

SOLAS CAPITAL

IMPACT REPORT

Solas Sustainable Energy Fund ("SSEF")

Climate and social outcomes from financing energy efficiency upgrades and building decarbonisation projects across Europe

Impacts delivered across the Solas Sustainable Energy Fund since its inception



1,130 kt GHG emissions saved or avoided



€455 Million saved on energy bills



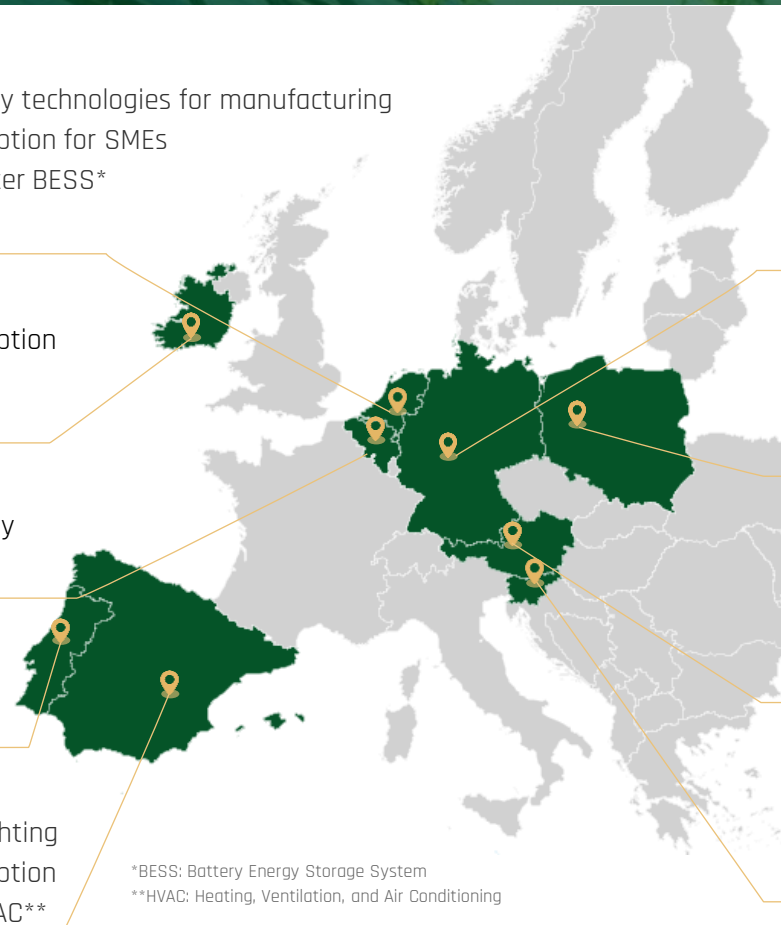
4,710 GWh primary energy saved or avoided



4,744 Energy efficiency projects financed



105 MW behind-the-meter renewables capacity installed



Netherlands
- Energy efficiency technologies for manufacturing
- PV self-consumption for SMEs
- Behind-the-meter BESS*
- LED lighting

Ireland
- PV self-consumption
- LED lighting
- Heat pumps

Belgium
- Industrial energy efficiency

Portugal
- Industrial HVAC

Spain
- Public street lighting
- PV self-consumption
- Commercial HVAC**

Germany
- AI-optimised hot water efficiency
- Residential heat pumps
- Industrial energy efficiency

Poland
- PV self-consumption
- Behind-the-meter BESS

Austria
- PV self-consumption and energy storage

Slovenia
- Building retrofits
- PV self-consumption

*BESS: Battery Energy Storage System
**HVAC: Heating, Ventilation, and Air Conditioning

Impact results measured across SSEF project contracts (10-year average term), using data from fund inception to 30.09.2026

The Solas Sustainable Energy Fund exclusively finances energy efficiency and demand-side energy reductions across European buildings

Financial highlights
EUR 220 million

Blended finance
Supported by Private Finance for Energy Efficiency (PF4EE), EIB/EC credit loss guarantee scheme

Strategy
Energy transition project debt

SSEF sustainability profile
SFDR Article 9, EU-Taxonomy eligible

What we finance
Energy efficiency and behind-the-meter assets via Energy-as-a-Service project partners

Who we serve
European mid-market sector, SMEs, public sector

The EIB and the European Commission selected SSEF as the first fund supported by the Private Finance for Energy Efficiency (PF4EE) guarantee

Funded by the EU LIFE Programme, the Private Finance for Energy Efficiency (PF4EE) is a joint EIB-EC financial risk-sharing instrument. SSEF was the first investment fund selected under the PF4EE mandate. The guarantee shares credit risk so SSEF can offer long-term debt to SMEs, which often struggle to finance energy efficiency projects, while keeping an investment-grade equivalent portfolio risk rating.

February 2022

Launch at EUR 140 million

Cornerstone investors include the EIB (EUR 30 million), MEAG and Ireland Strategic Investment Fund (ISIF)

November 2022

Final close at EUR 220 million

EUR 80 million added from private investors, exceeding the EUR 200 million target

February 2026

EIB commits EUR 60 million

The EIB backs SSEF II, the successor strategy to SSEF, which is set to launch in early 2027

PARTNERS

European Investment Bank · PF4EE Private Finance for Energy Efficiency · MEAG A Munich Re company · Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta National Treasury Management Agency / Ciste Infheistiochta Straitéisi d'Éirinn Ireland Strategic Investment Fund · HUK COBURG · signify PHILIPS Lighting

AWARDS

Environmental Finance IMPACT Awards 2024 Winner — Impact project/investment of the year: Infrastructure (not including renewables)

Environmental Finance IMPACT Awards 2025 Winner — Asset manager of the year: mid-size

PRI Principles for Responsible Investment — Finance for the Future FINALIST

SSEF bridges the funding gap for energy efficiency and behind-the-meter projects

Additionality of our strategy



Making small-scale projects investable Supported by the PF4EE guarantee, SSEF can provide long-term, low-cost project finance debt to projects in Europe's mid-market sector, a segment too fragmented and sub-institutional in size to access traditional funding channels



Unlocking finance for SMEs The Energy-as-a-Service financing mechanism enabled by SSEF removes upfront investment costs, enabling SMEs to fund their energy efficiency and decarbonisation projects



Three macro trends make energy efficiency investment urgent

CLIMATE

+2.5°C

Summer 2026 ran up to 2.5°C above the 1991–2020 average across Western Europe[1]. Cooling demand is now structural, driving high need for efficient cooling equipment.

ENERGY SECURITY

2nd crisis

Europe's second energy price shock in five years. Volatile power and gas costs keep landing on building owners and European businesses.

ELECTRIFICATION

23% → 46%

The EU's new 2040 target doubles electrification of final energy demand – with data centres driving the load. Buildings hold the greatest potential for electrification.

WHAT THIS MEANS

Energy efficiency investment must rise 7.5-fold over the next decade to stay on a 1.5°C pathway[2]. Rising demand for cleaner, cheaper, more reliable energy and flexibility must also be met through demand-side efficiency and behind-the-meter renewables.

Sources: 1) Copernicus Climate Change Service (2026): European Summer 2026: Records, Extremes and Context 2) IRENA and CPI (2025): Global Landscape of Energy Transition Finance 2025

The European Union has made building decarbonisation a top policy priority

40%

of the EU's energy is consumed in buildings, accounting for **36% of GHG** emissions

In 2026, the Energy Performance of Buildings Directive (EPBD) came into effect, setting mandated renovation and energy efficiency targets for residential and non-residential buildings

75%

of EU buildings (62M) hold poor energy performance ratings **with renovation rates at only 1% p.a.**

The EPBD targets key technologies for emission-free buildings: rooftop solar PV, batteries and heat pumps

€150 bn

annual **investment need** for building renovation through 2030 to meet EPBD mandates

Building renovation has one of the largest investment needs in the EU's climate transition while playing a critical role in ensuring the EU's energy independence



Our strategy advances European climate and energy security goals

Europe's vulnerability to fossil fuel imports has been exposed twice in three years. First under the energy crisis following Russia's invasion of Ukraine, which cost the EU €390 billion in energy subsidies in 2022 alone, and today from the ongoing **Middle East conflict.** Buildings sit at the centre of this vulnerability – accounting for nearly 40% of Europe's energy consumption and 50% of its gas demand. **Decarbonising buildings is not a climate objective alone – it is an energy security imperative**, and energy efficiency is the most cost-effective means of achieving this.

The regulatory response is clear and binding, with the EU's Energy Performance of Buildings Directive **setting a trajectory toward more efficient buildings across Europe.** Yet with only 1% of the building stock renovated annually and the vast majority still reliant on fossil fuel heating, efficient and scalable solutions are needed. At the same time, buildings themselves are evolving – rooftop solar, battery storage, heat pumps and smart controls are transforming them from passive consumers into active participants in the energy system, producing, storing and providing much-needed flexibility back to European grids.

Despite proven technologies that have existed for decades, **energy efficiency remains the overlooked green fuel of Europe's energy transition** – chronically underfunded while institutional capital has flowed predominantly to utility-scale wind and solar. This is the gap Solas Capital was founded to bridge, delivering tailor-made, long-term capital for project developers and energy service companies across Europe's fragmented buildings sector. Four years after the Solas Sustainable Energy Fund reached final close, we are now publishing our impact results, and I'm proud to share what our team has achieved in support of Europe's energy independence and climate goals.



Sebastian Carneiro
CEO & Co-Founder, Solas Capital

Impact areas

SOLAS CAPITAL



Building decarbonisation projects achieve positive impacts across climate, affordability, health, infrastructure and community resilience

By reducing fossil fuel-based energy generation, SSEF investments improve indoor and outdoor **air quality** which supports **better health and well-being**

3 GOOD HEALTH AND WELL-BEING

The strategy advances **affordable access to clean energy through** self-consumption renewable energy and EE investments that **reduce energy costs** for end-users

7 AFFORDABLE AND CLEAN ENERGY

Backed by an EU Credit Guarantee, SSEF **supports SMEs** in reducing energy expenditures and import reliance, **enhancing competitiveness** and supporting **local jobs**

8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SSEF supports **scalable deployment of innovative technologies** (e.g. heat pumps, battery storage) enhancing the quality and **economic value of infrastructure**

11 SUSTAINABLE CITIES AND COMMUNITIES

We finance **retrofits of community and public infrastructure** incl. schools and street lighting, which improves local infrastructure and builds more sustainable communities

13 CLIMATE ACTION

All investments must deliver measurable GHG reductions in line with the Paris Agreement with EE the most cost-effective way to achieve them



13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

PORTFOLIO-LEVEL IMPACT

1,130 kt GHG

emissions avoided

CLIMATE IMPACT

Every investment must contribute to GHG emissions reductions

Buildings are Europe's largest single source of emissions. They consume 40% of the EU's energy and account for 36% of its GHG emissions. Meeting the EU's 2030 and 2050 climate targets is therefore impossible without deep, fast decarbonisation of the existing building stock – and energy efficiency remains the most cost-effective abatement measure available.

Our portfolio has avoided 1,130 kt of CO_2e to date. Every project we finance must deliver measurable GHG reductions in line with the Paris Agreement. Reductions come from three sources: permanently lower energy demand through efficiency retrofits, switching away from on-site fossil fuels, and behind-the-meter renewable generation that displaces grid electricity.

Impact is measured, not estimated. Emissions avoided are quantified project by project using the EIB Carbon Footprint Methodology (v11.3) and country-specific grid emission factors, forecast at underwriting, monitored on an ongoing basis by our project partners and reported to investors annually. Assets are EU Taxonomy eligible, and the fund is SFDR Article 9 compliant.

EQUAL TO

The annual carbon footprint of 177,000 EU citizens*

*Based on average EU per-capita greenhouse gas emissions of 6.4 tonnes CO_2e per year (Eurostat, 2023)



7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

PORTFOLIO-LEVEL IMPACT

€455M

Energy costs saved

ENERGY SECURITY & AFFORDABILITY

Every kilowatt-hour saved is fossil fuel imports avoided and money saved

Energy costs are one of the largest and most volatile expenditures for households and businesses across Europe. The 2022 energy crisis exposed the EU's vulnerability to wholesale energy price shocks and dependence on imported fossil fuels, with Germany being one of the most affected European countries.

Germany's buildings sector remains heavily dependent on fossil fuels, with natural gas supplying 45% of energy used for space heating, and most of the country's gas imports being used for electricity generation and heating in buildings. Current heat pump installations in Germany already reduce gas consumption by 8.4 billion m^3 per year – approximately 10% of total gas imports – demonstrating the already-available opportunities to reduce import dependence while advancing the country's decarbonisation target.

By cutting consumption permanently at source, Heating-as-a-Service ("HaaS") solutions insulate end-users from price volatility and deliver predictable, long-term cost savings for households. Through our expertise in structuring finance for HaaS business models, we effectively reduce fossil fuel import needs and save European households, businesses and municipalities €455 million in energy costs.

EQUAL TO

314,000 European households' annual energy bills*

*Based on average EU household energy expenditure for housing of ~€1,450 p.a. (Odyssee-Mure, 2023, EUR2015).



PORTFOLIO-LEVEL IMPACT

4,710 GWh

Energy reductions

COMPETITIVENESS & ECONOMIC GROWTH

Supporting business profitability and competitiveness across Europe

Improving energy efficiency helps firms reduce costs and lends a competitive edge European small and mid-cap firms spend more of their turnover on energy bills than their US counterparts[1], while industrial energy costs are 2–4 times higher than those of main trading partners[2]. This puts pressure on EU competitiveness while the dependence on energy imports makes businesses vulnerable to price movements.

Executives report energy efficiency as key to competitiveness Behind-the-meter and energy efficiency assets offer a proven, scalable solution, with 80% of industry leaders naming energy efficiency as key to their competitiveness according to an IEA survey[3].

Supporting profitability and freeing up cash for reinvestment for SMEs SMEs form the backbone of the EU's economy**,** and our strategy has helped 220 SMEs lower energy bills. Due to the energy-as-a-service model, SMEs pay for the heat or light they use instead of purchasing energy-efficient heating or lighting equipment. The as-a-service model effectively eliminates any upfront investment costs, which are cited as the main barrier to undertaking energy efficiency upgrades across SMEs and industry[3],[4].

EQUAL TO

1.1 million European households powered for a year*

Sources: 1) EIB (2025): Unlocking energy efficiency investments by small firms and mid-caps, 2) EC (2025): Report on energy prices and costs in Europe, 3) IEA (2025): Gaining an Edge: The Role of Energy Efficiency in Industrial Competitiveness, 4) Energy Efficiency Movement (2025)

*Based on an average annual consumption of 3,673 kWh per European household



7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

PORTFOLIO-LEVEL IMPACT

105 MW

Behind-the-meter renewables

COMPETITIVENESS & RESILIENCE

Replacing on-site fossil fuels with renewables for self-consumption

Replacing on-site fossil fuel use On-site solar, smart meters & batteries enable users to switch from carbon-intensive energy consumption, which lowers energy costs and on-site emissions.

Empowering energy owners By enabling businesses to control and reduce their own emissions, BTM efficiency democratises climate action and makes it visible and accountable at the user level.

Avoiding grid transmission and network fees On-site generation such as solar PV for self-consumption avoids grid losses, which reduces the overall emissions per unit of electricity delivered, and circumvents grid and infrastructure bottlenecks. At the same time, it eliminates network charges (grid fees), which make up a considerable share of users' electricity bills due to high taxes.

Delivering immediate impact Such upgrades are fast to deploy, helping meet company and EU climate targets by cutting carbon quickly, cost-effectively, and visibly.

EQUAL TO

28,943 households' annual energy demand supplied

*Based on World Energy Efficiency Indicators



PORTFOLIO-LEVEL IMPACT

4,744 projects

Supporting better health and jobs

HEALTH & COMMUNITY BENEFITS

Building retrofit measures are linked to better health outcomes and local jobs

Fewer doctor visits for respiratory diseases EE upgrades, especially those focused on insulation and heating, have been linked to up to a 50% reduction in doctor visits for respiratory conditions, while home retrofitting and improved ventilation result in 43% fewer hospital admissions, studies show[1][2].

Lower mortality risk for over-65s with cardiovascular history A large-scale cohort study found 30–33% lower mortality risk for over-65s with cardiovascular hospitalisation history following EE retrofits, notably insulation[3][4].

Decrease in school absence for children Improved heating and ventilation in homes and schools reduced absence rates by 20% among children with asthma, improving both symptoms and attendance[5], while better lighting has been found to improve learning outcomes.

Fewer sick days EE retrofits enhancing indoor air quality and thermal comfort are shown to result in an approximately 10% reduction in sick leave among building occupants[6].

Energy efficiency financing supports local job creation The IEA points to the opportunities for policymakers to leverage efficiency policies to grow local economies and create and safeguard jobs[3]. An ECB study also shows that 15 additional jobs are created per €1 million of EIB loans, translating into 2,817 green jobs supported through our investments[7].

Sources: 1) Government of Ireland (2024) 2) IEA, Multiple Benefits of EE 3) CA EED 2024 Study, 4) Fyfe et al. (2020), 5) Free et al. (2009), 6) REHVA Journal Indoor Air Quality (2025), 7) ECB (2025)

Case studies

SOLAS CAPITAL



SOLAS CAPITAL

OFF-BALANCE-SHEET FINANCING FOR THE WORLD'S LEADING LIGHTING COMPANY SIGNIFY



Signify
PHILIPS
Lighting

SOLAS CAPITAL

Light-as-a-Service with the world's leading lighting company

Project Information

End customers
SME, C&I & public sector

Project locations
Europe-wide

Technology
LED lighting

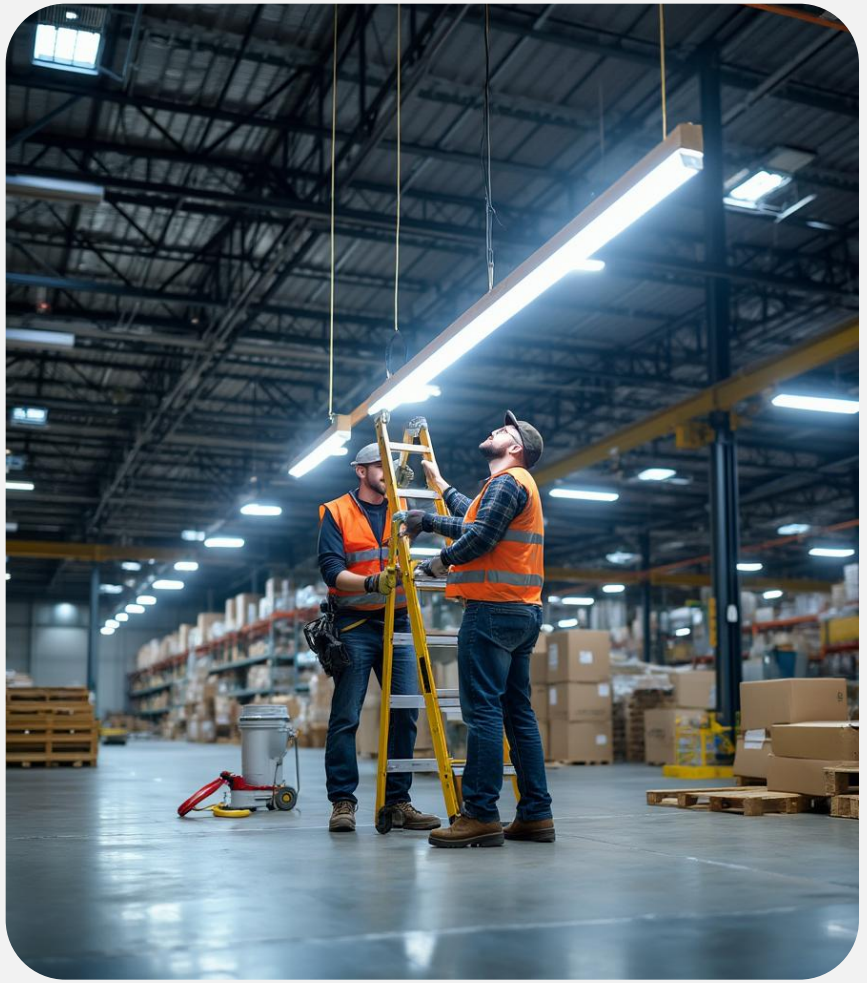
Business model
Light-as-a-Service & deferred payments

About Project Partner

Signify is an Amsterdam exchange-traded company (Euronext: LIGHT), S&P **'BBB-'** rated, and a spin-off of **Royal Philips. Signify** is a globally recognised leader in LED lighting production, with revenue of €5.8 billion and approx. 29,000 employees (2025). The company stands out for its commitment to sustainability, highlighted by eight consecutive years of inclusion in the Dow Jones Sustainability World Index.

About Partnership

Solas Capital has entered a framework agreement to finance a portfolio of Signify LED lighting projects across various EU markets through SSEF. Signify offers projects in a Light-as-a-Service (LaaS) and deferred payment model for customers, allowing them to install energy-saving lighting solutions without paying upfront installation costs. The first projects are taking place across a Dutch chain of DIY stores.



Light-as-a-Service with the world's leading lighting company



IMPACT HIGHLIGHTS

67%

energy savings* from LED retrofits of conventional lighting, lowering end-user electricity bills

800 t CO2e

estimated savings per €1 million* invested in LED lighting

Quality light

for building users, improving human well-being and supporting better learning outcomes

PARTNER PERSPECTIVE

Signify
PHILIPS
Lighting

"

Partnering with Solas Capital enables us to **remove upfront cost barriers** for our customers and accelerates the adoption of more energy-efficient lighting solutions. This aligns with Signify's commitment to deliver long-term value by unlocking the potential of energy efficiency, thereby reducing electricity costs for customers while contributing to their sustainability goals.



Gary Throup
Head of Treasury, Signify

*Estimated savings pre-investment using EIB carbon footprint methodology and industry data

SOLAS CAPITAL

AWARD-WINNING DEEP RETROFIT OF A PUBLIC BUILDING IN SLOVENIA WITH RESALTA



Resalta™ SOLAS CAPITAL

Award-winning retrofit of a Slovenian school and health centre

Project Information

End customer	Project location	Technology	Business model
Municipal school and health centre	Ilirska Bistrica, Slovenia	Deep retrofit: insulation, lighting and heating renovation	EPCs

About Project Partner

Resalta is a leading decarbonisation-as-a-service company, headquartered in Slovenia and with operations across Central and Eastern Europe. Resalta provides integrated solutions for decarbonisation, having helped over 400 customers improve the EE of their assets through public sector building retrofits and self-consumption solar PV installations for the private sector.

About Partnership

Resalta is an expert in public sector Energy Performance Contracts (EPC) for building retrofits and employs Power Purchase Agreements (PPAs) for its private sector self-consumption solar PV systems. Solas Capital has structured a long-term framework agreement for the sale of receivables to fund Resalta projects mainly across Central and Eastern Europe.



Award-winning retrofit of a Slovenian school and health centre





IMPACT HIGHLIGHTS

50%
less energy used, equal to 20,903 MWh

397,174 kg GHG
emissions cut through lower gas use and PV

EUR 4.2M
energy cost savings for the municipality

262 homes
in Slovenia powered annually by the savings*

Note: Project impact figures are measured across the 14-year investment period
* Based on 2023 household energy statistics

PARTNER PERSPECTIVE

Resalta™

> Time is of the essence when it comes to shaping the world we leave to ourselves and those who come after us. Real change starts with action, and our new strong partnership with Solas Capital is a good example of how direct investment can make a tangible difference in the transformation that lies ahead. Throughout the process, **Solas Capital has shown that it understands the needs of energy service companies and is ready to make a difference** through its investments.



Darije Josić
CFO, Resalta

WINNER OF

ENVIRONMENTAL FINANCE IMPACT AWARDS 2024:

IMPACT PROJECT/INVESTMENT OF THE YEAR:
INFRASTRUCTURE

"Small scale for this project, but the model and example merit visibility due to the positive impact on a large number of public entities."

Environmental Finance Awards judge

"Good additional impact in the structuring to help smaller entities and institutions with cash-strapped budgets to implement energy efficiency upgrades."

Environmental Finance Awards judge

Environmental Finance IMPACT Awards 2024

Winner

Impact project/investment of the year: Infrastructure (not including renewables)

SOLAS CAPITAL

INDUSTRIAL ENERGY EFFICIENCY UPGRADES FOR A LEADING DUTCH DAIRY PRODUCER



encore efficiency

SOLAS CAPITAL

Industrial energy efficiency for a leading Dutch dairy producer

Project Information

End customer
Dutch dairy producer

Project location
32 projects across sites in NL, DE, BE

Technology
Several incl. heating, cooling, LED, boiler replacements

Business model
Energy Performance Contracts

About Project Partner

ENCORE Efficiency is a German Energy Service Company (ESCO) specialised in industrial energy efficiency projects. It enters long-term energy performance contracts (EPCs) with large corporates for their EE projects. Customers pay a fixed monthly fee over the project tenor, removing any upfront investment costs for the installations while energy savings are guaranteed by ENCORE through EPCs.

About Partnership

Solas Capital has arranged a long-term financing agreement with ENCORE to purchase receivables/bonds from the ESCO's existing and future projects. Solas takes over the credit risk of the customers, who agree to pay irrespective of the performance of the projects. The majority of the ENCORE portfolio consists of 32 projects implemented for a leading Dutch dairy producer across several of its manufacturing facilities, supporting its decarbonisation journey.



Industrial energy efficiency for a leading Dutch dairy producer



IMPACT HIGHLIGHTS

967,000 MWh

primary energy savings achieved across 32 projects

192,000 t GHG

emissions savings from reduced fossil fuel demand

EUR 40.5M

energy cost savings generated for the company

Note: Project impact figures are measured across the 4-10-year investment period

PARTNER PERSPECTIVE

encore efficiency

> Solas Capital's commitment and structuring know-how are indispensable for us at ENCORE Efficiency when it comes to investing in projects and thus supporting our customers from industry and commerce on their "Path to Zero". **Solas Capital fills a strategically highly important financing gap left by traditional financial institutions.** For ENCORE Efficiency, Solas came at exactly the right time in the energy efficiency market. We are grateful for this fruitful cooperation.



Peter Eilers
Managing Director,
ENCORE Efficiency

Methodology

SOLAS CAPITAL



Our Theory of Change – intentional, measurable & additional impact

THREE PRINCIPLES OF IMPACT INVESTING

1 **Intentionality** Impact is not a by-product – it is **our investment thesis**. We target the **€150bn annual funding gap** in European energy efficiency created by the EU's Energy Performance of Buildings Directive (EPBD), which mandates progressive building stock upgrades to meet 2030 energy performance standards.

2 **Measurability** Every investment generates independently verifiable impact data, quantified at the project level. **Energy reductions (kWh), GHG emissions reductions and cost savings (EUR) are the key KPIs.**

3 **Additionality** We deploy capital to a market segment where transactions would not otherwise be financed. By aggregating small-scale SME projects into a diversified portfolio backed by an EU credit risk guarantee, we enable impact that directly saves EU citizens and businesses millions of euros **on their energy bills while at the same time supporting climate and energy independence goals**.

IN PRACTICE: HEATING AS A SERVICE CASE STUDY

1 **Intentionality**

Only 6% of the German building stock meets mandated EPBD energy performance standards. Through SSEF, Solas finances PAUL Tech to close this gap in residential heating.

2 **Measurability**

Outcomes are verified per project through metering systems and on-site third-party audits.

20%	€36,700	56,710 kg
energy reduction	annual savings	GHG avoided p.a.

3 **Additionality**

Projects average **under €10,000**, too small for conventional lenders. SSEF bundles them into an investable portfolio, so PAUL can offer building owners heating-as-a-service with **no upfront cost.**

Our Theory of Change – unlocking finance for building decarbonisation

1 Inputs

Drivers for impact management

40% of EU energy consumed in buildings

EU EPBD energy renovation targets create a €150bn annual funding gap through 2030

Grid instability from lack of demand-side flexibility

Underserved SMEs, households and municipalities lacking EE financing

2 Actions

How Solas Capital manages impact

Long-standing partnerships to source and manage energy decarbonisation assets

Europe's largest team with bespoke project finance for EE/BTM

EIB partnership for low-cost capital

EU credit loss guarantee

3 Outputs

Solutions from Solas Capital actions

Standardised framework agreements with ESCOs

Off-balance-sheet payment structures

Contractually fixed energy costs for 5–15 years for end-users

4,744 projects aggregated into an investment-grade portfolio

4 Outcomes

What happens as a result of our financing

Measurable reduction in kWh consumed

Long-term energy cost predictability for building owners and municipalities

Reduced grid pressure through demand-side management

Underserved markets access EE financing

5 Impact

Positive impacts achieved, negatives avoided

GHG emissions reductions from avoided fossil fuel use

Lower energy costs improve affordability

Enhanced energy security from local, behind-the-meter supply

Jobs, health and productivity gains across communities

INTENTION → SOLAS CAPITAL DIFFERENTIATION → ADDITIONALITY

Energy savings forecasting & GHG calculations methodology

FROM REDUCED KWH TO GHG EMISSIONS SAVED

All projects must meet energy efficiency technical standards to be eligible for investment. The energy savings of each project are estimated at the outset and reviewed during due diligence. They are monitored on an ongoing basis and reported annually to investors.

Solas Capital's project partners calculate the final energy savings or renewable energy generation expected in kWh/year for each project.
This is then reviewed, taking into consideration the project energy source, and SSEF applies a prim ary energy factor, which takes into account EU member states' primary energy source mix and transmission and distribution losses.

To arrive at the avoided GHG emissions from funding the EE/BTM projects, we apply the carbon intensity of the primary energy factor to the kWh reduction. The GHG emissions are then calculated using EIB Project Carbon Footprint Methodologies* as outlined on the right. We calculate the emissions reduced across the lifetime of projects, which ranges from 5 to 15 years.

Where estimates are made, the following guiding principles underpin the estimation of project-based absolute and relative GHG emissions. These principles are Completeness, Consistency, Transparency, Conservativeness, Balance, Accuracy and Relevance.

EMISSIONS CALCULATION

1 **Final kWh reduction**
Technology/EE installation dependent

×

2 **Primary energy factor**
National grid mix or energy source used prior to installation

×

3 **Emission factor (gCO2/kWh)**
Carbon intensity applied to the primary energy factor

= **GHG emissions saved/avoided**

*EIB Carbon Methodologies, version 11.3, January 2023

Example of GHG emissions calculation methodology

CALCULATION METHODOLOGY

1

Primary energy factor

Primary energy is the energy required at the source (the grid, for electricity) to supply that delivered energy to the energy appliance and includes transmission and distribution losses. The primary energy factor (PEF) for Spain's grid mix is 1.46, converting final energy savings of 32,356,294 kWh into 47,240,190 kWh of primary energy.

2

Establish baseline emissions (Be)

Baseline represents GHG emissions* that would have occurred without the project, based on the pre-investment energy consumption of the project. For grid-connected projects, Spain's combined margin emission factor applies.
47,240,190 kWh per yr × 0.209 kg CO2e per kWh ÷ 1,000 = **9,873 tCO2e per yr**

3

Calculate absolute final emissions (Re)

Emissions based on energy consumption after investment.
47,240,190 kWh per yr – 16,572,537 kWh per yr saved = **30,667,652 kWh per yr**
30,667,652 kWh per yr × 0.209 kg CO2e per kWh ÷ 1,000 = 6,410 tCO2e per yr

4

Relative final emissions (delta)

The difference between baseline and absolute final emissions gives the emissions reduction attributable to the project.
9,873 – 6,410 = 3,463 tCO2e per yr

* GHG emissions are converted to a carbon equivalent and expressed as CO2e. When we use the word carbon or emissions, we mean all GHG emissions (CO2e).

SPAIN STREET LIGHTING PORTFOLIO DATA

3,463 tonnes GHG emissions saved p.a. across Spanish municipalities

35% average GHG savings across projects

Savings offset 440 Spanish residents' GHG footprints

Sustainable Investment Strategy Governance and Exclusion Policy

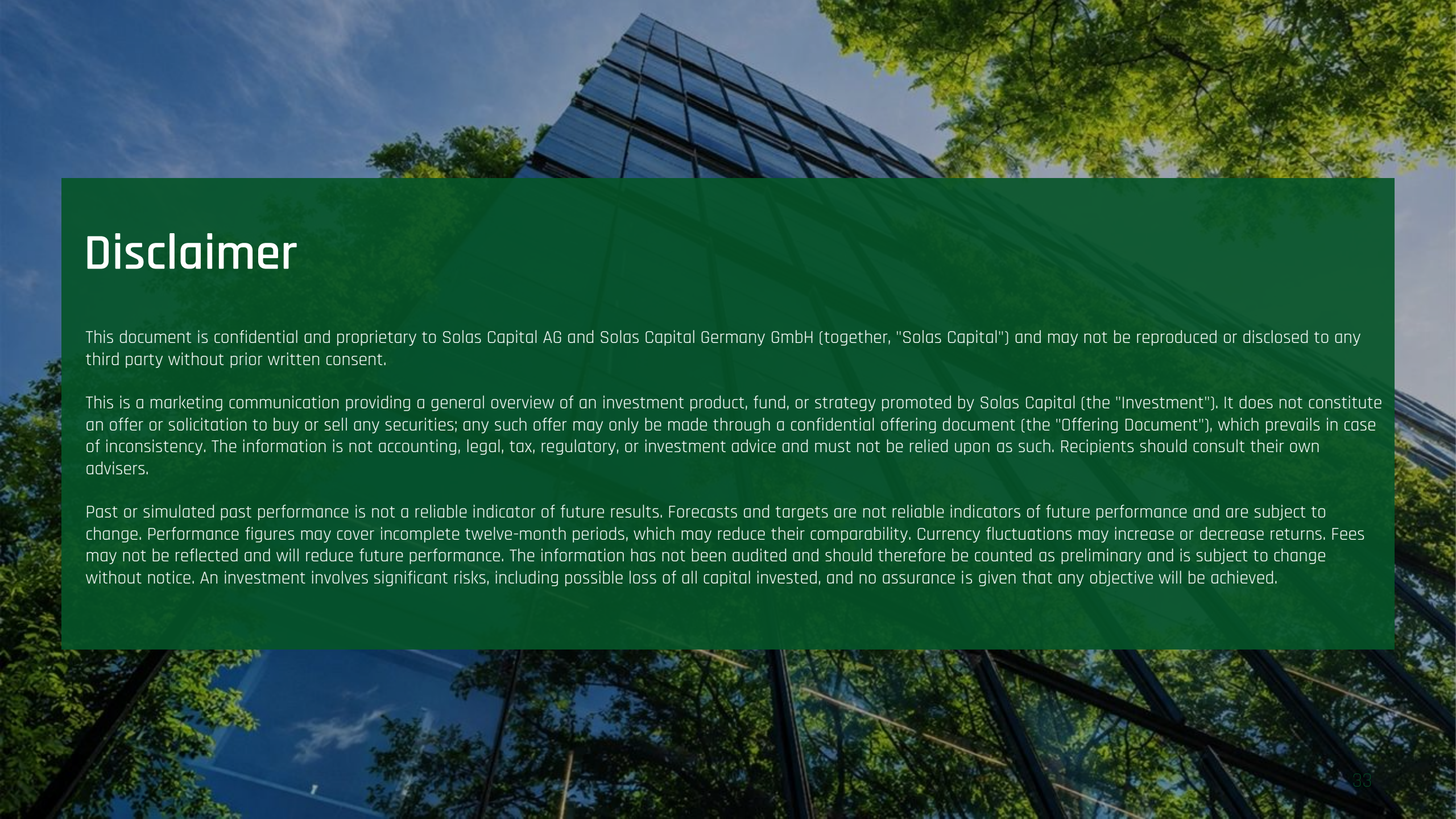
INVESTMENT FRAMEWORK GOVERNING PRINCIPLES

- Investments contribute substantially to climate change mitigation
- Do no significant harm (DNSH) to EU Taxonomy principles
- Compliance with minimum safeguards
- Projects consider principal adverse impacts (PAI)
- Reporting meets investor-assigned ESG requirements from EIB, ISIF, Munich Re & PF4EE guarantee

MINIMUM EXCLUSIONS INCLUDE

- Controversial weapons
- Tobacco
- Violation of international standards
- Coal production revenue
- Oil fuels revenue
- Gaseous fuels revenue
- Electricity generation with high GHG intensity revenue
- New fossil fuel production
- Coal production for power generation


We bridge the energy efficiency funding gap!
www.solas.capital
SOLAS CAPITAL



Disclaimer

This document is confidential and proprietary to Solas Capital AG and Solas Capital Germany GmbH (together, "Solas Capital") and may not be reproduced or disclosed to any third party without prior written consent.

This is a marketing communication providing a general overview of an investment product, fund, or strategy promoted by Solas Capital (the "Investment"). It does not constitute an offer or solicitation to buy or sell any securities; any such offer may only be made through a confidential offering document (the "Offering Document"), which prevails in case of inconsistency. The information is not accounting, legal, tax, regulatory, or investment advice and must not be relied upon as such. Recipients should consult their own advisers.

Past or simulated past performance is not a reliable indicator of future results. Forecasts and targets are not reliable indicators of future performance and are subject to change. Performance figures may cover incomplete twelve-month periods, which may reduce their comparability. Currency fluctuations may increase or decrease returns. Fees may not be reflected and will reduce future performance. The information has not been audited and should therefore be counted as preliminary and is subject to change without notice. An investment involves significant risks, including possible loss of all capital invested, and no assurance is given that any objective will be achieved.