



## IRIS Case Study: Triodos Sustainable Trade Fund's Impact Report

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The Triodos Sustainable Trade Fund (TSTF), managed by Triodos Investment Management, provides financing to sustainable agricultural companies in Africa, Latin America, and Asia.

TSTF is committed to understanding progress towards its mission of improving the lives of farmers and stimulating sustainable agriculture as an alternative to conventional, chemical-intensive agriculture. As such, the fund tracks the social and environmental performance of its portfolio companies over time. Furthermore, the fund has chosen to do so using a selected group of metrics from the Impact Reporting and Investment Standards (IRIS), a set of metrics that can be used to measure and communicate the social, environmental, and financial performance of investee organizations. In 2011, TSTF published its first *Impact Report*, providing data across several non-financial measures related to the fund's impact goals. TSTF has shared this report with various stakeholders and has also made it publicly available on its [website](#).

### WHY IRIS?

**TSTF chose to adopt IRIS to communicate its results in a credible, understandable way and to demonstrate the fund's commitment to transparency and accountability.** Because IRIS provides an independent, third-party set of metrics, TSTF used IRIS to reinforce the objectivity and clarity of the data referenced in its impact report.

Furthermore, IRIS use was also a benefit to TSTF's stakeholders. One investor in TSTF requests all its investees report social and environmental performance using IRIS. IRIS use also streamlined performance reporting for TSTF's investee organizations, many of whom had additional investors requiring IRIS use.

### TRIODOS SUSTAINABLE TRADE FUND

The Triodos Sustainable Trade Fund has been operating since 2008 and has made EUR 70 million in trade finance loans since its launch. Its mission is to improve the livelihoods of farmers and to stimulate sustainable agriculture as an alternative to conventional, chemical-intensive agriculture. Managed by Triodos Investment Management, a subsidiary of Triodos Bank, the fund provides trade finance loans to cooperatives and private companies operating in sustainable agricultural value chains, and has a specific focus on organic agriculture and fair trade.

*We were actively seeking to present our impact in a way that was understandable to our stakeholders for a long time. It wasn't difficult for us to decide to use IRIS, as Triodos Investment Management is among the founding members of the GIIN Investors' Council, and one of the fund's investors, the KL Felicitas Foundation, requests all its investees report using IRIS.*

*Koert Jansen, TSTF Fund Manager*

## IDENTIFYING RELEVANT IRIS METRICS

**TSTF found it straightforward to identify and track a set of relevant IRIS metrics that was both aligned with the fund's impact objectives and relevant to its stakeholders.** TSTF wanted a set of metrics that could be uniformly collected across all of its trade finance investments, irrespective of factors such as region or crop type. Because the fund is committed to improving the lives of farmers, it chose metrics that would capture the number and demographics of farmers who sold their harvest to organizations receiving financing from TSTF, as well as other metrics that would track the volume of crops exported by these farmers.<sup>1</sup> Also of great importance to TSTF were metrics that would increase its understanding of the producer price premiums<sup>2</sup> obtained by farmers as a result of selling their goods to TSTF's portfolio organizations. Finally, as TSTF is also committed to encouraging sustainable agricultural practices, it chose additional metrics that would indicate the amount of land used by farmers that was being sustainably managed.<sup>3</sup>

**After TSTF identified a set of IRIS metrics that reflected its objectives, it consulted both investors and investees to further refine the set.** TSTF asked its investors to identify the metrics that they found particularly useful and informative. It found that many investors perceived value in a targeted, concise list of performance metrics. TSTF also worked with its investees to ensure the proposed metrics were relevant and meaningful to them, while also taking into consideration the time and resources required to collect the underlying data.

*We used the IRIS website and found it quite accessible. We had an idea of what we wanted to report, so we reviewed the standards to see which IRIS metrics were most suitable to us.*

*Koert Jansen, TSTF Fund Manager*

**The resulting TSTF reporting framework blends IRIS metrics with a set of proprietary metrics that reflect the specific impact requirements of the fund and its stakeholders.** For example, TSTF has two agreements with investors to make progress towards Millennium Development Goals (MDGs) set by the United Nations.<sup>4</sup> A unique feature of TSTF's reporting framework is the way TSTF has applied various IRIS metrics to show how the fund's investments are aligned with the goals of relevant MDGs. See the appendix for details.

<sup>1</sup> Example: IRIS metric Units/Volume Exported: total (PI129) Definition: Amount of the product or service produced by the organization during the *reporting period*. Note: This indicator is intended to describe the amount of the product that has been manufactured or the volume of the product that has been cultivated.

<sup>2</sup> Example: IRIS metric Producer Price Premium (PI1568), Definition: Price premium obtained, for the producer of goods, by selling to the organization. This is relative to the average price that would otherwise be obtained in the local area for a similar good during the *reporting period*.

<sup>3</sup> Examples: IRIS metrics Sustainable Cultivated Land Area - Direct (OI6912) and/or Sustainable Cultivated Land Area - Indirect (PIPI6796) can be used in IRIS 2.2.

<sup>4</sup> For TSTF, the relevant MDGs are: MDG 1, "Eradicate extreme poverty and hunger," MDG 6, "Combat HIV/AIDS, malaria, and other diseases," MDG 7, "Ensure environmental sustainability," and MDG 8, "Global partnership for development."

## DATA COLLECTION AND REPORTING

**TSTF developed a data reporting template for its investees and established clear data submission deadlines.** A key lesson learned by TSTF during its data collection process was that it needs to make information requests during off-peak times in its investees' business activities in order to receive data by target deadlines. For example, when TSTF asked for data at the peak of harvest season, its agriculture-focused investee organizations were generally not able to gather data on time because of competing demands on staff resources.

*As a fund, it's important to find out what your investors want to know before you start picking indicators. However, it's a balancing act manage their requests with what we can reasonably ask a company in a financing relationship to provide. I think that balancing act will remain and we are conscious of it.*

*Koert Jansen, TSTF Fund Manager*

**TSTF found that its performance data requests were similar to those requested by other investors, and in some cases, by certification agencies such as those for organic fair trade.** While few of TSTF's investees currently use its performance metrics to track and manage their own business performance, TSTF's implementation of its metrics set can help investees meet other data reporting requests, which in the future can reduce the total reporting burden on these organizations.

## FEEDBACK AND CONCLUSIONS

*This Impact Report 2010 and our use of IRIS generated positive reactions from stakeholders and colleagues. It was very well received.*

*Koert Jansen, TSTF Fund Manager*

**TSTF's use of IRIS has generated positive reactions from its stakeholders.** The *Impact Report* has been well-received by TSTF staff, investors, and external stakeholders who value the fund's commitment to transparency and accountability. TSTF plans to continue publishing impact reports using IRIS metrics, and will supplement the data with additional in-depth stories about its investees, developments, and trends that underlie the data to tell a more holistic story about its work.

In general, social and environmental performance data, tracked over the life of an investment, enables impact investors to manage towards, and remain accountable to, impact objectives. Investors like TSTF can streamline internal management processes and make informed business and investment decisions by incorporating measured impact. By using IRIS, investors can easily access and choose a set of metrics that fits their reporting requirements and frameworks without having to create proprietary metrics. Using IRIS to measure and communicate results to external stakeholders via performance reports like the TSTF *Impact Report* provides added utility and transparency for stakeholders, and assists both internal and external business practices.

## APPENDIX: TSTF REPORTING FRAMEWORK

IRIS Category			IRIS Indicator	UN MDGs *					
Product Description	Product Information	Unit of Measure	PD1602	Metric tonnes					
		Product/Service Type	PD3017	Agriculture					
	Target Beneficiaries	Client Type	PD7993	Cooperatives and Small-to-Medium Enterprises					
		Target Beneficiary Setting	PD6384	Rural					
					<b>2010</b>	<b>2009</b>	<b>% YtY change</b>		
Operational Impact	Environmental Performance	Cultivated Land Area	OI1937	No. of hectares	7	218,840	179,754	22%	
		Sustainable Cultivated Land	OI2605	No. of hectares	7	154,912	136,918	13%	
	Employees	Permanent Employees	OI8869	No. of people	1	2,395	958	150%	
		Temporary Employees	OI9028	No. of people	1	4,194	1,057	297%	
Product Impact	Quantity and Reach	Units/Volume Exported: total	PI1290	No. of metric tonnes	1	91,477	51,296	78%	
		Units/Volume Exported: fair trade & organic	**	No. of metric tonnes	1	11,103	6,133	81%	
		Units/Volume Exported: organic	**	No. of metric tonnes	1	42,254	36,763	15%	
		Units/Volume Exported: fair trade	**	No. of metric tonnes	1	3,792	2,603	46%	
		Units/Volume Exported: other	**	No. of metric tonnes	1	34,128	5,797	489%	
		Units/Volume Exported: prefinanced by the fund	**	No. of metric tonnes	1	22,626	11,775	92%	
		Units/Malaria medicine equivalents	**	No. of treatments	6	16,875,000	n.a.	n.a.	
	Quality and Performance	Producer Price Premium	PI1568	EUR		2,047,666	952,181	115%	
	Supplier Information	Supplier Individuals	PI5350	No. of people	1	116,272	49,697	134%	
		Supplier Individuals: female	PI1728	No. of people	1	34,282	16,559	111%	
		Supplier Individuals: rural	PI2568	No. of people	1	116,272	49,697	134%	
		Supplier Individuals: smallholder	PI9991	No. of people	1	115,994	49,697	134%	
		Supplier Individuals: certified organic	**	No. of people	1	75,642	35,410	114%	
Purchases from Supplier Individuals: smallholder		PI7852	EUR	1	38,393,739	17,853,392	115%		

\* United Nations Millennium Development Goals  
 \*\* Indicators introduced by the Triodos Sustainable Trade Fund and not (yet) incorporated in the IRIS standards

*Source: Triodos Sustainable Trade Fund 2010 Impact Report, Triodos Investment Management*