

Triodos Investment Management

Finance for Sustainable Trade



*Boweevil, Uganda
Organic cotton*

Triodos Bank

Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage socially responsible business and a sustainable society.

Triodos Bank's mission

To help create a society that promotes people's quality of life and that has human dignity at its core.

To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development. To offer customers sustainable financial products and high quality service.

Triodos Sustainable Trade Fund offers innovative trade finance loans that assist organic and fair trade producers in accessing the markets of Europe and the United States.

Organic and fair trade exporters in developing countries and Eastern Europe generally lack access to adequate finance. This is a major problem, particularly in harvest time. If farmers cannot receive timely payment for their produce they are often forced to sell at a discount to local middlemen. This represents a real bottleneck on the growth of organic and fair trade projects and prevents farmers from increasing their level of income.

The trade finance loan offered by Triodos Sustainable Trade Fund is simple and straightforward. Based on an export contract with a reputable buyer in Europe or the United States, Triodos Sustainable Trade Fund can pre-finance up to 60% of the contract value. A central element of the loan is that the seller, the buyer and Triodos Sustainable Trade Fund agree that all payments on the contract are made through a Triodos bank account. Each time a payment is received, Triodos Sustainable Trade Fund withholds part of it for the repayment of the loan and pays the remainder to the seller. This continues throughout the harvest season, so that by the end of the harvest season the loan has been fully repaid.

Fund Manager Koert Jansen: 'Our trade finance is an accessible and efficient instrument tuned to the needs of agricultural exporters. We offer fair conditions and fast application handling.'

ABOUT US

Triodos Sustainable Trade Fund is one of the special purpose funds of Triodos Bank. Triodos Bank is the leading sustainable bank in Europe and has been active in the organic and fair trade sector for many years, providing effective financial solutions for producers, export organisations, wholesalers and retail companies. Since its inception Triodos Bank has mobilised millions of Euros to support the fair trade and organic industries from 'crop to shop'.

Management of Triodos Sustainable Trade Fund lies with Triodos Investment Management, a 100% subsidiary of Triodos Bank, which has built up over 12 years of experience in providing trade finance to certified organic and fair trade producers.

Triodos Sustainable Trade Fund is an active player in a growing network of sustainable trade enterprises, import and export organisations, local and regional NGOs, government agencies, organised interest groups, and other stakeholders in the fair trade and organic market.

Dutch development organisation Hivos is one of the fund's launching partners.

TRIODOS TRADE FINANCE IN BRIEF

Purpose

The purpose of the trade finance facility is to assist certified organic and fair trade producers in pre-financing their export contracts with foreign buyers. This provides them with the cash necessary to bridge the (pre)harvest and shipment season. Export contracts form the basis of each loan.

Loan period

The start of the loan period coincides with the start of the harvesting season and may continue until the last shipment of the exported products. Usually the loan period is between 6 and 12 months

Amount

The amount financed depends on the cashflow needs of the exporting company, up to a percentage of the value of the export contracts. For fresh crops this percentage is generally no more than 40%. For less vulnerable produce, such as coffee and cocoa, this percentage can be as high as 60%.

Interest rate and costs

Triodos Sustainable Trade Fund charges a floating interest rate, composed of the 1-month Euribor or Libor rate, plus a client specific interest spread. Interest is calculated on a declining balance. In addition, an administration fee is charged.

Currency

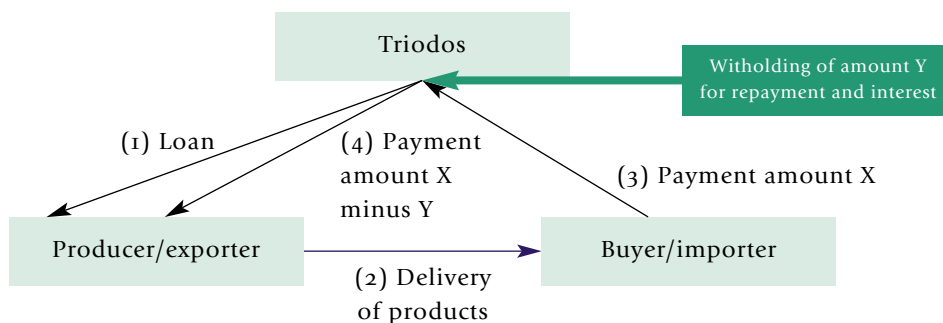
The loan is generally nominated in the currency of the export contract, typically either in Euros or US Dollars.

Disbursement

The loan amount is disbursed in full or in tranches after all conditions stipulated in the loan agreement are fulfilled.

Repayment

Each time that payment under the export contract becomes due, the buyer transfers his payments into a Triodos bank account (see below figure). Triodos withholds a certain percentage of these payments as repayment of the loan, and transfers the remaining amount into the account of the exporting company.



Security

Triodos Sustainable Trade Fund usually does not require collateral beyond the receivables related to the export contracts.

Applications

Requests for an application form can be sent to sustainabletrade@triodos.nl.



*Agrorganica, Brasil
Organic soybeans*



*Cocla, Peru
Fair trade & organic coffee*

Triodos  Bank

Where more than money counts

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