



CLIMATE TRANSPARENCY REPORT 2020

Triodos Investment Management B.V.

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-CEBDF528-4E58-47D1-B9A9-1645410F1F5C/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Triodos Investment Management B.V.
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2009
Region	Europe
Country	Netherlands
Disclosure of Voluntary Indicators	96% from 38 Voluntary indicators

Triodos Investment Management B.V.

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Triodos Investment Management recognises that understanding both physical and transition climate related risks is important for long-term investment success. As impact investors, our main objective is to drive solutions to sustainability challenges such as climate change, through investing in low carbon solutions such as renewable energy generation and regenerative agriculture. However, we are also acutely aware that our investments in these solutions are still exposed to climate risks, especially physical risks.

Given our positive inclusionary and negative exclusionary criteria, most high transition risk (high carbon emitting) projects and companies are excluded from our portfolio by default. Renewable Resources is one of our seven transition themes, which are the basis for our mandatory inclusionary criteria. This theme capitalises on climate-related investment opportunities that provide the market alternatives to fossil fuel based resources, such as renewable energy and bio-based materials. For physical risk assessments of our portfolio, we use ISS's Carbon Risk Rating tool. Each company is given a High, Medium, or Low score based on their model, for both short and long term time horizons.

We measure transition driven climate risks using the Paris Agreement Capital Transition Assessment (PACTA) tool, which is a free, first-of-its-kind software that analyses the alignment of equity, bond, and lending portfolios with various climate scenarios. Given the fund's robust positive inclusion and strict negative exclusion criteria, the PACTA output indicated that the portfolio would have limited downside risk in a policy scenario where climate action is largely driven by carbon pricing. We would like to take this assessment even further by implementing our own shadow carbon pricing on the portfolio. For physically driven climate risks, we measure climate-related investment risks using the ISS Carbon Risk Rating tool. This model demonstrates very low physical risks over various time horizons. Our first proper disclosure of this material will be at the end of March 2020 in our Impact Report.

These measures and metrics have confirmed to us that our strict positive inclusionary and negative exclusionary criteria are not only good for the planet and people, but also good for our financial prospects. We believe that some industries and practices will simply no longer have a role in society and see participating in these areas as risk to our reputation as a sustainable investor as well as to the financial risk management our portfolio. Additionally, our vision for a sustainable society clearly lays out which sectors and thematic areas will prosper in a new economy. Taking advantage of these investment opportunities enables our funds to thrive in the transition towards a sustainable society.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

- Yes
- No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

We are in the early phases of exploring and assessing our business' climate risks. Assessing the likelihood and impacts of these risks is the next phase of our approach to TCFD reporting.

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

Explain the rationale

We have not yet issued a public statement supporting the TCFD. This is because our main concern is about driving solutions to climate risks and the TCFD does not include a steering mechanism to drive long-term capital into solutions. We will watch this space, and if the market needs a larger push to act on climate related risk management, we are happy to support this initiative more publicly.

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes
- No

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

Our senior management team directly oversees our climate opportunities, however we do not have a firm-wide strategy to identify climate related risks. While solutions to climate change are a large part of our business through investment in renewable energy, energy efficiency solutions, energy storage, and regenerative agriculture, climate risk assessment (especially physical risk) is something we understand needs to be further integrated into our strategy. Implementing an organisation-wide strategy to manage climate-related risks and opportunities is a priority for the firm this year, with the introduction of a new Impact Financial Risk Management Committee, that will assess the sustainability / impact / climate related risk, and how these might effect our financial returns.

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Impact Reports
<https://www.triodos-im.com/impact-report/2019/impact-equities-and-bonds/triodos-global-equities-impact-fund#climate>

We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6
CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Our board signs off on our annual accounts, which includes carbon accounting using the Partnerships for Carbon Accounting (PCAF) methodology. They are directly accountable for the correctness and completeness of this data. We actively encourage other financial institutions to also publicly disclose the carbon footprints of their loan books and investment portfolios.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

We conduct scenario analysis for our listed equity and bond funds. These are largely based on potential carbon tax implications (to drive down demand for fossil fuel based products) and shadow carbon pricing.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

As an impact investor, we invest for the long-term with the intention to generate social and environmental impact alongside a healthy financial return. Our short-term and long-term outlooks help guide our investment selection and portfolio construction for our listed equity and bond funds. Our long-term outlook reflects our investment philosophy. It is the basis of the strategic asset allocation for our impact equity and bond funds. The challenge is to develop a sustainable system that respects our environment and works to benefit all. We therefore also describe two possible transition scenarios towards a sustainable society. In the first scenario, we look at the investment implications of a transition towards a carbon-neutral economy. In the second scenario, we look at the implications of transition towards an inclusive economy.

<https://www.triodos-im.com/investment-outlook>

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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- Initial assessment
- Incorporation into investment analysis
- Inform active ownership
- Other

	specify
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Reporting

	Describe
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Climate centric scenario analysis is new for Triodos Investment Management, as for much of the market. In 2019, we started a journey to consider how our portfolio might perform in a policy environment that aims to rapidly decarbonise the economy (transition risks). Given the strong sustainability and impact investment criteria of our business, transition risks are less relevant than potential physical risks. We are still exploring how to best conduct physical climate scenarios.

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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- Yes

Describe

Please see answer to SG 13.4 CC above. Our approach to scenario analysis is long-term, and we are long-term investors. Our investment horizon is 5 years or longer, but we anticipate climate scenarios beyond this timeframe.

No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input checked="" type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Increasing inequality and political polarization

- Other, specify(2)

other description (2)

Soil depletion and loss of biodiversity

- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		4	061	733	237
Currency	EUR				
Assets in USD		4	477	253	816

Specify the framework or taxonomy used.

A holistic, integrated sustainability approach is the core of all our activities. We use the theory of change framework as the basis for our impact management, and energy and climate is one of our key impact areas. However, we integrate climate considerations beyond this -- into food and agriculture, and financial inclusion. It is part of our minimum standards, which defines which economic activities and practices are simply not compatible with our vision for a resilient society. As such, all our AUM are invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

Two of our investment funds are active in direct investments in renewable energy: Triodos Groenfonds (EUR 967 million) which provides private debt loans (23,8% of total AUM) and Triodos Renewables Europe Fund (EUR 118 million, Infrastructure). The impact equities and bonds funds (EUR 2,025 million) invest in clean technology as part of their investment strategy.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	To steer our energy and climate (private) impact investments.	kilo watt hours	PCAF
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	For transparency of our portfolios	tonnes of CO2	PCAF
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	For transparency of our portfolios	tonnes of CO2	PCAF
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	For transparency of our portfolios	tonnes of CO2	PCAF

**SG 14.7
CC**

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

We have a three lines of defence model, and the first line is portfolio managers. They assess the financial risks of the portfolio, and this includes climate risks at a high level. As the funds have no exposure to the most highly emitting sectors or the sectors that are most likely to be affected by incoming policy intervention, inherently climate risks are minimal and do not require significant attention for managing.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No

