Deetken Impact



Disclosure Statement 2025

DEETKEN IMPACT SUSTAINABLE ENERGY

DISCLOSURE STATEMENT 2025

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DISCLAIMER

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DEETKEN IMPACT SUSTAINABLE ENERGY

MESSAGE FROM

FERNANDO ALVARADO

CEO

Deetken Impact Sustainable Energy is proud to be a signatory to the Operating Principles for Impact Management. We believe the Impact Principles promote transparency in the impact investment industry. As each signatory shares their impact investment management practices, the industry will move forward with stronger standards throughout the investment lifecycle, from strategy to deal sourcing to exit or repayment.

Our staff has been active in the impact investment space for over 20 years, and we have witnessed the development of industry and the improvement in processes for managing and reporting impacts across the board. The industry has come a long way, but there is yet more to be done, and the Operating Principles for Impact Management are a step in the right direction as they ensure that lessons learned are continuously incorporated into portfolio management and shared within the industry.

Deetken Impact Sustainable Energy focuses on the growth and development of sustainable energy projects and businesses in Latin America and the Caribbean. Our primary impact objectives include access to clean energy and slowing the pace of climate change, but we are just as committed to ensuring a diverse local workforce, training employees, increasing access to health services, improving water and sanitary systems, and advancing gender equality. We appreciate the transparent and strategic approach of the Operating Principles for Impact Management as a way to encourage ourselves to continue advancing our practices and to learn from the progress of our peers.

Deetken Impact Sustainable Energy currently manages two impact investment funds in the Latin America and Caribbean region, with total assets under management equal to USD 60 million as of May 2025. This Disclosure Statement applies to both our funds, and we hereby affirm that these investment assets are managed according to the Impact Principles.



FERNANDO ALVARADO

PRINCIPLE ONE

DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

> **The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment**

Deetken Impact Sustainable Energy (DISE) manages impact investment portfolios in Latin America and the Caribbean, focusing on clean energy, energy efficiency, and sustainable energy project finance. The DISE team has managed over US$100 million of clean energy impact investments in the region and supported the development of more than 1,000 MW of new renewable energy capacity. With an extensive regional network and staff based in Costa Rica, Canada, Mexico, Nicaragua, and Honduras, DISE is committed to accelerating the clean energy transition in Latin America and the Caribbean.

DISE has partnered with a Honduras-based technical advisor to provide due diligence and social and environmental assessment services for DISE-managed funds. DISE is also supported by its partnership with Deetken Impact, a Canadian impact asset manager focused on investments in women's empowerment, climate resilience, and economic development in Latin America and the Caribbean. DISE manages two funds, the Honduras Renewable Energy Financing Facility (H-REFF) and the Caribbean Basin Sustainable Energy Fund (CABEF), collectively called the Funds.



The Fund's investment strategy is to invest in a broad set of sustainable energy and energy efficiency infrastructure projects and companies, including grid-connected and off-grid renewable energy generation, distributed generation, energy efficiency, and storage solutions. Our investment strategy focuses on small and mid-sized projects that face challenges in raising equity and quasi-equity capital.

DISE'S STRATEGIC IMPACT OBJECTIVES

The Fund's impact strategy is to contribute meaningfully to sustainable and climate-resilient economies in the Caribbean and Central America by strategically providing capital and technical assistance to small and medium-sized enterprises in the sustainable energy sector.

Biogas | Biomass | Energy Efficiency | Solar | Hybrid | Hydroelectric | Wind



Some of our renewable energy projects

- Solar PV
- Distributed Generation Solar PV
- Run-of-River Hydro
- Solar PV EPC
- Energy Efficiency
- Biomass

The Funds invest in renewable energy and energy efficiency projects that align with and contribute to our impact objectives. Our primary impact objectives relate to the direct impacts of these projects.

FUND'S PRIMARY IMPACT OBJECTIVES



Our investees promote opportunities for women in leadership, governance, and quality employment, driving gender equity within the companies, sectors, and communities in which we invest. Additionally, our investees design gender-smart community development projects that generate opportunities for local women entrepreneurs and improve the quality of life.

Our investments promote greater access to and use of affordable, clean, reliable, sustainable, and modern energy for communities.

Our investees create quality permanent and temporary jobs, promoting sustained, inclusive, sustainable economic growth, full and productive employment, and decent work.

Renewable energy investments displace high-cost carbon alternatives, helping to combat climate change and its impacts.

FUND'S SECONDARY IMPACT OBJECTIVES



- Renewable energy use helps improve the air quality of both indoor and outdoor spaces, ensuring healthy lifestyles for all.
- Our investees offer technical and managerial training that benefit their employees.
- Our investees contribute to access to water and sanitation systems.
- Our investees build and improve roads, provide electrification systems, and enhance energy transmission systems in local communities.
- Our investees support local governments and communities in preserving protected areas and other initiatives like reforestation.
- Our investees form partnerships with local organizations to support community development.

PRINCIPLE TWO

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

> **The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.**

DISE focuses on the growth and development of sustainable energy projects and businesses, but our impact objectives go beyond access to clean energy and reducing greenhouse gases.

DISE is committed to ensuring a diverse local workforce, training employees, increasing access to health services, and improving water and sanitary systems. Through our investments, we have the goals of generating quality jobs, providing technical education, fostering entrepreneurship, and collaborating with community-based environmental initiatives such as the protection of local forests and reforestation.

DISE'S IMPACT MANAGEMENT PROCESS

Below is outlined DISE's Impact Management Process, which is undertaken for each investment opportunity in collaboration with our technical, social, and environmental advisors.

1. Pipeline Screening

Pipeline opportunities are initially screened using investment criteria that include impact and ESG factors, such as location, type of project, projected generation, and carbon emission displacement.

Projects which could cause significant adverse environmental or social impacts, projects with large dams or reservoirs, and projects with involuntary resettlement or economic displacement of local communities are excluded.

Projects that do not comply with the initial screening are not considered for investment.

2. Due Diligence

During the due diligence phase, each project proceeds through comprehensive financial, environmental, and social analyses. This includes evaluating environmental and social benefits, as well as potential risks. The evaluation is carried out through documentation review, interviews with internal and external stakeholders, and site visits. If a project is identified with a high social and/or environmental risk, it is immediately disqualified for investment.

An Environmental and Social Action Plan (ESAP) is detailed at the end of the due diligence phase. This plan includes a set of milestones to be achieved by the project before and during the Fund's investment period. The environmental and social considerations are included in the Investment Proposal presented to the Investment Committee for approval of the investment.



3. Financial Closing

The action items identified in the Environmental and Social Action Plan are set as conditions precedent for disbursement. These conditions are included in the legal documents of the closing.

For follow-on disbursements, investees must present a detailed report of the ongoing social, environmental, labor, health, and safety impacts of the project.

4. Monitoring

The Fund's environmental and technical advisor conducts a thorough social and environmental review in the portfolio management phase. On a quarterly basis, each client completes the DISE Impact Questionnaire, which was specifically designed to monitor the positive impacts of each investment in alignment with our primary and secondary SDG-aligned objectives. DISE has conducted webinars, training sessions, and tailored advice for investees to discuss the importance of impact measurement and how to implement it. The technical advisor performs periodic visits to the companies. During these visits, compliance with the environmental and social requirements per the investment and loan agreements is confirmed. The technical advisor submits a periodic Environmental and Social Monitoring Report, detailing the visit results.

5. Investor Reporting

A quarterly Impact Report is prepared with the information collected through the questionnaire and submitted to the Fund's investors. The report is also aligned with SDGs 3, 4, 5, 6, 7, 8, 9, 13, and 15, presenting both quantitative and qualitative information about the impact of our portfolio.

DISE has not linked staff incentives with the achievement of impact goals; however, we are researching and assessing emerging practices for future consideration.

6. Exits

Responsible exits are defined at the origination of each project, as the exit mechanism is agreed upon before the investment is carried out. Where possible, our exits are structured to be to the original project sponsors, who have committed to responsible social and environmental guidelines.

The exit process involves ensuring that new or potential future investors have comprehensive information about the company's impact performance and improvements during DISE's investment period. This includes providing detailed compliance records, impact metrics, and any implemented measures to mitigate environmental and social risks. By facilitating this transparency, DISE helps to maintain high impact standards and supports a smooth transition for future stakeholders.

PRINCIPLE THREE
ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

> The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

The Fund's investment mandate is specifically designed to bridge financing gaps in developing countries with shallow capital markets to enable the implementation of clean energy and energy efficiency projects and companies that, in turn, generate positive impacts and contribute to the SDGs. Through the provision of much-needed long-term equity and quasi-equity capital to small and medium-sized renewable energy and energy efficiency projects and companies, the Funds' $60 MM of investments will in turn catalyze approximately $500 MM of other funding sources (including project sponsors, senior lenders, other equity investors, other investment funds).

In addition to careful selection of the Fund's portfolio projects and companies for their contributions to the above SDGs, the Funds also "wrap" their financial support with targeted technical assistance to incubate opportunities and prepare them for bringing on commercial capital. The $950,000 Technical Assistance facility funded by the Scaling Up Renewable Energy Program in Low Income Countries (SREP), an initiative of the Strategic Climate Fund channeled by IDB Lab, allows the Funds to strengthen and incubate prospective investees projects and companies, institutionalize Environmental & Social Management Systems (ESMS), support community-based projects designed in coordination between investees sponsors and their community leader counterparts, and advocate for climate action and clean energy by sponsoring events and workshops.

As its investors require, DISE presents quarterly and annual reports that maintain the traceability of metrics and allow comparison of its investee's performance. During the investment presentation and due diligence process, impact targets are set and monitored throughout the investment cycle.

In 2023, Deetken Impact announced a new partnership with the United States Agency for International Development (USAID) through the Caribbean Climate Investment Program (CCIP) of the Climate Finance for Development Accelerator (CFDA) to support the development, deployment, and commercialization of renewable energy, energy efficiency, and clean technology projects[1]. With the creation of the Caribbean Inclusive Climate Finance Initiative (CICFI), Deetken Impact integrated deep investment expertise and gender-sensitive engagement with an extensive local network. CICFI developed a robust pipeline of companies and projects that support the green energy transition, prioritize gender equality and social inclusion, and seek to raise capital to support their growth.

During 2024, Deetken Impact implemented the program's gap analysis and acceleration phases, convening group webinars with participating project sponsors to examine critical aspects of climate

[1] The program was terminated as a result of President Trump's recent Executive Order "Reevaluating and Realigning United States Foreign Aid", issued on January 20, 2025.

finance project development and investment preparedness. This group format facilitated invaluable peer learning as participants exchanged knowledge and insights from their respective project development experiences, posed clarifying inquiries, and deliberated on strategies to address existing gaps and opportunities.

For all 16 participating projects, the webinar series included four 2-hour Zoom sessions featuring content facilitation, case studies, activities, and discussions. Topics focused on investment readiness based on Deetken Impact's experience and gaps in project selection. The webinars addressed the issues of:

- Gender Inclusive Climate Action: The design and implementation of gender-inclusive strategies in climate finance.
- Environmental and Social Management: Strategies and best practices for managing environmental and social (E&S) risks and impacts effectively.
- Community Engagement: The importance of community engagement in alignment with the IFC Performance Standards, investor requirements, risk mitigation, and strategies for effective and inclusive consultation and engagement.
- Investment Readiness: Investor requirements, financing opportunities, and tips for identifying and mobilizing capital.

Each of the 16 participating projects also undertook an individual assessment and gap analysis process and received tailored advice from DISE's technical experts. Navarrete Solar, one of the selected projects, obtained the definitive concession that the National Energy Commission issued and successfully mobilized debt financing.

CASE STUDY

GENDER-FOCUSED BEEKEEPING PROJECT

With technical assistance funding, DISE supported and implemented a number of community engagement and development initiatives. One such initiative in 2024 is a gender-focused beekeeping project with client Soventix Caribbean, a company dedicated to installing distributed generation and utility-scale clean energy projects, related to the Monte Plata solar project in the Dominican Republic. The project is designed to provide economic opportunities to women in the neighboring community, facilitating their engagement with the solar plant.



The beekeeping project is led by Innovación Rural, a family business based in the Dominican Republic that promotes sustainable development. Innovación Rural provides technical assistance through training in basic beekeeping and the production of value-added products from honey, pollen, wax, and propolis. In addition, Innovación Rural will provide advice on marketing apiculture products and technical support for apiary maintenance.

The project aims to build beekeeping capacity for a group of women in the Boyá community, which

neighbors the Monte Plata Solar project. The project will work with Cooperativa de Producción Trabajo y Servicios Múltiples in Boyá, known as COOPBOYA, which aims to foster sustainable development through initiatives focused on cocoa cultivation, chocolate production, and promoting historical, cultural, and ecological ecotourism. Additionally, COOPBOYA works to enhance the skills of the Boyá community and its surrounding areas, all within the context of the Strategic Territorial Sustainable Plan Monte Plata 2030. The beekeeping project will help the cooperative restart its activities after the COVID-19 pandemic in 2020 and contribute to sustainable income opportunities, with apiculture providing an opportunity to diversify their activities and access value-added markets.





To guarantee the success and sustainability of the beekeeping project, Innovación Rural and Soventix Caribbean established a cooperation agreement with COOPBOYA, wherein the cooperative and its beneficiaries pledge to engage in training and receive technical advice. Once the training is completed, a group of women from the cooperative will be able to:

- Maintain the apiary in good condition.
- Harvest honey.
- Collect pollen.
- Produce value-added products from honey, pollen, propolis, and wax.
- Generate income from the sale of bee products.

The project was launched through a family recreational activity, in which the importance of protecting bees was emphasized. The senior management of Soventix Caribbean, the project promoter, participated in this activity.

The pilot project's initial phase includes installing 20 beehives. The technical assistance consists of a six-month training course and an advisory period. To date, two training sessions have been carried out and attended by 25 individuals, focused on an introduction to basic beekeeping, training on honey flowers, and interactive activities such as taking photographs and a taste test. This first stage is estimated to benefit between 25 and 30 women; however, the project's effect is expected to multiply locally.



PRINCIPLE FOUR

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT BASED ON A SYSTEMATIC APPROACH.

> For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions:
>
> What is the intended impact?
> Who experiences the intended impact?
> How significant is the intended impact?
>
> The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

DISE's impact measurement process is designed to identify, document, and monitor the impacts of each investment made by the Funds before, during, and at the exit of each investment. The Funds set baseline social, environmental, and financial indicators for all investees. These are included in the Investment Recommendation prepared for the Investment Committee for review and approval of each investment and then included in DISE's quarterly Impact Report to investors.

The impact indicators below are collected quarterly from each client through our impact questionnaire.

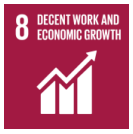
DISE'S PRIMARY IMPACT INDICATORS



Gender-disaggregated data on women in the workforce.



Clean energy capacity and generation.



The number of jobs created (permanent and temporary).



Tons of CO2 emissions displaced.

DISE'S SECONDARY IMPACT INDICATORS



Improved access to health services through community development initiatives.



Improved access to education and training for employees and community members.



Initiatives that enhance local sanitation systems or improve access to water in rural communities.



Improved infrastructure in neighboring communities.



Initiatives related to environmental protection, reforestation, or other support programs.

CASE STUDY

RIO BETULIA



Located in the Santa Fe Municipality in the department of Colon on the north coast of Honduras, the Rio Betulia Hydroelectric Central has an installed capacity of 7.5 MW. It is operated by General Equipment Supply S.A. (GESSA), which has planned and developed activities aligned with the SDGs. Rio Betulia has achieved the following measurable impacts:

DISE'S IMPACT INDICATORS

- Clean and affordable energy (SDG 7): 25 GWh of clean energy is generated annually. In addition, the company hired a technical advisor to work on the electrical system in the community of Samaria. The project consists of a turbine that will generate energy for the community of Samaria, benefiting 35 families for a total of 210 people.
- Climate Action (SDG 13): Clean energy generation reduces 16,075 tons of greenhouse gases annually. In 2024, GESSA implemented the "Reduction of deforestation due to firewood consumption " initiative by implementing improved Justa 3D stoves in the Betulia River mid-upper basin. The project has benefited 100 households covering four communities, and 100 people were trained in using and maintaining the Justa 3D stoves. This initiative is expected to avoid cutting 200 trees per year to be consumed as firewood and avoid the emission of 350 tons of carbon per year.
- Decent work and economic growth (SDG 8): The company employs 25 local workers, all of whom receive benefits, social security, and private medical and accident insurance. Employment generates $7,500 per month in the community.
- Industry, Innovation, and Infrastructure (SDG 9): The company repaired the 4 km access road from Samaria to La Fortuna and a section of the access road to the community of Jasmines de Oriente, located upstream of the Betulia River basin. Both activities were developed in partnership with the local communities and authorities.
- Quality Education (SDG 4): The company directly supports 12 educational centers distributed in 4 communities of influence by donating educational material, supporting teacher salaries, and providing transportation scholarships from Betulia to Trujillo. The company donated school kits, including backpacks, notebooks, and school supplies, benefiting 154 girls and 127 boys from grades 1 to 12.







RECOVERY OF THE BETULIA RIVER MICRO-WATERSHED

GESSA has developed a community project to establish community plots of ecologically and economically sustainable agroforestry systems for cocoa production in the Betulia River micro-basin. The project provides training and technical support to local producers and community members who own land in the micro-watershed area, focused on the layout, management, and cultivation of the sectional agroforestry system. This model guarantees total soil coverage in all the development cycles of the main crop (cocoa), allowing the planting of additional crops in the short term (corn, beans, vegetables), medium term (plantain, cassava, papaya, sweet potato, medicinal plants, and others), and in the long term with species used as temporary shade such as tropical fruit species (citrus, avocado, Sapotaceae, rambutan, etc.), multiple-use species (guama, madreado, pito, moringa, etc.), and timber species of high commercial value (mahogany, cedar, white laurel, red granadillo).



Forty-two smallholder farmers are participating in the project, with plots in La Fortuna, Samaria, and Jasmines de Oriente communities. During the project development process, the producers are trained by an agronomic sciences professional in aspects related to the formation of an agroforestry nursery, production of plants in the agroforestry nursery, the establishment of agroforestry plots, individual specific management of each established crop, and planting of agroforestry plants in the plots. These activities enable knowledge transfer to the local community for the sustainable management of their land.

To support community organization and development, GESSA provides administrative and organizational support to recently formed community committees that manage community projects. Through that committee, GESSA strengthens its relationship with the communities in its area of influence and learns first-hand about their needs and expectations, thus contributing to local sustainability.



As part of the activities, GESSA conducted a socioeconomic assessment as input for designing the micro-watershed management plan. The main findings of the diagnosis were presented, and a space for dialogue was opened with the community to gather observations and suggestions that will allow the development of a comprehensive participatory plan, with the assistance of three representatives from each of the communities that make up BEFORSA.

PRINCIPLE FIVE

ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

DISE is committed to effective environmental, social, and governance risk management practices in all its activities. DISE's environmental and social management system (ESMS) requires that all projects be reviewed and evaluated against the IFC Exclusion List, applicable national laws on environment, health, safety, and social issues, and the IFC Performance Standards. Management of ESG risks takes place before investment and on an ongoing basis (annually or more frequently if required) throughout the investment period.

During the investment period, DISE monitors technical, legal, environmental, and social performance and compliance of a company until the financing operation is complete. The objective is to ensure adequate environmental and social management and performance of the company, as well as compliance with the environmental and social conditions established in the investment agreements. DISE and the Technical Advisor periodically supervise the client's environmental and social performance and compliance during both the construction and operations phases. Investees are required to issue an Environmental and Social Compliance Report for each monitoring period, confirming and describing compliance with environmental and social requirements of the investment agreement in detail. DISE and the Technical Advisor carry out monitoring visits. Each visit focuses on the most relevant environmental and social issues for the corresponding monitoring period. The Technical Advisor prepares and submits an environmental and social monitoring report with the most important findings of the visit and review.



Based on the client's Compliance Report and the monitoring visit, the Technical Advisor prepares an Environmental and Social Monitoring Report, evaluating project performance and compliance for the monitoring period. If a gap or noncompliance is identified, the Technical Advisor recommends a Corrective Action Plan (CAP), which, with DISE's approval, becomes a new environmental and social requirement for the project.

Investees must inform DISE of accidents or incidents that result in or could result in significant adverse environmental and/or social effects in the projects financed by the Funds. The terms and schedule of notification are established in the investment agreements. If an emergency event leads to a violation, DISE and the Technical Advisor assess the event together, and then the Technical Advisor recommends a CAP. The CAP has become a new environmental and social requirement for the project.

PRINCIPLE SIX

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.



During the investment period, DISE monitors and measures the impact indicators described under Principle 4 for each company or project it has invested in.

Impact information is collected through a structured interview that gathers monthly qualitative and quantitative information on each project or business. This process captures quantitative measurements of project impacts and, just as importantly, emphasizes communication between the Funds' investment team and portfolio company management to capture the story behind the numbers. This includes community initiatives that project companies undertake outside their core project development responsibilities. For example, in 2020, the Fund's impact management process identified COVID-19 relief efforts driven by project companies in its portfolio that delivered food and medical supplies to communities isolated by the disruption in supply chains.

Impact information is communicated to the Funds' investors every quarter through the Quarterly Report to Limited Partners and discussed in regular meetings of the Limited Partners Advisory Council and the Investment Committee.

In cases where the investees have not met the expected targets, especially in energy generation, the Technical Advisor meets with them to determine if they have technical problems and follows up with continuous monitoring.



DISE's impact measurement system is aligned with the Global Impact Investing Network (GIIN)'s IRIS+ metrics. In 2023, we participated in GIIN's Energy Impact Performance Benchmarking working group alongside other leading climate finance investors. This initiative was a co-development process to develop a landmark analytic tool that aggregates sector-specific impact results across investments, enabling investors to compare their impact performance to peers and the Sustainable Development Goals (SDGs). As a result, we're currently assessing how the tool can help inform decisions and drive a more profound impact.

PRINCIPLE SEVEN

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

> **When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.**

The Funds completed their deployment period in 2024. Although no exits have occurred to date, the team is actively working to identify aligned partners. To develop impact exit strategies, DISE draws on experience and lessons learned from prior exits managed by the DISE team.

In renewable energy projects, sustainability is inherently present in the assets. Thus, it is expected that the assets will continue to be sustainable even after the Funds have exited the projects. Nonetheless, responsible exits should assess the buyer's commitment to impact and consider ongoing engagement with the employees and the community. Upon the negotiation of an exit, DISE will confirm that the project's impact objectives are clearly laid out to the buyer of the asset and ensure that the commitments continue.

DISE's exit mechanisms are agreed upon at the origination of each deal. In most cases, the exit strategy is through the initial project sponsors, all of whom have already been assessed by DISE as responsible investors who align with our impact objectives. Our exits will differ according to the investment structure: debt, preferred shares, or common equity.



Exits of debt and preferred share deals are self-liquidating through either interest, principal, preferred dividends, or share redemptions. In this case, the exits are done with the company and/or project sponsors.

Exits of common shares have put options for sale back in the portfolio company. However, with common shares, there is a possibility that the exit will happen through the sale to a third party, in which case DISE will consider the buyer's commitment to sustainable development and impact objectives.

PRINCIPLE EIGHT

MONITOR, REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

DISE undergoes a regular review of its impact measurement and reporting system to ensure clarity, consistency, and consideration of the specific context and standards of each country where the Funds operate. This included improved protocols for gathering, analyzing, reporting, and communicating impact information. As part of this effort, we have organized workshops for all investees to transmit the importance of impact measurement, their key role in ensuring that impact information is meaningful, and the benefits that creating, measuring, and reporting impacts will have for their businesses. DISE plans to continue this proactive and collaborative approach to improve the generation of impact in its portfolio and its measurement and reporting. DISE periodically shares information with its investees so they may understand their impact versus relevant benchmarks, share insights, and provide feedback to the DISE team.

In 2021, DISE conducted interim and ex-post evaluations of its transactions as they developed and eventually left the portfolio to validate our impact assumptions and improve our impact management approach. The learnings from these evaluations provide a better understanding of the Fund's impact and serve as a basis for continuous improvement.

In 2022, following the recommendations in the independent verification carried out by TECDEA (Tecnología y Desarrollo Ambiental S.A. de C.V.) in May 2021, the DISE´s impact measurement system was improved. Below is a summary of the actions implemented:

- Updated the impact measurement questionnaire according to the type of technology used and the client's operation.
- Standardization of the frequency of delivery of questionnaires by project or stage (construction, operation).
- Systematization of impact indicators shared by the investees.
- Updating the guide for implementing the Impact Measurement Questionnaire according to changes made.
- As of Q3 2022, DISE started collecting gender-disaggregated data and encouraging companies to conduct gender-sensitive initiatives in their businesses and communities.

In 2023, DISE developed training on the Intersection of Gender and Energy for the companies in its investment portfolio. The objective of the training was to encourage companies to include the gender lens as an opportunity for business growth. The workshop separated the English-speaking and Spanish-speaking companies over two days. The workshops were attended by 56 participants from 10

DISE investees, 31 participants for the training in Spanish, and 25 participants for the training in English. Additionally, new gender disaggregated metrics were presented to be included in the impact measurement questionnaire.

In 2023, DISE was awarded two of 11 CREF Awards for Excellence at the Caribbean Renewable Energy Forum (CREF). The 5th Annual CREF Industry Awards recognize excellence in projects, programs, and people driving the clean energy transition forward in the Caribbean. DISE won the Best Climate Finance Program for the Caribbean Basin Sustainable Energy Fund (CABEF) and the Best Commercial & Industrial Project for one of the projects supported by our investment in a Jamaican distributed solar company. Another one of our investees was recognized for the Best Energy Storage Project in the Dominican Republic. This shows how we aim to develop best practices in our portfolio and share what we learn with the ecosystem.

For more information, see Deetken Impact Recognized With Two Accolades at the 5th Annual CREF Industry Awards.

PRINCIPLE NINE

MONITOR PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement confirms DISE's alignment with the Impact Principles; we will update it annually. Information about our current independent verifier is as follows:

Name: TECDEA (Tecnología y Desarrollo Ambiental S.A de C.V.)

Address: Colonia Lomas del Guijarro Sur, Torre Alianza II, Oficina 807, Tegucigalpa, Honduras.

Tecnología y Desarrollo Ambiental S.A. de C.V. (TECDEA) has been contracted by Deetken Impact Sustainable Energy (DISE) to conduct an independent review on the alignment of DISE's impact management system with the Operating Principles for Impact Management (the principles), applied to the Honduras Renewable Financing Facility (H-REFF) and Caribbean Basin Sustainable Energy Fund (CABEF), both funds managed by DISE. DISE's assets under management were USD 60 million as of May 2024.

The consultancy consists of making inquiries, primarily about the impact management systems and the people responsible for preparing the information presented in the Statement and evidence-gathering procedures, as appropriate. These procedures included:

- Review of the alignment of the DISE's impact management system with the Operating Principles for Impact Management.
- Interviews are needed to understand DISE's processes and determine its alignment with principles.
- Inspection of supporting documents.
- Drafting and issuing an independent verifier's report

Based on the procedures performed and the review conducted, as described above, nothing has come to our attention that causes us to believe that Deetken Impact Sustainable Energy has not aligned with the Operating Principles for Impact Management for the USD 60 million of its assets under management (as of May 2024). DISE´s independent verification is scheduled to take place every three years; the next independent verification is scheduled in May 2027.

The independent verification report is available at this link.



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