

A close-up photograph of a person's hand plugging a green charging cable into the charging port of a white electric vehicle. The background is a blurred outdoor setting with green foliage and sunlight filtering through the trees, creating a bokeh effect. The overall tone is bright and positive, emphasizing sustainable energy.

Investing in the change makers

Triodos Global Equities Impact Fund
Impact Report 2023

Triodos  Investment Management

This is a marketing communication.

Please refer to the prospectus and the KID of Triodos Global Equities 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 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 Global Equities 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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- > Engagement
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Triodos Global Equities Impact Fund

Objectives:

The fund aims to increase the value of your investment over the long 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 equities of companies in developed countries and whose products or services contribute to at least one of the following 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.

The return of the fund is determined on the one hand by dividend income from investments minus the costs of managing the fund, and on the other hand by the price changes of the investments, including currency effects. The return of the fund depends to a large extent on currency developments and market movements.

The fund is actively managed. It compares its returns with the MSCI World Index, 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 under Sustainability-related disclosures.

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Risk indicator:

- Triodos Investment Management classified this product as 4 out of 7, which is a medium risk class.
- This rates the potential losses from future performance at a medium level.
- The product may be exposed to risks, such as concentration risk and currency 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	1,65%	1,65%
Transaction costs	0,02%	0,02%
Total	1,67%	1,67%
Retrocession*	0,55%	0,55%
*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	-	-
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

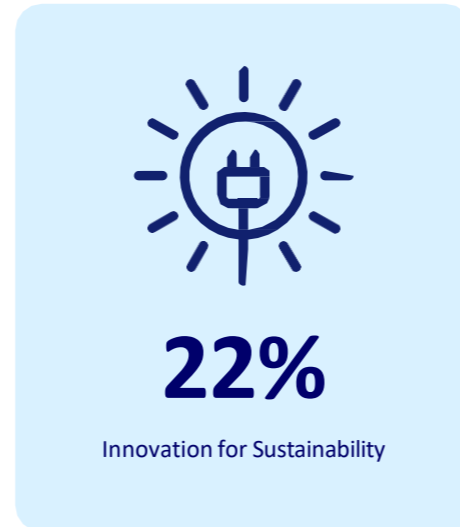
We also report on the EU Taxonomy framework for funds that have an environmental objective. The EU Taxonomy is a manual that explains which economic activities are green and which are not for each sector.

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

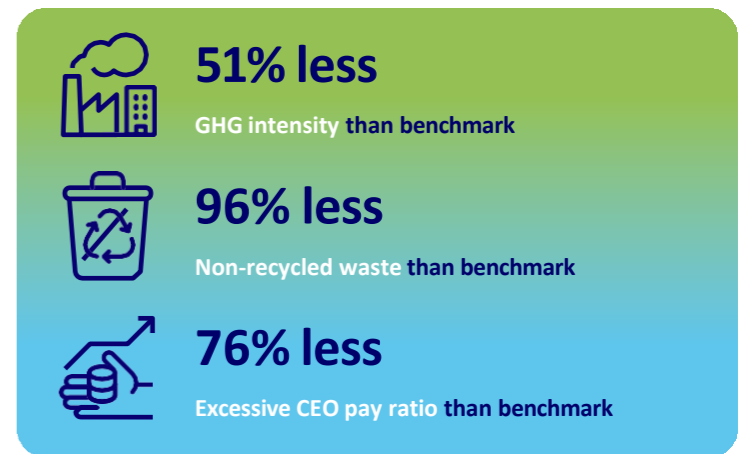
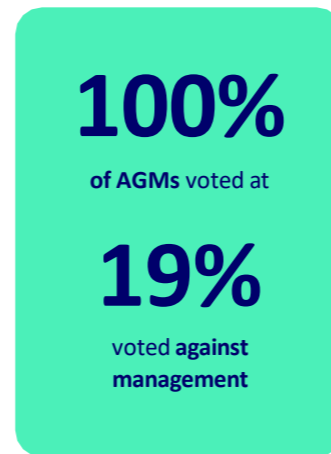
Impact highlights 2023

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Top 3 transition themes



Top 3 Sustainable Development Goals contributed to



Focus on transitions

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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 at the expense of societal wellbeing and our planet. Inequality has grown 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.

Triodos Global Equities Impact Fund invests for positive change through investments in listed large caps from across the globe. The fund aims to maximise positive impact by investing exclusively in companies that contribute to one or more of the seven sustainable transition themes, which are anchored in the United Nations' Sustainable Development Goals (SDGs).

Based on the revenue contribution to the transition themes we added new impactful names to the fund. Clear contributors to the energy and water transitions, for example, are Enphase (solar energy equipment), National Grid (grid operator) and Xylem (water technology).

Besides improving positive impact, the fund's ecological footprint (portfolio CO₂ emitted, water consumed, waste produced) improved versus previous years, and was mostly lower than the footprint of the broader market.

In 2024, we will continue to look for companies that fit the transitions, and thus maximise our positive impact. As before, we will do so with a concentrated portfolio of high-conviction positions.

Arjan Palthe

Portfolio Manager Triodos Global Equities Impact Fund

Portfolio management team



Arjan Palthe



Dimitri Willems



Sjoerd Rozing



Rob van Boeijen



Jan Rommert
Straatman

Fund characteristics

Asset class

large cap global equities

Domicile

Luxembourg

Legal structure

sub-fund of Triodos SICAV I

Inception date

July 2007

AUM per December 2023

EUR 1,078,038,584

Benchmark

MSCI World Index EUR

Managed by

Triodos Investment
Management

Depository

CACEIS Investor Services
Bank SA



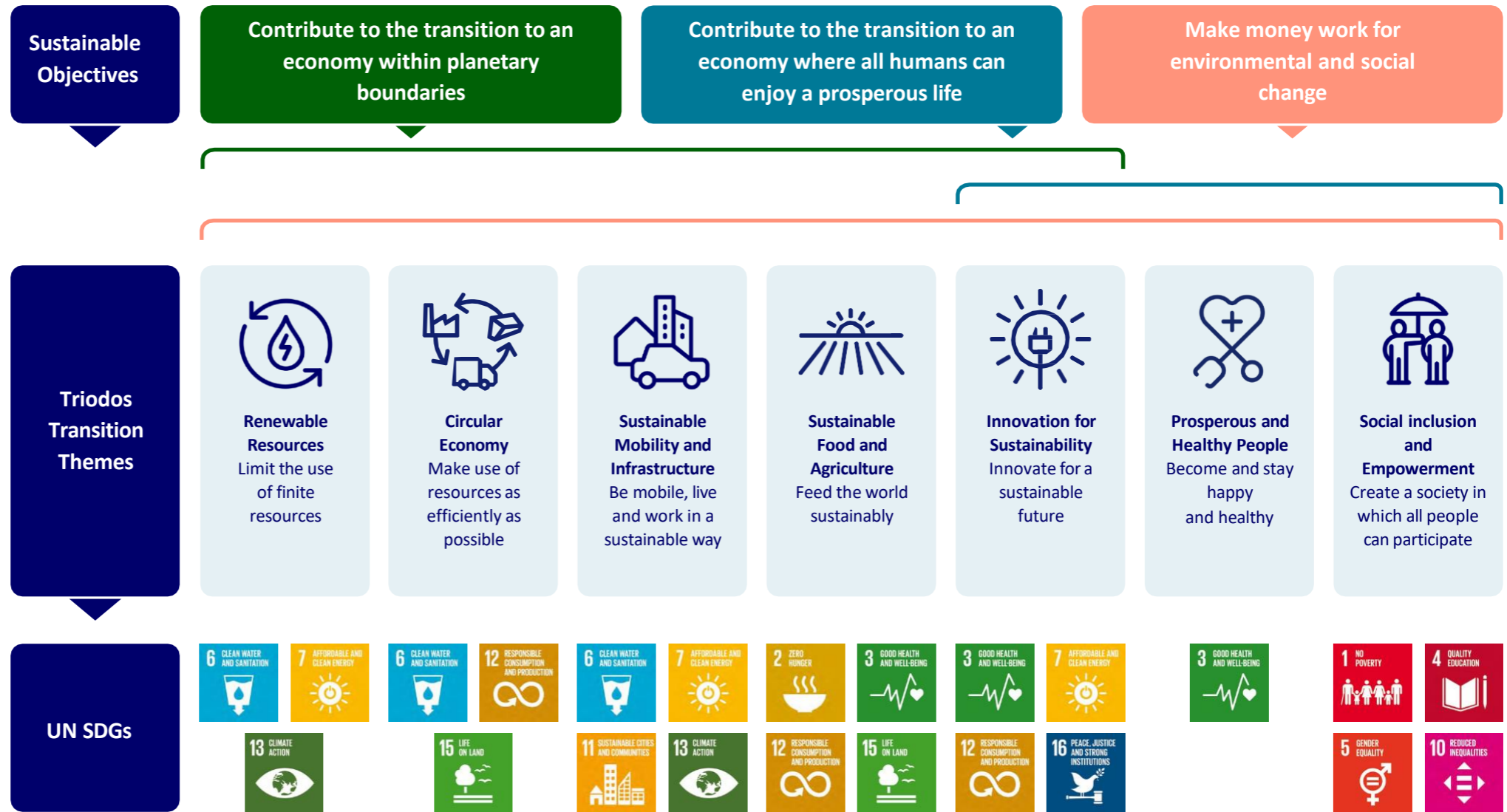
Click on each rating or label to read more about them.

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



Investing in the change makers

The Triodos Global Equities Impact Fund is an SFDR Article 9 fund. The fund invests in listed equities 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 transition theme is linked to one or more UN Sustainable Development Goals (SDGs):



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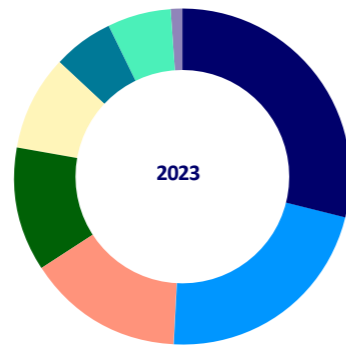


Impact achieved

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Triodos Global Equities 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:

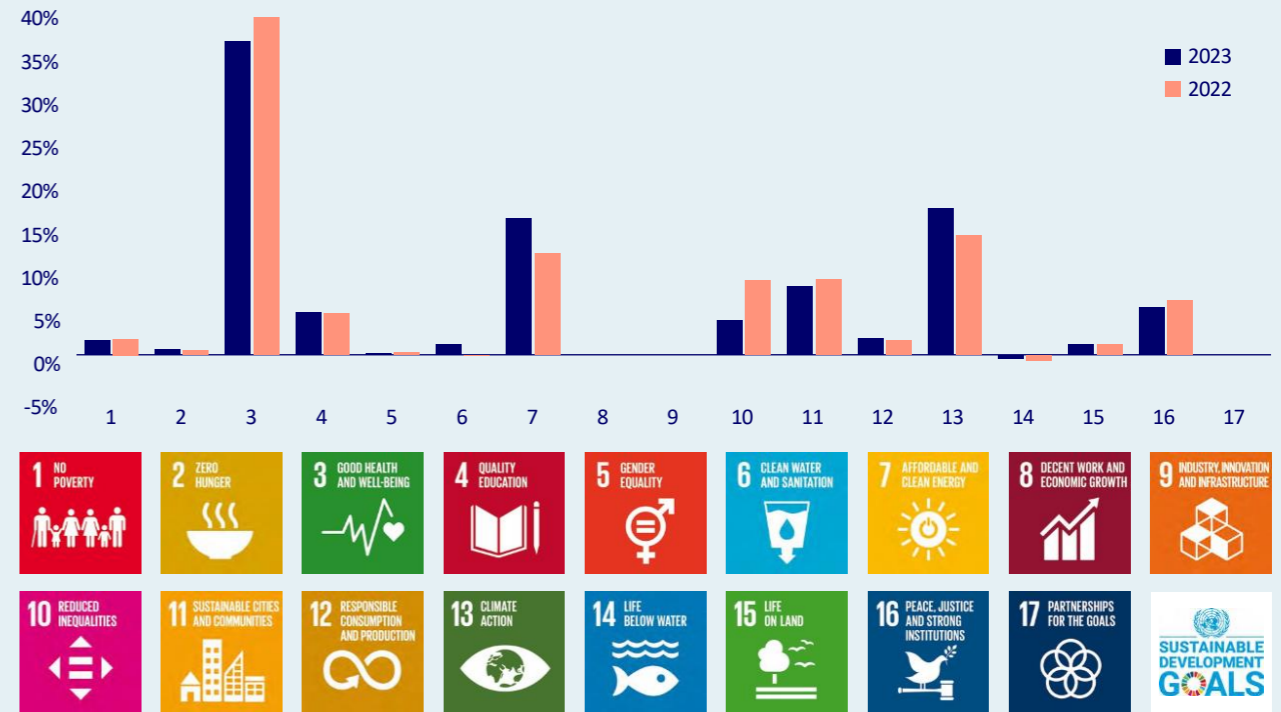
Portfolio contribution to transition themes



	2023	2022
Prosperous and Healthy People	29%	30%
Innovation for Sustainability	22%	22%
Social Inclusion and Empowerment	15%	15%
Sustainable Mobility and Infrastructure	12%	15%
Renewable Resources	9%	7%
Sustainable Food and Agriculture	6%	7%
Circular Economy	6%	3%
Liquidity	1%	1%

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 6 is the result of the addition of Xylem and the increased weight of Advanced Drainage Systems. The increased contribution to SDGs 7 and 13 is the result of the addition of Enphase Energy. In addition, the IT holdings in the portfolio did well last year and IT companies generally strongly contribute to both SDGs. 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

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

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Pearson

Pearson delivers positive social impact thanks to its educational focus and its global reach. The company addresses several of the SDGs: 4. Quality education, 8. Decent work and economic growth (helping learners acquire the knowledge and capabilities they need for employment and empowerment) and 10. Reduced inequalities (inclusive products and services compatible with every learner's needs).

> Find out more [here](#)



Advanced Drainage Advanced Drainage Systems (ADS) is the second largest plastics recycler in the US, recycling 550 million pounds of household and industrial plastics annually. Its drainage systems help to manage storm and wastewater efficiently and safely.

> Find out more [here](#)



Xylem

Xylem's products and services improve water quality and reduce the environmental impact of human activities by cleaning used water for responsible discharge back to nature. The company also contributes to the development of 'water consciousness' through several citizenship initiatives.

> Find out more [here](#)



Gen Digital

The increase of online activity in combination with the enormous growth of the Internet-of-Things leads to a higher risk of cybercrime. The company provides cybersecurity software to protect consumers from cyber criminals, thereby defending the human right to privacy. Through its security software the company helps customers to detect, respond to and prevent security threats.

> Find out more [here](#)



Intuitive Surgical

Robotic surgery enables surgeons to conduct their procedures with less impact on the patient. This leads to reduced pain and discomfort, smaller incisions and reduced blood loss, helping patients to recover more quickly from surgical procedures. Intuitive Surgical's da Vinci systems enhance the options for surgery, offering surgeons better visualisation, dexterity and precision.

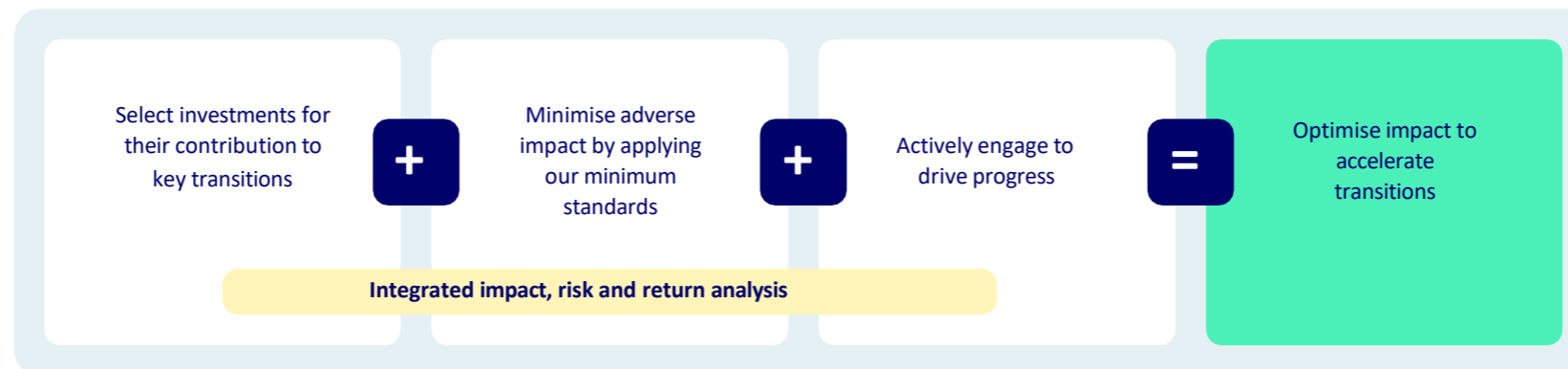
> Find out more [here](#)



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 Global Equities Impact Fund.

If we as Triodos IM:

Invest in and engage with carefully selected global listed companies 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

In the course of 2023, the fund excluded no companies from the portfolio due to either a breach of Triodos Bank minimum standards, or a persisting unacceptable risk.

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: MSCI World Index EUR.

End of December 2023

End of December 2022

51% less

Fund: 53.49 tCO₂eq / EURm
Index: 108.78 tCO₂eq / EURm



GHG intensity

62% less

96% less

Fund: 2.01 t / EURm
Index: 51.88 t / EURm



Non-recycled waste

n/a

76% less

Fund: 205.86 times median
Index: 841.68 times median



Excessive CEO pay ratio

28% less

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 CO₂ 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 tonnes 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](#).



Engagement and voting summary

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Engagement in 2023

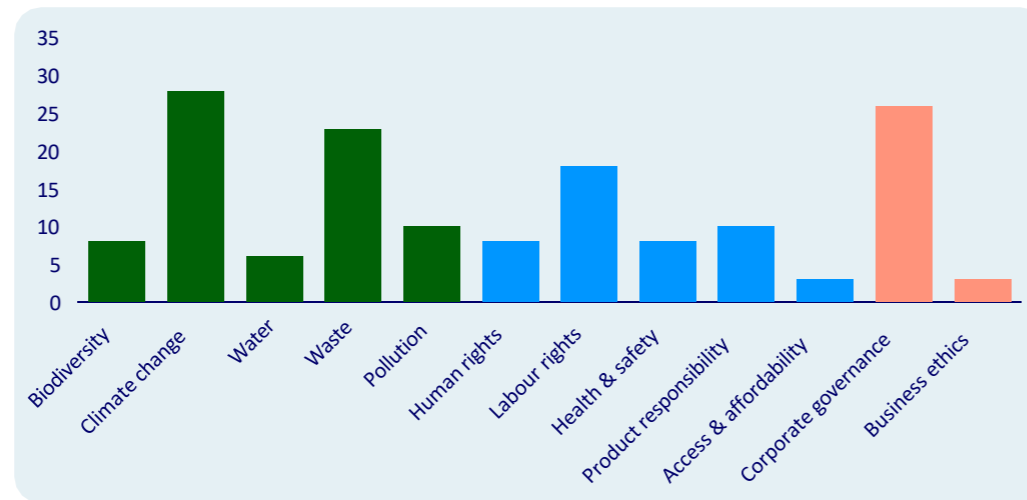
In addition to the engagement agenda, Triodos IM has conversations with companies to discuss topics that are important to impact investors.

Company contact purpose



*MSA = Minimum Standards Analysis

ESG topics discussed



Number of times the topic was discussed.

Voting

100%

of AGMs voting at

In-person voting or by proxy is for all investments in which the fund holds voting shares. Triodos IM informs all investees of its decisions to stimulate awareness.

19%

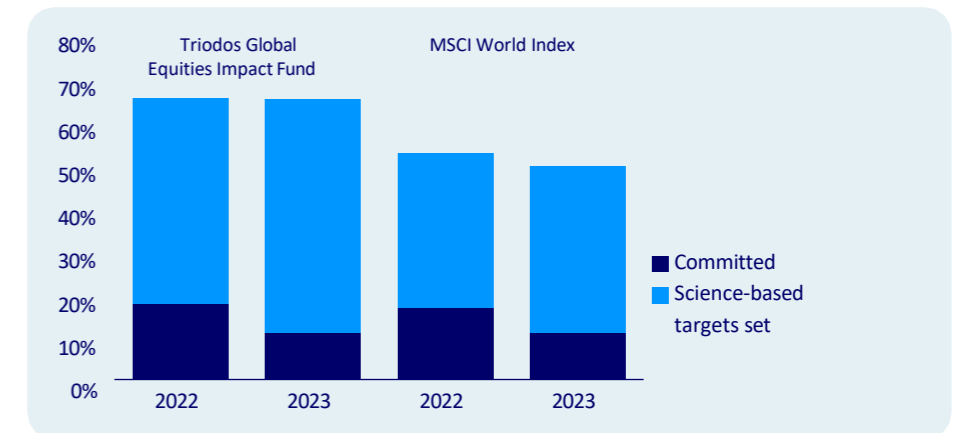
voted against management

The fund voted at 46 Annual General Meetings on a total of 710 agenda items. A full breakdown of the fund's voting records is available [here](#).

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.



Sustainability risks and opportunities

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ESG risks and opportunities of the ten largest holdings

Company name	Risks	Opportunities
RELX	As a company active in publishing and information provision, RELX faces risks related to information security and data protection. For handling large amounts of data and publishing printed journals, there are also environmental risks related to energy management and sourced wood fibers.	Through its services the company contributes to society by advancing science and health, protecting people, improving the rule of law and providing access to justice. RELX offers an open access model, where the writer pays a fee for publication, which then is freely accessible. Furthermore, RELX has a comprehensive strategy to make its contents more accessible for disadvantaged groups worldwide.
NVIDIA	NVIDIA has outsourced most of its manufacturing activities. Some of its suppliers could be involved in controversies related to the use of conflict minerals, labor violations, or violation of international legislation which could negatively impact the company.	The company contributes to and accelerates the development of various aspects of artificial intelligence (AI). Furthermore, with data centers consuming a meaningful (and growing) portion of the world's energy, improving performance and energy efficiency is a principal R&D goal for the company.
EssilorLuxottica	The main risks are product quality and safety, competitive behaviour (antitrust) and datasecurity. Other risks include the company's growing anti-union stance in the US and the fact that there is no split in the roles of chair and CEO.	EssilorLuxottica is working on products slowing myopia in children, and (via the acquisition of Nuance) on integrating hearing aids into frames. The company also has several programs to increase the access and affordability of its glasses.
Vestas Wind Systems	As a manufacturer of wind turbines, the company could be involved in controversies related to safety at work, biodiversity, and human rights.	An increase in gas prices could accelerate the transition towards lower GHG emission alternatives such as wind. Furthermore, wind energy represents off- and on-grid opportunities for developing countries to develop their energy infrastructure.
Novo Nordisk	As a pharmaceutical company, Novo Nordisk's main ESG risks are product quality and safety, supply chain management, access and affordability, animal welfare, responsible marketing and competitive behaviour.	The company has a comprehensive strategy to enhance access and affordability of diabetes treatments in low and middle-income countries which includes addressing distribution challenges, capacity building, and price ceilings in developing countries. In 2021, Novo Nordisk successfully launched its obesity medicine Wegovy, which can lead to 15% weight loss and reduced probability of cardiovascular diseases.
Elevance Health	Elevance's main ESG risks include access and affordability, privacy and data security, and competitive behaviour.	Elevance is an enabler of the transition to value-based care. Currently, 63% of its revenues is directly tied to value-based care, which is set to increase to 80% by 2027.
Advanced Drainage Systems	As a building products company that provides mainly below-ground products, Drainage's main ESG risks are the ecological impact of its products, employee health and safety during manufacturing.	Advanced Drainage benefits from the ongoing material conversion from traditional concrete pipes to high-density Advanced polyethylene and polypropylene pipes. These are more environmentally friendly alternatives to concrete pipes. The as well as company could further increase the use of recycled plastics in its products.
Deutsche Telekom	For Telekom, data security and customer privacy are the main ESG risks. Also energy management is a risk, given the large amounts of energy needed to operate its extensive network and the data centers.	Deutsche Telekom actively empowers customers by promoting media literacy with a wide range of projects and initiatives like workshops and training courses. Focusing on energy efficiency, the company already derives 100% of its electricity from renewable sources, while at the same time it strives to decrease its energy intensity.
Intuitive Surgical	As a manufacturer of robotic-assisted surgical technology, the main ESG risks Surgical are product quality and safety, supply chain management, affordability, animal welfare and competitive behaviour.	Robotic surgery enable surgeons to conduct their procedures with less impact on the patient: greater consistency, for Intuitive reduced pain and discomfort, faster recovery times, smaller incisions and reduced blood loss are some of the access and main benefits. While its products reduce overall cost of care, the company could adopt a more comprehensive strategy to enhance access and affordability of its products and services.
Acciona Energias Renovables	The main ESG risks for the company are biodiversity loss and health and safety issues resulting from building and operating its wind and solar parks.	Acciona Energia contributes to the energy transition by operating wind and solar parks. The company currently invests in energy storage and the extension of the useful lives of wind turbines via repowering. Improving the recyclability of wind turbines and solar panels could be the next step.



Sustainability risks and opportunities

Risks and opportunities of largest GHG emitters

Company name	Risks	Opportunities
Toyota	For car manufacturers, the main sustainability issues are the reduction of CO ₂ 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.
Procter & Gamble	For household and personal care companies, the main sustainability issues are directly related to the life cycle of the products. As for the environmental impact of its products, Procter & Gamble shows a robust approach through life-cycle assessments as well as measures to reduce the impact of packaging.	Procter & Gamble's product portfolio mainly consists of personal and household care products. There is no indication that the company has implemented comprehensive measures to actively promote products through an improved and/or externally certified sustainability profile.
Bridgestone	Regarding the company's operational management, key risks include greenhouse gas emission reduction targets and action plans, energy intensity and a strategy to optimise the energy efficiency of its products.	Tyres have a significant influence on the fuel consumption of cars. The company has developed tyres with a lower rolling resistance, which contribute to improved fuel efficiency. The company also conducts research on sustainable alternatives for rubber and incorporates recycled rubber into its products. The company's diversified materials segment includes a niche business with bicycles.
Xylem	Xylem's ESG risks are mainly tied to worker health and safety and corruption. The company also serves the oil and gas industry, but this accounts for less than 5% of its revenues and its products are not tailor-made for this industry.	Xylem benefits from secular drivers increasing the demand for water and water products. Water consumption is doubling every 20 years due to population growth, urbanisation, industrial expansion, agricultural development, and tightening regulatory requirements.
Henkel	Henkel's GHG emissions mostly take place in scope 3, as the production phase (scope 1+2) only account for 1% of its total emissions. Within scope 3, the main sources of emissions are the use phase of its products and the raw materials for its products and packaging and transportation. Besides that, Henkel relies on fossil carbon as a raw material for its products (surfactants in detergents and shampoos, resins in adhesives and plastics for packaging).	The company is making efforts to reduce the overall environmental footprint of its products and operations through the systematic use of lifecycle assessments as well as targets and measures to reduce the impact of packaging. It also aims to shift its portfolio to a more sustainable direction, and has set a goal to work with customers, consumers and suppliers to avoid 100 million tons of CO ₂ between 2016 and 2025.

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
Central Japan Railway	Railways use vast amounts of land and go through nature reserves. This comes with the risk of disrupting biodiversity, cutting off habitats and migration routes for local species and animal collision with trains.	Travel by train mitigates impact on biodiversity compared to travel by car or plane. Also in terms of energy use, GHG emissions and air pollution, trains are far more efficient than other mass modes of transport. Railway operators are in a unique position to conserve and manage the vegetation along their lines in a way that contributes positively to biodiversity.
Nomad Foods	Nomad Foods operates in the food products industry and thus heavily depends on ecosystem services. The company is exposed to biodiversity risks mainly through its raw material supply chain.	The company can improve by ensuring the sustainable use of water and by taking measures to reduce the climate impacts of agricultural production in the value chain. An evaluation of invasive alien species in its operation and supply chain could also be an opportunity to improve risk mitigation.
Shin-Etsu Chemicals	Biodiversity loss driven by pollution through air, water and soil is the main risk for chemical companies like Shin-Etsu. Risk management for substances of concern and wastewater, and hazardous waste management for treatment facilities are key.	To improve its biodiversity scores, a holistic evaluation of all biodiversity dependencies and risks, also in its raw materials supply chain, would help. This could result in a dedicated nature and biodiversity strategy and specific targets on soil, water and air pollution reduction.
Darling Ingredients	Darling Ingredients stimulate circular production and combat food waste, thereby lowering many pressures from the food system on biodiversity. Risks related to nature and biodiversity for Darling Ingredients come from wastewater management, soils, climate change and sustainable agricultural practices in the supply chain.	Darling Ingredients could improve on biodiversity by taking a clear position on soil, water and biodiversity in agricultural production in their supply chains. Better information on the share of raw materials from organic farming could also help.
Roche	Biodiversity loss driven by pollution through air, water and soil is the main risk for pharmaceutical companies like Roche. Risk management for substances of concern and wastewater, and hazardous waste management for treatment facilities are key.	Roche has set a target to reduce its environmental impact by half by 2030. This includes reduction targets on GHG emissions, energy, water use, plastics, waste and hazardous substances. An assessment of its impacts and dependencies on biodiversity of its operations or its supply chain would be a clear improvement.

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
RELX	Biodiversity, climate change, governance, labour rights
NVIDIA	Biodiversity, climate change, business ethics, governance, physical risk and resilience, human rights
Essilorluxottica	Labour rights
Vestas Wind Systems	Climate change, waste,
Novo Nordisk	Climate change, waste, governance, health and safety
Elevance Health	Climate change, waste, governance
Advanced Drainage Systems	Governance
Deutsche Telekom	Governance
Intuitive Surgical	No engagement
Corporacion Acciona Energias Renovables	Waste

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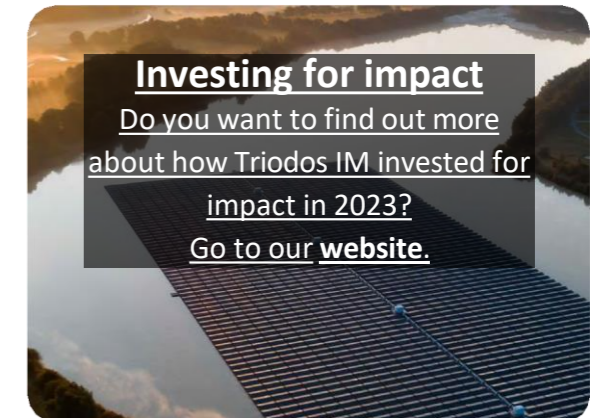
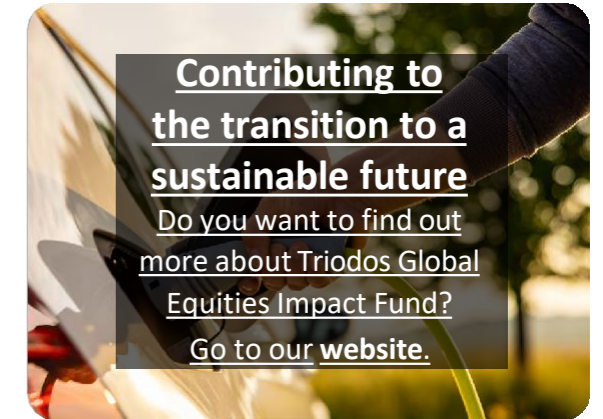
Contribution to the **UN Sustainable Development Goals** is based on the ISS ESG Sustainable Solutions Assessment, which is a comprehensive assessment of company products and services that affect the SDGs. This data enables investors to identify the share of products and services that have a positive 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.



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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.

