



Impact Equities and Bonds Investment & Stewardship Policy

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Inhoud

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1. Preamble



Through its public market Impact Equities and Bonds strategy, Triodos Investment Management (Triodos IM) invests for positive change alongside a financial return. Triodos IM's fully integrated investment approach ensures that the purpose of investing includes positive change in addition to generating a financial return. Every step in the stewardship and investment process has been designed with this integrated purpose in mind. This is also visible and explicit in Triodos' impact investing beliefs.

The investment process starts with forming a long-term vision on sustainability and the transition towards a more sustainable economy: the global trends, resulting challenges and sustainability solutions needed to meet these challenges. The companies Triodos IM selects for public market investment through either equity or debt must meet three criteria. First, companies must address the global challenges we have identified in the transition towards a sustainable economy. Second, companies may not jeopardise this transition and therefore must meet Triodos' strict minimum standards. Triodos IM believes these standards are among the strictest standards used by investors. And third, the securities of the companies Triodos IM invests in must have positive financial return expectations taking into account the environmental, social and governance (ESG) factors Triodos IM deems most material.

Stewardship starts from the moment company analysis begins and develops into a relationship, including dialogue and voting, throughout the holding period of the company in Triodos IM funds and portfolios. Through collaboration with other investors, Triodos IM expands the reach and effectiveness of its stewardship activities, further contributing to positive change with the potential for enhanced financial returns.

Triodos IM public market investments invest for positive change alongside a financial return in line with the broader market at acceptable risk levels. It uses strict investment criteria and a fully integrated investment and stewardship approach.

2. Introduction



2.1 Purpose of policy

The purpose of the Investment and Stewardship policy is to establish guidelines for the investment decision process and investment portfolio for the Triodos SICAV I sub-funds: Triodos Global Equities Impact Fund, Triodos Euro Bond Impact Fund, Triodos Impact Mixed Funds (Defensive, Neutral, Offensive), Triodos Sterling Bond Impact Fund, Triodos Pioneer Impact Fund and Triodos Future Generations Fund, as well as managed accounts, including client portfolios of Triodos Private Banking, all managed by Triodos IM.

2.2 Objective of policy

The objective of this policy is to outline the general investment goals and objectives for the Triodos SICAV I sub-funds and managed client portfolios that govern the public market investment activities of Triodos IM. The policies contained in this statement are intended to provide guidelines, where necessary, to ensure that investments are managed consistent with the short and long-term financial and impact goals of the Impact Equities and Bonds strategy. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions.

2.3 Scope of policy

The scope of this policy includes all portfolio management activities undertaken by Triodos IM. These activities include both the fund management of the Triodos SICAV I sub-funds, for which Triodos IM manages assets on behalf of the Management Company (ManCo) and management of client portfolios or individual mandates.

3. Investment Objective



This section sets forth the specific investment objectives as identified for impact investing by Triodos IM public market investment.

3.1 Impact

Global challenges of our time—such as alleviating poverty, fighting climate change, reducing inequalities and promoting prosperous and healthy life for all within the boundaries of our planet— require a different approach to investing. Through impact investing, investors gain exposure to companies and/or projects that deliver tangible social or environmental benefits. Together with its investors, Triodos IM provides capital, expertise and a network to enable entrepreneurs and businesses to add and create real value that benefits society and the real economy. Multiple studies show that in the long term, the performance of impact investing is comparable to mainstream investing, but with the addition of creating real value and contributing to a better quality of life. Triodos IM believes the investment industry needs a paradigm shift: from short-term financial gains to long-term positive impact. Impact investing has the potential to bring about this paradigm shift, aligning the shorter term with long-term goals. This is the only type of investing that Triodos IM does across all its assets under management.

3.2 Return

Triodos IM has a long history in impact investing both in public and private markets. Triodos IM invests its managed assets in listed equity and debt securities to achieve financial returns that are in line with the market. It also ensures positive societal impact through investment in companies that address the global challenges as universally understood, formulated and described in the UN Sustainable Development Goals.

For its respective sub-funds, managed accounts and portfolios, Triodos IM invests in:

- equities of listed companies and/or
- corporate bonds and/or
- sovereign bonds and/or
- sub-sovereign bonds and/or
- impact (designated green, social or sustainability) bonds and/or
- units or shares of UCITS and/or UCIs

which (i) contribute positively to the global challenges Triodos IM has outlined and do not harm society and/or the environment, (ii) are expected to deliver attractive returns and (iii) comply with the investment strategy. The objective is to invest all or most of its assets in equities, bonds and other securities in such a way that the related risks are diversified. The aim is to achieve a long-term net asset growth. The type of securities for investment and the related risk and return profile vary for each sub-fund and managed account. The assets of each sub-fund and managed account will be invested separately in accordance with the investment objectives and policies of that sub-fund or managed account.

Managed accounts and Triodos SICAV I funds, depending on sub-fund, will invest worldwide in shares, corporate debt and/or impact bonds (green, social or sustainability bonds) issued by companies that meet strict sustainability criteria. By entering into dialogue with these companies, the sub-funds and managed accounts aim to further advance the sustainability agenda.

Additionally, depending on sub-fund or account, Triodos IM invests in (impact) bonds issued by sovereign and sub-sovereign entities for liquidity and risk management purposes.

All funds and managed accounts aim to achieve financial returns that are in line with the market in the long term, represented by generally accepted indices for worldwide funds that are well-diversified across sectors and regions in their respective asset class. The investment policy pursued by Triodos SICAV I funds is not aimed at replicating or outperforming the benchmark in the short to medium term.



In the long term, Triodos IM believes that forward-looking, innovative and well-behaved companies that address the global challenges in the transition towards a more sustainable economy will benefit more from this transition than traditional and backward-looking companies and hence should be able to generate higher financial returns than the market.

The funds and accounts may deviate from their benchmark because Triodos IM chooses only to invest in companies that meet strict sustainability criteria. Triodos IM believes that sustainable investments offer more stable and higher financial returns than non-sustainable investments in the longer term. Therefore, SICAV I sub-funds and managed accounts tend to invest in companies based on a long-term investment horizon.

3.3 Diversification and risk

Diversification across and within asset classes is the primary way Triodos IM expects the managed portfolios and funds to avoid undue risk of large losses over long time periods. To protect portfolios and funds against unfavourable outcomes within an asset class due to the assumption of large risks, Triodos IM will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following general guidelines will be in place for the SICAV I funds:

- I. Up to 10% of the net assets of any of the funds may be held in cash. As a principle, our investment process aims to be fully invested over time, keeping portfolio cash at the minimal level possible within the boundaries of sound risk and liquidity management. This percentage may be exceeded for a short period of time under exceptional circumstances such as substantial uncertainties in the financial markets.
- II. The funds will not invest over 10% of the net assets in any single title or in multiple titles of any single issuer; nor will the total value of all securities in which it invests more than 5% of net assets exceed 40% of the value of fund net assets. The limit of 10% is increased to 35% in respect of instruments issued or guaranteed by a Member State of the European Union.
- III. With respect to fixed income investments, for individual bonds, the minimum credit quality of these investments shall be investment grade, where ratings from the following rating agencies are considered: Standard & Poor's, Moody's or Fitch. If a bond is rated by several of these agencies, then the arithmetic average rating is attached to the bond. If a bond is not rated, the rating of its parent is applied to determine whether the bond is eligible for the sub-fund. The rating is consolidated to the nearest rating grade. Rating notches are not used. For sovereign bonds and sub-sovereign bonds issued by regional or local authorities, individual bond rating is not used. Instead, the average (including unsolicited) long-term local currency sovereign debt rating is used.

For the managed accounts, diversification precautions will be taken within the asset mix, risk profile and specific client restriction bandwidths agreed upon with individual clients. For private banking clients this is agreed and arranged in a service level agreement and related documentation between Private Banking Netherlands (PBNL) and Triodos IM Impact Equities and Bonds.

4. Investment Strategy



This section sets forth the specific return expectations and risk profiles of the various portfolios offered to retail and/or institutional clients and managed by Triodos IM Impact Equities and Bonds.

4.1 Discretionary managed client portfolios

The investment strategies for individual private banking clients are outlined in individual portfolio management agreements between either PBNL and the individual client (private banking portfolios), or Triodos IM and the individual client (managed accounts). This agreement contains financial risk and return expectations based on client-specific profiles. Portfolio management activities shall be conducted in accordance with these agreements.

4.2 Triodos Global Equities Impact Fund

In evaluating the return profile of an investment in the Triodos Global Equities Impact Fund (TGEIF), investors should consider the following factor: the fund invests worldwide in shares of listed companies that meet strict sustainability criteria. By entering into dialogue with these companies, TGEIF aims to further advance the sustainability agenda. The fund aims to achieve financial returns that are in line with the market.

The typical investor in the sub-fund would be a natural person or an institutional investor who wants to invest in shares of publicly listed companies that combine good financial results with a good performance on ESG issues.

The typical investor can handle the risk of losing (part of or all) their investment. The sub-fund is designed for the investment objective of long-term capital growth through a portfolio that is well-diversified over economic sectors and geographic regions.

The Triodos IM investment universe does not represent regular country or sector indices. The performance of the sub-fund may temporarily differ from these indices both in a positive and in a negative way. The sub-fund aims to diversify its investments geographically, and across sectors and themes. However, as it focuses on companies with sustainable activities, the return of TGEIF is likely to differ from other large-cap funds that invest globally.

4.3 Triodos Euro Bond Impact Fund & Triodos Sterling Bond Impact Fund

Triodos Euro Bond Impact Fund (TEBIF) and Triodos Sterling Bond Impact Fund (TSBIF) invest worldwide in bonds issued by companies that meet strict sustainability criteria. By entering into dialogue with these companies, TEBIF and TSBIF aim to further advance the sustainability agenda. In addition to corporate bonds, the funds also invest in sovereign bonds, sub-sovereign bonds and impact bonds. TEBIF and TSBIF aim to achieve financial returns that are in line with the market.

The typical investor in the sub-funds would be a natural person or an institutional investor who wants to invest in (i) corporate bonds, (ii) sovereign bonds, (iii) sub-sovereign bonds and (iv) impact bonds that combine good financial results with a good performance on ESG issues. The typical investor can handle the risk of losing (part of or all) their investment. The sub-funds are designed for the investment objective of long-term capital growth.

The Triodos IM investment universe does not represent regular country or sector indices. The performance of the sub-funds may temporarily differ from these indices both in a positive and in a negative way.



4.4 Triodos Impact Mixed Funds

Triodos Impact Mixed Funds (TIMF) invest worldwide in shares and bonds issued by companies that meet strict sustainability criteria. The three mixed funds each have a specific risk-return profile as determined by set strategic asset allocations:

Triodos Impact Mixed Funds	Equities (min-max)	Bonds (min-max)
Defensive	20%–30%	60%–80%
Neutral	40%–60%	40%–60%
Offensive	60%–80%	20%–30%

By entering into dialogue with these companies, the funds aim to further advance the sustainability agenda. In addition to corporate bonds, the funds also invest in sovereign bonds, sub-sovereign bonds and impact bonds. The funds aim to achieve financial returns that are in line with the market.

The typical investor in the sub-funds would be a natural person or an institutional investor who wants to invest in shares of listed companies and (i) corporate bonds, (ii) sovereign bonds (iii) sub-sovereign bonds and (iv) impact bonds that combine good financial results with a good performance on ESG issues.

The typical investor can handle the risk of losing (part of or all) their investment. The sub-funds are designed for the investment objective of long-term capital growth.

The Triodos IM investment universe does not represent regular country or sector indices. The performance of the sub-funds may temporarily differ from these indices both in a positive and in a negative way.

4.5 Triodos Pioneer Impact Fund

Triodos Pioneer Impact Fund (TPIF) invests worldwide in shares of listed companies that meet strict sustainability criteria. By entering into dialogue with these companies, the fund aims to further advance the sustainability agenda. TPIF aims to achieve financial returns that are in line with the market.

The typical investor in the sub-fund would be a natural person or an institutional investor who wants to invest globally in shares of listed companies of primarily small and mid-cap size that combine good financial results with proven leadership in their contribution to sustainable development. The typical investor can handle the risk of losing (part of or all) their investment. The sub-fund is designed for the investment objective of long-term capital growth through a concentrated and focused investment portfolio that is typically suited for investors with a higher risk tolerance.

The Triodos IM investment universe does not represent regular country or sector indices. The performance of the TPIF can temporarily differ from these indices both in a positive and in a negative way. The sub-fund aims to diversify its investments across themes. In addition, by its very nature of concentrating in small and mid-sized companies and focusing on companies pioneering in sustainable activities, the sub-fund may invest a significant proportion of its assets in a limited number of sectors. As a result, both the return and the volatility of the returns of TPIF are likely to differ significantly from other small and mid-cap funds that invest globally.

4.6 Triodos Future Generations Fund

Triodos Future Generations Fund (TFGF) invests worldwide in shares of listed companies that meet strict sustainability criteria and focus on children's wellbeing and development. By entering into dialogue with these companies, the fund aims to put children's rights higher on the agenda. TFGF aims to achieve financial returns that are in line with the market.



The typical investor in the sub-fund would be a natural person or an institutional investor who wants to invest globally in shares of listed small and mid-cap companies that combine good financial results with demonstrated leadership in their contribution to the welfare of children across the world.

The typical investor can handle the risk of losing (part of or all) their investment. The sub-fund is designed for the investment objective of long-term capital growth through a concentrated and focused investment portfolio that is typically suited for investors with a higher risk tolerance.

The Triodos IM investment universe does not represent regular country or sector indices. The performance of the TFGF can temporarily differ from these indices both in a positive and in a negative way. The sub-fund aims to diversify its investments across themes. In addition, by its very nature of concentrating in small and mid-sized companies, the sub-fund may invest a significant proportion of its assets in a limited number of sectors. As a result, both the return and the volatility of the returns of TFGF are likely to differ significantly from other small and mid-cap funds that invest globally.

5. Asset Allocation



Triodos IM realises that strategic allocation of fund and portfolio assets across broadly defined financial asset categories with varying degrees of risk, return, and return correlation will be a significant driver of long-term investment returns and fund asset value stability. The investment strategies for individual private banking clients are outlined in individual portfolio management agreements between either PBNL and the individual client (for private banking portfolios) or Triodos IM and the individual client (managed accounts). These agreements include strategic asset allocation and bandwidths.

5.1 Strategic asset allocation (SAA)

Fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of equity investments will be to achieve long-term capital growth of portfolio assets. The role of fixed income investments will be to generate income, provide for more stable periodic returns and provide some protection against a prolonged decline in the market value of the equity portion of fund investments.

5.1.1 Funds

Triodos IM's Investment Policy Committee (IPC) will determine long-term strategic asset allocation and will establish guidelines governing the asset allocation of the various sub-funds with the aim of achieving long-term returns while being properly diversified to mitigate financial market risks.

Once a year, the IPC will establish and update its long-term financial markets outlook, comprised of:

- expected economic growth and corporate profit growth across sectors and regions
- expected interest rates and inflation
- expected asset class returns for the various categories Triodos IM invests in (large-cap equities, small & mid-cap equities, government bonds, corporate bonds) as well as return expectations for the various regions Triodos IM invests in (North America, Eurozone, developed Asia-Pacific).

Upon establishing expected returns, the IPC will decide on an appropriate long-term strategic asset allocation recommendation, given the long-term objectives and short-term constraints of the sub-fund.

5.1.2 Discretionary private banking client portfolios

For private banking clients, guidelines on minimum and maximum exposures for long-term strategic asset allocation in mixed portfolios depend on individual client risk profile and investment agreement. Current guidelines are:

- equity portion minimum 0% – maximum 100%
- fixed income portion minimum 0% – maximum 100%
- alternatives portion minimum 0% – maximum 25%
- cash portion minimum 0% – maximum 20%

The IPC advises on the long-term strategic asset allocation for each of the different predetermined private banking client risk profiles (i) Fixed Income/Behoudend, (ii) Conservative/Defensief, (iii) Balanced Bonds/Neutraal, (iv) Balanced Shares/Offensief, and (v) Growth/Zeer Offensief. For other individually managed accounts, asset allocation and asset mix can be tailored to specific client requirements and objectives.

5.2 Tactical asset allocation

The strategic asset allocation is determined on an annual basis and sets forth the long-term allocation over asset categories. However, due to the evolving business cycle, market fluctuations and investor sentiment, the desired allocation may differ from long-term allocation in the medium to shorter term. Once a month, the IPC will discuss actual developments in financial markets and implications for the short term to medium term outlook and possible resulting deviations from the long-term scenario.



Every month, the IPC monitors developments, updates its views on the respective asset classes and, where necessary, decides on tactical asset allocation for each of the different private banking client risk profiles (i) Fixed Income/Behoudend, (ii) Conservative/Defensief, (iii) Balanced Bonds/Neutraal, (iv) Balanced Shares/Offensief, and (v) Growth/Zeer Offensief.

5.3 Asset allocation TGEIF

The sub-fund invests at least 67% of its net assets in shares of large-cap companies that are listed on the worldwide markets, and up to 33% of the sub-fund's net assets may be held in small and mid-cap companies. All investee companies must comply with the sustainable investment strategy described in the 'Sustainability assessment' section of the prospectus and must offer good investment prospects. The definition of the market capitalisation of small, mid and large-cap companies is dynamic and is based on the index methodology used by MSCI. The Management Company will update the market capitalisation thresholds for small, mid and large-cap companies at least once a year.

Up to 10% of the net assets may be held in cash. Under exceptional circumstances, such as substantial uncertainties in the financial markets, this percentage may be exceeded for a short period of time. However, under normal market circumstances, the sub-fund aims to be fully invested with only limited assets held in cash for liquidity purposes, such as managing inflows and outflows. The sub-fund may not invest more than 20% of its net assets in shares or units of other UCITS or other UCIs.

5.4 Asset allocation TEBIF and TSBIF

The sub-fund primarily invests in euro-denominated (TEBIF) or GBP-denominated (TSBIF) corporate bonds, impact bonds, sovereign bonds and sub-sovereign bonds which comply with the sustainable investment strategy described in the 'Sustainability assessment' section of the prospectus and offer good investment prospects.

Corporate bonds, impact bonds and sub-sovereign bonds not issued by regional or local authorities must be rated at least investment grade. Sovereign bonds and sub-sovereign bonds issued by regional or local authorities must be rated at least investment grade. Ratings from the following rating agencies are considered: Standard & Poor's, Moody's or Fitch. If a bond is rated by several of these agencies, then the arithmetic average rating is attached to the bond. If a bond is not rated, the rating of its parent is applied to determine whether the bond is eligible for the sub-fund. The rating is consolidated to the nearest rating grade. Rating notches are not used. For sovereign bonds and sub-sovereign bonds issued by regional or local authorities, individual bond rating is not used. Instead, the average (including unsolicited) long-term local currency sovereign debt rating is used.

Under normal circumstances, most of investments within the fund will be allocated towards corporate bonds and impact bonds. The allocation towards corporate bonds and impact bonds ensures that the fund fulfils its goal of contributing to a positive transition towards a more sustainable world, while having a positive financial return expectation.

The allocation towards sovereign bonds and sub-sovereign bonds ensures that the risk characteristics of the fund with regard to interest rate risk, credit risk and liquidity risk are managed in accordance with the expectations of its investors. Overall, all bonds used for investment within the fund may not jeopardise (the transition to) a more sustainable world and must meet Triodos IM's strict minimum standards.

TSBIF may invest up to 5% of the net assets in corporate bonds and impact bonds that are non-rated or below investment grade.

Up to 10% of the net assets may be held in cash. Under exceptional circumstances, such as substantial uncertainties in the financial markets, this percentage may be exceeded for a short period of time. However,



under normal market circumstances, the sub-fund aims to be fully invested with only limited assets held in cash for liquidity purposes, such as managing inflows and outflows.

The sub-fund may not invest more than 20% of its net assets in shares or units of other UCITS or other UCIs.

5.5 Asset allocation TIMF (defensive, neutral, offensive)

The sub-funds primarily invest in shares of large-cap companies that are listed on the worldwide markets, and in euro-denominated corporate bonds, impact bonds, sovereign bonds and sub-sovereign bonds which comply with the sustainable investment strategy described in the ‘Sustainability assessment’ section of the prospectus and that offer good investment prospects.

These investments will have the same characteristics as the investments described in the investment policy of TGEIF and TEBIF. However, the investments of the three mixed funds will not be exact mirrors of the investments of the aforementioned funds, as factor risks and concentration risks may demand a more diversified allocation for the mixed funds.

The mixed funds adjust the allocation between equities and fixed income based on the economic outlook and market views as determined by the IPC in order to take advantage or mitigate risks of market developments, within the following ranges:

Triodos Impact Mixed Funds	Equities (min- max)	Bonds (min-max)
Defensive	20%–30%	60%–80%
Neutral	40%–60%	40%–60%
Offensive	60%–80%	20%–30%

Up to 10% of the net assets may be held in cash. Under exceptional circumstances, such as substantial uncertainties in the financial markets, this percentage may be exceeded for a short period of time. However, under normal market circumstances, the sub-fund aims to be fully invested with only limited assets held in cash for liquidity purposes, such as managing inflows and outflows.

The sub-funds may not invest more than 20% of their net assets in shares or units of other UCITS or other UCIs.

5.6 Asset allocation TPIF

The sub-fund invests at least 67% of its net assets in shares of small and mid-cap companies that are listed on the worldwide markets and up to 33% of the sub-fund’s net assets may be held in large-cap companies. All investee companies must comply with the sustainable investment strategy described in the ‘Sustainability assessment’ section of the prospectus and must offer good investment prospects. The definition of market capitalisation of small, mid and large-cap companies is dynamic and is based on the index methodology used by MSCI.

The Management Company will update the market capitalisation thresholds for small, mid and large-cap companies at least once a year.

Through the sub-fund, the investor will invest in shares of global small and mid-sized companies that are frontrunners in innovative and ground-breaking developments in the field of sustainability. The sub-fund focuses on a sustainable future for people and planet through investments in companies that are leading in sustainable products and technologies and that provide solutions addressing the investable sustainability themes.



Up to 10% of the net assets may be held in cash. Under exceptional circumstances, such as substantial uncertainties in the financial markets, this percentage may be exceeded for a short period of time. However, under normal market circumstances, the sub-fund aims to be fully invested with only limited assets held in cash for liquidity purposes, such as managing inflows and outflows.

The sub-fund may not invest more than 20% of its net assets in shares or units of other UCITS or other UCIs.

5.7 Asset allocation TFGF

The sub-fund invests at least 75% of its net assets in shares of small and mid-cap companies and up to 25% in large-cap companies that are listed on worldwide markets. All investee companies must support an ecosystem of equal opportunity, health and wellbeing, education and safety for children. The definition of market capitalisation of small, mid and large-cap companies is dynamic and is based on the index methodology used by MSCI.

The Management Company will update the market capitalisation thresholds for small, mid and large-cap companies at least once a year.

The sub-fund may invest up to 25% of its net assets in companies listed in emerging markets. These investments in local currencies will not be hedged.

Up to 10% of the net assets may be held in cash. Under exceptional circumstances, such as substantial uncertainties in the financial markets, this percentage may be exceeded for a short period of time. However, under normal market circumstances, the sub-fund aims to be fully invested with only limited assets held in cash for liquidity purposes, such as managing inflows and outflows.

The sub-fund may not invest more than 10% of its net assets in shares or units of other UCITS or other UCIs.

5.8 Use of instruments & other

Investment managers are prohibited from:

- I. Purchasing securities on margin or executing short sales.
- II. Using leverage to enhance financial returns.
- III. Purchasing or selling derivative securities for leverage.
- IV. Pledging or hypothecating securities; lending securities to third parties.

Furthermore, unless expressly authorised by the ManCo and specified in a prospectus change, investment managers shall refrain from:

- I. Purchasing or selling derivative securities for speculation.
- II. Purchasing or selling derivatives with the aim of hedging market exposure, with the exception of currency hedging (see below).
- III. Engaging in other investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of the respective portfolio.

For any portfolio currency hedged class (PCHC), the ManCo will use hedging transactions to reduce the impact of exchange rate movements between the currency denomination of the PCHC and the primary currency exposures in the relevant sub-fund's portfolio. The hedging strategy employed will not completely eliminate the currency exposure of the PCHC, and due to the impossibility of forecasting future market values, the hedging will not be perfect.

6. Portfolio Construction



Asset allocation is concerned with the top-down positioning of portfolios and funds over various distinctive asset categories. Within the asset allocation and resulting asset category positioning ranges as set forth by the IPC, individual fund managers and portfolio managers are responsible for portfolio construction.

6.1 Title selection

Titles eligible for investment for both funds and managed accounts will meet the strict Triodos IM investment criteria set forth in the SICAV I prospectus, without exception in the case of managed accounts.

Individual equity and fixed income titles can be selected for portfolio inclusion based on various merits. These may include but are not limited to (i) stocks or bonds issued by companies that are solution providers in the transition towards a more sustainable future, addressing the global sustainability challenges outlined by Triodos and (ii) risk mitigation purposes, especially in the case of government bonds.

6.2 Weightings

Weightings of the individual titles within a portfolio context are a function of (a combination) of the following fundamental factors: (i) UCITS requirements as stated in the prospectus or individual managed account restrictions, (ii) predetermined Triodos IM risk tolerance limits, (iii) individual title risk contribution, (iv) appreciation potential, also called upside, (v) investment manager conviction levels on bottom-up company fundamentals, company sustainability impact and top-down thematic exposure desired in the portfolio and (vi) individual title issue size, trading volume and other liquidity characteristics.

In constructing a portfolio, the investment manager will seek to find a proper balance between social impact and thematic exposure, return requirements and risk characteristics within the fund or portfolio investment mandate. Individual position risk and return contributions as well as risk and return characteristics of the portfolio will be monitored daily.

6.3 Sell discipline

There can be various reasons for reducing positions in individual titles or selling equity or fixed income positions. These include but are not limited to:

An issuing company no longer meets Triodos minimum standards: in this case, entire positions in the specific title are to be sold.

- I. Issuing company fundamentals have deteriorated or are deteriorating, warranting a different view of the (risks and prospects of) equities or bonds of the company.
- II. Shares of a company have reached the price target set by Triodos IM integrated analysis. In such cases, research into the issuing entity will need to be conducted to see if a new price target is justified, otherwise the position will be reduced or sold, depending on investment alternatives and portfolio requirements.
- III. Fund or portfolio cash flows (as set forth in section 7 on rebalancing).
- IV. Liquidity events (as set forth separately in section 10). In most cases, it is left to the discretion of the individual fund or portfolio manager to decide on the timeframe in which holdings will be (partly) divested. However, in case of (I.) a minimum standards breach, the positions in both equity and corporate bonds that Triodos IM holds for its funds and portfolios shall be entirely sold within three months of said breach occurring, considering market developments and liquidity constraints.

Furthermore, if a particular title is to be sold for managed accounts and/or the SICAV I funds based on a minimum standards breach and a new private banking client or other managed account is activated (or cash inflows are to be invested for clients or the funds) during the three-month period that the title under consideration is to be sold, these particular titles will be excluded from any buy transactions during this period.

7. Rebalancing & Trading



It is expected that a fund or portfolio's actual asset allocation and securities positioning can and will deviate from targeted weights as a result of varying periodic returns earned on investments in different asset classes and securities. The portfolio will be rebalanced to its targeted normal weightings under the following procedures:

- I. Fund managers and portfolio managers will use incoming cash flow (contributions) or outgoing money movements (disbursements) of funds and portfolio to realign the current weightings closer to the target weightings of each fund and managed account.
- II. Fund managers and portfolio managers will monitor and review holdings of the funds and portfolios and will exercise discretion in adjusting the actual weightings towards target weight if deviations due to market movements in one or more holdings of the fund or portfolio have become too significant.
- III. Fund managers and portfolio managers shall act within a reasonable period of time to rebalance after evaluating deviation from target ranges.

Rebalancing existing positions may also take place when implementing portfolio decisions (increasing or decreasing existing positions, buying new positions or selling holdings entirely) as outlined in the portfolio construction process.

When implementing orders, to guarantee proper procedures to rebalance and preserve trading accuracy, every proposed order must be checked and accorded by at least two Triodos IM Impact Equities and Bonds employees with trading responsibility.

8. Monitoring Portfolio Investments and Performance



Triodos IM will monitor the portfolio investment performance against stated investment objectives monthly and formally assess the portfolios and underlying securities investments.

The respective portfolio composite investment performance will be judged against the following standards:

- I. Societal and environmental impact from investments.
- II. The portfolio's absolute long-term (real) return objective.
- III. The individual portfolio's reference index, which is represented by the relevant benchmark as set forth in the prospectus. For internal reference and performance evaluation purposes, investment returns will also be evaluated versus a selected group of peers.
- IV. The relevant absolute and relative risk parameters for the fund or portfolio being evaluated.

In keeping with the overall long-term absolute and relative financial objectives of the portfolios, Triodos IM will evaluate investment managers and performance over a suitably long investment horizon, generally across full market cycles of five to seven years, commensurate with Triodos IM's investment horizon.

Investment performance reports and portfolio characteristics for the funds managed shall be provided by Triodos IM on a (calendar) monthly basis.

9. Risk Management



Triodos IM will monitor the portfolio market fluctuations against stated investment risk profiles on an ongoing basis and evaluate portfolio positioning and risk characteristics based on (i) portfolio restrictions as set forth in the prospectus, (ii) market risk and (iii) factor risk.

9.1 Portfolio and client-specific restrictions

Portfolio positioning is evaluated daily to ensure that market fluctuations do not cause a possible breach against the risk limitations set forth in the SICAV I prospectus or as agreed with individual private banking and institutional clients.

Pre-trade and post-trade compliance checks are in place and the order management system is used to ensure that proposed orders do not constitute a possible breach against the risk limitations set forth in the SICAV I prospectus or as agreed with individual private banking and institutional clients.

Furthermore, every proposed trade must be accorded by at least two Triodos IM employees with investment responsibilities, as outlined in the rebalancing guidelines, before being sent to the trading desk.

9.2 Market risk

Market risk will be monitored daily, and risk parameters will be evaluated accordingly. These include, but are not limited to, value at risk (VaR), portfolio tracking error and portfolio beta.

Triodos IM considers market risk the outcome of a carefully constructed portfolio or fund and hence VaR, beta and tracking error will be a result of the portfolio construction process rather than a steering variable. Having said that, market risks will be actively monitored and measured. In case of excessive risk resulting from portfolio construction decisions, Triodos IM may act to alter portfolio positioning in order to mitigate market risk and address risk characteristics or bring risk back into what Triodos IM deems to be acceptable risk tolerance levels.

Furthermore, Triodos IM considers risk versus a benchmark an inherent proposition of active portfolio management as the funds' objective is neither to beat or replicate the market index but rather to generate market returns while having societal impact.

The use of financial derivatives and hedging to alter portfolio risk characteristics or abovementioned market risk exposures is not allowed for the accounts of the funds, as described in section 5 on asset allocation.

9.3 Factor risk

Factor risks are unintended risks which are implicit exposures or portfolio sensitivities to certain macroeconomic entities and factors. These risks include, but are not limited to, oil price risk, currency risk, interest rate risk and style risk.

Triodos IM considers factor risks the outcome of a carefully constructed portfolio or fund. Hence, market factor risks will be a result of the portfolio construction process rather than a steering variable. Having said that, factor risks will be actively monitored and measured. In case of excessive risk resulting from portfolio construction decisions, Triodos IM may act to alter portfolio positioning in order to mitigate factor risk and address risk characteristics or bring risk back into what Triodos IM deems to be acceptable risk tolerance levels.

The use of financial derivatives and forex hedging to alter portfolio risk characteristics or abovementioned factor risk exposures is not allowed for the accounts of the funds, as described in section 4 on asset allocation.



9.4 Systemic risk

Due to Triodos IM's strong investment beliefs, its impact investing focus and the resulting investment choice to invest in innovative, well-behaved and forward-looking companies that address the sustainability challenges in the transition towards a more sustainable economy, certain global economic sectors or industries will a priori be excluded from the Triodos IM investment universe. This reflects an active investment decision that can result in a portfolio more concentrated than the benchmark or reference index, and which may still include certain 'old economy' sectors and industries.

Therefore, from time to time, Triodos IM investment performance may lag that of the reference index in the short to medium term. Triodos IM believes that through this active positioning, over the long run, the systemic risks of investing in certain non-adaptive industries, more prone to disruption or transformational change, are avoided.

9.5 Other risks

Other key investment-related risks Triodos IM has identified may include but are not limited to:

- operational risk
- counterparty risk
- liquidity risk (separately addressed in section 10 on liquidity events)
- Euro and GBP currency denomination risk
- legal risk

Risk management policies and processes are in accordance with the applicable regulatory standards, e.g. Triodos IM is compliant with ISAE3402.

9.6 Risk management framework & responsibilities

The ManCo has implemented an integral risk management framework throughout its organisation to adequately monitor and manage the risks related to the sub-funds. The risk management framework is based on the Committee of Sponsoring Organizations of the Treadway Commission framework for integral risk management. Furthermore, it contains a permanent, independent risk management function, as well as policies and procedures designed in accordance with European regulations and best market practices.

The risk management framework describes the roles and responsibilities of the risk management function, risk governance (the 'three lines of defence' model) and the risk management process to identify, measure, mitigate, monitor, report and evaluate all relevant risks related to the sub-funds and client portfolios. The risk management function is responsible for the implementation and execution of the risk management process and policies. The risk management function is functionally and hierarchically separated from the fund and portfolio management function.

In the abovementioned 'three lines of defence model', portfolio managers and fund managers through internal control systems and measures have primary responsibility for measuring, monitoring and managing fund and portfolio risks such as market risk, factor risk and systemic risk described in paragraphs 9.1 to 9.5 and section 10 – this constitutes the first line of defence. The second line of defence is comprised of compliance and the risk management function. Lastly, the internal audit function is the third line of defence within Triodos IM.

The Impact & Financial Risk Committee (IFRC) is mandated with the governance of all financial risks, including sustainability risks. In the quarterly IFRC meeting, both the impact and the financial risks of the sub-funds are discussed and considered in the monitoring and decision-making process.

10. Liquidity Events



This section addresses Triodos IM procedures that will be initiated in case of unforeseen or sudden market events with (potentially) severe market impacts.

In case of such events, Triodos IM will organise a meeting with the Director of Impact Equities and Bonds, Head of Research, and fund managers as quickly as possible to assess the event and evaluate the implications for investments under Triodos IM management.

Findings can result in portfolio actions being taken on behalf of capital preservation for the client, taking into account UCITS requirements as set forth in the prospectus, individual portfolio limitations and boundaries, and liquidity needs in case of redemptions. In extreme cases, findings can result in the request of a trading halt or suspension.

As the sub-funds are open-ended funds, each sub-fund may in theory be faced with many redemptions on each valuation day. In such an event, investments need to be sold quickly to comply with the repayment obligation towards the redeeming shareholders. In the extreme scenario that positions held on behalf of a sub-fund cannot be liquidated in time and at a reasonable price, the ManCo can resort to the request for suspension or restriction of purchase and issue of the individual sub-fund's shares.

11. Corporate Actions



Corporate actions for listed equities can have many forms. Below is a (non-exhaustive) list of examples:

- I. Splits
- II. Mergers & acquisitions
- III. Special dividends & scrip dividends
- IV. Tender offers
- V. Trade blocks (voting) (record date AGM)

In the event of such corporate actions affecting positions held by Triodos IM funds and/or portfolios, fund and portfolio managers have full discretion on the interpretation of these actions in light of portfolio requirements and shall decide on a case-by-case basis how to treat the individual propositions, e.g. receiving dividend in cash or equity, partaking in a tender offer or retaining positions if Triodos IM is looking to cast its vote at company AGMs.

12. IPOs and Allocation



Participation in an initial public offering (IPO) is left to the discretion of individual fund and portfolio managers, if the investment proposition under consideration meets the criteria set forth to be eligible for inclusion in the respective funds and can be included in the portfolio without compromising its risk profile or breaching any of the portfolio or client restrictions as outlined earlier.

In case of participation, fund and portfolio managers are not allowed to overstate their intended demand and will aggregate their real demand for the instrument being listed on the exchange. Upon allocation to Triodos IM fund accounts, equal client treatment means fair distribution among the participating portfolios which implies that Triodos IM will allocate instruments of the newly issued equity to participating funds and portfolios according to subscription size on a pro-rata basis.

13. Stewardship



Stewardship is the entrusted responsibility from end beneficiaries for a duty of care. Clients of Triodos IM aim to receive a financial return and generate positive impact through investing in listed companies. Triodos IM believes that companies with a sound strategic direction that incorporates material ESG factors will see corporate value drivers impacted positively in the long run, and hence not only contribute to societal change but create solid financial returns and improved shareholder value as well. To achieve this aim, Triodos IM carefully selects companies as described in this investment policy (and in more detail on the website, <https://www.triodos-im.com/impact-equities-and-bonds>), and carries out engagement and voting to maximise the investee company's contribution to positive change, improving company results from an integrated financial and sustainability perspective.

While the core of stewardship is in engagement and voting, the comprehensive selection of investee companies is considered an element of stewardship as well.

13.1 Engagement

Triodos IM regards engagement and active ownership an integral part of its role as a responsible shareholder. The underlying theory of change is that through engagement and active ownership, investors can influence investees' corporate strategy and create positive impact. The goal is to improve practices and outcomes for stakeholders, leading to sustainable long-term creation that benefits shareholders.

- Company engagement is the dialogue of investors with their (potential) investee companies, via meetings, calls or written exchanges. Engagement can be informative (request for information), reactive (controversy-driven) or proactive (opportunity-based).
- Active ownership is the use of the rights and position of ownership to influence the activities or behaviour of investee companies. Shareholder voting is casting a ballot on various voting items at a company's AGM and is usually done via a service provider (proxy voting). Shareholder resolutions are written requests submitted by a shareholder to a company asking to address an issue of concern.
- Advocacy is an activity by an individual or group that aims to influence decisions within political, economic, and social institutions. Triodos IM engages in advocacy by publishing position papers, opinion pieces or case insights to share its investment beliefs with its counterparts in the financial sector, regulators, policymakers and the general public.

13.2 Engagement strategy

The engagement strategy of Triodos IM is designed to have meaningful dialogue with investee companies and bond issuers to maximise positive change and create long-term value for the benefit of its beneficiaries, for society and for the planet while enhancing the long-term value creation potential of the company under engagement. Triodos IM carefully chooses relevant topics, sets goals and timelines.

Fundamental company research, thematic research and a well-managed relationship with the investee companies and bond issuers are key ingredients of the engagement strategy. Key financial and sustainability considerations are assessed for each (potential) investee company, including the identification and summary of engagement topics per company. Topics relate to the core business, products, services and operations of the company, green or social bond frameworks or follow from Triodos Bank's investment beliefs and minimum standards. Topics that are presented are considered material to the company and acting on these topics can contribute to the long-term value creation of the company. Concrete goals are defined and indicative deadlines are set for engagement programmes. Topics identified in the company analysis may be risk (prevention) based, but also opportunity driven.

13.3 Types of engagement

In general, engagement topics can be risk-based or opportunity-based. In Triodos IM terms, there are three kinds of engagement.



13.3.1 Request for information engagement (informative)

Prior to investing in a company, but also during the investment, companies are contacted with a request for information about their business policies and practices to ensure compliance with the Triodos minimum standards. For instance, involvement in a certain product or sector might exclude a company from investments ex ante or lead to exclusion following a shift in the company's business or an acquisition of another company.

13.3.2 Event-driven engagement (reactive or risk-driven)

Triodos IM uses a variety of sources to monitor news about its investees. When NGOs or journalists allege a company's involvement in a controversy that may potentially represent a violation of the Triodos minimum standards, the company is contacted to clarify and investigate the allegations, and to assess materiality of the incident as well as the responsibility and accountability of the company. For instance, involvement in minor controversy with limited corporate responsibility would lead to expressing concern and more scrutiny on the topic, while involvement in a serious controversy highlighting clear company shortcomings would lead to major concern and divestment.

13.3.3 Opportunity-based engagement (proactive)

To support the transition to a sustainable economy and enhance positive impact, Triodos IM researches and identifies sustainability topics for specific companies or sectors beyond its minimum standards and pursues a proactive dialogue with companies to encourage them to progress towards pre-defined milestones and goals.

13.4 Collaborative engagement

To maximise its impact, Triodos IM takes part in collaborative engagement activities. Triodos IM evaluates potential participation by assessing:

- the thematic fit of the topics with Triodos IM strategic agenda
- the relevance for the portfolio
- the quality of the proposed engagement programme in terms of concrete goals
- the potential to achieve positive impact and opportunity for advocacy and taking a public stance
- the engagement partners and network, and their alignment with Triodos' values

13.5 Roles involved in engagement efforts

The Director of Impact Equities and Bonds bears the overall responsibility for the engagement activities carried out with investees and bond issuers. The responsibilities for the coordination, execution, evaluation and escalation of engagement are allocated as follows:

13.5.1 Topic selection and proposal

The topic selection for proactive, opportunity-based engagement programmes is coordinated between the Investment Strategy team and investment teams in quarterly meetings. Investment Strategy proposes engagement topics in line with the group's transformative impact themes, the group's minimum standards, green or social bond frameworks and regulatory requirements. In collaboration with the investment teams, the portfolio relevance and impact potential are determined. The Investment Strategy team prepares a proposal of methodology with targets and timelines, including an initial pilot study, to assure feasibility.

13.5.2 Decision-making

The proposal is submitted to the TIMIC (Triodos Investment Management Investment Committee) for approval of the vision and agenda setting. The TIMIC consists of the Managing Director Triodos Investment Management, the Directors Impact Equities and Bonds, the Director Impact Private Debt and Equity, the Impact Manager at Impact Equities and Bonds, the Impact Manager at Impact Private Debt & Equity, the Head of Investment Strategy and the Head of Corporate Communications. The TIMIC also sets KPIs for engagement, the designation of responsibilities and the allocation of resources.



13.5.3 Execution

The execution, tracking and escalation of engagement in line with the set KPIs is carried out by the investment teams. Both IE&B and IPD&E designate a spokesperson in the investment team for monitoring engagement activities. These are responsible for providing regular reports on engagement activities to the IFRC, which is responsible for monitoring the execution of programmes. The respective Directors of IE&B and IPD&E are responsible for the execution and escalation of engagement programmes.

13.5.4 Escalation

If the outcome of an engagement process does not meet the expectations in terms of responsiveness and/or objectives, the case must be escalated. Escalation can take the following forms:

- letter to executive and/or nonexecutive directors of the company raising the concern
- voting against director(s), raising issue in a question at the AGM, or filing a shareholder resolution (for equity investments to the extent possible)
- public statement on escalation of engagement with company
- exclusion of company, as investee or bond issuer, from the investment universe and divestment

The escalation strategy depends on the severity and urgency of the case, on the investment-specific possibilities, the framework of the specific engagement programme, as well as the expected impact of the escalation step. Escalation is subject to the approval of the fund manager and/or the Director of Impact Equities and Bonds.

13.5.5 Evaluation

The Impact Domain evaluates engagement programmes in terms of impact in line with the framework for the specific engagement programmes and oversees reporting in line with regulatory and public disclosure requirements. The evaluation of the company engagement may also lead to the evaluation of the engagement strategy and goals.

13.6 Engagement participants

Triodos IM will engage with companies on behalf of both SICAV I fund investors and managed account clients.

13.7 Proxy voting

Triodos IM fulfils its voting responsibility mostly by using the option to vote by proxy. Voting preparation (advice) and voting execution are outsourced to an external party: Glass Lewis (GL), based in the US. GL drafts its voting advice based on the Triodos Proxy Voting Guidelines. GL informs Triodos IM on a quarterly basis whether votes have been cast correctly. Triodos IM does not actively seek confirmation of companies of vote receipt and counting.

13.7.1 Decision for voting

In principle, Triodos IM votes at all meetings held by companies in portfolios of the investment funds provided it holds shares with voting rights. In principle, voting will occur in line with Triodos Proxy Voting Guidelines which are published on the Triodos IM website and are in line with the Dutch corporate governance code and relevant international corporate governance codes.

The guidelines are updated regularly and are approved by Triodos IM's Minimum Criteria & Proxy Voting Guideline Committee. These guidelines cover board composition, remuneration, sustainability, annual accounts and other governance-related topics. Shareholder resolutions are considered on a case-by-case basis. After voting by proxy, Triodos IM informs the company about voting decisions, including an explanation of oppose, abstain, or withhold votes. Preferably this is done prior to the meeting, which makes further dialogue and a potential vote change still possible. If the dialogue with a company results in



a deviation from the Triodos Proxy Voting Guidelines, Triodos IM decides to do so on a case-by-case basis. Companies are actively informed about the Triodos Proxy Voting Guidelines.

If fitting in the engagement strategy, Triodos IM may attend the AGM of European companies and speak and/or vote at these meetings. For the Dutch market, Triodos IM cooperates with Eumedion participants to attend AGMs and to engage with companies at these meetings. If relevant and in line with Triodos IM's engagement strategy, it may also co-file shareholder resolutions at AGMs.

13.7.2 Reporting on voting & voting records

All voting ballots are published on the Triodos IM website monthly. These ballots include an explanation of oppose, abstain, and withhold votes.

13.7.3 Voting participants

Triodos IM will engage with companies on behalf of both SICAV I fund investors and managed account clients.

Triodos IM will proxy vote for SICAV I fund investors and managed accounts if so agreed upon. However, for private banking managed portfolio client assets, Triodos IM will currently not participate in proxy voting.

It is noted that Private Banking aspires to apply proxy voting for its private banking accounts as well. Triodos IM supports this aspiration, acknowledging that practical barriers and cost implications would need to be considered before voting is implemented in the current setup.

13.8 Transparency

Triodos IM aims to uphold maximum transparency towards clients, investee companies and other stakeholders. Policies, fund holdings and engagement activities and outcomes are published on the Triodos IM website.

13.9 Record keeping

Triodos IM systematically documents engagement activities and voting for the benefit of compliance with relevant regulation and to allow for reporting to beneficiaries, clients and other relevant stakeholders.

14. Policy Changes



Triodos IM will change the investment policy if this is perceived necessary, for instance because of regulatory changes, organisational changes and/or changes in trading on exchanges or capital markets.

15. Ownership and Maintenance



This policy is owned and maintained by the Director Impact Equities and Bonds. This document and any changes thereto need to be approved by the Triodos IM's management board and the NFRC. This document will be reviewed at least once a year.

Triodos Investment Management, November 2022