

Building a sustainable future

Triodos Impact Strategy Funds Impact Report 2023

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 PRIIPs KID of Triodos Impact Strategy Funds before making any final investment decisions. A summary of investor rights in English can be found [here](#). The value of your investment can fluctuate because of the investment policy. Triodos Impact Strategy Funds are managed by Triodos Investment Management. Triodos Investment Management holds a license as alternative investment fund manager and UCITS manager and is under the supervision of the Autoriteit Financiële Markten and De Nederlandsche Bank in the Netherlands. Triodos Investment Management may decide to stop the marketing of its collective investment schemes in your country.



Broad impact and clear risk/return goals



Our hopes of a peaceful 2023 were dashed by the ongoing Russian aggression in Ukraine and the outbreak of the Gaza war. This, however, only strengthened our determination to do our best to ensure creating a livable world for future generations. Our conscious investment decisions aim for this.

Triodos Investment Management's four umbrella funds went into their second year of existence. The four distinguished return strategies cater for the risk/return goals of our clients. The names of the four strategies will be changed in 2024 to Triodos Impact Strategy Fund Cautious, Neutral, Ambitious and Very Ambitious, providing a better reflection of the risk/return profiles they generate for our clients. They continue to invest in a broad range of Triodos impact funds, offering investors a well-diversified portfolio of investments that all contribute to a sustainable, resilient and inclusive society.



The most recent addition to the portfolios is a loan to Hivos-Triodos Fund. This unique foundation is a combination of public and private funding from Hivos and Triodos Bank. It is a great example of an effective and successful blended finance initiative that makes long-term impact investments in small businesses in developing markets, thus creating lasting social and environmental benefits as well as economic growth.

This impact report shows how we put our investors' money to work. It provides you with a detailed insight into the impact highlights of the underlying funds. 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 2024.

Enjoy reading!

Raymond Hiltrop and Ellen Blakborn
Investment team Triodos Impact Strategy Funds

Fund characteristics

Asset class

Fund of Funds

Domicile

The Netherlands

Legal structure

Open-ended sub fund of
Triodos Impact Strategies NV

Inception date

January 2022

Fund range

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

Managed by

Triodos Investment
Management

Custodian

BNP Paribas Securities
Services



Fund 3101 0088

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

Investing in the changemakers

We classify Triodos Impact Strategy Funds 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.

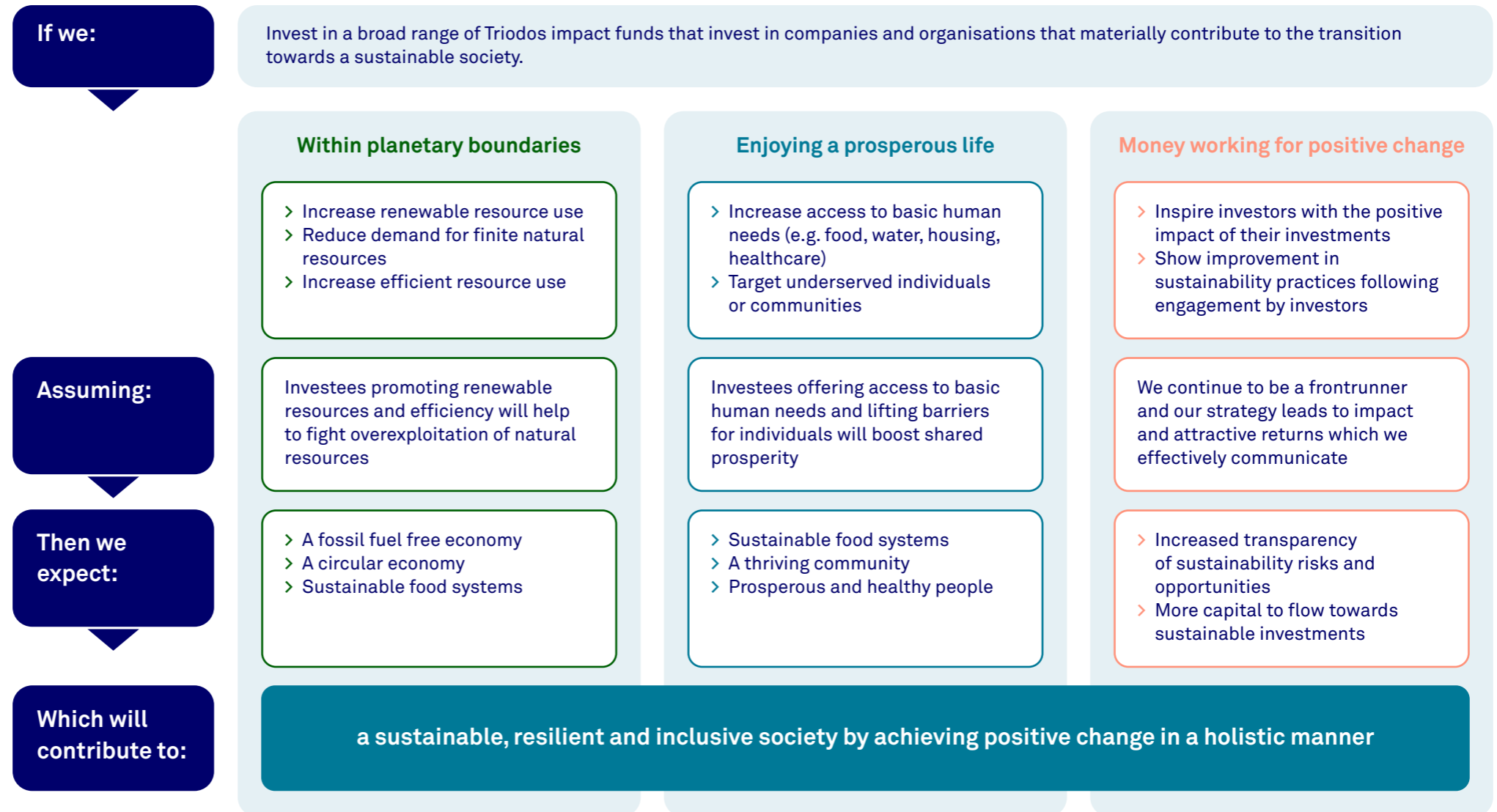


- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Theory of Change

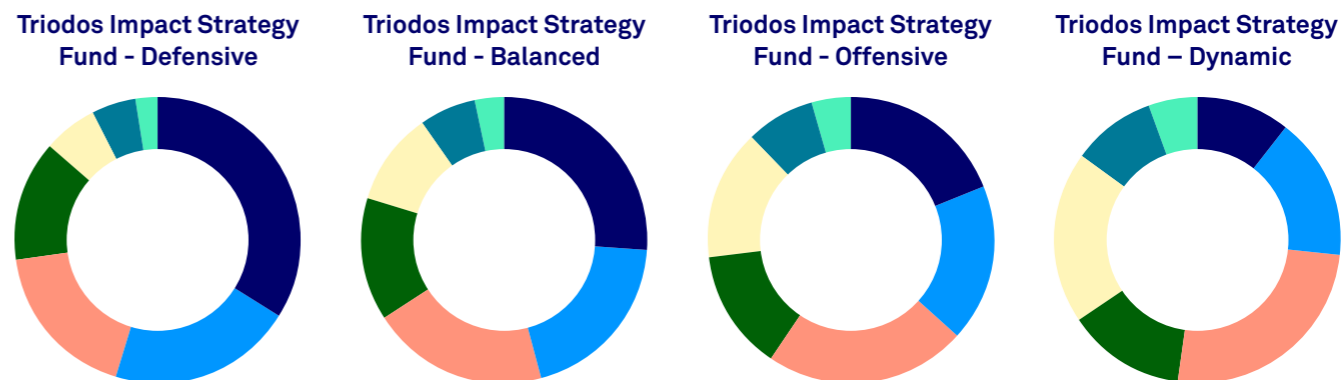
This Theory of Change underpins how the Triodos Impact Strategy Funds act, invest and evaluate their activities.



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 2023 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	33.9%	26.3%	18.9%	10.6%
Social Inclusion and Empowerment	21.0%	19.6%	17.9%	16.2%
Prosperous and Healthy People	18.1%	20.2%	22.8%	25.5%
Renewable Resources	13.5%	13.7%	13.4%	13.4%
Innovation for Sustainability	6.2%	10.5%	14.8%	19.5%
Sustainable Food and Agriculture	5.0%	6.5%	7.9%	9.5%
Circular Economy	2.3%	3.3%	4.2%	5.3%

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Impact investments

Click [here](#) for an overview of the investments of the underlying funds in 2023.

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact



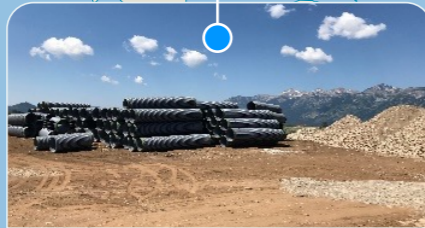
CrowdFarming, Spain

CrowdFarming turns the current non-transparent and import-based food system on its head by connecting consumers and farmers directly. The company is part of the Triodos Food Transition Europe Fund portfolio. > Find out more [here](#)



Landesbank Hessen-Thüringen

Through impact bonds, the bank finances loans in projects related to renewable energy. Projects include wind energy (both onshore and offshore) and solar energy. These renewable energy projects are to provide affordable and clean energy (SDG7) and tackle climate change (SDG13). > Find out more [here](#)



Advanced Drainage Systems

Advanced Drainage Systems is the second largest plastics recycler in the US, recycling 550 million pounds of household and industrial plastics annually. Its drainage systems help to manage storm and wastewater efficiently and safely. > Find out more [here](#)

Lendingkart in India

A digital lending platform that provides easy to access working capital loans to micro, small and medium-sized enterprises across India. > Find out more [here](#)



WeLight, Madagascar

WeLight builds and develops solar mini-grids, which provide 45,000 households and businesses with access to clean, affordable and reliable energy. Alongside homes and businesses, the project benefits schools, health centres and public spaces. > Find out more [here](#)



- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Hivos-Triodos Fonds

New in the portfolio is Hivos-Triodos Fonds. Established in 1994, this is a blended finance initiative of Triodos Bank and Hivos and one of the first global movers in financial inclusion investments. Today, it invests in scalable innovative enterprises in emerging markets to catalyse green, inclusive prosperity.

Focus areas

Hivos-Triodos Fonds finances small and medium-sized enterprises active in sustainable agriculture and renewable energy, with the common denominator the reach across low-income households and marginalised groups. It has a special focus on financing solutions on the nexus of agriculture and energy, such as solar irrigation and solar cold storage.

Hivos-Triodos Fonds also indirectly provides access to finance to green small businesses via investments in funds and microfinance institutions.

Geographic focus

The geographic focus is on low and middle-income countries in Asia, Africa and Latin America, with a key focus on Sub-Saharan Africa and South and South-East Asia.

Financial instruments

Hivos-Triodos Fonds offers financial instruments ranging from straight equity and mezzanine finance, to value chain finance and senior debt. These instruments are adjusted according to the investees' financial needs and growth stage. Hivos-Triodos Fonds offers these solutions through a combination of its global network, centralised expertise and local partnerships in India and Kenya.

Impact Highlights Hivos-Triodos Fonds



UN SDGs contributed to



[Impact Report Hivos-Triodos Fonds](#)

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Farmerline reaches out to smallholder farmers in Africa

Hivos-Triodos Fonds

One of the gamechangers in the Hivos-Triodos Fonds portfolio is Farmerline, a market leader in agri-tech in Ghana. The company helps smallholder farmers transform into successful entrepreneurs by giving access to quality inputs, training and markets – tools they use to improve their income.

Training focuses on agricultural practices, knowledge transfer on smart use of agrochemicals and climate-resilient agricultural methods. Farmers also receive weather information and get access to crop insurance and other agronomic advice. Farmerline ensures farmers are connected to (inter) national buyers through a trading platform.

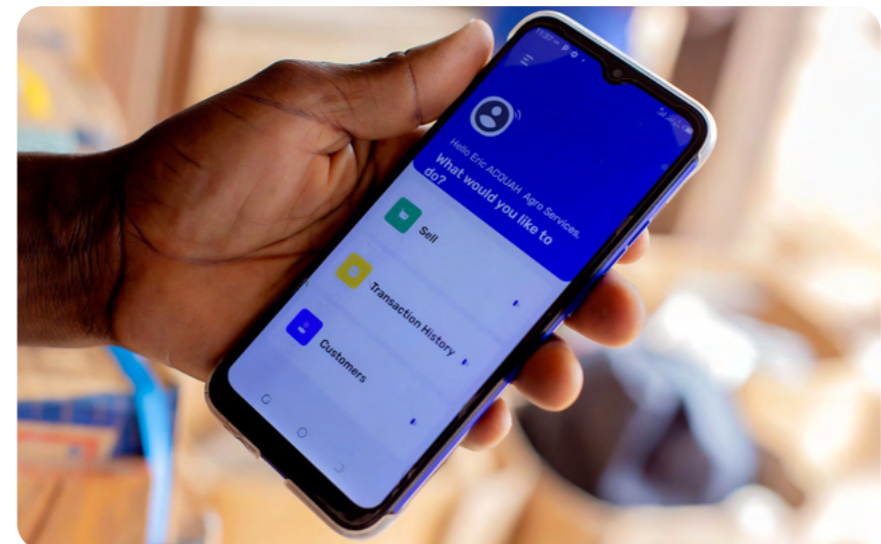
Hivos-Triodos Fonds has provided a USD 1.5m debt facility to Farmerline, which the company will use to expand its reach.



What is agri-tech?

Agri-tech, also ag-tech, agtech or digital agriculture, is the application of technology and digital tools to farming. It encompasses a wide range of technologies, including automation, biotechnology, information monitoring and data analysis.

Agri-tech is used to improve efficiency, increase yields, reduce costs and boost sustainability. It has become increasingly important in recent years as demand for food increases and climate change becomes an ever-present threat to food security.



- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Investing in fintech for greater financial inclusion

Triodos Microfinance Fund

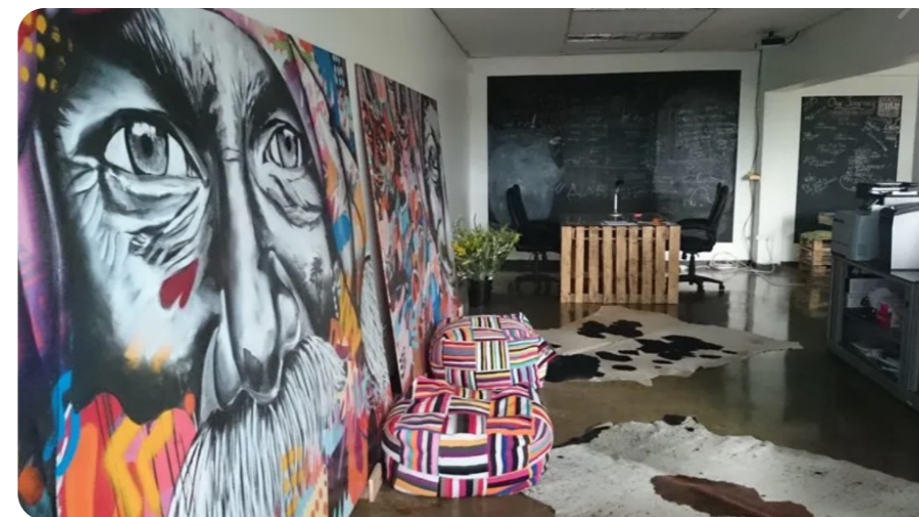
UsPlus is a South-African high-impact tech company that provides flexible working capital solutions to small and medium-sized businesses (SME). Triodos Microfinance Fund provided a debt facility to the company.

The financial revolution

UsPlus taps into the advantages provided by technology to target financially excluded businesses and entrepreneurs in a profitable manner. Founded in 2015, the company provides alternative funding solutions, in the form of discounting products to the SME sector. Discounting is a method of financing that allows SMEs to sell their invoices to a third party at a discounted rate in exchange for immediate cash. The innovation presented by this product lies in the advantages it provides for SMEs including easy and fast access to working capital that would otherwise be tied up in unpaid invoices and improved cash flow for paying suppliers or investing in the growth of the company. To date, UsPlus has disbursed approximately USD 133 million in funding to SMEs through the debtor discounting product.

Onboarding clients

UsPlus acquires clients via word of mouth, industry meetings, accountancy companies and through their web portal. Each client is required to be legally registered, with a track record of at least three fiscal years and subject to an assessment of debtors/supply agreements. Also, UsPlus ensures that prospective clients are not involved in activities that have a negative impact on environmental and social issues. The exclusion criteria are based on the IFC Exclusion List. The maximum turnaround is one week for new clients and half a day for existing clients.



UsPlus office



Plastics recycling

Jet Drinks challenges mainstream with healthier range

Triodos Food Transition Europe Fund

JetDrinks is selling organic, vegan and lower-sugar/sugar-free drinks and snacks to approximately 4,500 foodservice- and retail clients across the Netherlands and Belgium. The company is an importer, distributor and brand owner. Examples of the 45 external brands sold by JetDrinks are Naturfrisk (organic sodas), Clipper (organic tea), Dryk (plant-based milk), Nix & Kix (low-sugar drinks) and BOS (organic iced tea).

Organic and vegan, less sugar

JetDrinks first developed a drinks product range with less or no sugar. Then they added organic and vegan products. The company operates as an importer and wholesaler for restaurants, shops and supermarkets. In addition to those two roles, the company also has its own brands of drinks. It is an unorthodox mix, but one that works. Following its success with drinks, JetDrinks also added organic, healthy and tasty snacks to its range. From crisps and nut bars to Nice's organic ice cream.

The company was started to offer a better alternative to sugary soft drinks, for consumers who are open to this. Enabling conscious choices, without being pedantic. The company also focuses on sustainability in other areas. Waste is a big part of this. How to set up logistics as efficiently as possible? How to convince people to buy a bulk pack? What is the ideal packaging for a drink? JetDrinks also has a smaller footprint by producing international brands locally.

Challenging the mainstream

JetDrinks clients are companies, bars and restaurants that are both concerned about the future and that want to stand out in terms of their product range. They are no longer content with the same standard package offered by the big food giants but want good quality drinks and snacks. JetDrinks monitors international trends and makes suggestions that differ from anything big brands can offer. For example, coconut water, kombucha or drinks containing CBD (cannabidiol). It does so for well-known retail chains like Bagels & Beans as well as for a local business owner with an organic-oriented beach cafe. They have in common that they are all companies that want to take a step forward.



- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Repowering and energy storage drive the energy transition

Triodos Energy Transition Europe Fund



Generating more renewable energy accelerates the energy transition. A key tool for this is repowering: replacing old turbines and technology with more efficient new ones. “That produces two to even three

times more power. We are also betting on energy storage.” Sonja de Ruiter and Michiel van Beek explain the investment focus of Triodos Energy Transition Europe Fund.

With more than ten large wind farms in its portfolio, Triodos Energy Transition Europe Fund is a major player in repowering of wind farms. On several large projects, such redevelopment has already begun, usually in a joint venture with a project developer with extensive local experience. Redeveloping existing sites has advantages over building new parks, Van Beek argues. “All the infrastructure is already there. Building the connection to the energy network is usually a substantial cost item. Moreover, a zoning plan is already in place and in some cases, you can even build on the old foundation. In short, the chances of success are higher.”

Repowering offers impact and returns

Van Beek explains that this project development offers more impact and return than when the fund simply takes a stake in an existing wind farm. “We actually create something new with repowering. We make something possible with our investment: extra capacity that provides for the generation of more renewable energy. That is tangible impact.”

Battery storage as an accelerator of the energy transition

Renewable sources now supply about 50% of the electricity in the Netherlands, but wind and solar can supply too much energy to the grid at peak generation times, and too little at other times. Tackling grid

congestion is therefore another key focus for the fund, Van Beek says. “When rolling out renewable energy, this is still often an inhibiting factor. The stability of the Dutch energy grid, for example, is a growing concern. For companies in particular, the consequences are serious if they have insufficient power available for a while or even structurally. The demand for electricity is growing every year, especially with the electrification of our economy and vehicle fleet.”

Investing in the energy network itself is an obvious solution. However, energy storage at the parks also plays a crucial role in coping with the peaks and troughs in electricity generation. Batteries can therefore no longer be ignored in the (re)development of wind and solar farms. Apart from erecting new turbines, realising energy storage is Triodos Energy Transition Europe Fund’s second major investment activity.



- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

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 2023, the Impact Equities and Bond funds' formal engagement agenda focused on five topics:

Climate change



In July 2020, we initiated our climate change engagement project. The goal of this project is to encourage our portfolio companies to set science-based emission targets, in line with the 1.5°C trajectory, as set out by the Science Based Targets initiative (SBTi). In 2023, we stepped up our engagement efforts by setting the target to engage annually with all our holdings on GHG management.

Read the full [article](#).

Energy transition

Executive remuneration

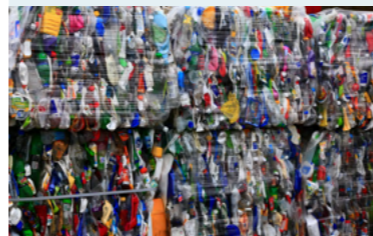


Over the past three years, we have engaged with companies we identified as having excessive remuneration. In 2023, we engaged with seven companies on this topic. Four of these have improved their remuneration structure and therefore remain in our investment universe.

Read the full [article](#).

Societal transition

Plastic pollution



The current rate of plastic production is unsustainable, and cleaning up the aftermath is an overwhelming task. We engaged with 12 portfolio companies in the consumer staples sector, which are among the biggest users of plastic when it comes to packaging, to discuss what to do about the complex plastic legacy.

Read the full [article](#).

Resources transition

Family friendly working policies



Family-friendly work policies play an important role in enhancing and improving the wellbeing of children. We started an engagement project to assess several of our portfolio companies' work policies related to children and their parents. The assessment consists of topics such as parental leave, flexible working hours, breastfeeding support at work, childcare support, living wages and job security.

Read the full [article](#).

Wellbeing / Societal transition

Hazardous chemicals



Following the first round of engagement on hazardous chemicals in 2021/22, we focused on synthetic, highly toxic per- and polyfluoroalkyl substances, or PFAS, in 2023. We maintained our role as lead investors for Shin-Etsu and Evonik, who both notably improved their ChemScore. As there is room for further improvement, we will continue our engagement efforts.

Read the full [article](#).

Resources transition

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

No change without engagement

We integrate stewardship in every aspect of our investment management process to drive positive change, through engagement, voting and advocacy. To accomplish this, it's essential to interact with the listed companies we invest in, argue Portfolio Manager Rosl Veltmeijer and Head of Research Henk Jonker. "Engagement begins from the moment we consider investing in a company. Dialogue and transparency are so crucial that companies unwilling to engage are not considered for investment."

Understanding a company is key to investing in it, says Veltmeijer. "We achieve this through analysis and engaging with management. In that sense, engagement is integral to our selection process, even before we use it to influence a company's policy." This way, engagement serves a dual purpose: maximising a company's positive impact and comprehending its business model.

When setting the agenda for positive change, engagement and voting are crucial tools. Both have distinct advantages and integrating them enhances the impact and clarity of shareholder intentions. Engagement provides a platform to address a wide range of concerns through informal discussions, formal meetings and collaborative efforts with other investors. Voting allows shareholders to exercise their vote at shareholder meetings and hold management directly accountable. However, Triodos IM prefers to wield its influence using engagement, says Jonker. "Through engagement, we can set the agenda, advocating for issues we deem crucial. At a shareholder meeting, however, the agenda is predetermined."

The impact of engagement

Engagement takes time. Steering companies towards a more sustainable trajectory can take years. Sometimes it succeeds, sometimes it doesn't. Lack of progress could result in divestment. Veltmeijer offers a more nuanced view on engagement: "You start engagement by asking relevant questions. Such questions can lead to awareness and thus policy changes. Ultimately, this is up to the company itself

and the people working there. However, good questions set things in motion. If you achieve that, you can consider the engagement a success."

The mutual benefits of engagement

Successful engagement starts with the notion that dialogue must always be mutually beneficial. "It is important to ask relevant questions that also matter to the company. What helps is if you can share insights or best practices that the company itself does not have," concludes Jonker.



Read the full article [here](#).

Impact highlights underlying funds

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Triodos Euro Bond Impact Fund

45 Impact bond issuers engaged with	81% of holding companies committed to or aligned with the Science Based Targets initiative
64% impact bonds in portfolio	

Top 3 UN SDGs contributed to:

3 GOOD HEALTH AND WELL-BEING


11 SUSTAINABLE CITIES AND COMMUNITIES


13 CLIMATE ACTION




[Impact Report Triodos Euro Bond Impact Fund](#)

Triodos Global Equities Impact Fund

100% Of AGMs voted at	67% of holding companies committed to or aligned with the Science Based Targets initiative
19% Voted against management	

Top 3 UN SDGs contributed to:

3 GOOD HEALTH AND WELL-BEING


13 CLIMATE ACTION


7 AFFORDABLE AND CLEAN ENERGY




[Impact Report Triodos Global Equities Impact Fund](#)

Triodos Pioneer Impact Fund

100% Of AGMs voted at	58% of holding companies committed to or aligned with the Science Based Targets initiative
24% Voted against management	

Top 3 UN SDGs contributed to:

7 AFFORDABLE AND CLEAN ENERGY


13 CLIMATE ACTION


3 GOOD HEALTH AND WELL-BEING




[Impact Report Triodos Pioneer Impact Fund](#)

Triodos Future Generations Fund

100% Of AGMs voted at	32% of holding companies committed to or aligned with the Science Based Targets initiative
27% Voted against management	

Top 3 UN SDGs contributed to:

3 GOOD HEALTH AND WELL-BEING


4 QUALITY EDUCATION


6 CLEAN WATER AND SANITATION




[Impact Report Triodos Future Generations Fund](#)

- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

Impact highlights underlying funds

Triodos Energy Transition Europe Fund

38,100
Tonnes of
CO₂ emissions
avoided

28,800
households
provided with
clean energy

UN SDGs contributed to:



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

Triodos Emerging Markets Renewable Energy Fund

66,900
households
provided with
clean energy

84,700
MWh Clean
energy
production

UN SDGs contributed to:



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

Triodos Food Transition Europe Fund

7.7 M
Organic
meals
served

78%
Inputs
sourced
sustainably

UN SDGs contributed to:



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

Triodos Microfinance Fund

17.5 M
borrowers
reached,
of which
78% women

229.900
households
received an
affordable
housing loan

UN SDGs contributed to:



[Impact Report Triodos Microfinance Fund](#)

Impact reporting in 2024

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.

Rethinking the purpose and goals of economic activity and directing financial flows to finance those activities that have the largest impact on societal change is a key action to trigger deep changes. To this end, we have identified five interlinked areas of intervention – food, resource, energy, society and wellbeing.

It is our mission as a financial player to enable and accelerate these vital transitions, by financing groundbreaking initiatives and providing funding to shift practices from less to more sustainable. We must invest in the deep, systemic transformation required to achieve our goal of a prosperous life for people on a thriving planet.

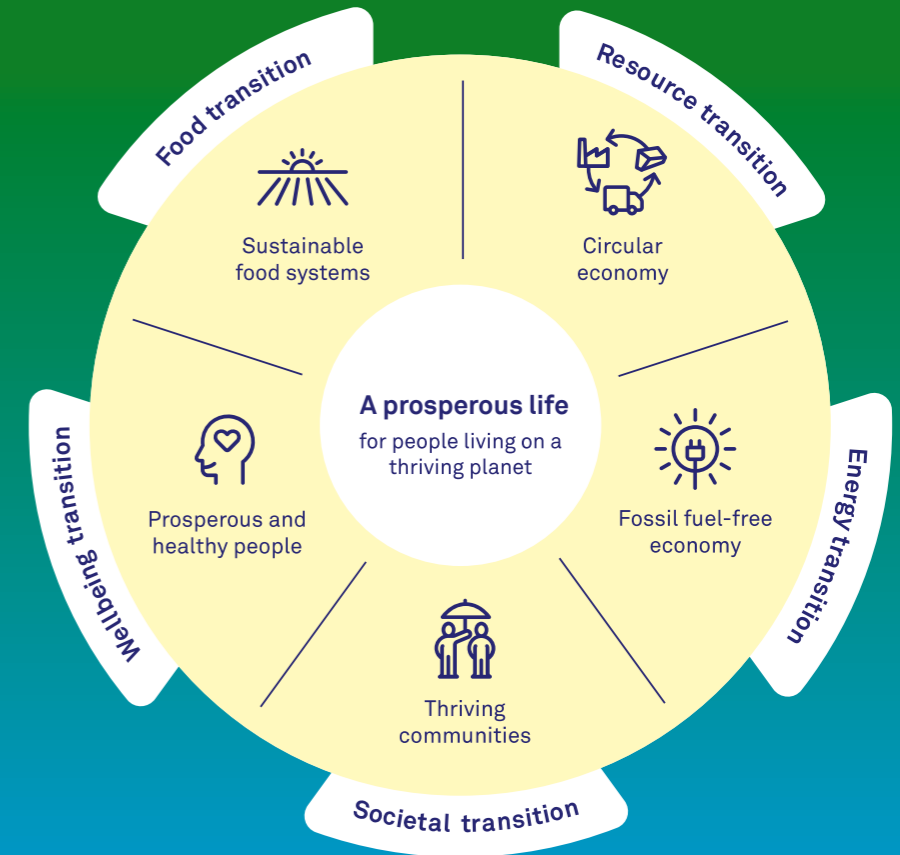
In 2023, we successfully implemented the five transition themes into the funds' impact management and measurement process.

We will 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).

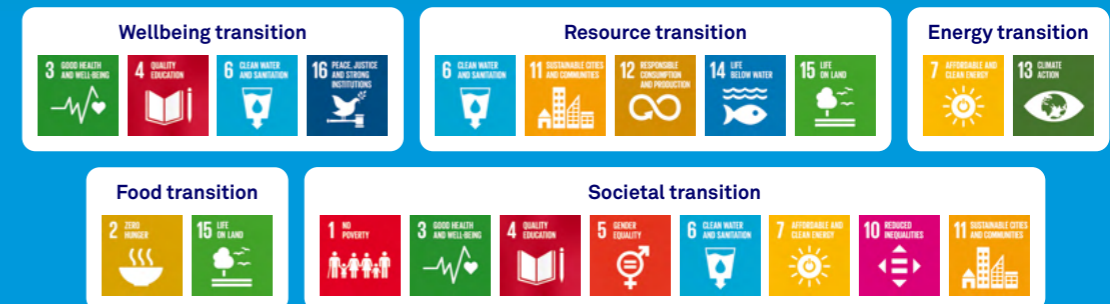
Furthermore, we will continue to strengthen and evolve our impact management and measurement practices and processes, and intensify our collaboration with other asset managers and institutions to increase harmonisation.

Our 2024 strategic engagement topics focus 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 and sustainability objectives and measurement for our Impact Private Debt and Equity funds.

Focus on five interlinked transitions



Anchored in the UN Sustainable Development Goals



- > Foreword by investment team
- > Investing in the change makers
- > Theory of Change
- > Impact data
- > Impact investments
- > Case studies
- > Engagement agenda
- > No change without engagement
- > Impact highlights underlying funds
- > Impact reporting in 2024
- > Impact metrics explained
- > Contact

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 CO₂ emissions avoided
Tonnes of CO₂ 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.

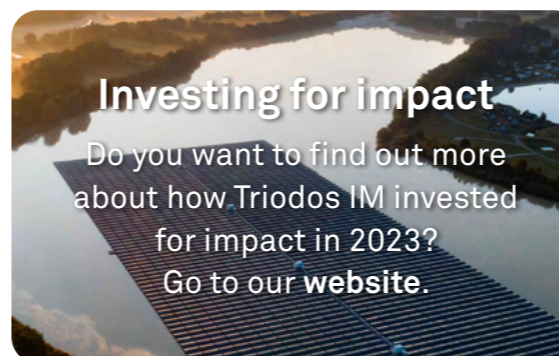
Megawatt hours produced
Megawatt hours generated by the funds' operational, energy producing assets.

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.

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.



Sustainability regulation

SFDR
Triodos Investment Management has classified its funds as Article 9 funds under the EU Sustainable Finance Disclosure Regulation (SFDR). Article 9 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
As from 1 January 2023 Triodos IM is obliged to report what percentage of a fund's portfolio is aligned with the EU Taxonomy Regulation. The EU taxonomy is a classification system that defines criteria based on which economic activities can be considered as environmentally sustainable.

Find out more; [EU SFDR and Taxonomy requirements](#) and the sustainability disclosures of the funds.

Climate-related financial risk disclosures

This disclosure shows how climate-related risks and opportunities are organised in processes and procedures to consider both physical risks (that arise as physical consequences from climate change) and transition risks (relating to the transition to a climate-neutral economy). For a full understanding of Triodos IM's approach to climate change, this disclosure should be considered together with Triodos Bank's Integrated Annual Report and As One To Zero progress reports.

About 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 2023: EUR5.7bn. 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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