

# Generating positive impact through euro-denominated bonds

Triodos Euro Bond Impact Fund  
Impact Report 2023

Triodos  Investment Management

**This is a marketing communication.**

Please refer to the prospectus and the KID of Triodos Euro Bond Impact Fund before making any final investment decisions. An overview of the investor's rights can be found in the prospectus and on the website (in [Dutch](#) and [French](#)). You can obtain these documents free of charge via the website [www.triodos.be](http://www.triodos.be) or by contacting Triodos Bank (Belgian branch of Triodos NV – The Netherlands). The management company may decide to stop distributing these sub-funds in Belgium.

Triodos Euro Bond Impact Fund is a sub-fund of Triodos Sicav I domiciled in Luxembourg and is managed by Triodos Investment Management.

# The impact of your investment

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- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
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- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
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## Triodos Euro Bond Impact Fund

### **Objectives:**

The fund aims to increase the value of your investment over the medium term, while seeking to maximise positive impact on society and the environment.

The fund has sustainable investment as its objective as set out in article 9 SFDR.

The fund mainly invests in impact and other corporate bonds whose proceeds must finance projects that contribute to at least one of the transition themes defined by Triodos: sustainable food and agriculture, renewable resources, circular economy, sustainable mobility and infrastructure, prosperous and healthy people, innovation for sustainability, or social inclusion and empowerment. Issuers that do not meet the Triodos sustainability standards are excluded from investment. Bonds can be issued by corporate bodies or governments. All bonds must be investment grade and denominated in EUR.

The return of the fund is determined on the one hand by interest income from investments minus the costs of managing the fund, and on the other hand by the price changes of the investments. The return of the fund depends to a large extent on interest rate developments.

The fund is actively managed. It compares its returns with the iBoxx Euro Corporates Overall Total Return (60%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (40%), which it does not aim to replicate or outperform. The fund may deviate from the benchmark because it only invests in companies that meet strict sustainability criteria.

### **The sustainable investment strategy:**

This is described in detail in the document found in the section documents on the website [www.triodos.be](http://www.triodos.be) under Sustainability-related disclosures.

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## Risk indicator:

- Triodos Investment Management classified this product as 2 out of 7, which is a low risk class.
- This rates the potential losses from future performance at a low level.
- The product may be exposed to risks, such as concentration risk and interest rate risk.
- This product does not include any protection from future market performance so you could lose some or all of your investment.



## Fees & taxes

Costs within the fund per annum	Capitalisation class	Distribution class
Management and other administrative or operating cost	1,05%	1,05%
Transaction costs	0,04%	0,04%
Total	1,09%	1,09%
Retrocession*	0,40%	0,40%
*The retrocession is for the benefit of Triodos Bank for its services as distributor of the fund and is paid from ongoing charges.		
Charges and taxes borne by the investor		
Entry fee requested by Triodos IM	0%	0%
Entry charges requested by Triodos Bank Belgium	1%	1%
Stock market exit tax (with a maximum of EUR 4,000 per transaction)	1,32%	-
Withholding tax on capital gains	30%	30%
Withholding tax on dividends	-	30%

# Making impact matter

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## About Triodos Investment Management

Triodos Investment Management (Triodos IM) is a globally active impact investor.

The belief that impact investing is a driving force in the transition to a more inclusive and sustainable world is at the core of every investment decision.

### About this impact report

Impact investing means putting money towards the benefit of people and the environment over the long term. This means making conscious investment decisions that aim to ensure 9+ billion people can thrive on a healthy planet.

At Triodos IM, we envision a future full of just and inclusive societies, where people enjoy good health and wellbeing, have access to ample opportunities, and can pursue their aspirations. To secure this vision, we must stay within planetary boundaries so that we can bestow a flourishing Earth upon future generations. And we must remember that time is of the essence.

Our ambitions and visions may be bold, but we don't just talk the talk.

Curious about what we have been up to this past year?

This impact report 2023 provides the numbers and stories that back up these ambitions and visions. It provides a taste of how Triodos Investment Management made impact matter in 2023

### Implementation of sustainability regulation

#### SFDR

All Triodos Investment Management funds are classified as Article 9 Funds under the EU Sustainable Finance Disclosure Regulation (SFDR). Article 9 classification refers to the most sustainable product category and has the strictest requirements on sustainability disclosures.

This includes information on the adherence to the sustainable objectives of the fund, how we mitigate adverse impact on people and planet, how sustainability risks are assessed and managed and how we ensure good business conduct of all investments.

#### EU Taxonomy

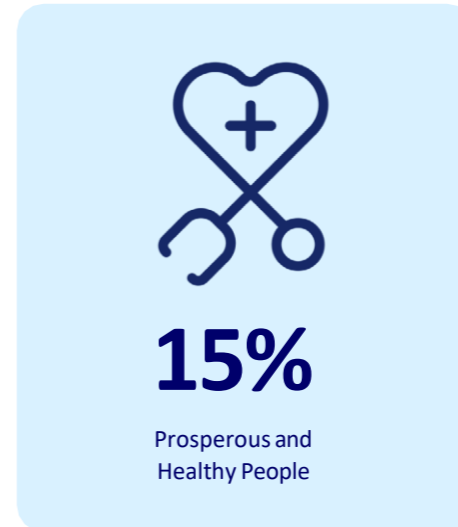
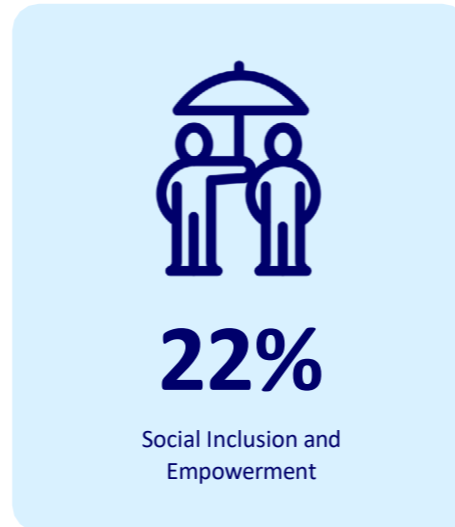
We also report on the EU Taxonomy framework for funds that have an environmental objective. The EU Taxonomy is a manual that explains which economic activities are green and which are not for each sector.

Find out more: [EU SFDR and Taxonomy requirements](#)

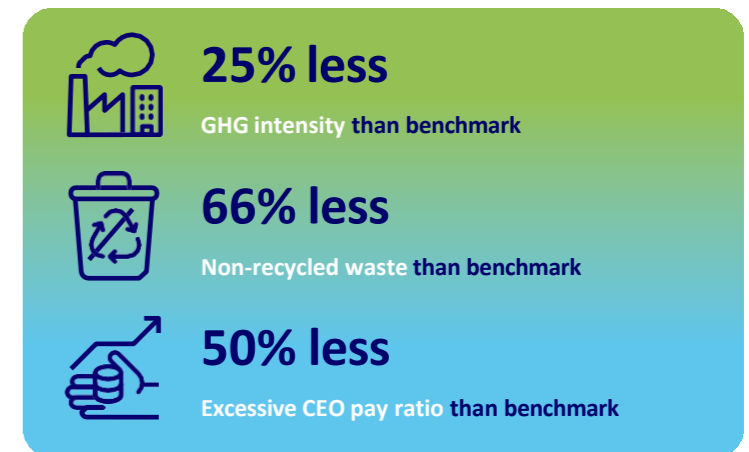
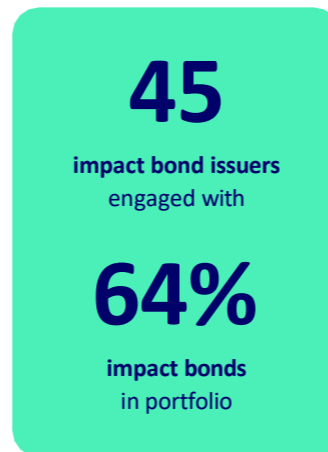
# Impact highlights 2023

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## Top 3 transition themes



## Top 3 Sustainable Development Goals contributed to



# Enhanced impact profile

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The global economy proved resilient last year, despite growing geopolitical tensions and the highest interest rates in a decade. Although this might be a positive development, it comes at a huge cost. Our current economic system is based on growth and profit maximisation and comes at the detriment of societal wellbeing and our planet.

Inequality has increased further, and climate action is slow, adding to the urgent need for transformation. It is our purpose to contribute to change by financing this transformation. Positive social, environmental and cultural change have always been the drivers of our investment activities.

Last year we enhanced the impact profile of the fund, primarily by expanding investments related to our transition themes Prosperous and Healthy People and Social Inclusion and Empowerment. One example in the Prosperous and Healthy People theme is Novo Nordisk. This healthcare company not only enables people to live with diabetes, but also has sustainability embedded throughout its business processes.

Within Social Inclusion and Empowerment, we have added real estate company Vonovia as a new bond issuer and invested in a newly issued social bond. The proceeds of the bond are used for developing affordable housing for vulnerable population groups like low-income households, disabled people, older adults, students, and refugees.

Triodos Euro Bond Impact Fund will continue to strive for positive change by investing in bond issuers and impact bonds that make a clear contribution to a more sustainable economy and a more inclusive society.

## Jeroen van Herwaarden

Portfolio Manager Triodos Euro Bond Impact Fund

## Portfolio management team



Jeroen van Herwaarden



Rosl Veltmeijer



William de Vries

## Fund characteristics

### Asset class

euro bonds

### Domicile

Luxembourg

### Legal structure

sub-fund of Triodos SICAV I

### Inception date

July 2007

### AUM per December 2023

EUR 345,422,897

### Benchmark

iBoxx Euro Corporates Overall Total Return (60%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (40%)

### Managed by

Triodos Investment Management

### Depository

CACEIS Investor Services Bank SA



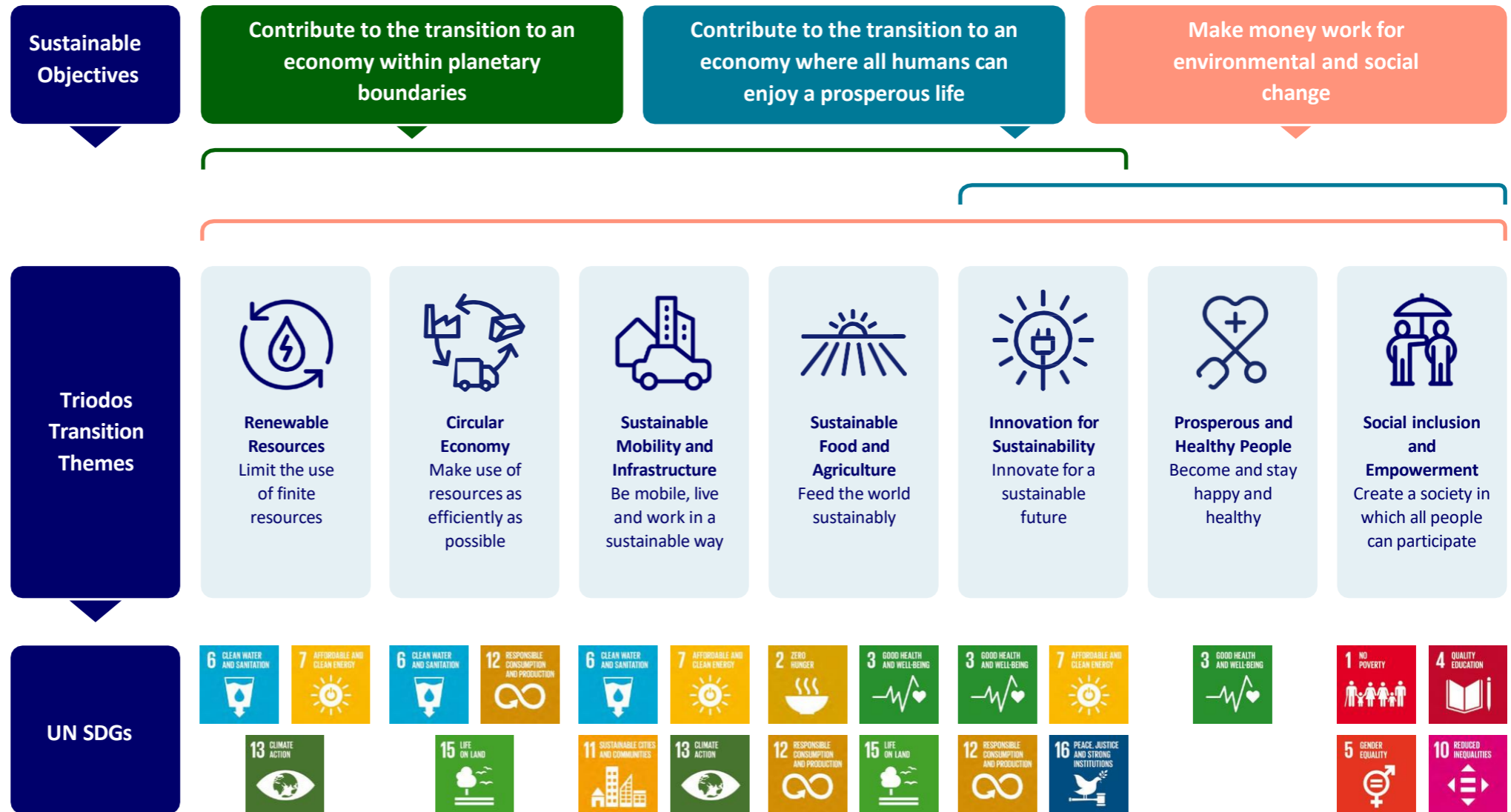
Click on each label to read more about them.

The fact that the fund has obtained these labels does not mean that it meets your own sustainability goals.



# Investing in the change makers

The Triodos Euro Bond Impact Fund is an SFDR Article 9 fund. The fund invests in listed companies and bond issuers that actively contribute to at least one of the Triodos transition themes, which in turn address at least one of the sustainable investment objectives. Each Triodos transition theme is linked to one or more UN Sustainable Development Goals (SDGs):

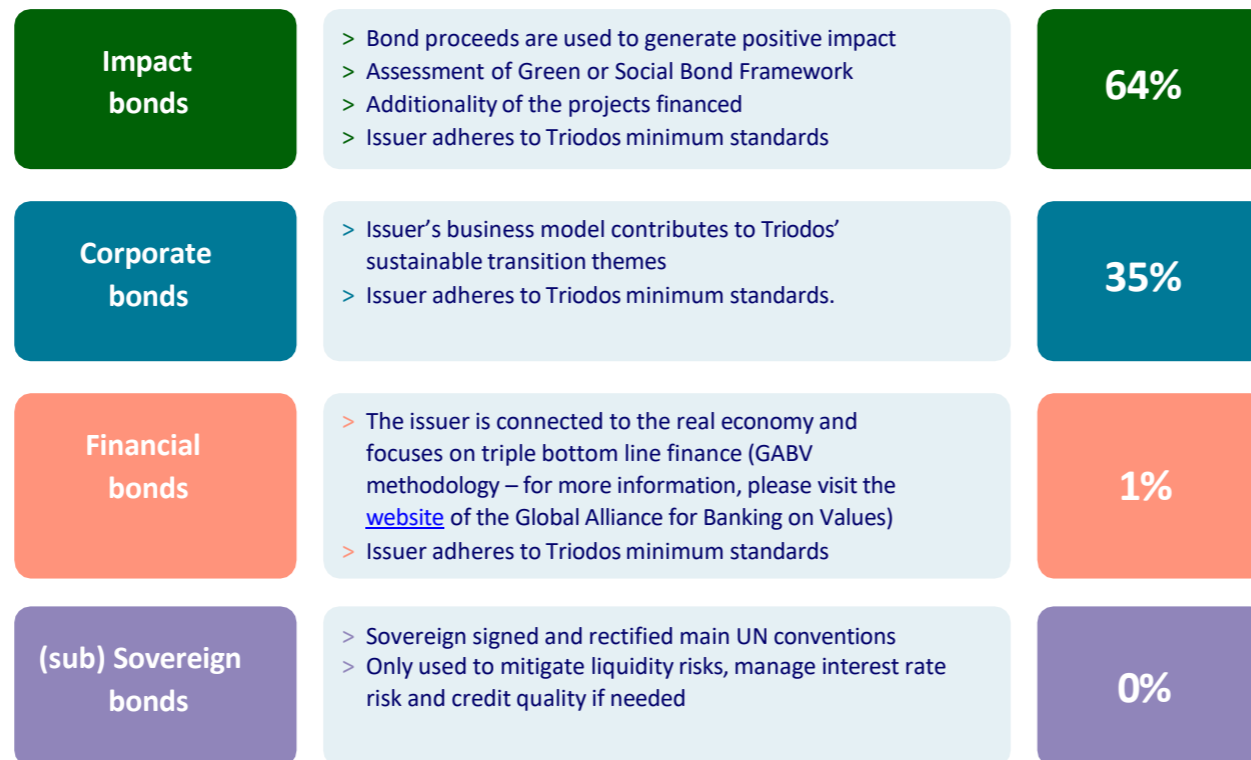


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# Positive impact through bonds

The fund's bond portfolio consists of impact, corporate and financial bonds, issued by companies, financial and semi-public institutions and EU member state governments. They all generate positive impact and contribute to at least one of our seven transition themes.



The percentages provided above reflect the weight in the portfolio at the end of December 2023 of each category.

The cash position of the fund was 0.2% per end December 2023.

Source: Triodos Investment Management

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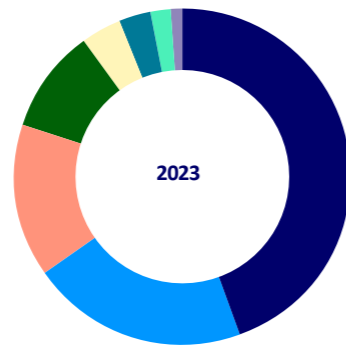


# Impact achieved

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Triodos Euro Bond Impact Fund measures impact first and foremost as positive contribution to the Triodos sustainable transition themes. Each company in the portfolio must positively contribute to at least one of these themes through its commercial strategy. In 2023, the fund's portfolio contributed positively to the following themes:

Portfolio contribution to transition themes



	2023	2022
Sustainable Mobility and Infrastructure	45%	46%
Social Inclusion and Empowerment	21%	23%
Prosperous and Healthy People	15%	13%
Renewable Resources	10%	9%
Sustainable Food and Agriculture	4%	4%
Innovation for Sustainability	3%	2%
Circular Economy	2%	1%
Liquidity	1%	2%

## Sustainable Development Goals

To further measure the impact of the fund, its contribution to the UN SDGs is assessed, based on the underlying revenue streams from the product and services of each company.



Source: ISS ESG as per end of December 2022 and 2023.

The increased contribution to SDG 3 is the result of the addition of Reckitt Benckiser and Novo Nordisk to the portfolio. The increased contribution to SDG 7 is the result of the addition of Statnett and National Grid. The changes in the contribution to SDG 10 are caused by transactions and stricter application of positive scoring for this SDG by ISS ESG.



# Impact investments

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Click [here](#) for an overview of all investments of the fund in 2023.



## Smurfit Kappa

Recycling is at the heart of the business model of Smurfit Kappa. 75% of the raw material used consists of recycled fibres. All paper-based packaging the company produces is recyclable and through its products the company facilitates the shift from plastic to more environmentally friendly paper-based packaging.

> Find out more [here](#)

## National Grid

An upgraded and expanded electric grid is the backbone of the energy transition. In the coming decades, grid operators like National Grid must modernise its aging infrastructure and build new connections and repurpose its existing assets to handle burgeoning and more decentralised renewables generation.

> Find out more [here](#)



## Novo Nordisk

Novo Nordisk is a world leader in diabetes care, aiming to turn the tide of the diabetes pandemic. The company seeks to raise awareness and prevention education, improve access to and affordability of care, and to proactively address the psychosocial aspects of diabetes.

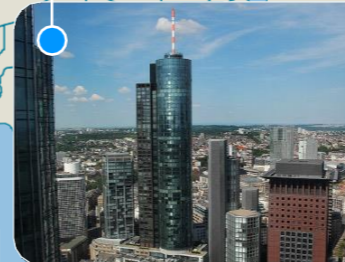
> Find out more [here](#)



## Vonovia

This social bond is issued to refinance the development of affordable housing units and low-barrier housing. These projects fulfill housing needs for certain vulnerable population groups such as low-income households, disabled people, older adults, students, and refugees.

> Find out more [here](#)



## Landesbank Hessen-Thüringen

Through impact bonds, the bank finances loans in projects related to renewable energy. Projects include wind energy (both onshore and offshore) and solar energy. These renewable energy projects are to provide affordable and clean energy (SDG7) and tackle climate change (SDG13).

> Find out more [here](#)

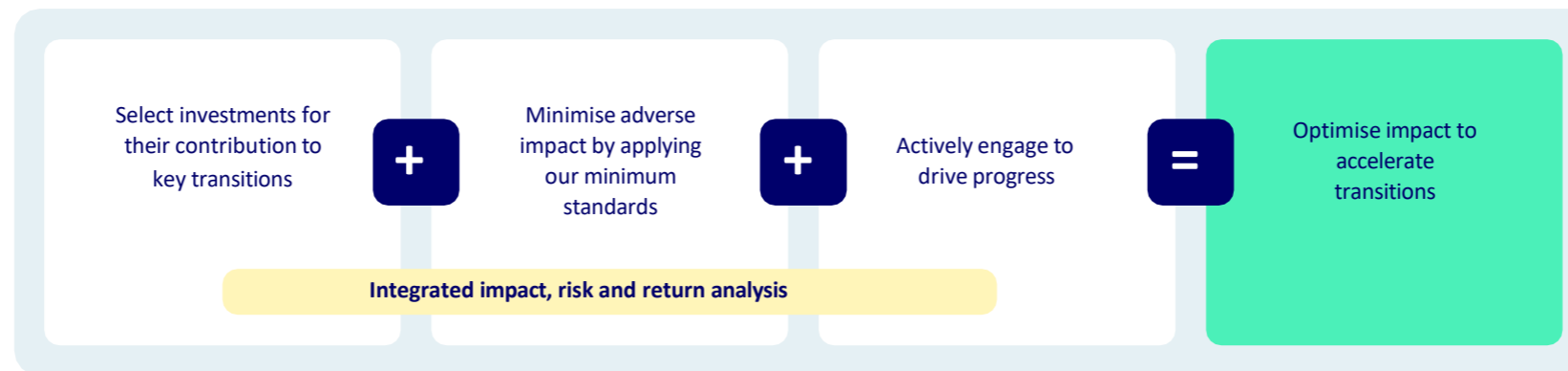


# Optimising impact to accelerate transitions

Money is a driving force towards a society that is humane, ecologically balanced and works for the benefit of all.

Triodos Investment Management has a robust process in place to optimise impact and accelerate key transitions. This process is continuously developed following new insights and latest developments and standards.

## Triodos IM's robust process to optimise impact



### Contribution to transitions

We invest to realise our vision of a prosperous life for people on a thriving planet. Each fund has a Theory of Change, which describes how the fund can enable, contribute and accelerate sustainable transitions.

This ambition is translated into a set of objectives, indicators and internal targets per fund.

Each potential investment must significantly contribute to at least one of fund's sustainability objectives to qualify for investment (see pages 4 and 5).

### Minimise adverse impact

We select for positive impact but also determine the level of potential adverse impact. This includes a screening based on the Triodos minimum standards, potential controversies, the EU SFDR Principal Adverse Impacts (PAIs) and relevant sector-specific standards to ensure our investments do not cause any significant harm.

We also mitigate and manage any material sustainability risk. Read more in [Our approach to impact](#).

### Engage to drive progress

We aim to accelerate transitions and promote sustainable long-term value creation for all our stakeholders. To this end, we frequently engage on environmental and social topics that are relevant to each investee's business model, as well as on general corporate governance issues.

We engage to obtain information both in response to (potential) controversies and proactively on strategic topics. Furthermore, we believe that by active ownership - exercising voting rights for listed investments and board seats for private equity investments - we can exert a positive influence on a company's long-term strategy.

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# Theory of Change

This Theory of Change underpins how Triodos IM acts, invests and evaluates the activities for the Triodos Euro Bond Impact Fund.

**If we as Triodos IM:**

Invest in and engage with carefully selected global listed companies and bond issuers that fit our vision on transformative impact and that:

**Assuming:**

**Then we expect:**

**Which will contribute to:**

- > Increase renewable resource use
- > Reduce demand for finite natural resources
- > Increase efficient resource use

Investees promoting renewable resources and efficiency will help to fight overexploitation of natural resources

- > A fossil fuel free economy
- > A circular economy
- > Sustainable food systems

**An economy within planetary boundaries**

- > Increase access to basic human needs (e.g. food, water, housing, healthcare)
- > Target underserved individuals or communities

Investees offering access to basic human needs and lifting barriers for individuals will boost shared prosperity

- > Sustainable food systems
- > A thriving community
- > Prosperous and healthy people

**A prosperous life for all people**

- > Inspire clients with their positive impact
- > Show improvement in sustainability practices following engagement by investors

We continue to be a frontrunner and our strategy leads to impact and attractive returns which we effectively communicate

- > Increased transparency of sustainability risks and opportunities
- > More capital flows towards sustainable investment

**Money working for positive change**

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# Do no significant harm

To make sure that its investments do not cause any significant harm, the fund continuously monitors alignment with the strict Triodos minimum standards. In the course of 2023, the fund excluded one company from the portfolio due to either a breach of Triodos Bank minimum standards, or a persisting unacceptable risk.

Company name	Reason for exclusion
Philips	The negative feedback of the FDA on the recall of sleep apnoea devices led to a major controversy. We therefore sold our remaining bond position in the company.

Investments are also assessed on their Principal Adverse Impacts (PAIs) in line with SFDR guidelines for Article 9 funds. The GHG intensity, Non-recycled waste and the Excessive CEO pay ratios illustrate the lower negative impact of the portfolio companies' activities compared to those of the benchmark: iBoxx Euro Corporates Overall Total Return (60%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (40%).

End of December 2023

End of December 2022



The impact indicators are calculated using Principal Adverse Indicator data from Morningstar Sustainalytics.

**GHG intensity of investee companies:** The GHG intensity is a relative measure of greenhouse gas (GHG) emissions. It is the amount of GHG produced per unit of revenue generated by the company, measured in tonnes of CO<sub>2</sub> per EURm generated in revenue. The carbon intensity is then weighted using the portfolio weight to get a weighted average for the portfolio.

**Non-recycled waste ratio:** For each company the non-recycled waste ratio is the total amount in metric tons of non-recycled waste produced dividend by the amount invested in EURm, shown as a weighted average.

**Excessive CEO pay ratio:** This metric measures the ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees.



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# Engagement agenda

By Triodos Investment Management

Stewardship is integrated in every aspect of the fund's investment management process to promote sustainable value creation for all our stakeholders. Triodos IM engages with companies and institutions to drive positive change. Where appropriate, it discusses governance, environmental and social issues relevant to their specific business models. These discussions often take place before a company is added to the investable universe. In 2023, the Impact Equities and Bond funds' formal engagement agenda focused on five topics:

## Climate change



In July 2020, we initiated our climate change engagement project. The goal of this project is to encourage our portfolio companies to set science-based emission targets, in line with the 1.5°C trajectory, as set out by the Science Based Targets initiative (SBTi). In 2023, we stepped up our engagement efforts by setting the target to engage annually with all our holdings on GHG management.

Read the full [article](#).

Energy transition

## Executive remuneration



Over the past three years, we have engaged with companies we identified as having excessive remuneration. In 2023, we engaged with seven companies on this topic. Four of these have improved their remuneration structure and therefore remain in our investment universe.

Read the full [article](#).

Societal transition

## Plastic pollution



The current rate of plastic production is unsustainable, and cleaning up the aftermath is an overwhelming task. We engaged with 12 portfolio companies in the consumer staples sector, which are among the biggest users of plastic when it comes to packaging, to discuss what to do about the complex plastic legacy.

Read the full [article](#).

Resources transition

## Family friendly working policies



Family-friendly work policies play an important role in enhancing and improving the wellbeing of children. We started an engagement project to assess several of our portfolio companies' work policies related to children and their parents. The assessment consists of topics such as parental leave, flexible working hours, breastfeeding support at work, childcare support, living wages and job security.

Read the full [article](#).

Wellbeing / Societal transition

## Hazardous chemicals



Following the first round of engagement on hazardous chemicals in 2021/22, we focused on synthetic, highly toxic per- and polyfluoroalkyl substances, or PFAS, in 2023. We maintained our role as lead investors for Shin-Etsu and Evonik, who both notably improved their ChemScore. As there is room for further improvement, we will continue our engagement efforts.

Read the full [article](#).

Resources transition

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# No change without engagement

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Triodos IM integrates stewardship in every aspect of the investment management process, to drive positive change, through engagement, voting and advocacy. To accomplish this, it's essential to interact with the listed companies we invest in, argues Portfolio Manager Rosl Veltmeijer and Head of Research Henk Jonker. "Engagement begins from the moment we consider investing in a company. Dialogue and transparency are so crucial that companies unwilling to engage are not considered for investment."

Understanding a company is key to investing in it, says Veltmeijer. "We achieve this through analysis and engaging with management. In that sense, engagement is integral to our selection process, even before we use it to influence a company's policy." This way, engagement serves a dual purpose: maximising a company's positive impact and comprehending its business model.

When setting the agenda for positive change, engagement and voting are crucial tools. Both have distinct advantages and integrating them enhances the impact and clarity of shareholder intentions. Engagement provides a platform to address a wide range of concerns through informal discussions, formal meetings and collaborative efforts with other investors. Voting allows shareholders to exercise their vote at shareholder meetings and hold management directly accountable. However, Triodos IM prefers to wield its influence using engagement, says Jonker. "Through engagement, we can set the agenda, advocating for issues we deem crucial. At a shareholder meeting, however, the agenda is predetermined."

## The impact of engagement

Engagement takes time. Steering companies towards a more sustainable trajectory can take years. Sometimes it succeeds, sometimes it doesn't. Lack of progress could result in divestment. Veltmeijer offers a more nuanced view on engagement: "You start engagement by asking relevant questions. Such questions can lead to awareness and thus policy changes.

Ultimately, this is up to the company itself and the people working there. However, good questions set things in motion. If you achieve that, you can consider the engagement a success."

## The mutual benefits of engagement

Successful engagement starts with the notion that dialogue must always be mutually beneficial. "It is important to ask relevant questions that also matter to the company. What helps is if you can share insights or best practices that the company itself does not have," concludes Jonker.



Read the full article [here](#).



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## Engagement in 2023

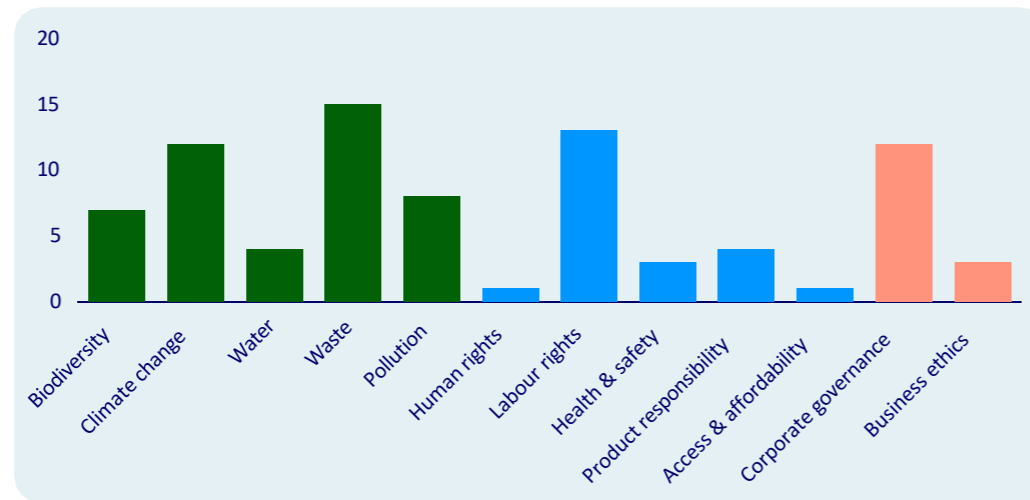
In addition to the engagement agenda, Triodos IM has conversations with companies to discuss topics that are important to impact investors.

### Company contact purpose



\*MSA = Minimum Standards Analysis

### ESG topics discussed



Number of times the topic was discussed.

45

impact bond issuers engaged with

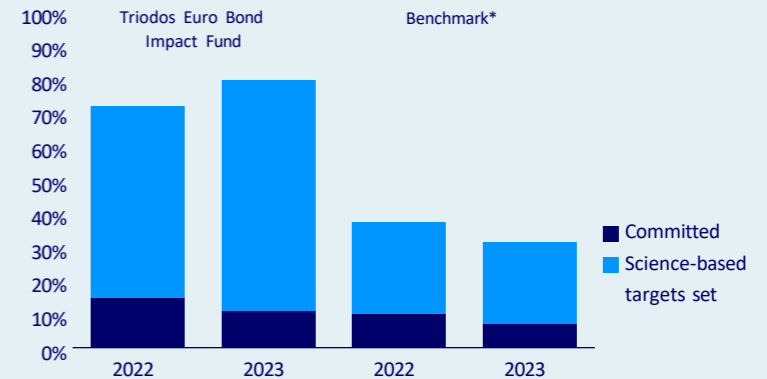
64%

impact bonds in portfolio

### Alignment with the Science Based Targets initiative

As part of Triodos IM's climate change engagement, two company milestones are measured:

1. a company is committed to setting science-based targets,
2. a company has set science-based targets, in line with the 1.5°C trajectory.



\* iBovx Euro Corporates Overall Total Return (60%) and iBovx Euro Eurozone Sovereign 1-10 Total Return (40%)





# Sustainability risks and opportunities

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## ESG risks and opportunities of the ten largest holdings

Company name	Risks	Opportunities
<b>European Union</b>	The EU issues impact bonds to finance the SURE program. The program does not apply exclusion criteria for sectors that have negative environmental or social impact, so there is a risk that proceeds from the bond will eventually be allocated to sectors with negative impact.	The overall impact of the SURE program will be to protect income and preserve productive capacity and human capital of enterprises and the economy as a whole.
<b>Spain - Community of Madrid</b>	The impact and allocation reporting by the issuer is not very extensive. Not much detail is provided on the projects financed by the impact bond and the methodology of calculating the impact reported by the issuer.	The green bond is issued to finance the decarbonisation of public transport in the Madrid region. The proceeds are mainly used to purchase electric buses and for the development and maintenance of the fully electrified metro system in Madrid.
<b>La Poste</b>	Courier service is a high emission sector. A big share of La Poste's transport is conducted with carbon-intensive road transport, therefore impeding the fight against climate change.	La Poste has ambitious climate goals and sustainability strategy. It has set SBTi targets to reduce GHG emissions. The company has issued green instruments to facilitate the electrification of its vehicle fleet.
<b>Essity Aktiebolag</b>	Essity's production activities affect air, water, earth, biodiversity, and climate. Stricter environmental standards, environmental restoration during facility shutdowns, or violations of permits may lead to increased expenses.	Essity could enhance its brand value by promoting sustainable sourcing, increasing the proportion of reusable products and those offering social or environmental benefits, and transitioning to more sustainable packaging solutions.
<b>Instituto de Credito Oficial</b>	The company facilitates the development of Spain's economy and does so by providing financial support to domestic infrastructure projects and import/export financing. There is no indication that ICO embeds sustainability targets into the executive remuneration policy.	ICO's mandate contributes to the achievement of sustainability goals. The bank has issued multiple green and social bonds to support multiple sectors of Spain's economy including small and medium-sized companies, clean energy and social housing.
<b>NRW Bank</b>	The green bond finances renovations to a hydropower plant. In some instances, hydropower plants can be linked to negative impact on local communities and biodiversity. No such impact has been observed so far.	The proceeds of this green bond are used to finance projects that focus on both climate mitigation and climate adaptation. These projects contribute to reduced emissions and improved biodiversity in North Rhine-Westphalia through better energy efficiency in buildings, more renewable energy generation, electric public transport, and river restoration.
<b>Belgium - Region Wallonne</b>	The level of transparency when it comes to eligible projects is not as strong as some other issuers, but the identification and management of potential sustainability risks the Wallonie Green Social Sustainability bond framework is robust.	The Wallonie framework is a best-practice example. The look-back period is only 24 months sovereign and the disbursement period is also rather short. All eligible categories are considered associated with impactful with 90% of the proceeds allocated to investment.
<b>France - Region Ile de France</b>	Région Île-de-France was criticised in 2020 for its decision to use EUR 730,000 initially dedicated to finance transportation of people with disabilities to finance other projects.	The issuer is very transparent in its allocation and impact reporting, therefore it is easy for investors to understand the exact use of the proceeds and the associated impact.
<b>SFIL</b>	There is only limited growth capacity in green loans, as local authorities are small and therefore often issue only one green loan per year, trying to fit as much as they can into the framework. This does not fit with SFIL's financing approach.	When financing healthcare projects, SFIL tries to direct investments to areas where there is a need for additional capacity. Hospitals account for 10% of SFIL's lending.
<b>Danone</b>	Biodiversity loss, climate change and water stress impair agricultural production and are therefore a material risk to Danone's sourcing operations, including milk, sugar and fruit. An additional risk are the packaging materials used by the company, in particular whether they can be recycled and reused.	Danone is well-positioned to support its customers with the provision of plant-based and essential dairy products. We see an opportunity for Danone to increase brand value by being positively associated with sustainable sourcing, deforestation-free programs and shifting towards more sustainable packaging solutions.



# Sustainability risks and opportunities

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## Risks and opportunities of largest GHG emitters

Company name	Risks	Opportunities
<b>Toyota</b>	For car manufacturers, the main sustainability issues are the reduction of CO <sub>2</sub> emissions of the car fleet across the whole product lifecycle as well as environmental standards in the supply chain.	Toyota is committed to contributing to safe and energy-efficient mobility concepts, including transport infrastructure. These efforts, to some degree, facilitate a reduction of the environmental burden caused by cars.
<b>Atlas Copco</b>	Atlas Copco's ESG risks mainly center around human rights issues (e.g. during the construction of a dam project in Colombia in 2014). The company reports on its GHG emissions and has SBTi-approved targets.	Opportunities for Atlas Copco are EV manufacturing equipment for its Industrial Technique division and emission control abatement systems for its Vacuum Technique division. In addition, Atlas Copco provides products for use in hydrogen and renewable energy.
<b>BMW</b>	Reducing CO <sub>2</sub> emissions of the car fleet are the most pressing sustainability issues for car manufacturers. This includes the whole product lifecycle as well as environmental and social standards in the supply chain. The company has a near-term SBTi target and is committed to setting a SBTi net-zero target in the future.	For car manufacturers like BMW, opportunities for continued success can be found in the development of alternative drives and the creation of mobility concepts for the future. The company is working on mobility, telematics and navigation solutions in order to enhance road traffic efficiency and is part of initiatives regarding multi-modal mobility concepts and traffic in mega-cities.
<b>Continental</b>	Regarding the company's operational management, key risks include greenhouse gas emission reduction targets and action plans, performance of tyre models according to EU regulation and a strategy to optimise the energy efficiency of its products. Environmental risks are, by and large, managed well.	Opportunities for automotive suppliers are found in helping to improve the energy efficiency of vehicles. Further opportunities lie in the development of products for alternative drives and new mobility concepts.
<b>Suez</b>	The company contributes to greenhouse gas (GHG) emissions in several ways, including via its water treatment plants and waste incineration plants. The company has committed to fighting climate change and has therefore set short-term SBTi targets and committed to setting a net-zero SBTi target.	By recovering energy from waste through processes like incineration (with strict emission controls) or by converting biogas into electricity, Suez reduces reliance on fossil fuels and contributes to clean energy generation. The company also invests in advanced landfill gas capture technology, to turn methane into usable energy like electricity or fuel.

The top 5 highest emitters per fund are identified based on their total GHG emissions scope 1-3 per EY2023 as reported by Morningstar Sustainalytics.



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## Risks and opportunities of biodiversity laggards

Company name	Risks	Opportunities
<b>Ferrovie dello Stato Italiane</b>	To connect cities and villages, railways use up vast amounts of land and go through nature reserves. This comes with the risk of disrupting biodiversity in these areas, cutting off habitats and migration routes for local species and animal collision with trains.	The company states that safeguarding biodiversity is a top priority and has a program for this: it prevents negative impact by avoiding protected areas when constructing infrastructure.
<b>Reckitt Benckiser</b>	The company is exposed to environmental risks related to its raw materials supply chain.	Demand for more sustainable products and ingredients is increasing. The company may increase its brand value by being positively associated with sustainable sourcing, production and packaging solutions.
<b>Toyota Motor</b>	The main sustainability risks are the reduction of CO <sub>2</sub> emissions of the car fleet across the whole product lifecycle as well as environmental and social standards in the supply chain. The mining of more (rare earth) materials needed for the batteries of electric cars can lead to significant negative impact on biodiversity.	Toyota has been a frontrunner for years with its hybrid vehicles and the fuel-efficiency of its internal combustion-engine vehicles. Besides that, Toyota has a biodiversity policy in which it contributes to biodiversity conservation initiatives.
<b>Roche</b>	Biodiversity loss driven by pollution through air, water and soil is the main risk for pharmaceutical companies like Roche.	The company recognizes the importance of biodiversity and ensures that discovery and development of products derived from any non-human organisms are in line with the principles and goals of the UN Convention on Biological Diversity. In addition, Roche has set a target to reduce its environmental impact by half by 2030.
<b>Deutsche Post</b>	Deutsche Post is an international postal and logistics group and therefore relies on several modes of transport such as aviation, automotive, ship and railway. These modes of transport are energy- and emissions intensive, which has a negative impact on biodiversity.	For its aviation transport, Deutsche Post aims to become the leader in sustainable aviation and is investing heavily in developing and sourcing sustainable aviation fuel and in developing alternative power solutions. In addition, ambitious efforts are taken to electrify its fleet, with a target to electrify 60% of last-mile delivery vehicles by 2030.

The biodiversity laggards per fund are identified top down, with the addition of biodiversity data from several sources. The first step in determining the biodiversity laggards per fund, is to identify the high-risk sectors for negatively affecting biodiversity. These include agriculture, construction and infrastructure, extractive industries, fishery and aquaculture, food and beverages, forestry and logging, shipping, chemicals, and pharmaceuticals. From these sectors, we filter companies with a relatively high negative impact on biodiversity using data from the World Benchmarking Alliance (WBA) and from ISS-ESG.

ISS-ESG assesses companies on their contribution to or obstruction of the UN Sustainable Development Goals, based on their products and services, policies, and involvement in controversies. By selecting companies that have been assessed by ISS-ESG to have a negative score on SDGs 14 (Life on land) and 15 (Life below water), additional biodiversity laggards are selected.

Finally, PAI data from Morningstar Sustainalytics are used to identify companies that negatively affect biodiversity-sensitive areas. One company was identified to negatively affect biodiversity-sensitive areas and was added to the top 5 biodiversity laggards of the relating funds.



# Engagement with the ten largest holdings

Company name	Engagement topics
European Union	Reviewed allocation and impact reporting but no engagement with the issuer
Spain - Community of Madrid	Reviewed allocation and impact reporting but no engagement with the issuer
La Poste	Reviewed allocation and impact reporting but no engagement with the issuer
Essity Aktiebolag	Climate change, waste, governance, labour rights
Instituto de Credito Oficial	Reviewed allocation and impact reporting but no engagement with the issuer
NRW Bank	Reviewed allocation and impact reporting but no engagement with the issuer
Belgium - Region Wallonne	Reviewed allocation and impact reporting but no engagement with the issuer
France - Region Ile de France	Reviewed allocation and impact reporting but no engagement with the issuer
SFIL	Held 1on1 meeting with SFIL in March 2023
Danone	Biodiversity, climate change, pollution, waste, governance, health and safety

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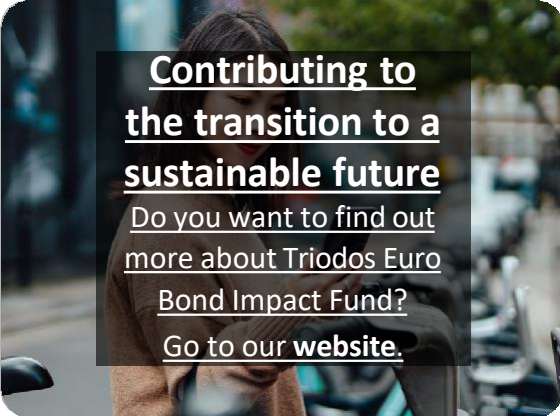
Contribution to the **UN Sustainable Development Goals** is based on the ISS ESG Sustainable Solutions Assessment, which is a comprehensive assessment of company products and services that affect the SDGs. This data enables investors to identify the share of products and services that have a positive or negative impact on 15 different social and environmental objectives. Those objectives, defined by ISS ESG, take into account the SDGs that are relevant to a company's product portfolio. Revenues linked to social and environmental objectives are summed across the different objectives and mapped to each individual SDG as a direct contribution.

The **Science Based Targets initiative** (SBTi) provides a common scientifically recognised methodology to calculate GHG emissions and to set targets. Having companies set an SBTi target helps to minimise the existing problems related to a lack of guidelines to measure the companies' scope 3 GHG as well as helping to compare targets among companies. The SBTi data has been retrieved from the SBTi's public database of committed and aligned companies. Targets adopted by companies to reduce greenhouse gas emissions are considered science based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Climate Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

## Climate-related financial risk disclosures

This [disclosure](#) shows how climate-related risks and opportunities are organised in processes and procedures to consider both physical risks (that arise as physical consequences of climate change) and transition risks (relating to the transition to a climate-neutral economy).

For a full understanding of Triodos IM's approach to climate change, this disclosure should be considered together with Triodos Bank's Integrated Annual Report and As One To Zero progress reports.




**Contributing to the transition to a sustainable future**

Do you want to find out more about Triodos Euro

Bond Impact Fund?

Go to our **website.**



**Investing for impact**

Do you want to find out more about how Triodos IM invested for impact in 2023?

Go to our **website.**



## Disclaimer

> Please refer to the prospectus and the KID of Triodos Euro Bond Impact Fund before making any final investment decisions. An overview of the investor's rights can be found in the prospectus and on the website (in [Dutch](#) and [French](#)). You can obtain these documents free of charge via the website [www.triodos.be](http://www.triodos.be) or by contacting Triodos Bank (Belgian branch of Triodos NV – The Netherlands). The management company may decide to stop distributing these sub-funds in Belgium.

- Direct link to obtain Prospectus, KID, Overview of investor's rights in Dutch: [Beleggen | Triodos Euro Bond Impact Fund | Triodos Bank](#)
- Direct link to obtain Prospectus, KID, Overview of investor's rights in French: [Investir | Triodos Euro Bond Impact Fund | Banque Triodos](#)

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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 30+ 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 2022: EUR 5.5 billion.

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

