

Building an inclusive world

Triodos Microfinance Fund
Impact Report 2021

Triodos @ Investment Management

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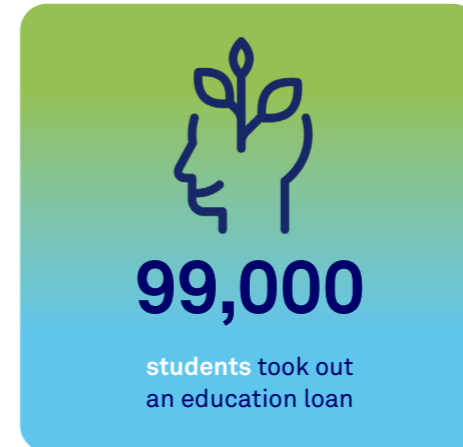
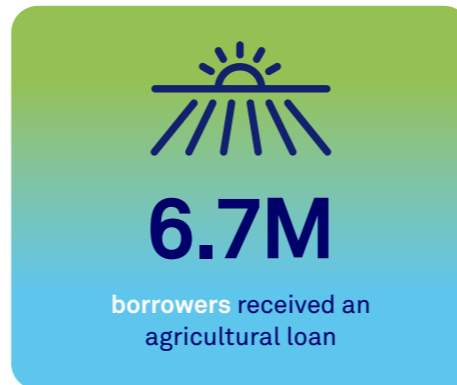
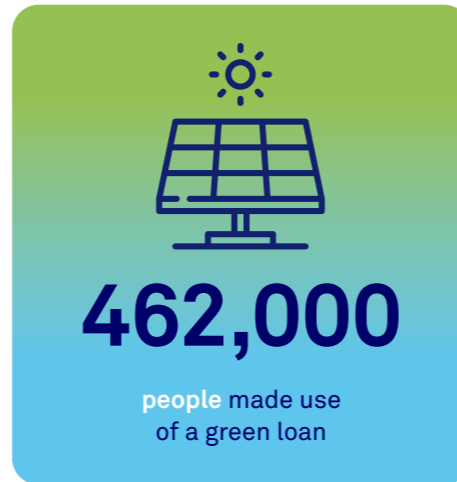
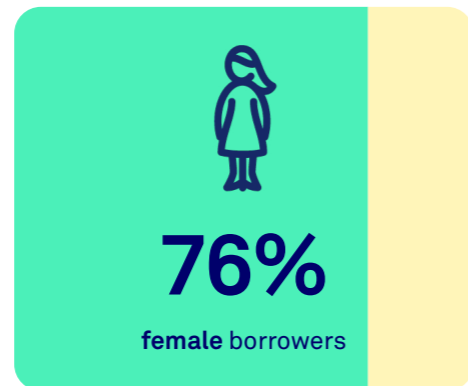
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Impact highlights 2021



Key Sustainable Development Goals contributed to:



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Resilience and recovery

Foreword by Fund Manager Tim Crijns



Even though the pandemic made all aspects of life more challenging for hundreds of millions of people, 2021 also marks the year of resilience and recovery in emerging and developing markets. People and businesses were agile and quick to respond to new circumstances; they are the driving force for social and economic recovery. However, we must also realise that this recovery remains fragile.

Providing access to finance is a crucial component of navigating and fostering this resilience and recovery. This impact report reflects how, more than ever, Triodos Microfinance Fund is committed to contributing to an accessible, transparent and robust financial sector in emerging and developing markets. The report showcases how bringing people and businesses into the financial system empowers them and enables them to get access to basic needs, such as affordable housing, education and clean energy.

Looking ahead, Triodos Microfinance Fund wants to continue to be a connecting and engaging force between investors who want to make money work for positive change and values-driven organisations that use financial services to deliver sustainable development. By doing so, we can build a resilient and inclusive economy that benefits all.

Tim Crijns
Fund Manager Triodos Microfinance Fund

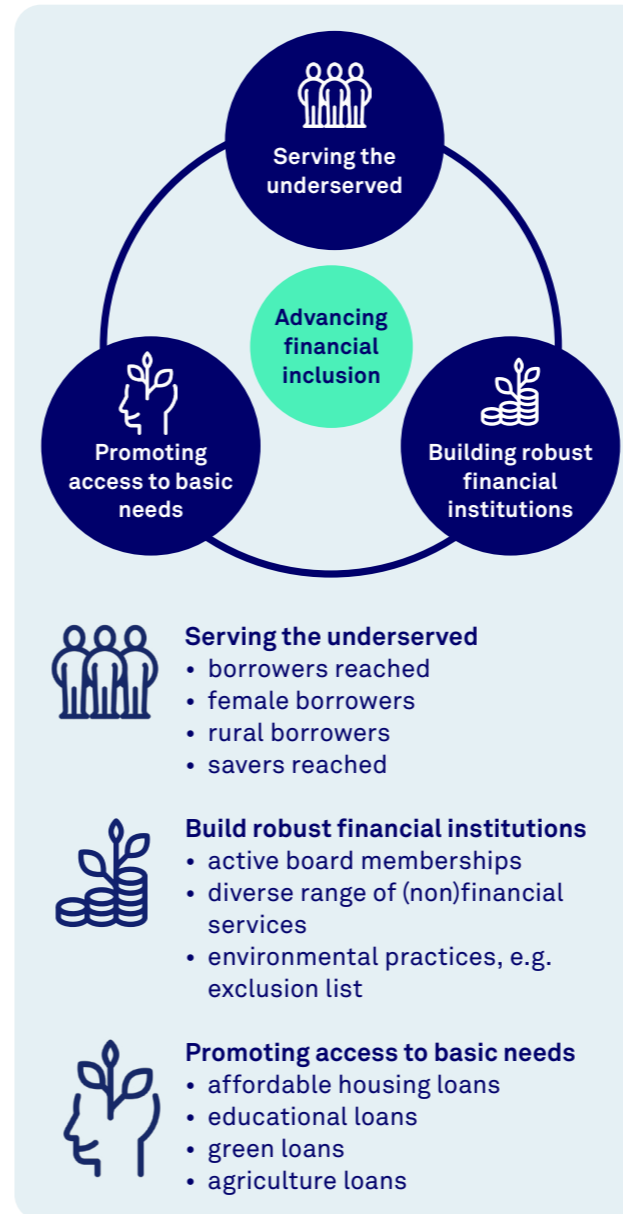
Advancing financial inclusion

The overall objective of Triodos Microfinance Fund is to offer investors a financially and socially sound investment in Financial Inclusion, thereby contributing to an accessible, well-functioning and inclusive financial sector in developing countries and emerging economies, which empowers people and businesses to achieve their goals and aspirations, and fuels social and economic development.

Why do we invest in financial inclusion?

Globally, 1.7 billion people have no or limited access to basic financial services. Furthermore, many micro, small and medium-sized enterprises in developing countries have unmet financing needs. Financial inclusion offers these underserved groups access to basic financial services, thereby enabling them to build their assets gradually, develop their enterprises, improve their income earning capacity and save for future events.

Financial Inclusion also plays a crucial role in addressing other pressing issues, such as access to education and healthcare, renewable energy and affordable housing. New technologies may play an important role to enhance and foster access to financial services.

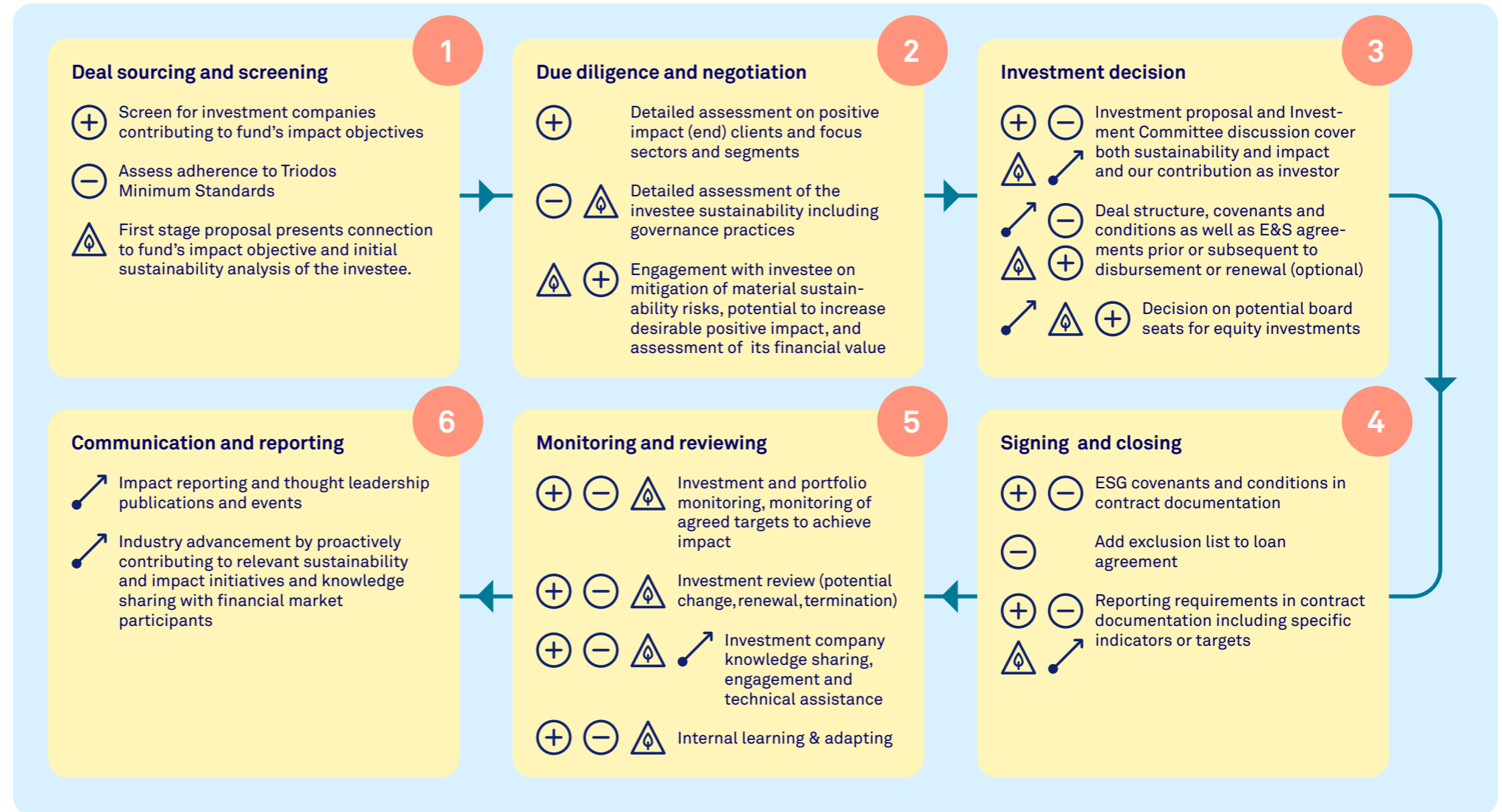


The call and urgency for financial inclusion is also embedded in the UN Sustainable Development Goals (SDGs). The paper [‘Achieving the Sustainable Development Goals. The Role of Financial Inclusion’](#) published by CGAP and the UNSGSA reports that research shows that bringing people into the financial system can be instrumental in attaining many SDGs. The fund contributes to the following SDGs:



A values-driven investment process

How we manage impact



⊕ Positive impact ⊖ Do no significant harm ⚠ Manage sustainability risk ↗ Investor contribution

Over the course of 2021 and 2022, we implement changes to the investment process based on our impact ambitions and sustainability regulations (e.g. EU SFDR, EU Taxonomy, MiFID II).

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Impact investments

Click [here](#) to access an interactive world map that shows the fund's investments in 2021.

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Green and inclusive

CDB's strategy is to be Sri Lanka's leading player in financing the transition to a green and inclusive economy.
> Find out more [here](#)



Tech and touch

Digital lending platform Liwwa provides fast, affordable credit to small businesses in Jordan via a 'tech and touch' approach.
> Find out more [here](#)



Access to affordable housing

La Hipotecaria provides mortgages to low(er)-middle income households in El Salvador.
> Find out more [here](#)

SME growth

Sidian Bank contributes to sustainable development and jobs in Kenya by enabling SMEs to scale and flourish.
> Find out more [here](#)



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Impact data overview

Goal: providing access to finance for underserved client groups

Key SDGs contributed to:



	year-end 2021	year-end 2020	Change	IRIS+ code
 Number of borrowers reached (in millions)	17.6	18.2	-3%	PI4060
 Borrowers reached attributable to the fund	269,000	315,000	-15%	PI4060
 Number of savers reached (in millions)	18.6	20.5	-9%	PI4060
 Percentage female borrowers	76%	75%	+1%	PI8330, PI4060
 Percentage rural borrowers	69%	70%	-1%	PI1190, PI4060

Average loan amount per region

	year-end 2021	year-end 2020	Change	IRIS+ code
Average loan amount (EUR)	2,210	1,854.76	19.1%	PI7569, PI4060
Africa and Middle East	1,420	1,403	1.2%	PI7569, PI4060
East Asia & Pacific	2,243	1,990	12.7%	PI7569, PI4060
Eastern Europe & Central Asia	2,905	2,044	42.1%	PI7569, PI4060
Latin America	9,001	7,208	24.9%	PI7569, PI4060
South Asia	559	452	23.9%	PI7569, PI4060



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Goal: providing access to basic needs

Key SDGs contributed to:



	year-end 2021	year-end 2020	Change	IRIS+ code
 Number of students who took out an educational loan	99,000	395,000	-75%	PI4060
 Number of households that received an affordable housing loan	372,000	854,000	-56%	PI4060
 Number of people that made use of a green loan	462,000	847,000	-45%	PI4060
 Number of borrowers that received an agricultural loan (in millions)	6.7	7.1	-6%	PI4060

Explanation of changes

For 2021, the impact indicators show the following image. The main reason for the decrease in providing financial access to underserved client groups can be attributed to the COVID-19 pandemic. Economic activity declined in many local economies leading to less loans being disbursed, which caused the number of loan and saving clients reached to decrease in 2021 compared to 2020; the percentage female and rural borrowers remained largely the same.

Additionally, COVID-19 measures imposed by local governments have had grave consequences for the promotion of access to basic needs. The number of loans for affordable housing, quality education and clean energy halved in 2021. In particular, educational loans show drastic changes compared to last year. With COVID-19 closing schools for a longer period of time, less educational loans were distributed.



Impact data overview

Goal: building robust, transparent and professional financial institutions

22 equity investments with active board membership

Triodos Microfinance Fund has equity positions in 22 institutions and funds and plays an active role on the Board of Directors or advisory committees. In this way we bring our sustainable banking knowledge and expertise to the table and participate in the institutions' governance and strategic development. Examples include knowledge sharing sessions on topics like risk, audit, governance structure, ESG frameworks and values-driven banking.

Diverse product offering

Microfinance and SME clients are interested in more than just taking out loans. They also want to be able to take out insurance and transfer money. A growing number of financial institutions, also in the fund's portfolio, can meet these requirements.

% of investees offering other financial services

	year-end 2021
Insurance products	56
Money transfer services	44
Savings products	42
Debit card	32

Non-financial services

Financial literacy training and other non-financial services help improve end clients' abilities to better manage their finances and improve their business skills and living conditions.

% of investees with non-financial services

	year-end 2021
Financial literacy programme	61
Enterprise development training	44
Social awareness training	40

Care for the environment

Triodos Microfinance Fund stimulates efforts by financial institutions to make environmental protection a priority. For example, working with an exclusion list on sectors or specific activities that need to be avoided due to the potential negative impact they have on the environment and society.

% of investees with environmental practices

	year-end 2021
Exclusion list	80
Environmental criteria in credit assessment	69
Internal green office procedures	65
Technical assistance	31
Donations to environmental projects	23

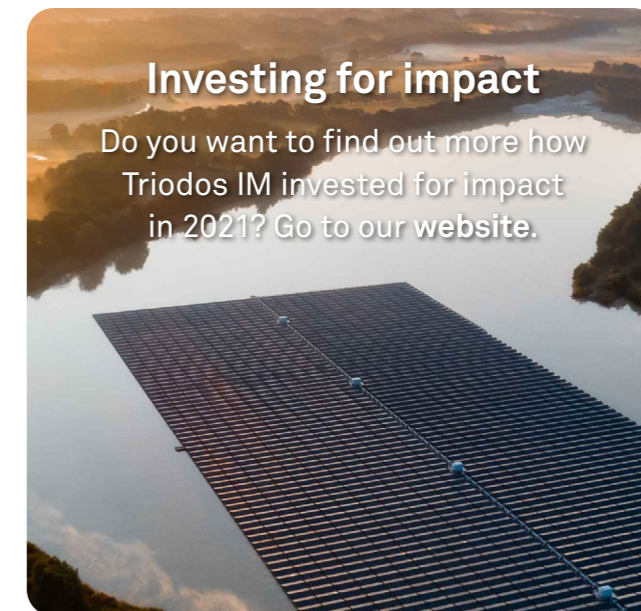
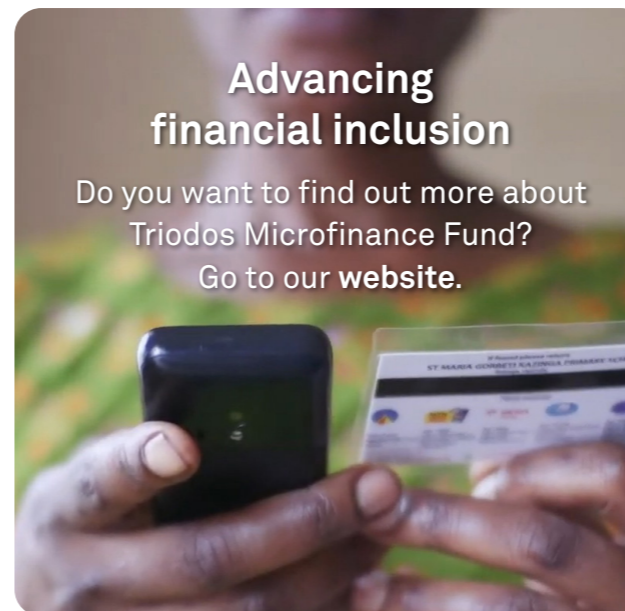
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Impact measurement

The data for this impact report is derived from our online investee portal. In this portal, the financial institutions in the fund's portfolio provide extensive data on social and environmental topics. The indicators that we publish are, when possible, aligned with the IRIS metrics of the Global Impact Investing Network.

Furthermore, the Triodos Sustainability Banking Assessment Scorecard helps to analyse, monitor and report on the non-financial performance of the fund's portfolio companies in an effective and transparent way. The scorecard consists of 25 indicators grouped in five dimensions: Environment, Management & Staff, Product Range, Responsible Finance and Governance. It takes into account relevant industry initiatives, including Universal Standards for Social and Environmental Performance of the Social Performance Taskforce.



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About Triodos Investment Management

Triodos Investment Management (Triodos IM) is a globally active impact investor. We see impact investing as a driving force in the transition to a green, inclusive and resilient economy.

We have built up in-depth knowledge throughout our 25+ 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 2021: EUR 6.4 billion.

Triodos IM is a wholly owned subsidiary of Triodos Bank, a leading expert in sustainable banking.

Investing in positive change

For more information about our impact investment strategies and solutions, please contact our Investor Relations team at:

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