

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Triodos Investment Management B.V. LEI code: 724500C17UZL2NC2DE67

Summary

Triodos Investment Management B.V. LEI code: 724500C17UZL2NC2DE67 considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Triodos Investment Management.

This statement covers the reference period from 1 January 2023 to 31 December 2023.

As a financial institution with a sole focus on impact investing, Triodos Investment Management offers impact investment solutions across all asset classes serving a client base of investors who want to make money work for positive change. We have identified five interlinked transitions that we deem crucial to transform the economy and society as a whole: the energy transition, food transition, resource transition, societal transition and the wellbeing transition. Our mission as a financial institution is to enable and accelerate these vital transitions. We do this by financing change: investing in progressive and sustainable businesses and projects. These investments must demonstrate positive impact and adhere to our strict Minimum Standards. Furthermore, we do this by changing finance: influencing the financial sector and the shape of the economic system at a national and global level, to help deliver our mission.

The managed portfolio covered in this statement includes two main categories:

1. Impact Private Debt and Equity (IPD&E) (Around EUR 2 bn, representing 41% of the assets covered in this statement): Impact Private Debt and Equity (IPD&E) (Around EUR 2 bn, representing 41% of the assets covered in this statement):
 - Primarily accelerating the Energy Transition: Triodos Energy Transition Europe Fund, Triodos Emerging Markets Renewable Energy Fund
 - Primarily accelerating the Societal Transition: Triodos Microfinance Fund, Triodos Fair Share Fund
 - Primarily accelerating the Food Transition: Triodos Food Transition Europe Fund
 - Multiple Transitions: Triodos Groenfonds, Hivos Triodos Foundation
2. Impact Equities and Bonds (IEB) (Around EUR 2.8 bn, representing 59% of the assets covered in this statement) contributing all to multiple transitions:
 - Global Equities: Triodos Global Equities Impact Fund, Triodos Pioneer Impact Fund, Triodos Future Generations Fund
 - Fixed Income: Triodos Euro Bond Impact Fund, Triodos Sterling Bond Impact Fund
 - Mixed Assets: Triodos Impact Mixed Fund – Defensive, Triodos Impact Mixed Fund – Neutral, Triodos Impact Mixed Fund – Offensive

This report covers our second year of PAI reporting, and therefore the first occasion we compare results to the previous year. For our Impact Equities and Bonds investments, data is acquired from a third-party data provider, and coverage ranges from 0 to 100%. Whilst comparing results, we found several inaccuracies in the data and will therefore engage with the data provider to improve data quality going forward. For our Impact Private Debt & Equity investments, data is collected directly from investees, reviewed internally, and complemented with proxies where available. These indicators remain a challenge to collect from private companies, particularly for indirect investments: Financial Intermediaries and Funds operating outside of the EU who finance underlying small and medium sized enterprises (SMEs).

2023 results

Following our investment process, we do not tolerate any significant harm in our portfolios. Based on the 2023 data, there are no indications of any significant adverse impact in our portfolios. The explanation and actions taken and planned to reduce any adverse impact are described per indicator in our PAI statement. This covers all investment activities of Triodos IM over the course of 2023. We will focus on two key actions to minimise the adverse impact of our investments. First of all, we will continue our engagement with investment companies on reduction of greenhouse gas emissions in their operations and supply chains in line with our Triodos Bank Net Zero ambition. Second, whilst the results are comparable to last year on an aggregate level, we did find some significant differences on individual investment company level. Therefore, we will continue our engagement with investment companies and third-party data providers to improve data coverage and quality.