Impact report 2016
Triodos Organic Growth Fund

Investing in the European sector for organic food and sustainable consumer products.

A growing consumer awareness on health and environment, and a wish to consume sustainably are reflected in recent and expected double-digit growth rates for both the organic and fair trade markets.

This growing awareness is fueled by an increasing urgency: non-transparent and imbalanced supply chains, pressures on the environment and the prospect of irreversible climate change require a fundamental change in the way we live, consume, produce and invest.

With Triodos Organic Growth Fund we want to play a pivotal role in this much-needed transition towards sustainable consumption and production. We do this by providing long-term mission-aligned private capital to leading European organic food and sustainable consumer businesses that have a clear commitment to increasing consumer awareness and the market share of sustainable consumer products. By doing so, we safeguard these businesses’ independence, entrepreneurship and mission.

In this publication, we share our vision and approach, and present the 2016 impact of Triodos Organic Growth Fund in a context of activities, stories and numbers. It is our first publication about the fund’s impact framework, reflecting our thinking so far. We see reporting on impact as a continuous journey and welcome your feedback and suggestions.

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Why do we invest in sustainable consumption and production?

Triodos Organic Growth Fund addresses the following three global challenges and has formulated its impact goals accordingly.

**Environment**

We consume more natural resources than the earth can provide. This global overuse leads to natural resource depletion, such as declining soil fertility and increasing pollution and scarcity. There is a loss of biodiversity and decreased resilience in the supply chains of food and other consumer products. Furthermore, there is the harsh reality that animals in intensive farming and production systems often live in discomfort and suffer unnecessarily. Triodos Organic Growth Fund targets two broad environmental objectives:

- preserve soil fertility and biodiversity and stimulate animal welfare by promoting organic farming and renewable sourcing
- increase food and resource efficiency by promoting efficient production, waste minimisation and circularity

**Socio-economic**

Consumers, by the choices they make when buying food and other products, have a major impact on which products are being produced, and how they are produced. However, many consumers lack awareness on how their consumption is linked to production processes, the harm it can bring to the environment, and the effects it has on society. Food, for example, appears never to have been cheaper. However, the prices we pay do not reflect true prices as they do not include the damage that food production and consumption patterns are causing to the environment, to soil, to biodiversity, to rural communities and to public health. These costs are in fact deferred onto future generations. Furthermore, increasing power concentration within the supply chains deepens imbalances between the different players in this chain, especially local producers. Triodos Organic Growth Fund targets two broad socio-economic objectives:

- catalyse fair and transparent business practices by promoting Fair Trade, transparent value chains and ‘green economy’ jobs
- grow the share of sustainable consumption by increasing consumer awareness and access to sustainable consumer products
Why do we invest in sustainable consumption and production?

Sector development

The frontrunners in the fast growing European sector for organic food and sustainable consumer products, now mature companies, are hampered in their growth and faced with succession issues by the lack of long-term capital that is aligned with their companies’ missions and values. Triodos Organic Growth Fund targets two broad sector development objectives:

✔ enable the growth of the sector for sustainable consumption and production by safeguarding companies’ independence, entrepreneurship and mission

✔ demonstrate and promote viability of a new instrument for impact investing: mission-aligned private equity with a long-term investment horizon, not driven by exits

Anchored in the United Nations Sustainable Development Goals

The urgency for the much-needed transition towards sustainable production and consumption is also anchored in the United Nations Sustainable Development Goals (SDGs), a set of goals to end poverty, protect the planet, and ensure prosperity for all. SDG 12 calls for responsible consumption and production. Why? Because if the global population reaches 9.6 billion by 2050, the equivalent of almost three planets will be required to sustain current lifestyles.
Triodos Organic Growth Fund impact framework

**Impact objectives**

- **Environment**
  - Preserve soil fertility and biodiversity and promote animal welfare
  - Increase food and resource efficiency

- **Socio-economic**
  - Promote fair and transparent business practices
  - Grow the share of sustainable consumption

- **Sector development**
  - Catalyse growth of the sector for sustainable consumption and production
  - Demonstrate and promote viability of long-term mission-aligned private equity

**Activities**

- **Providing capital**
  - Unlocking long-term private capital to leading European organic food and sustainable consumer businesses to increase the market share of sustainable consumer products

- **Enabling portfolio companies**
  - Building meaningful and long-term relationships, enabling portfolio companies to realise their ambitions
  - Facilitating knowledge exchange
  - Giving access to our extensive network

- **Inspiring sector**
  - Showcasing exemplary entrepreneurs in their journey for sustainability, growth and succession
  - Advocating an evergreen private equity approach

**Indicators**

- **Total portfolio**
  - Total turnover of portfolio companies
  - Reflecting consumers' access to sustainable products
  - Cost of goods sold
  - Reflecting portfolio companies' impact on global value chains
  - Number of jobs
  - Reflecting portfolio companies' contribution to 'green economy' jobs
  - Invested capital by Triodos Organic Growth Fund

- **Portfolio companies**
  - Quantitative*
    - % of organic offering
    - Use of renewable energy sources
    - Number of households reached
    - % of biodegradable packaging
    - ...
  - Qualitative
    - Interviews and case studies reflecting the portfolio companies' contribution to the fund's impact objectives

* Relevance differs per portfolio company
Evergreen investing across the value chain

Evergreen approach
Triodos Organic Growth Fund provides long-term capital to a diversified portfolio of leading organic food and sustainable consumer companies across Europe, based on an ‘evergreen’ approach. Private equity often has a short-term focus on profit maximisation due to the limited duration of such a fund. By creating an evergreen fund, Triodos Organic Growth Fund can remain invested in companies without the pressure of an exit, thereby supporting them in realising their long-term environmental, social and financial goals. This approach safeguards the companies’ independence, entrepreneurship and mission.

Across the value chain
Triodos Organic Growth Fund seeks to catalyse and support the value chain for organic food and sustainable consumer products. A chain in which (agricultural) production, distribution and consumption strikes a balance between the earth’s natural resources and the needs of society. Through its investments in sourcing, product development, production, wholesaling and retailing, the fund is active throughout the value chain from (natural) resources to final products, and from the farmer to the end consumer. The companies in portfolio at year-end 2016*, DO-IT, Naturfrisk, Naty and Aarstiderne, illustrate this.

* In November 2016, Triodos Organic Growth Fund sold its equity stake in Triaz Group in Germany, an online retailer for a wide range of sustainable and organic products. The fund entered this investment in June 2014. Contrary to earlier joint intentions for a long-term partnership, Triaz sought to convert its shareholding into a new governance structure called ‘purpose company’, whereby full (voting) rights remain with management, minimising shareholder rights to only limited financial returns and no voting or other rights. This governance structure does not fit the goals of Triodos Organic Growth Fund for a strategic partnership role to its investees, and therefore the fund decided not to take part in such restructuring and to divest its shareholding.
Company results

Aarstiderne in Denmark

Naturfrisk in Denmark

Naty in Sweden

DO-IT in The Netherlands
Aarstiderne is a truly inspiring frontrunner in the European organic food sector with the mission to reconnect the consumer to the organic farmer. Through its organic meal box offer, it has evolved into a leading player in the market for healthy, delicious and convenient online food solutions.

How does Aarstiderne contribute to the environmental and socio-economic impact goals of Triodos Organic Growth Fund?

**Environment – Preserve soil fertility and biodiversity**

**Seasonal offering**

100%

Aarstiderne’s offering is in tune with nature and the seasons. The weekly meal boxes contain seasonal ingredients together with recipes to enhance the clients’ culinary experiences.

**Protein2Food**

During 2016, Aarstiderne tested a number of varieties of quinoa, amaranth and millet in order to increase the number of plant-based protein sources in Europe. This fits their ambition to have less meat and more plant-based protein in their product offering.

**Organic offering**

92%

The vegetables, fruits and meat in Aarstiderne’s meal box offering are 100% organic. Fish (caught in the wild) and a number of non-food items are not certified organic. Aarstiderne is passionate about soil fertility and biodiversity which is according to them ‘key to healthy food’. It has own organic gardens for biodiversity research and includes forgotten and new varieties of vegetables in its meal boxes, for example wasabina, a strong mustardlike leaf cabbage variety.
Aarstiderne’s offering is supply-driven: via an online tool suppliers upload the amount and quality of their produce every Monday. The tool gives Aarstiderne a weekly overview of the available products, which serves as an inspiration for the composition of their meal boxes.

Aarstiderne has fair and open relations with its approximately 300 suppliers. Many of them have delivered their products to Aarstiderne since the early years.

Aarstiderne weekly delivers meal boxes to 60,000+ Danish households.

During 2016, Aarstiderne delivered 1,778,295 meal boxes representing approximately 16 million healthy and delicious meals.

During 2016, Aarstiderne welcomed 12,000 visitors to their farms who were introduced to the optimal use of the meal boxes and were taught ways to optimise the use of vegetables in their daily cooking.

Aarstiderne offers children a rich outdoor learning environment in their school garden, which is situated at the company’s Krogerup Avlsgaard farm.

Aarstiderne’s meal boxes contain well-balanced and rationed portions, resulting in zero to very limited waste among consumers. The fresh fruits and vegetables that don’t end up in the meal boxes are sold at Aarstiderne’s farm shop in Humlebæk.

Aarstiderne offers fair pay and development opportunities for its 189 employees.

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From organic farming to meal boxes

An interview with Thomas Harttung, co-founder of Aarstiderne

Thomas Harttung, an entrepreneur, organic farmer, and co-founder of Aarstiderne in Denmark talks about Aarstiderne’s foundational roots, its ambitions, and his vision for sustainable food production and the key role consumers can play going forward.

Why did you decide to co-found Aarstiderne?

If you put yourself at the disposal of a great idea, wonderful things begin to happen. I never say that I co-founded the idea; the idea found me. Søren Ejlersen and I had invested in each other’s market gardens and had the intention of serving a very local community. At the end of 1998, we could see everyone was talking about our gardens and our client base even grew to Copenhagen, where we would bring boxes of fruits and vegetables from our gardens. We realised if we were to be successful, we had to create a central management of this idea; we were eager, and had great clients, but the cost to have three gardens became too high. We went from three brands and locations to one name – Aarstiderne (which means ‘The Seasons’ in Danish).

What were some of the initial challenges Aarstiderne faced?

There were many challenges. We took huge risks when starting Aarstiderne – we knew nothing about retail or logistics and the operational side was very shaky in our early days. We, of course, thought we would become profitable quicker than we did. The cost of taking in customers and scaling business always exceeded the income we were getting from them. In the early days, when you are taking in many customers, it’s costing you more to set up customers than they deliver. Consequently, no bank would lend us money because no one knew whether this was a 6-month fad or something permanent. I ended up putting my farm up as collateral. Knowing that this type of financing wasn’t sustainable, we began to look for equity. In 1999, the World Organic Conference had a workshop – where I was on the panel – about green private equity meeting green ideas and developing a language of trust between green entrepreneurs and the banks. At the time, the banks thought of the green entrepreneurs as ‘hippies’ that didn’t know how to run a business. The green entrepreneurs had a similar misconception of banks only being green on the surface. The panel and the workshop were given a task of developing a common language on how deals could be made. Triodos Investment Management was also on the panel and from there, we established a great relationship where Triodos became an investor in our business and our financing became more sustainable. Triodos understood that this movement is about doing something that makes sense for the long term.

How has your relationship with Triodos led to innovation?

If you ask me, our values are very much in line with Triodos Investment Management; therefore, there’s no conflict there between the two entities. Triodos Organic Growth Fund can contribute by being a long-term investor with us and also invest in
other like-minded businesses that can contribute to a better common future and increased innovation. By supporting and investing in companies that are on the same journey, we can increase the likelihood of this becoming a very broad movement.

Moving forward, growth often means expansion into new markets. How do you combine the expectation of international expansion with the need to remain environmentally sustainable?

We do that by saying we are users of this idea. We don’t own this idea. We have maintained an open door policy from day one. Anyone can come and visit us and we will pretty much tell them anything they want to know and at the end of the day, we challenge them to go do the same. We have no plans to set up businesses in Buenos Aires or in Cape Town or in Beijing. That’s not what we’re about. We’re about the cutting edge of this idea and we found a very good market to be in. Whether we will get involved with projects in the rest of the world is up for debate, but at the present moment, I can’t see us becoming a global brand. I’m sure you could find people in private equity that would love to do that but it’s not part of our plan.

Your dedication towards sustainable agriculture goes further than Aarstiderne; can you expand upon that?

The two founders of Aarstiderne, the chef and the farmer, very quickly realised there was a limit to our competencies of running a large organisation. We could see that we would get in the way of the idea if we insisted on running the business. We began to plan for our succession early on. None of us wanted to be CEOs of a large company; we wanted to just see the idea flourish. We went looking for a management team to run the business to take over. From 2005, Søren and I needed to find some serious distraction so that the CEO and management team could get on with running the business. We needed something where we could somehow inspire the thinking and perpetuate the great press attention we were receiving by playing a role in changing things for the better. Søren went on to write cookbooks and do lots of television and develop new concepts of what we could do. I went down the strategic government advisor road and sit on government commissions and think tanks and get involved in nature conservation. I’d been involved in nature conservation and politics for a while before, so it wasn’t really new for me, but I could spend more time in that capacity. We were both able to pursue work for the greater good. The most demanding job outside of running the farm is to be the chair of an organisation called the Sustainable Food Trust, which is a UK charity focusing on sustainable food systems globally. I guide their strategic development and fundraise for them.

What about your efforts to advance organic farming in terms of efficiency?

We are increasingly developing new models of agriculture. If you look at what I’ll be doing over the next 2 – 3 years, emphasis will be on developing the next version or template for organic agriculture. From a strategic perspective, the story for the last 10 years has been about mainstreaming organic to make it relevant to the marketplace. This has led to a certain dilution in the standards of the original principles. With the present scale of organic agriculture and the interest from the public, there is actually an opportunity to revisit the more fundamental principles and create an organic agriculture system that is more in tune with the true aspirations and expectations of our customers. If you look at organic agriculture; on average, we are over-promising and under-delivering, but the customers know that we are working to get in the right direction and that the alternative is so much worse. The trust between the customer and the industry becomes eroded if we don’t get our act together and improve upon the systems. The good news is that there’s technology now that can assist us. The industry has had to adopt mainstream technology in order to scale sustainable agriculture, but organic agriculture has now become large enough to develop the technology ourselves. Appropriate technology for organic agriculture will enable the industry to deliver on our consumers’ aspirations.

Do you think its your loyal customers and drive for technological innovation that makes Aarstiderne a market leader?

In the long term, the answer is yes. We are the market leader because we deliver consistently in improving people’s quality of life and sustainability at the same time. We are very good at creating meal experiences for our customers.
We’re enabling people to realise the life they really want to live. Young urban professionals struggle enormously because they love their job and career, but it’s negatively affecting their ability to take care of themselves and their children. They want solutions to get them through Monday to Friday and we deliver on that consistently. As the competition progresses, we will need to stay ahead of the pack. The good news is that our customers will always have more ambitions and we will always find ways to deliver more meaningful solutions that cater to a greater sense of happiness and convenience.

In 20 years from now, what do you expect your and Aarstiderne’s impact will be?

We will be a very different animal from what we are today. We will still be in the business of making this world a better place and we’ll still be involved in the interface between food production and consumption, but exactly what the business model will be. I have no idea. This interface needs a lot of improvement though. There’s still work to be done. Our global and local food systems need all the help they can lay their hands on.

“The trust between the customer and the industry becomes eroded if we don’t get our act together and improve upon the systems.”
Naturfrisk is a Danish producer of organic soft drinks, juices, beers and distilled spirits and is amongst the first in the beverage industry to offer an organic alternative to consumers. The company was founded in 1996 by father and son Niels and Nicolai Rømer, when they acquired and restarted activities at the former Ørbæk Brewery, which dates back to 1906. Today, based on a mission to craft the purest tasteful high quality organic beverages, Naturfrisk is internationally known for its range of organic beverages.

How does Naturfrisk contribute to the environmental and socio-economic impact goals of Triodos Organic Growth Fund?

### Environment - Increase food and resource efficiency

**Renewable energy**

100%

All energy power that Naturfrisk needs comes from Danish wind power farms. The brewery has a heat exchanger, which means that the hot water is collected in a tank and is used for a next brew. The distillery that opens in 2017 has solar panels on its rooftop.

**Waste for cattle**

200

The waste of the brewery – spent grain - is used to feed 200 cows at a nearby farm.

### Environment - Preserve soil fertility and biodiversity

**Organic offering**

100%

The concept behind Naturfrisk is that all products must be natural, pure and of the highest quality. This means that there is no added preservatives, artificial colors and flavors. All ingredients are 100% organic.
Production growth

The Ørbæk Brewery produced a total number of 8,473,981 bottles of artisan beer and juices. An increase of 1,037,790 compared to 2015.

Number of employees

16

Naturfrisk offers fair pay and development opportunities for its 16 employees.

Local sourcing, production and distribution

Naturfrisk locally sources a part of the fruit for the juice production from organic farms on Funen, Denmark’s third largest island, where Naturfrisk is situated. Roughly 10% of the total fruit used, is pressed at a local company. Naturfrisk supplies many local restaurants and bars on Funen.

Product innovation: Keifu

2,288

Naturfrisk has a strong focus on product innovation. In 2016, it launched an alcohol-free tasty fruit drink as a perfect alternative for wine: Keifu. 2,288 bottles found their way to consumers.

Turnover growth

15%

Naturfrisk realised a turnover growth of 15% in 2016, reflecting the access that consumers in Denmark, Sweden, Iceland, Norway, Netherlands, Belgium, France, Spain and Greece have to the natural and pure beverages from Naturfrisk.

Socio-economic - Catalyse fair and transparent business practices

Socio-economic - Grow the share of sustainable consumption

Production growth

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Naty was founded in 1994 by Marlene Sandberg to offer an alternative for disposable diapers and the enormous waste they produce. She successfully launched an environmentally friendly disposable diaper, followed by lines of complementary baby care products, feminine care products and eco clothing for babies and children. Today, Naty has grown into a professional Fast Moving Consumer Goods (FMCG) multinational company that offers an ecological alternative in 40 countries on four continents and enjoys a strong authentic brand recognition and popularity amongst eco conscious consumers.

How does Naty contribute to the environmental and socio-economic impact goals of Triodos Organic Growth Fund?

**Environment - Increase food and resource efficiency**

**Biodegradable**
100%

Naty's packaging is 100% biodegradable and most of the products are industrially compostable (diapers, swipes, personal care and feminine care).

**Renewable sources**
51%

Naty's products use FSC certified wood pulp, are 100% chlorine free, and contain no perfume. The diapers are made from 51% renewable sources. FSC stands for Forest Stewardship Council, an international non-profit organisation dedicated to promoting responsible forestry.

**Plastics from renewable raw materials**

Instead of using oil-based plastics Naty uses plastics made from renewable raw materials, such as starch based plastic and bio-derived polyethylene from sugar cane.
Countries

All over the world – from Austria, Latvia and New Zealand to Saudi Arabia and China – Naty inspires and helps people to make an eco-responsible choice for themselves, their children and the planet.

Diapers

In 2016, Naty sold 110 million environmentally friendly disposable diapers.

Ambassadors

Customers are invited to become a Naty ambassador to stay informed about latest product developments and to have their voice heard.

Socio-economic - Grow the share of sustainable consumption

Naty is in constant dialogue with its suppliers and urges them to innovate to work towards a situation where the raw materials for its range of products are all 100% natural and renewable.

Setting new standards

Naty has always been 100% clear about what it is, and what isn’t in its products.

Full transparency

Naty products are assessed by AB Vincotte, an independent third party that analyses their bio-based content. Naty also uses the following independent authorities to certify the quality and performance of its products: EcoCert, SAAA (Swedish Asthma and Allergy Association), FSC, GOTS (the Global Organic Textile Standard), and SSNC, an environmental organisation based in Sweden.

Third party certification
How Naty radically changes the rules of the diaper market
An interview with Marlene Sandberg, founder of and director of Naty

Naty is an innovative Swedish company that produces eco-friendly diapers and toiletry products. Marlene Sandberg, Founder and CEO of this industry frontrunner, discusses how she turned an idea into a multinational success, eco-conscious consumers and why she’s looking forward to having Triodos by her side.

An idea is born

Naty was founded in 1994 by Marlene Sandberg and offers biodegradable and environmentally friendly disposable diapers. The idea was conceived when she was pregnant with her second child and was reading a newspaper article about the high levels of waste that conventional diapers produce. Today’s leading diapers consist mainly of oil-based plastic materials and super absorbents that are non-renewable and non-compostable. “I thought to myself, this is crazy. Surely there must be some kind of solution. Someone needs to do something.”

Expanding ecological alternatives

Since that idea more than 22 years ago, Naty has grown into a professional FMCG (fast moving consumer goods) company with a current turnover of EUR 26 million from sales in 40 countries on four continents. Its products use FSC certified wood pulp, are 100% chlorine free, and contain no perfume. Naty’s diapers are already 51% renewable, and Marlene hopes to launch the next generation diaper (70% renewable) in 2017. The Naty product range has also expanded to include complementary baby care products, feminine care products and even eco-clothing for babies and children.

Nurturing conscious consumers

Naty enjoys strong authentic brand recognition and popularity amongst eco-conscious consumers. Marlene knows her “incredibly loyal” customers: “They investigate and navigate information about which products to buy. They don’t want their babies to be in contact with carcinogenic and hormone affecting chemicals. I know what information they’re looking for. We’ve always been clear about what is, and what isn’t in our products. Our customers want an alternative, and they look for superior quality and value. We offer this.” Naty products are also assessed by AB Vincotte, an independent third party that analyses their bio-based content. “Third party certification is relatively new for us. I think it is really important because consumers don’t really trust supplier statements. I look for certification when I buy my organic food, why would it be any different for diapers?” says Marlene.

Growing pains

Despite the enormous success of Naty, the journey getting there hasn’t always been easy. Marlene and her team have faced tough challenges. In addition to the cash flow difficulties that many start ups face, in 2008 with the global financial crisis, a change in UK currency exchange rates saw Naty lose EUR 2.4 million in profit overnight.
It went from being highly profitable to carrying a loss. "It was really tough, and I questioned whether to keep going. But we kept going. It's important for an entrepreneur to be consistent and to never give up. You need to stay focused, and be patient."

**Slow to grow industry**

This attitude, focus, and patience have been critical to Naty's success, which remains a relatively smaller player in an extremely large industry. According to Marlene, it will have to wait for the bigger players to demand more eco-friendly materials so that the manufacturing factories will invest in the technology required. She says, "Unfortunately the market leaders have reduced the amount of pulp in their absorbing material and replaced it with super absorbents. But this increases the proportion of chemicals they use. Instead of becoming more sustainable, they're moving in the opposite direction." When asked about how Naty can compete with the larger competitors claim to have green products, Marlene talked about their expensive life cycle assessments (LCAs) saying, "It's an easy way for them to claim they're green, but they don't go the whole way. They still use 100% oil-based materials in their products. Ours are made up of cornstarch and other natural ingredients wherever possible. Ours break down better so their end of life creates less impact on the environment."

"It's important for an entrepreneur to be consistent and to never give up. You need to stay focused, and be patient."

**Partnering with Triodos Organic Growth Fund**

Naty is one of the newest investments for Triodos Organic Growth Fund and both the fund and Naty are excited about their shared mission to bring sustainable consumption to the forefront. Marlene: "It was a combination of the right timing and the right investor. We wanted to consolidate our ownership structure. We felt it was better to have one large investor that's committed for the long-term. We've been approached by many investors – banks, private investors – and always said no because we didn't want to sell. Actually, what I like about Triodos is that it only invests in sustainable businesses, especially those committed to the environment and green technology. We share that mission, and that's important. I was also motivated by the opportunity to meet and mix with the other companies that Triodos Organic Growth Fund invests in. I really look forward to the conference Triodos Organic Growth Fund will organise for privately owned mission-driven businesses in the organic food and sustainable consumer goods sectors in its portfolio. I look forward to meeting them and exchanging information. We can all learn from each other."

**Plans for continuing Naty’s success**

Naty has a very strong online presence and distribution partners throughout the world, but to date the company's marketing budget has been zero. Customers find them via word-of-mouth, internet searches and online customer reviews. Of future plans Marlene says, "We're really excited that next year we will open our web shop and will have a marketing budget to promote it. We plan to provide lots of information about our products, and I'm really looking forward to it. It will be very interesting to see what effect it will have." And for the longer term? "I can't imagine that I will ever retire", said Marlene. "I will continue because I want to increase the value of Naty. My goal is to have a turnover of about EUR 50 million within three to five years, to increase our product range and to continue to be a frontrunner by constantly looking for ways to increase the level of sustainability in our products."
DO-IT was founded in 1991 by Poppe Braam, driven by a strong commitment to stimulate organic farming and build up sustainable trade relations with farmers in developing countries and buyers in Europe. The company built up relationships with suppliers in more than 20 countries in Asia, Africa and Latin America, from which DO-IT buys a wide range of product, from nuts, quinoa, dried fruit and sugar to rice and olive oil.

How does DO-IT contribute to the environmental and socio-economic impact goals of Triodos Organic Growth Fund?

**Environment - Preserve soil fertility and biodiversity**

**Certified organic**

100%

All products imported and distributed by DO-IT are 100% certified organic.

**Preservation of natural resources**

DO-IT supports environmental programmes. Examples include forest preservation and reduction of cane burning in Brazil, erosion prevention in China, and garbage collection in Thailand.

**Environment - Increase food and resource efficiency**

**Bio-based packaging**

2.5 million

DO-IT aims to have all its packaging 100% bio-based and compostable, including paper, plastics, ink, glue and labels. In 2016, this was already the case for DO-IT’s 2.5 million retail packages. Among the items that are still oil-based is the stretch wrapping used for bulk goods. DO-IT is in active dialogue with the industry to have an environmentally-friendly alternative developed.
### Inland water transport

625

DO-IT promotes water transport – both overseas and inland. In 2016, 625 of the 1,000 containers that entered the Rotterdam harbour were transported over water to Nijmegen in the east of The Netherlands, and then brought to the DO-IT premises by truck.

### Socio-economic - Catalyse fair and transparent business practices

**Organic farmers**

5,000

At source, DO-IT operates with a worldwide network of 180 suppliers from 20 countries. The cooperatives DO-IT works with represent approximately 5,000 small-scale farmers who receive fair payment for their produce. DO-IT is in close contact with both the cooperatives and the small-scale farmers, as social welfare is a key topic for their business. Many local restaurants and bars on Funen.

### Traceability

100%

Organic certification is the basis of DO-IT’s operations. This also ensures a 100% traceability of all products.

### Fair Trade IBD

DO-IT works with Fair Trade IBD certification for their products from Brazil, China, Thailand and India. Fair Trade IBD, the largest certifier in Latin America, sets social and environmental criteria for all links in the chain from farmer to producer. In addition, DO-IT finances demand-driven projects that focus on farmers’ needs, for example sanitation, school education, solar panels and drinking water.

### Cookbooks

35,000

In 2016, DO-IT published the La Bio Idea Cookbook in a circulation of 35,000, to inspire consumers to cook with organic ingredients from Mediterranean regions and to share engaging stories of the producing families behind the products. La Bio Idea is one of DO-IT’s brands, sold in many European organic food stores.

### Food dialogues

6

In 2016, DO-IT sponsored, for the third time, a series of six dialogues about the future of agriculture and food from a global perspective. The aim of these dialogues, titled ‘It’s the Food, my friend’, is to come to a broad, long-year vision on food that contributes to an economically, socially and ecologically sustainable food and agriculture sector. Each session was well-attended with approximately 300 people from different backgrounds: farmers, students, bankers, traders, consultants and government representatives.

### Active membership

Poppe Braam, director and founder of DO-IT, is an active board member in BioNederland (association of organic producers and traders) and Stichting EKO-Keurmerk (most well-known and oldest organic quality label for organic food in The Netherlands) and actively participates in strengthening and creating the International Organic Trade Association.
DO-IT: a world player in the organic food market
An interview with Poppe Braam, founder of and director of DO-IT

Starting your own company out of idealism and making the movement bigger. This is what Poppe Braam did. He is the founder and managing director of DO-IT, a Dutch company that imports and exports organic food products.

Poppe Braam can definitely be described as a pioneer in eating organically and sustainably grown food. His work takes him all over the world. Over 60% of the products that DO-IT it imports are produced outside Europe. This is why he frequently visits agriculture projects in Asia, Africa and Latin America. “Basmati rice from India, jasmine rice from Thailand and coconut milk from Sri Lanka. These are some of the organic products that we import from Asia.”

The foundations for setting up an organic food company were laid as early as the 1960s and ’70s, a period during which upscaling in agriculture started to take off. “In the 1960s my parents had a small farm with 15 cows, which at that time still got to keep their horns. Agriculture is therefore close to my heart.” Braam believes that the increasingly large scale of farms has had all sorts of negative effects. “I saw that animals were being restricted. Their freedom of movement and well-being declined, humans started to rule over animals more than ever before and started to do as they saw fit.”

Social critic

That was at odds with his view. “I feel that like humans, animals are also entitled to happiness. We may use them, but must never mistreat them,” is his belief. Even as a student, Braam was part of a progressive, socially-critical undercurrent that put organic food on the map. During the production of organic food, the environment and animal welfare are taken into consideration whenever possible. For instance, animals have more space for living and moving about than on regular farms. Genetic engineering and chemical pesticides and herbicides are also not accepted. “The circular concept is at its core. Crops and animals do not suffer negative effects from our consumer behaviour,” explains Braam. As an example he mentions the number of animals that are kept on farms. These must be in proportion to the area of land. The farmer must be able to use their manure on his own land or on the land of other farmers in the region, thus avoiding a manure surplus.

Pioneering

Based on his ideals, Braam started a chicken farm with 600 organic chickens. His activities started to expand during the 1980s. For instance, he was involved in establishing the SKAL institute, which monitors compliance with the regulations for organic farming. Braam also opened a shop and a distribution centre and owned a packaging company. “That entrepreneurship just grew and grew.” In 1990 Braam decided to take a different course. “Organic food started as a movement, but has also become a business. Growing numbers of consumers think about the origin of their food. The demand for organic food has been on the rise for many years,” says Braam. He sold his companies and set up DO-IT, the acronym for Dutch Organic International Trade.”
But of course it also means: do it. Make the right choice for the planet. I hope that as many people as possible will realise that their current actions have an impact on how the world will look in the future."

Import and export

DO-IT imports and exports organic food products, such as rice, grain, sugar, coconut milk and coconut oil. “In fact, virtually all products, except coffee, tea and spices,” summarises Braam. He started DO-IT on a modest scale. “Initially we only traded in all sorts of organically grown products that were produced in the Benelux, but demand just grew and grew. We received questions such as: do you also have olive oil or spaghetti from Italy? That is how the company kept expanding. At the moment, 60% of the products that we import are sourced outside Europe.”

DO-IT has mainly set up its own agricultural projects, with small local farmers and cooperatives. Their products are shipped, stored in The Netherlands and subsequently exported again to dozens of countries, mainly in Europe.

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Huge expansion

More and more consumers choose to eat organic food. “Around 5% of the Dutch population eats organic food. This is of course still a relatively small market, but compared to 1990, when that percentage was around 2%, we have obviously seen a huge expansion. We also benefit from this development.” DO-IT’s staff has grown to 60 employees and the company now realises annual sales of 70 million euros. “Only during the crisis of 2008-2011 did business remain more or less stable or registered a small gain at the most. Since 2012 we have been growing at a rate of around 10% per year,” says Braam.

Sustainable ambitions

Braam also intends to invest in making his real estate more sustainable. He wants to equip DO-IT’s premises with solar panels and a heat and cold storage system. “Our plan is to make our building energy-neutral in 2018. That fits in well with the principles of our company,” says Braam. Another thorny issue is transport costs. “We also try to limit road transport. For instance, many of our containers are transported by ship to Nijmegen. From Nijmegen, they are then taken by road to our facility in Barneveld.”

He expects the company to expand further in the years ahead. “I did not consciously choose to eat organically; it was something I did automatically. But more and more consumers are starting to think about this issue. Is their food overly processed? Where has their food been grown? Increasing numbers of people are curious about that relationship.” He sees this as pure gain. “Not only in an economic sense, but especially for people, planet and animals. After all, they are all intertwined and we must do justice to that. The circular concept of eating organically makes that possible.”
Portfolio results

The organic food and sustainable consumer sector is very diverse: from organic food and beverages to personal care, textiles and household items. This diversity is also reflected in the portfolio of Triodos Organic Growth. Portfolio companies vary from a producer of organic soft drinks, beers and distilled liquor to a market leader in environmentally friendly hygiene products for babies and women. Furthermore, the portfolio companies are active in different parts of the value chain, from a product developer with a business-to-business approach to a retailer with a business-to-consumer approach. Due to this diversity of companies, reporting on impact at an aggregated fund level is challenging and therefore limited to a small range of indicators reflecting the entire fund portfolio. Reporting mainly takes place at company level.

**Total turnover**

**EUR 178 million**

The total turnover generated by the portfolio companies amounts to EUR 178 million. This is an indicator for the access that consumers have to sustainable consumer goods.

**Cost of goods sold**

**EUR 125 million**

The costs of goods sold generated by the portfolio companies amounts to EUR 125 million. This amount reflects the portfolio companies’ impact on global value chains.

**Green economy jobs**

499

The number of people directly employed by the portfolio companies, reflecting the jobs created in the sustainable consumption and production sector.

**Mission-aligned long-term capital**

**EUR 37.4 million**

The net assets of Triodos Organic Growth Fund as per the end of 2016, of which 71.3% has been invested in European frontrunners in the sectors of organic food and sustainable consumer products.

**Advocacy**

Following the UN International Year of Soils, Triodos Investment Management and PYMWYMIC published the report ‘Let’s talk about soil’ to show how impact investing can save our soils from further degradation.
Our vision on impact and impact measurement

As an investor for impact we understand finance to be transformational, and define it as directing money so that it benefits people and the environment over the long term.

Triodos Organic Growth Fund intends to play a pivotal role in the much-needed transition towards sustainable consumption and production. It provides long-term mission-aligned private capital to leading European organic food and sustainable consumer businesses that have a clear commitment to increasing consumer awareness and the market share of sustainable consumer products.

We realise that our role and efforts in this complex web of change can only to a limited extent be captured in quantitative metrics and indicators. We believe that investing for impact moves beyond providing capital and requires a strong intention and a holistic and long-term approach. This means we build long-term relations with our portfolio companies and other stakeholders and, beyond our role as a capital provider, we intend to play a role as an enabler and an inspirer. With this approach Triodos differentiates itself from others in the capital-providing space.

To explain our vision and the extent to which we’re delivering on it, we share stories to illustrate the whole picture. These stories provide the essential context and background for our activities. They illustrate our ‘theory of change’. They are not ‘cherry-picked’ to highlight work that is atypical of our wider efforts.

The quantitative indicators are a part of the whole story. This means that indicators such as ‘annual turnover’, ‘costs of goods sold’ and ‘percentage organic offering’, are not a goal in itself; they are pieces of information that are part of the broader picture. All together, they give a sense of the impact we achieve through the capital that we have invested. For that reason, we neither set specific goals for indicators nor do we compare them to last year figures, simply because a higher number doesn’t necessarily mean more impact. For instance, financing a relatively small player in the organic food sector which will drive innovative and groundbreaking approaches to increase market share could mean more impact than financing a larger company in a mature market.

This publication aims to assess and communicate the impact of the Triodos Organic Growth Fund investments in a transparent and meaningful way. For the reader’s convenience we aim to avoid academic terminology, such as impact, outcomes, outputs, and so on.

About Triodos Investment Management

Triodos Organic Growth Fund is managed by Triodos Investment Management. Triodos Investment Management, a wholly-owned subsidiary of Triodos Bank, is a globally recognised leader in impact investing and connects a broad range of investors who want to make their money work for positive change with innovative entrepreneurs and sustainable businesses doing just that.

About Triodos Bank

Triodos Bank is one of the world’s leading sustainable banks. Established in 1980, it has pioneered a groundbreaking, commercially successful approach to money that values people, the environment and culture, as well as profit.
What can we do for you?

Are you an investor who wants to find out more about opportunities for investing in Triodos Organic Growth Fund? We'd be happy to answer any questions you may have. Please, contact our Investor Relations team:

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Are you a European company in the organic food and sustainable consumer sector looking for long-term and mission-aligned capital? We'd be happy to discuss your needs and objectives. Please, contact Riëlla Hollander, Fund Manager of Triodos Organic Growth Fund:

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