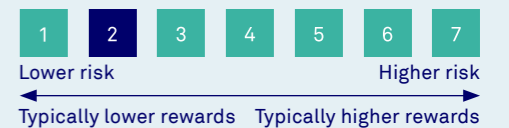


# Deep green investments

Triodos Groenfonds  
Impact Report 2022

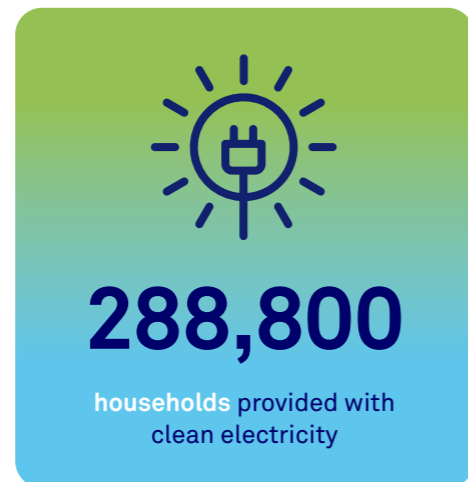
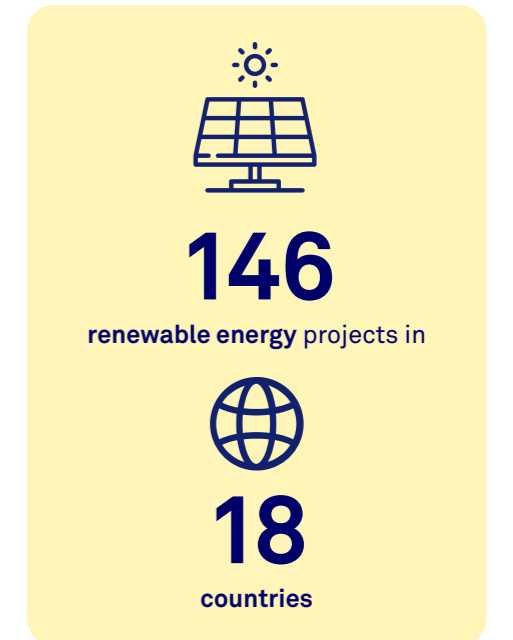
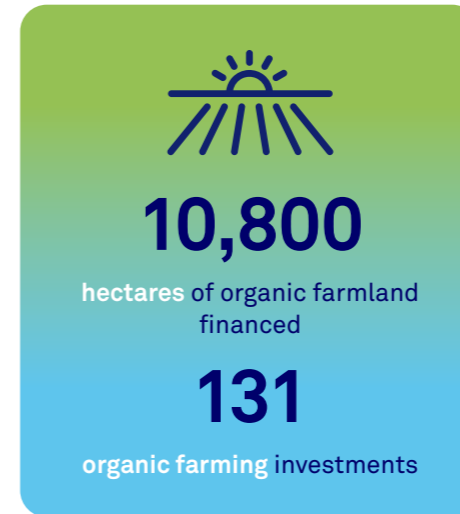
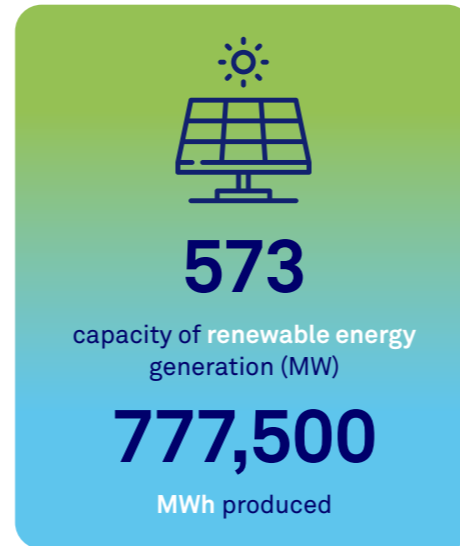
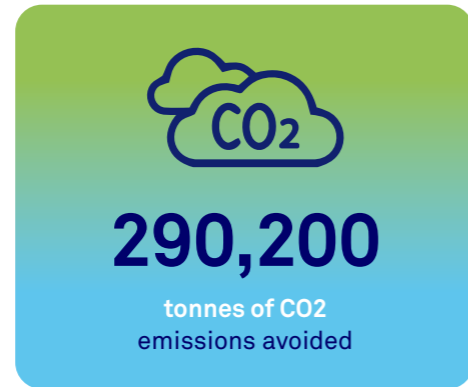
Triodos  Investment Management

This is a marketing communication. Please refer to the prospectus and the KIID of Triodos Groenfonds 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 Groenfonds 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.





# Impact highlights 2022



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# Impact across the board

## Foreword by Fund Managers Willy Bulsink and Greig Blackie



Impact investing is at the heart of Triodos Groenfond's. We offer investors investment solutions that drive long-term green transitions to a more sustainable society both in the Netherlands and in emerging markets. Triodos Groenfond's invests in projects that contribute to a fossil-free economy, a circular economy, sustainable food systems, and thriving communities.

The horrific war in Ukraine is a human tragedy. Through sanctions and increased energy prices, it also has widespread macroeconomic effects. Due to the depressed market sentiment, Triodos Groenfond's was confronted with a net investor outflow in 2022. This was particularly strong in the first half of the year. As a result, the fund was able to invest considerably less in new projects and create less impact during the year than expected. Nevertheless, most of the fund's impact indicators still improved. The number of investments in the different transition themes went up from 371 to 385. The renewable energy generation capacity, the tonnes of avoided CO<sub>2</sub> emissions, and the number of households provided with sustainable energy all increased. Also, the hectares of organic farmland financed by the fund was higher. The number of financed sustainable real estate projects, organic meals produced, and organic farms slightly decreased - mainly because of scheduled loan repayments.



The call to find sustainable solutions for fighting climate change, soil depletion, and biodiversity loss is louder than ever. We believe the world is ready for continuous positive change, ready to embrace the green transitions in the energy, food, and resource spaces. Triodos Groenfond's has many years of experience in sustainable themes and financing innovative impactful projects. Let's make the world more sustainable together. We look forward to continuing to put our dedicated investor's capital to work to achieve this goal.

**Willy Bulsink and Greig Blackie**  
Fund Managers Triodos Groenfond's

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# Advancing green and social investing

Triodos Groenfond's classifies as an SFDR Article 9 fund. The objective of the fund is to invest in projects that promote the conservation and development of nature and the environment.

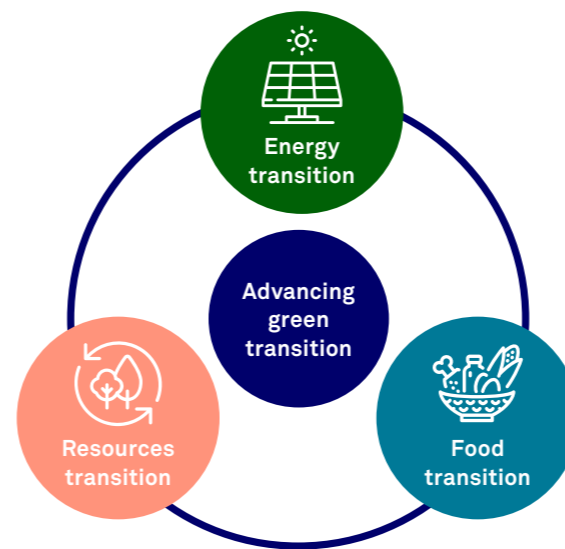
The fund's sustainable objectives are:

- Accelerate the transition to a carbon-neutral energy system
- Promote a sustainable food and agriculture system
- Drive sustainable and inclusive innovation and catalyse investments in it.

Investments are made in such a way that their risks are diversified and to allow investors to benefit from the financial and impact returns in the return.

## Why do we invest in the energy transition?

To manage climate change, the world's energy system will shift over the next decades from one based on fossil fuels to one dominated by renewable electricity. Triodos Groenfond's finances wind, solar, energy storage and run-of-the-river hydroelectricity projects. These projects are eligible for a green certificate from the Dutch government agency RVO. The fund invests mainly in the Netherlands but may invest up to a maximum of 20% of its net assets in renewable energy projects in designated emerging countries. As of December 31, 2022, about 6% of the fund's capital is invested in 15 different emerging countries.



## Why do we invest in the food transition?

Organic agriculture recognises the relationship between our environment, our health and the food we eat. As well as maintaining high animal welfare standards, it avoids using pesticides and chemical fertilisers and helps to revitalise the earth and maintain resilient food systems.

Organic farming aims to apply circular thinking, create circular solutions that regionally close material loops and efficiently use the earth's resources. We strongly believe that agriculture must work with nature rather than against it. At the same time, a balanced and resilient food system should promote healthy diets and deliver fair pay for farmers. This holistic view forms the base of the fund's lending strategy and is further explained in Triodos Bank's vision paper on sustainable food and agriculture systems.

## Sustainable Development Goals

The alignment of the fund's impact objectives with the UN Sustainable Development Goals (SDGs), allows us to efficiently communicate about the impact we make with our investments. Triodos Groenfond's contributes to the following SDGs:



## Drive sustainable and inclusive innovation

The fund has a pioneer role in driving sustainable and inclusive innovation and catalysing investments in it.

The goals are:

- to mainstream proven technologies and innovations, while diversifying energy transition themes.
- to cooperate closely with sponsors and local communities in emerging markets to support economic and social opportunities.

The fund invests in circular, resilient and regenerative business models and engages with investee companies on sustainability topics and sharing knowledge.

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# Theory of Change

The Theory of Change underpins how Triodos Groenfond's acts, invests and evaluates its activities.

**If we:**

Invest in and engage with projects and companies that fit within our vision on transformative impact and that:

- > Develop clean energy generation and storage assets
- > Offer energy savings, energy grid and sustainable heating & cooling solutions
- > Own real estate property with clean energy and energy efficiency measures taken

- > Cultivate land using organic / regenerative farming practices
- > Improve accessibility of affordable, sustainable, nutritious food

- > Promote circular, resilient and regenerative business models
- > Offer scalable innovative solutions
- > Adopt a community development plan for emerging market investments

**Assuming:**

- > Markets and the policy environment favour clean energy
- > Clean energy is reliable and affordable

- > Consumers increasingly demand and pay for sustainable, seasonal, nutritious food
- > Wholesalers and retailers increase organic food offering
- > Policy measures facilitate healthy & organic food choices

- > Our support enables innovative businesses to reduce the use of resources and de-bottleneck growth, while including local communities in development projects that affect them

**Then we expect:**

- > Renewable energy capacity will increase, and fossil fuel solutions will be phased out
- > Energy efficiency, flexibility and reliability and affordability will improve

- > The share of sustainably farmed land will increase, resulting in improved farmland biodiversity and reduced pollution
- > Consumers adopt more sustainable and nutritious diets

- > Proven technologies in clean energy, sustainable food and agriculture and resource transitions become mainstream
- > Projects in emerging markets stimulate local involvement and benefits

**Which will contribute to:**

**Carbon neutral energy system**

**Sustainable food and agriculture system**







**Sustainable and inclusive innovation and catalyse investment**

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# Impact data overview

## Transitioning to a sustainable energy system

### Key impact indicators

		2022	2021	Change
	Number of tonnes of CO <sub>2</sub> emissions avoided	290,200	238,600	+22%
	Number of households provided with clean electricity	288,800	233,000	+24%
	Capacity of renewable energy generation (MW)	573	445	+29%
	Green electricity production (MWh)	777,500	693,000	+12%
	Number of renewable energy projects	146	124	+18%
	Number of sustainable real estate projects in the Netherlands	1,219	1,245	-2%

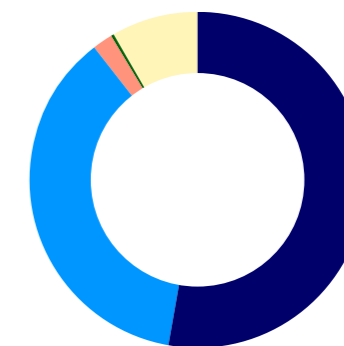
### Explanation

The fund has seen a large increase in renewable energy capacity and production in 2022. This is the result of 12 new renewable energy investments, one of them being Lotus, a large utility scale wind farm in Vietnam.

SDGs contributed to:



### Renewable energy



### % of renewable energy

Solar	35.3
Wind	24.5
Run-of-the-river hydro	1.4
Biomass	0.2
Other	5.4

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# Impact data overview

## Advancing a sustainable food and agriculture system

SDGs contributed to:



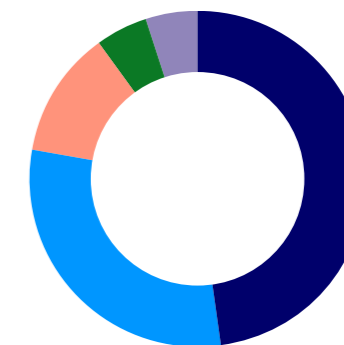
### Key impact indicators

		2022	2021	Change
	Number of organic meals produced (millions)	7.2	7.3	-1%
	Hectares of organic farmland financed	10,800	10,500	+3%
	Number of organic farming investments in the Netherlands	131	133	-2%

#### Explanation

The fund continued to invest in organic farming in the Netherlands, which is reflected in the increased hectares of organic farmland financed. The number of organic farming investing was slightly lower because of loan repayments. The organically managed land could produce the equivalent of approximately 7.2 million meals in 2022.

### Organic farming



% of organic farming

Dairy	48%
Arable	30%
Meat	12%
Mixed	5%
Poultry and egg production	0%
Fruit growing / farming	0%
Horticulture	0%
Other	5%

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# Impact data overview

**Sustainable and inclusive innovation and catalyse investment**

SDGs contributed to:



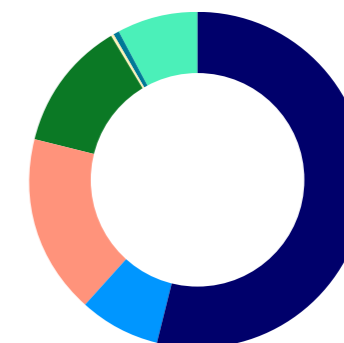
## Key impact indicators

		2022	2021	Change
	Number of investments in diversified transition themes	385	371	+4%
	Number of community development programmes in emerging markets	17	16	+6%
	Emerging markets investments (% of portfolio).	10.4%	5.5%	+89%

### Explanation

Each investment in the portfolio is related to a transition. For each project development in emerging markets, we require a community development program (see page 11). The emerging markets portfolio grew in 2022 mainly due to four new renewable energy investments in Vietnam.

## Portfolio composition per impact theme



	% of portfolio
Renewable energy NL	54.1
Renewable energy EM	7.7
Sustainable Real Estate	17.3
Organic Farming	12.3
Nature	0.5
Mixed	0.4
Liquidities	7.7



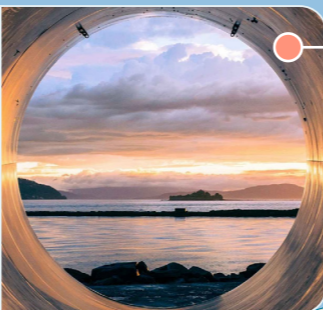
# Impact investments

Click [here](#) to access an interactive world map that shows a selection of the fund's investments in 2022.

## Circularity European Growth Fund II

The fund invests in European circular economy businesses that decouple business growth from intense resource utilisation. The fund focuses on different circular investment themes, including circular design, product as a service, and product from waste.

> Find out more [here](#)



## Keizersrande

Organic agricultural and dairy farm with special attention to nature management, water management and increasing biodiversity

> Find out more [here](#)

## Hygro

One of the first wind turbines in the Netherlands that converts generated energy directly into green hydrogen.

> Find out more [here](#)



## Hartel 2

This Greenchoice wind farm consists of eight wind turbines of 3 MW. Surplus production is stored in the 10 MW battery and can be fed back into the local grid when needed. This way the turbines can continue operating even during times of low demand.

> Find out more [here](#)



## WeLight

Developed and operated by WeLight the solar mini-grids will provide 45,000 households and businesses access to clean energy in Madagascar.

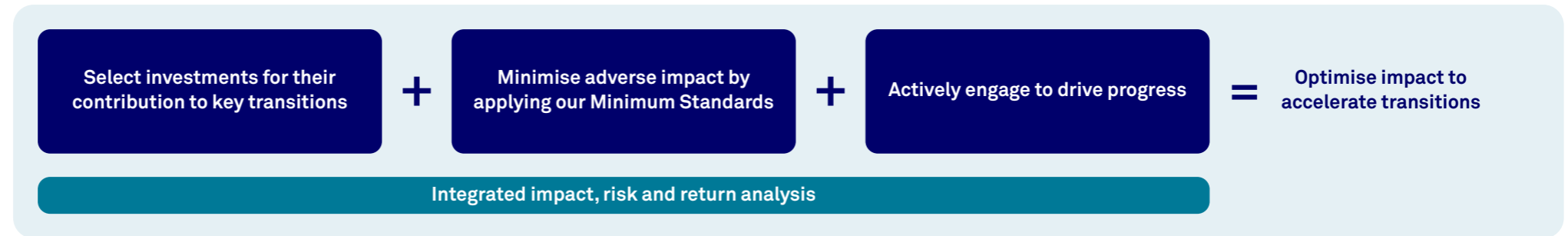
> Find out more [here](#)



# 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 framework, 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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## Minimise adverse impact by applying our Minimum Standards

To make sure that its investments do not cause any significant harm, Triodos Groenfonds continuously monitors alignment with the strict Triodos Minimum Standards. Material risks for Groenfonds' investments in the Netherlands and emerging markets are related to biodiversity, the impact of project development on the environment, and human rights including labour rights in the value chain, raw materials sourcing and equipment manufacturing.

During due diligence each investment is thoroughly screened on potential negative impact on people and planet by applying the Triodos Minimum Standards. Environmental and social impact assessments are performed for each investment by independent experts and are required to be in compliance with local law and for emerging market investments, the IFC Performance Standards.

In case no satisfactory clarification nor mitigatory measures are possible, the investee is not deemed suitable for investment. During the entire lifecycle, the investment is monitored on a continuous basis and at least annually on potential adverse impact on people and planet. Should a breach take place after investing, the fund team engages with the investee to remediate the breach.

## Actively engage to drive progress

An example of how the fund team actively engaged with investees in 2022 includes:

Our emerging market investees are required to develop and implement a community development plan to enhance positive impact for the local communities affected by the projects. Examples of initiatives in 2022 are the implementation of a clean cooking initiative, food relief programme for primary schools, agricultural training and access to sanitation and drinking water.

## Implementation of sustainability regulation

New regulatory requirements on sustainability have been implemented for Triodos Groenfonds 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 Groenfonds .



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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.

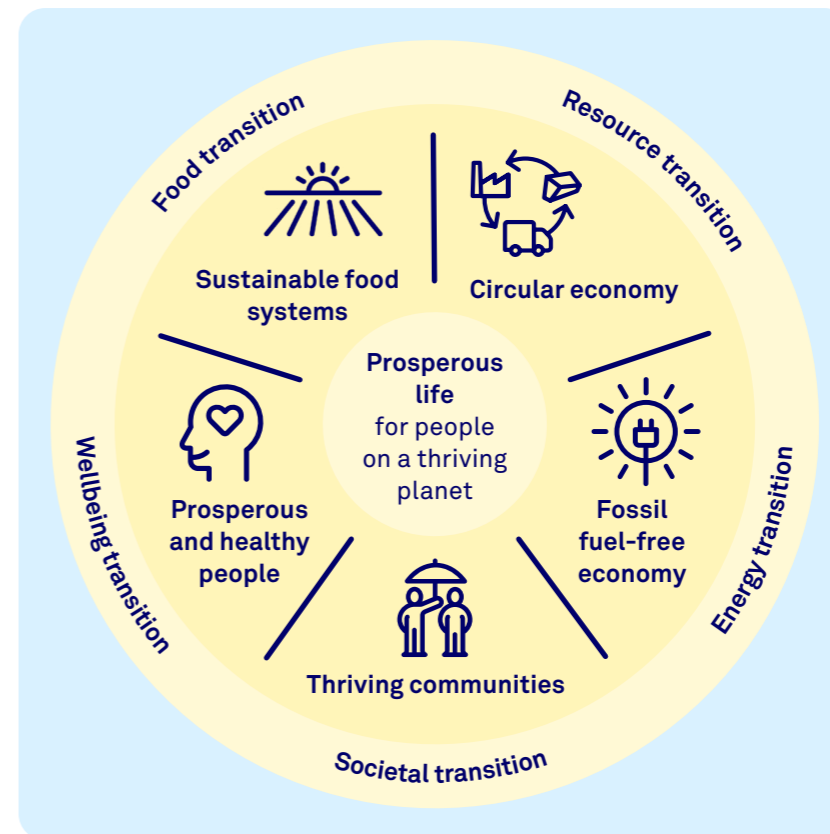
During 2023, we will take steps to integrate the five transition themes into the fund's impact management and measurement process.

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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# Annex: impact metrics explained

## Energy transition

### Renewable Energy generation capacity (MW)

Amount of installed generating capacity.

### Green electricity production (MWh)

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

### CO<sub>2</sub> emissions avoided (MT)

Aggregated amount of CO<sub>2</sub> emissions avoided by portfolio companies to decrease the speed of global warming and reduce the impact of climate change.

### Storage capacity (GWp)

Maximum amount of energy that can be stored in the energy storage projects.

### Number of household equivalents with clean electricity

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

## Food transition

### Organic meals produced (millions)

Total number of organic meals produced by portfolio companies.

### Number of organic farms

Number of organic farming investments.

### Hectares of organic farmland

Estimated hectares of land farmed organically to provide raw materials to portfolio companies directly or indirectly. Promotion of organic and regenerative farming practices contribute towards improving soil health, increasing biodiversity and higher carbon sequestration.

## Sustainable and inclusive innovation

### Number of investments in transition themes

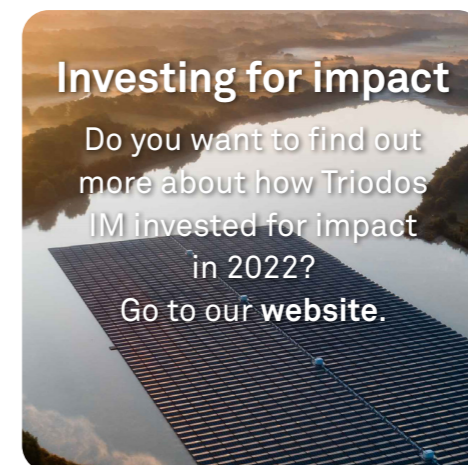
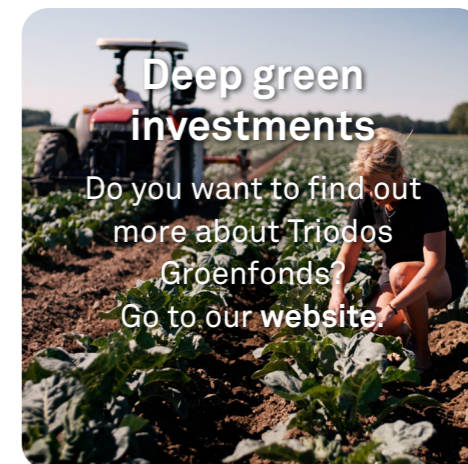
Number of total investments in the portfolio, as every investment is related to one transition theme (either the food, energy, or resource transition).

### Number of community development programs in emerging markets

For each investment in the emerging markets portfolio, we require there to be a community development programme or plan to enhance positive impact for the local communities affected by the projects.

### Investments in emerging markets (% of portfolio)

Proportion of the portfolio in emerging markets based on total fund exposure.



## 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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