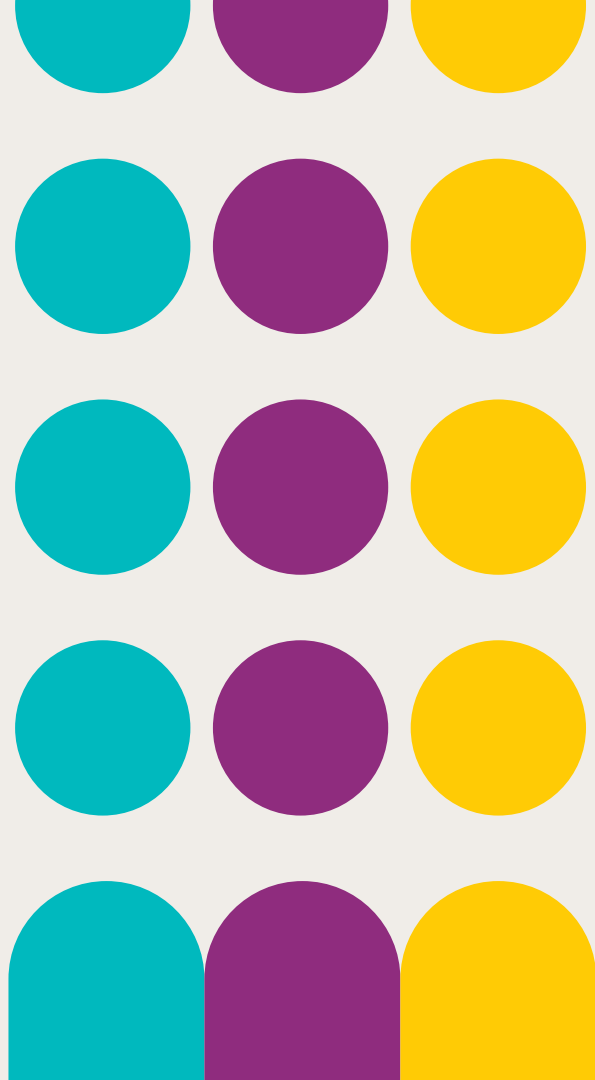




Triodos Future Generations Strategy

A Child Lens Investing Case Study from the Impact Investing Institute



Overview

In October of 2024, Time named UNICEF's child-lens investing framework one of the best inventions of 2024 ¹. This was an important development, as it put Child Lens investing firmly on the radar of investors. But why should we apply a child lens to investing? And, equally important, how should we do that? This case study explores these questions, using Triodos' Future Generations strategy as an example.

Becoming better ancestors

Today's children are our future consumers, workers, innovators, and caregivers. Yet, despite their significance, their interests are often overlooked in economic and financial decision-making. Governments focus on short-term election cycles, corporations prioritise quarterly earnings, and individuals follow market trends.

This short-termism contributes to many of today's most pressing global challenges, including climate change, biodiversity loss, and economic inequality. Or as philosopher Roman Krznaric puts it: *"Short-termism threatens to drag us over the edge of civilization breakdown 2."* Even if we don't

reach this point, neglecting long-term thinking ultimately harms children and future generations, leaving them to deal with the consequences of our actions and decisions. Applying a child lens to investment decisions is one way to ensure we leave behind a more equitable and sustainable world.

How to apply a child lens

To bring the concept to life, let's start with a thought experiment: Picture the world you want future generations to inherit. Do you envision thriving rainforests, unspoiled coral reefs, and a planet where polar bears exist outside of zoos? If so, environmental sustainability is your key priority.

But perhaps you also envision a world where children have access to healthy and nutritious food, have access to quality education and adequate healthcare. These are urgent challenges that children already face today. In our theory of change, we have articulated how these challenges can be addressed.



Asset class: Listed small- and midcap equities that contribute to the wellbeing of children.



Target sectors: Health & Survival, Education, Protection, Clean Environment, Equality and Inclusion



Manager: Triodos Investment Management



Target return: Equity Market like return



Time horizon: Long-term

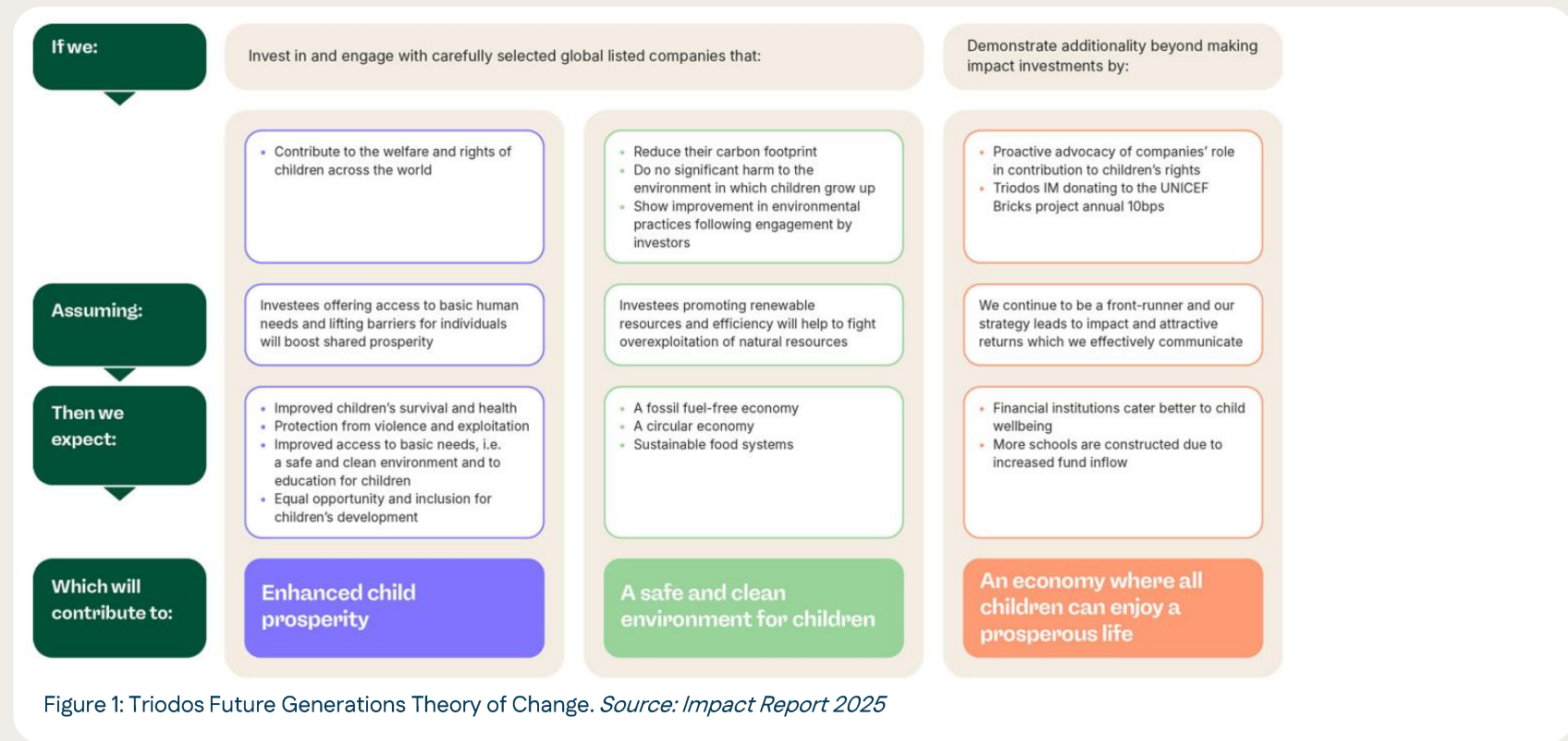


Target Geography: Global



Open-end sub fund of Triodos SICAV I

Theory of change



Triodos have found that UNICEF's five goals can be translated into investment themes that contribute to child wellbeing and offer an attractive return.



Figure 2: UNICEF goals (strategic plan 2022-2025)



1. Child health and survival

The challenges related to food and healthcare are enormous. Malnutrition is a global crisis, affecting nearly 200 million children in 2022. Poor nutrition leads to stunted growth, underweight children, or even obesity in some regions. Investing in food companies that provide healthy and nutritious options is essential. For instance, Acomo, a Dutch company specialising in organic soft commodities like nuts and spices, aligns with this goal by ensuring access to high-quality food ingredients.

Healthcare is another critical area. Children require treatments tailored to their unique physiological needs, yet pediatric medicine often faces hurdles like costly regulatory requirements and limited research. Investing in companies that prioritise pediatric healthcare ensures better medical outcomes for the youngest and most vulnerable populations.

2. Access to education

Education is an important driver of social and economic development. In 2023 it was estimated that 250 million children across the world were not in school ³.

And even those attending school do not always receive quality education. We therefore focus on companies that improve the accessibility and quality of education. A good example is US company Stride, which provides virtual education services. These services enable children that do not fall into the regular (public) school system to receive quality education.

3. Protection from violence and exploitation

Perhaps the best-known issue related to protection of children is child labour. Solutions to prevent child labour include paying parents a living wage, so children do not need to work. While it is difficult to invest directly in the prevention of child

labour, online safety is another urgent issue. Children use the internet from a young age. And when left unprotected, many see inappropriate content or become the victim of cyber bullying **4**. Companies that provide cybersecurity solutions are interesting investment options here.

4. Safe and clean environment

A livable planet is essential for children to grow and thrive, now and in the future. Lack of access to clean water, for example, can have fatal consequences **5**. Many solutions are required to deliver a safe and clean environment. Investing in solutions that promote environmental sustainability, such as renewable energy, water infrastructure and recycling, is critical. Even if many of the products and services relevant for this theme are not specifically for children, we believe that the benefits of long-term investments in water infrastructure or renewable energy generation accrue mostly to the future generations.

A good example in our portfolio is Brazilian water utility SABESP. In Sao Paulo not everyone has access to clean water yet. The company, however, has embarked on an ambitious investment program that aims to deliver universal access to water by 2029.

5. Equality and inclusion

Where a child is born still largely determines their chances in life. For girls in low-income countries, for example, the likelihood of facing systemic disadvantages is high. However, technology has the power to break these barriers. Access to a smartphone can provide financial tools, educational resources, and connectivity, all of which contribute to social and economic inclusion.

Investing in telecommunications infrastructure in emerging markets ensures that young populations benefit from these advancements. By enabling digital access, investors can help bridge the opportunity gap and foster economic growth where it is needed most.



Impact measurement

We measure the impact of investments using a proprietary framework, where we compare the results to a reference index (Bloomberg Small & Mid Cap Index). We analyse how products and services of holdings contribute to the five child well-being themes.

Underlying the five child wellbeing themes are impact objectives, where a coherent group of impact objectives forms a theme. This analysis is based on data from ISS ESG. The impact objectives are also linked to the SDGs.

Our aim is to have a higher impact score than the index and a lower footprint. Based on our proprietary framework, more than 85% of revenue from the portfolio companies contributes to our child wellbeing themes. This contribution needs to be more than 50% for the portfolio. For the reference index the contribution is below 20%.

We aim to also generate positive impact via engagement. A good example are the discussions we have on Family-Friendly Work policies. These are policies that enable parents to balance their work and life commitments, such as parental leave and childcare support.

Evidence shows that such policies can improve employee retention and are positive for career development of women. Both are also positive for the company. And last but not least, it's positive for the development of children.

The Impact Highlights to the right show the strategy's overall impact. We provide monthly fact sheets which include impact data. We also provide a quarterly stewardship update and annual impact reports.



Source: Triodos Investment Management, per Sept 30 2025



Source: Triodos Investment Management, per Sept 30 2025



Source: Impact indicator data Morningstar Sustainability, per end of Sept 2025

Portfolio highlights

Applying a child lens to investing is not only about social responsibility – it also makes financial sense.

Investing in child-centric impact themes, such as food, healthcare, education and infrastructure means investing in essential services. This focus can create a resilient and diversified portfolio that is less susceptible to short-term macroeconomic fluctuations. Our Future Generations strategy proves this. It has lower volatility compared to the reference index. The beta is also well below one. Furthermore, applying a child lens results in a portfolio with different allocations.

Whereas health care and consumer staples have a strong weight in the Future Generations portfolio, this is generally not the case for other impact strategies. This makes it complementary to existing impact portfolios.

"As investors, we play a crucial role in shaping the world future generations will inherit. By applying a child lens to investing, we can move beyond short-term returns and focus on building a sustainable, inclusive, and thriving global economy."

References

- 1 <https://time.com/7094781/unicef-child-lens-investing-framework>
- 2 <https://universonline.nl/nieuws/2021/11/24/public-philosopher-roman-krznaric-if-we-succeed-in-being-long-term-thinkers-we-may-become-the-good-ancestors-future-generations-deserve>
- 3 <https://news.un.org/en/story/2023/09/1140882>
- 4 <https://www.bbc.com/news/technology-68225707>
- 5 <https://www.unicef.org/water-sanitation-and-hygiene-wash>

Supporting materials

Triodos Investment Management Child Lens investing page: <https://www.triodos-im.com/child-lens-investing>

Disclaimer

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