existing partners. This underpins the enabling structural role of the fund. These projects provide an important component of the energy transition by providing the required balancing power to ensure the stability and reliability of the grid.

Our investments had positive impact during the past year. One example is the investment in EINHUNDERT, a digital service partner for multi-tenant projects. We provided an additional asset financial vehicle enabling the company to lower the barrier for adopting solutions offered to multi-tenant residential and commercial building clients. The 'as a service' financed solution resolves the specific challenge of funding projects for multi-tenant locations.

For 2023, we seek to continue to accelerate the energy transition by debottlenecking growth for our partners and new investees. We look forward to continuing playing our role in providing financing and structuring solutions, with a team that is well positioned to achieve our impact goals.

Vincent van Haarlem

Fund Manager Triodos Energy Transition Europe Fund

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Radically transforming the energy system

Triodos Energy Transition Europe Fund classifies as an SFDR Article 9 fund. The fund's objective is to accelerate the energy transition by investing in companies that contribute to the reduction of CO₂ emissions and make the energy system more suitable for the energy transition.

The fund invests in wind farms, solar photovoltaic and solar thermal installations across Europe. Typically, these installations are privately owned or operated by a special-purpose vehicle.

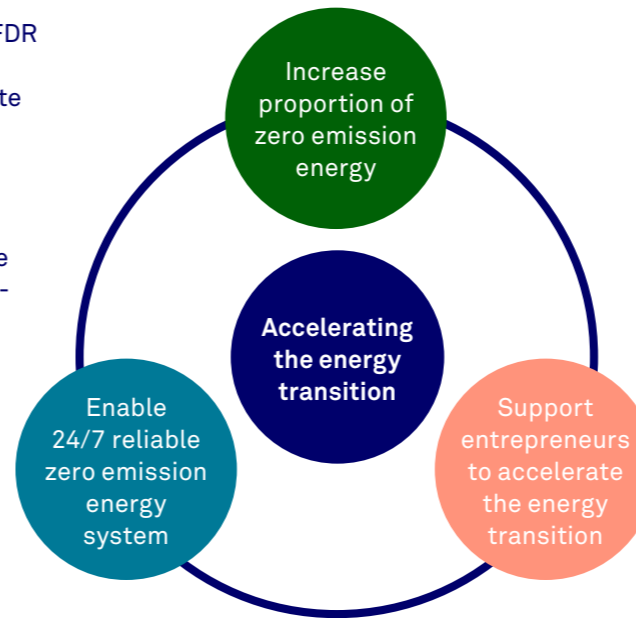
Why do we invest in the energy transition?

Climate change is the overarching challenge the world faces today. Globally the energy sector is one of the largest polluting sectors, with over 70% of all global greenhouse gas emissions. Therefore, energy is an important key to reduce the level of greenhouse gas emissions in line with a 1.5°C scenario.

Triodos Energy Transition Europe Fund aims to provide environmentally sound investment in companies that accelerate the energy transition with the prospect of an attractive financial return combined with a pro-active, measurable and lasting contribution to reduce CO₂ emissions.

The resulting reduction in CO₂ emissions is achieved using an integrated approach:

- Increase proportion of zero emission energy
- Enable a 24/7 reliable zero emission energy system
- Support entrepreneurs to accelerate the energy transition



Sustainable Development Goals

Access to clean, affordable and reliable energy plays a key role in addressing multiple UN Sustainable Development Goals (SDGs).

Aligning the fund's impact objectives with the SDGs allows us to efficiently communicate about the impact we make with our investments. Triodos Energy Transition Fund contributes to the following SDGs:



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Theory of Change

The Theory of Change underpins how Triodos Energy Transition Europe Fund acts, invests and evaluates its activities.

If we:

Invest in and engage with projects and companies and partner with innovative developers that fit within our vision and transitions needed in society and that:

Assuming:

Then we expect:

Which will contribute to:

- > Develop clean tech assets
- > Enable the electricity, heat and mobility transition

- > Markets favour clean energy
- > Clean energy is reliable and affordable

- > Clean energy becomes available everywhere at any time in sufficient quantity
- > Fossil fuel solutions will be phased out

Increased proportion of zero emission energy

- > Contribute to a clean, reliable and stable energy distribution system
- > Enable energy efficiency improvements
- > Resolve mismatches between demand and supply

- > Transforming energy distribution systems to support the energy transition remains a high priority

- > The proportion of renewable energy solutions in the grid increases
- > Reliability challenges in energy systems are resolved

24/7 reliable zero emission energy system

- > Offer promising solutions in the energy transition but are facing financial bottlenecks for growth

- > Our innovative financial solutions address impediments for growth and reinforce business development

- > Entrepreneurs can focus more on business development
- > Barriers for customers to adopt energy transition solutions are reduced





Support entrepreneurs to accelerate the energy transition

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Impact data overview

Increased proportion of zero emission energy

Key impact indicators

		2022	2021	Change
	Number of tonnes of CO ₂ emissions avoided	40,103	35,800	+12%
	Number of households provided with clean electricity	28,502	25,000	+14%
	Generation capacity (MW)	349	346	+1%
	Electricity production (MWh)	94,154	86,000	+1%

SDGs contributed to:



Explanation






Actual attributed electricity production increased compared to last year (2021). This can mainly be attributed to an increase in number and size of the funds' positions as well as to projects reaching the operational stage. The re-powering of two large Dutch windfarms was completed in 2022, significantly contributing to the actual production enabled by the fund. Most of the funds' assets produced were in line with expectations.

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24/7 reliable zero emission energy system

Key impact indicators*

		2022
	Number of production locations (measured through grid connections)	157
	MWp storage capacity in operation	37
	MWp storage capacity in construction	0
	MWp storage capacity under development	17.6
	Number of projects in storage	5

* These impact indicators were newly introduced in 2022. Comparison to these indicators will be included for the first time in the 2023 impact report.


SDGs contributed to:



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Support entrepreneurs to accelerate the energy transition

Key impact indicators*

		2022
	% of NAV invested with partners of existing portfolio 2022	59%

* These impact indicators were newly introduced in 2022. Comparison to these indicators will be included for the first time in the 2023 impact report.

SDGs contributed to:



Explanation

In order to advance innovators in the energy transition and build structural partnerships with investees to promote sustainable project development, the fund invests in assets that are developed by the same party. If two or more assets are developed by the same party, this party is considered a partner. Per 31 December 2022, 66% of the portfolio has been invested with partners. This equals 59% of the net asset value (NAV).

Impact investments

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



Battery storage projects across the UK and Ireland

The partnership between the fund and GridBeyond is allowing for the installation of a pipeline of battery storage projects located behind the meter at GridBeyond's clients' sites across the UK and Ireland.
> [Find out more here](#)



Wind and solar park projects

WindSpace has been developing wind and solar park projects in developing markets in Europe since 2006. The company has a proven track record and international network, both on the investor side as well as in the development chain.

> [Find out more here](#)



Large utility-scale storage

Giga Buffalo, the largest utility scale lithium-ion energy storage system in the Netherlands. Giga Buffalo is developed by Giga Storage BV. This is the fund's second investment in an electricity storage system from this developer.

> [Find out more here](#)



Multi-tenant PV systems

German cleantech EINHUNDERT Energie finance PV systems on multi-tenant residential and commercial buildings, for real estate solar electrification projects acquired and operated by EINHUNDERT.

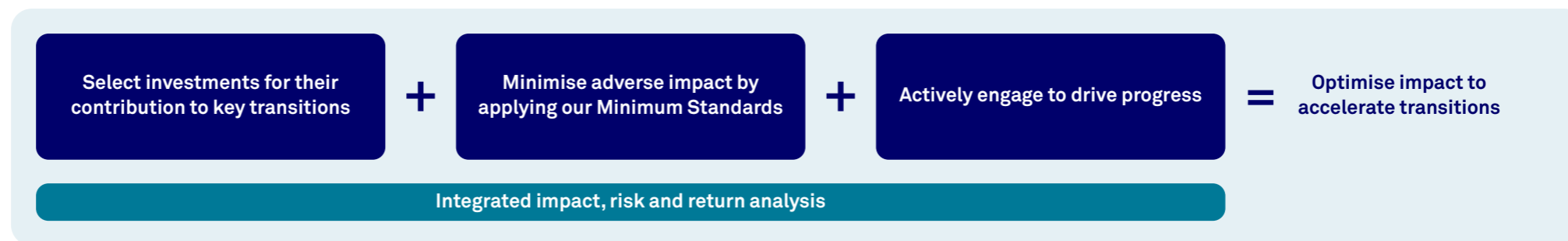
> [Find out more here](#)

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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 4-5.

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. 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. 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 Energy Transition Europe Fund continuously monitors alignment with the strict Triodos Minimum Standards. In 2022, the material social risks for renewable energy investments in Europe mainly related to human rights (including labour rights) in the value chain, raw materials sourcing and equipment manufacturing. Material environmental risks include water and waste management in the supply chain, environmental and biodiversity impact in project development, and product end-of-life management.

The Triodos Minimum Standards provide that investee companies must respect human rights, including fair and equal labour standards, both within their operations and across their spheres of influence, including their suppliers and further up their supply chain, where possible. For every investment, we ensure that the required permits are in place. To obtain a permit for the development of a project in the EU, the developer needs to conduct an Environmental Impact Assessment, which includes a detailed assessment of the key environmental risk factors and mitigants.

In 2022, we developed a circularity policy to reduce our dependency on scarce minerals and to reduce waste after the lifetime of the assets (decommissioning) by implementing circularity practices.

Actively engage to drive progress

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

To further reduce the potential negative impact, we also proactively engage with investees on these topics. In 2021-2022, the old turbines of the Roompotsluis wind farm, one of the funds' earliest investments in wind power, were replaced with higher turbines as part of a repowering plan. We engaged with the project to ensure that the old turbines were refurbished, resold and recommissioned to get a second life.

Implementation of sustainability regulation

New regulatory requirements on sustainability have been implemented for Triodos Energy Transition Europe 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 explaining for each sector which economic activities are green and which are not.

Find out more: [EU SFDR and Taxonomy requirements](#) and the disclosures of [Triodos Energy Transition Europe 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.

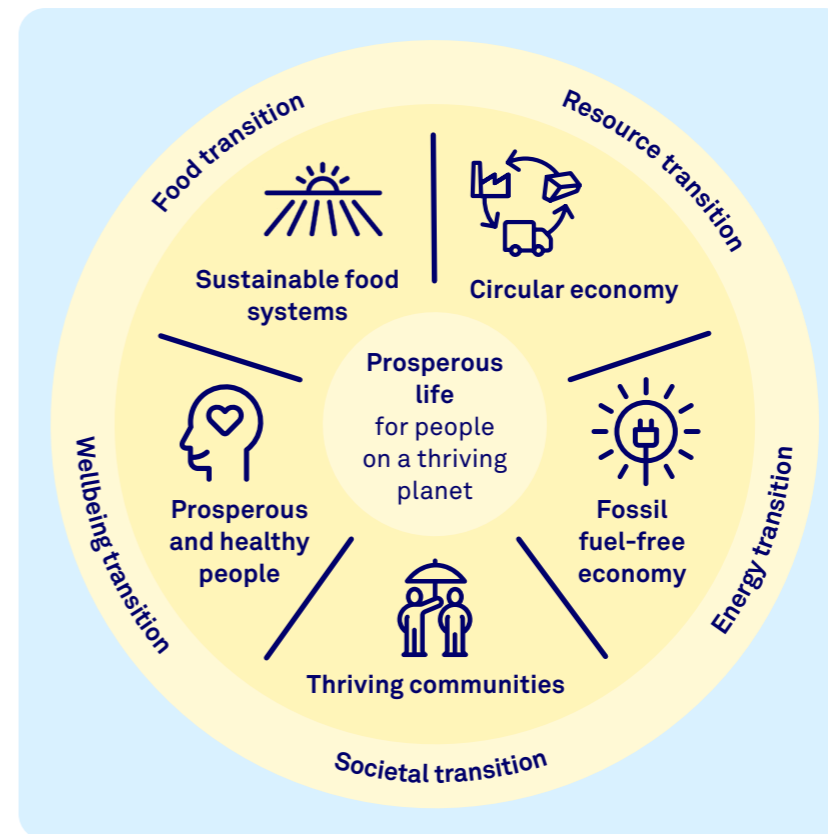
During 2023, we will take steps to integrate the five transition themes into the fund's impact management and measurement process.

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 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



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Tonnes of CO₂ emissions avoided

Tonnes of CO₂ emissions avoided by generating renewable energy compared to generating electricity by conventional means. Both contributed as attributed figures will be provided. 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.

Gigawatt hours produced

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

Number of household equivalent

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

MWp generating capacity under development

The megawatt peak generating capacity that is currently under development. The development phase is defined as the period between the date of financial close and the Commercial Operation Date (COD) date.

MWp generating capacity under construction

The megawatt peak generating capacity that is currently under construction. The construction phase is defined as the period between the date of financial close and the COD date.

MWp generating capacity in operation

The megawatt peak generating capacity that is currently operational. The operational phase is defined as the period between the COD date and decommissioning of the project.

Number of production locations

The number of locations on which the fund is developing constructing or operating renewable energy assets. Each grid connection counts as one production location.

MWp storage capacity under development

The megawatt peak storage capacity that is currently under development. The development phase is defined as the period the date of financial close.

MWp storage capacity under construction

The megawatt peak storage capacity that is currently under development. The development phase is defined as the period between the date of financial close and the COD date.

MWp storage capacity in operation

The megawatt peak storage capacity that is currently under development. The development phase is defined as the period between the date of financial close and the COD date until decommissioning of the project.

Percentage of portfolio invested with partners

The percentage of the portfolio that is invested in cooperation with a partner. A partner is classified as a counterparty connected to more than one investment.



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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