

50% equities
50% bonds
100% impact

Triodos Impact Mixed Fund - Neutral
Impact Report 2022



Triodos  Investment Management

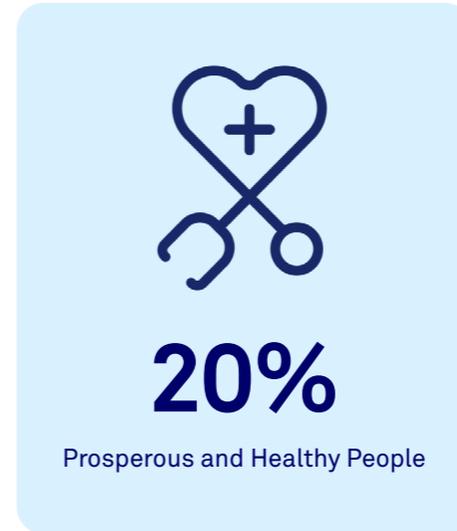
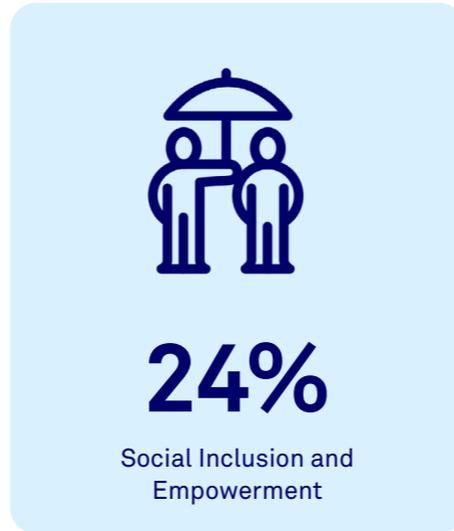
This is a marketing communication. Please refer to the prospectus and the KID of Triodos Impact Mixed Fund - Neutral before making any final investment decisions. An overview of the investor's rights can be found in the prospectus. The value of your investment can fluctuate because of the investment policy. Triodos Impact Mixed Fund - Neutral is managed by Triodos Investment Management. Triodos Investment Management holds a license as alternative investment fund manager and UCITS and is under the supervision of the Dutch Authority Financial Markets and De Nederlandsche Bank.



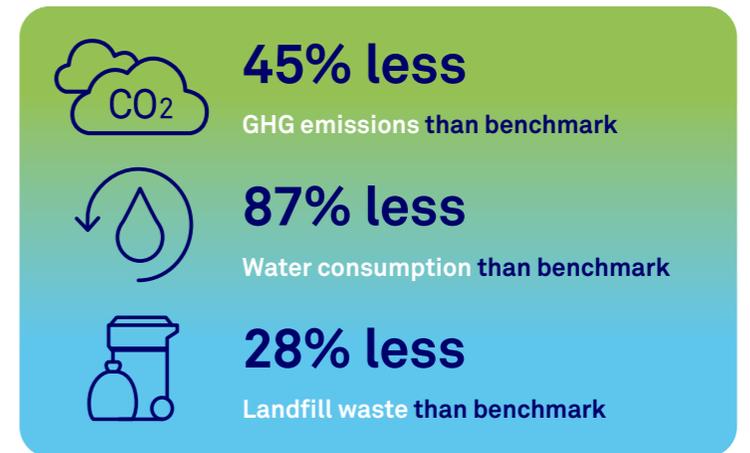
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Impact highlights 2022

Top 3 transition themes



Top 3 Sustainable Development Goals contributed to



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Improved impact fixed income portfolio

Foreword by Fund Manager Rob van Boeijen



2022 turned out to be one of those very rare calendar years posting double-digit negative returns for both equities and bonds. A common factor for both asset categories was the steep rise in interest rates. The war in Ukraine triggered inflationary pressures and unmatched restrictive monetary policy in Europe and the US. A series of interest rate hikes pushed capital markets down but did not convince investors that inflation was under control again. Bond yields moved up sharply and pushed equity valuations lower.

Triodos Impact Mixed Fund - Neutral improved its positive impact profile in 2022. We exchanged a series of smaller and low conviction equity holdings for high impact positions; KLA (semiconductor equipment), Akamai (internet hardware and services), Shimano (bicycle parts), Nvidia (processors and software), DSM (ingredients), Essilor (eyewear), Sonova (hearing equipment), Adyen (on-line payments), Mastercard (payment systems) and eBay (trading platform).

We also improved the impact of the fund's fixed income portfolio. Among the new additions were Reseau de Transport (French electricity grid), DSM (food/pharma ingredients), Aedifica (housing), Kuntarahoitus impact bond (Finland), Coloplast (medical equipment), ALD green bond (leasing fleet), several green bonds from European countries and EU social bonds.

A major improvement in terms of impact is that we exchanged all regular government bonds for impact government (-related) issues. At year-end all fixed income investments of Triodos Impact Mixed Fund - Neutral were thematic and in line with at least one of the seven Triodos sustainable transition themes.

Triodos Impact Mixed Fund - Neutral will continue to maximise its impact by investing in companies and institutions that accelerate the transition to a better world. We will continue to add high conviction holdings to the fund and manage risk and liquidity at high standards.

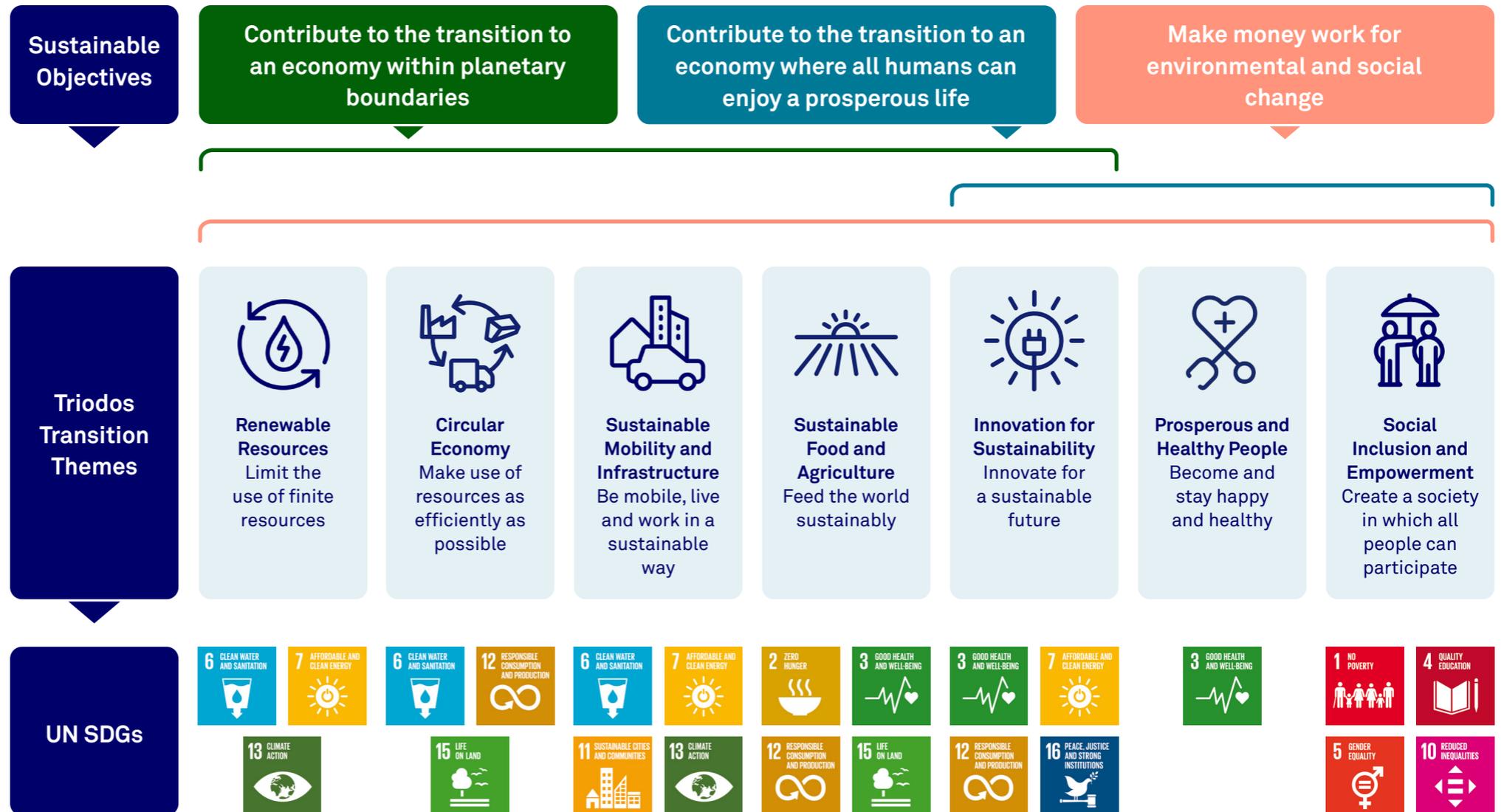
Rob van Boeijen

Fund Manager Triodos Impact Mixed Fund - Neutral

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Investing in the change makers

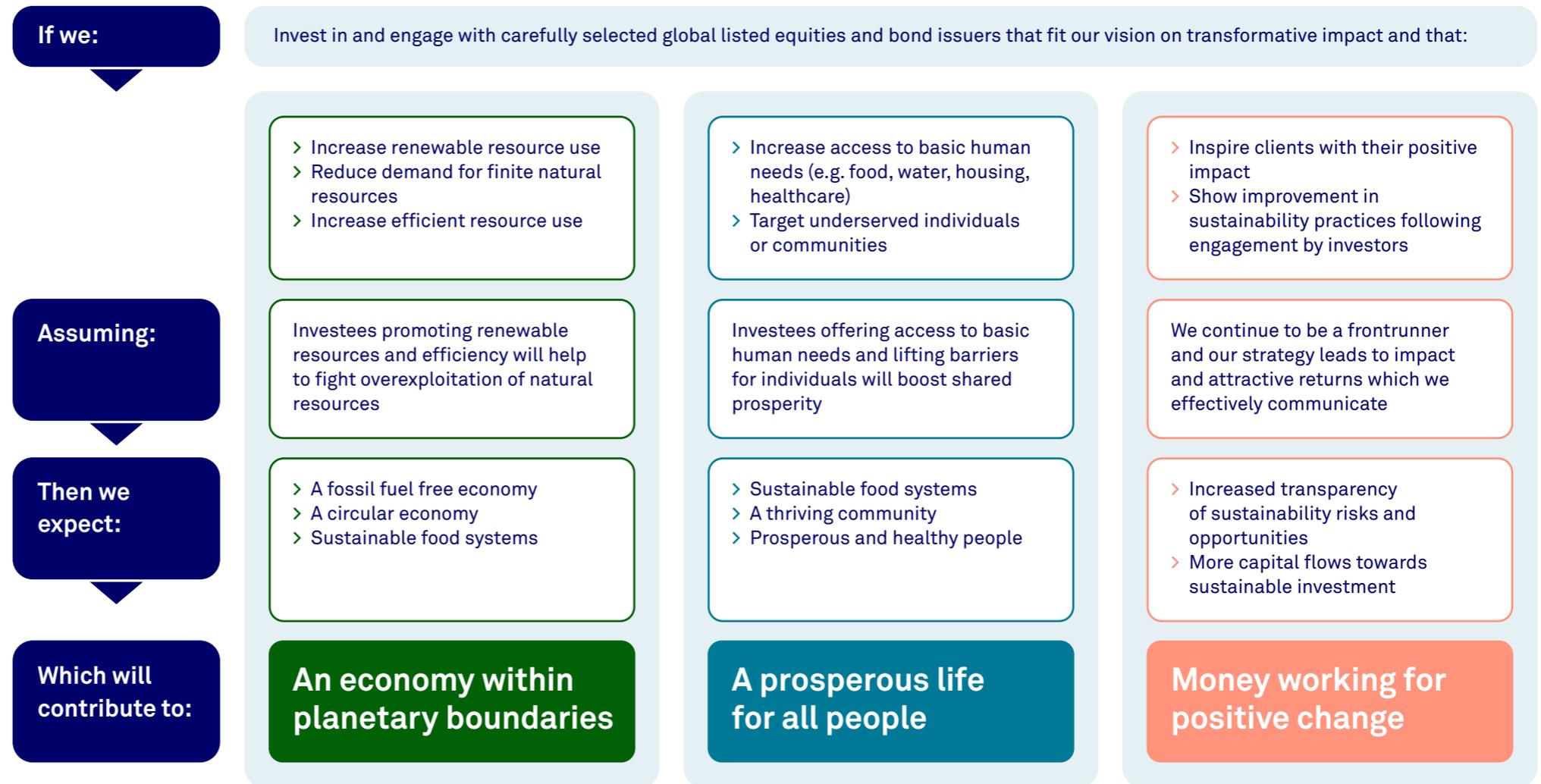
Triodos Impact Mixed Fund - Neutral classifies as an SFDR Article 9 fund. The fund invests in listed equities and bonds that actively contribute to at least one of Triodos' transition themes, which in turn address at least one of the sustainable investment objectives. Each Triodos transition theme is linked to one or more UN Sustainable Development Goals (SDGs):



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Theory of Change

This Theory of Change underpins how Triodos Impact Mixed Fund - Neutral acts, invests and evaluates its activities.

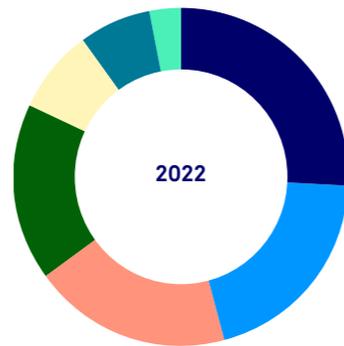


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Impact data

Triodos Impact Mixed Fund - Neutral measures impact first and foremost as positive contribution to our sustainable transition themes. Each company in the portfolio must positively contribute to at least one of these themes through its commercial strategy. In 2022, the fund's portfolio contributed positively to the following themes:

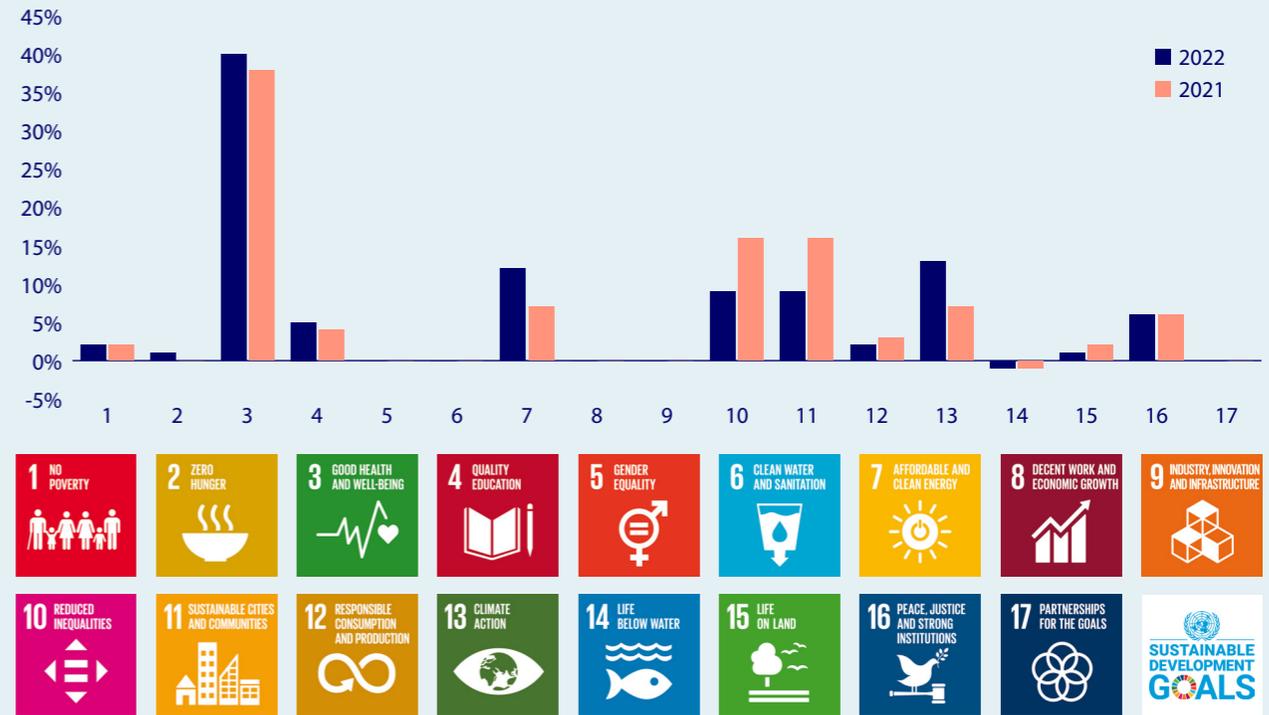
Portfolio contribution to transition themes



	2022	2021
Sustainable Mobility and Infrastructure	29%	31%
Social Inclusion and Empowerment	24%	21%
Prosperous and Healthy People	20%	22%
Innovation for Sustainability	12%	13%
Renewable Resources	7%	6%
Sustainable Food and Agriculture	5%	5%
Circular Economy	2%	2%

Sustainable Development Goals

To further measure the impact of the fund, we assess its contribution to the UN SDGs, based on the underlying revenue streams from the product and services of each company.



Source: ISS ESG as per end of December 2021 and 2022.

The increase in contribution to SDG 3 is explained by the strong performance of our positions in Novo Nordisk and Elevance Health and by lowering the weight of some names that scored negative on this SDG. The increase in contribution to SDGs 7 and 13 is for a large part explained by increasing our position in Vestas, Shimano and Assa Abloy and by decreasing or selling the positions in Kuraray, Ulvac and Cognizant. These three had deteriorating fundamentals or a weakened impact narrative. The lower contribution to SDG 10 is partly explained by selling the total equity position in Philips and Fresenius Medical Care. Both were sold as they no longer had a valid investment case.

Impact investments

Click [here](#) for an overview of all investments of the fund in 2022.

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EssilorLuxottica

French EssilorLuxottica is one of the world's leading makers of ophthalmic lenses, frames and sunglasses for both wholesale and retail customers. The company contributes to improving and protecting the vision of millions of people. The fund invested in the company in Q3 2022.

> Find out more [here](#)



Statkraft

Norwegian Statkraft is a leading renewable energy generator, specialised in hydropower. The company aims to remain Europe's largest renewable energy generator and to be among the top three most climate-friendly European-based power generators. The proceeds of this green bond will be mostly used to finance the construction and reconstruction of new wind, solar and hydropower plants.

> Find out more [here](#)

Shimano

A long-time holding, the company is renowned for its high-quality bicycle components. With its products, the company provides an alternative to motorised transportation and solutions to increase quality of life and improve health conditions.

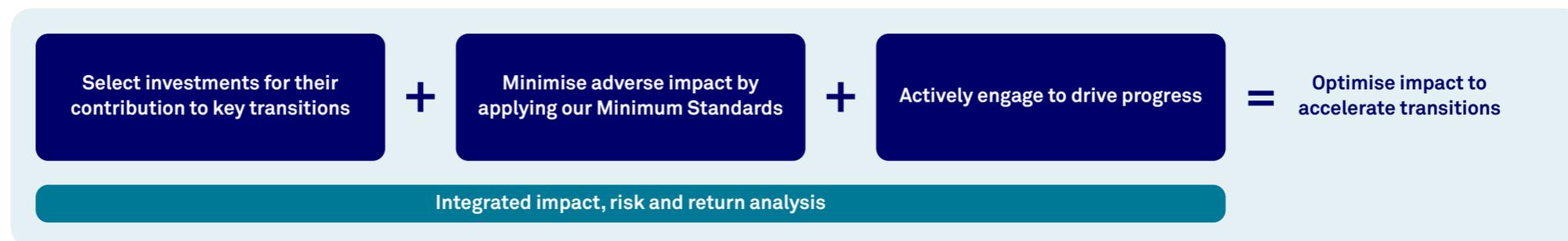
> Find out more [here](#)



Optimising impact to accelerate transitions

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

A robust process to optimise impact



Contribution to transitions

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

Each potential investment must significantly contribute to at least one of fund's sustainability objectives to qualify for investment. This is shown on pages 4 and 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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Do no significant harm

To make sure that its investments do not cause any significant harm, the fund continuously monitors alignment with the strict Triodos Minimum Standards. In the course of 2022, the fund excluded one company from the portfolio due to either a breach of the Triodos Minimum Standards, or a persisting unacceptable risk.

Company name	Reason for exclusion
Adecco	With the full acquisition of Akka Technologies, Adecco has become involved in (nuclear) weapons production. Akka Technologies provides engineering and test services in support of the avionics system of the M51 submarine-launched ballistic missiles, which have the sole purpose of carrying nuclear warheads. We have asked the company if it intends to terminate Akka Technologies' contract related to nuclear arms. Adecco explained it will not renew the contract, but that this will take several years instead of several months. We exclude companies involved in providing services that are tailor-made and essential for the functioning of arms (0% threshold). We therefore removed Adecco from our list of eligible investments.

The carbon, water and waste footprints of the fund illustrate the lower environmental impacts of the portfolio companies' activities compared to those of the benchmark. These figures provide an indication of the fund's sustainability performance as an outcome of the fund's strict impact selection and exclusion criteria.

End of December 2022

End of December 2021

45% less*

Equal to emissions of driving 19,000 times around the globe



22% less

Greenhouse gas emissions

87% less

Equal to the water use of 93 million daily showers



78% less

Water used

28% less*

Equal to 124,000 household garbage bags of waste



16% more

Landfill waste produced

Note: compared to a similar-sized investment in the benchmark.

Going forward we will replace the ecological footprint data with three new data points that are part of the Principal Adverse Indicators (PAI) framework that comes into force under the SFDR regulation.

* The difference in waste and emissions is mainly due to the sale of highly polluting companies such as International Paper, Sekisui Chemical, Ulvac and Kuraray.

Engagement agenda

Stewardship is integrated in every aspect of the fund's investment management process to promote sustainable value creation for all our stakeholders. We engage with companies and institutions to drive positive change. Where appropriate, we discuss governance, environmental and social issues relevant to their specific business models. These discussions often take place before a company is added to the investable universe. In 2022, the Impact Equities and Bond funds' formal engagement agenda focused on five topics:

Climate change



As an equity investor, we vote on management proposals and shareholder resolutions at company AGMs. 'Say on Climate' proposals are designed to give shareholders the possibility to vote on a company's climate strategy. They can be submitted both by a company's management and its shareholders.

Read the full [article](#).

Executive remuneration



Inequality has reached unsustainable levels in today's world. Excessive executive remuneration is an important cause of the widening gap in wealth and income distribution. We engaged with several companies to encourage balanced and fair remuneration policies and practices.

Read the full [article](#).

Hazardous chemicals



Chemical companies should phase out substances that are harmful to the environment and people's health. Triodos participated in engagement with ChemSec to urge companies to improve transparency on hazardous and persistent chemicals.

Read the full [article](#).

Living wages



A living wage allows a decent livelihood, including housing, food, healthcare and education. For many workers, particularly in the textiles and apparel industry, this is still unattainable. On behalf of the Platform Living Wages Financials, we engaged with adidas and Nike on this topic.

Read the full [article](#).

ESG in Japan



ESG in Japan is still in the maturing phase compared to the Americas and Europe. We engaged with 16 Japanese companies to check their progress in ESG, and define the areas where they are doing well, and the areas that need improvement.

Read the full [article](#).

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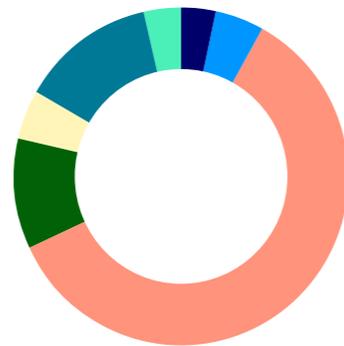
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Engagement and voting summary

Engagement in 2022

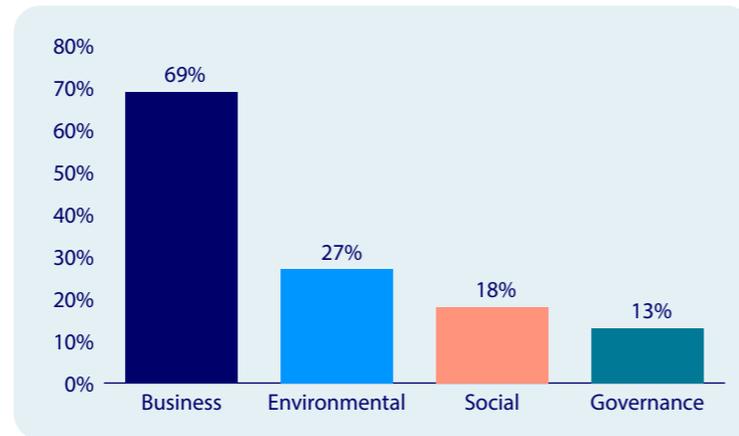
On top of the engagement agenda, we have conversations with companies to discuss topics that are important to us as an impact investor. In 2022, we engaged with 62 companies.

Company contact purpose



	2022
Collaborative Engagement	3
Company Engagement	5
Company Update	53
Engagement Project	13
Event Driven Engagement	4
Impact Bond Engagement	11
Minimum Standards	3
Number of contacts	92

ESG topics discussed



Voting

100%
of AGMs voting at

We vote in-person or by proxy for all investments in which we hold voting shares. We inform all investees of our decisions to stimulate awareness.

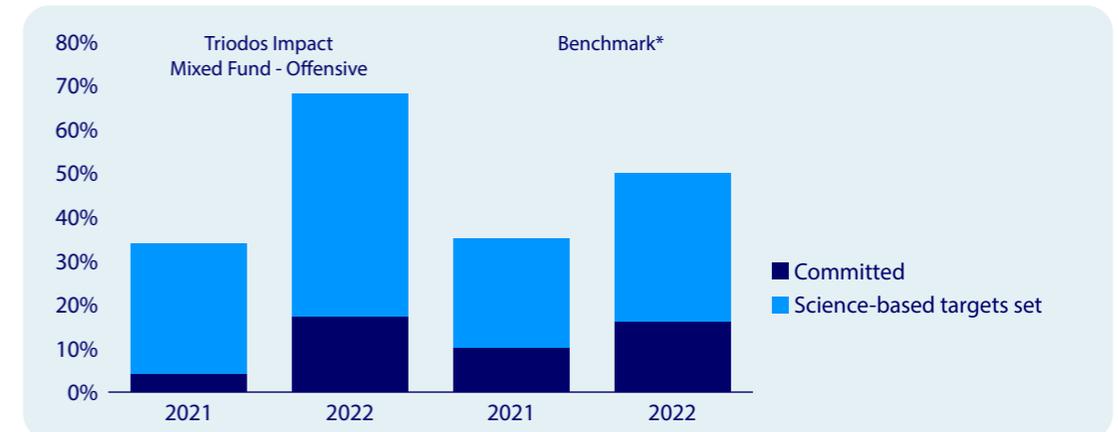
20%
voted against management

The fund voted at 53 Annual General Meetings on a total of 767 agenda items. A full breakdown of the fund's voting records is available for [download](#).

Alignment with the Science Based Targets initiative

As part of our climate change engagement, we measure two company milestones:

1. a company is committed to setting science-based targets, and
2. a company has set science-based targets, in line with the 1.5°C trajectory.



* MSCI World Index (50%), iBoxx Euro Corporates Overall Total Return (30%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (20%)

Note: the calculation methodology was adjusted in 2022 to better align with SBTi best practices by taking into account the weight of our investment. Consequently the 2021 numbers are not comparable with the 2022 numbers.

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Sustainability risks and opportunities

ESG risks and opportunities of the ten largest holdings

Company name	Risks	Opportunities
EssilorLuxottica	The main risks are product quality & safety, competitive behaviour (antitrust) and data security. The company also displayed anti-union behaviour in the US and there is no split between the roles of chair and CEO.	EssilorLuxottica is working on products slowing myopia in children, and also has several programmes to increase the access and affordability of its glasses.
ACCIONA Energia Renovables	Risk of biodiversity loss via its wind turbines and health & safety risk in the development of its wind and solar parks.	ACCIONA Energia Renovables is working on extending the useful lives of wind turbines via repowering. Improving the recyclability of wind turbines and solar panels is also an opportunity.
Elevance Health	As a health insurer, Elevance's main ESG risks are data security and competitive behaviour.	Elevance is an enabler of the transition to value-based care. The US is slowly transitioning to a reimbursement model that pays for outcomes (or value) rather than procedures performed, as the fee-for-service model creates a perverse incentive to overtreat people.
Vestas Wind Systems	The company could be involved in controversies related to safety at work, biodiversity, and human rights which could negatively impact the company's environment as well as its own intrinsic value due to fines, loss of customers, etc.	Increasing fossil energy prices may accelerate the transition towards lower GHG emission alternatives such as wind. Furthermore, wind energy represents off- and on-grid opportunities for developing countries to develop their energy infrastructure.
Germany	In the category Research, Innovation and Awareness Raising, the green bond finances projects that enhance knowledge and innovation about climate and environmental matters. For such research projects it is difficult to determine what the positive impact is and how they contribute to reaching Germany's climate goals.	Germany is highly committed to achieving its climate goal of carbon neutrality by 2050. It has emission goals for sectors including transport, renewable energy, industry, agriculture and waste management and has issued green bonds to finance projects that contribute to achieving such climate goals.
RELX	RELX's business model may be unsustainable, as scientists are beginning to boycott its publishing platform for not being paid. The company also faces risks related to information security and data protection.	Through its publishing and distribution services the company contributes to society by advancing science and health, protecting people, improving the rule of law and providing access to justice.
European Union (two impact bonds)	The EU issues impact bonds to finance the SURE program. The program does not apply exclusion criteria for sectors that have negative environmental or social impact, so there is a risk that proceeds from the bond will eventually be allocated to sectors with negative impact.	The EU set up the SURE program to support member states to alleviate social and economic impact of the COVID-19 crisis. The overall impact of the SURE program will be to protect income and preserve productive capacity and human capital of enterprises and the economy as a whole.
Procter & Gamble	Accelerating loss of biodiversity, climate change and water stress impair agricultural production, which might pose a material risk to P&G's sourcing operations. Deforestation is linked to soil erosion and disrupted rainfall patterns, which can compromise agricultural yields, and has also been associated with problematic labour practices, such as human rights abuses.	Beyond providing essential hygiene products, P&G strives to spread awareness and education on hygiene and environmental topics, such as shaping customers' attitudes towards more responsible consumption. In addition, P&G is working towards minimizing its environmental footprint and striving for circular solutions.
Deutsche Telekom	Data security and privacy of its customers are the main risks. Energy management is also a risk, given the large amounts of energy needed to operate its extensive network.	Deutsche Telekom actively empowers customers by promoting media literacy. It uses 100% of its electricity from renewable sources and aims to have net zero emissions operations by 2025.

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Sustainability risks and opportunities

Risks and opportunities of largest GHG emitters

Company name	Risks	Opportunities
Toyota Motor	For automobile manufacturers, the main sustainability issues are the reduction of CO ₂ emissions of the car fleet across the whole product lifecycle as well as environmental standards in the supply chain.	Toyota is committed to contributing to safe and energy-efficient mobility concepts, including transport infrastructure. These efforts, to some degree, facilitate a reduction of the environmental burden caused by cars.
Procter & Gamble	For household and personal care companies, the main sustainability risks are directly related to the life cycle of the products.	There is no indication that the company has implemented comprehensive measures to actively promote products with an improved and/or externally certified sustainability profile.
Bridgestone	Key impact include a strategy to optimise energy efficiency of products, greenhouse gas emission reduction targets and action plans and the energy intensity of its operations.	The company has introduced measures to increase tires' contribution to fuel efficiency, including targets for lowering the rolling resistance of its tires. The company conducts research on sustainable alternatives for rubber and incorporates recycled rubber into its products.
Continental	Key impact areas include greenhouse gas emission reduction targets and action plans, performance of tyre models according to EU Regulation on tyre labelling and a strategy to optimise energy efficiency of products.	Continental strives to reduce fuel consumption of vehicles by means of lowering the rolling resistance and friction resistance of tires, engines, and transmissions. The company is also active in developing hybrid drive technologies.
Deutsche Post	Key areas of impact include greenhouse gas emission reduction targets and action plans, energy use by source and energy use reduction targets.	While efforts have been made to promote the use of renewable/alternative vehicles and propulsion systems, the company's product portfolio still mainly depends on modes of transport which are detrimental to sustainable development.

Further sustainability-related disclosures in accordance with SFDR are available [here](#).

Sustainability risks and opportunities

Risks and opportunities of biodiversity laggards

Company name	Risks	Opportunities
Central Japan Railway (JR Central)	With regard to environmental challenges, JR Central has established procedures to reduce the fuel/energy consumption of its fleet. The company's fuel, energy, GHG, and fresh water intensities have increased in recent years. The company has tested hybrid train models but room for improvement exists concerning the use of renewable energy for its fleet. Similar, there is no evidence of measures in place counter adverse impacts of rail infrastructure on biodiversity.	JR Central transportation services mainly consist of passenger railway services, while passenger bus transport is also offered. Through its low carbon-intensive rail and bus transport services, the company promotes sustainable development and the objective of fighting climate change. The company's fleet consists to a major share of electric trains. JR Central also makes a positive contribution to the global sustainability challenge of inclusion by improving access to rail services for persons with special needs through e.g., braille fare charts in stations.
Sekisui House	Sekisui House manufactures pre-fabricated housing. The main material for these houses is wood. When sourcing such large amounts of wood, there is a biodiversity risk that the wood is extracted from unsustainable sources such as illegal logging or vulnerable sources.	The real estate sector has a substantial negative impact through the energy used in housing and through non-renewable or highly energy-intensive building materials such as steel and concrete. Sekisui House builds zero-energy houses with wooden materials, thereby promoting renewable building material use and energy efficiency in buildings. The company also has a positive impact on biodiversity as it plants, designs and maintains gardens.
Deutsche Post	Deutsche Post is an international postal and logistics group and therefore relies on several modes of transport such as aviation, automotive, ship and railway, with the majority being air and road transport. These modes of transport are energy- and emissions intensive, which has a negative impact on biodiversity.	Given its global reach, Deutsche Post must rely on traditional and hard to abate modes of transport. For its aviation transport, Deutsche Post aims to become the leader in sustainable aviation and is investing heavily in developing and sourcing sustainable aviation fuel and in developing alternative power solutions. Besides that, ambitious efforts are taken to electrify its fleet, with a target to electrify 60% of last-mile delivery vehicles by 2030.
Procter & Gamble	The main biodiversity risks are directly related to the life cycle of its products, mainly the choice and sourcing of raw materials (palm oil, paper, guar beans, shea nuts, etc.) as well as their use and disposal by consumers.	Demand for more sustainable products and ingredients is increasing, as well as how these are produced and packaged. We see an opportunity for P&G to increase brand value by being positively associated with sustainable sourcing, deforestation-free programmes and shifting towards more sustainable packaging solutions.
Danone	Danone's activities are directly related to nature and agriculture. Its value chain may be impacted by climate change and its consequences on soil, biodiversity, and ecosystems. The company is also vulnerable to (the consequences of) shifts or disruptions in availability, quality and prices of raw materials and ingredients used. Also, the disposal of sold products, mainly the packaging has negative risks to biodiversity.	Demand for more sustainable products is increasing. We see an opportunity for Danone to increase brand value by being positively associated with sustainable sourcing, deforestation-free programmes and shifting towards more sustainable packaging solutions.

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Engagement with the ten largest holdings

Company name	Industry	Asset type	Engagement topics
EssilorLuxottica	Health Care	Equity	Animal testing, use of cotton
ACCIONA Energias Renovables	Utilities	Equity	Governance, ESG-driven PPAs, extending useful lives of wind turbines
Elevance Health	Health Care	Equity	Value-based care, CEO remuneration
Vestas Wind Systems	Industrials	Equity	Violation of legislation
Germany		Bond	Reviewed allocation and impact reporting but no engagement with the issuer
RELX	Industrials	Equity	No engagement with the issuer
European Union		Bond	Reviewed allocation and impact reporting but no engagement with the issuer
Procter & Gamble	Consumer Staples	Equity	Biodiversity
Deutsche Telekom	Communication Services	Equity	Energy management, emissions reporting

Implementation of sustainability regulation

New regulatory requirements on sustainability have been implemented for Triodos Impact Mixed Fund - Neutral during 2022.

SFDR

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

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

EU Taxonomy

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

Find out more: [EU SFDR and Taxonomy requirements](#) and the disclosures of Triodos Impact Mixed Fund - Neutral.

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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.

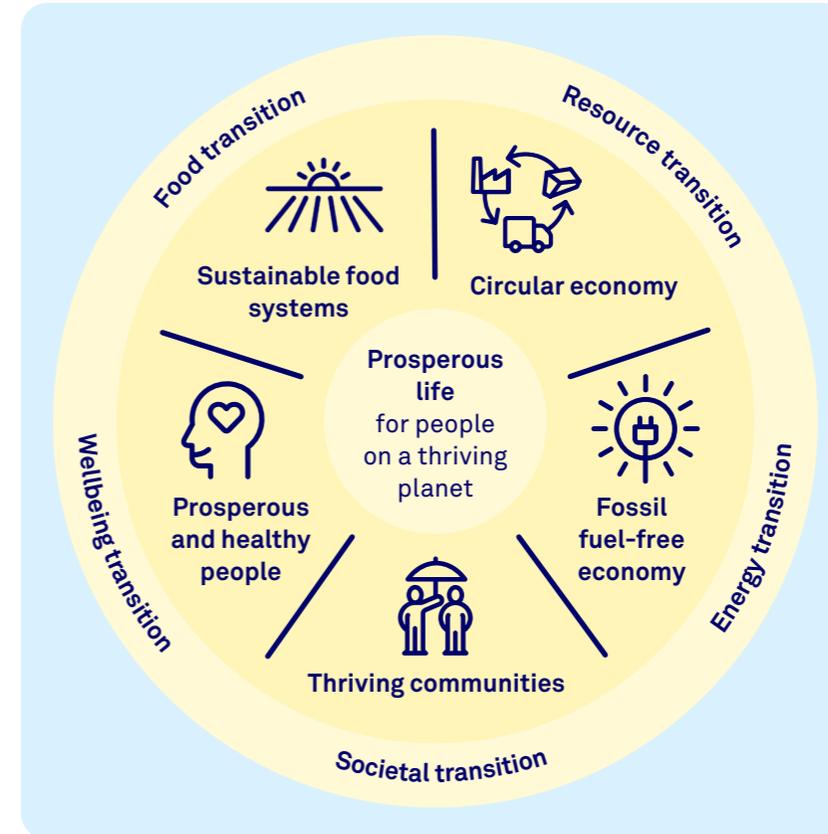
During 2023, we will take steps to integrate the five transition themes into the fund’s impact management and measurement process.

We will also continue to implement 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, 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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Contribution to the **UN Sustainable Development Goals** is based on the ISS ESG Sustainable Solutions Assessment, which is a comprehensive assessment of company products and services that affect the SDGs. This data enables investors to identify the share of products and services that have a positive or negative impact on 15 different social and environmental objectives. Those objectives, defined by ISS ESG, take into account the SDGs that are relevant to a company's product portfolio. Revenues linked to social and environmental objectives are summed across the different objectives and mapped to each individual SDG as a direct contribution.

The **carbon, water and waste footprints** are calculated using carbon emissions data from ISS ESG, and water and waste data from S&P Trucost. Whereas the model calculations for the ecological footprint figures only take into account current (negative) impact (direct and indirect water, waste and emissions generated, i.e. Scopes 1-3 as defined by the GHG Protocol), the positive impact of many of our portfolio companies is transitional (such as water, waste and emissions avoided), for which data is still scarce and thus not used in the calculations. For instance, as we invest in companies promoting the transition from plastic to paper packaging, the model calculations only measure Scopes 1-3 (waste-generating manufacturing operations), leaving out the indirect positive impact (such as plastic waste avoided).

The **Science Based Targets initiative** (SBTi) data has been retrieved from the SBTi's public database of committed and aligned companies. Targets adopted by companies to reduce greenhouse gas emissions are considered science based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Climate Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

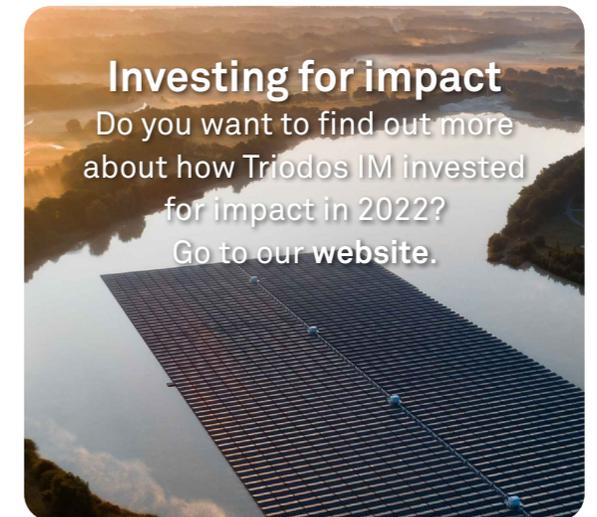
International sustainability recognition



Fund 3101 0016



Read more about the [Nordic Swan Ecolabel](#)



About Triodos Investment Management

Triodos Investment Management (Triodos IM) is a globally active impact investor. We see impact investing as a driving force in the transition to a green, inclusive and resilient economy.

We have built up in-depth knowledge throughout our 30+ years of impact investing in sectors such as Energy and Climate, Financial Inclusion and Sustainable Food and Agriculture. Triodos IM also invests in listed companies that support sustainable solutions for the future. Assets under management as per end of December 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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