

# Building a sustainable future

## Triodos Impact Strategy Funds Impact Report 2022

Triodos Impact Strategy Fund – Defensive  
Triodos Impact Strategy Fund – Balanced  
Triodos Impact Strategy Fund – Offensive  
Triodos Impact Strategy Fund – Dynamic

Triodos  Investment Management

This is a marketing communication. Please refer to the prospectus and the KIID of the Triodos Impact Strategy Funds 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. The Triodos Impact Strategy Funds are 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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# Building a sustainable future

## Foreword by Raymond Hiltrop and Ellen Blakborn



It goes without saying that 2022 was a particularly turbulent year. The instability caused by COVID-19, the invasion of Ukraine and subsequent energy crisis, persistent inflation and aggressive rate hikes shook the very core of our existence and affected our daily lives more than ever. This reinforces our belief that we need to make conscious investment decisions to ensure a liveable world for future generations.

To drive this sustainable transition, Triodos Investment Management launched four new umbrella funds in 2022 with different risk/return strategies: Triodos Impact Strategy Fund Defensive, Balanced, Offensive and Dynamic. The funds are unique 'funds of impact funds' investing in a broad range of Triodos funds, offering investors a well-diversified portfolio of investments that all contribute to a sustainable, resilient and inclusive society.



This first impact report of the Triodos Impact Strategy Funds shows how we put our investors' money to work. It provides you with a detailed insight into the impact highlights of the underlying funds, both for the funds that invest for positive change through investments in listed companies and for the funds that invest directly in companies that focus on important impact pillars: the food transition, the energy transition and financial inclusion.

The report also presents the Theory of Change that underpins how the funds act, invest and evaluate their activities, several inspiring investment examples, and our impact management aspirations for 2023.

Enjoy reading!

**Raymond Hiltrop and Ellen Blakborn**  
Investment team Triodos Impact Strategy Funds

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# Investing in the changemakers

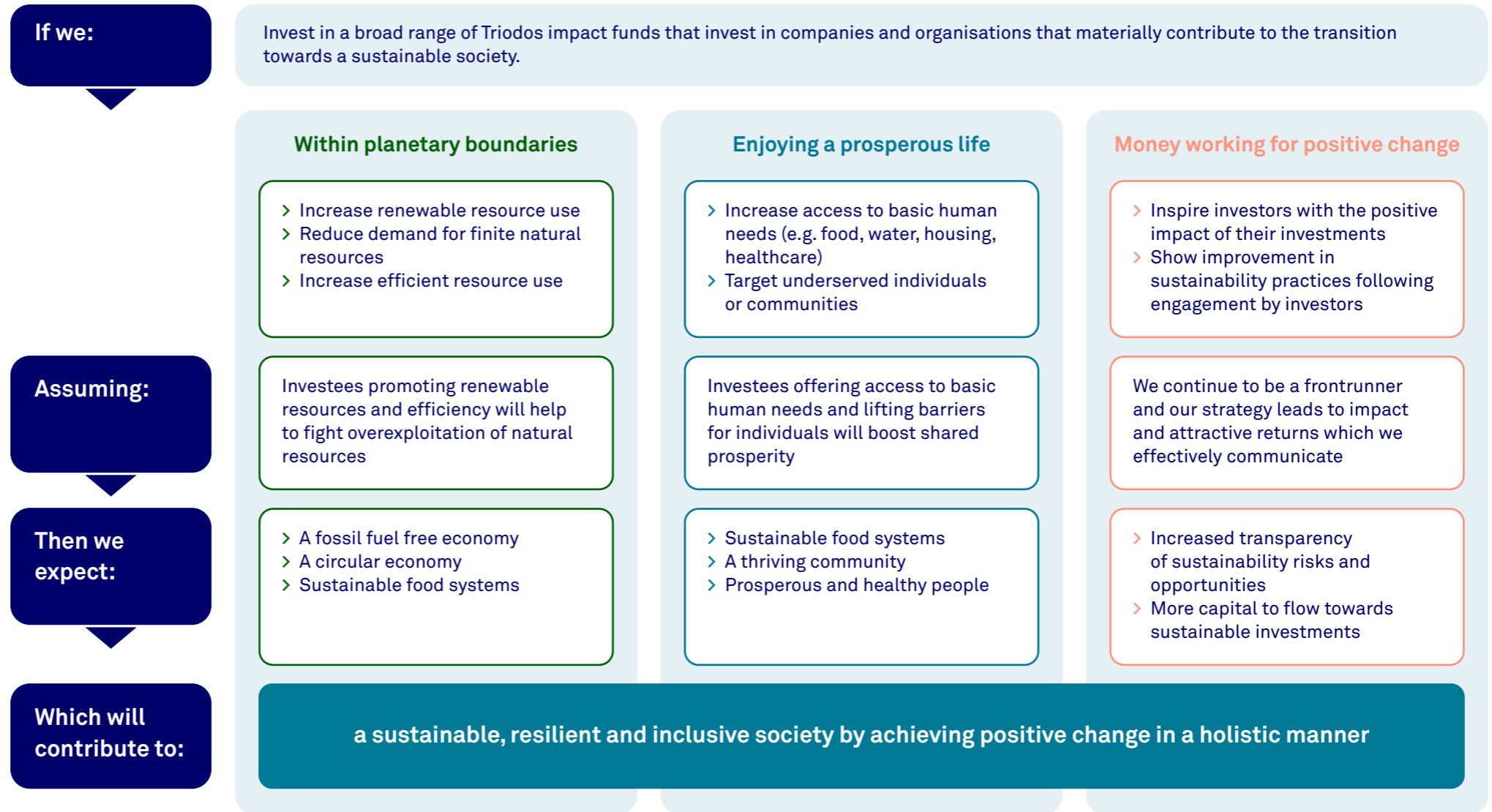
Triodos Impact Strategy Funds classify as SFDR Article 9 funds. The funds invest in a broad range of Triodos impact funds that contribute to the transition towards a more sustainable and resilient economy. Each underlying fund has its own sustainable investment objectives.



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# Theory of Change

This Theory of Change underpins how the Triodos Impact Strategy Funds act, invest and evaluate their activities.

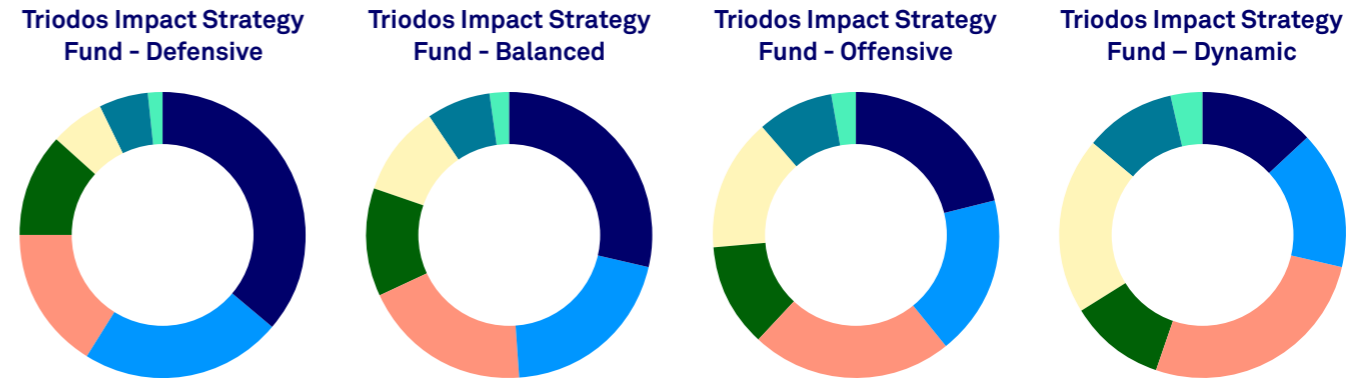


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# Impact data

Triodos Impact Strategy Funds measure impact first and foremost as positive contribution to our sustainable transition themes. The exposure of the Triodos Impact Strategy Funds to the Triodos transition themes as a percentage of assets under management allocated to each theme as per end of December 2022 is as follows:

## Breakdown by transition theme



	Triodos Impact Strategy Fund - Defensive	Triodos Impact Strategy Fund - Balanced	Triodos Impact Strategy Fund - Offensive	Triodos Impact Strategy Fund - Dynamic
	% of NAV	% of NAV	% of NAV	% of NAV
Sustainable Mobility and Infrastructure	36.3%	28.7%	21.2%	13.1%
Social Inclusion and Empowerment	22.7%	20.3%	18.2%	15.8%
Prosperous and Healthy People	16.0%	19.3%	22.6%	26.5%
Renewable Resources	11.8%	12.0%	11.8%	10.9%
Innovation for Sustainability	6.0%	10.4%	14.9%	19.9%
Sustainable Food and Agriculture	5.6%	7.2%	8.6%	10.5%
Circular Economy	1.5%	2.1%	2.7%	3.4%

# Impact investments

Click [here](#) for an overview of the investments of the underlying funds.



## Battery storage projects across the UK and Ireland

The partnership between Triodos Energy Transition Europe Fund and GridBeyond is allowing for the installation of a pipeline of battery storage projects located behind the meter at GridBeyond's clients' sites across the UK and Ireland.

> Find out more [here](#)



## 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. Triodos Global Equities Impact Fund invested in the company in 2022.

> Find out more [here](#)

## Crystal in Georgia

The country's largest microfinance institution with over 120,000 customers, a large portion of them living in rural areas. Crystal is part of the Triodos Microfinance Fund portfolio.

> Find out more [here](#)



## CrowdFarming

Spain-based CrowdFarming is a leading farmer-to-consumer market place for the direct sale of organic products, and is part of the Triodos Food Transition Europe Fund portfolio.

> Find out more [here](#)

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# CrowdFarming

## Triodos Food Transition Europe Fund

CrowdFarming is an organic farmer-to-consumer marketplace that provides European farmers with logistics, customer service, packaging and marketing services that allows consumers to buy single boxes or make adoptions of productive units (trees, patch of land, animals) directly from farmers.

### Core impact 2022

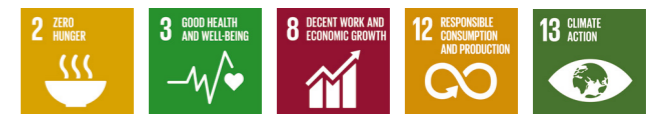
#### Impact highlights

- CrowdFarming launched a multiplatform marketing campaign to increase brand awareness and reinforce the sustainable message in Germany
- CrowdFarming hosted 'The Green Set': a pioneering conference bringing together leaders in sustainable food and agriculture



Impact objective	Balanced ecosystems	Healthy society	Inclusive prosperity
Subgoals	<ul style="list-style-type: none"> <li>• Conscious use of resources</li> <li>• Improve biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer awareness</li> <li>• Support sustainable food transition</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable livelihoods</li> <li>• Equal rights</li> <li>• Rural and local development</li> </ul>
Impact created	<p><b>100%</b> of produce sold is pesticide-free</p> <p>Transition of <b>854 hectares</b> to organic farming supported</p> <p><b>76%</b> of units sold delivered in plastic free packaging</p>	<p><b>690</b> tonnes of food waste avoided</p> <p>Over <b>300,000</b> unique customers</p> <p>Over <b>470</b> customers visited CrowdFarming farms</p>	<p><b>41%</b> of farmers assert that their sale price has improved since they started working with CrowdFarming</p> <p><b>84%</b> of farmers surveyed reported increased income, margin or stability</p> <p><b>245</b> farms are selling through the platform; up by 40% from last year.</p> <p>Approximately <b>49%</b> of average estimated end price of product goes to the farmer</p>

#### SDG contribution



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# How Garantia enables access to affordable healthcare

## Triodos Microfinance Fund

Mexico-based fintech company Garantia provides healthcare equipment leasing to doctors and small private clinics that primarily serve low and middle-income people. By doing so, Garantia addresses one of the most pressing issues in emerging markets: access to high-quality healthcare services at an affordable rate, a problem that was only aggravated by COVID-19. In 2022, Triodos Microfinance Fund provided a loan to this innovative fintech player to further expand its leasing portfolio.

### A medical equipment marketplace

Garantia acts as a marketplace for doctors and small private clinics and medical equipment vendors. The company has successfully identified the needs of doctors and clinics and has adapted its leasing products and credit granting process, making it lean and fast. In general, financial institutions fail to suitably serve this market segment because of its particular needs and the requirement of tailored financial solutions.

### Affordable, high-quality healthcare services

Garantia has a clear focus on doctors who have a medical specialisation and have been practicing for at least four years, and small private clinics. These doctors and clinics primarily serve low- and middle-income individuals that need medical care, which is not adequately provided by the national public healthcare system. Public hospitals and healthcare services are often at full capacity and lack suitable infrastructure and technology. By providing doctors and small private clinic access to specialised medical equipment, Garantia enables high quality healthcare services to reach a larger base of people, at affordable costs.





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# Engagement agenda

## Impact Equities and Bonds

Stewardship is integrated in every aspect of the Triodos Impact Equities and Bond funds' 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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# Impact highlights underlying funds

### Triodos Euro Bond Impact Fund

<b>35</b> Impact bond issuers engaged with	<b>73%</b> of holding companies committed to or aligned with the Science Based Targets initiative
<b>55%</b> impact bonds in portfolio	

Top 3 UN SDGs contributed to:

<b>3</b> GOOD HEALTH AND WELL-BEING	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	<b>10</b> REDUCED INEQUALITIES
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[Impact Report Triodos Euro Bond Impact Fund](#)

### Triodos Global Equities Impact Fund

<b>100%</b> Of AGMs voted at	<b>67%</b> of holding companies committed to or aligned with the Science Based Targets initiative
<b>20%</b> Voted against management	

Top 3 UN SDGs contributed to:

<b>3</b> GOOD HEALTH AND WELL-BEING	<b>13</b> CLIMATE ACTION	<b>7</b> AFFORDABLE AND CLEAN ENERGY
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[Impact Report Triodos Global Equities Impact Fund](#)

### Triodos Pioneer Impact Fund

<b>100%</b> Of AGMs voted at	<b>48%</b> of holding companies committed to or aligned with the Science Based Targets initiative
<b>26%</b> Voted against management	

Top 3 UN SDGs contributed to:

<b>3</b> GOOD HEALTH AND WELL-BEING	<b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>13</b> CLIMATE ACTION
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[Impact Report Triodos Pioneer Impact Fund](#)

### Triodos Future Generations Fund

<b>100%</b> Of AGMs voted at	<b>44%</b> of holding companies committed to or aligned with the Science Based Targets initiative
<b>25%</b> Voted against management	

Top 3 UN SDGs contributed to:

<b>3</b> GOOD HEALTH AND WELL-BEING	<b>4</b> QUALITY EDUCATION	<b>10</b> REDUCED INEQUALITIES
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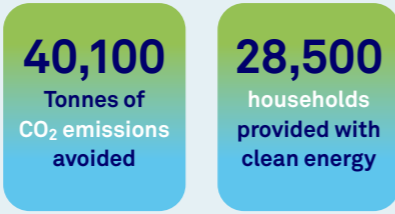


[Impact Report Triodos Future Generations Fund](#)

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# Impact highlights underlying funds

## Triodos Energy Transition Europe Fund

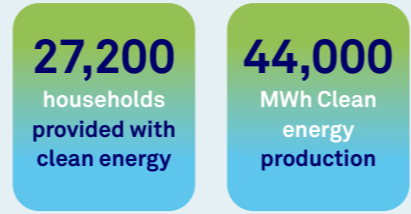


UN SDGs contributed to:



[Impact Report Triodos Energy Transition Europe Fund](#)

## Triodos Emerging Markets Renewable Energy Fund

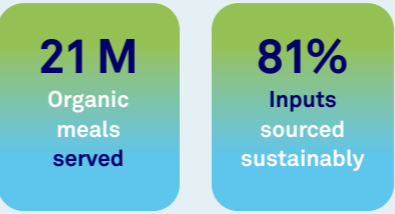


UN SDGs contributed to:



[Impact Report Triodos Emerging Markets Renewable Energy Fund](#)

## Triodos Food Transition Europe Fund

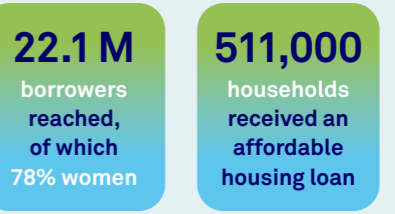


UN SDGs contributed to:



[Impact Report Triodos Food Transition Europe Fund](#)

## Triodos Microfinance Fund



UN SDGs contributed to:



[Impact Report Triodos Microfinance Fund](#)

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# Looking ahead

Facing several interrelated social and environmental challenges, our most critical task today is to navigate a social and ecological transformation based on a new economic paradigm. We have identified five interlinked areas of intervention – food, resource, energy, society and wellbeing – where deep changes in human systems and institutions need to take place to achieve our goal of a prosperous life for people on a thriving planet.

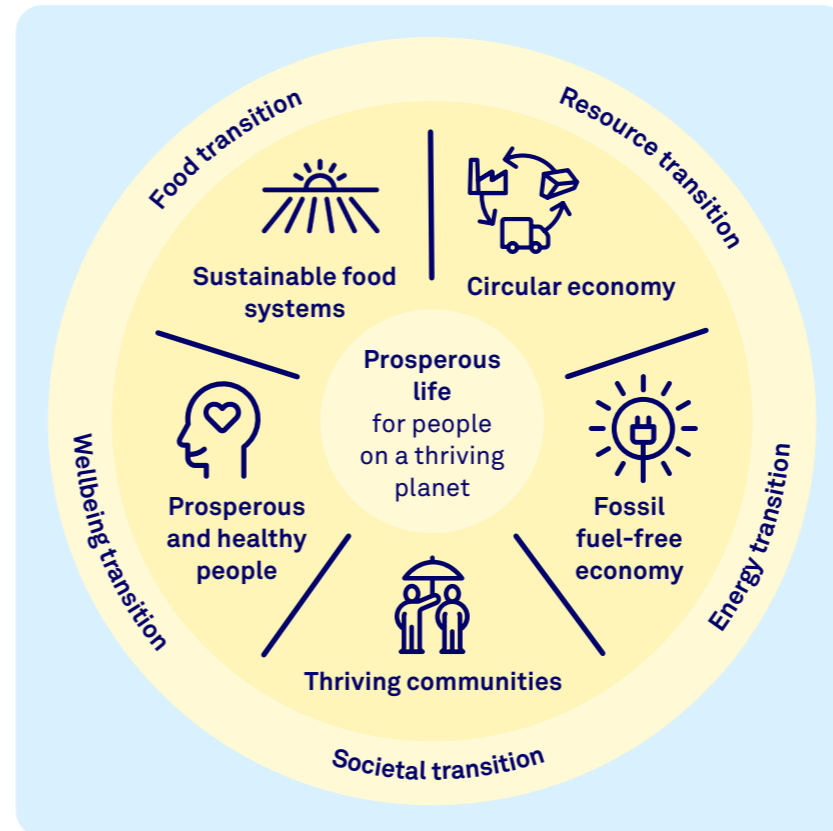
During 2023, we will take steps to integrate the five transition themes into the fund’s impact management and measurement process.

We will also continue implementing external requirements driven by increasing EU regulation on sustainability, such as the EU Sustainable Finance Disclosure Regulation (SFDR), EU Taxonomy and Corporate Sustainability Reporting Directive (CSRD).

Furthermore, we will continue to strengthen and evolve our impact management and measurement practices and processes, and intensify our collaboration with other asset managers and institutions to increase harmonisation.

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

## Focus on five interlinked transitions



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# Impact metrics explained

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 **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.

**Tonnes of CO<sub>2</sub> emissions avoided**  
Tonnes of CO<sub>2</sub> emissions avoided by generating renewable energy compared to generating electricity by conventional means. Conventional as defined at country level by the Greenhouse Gas Protocol Initiative. The emissions avoided by operational assets are calculated based on actual production figure and an emission factor. The emission factor is based on the grey energy facilities that are first priced out of the market and replaced by renewables in a certain country.

## Number of household equivalents with clean electricity

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

## Megawatt hours produced

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

## Organic meals served

Total number of organic meals or equivalents served by portfolio companies.

## Inputs sourced sustainably

Weighted average of inputs procured by portfolio companies which come from sources that maintain eco-health. Conscious use of finite natural capital and the creation of circular chains that recycle nutrients and minimise losses help in maintaining balanced ecosystems.

## Percentage of borrowers that are small and medium-sized enterprises (SME)

The total number of borrowers currently holding an active loan that is geared towards small or medium-sized enterprises (SME), divided by the total number of borrowers currently holding an active loan with the investee companies.

## Percentage of borrowers that are small and medium-sized enterprises (SME)

The total number of borrowers currently holding an active loan that is geared towards small or medium-sized enterprises (SME), divided by the total number of borrowers currently holding an active loan with the investee companies.

## 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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[Triodos Impact Strategy Fund – Defensive](#)

[Triodos Impact Strategy Fund – Balanced](#)

[Triodos Impact Strategy Fund – Offensive](#)

[Triodos Impact Strategy Fund – Dynamic](#)