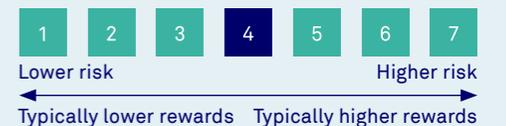


# Pioneering the transition to a sustainable society

Triodos Pioneer Impact Fund  
Impact Report 2022

Triodos @ Investment Management

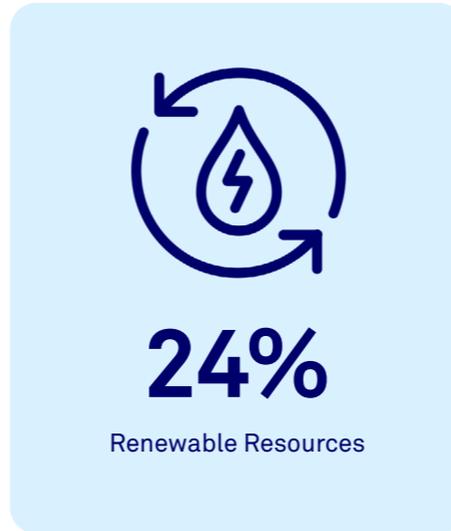
This is a marketing communication. Please refer to the prospectus and the KID of Triodos Pioneer Impact Fund before making any final investment decisions. An overview of the investor's rights can be found in the prospectus. The value of your investment can fluctuate because of the investment policy. Triodos Pioneer Impact Fund 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.



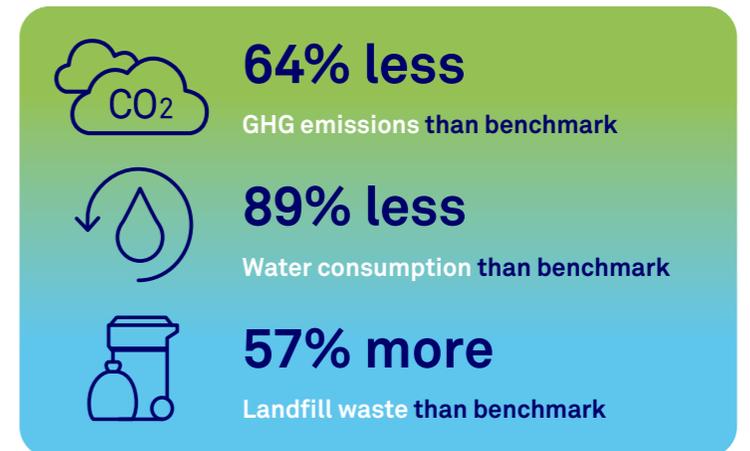
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# Impact highlights 2022

## Top 3 transition themes



## Top 3 Sustainable Development Goals contributed to



# Sustainable solutions to society's challenges

## Foreword by Fund Manager Dimitri Willems



2022 was challenging for impact strategies. The best performing sector by far was Energy, driven by commodity prices that sky-rocketed after Russia invaded Ukraine. Most impact strategies have no investments in companies involved in fossil fuels. In addition, many impact strategies have a growth-oriented investment style, as they often invest in less mature and less well-established companies. This affected the performance, as value stocks sharply outperformed growth stocks. Nevertheless, we continued to look for companies that provide products or solutions that contribute positively to our seven transition themes and are well aligned with the UN Sustainable Development Goals.

In our investment philosophy we strive for a balanced approach to diversify the portfolio holdings over the environmental and social side of the impact spectrum. A new name in our Sustainable Mobility & Infrastructure theme was Italian electricity transmission company Terna. This company plays a pivotal role in enabling the energy transition by strengthening and adapting its grids for more generation of renewable energy.

A new name in the Social Inclusion & Empowerment theme was S-Pool. This Japanese company provides outsourcing services including temporary staffing. It focuses on serving demographic groups for which it is challenging to find employment opportunities such as young people, stay-at-home spouses, single parents, older people, and people with physical, intellectual, or mental disabilities.

The strategy of the fund remains focused on companies with sustainable solutions to society's challenges and that have strong management teams, solid governance structures and sound financials. In addition, our investments should offer an attractive valuation.

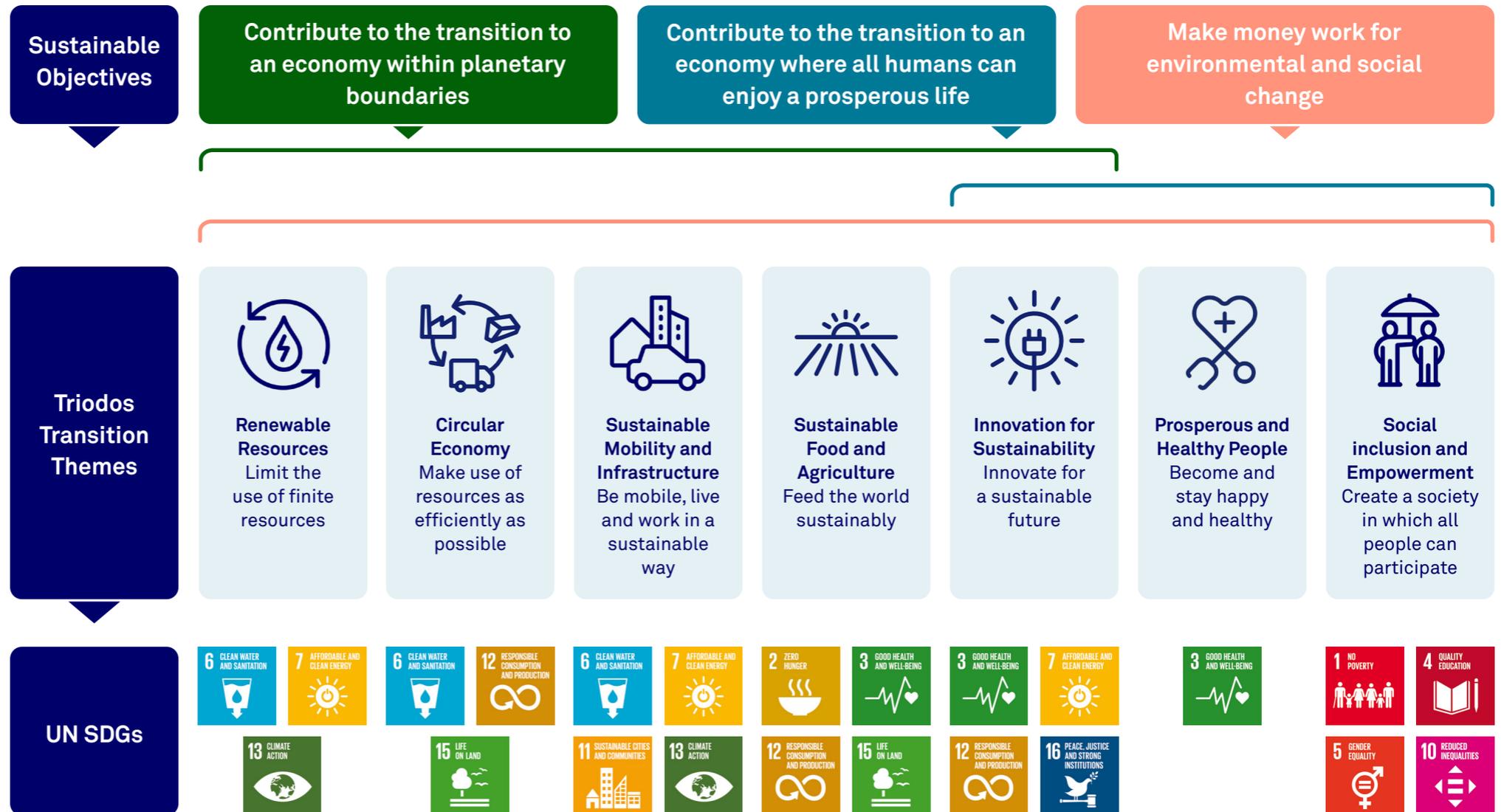
**Dimitri Willems**  
Fund Manager Triodos Pioneer Impact Fund

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# Investing in the change makers

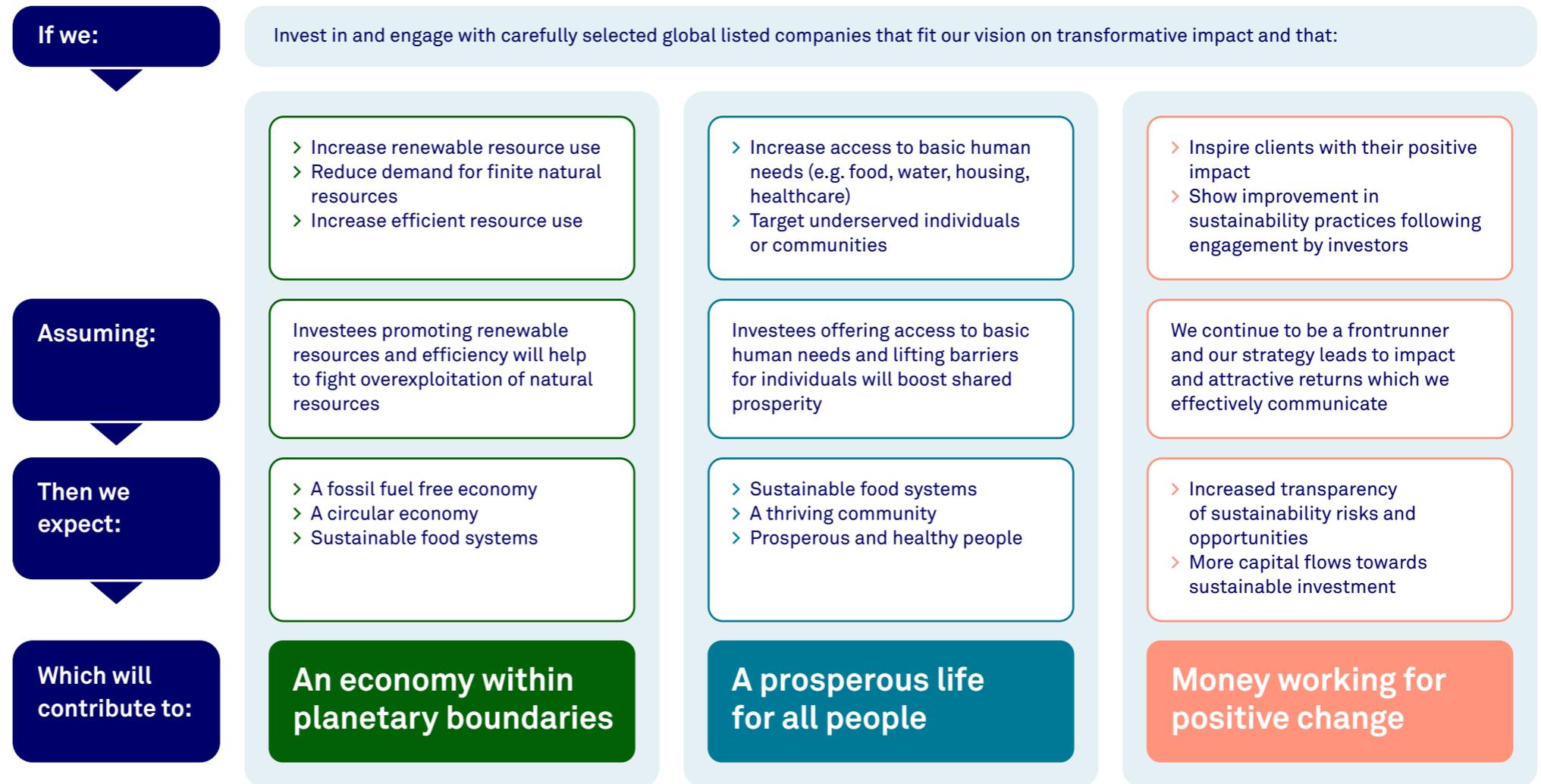
Triodos Pioneer Impact Fund classifies as an SFDR Article 9 fund. The fund invests in listed equities that actively contribute to at least one of Triodos' transition themes, which in turn address at least one of the sustainable investment objectives. Each Triodos transition theme is linked to one or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



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# Theory of Change

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

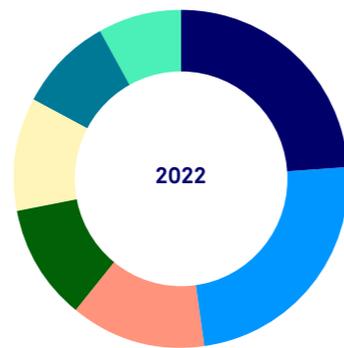


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# Impact data

Triodos Pioneer Impact Fund 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:

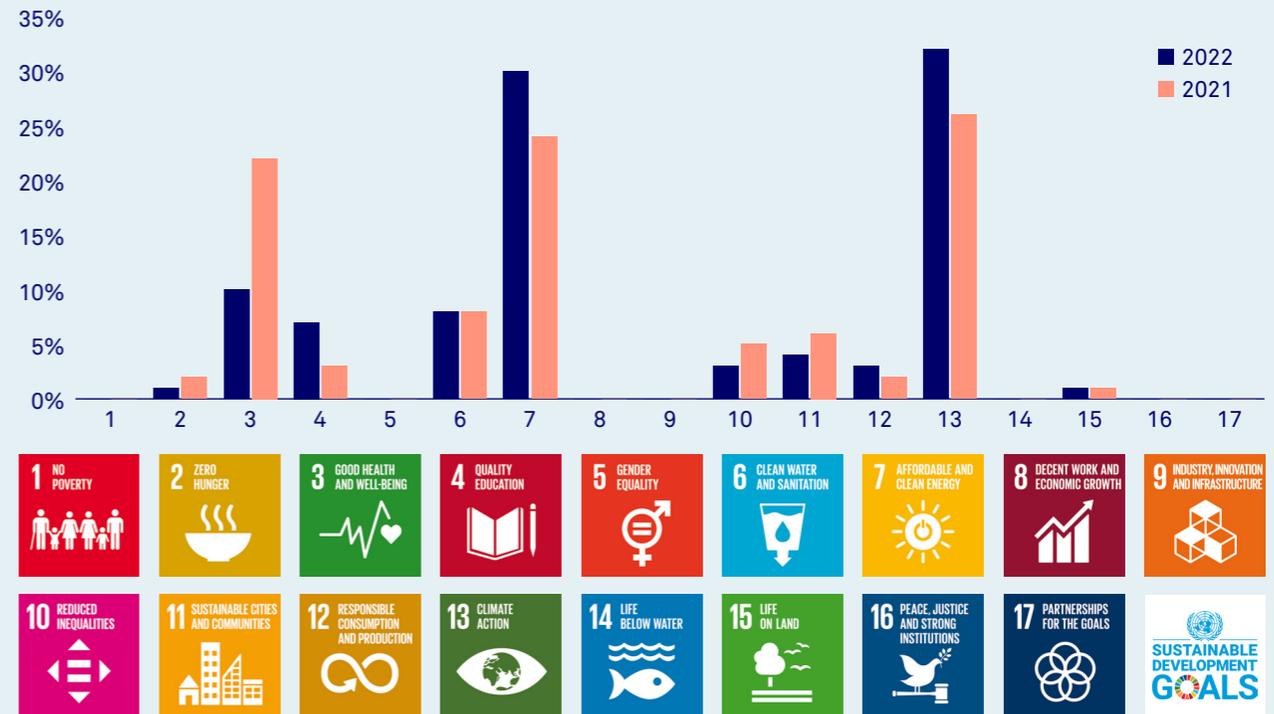
Portfolio contribution to transition themes



	2022	2021
Innovation for Sustainability	24%	21%
Renewable Resources	24%	23%
Sustainable Mobility and Infrastructure	13%	12%
Social Inclusion and Empowerment	11%	9%
Prosperous and Healthy People	11%	18%
Sustainable Food and Agriculture	9%	10%
Circular Economy	8%	8%

## 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.

2022 saw the largest positive jump in contribution to SDGs 7 and 13. This was mainly the result of some additional investments in renewable energy holdings, such as SolarEdge, TPI Composites and Hannon Armstrong Sustainable Infrastructure Capital.

SDG 3 saw a decrease. Positions in Fresenius Medical Care and Teladoc Health were sold due to deteriorating financials and a more uncertain outlook. Edwards Lifesciences was also sold, to lower the large cap exposure of the fund.

# Impact investments

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

## Terveystalo

The company is the leading healthcare provider in Finland, operating clinics that provide primary, secondary, preventive and dental care to private and corporate clients. The company developed the Oma Terveys (My Health) app, enabling clients to quickly get a referral and book a test, while the test results become available after approximately 24 hours anywhere in Finland.

> Find out more [here](#)



## Terna

The company plays a pivotal role in enabling the energy transition in Italy by strengthening and adapting its grids for more decentralised electricity generation, heavier peaks of supply and demand and more renewable energy generation.

> Find out more [here](#)



## S-Pool

The company provides outsourcing services, including temporary staffing and contract work. It focuses on serving demographic groups for which it is challenging to find employment opportunities, such as young people, stay-at-home spouses, and people with physical, intellectual, or mental disabilities.

> Find out more [here](#)

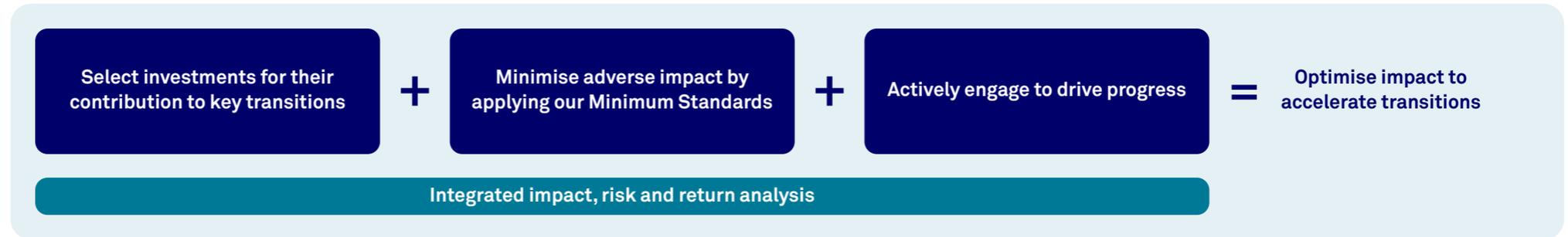


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# Optimising impact to accelerate transitions

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

## A robust process to optimise impact



### Contribution to transitions

We invest to realise our vision of a prosperous life for people on a thriving planet. Each fund has a Theory of Change, 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 no companies from the portfolio due to either a breach of the Triodos Minimum Standards, or a persisting unacceptable risk.

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

**64% less**

Equal to emissions of driving 19,142 times around the globe

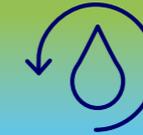


Greenhouse gas emissions

**75% less**

**89% less**

Equal to the water use of 93 million daily showers



Water used

**91% less**

**57% more\***

Equal to 124,103 household garbage bags of waste



Landfill waste produced

**18% less**

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 fund invests in DS Smith, an international packaging company offering sustainable packaging solutions. The company promotes the transition from plastic to paper packaging. Landfill waste is defined as all waste eligible to be deposited via landfills and therefore includes both paper and plastic packaging. A lot of paper, however, is recycled and does not end up in landfill at all. We consciously accept that a handful of investments with positive overall impact results in the fund having a larger waste footprint than the reference index, as we firmly believe these companies contribute to solving problems like plastics pollution in our oceans. In Q3 2022, we increased our position in DS Smith, which resulted in a growth in waste footprint.

# 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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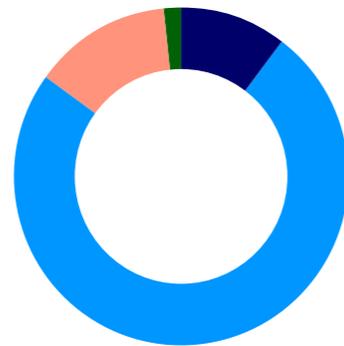
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# Engagement and voting summary

## Engagement in 2022

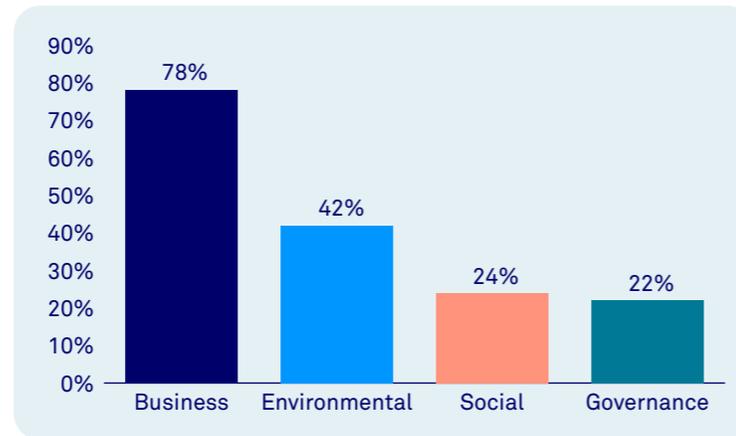
On top of the engagement agenda, we have conversations with companies to discuss topics that are important to us as an impact investor. In 2022, we engaged with 37 companies.

### Company contact purpose



	2022
Company Engagement	7
Company Update	50
Engagement Project	9
Minimum Standards	1
<b>Number of contacts</b>	<b>67</b>

### 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.

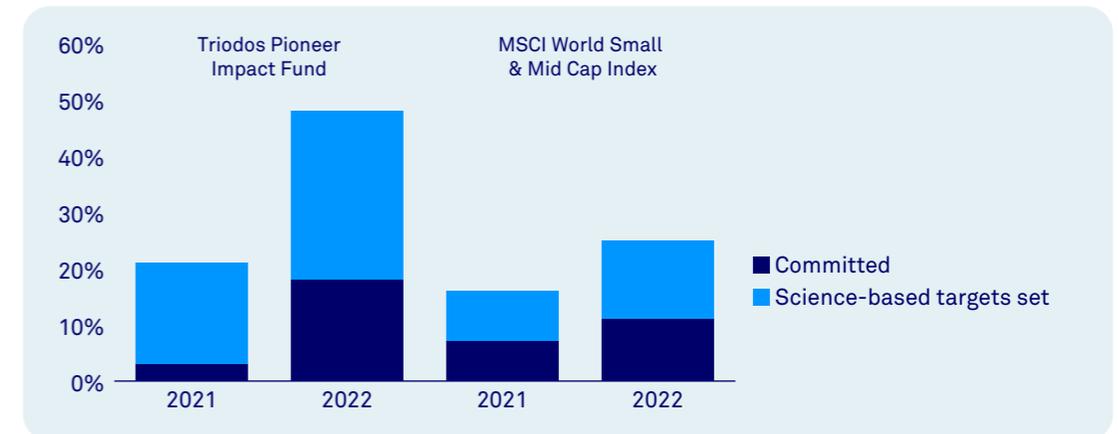
**26%**  
voted against management

The fund voted at 48 Annual General Meetings on a total of 574 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.



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.

# Sustainability risks and opportunities

## ESG risks and opportunities of the ten largest holdings

Company name	Risks	Opportunities
<b>Bakkafrost</b>	Bakkafrost is exposed to biological risks in seawater that directly threaten the fish, such as diseases, sea lice and algae blooms. The effects of climate change, such as warm or cold temperatures can significantly negatively impact growth rates and feed consumption.	Farmed salmon is one of the most sustainable forms of animal protein available. Bakkafrost's farmed salmon contributes to a healthy and climate-friendly protein source. In addition, farmed salmon takes some pressure on already over-exploited wild salmon.
<b>ACCIONA Energias Renovables</b>	Risk of biodiversity loss via its wind turbines and health & safety risk in the development of its wind and solar parks.	ACCIONA Energias 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.
<b>DS Smith</b>	For a paper packaging company, the main risks are environmental: responsible sourcing of wood fibers, waste generation, water usage, pollution, energy use and GHG emissions. Another risk is product safety.	DS Smith's packaging products contribute to a reduction in use of plastics. Furthermore, the company aims to manufacture 100% reusable or recyclable packaging by 2023.
<b>First Solar</b>	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.	Increase fossil energy prices may accelerate the transition towards lower GHG emission alternatives such as solar. Furthermore, solar energy represents off- and on-grid opportunities for developing countries to develop their energy infrastructure.
<b>Kurita Water</b>	Kurita Water Industries' relevant ESG risks are mainly related to energy and water management, employee health and safety, environmental impacts of sewage sludge disposal, and sustainable management of chemicals.	Kurita Water Industries products and services provide clear environmental benefits as they contribute to conserving freshwater resources and reducing the environmental impacts of wastewater streams.
<b>Kyoritsu Maintenance</b>	Social risks stem from poor labour rights management both among its own staff and within the supply chain, as well as related to insufficient customer and tenant protection. Environmental risks are mainly connected to climate change adaptation, ecological impacts and water and energy management.	The company has adequate approaches regarding several sustainability issues in its operations, including sourcing local food from farmers and addressing energy and water management risks.
<b>Power Integrations</b>	Working with subcontractors in countries like China, Malaysia, Thailand and Sri Lanka, the company could (indirectly) be involved in controversies related to among other things, the use of conflict mineral, labour violations, deposition of hazardous material or violation of international legislation.	Supported by proprietary technology and a system-level design approach and by offering material flexibility, Power Integrations is a recognized leader in energy efficiency.
<b>Signify</b>	With manufacturing facilities in more than 20 countries, including key plants in China and Mexico, the risk of labour rights violations and environmental pollution is comparatively high.	LED outperforms conventional light sources in terms of efficiency and toxic potential, thus contributing to reducing global energy consumption and pollution. By adding sensors and lighting controls, the energy savings potential is even further enhanced.
<b>Terna - Rete Elettrica Nazionale</b>	Grid operators like Terna must ensure system stability and reliability. System congestions can lead to blackout. Workers can face fatal incidents and Terna has a health and safety management system in place.	Terna plays a vital role in facilitating energy transition by connecting more renewable energies to the network and transporting renewable energy over long distance.
<b>Vestas Wind Systems</b>	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.

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# Sustainability risks and opportunities

## Risks and opportunities of largest GHG emitters

Company name	Risks	Opportunities
<b>Wolfspeed</b>	Its production process is very energy intensive, but the company does not appear to have a strategic approach to increasing energy efficiency of products or production processes.	By supporting the electrification trend in transportation and the shift to renewable energy, the company's activities contribute to countering climate change.
<b>Acuity Brands</b>	One of the main risks is the energy intensity of its operations. Only initial steps have been taken regarding the issue of reducing energy consumption.	LED products significantly outperform more conventional light sources in terms of efficiency, thus contributing to reducing global energy consumption.
<b>Vestas Wind Systems</b>	Vestas has implemented certified environmental management systems whose efficacy is reflected in decreasing energy and carbon emission intensities.	The company is committed to reducing the carbon footprint of its products, which includes improving the products' energy efficiency.
<b>DS Smith</b>	The company has developed an SBTi-approved climate change strategy including a greenhouse gas emission reduction target. The company manages the environmental risks in its supply chain on a general level only.	Climate change opportunities lie in innovation of carton production to lower carbon intensity, as well as operating a circular business to reduce the GHG emissions that contribute to climate change.
<b>Meidensha</b>	Although environmental performance data reveals that Meidensha's carbon intensity has decreased in recent years, its energy intensity shows an increasing trend since 2020.	The company's portfolio includes products and services that can contribute to climate change mitigation such as services for renewable energy power plants and key components for electric vehicles. Moreover, the company has expressed a general commitment to increasing the energy efficiency of its products.

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
<b>Chr. Hansen Holding</b>	The main biodiversity risks for Chr. Hansen lie in its supply chain with the production of raw materials. The company should demonstrate clear approaches to address relevant environmental aspects its supply chain, such as sustainable agricultural practices and water conservation in agricultural production.	Plant health activities potentially lead to the substitution of conventional fertilizers, although these do not constitute a significant share of the product portfolio.
<b>East Japan Railway</b>	To connect cities and villages, railways use up vast amounts of land and go through nature reserves. This comes with the risk of disrupting biodiversity in these areas, cutting off habitats and migration routes for local species and animal collision with trains.	Travel by train mitigates impact on biodiversity compared to travel by car or plane. Also in terms of energy use, GHG emissions and air pollution, trains are far more efficient than other mass modes of transport. Railway operators are in a unique position to conserve and manage the vegetation along their lines in such a way that it contributes positively to biodiversity.
<b>Sekisui Chemical</b>	As a company engaged in the manufacture of high-performance plastics for medical, automotive, and information technology industries; and residential housing construction, the aspects of the company that place a heavy burden on biodiversity include raw materials, chemical substance emissions, and the disposal of sold products.	Sekisui Chemical mitigates the negative impact on biodiversity in several ways, including the implementation of responsible sourcing programmes and green chemistry principles, and the improvement of services and technologies that reduce the disposal of sold products and promote resource recycling.
<b>DS Smith</b>	DS Smith sources paper fibres from both recycled paper and virgin fibres from forestry. If these fibres from forestry come from forests that are not managed sustainably or logged illegally, this leads to negative impact on biodiversity.	DS Smith uses a high rate of recycled fiber, so this reduces reliance on virgin fiber. Besides that, DS Smith commits that the virgin fiber it sources come from sustainably managed forests which are FSC-certified. Besides that, the increased use of paper packaging can replace plastic packaging, which reduces the pollution from plastic packaging and increases the circularity of packaging products.
<b>ACCIONA Energias Renovables</b>	As a company whose business model is based on the development of sustainable infrastructure, ACCIONA's activities could have an impact on biodiversity. Land occupancy is one of the principal impacts on biodiversity from changes in land use and habitat fragmentation.	As a pure play renewable energy provider, ACCIONA helps in the transition towards a net zero emission world. ACCIONA incorporates biodiversity conservation into its strategy, as a key component when making decisions in the areas of planning, implementation, operating and dismantling of its facilities.

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

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# Engagement with the ten largest holdings

Company name	Engagement topics
<b>Bakkafrost</b>	Clmater change
<b>ACCIONA Energias Renovables</b>	Governance, ESG-driven PPAs, extending useful lives of wind turbines
<b>DS Smith</b>	Energy management, GHG emission reduction strategy, waste reduction strategy, biodiversity, recyclability of products
<b>First Solar</b>	Governance, product life cycle, collaborative engagement, violation of legislation
<b>Kurita Water</b>	Water, climate change
<b>Kyoritsu Maintenance</b>	Climate change, water, waste, human rights, labour rights, product responsibility, corporate governance
<b>Power Integrations</b>	Climate change, waste, energy management, corporate governance
<b>Signify</b>	Governance, remuneration, worker health & safety
<b>Terna - Rete Elettrica Naziona</b>	Climate change
<b>Vestas Wind Systems</b>	Violation of legislation

## Implementation of sustainability regulation

New regulatory requirements on sustainability have been implemented for Triodos Pioneer Impact Fund during 2022.

### SFDR

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

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

### EU Taxonomy

We also report on the EU Taxonomy framework for funds that have an environmental objective. The EU Taxonomy is a manual 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 Pioneer Impact 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.

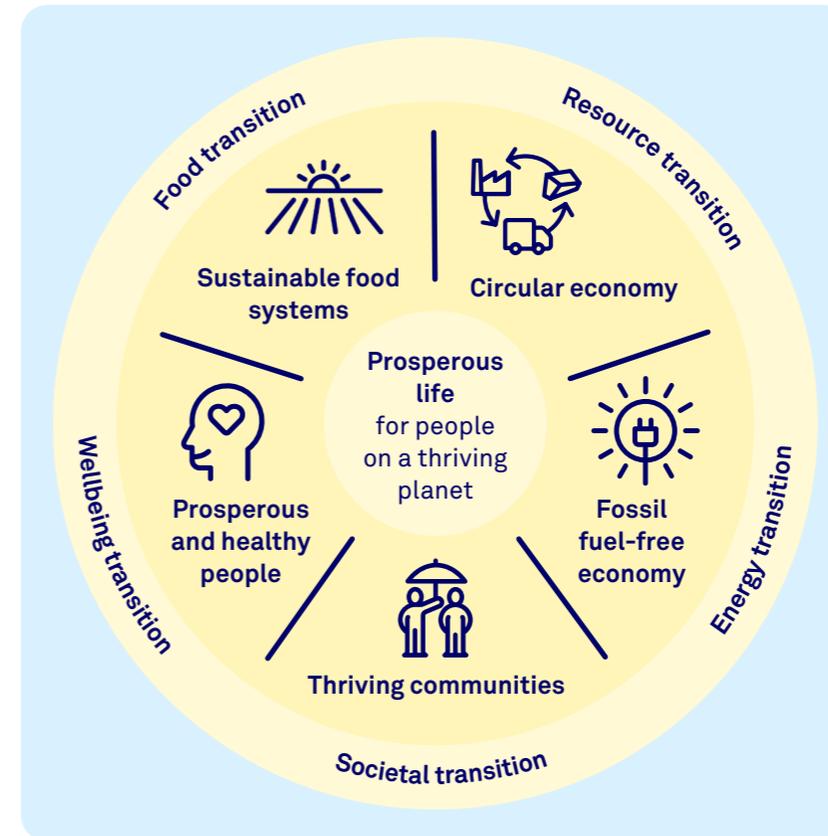
During 2023, we will take steps to integrate the five transition themes into the fund’s impact management and measurement process.

We will also continue 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 strengthening and evolving 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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# 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.

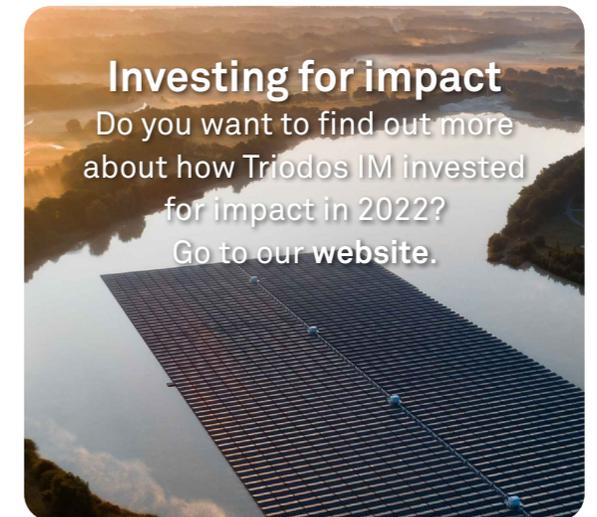
The **carbon, water and waste footprints** are calculated using carbon emissions data from ISS ESG, and water and waste data from S&P Trucost. Whereas the model calculations for the ecological footprint figures only take into account current (negative) impact (direct and indirect water, waste and emissions 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



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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