

25% equities
75% bonds
100% impact

Triodos Impact Mixed Fund - Defensive
Impact Report 2023



Triodos  Investment Management

This is a marketing communication.

Please refer to the prospectus and the KID of Triodos Impact Mixed Fund - Defensive 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 Impact Mixed Fund - Defensive is a sub-fund of Triodos Sicav I domiciled in Luxembourg and is managed by Triodos Investment Management.

The impact of your investment

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

This is a marketing communication.

Please refer to the prospectus and the KID of Triodos Impact Mixed Fund - Defensive 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 Impact Mixed Fund - Defensive is a sub-fund of Triodos Sicav I domiciled in Luxembourg and is managed by Triodos Investment Management.

Triodos Impact Mixed Fund - Defensive

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 and government bonds, and, to a lesser extent, in equities of companies in developed countries. These companies and the proceeds of the impact and corporate bonds must contribute to, or finance projects in, 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 and 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 for the equities. The return of the fund depends to a large extent on interest rate and to a lesser extent on currency developments and market movements.

The fund is actively managed. It compares its returns with the MSCI World Index (25%), iBoxx Euro Corporates Overall Total Return (45%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (30%), 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.

Triodos Impact Mixed Fund - Defensive

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

Risk indicator:

- Triodos Investment Management classified this product as 3 out of 7, which is a medium-low risk class.
- This rates the potential losses from future performance at a medium-low level.
- The product may be exposed to risks, such as concentration risk, currency 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	1,40%	1,40%
Transaction costs	0,11%	0,11%
Total	1,51%	1,51%
Retrocession*	0,45%	0,45%
*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

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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](#)

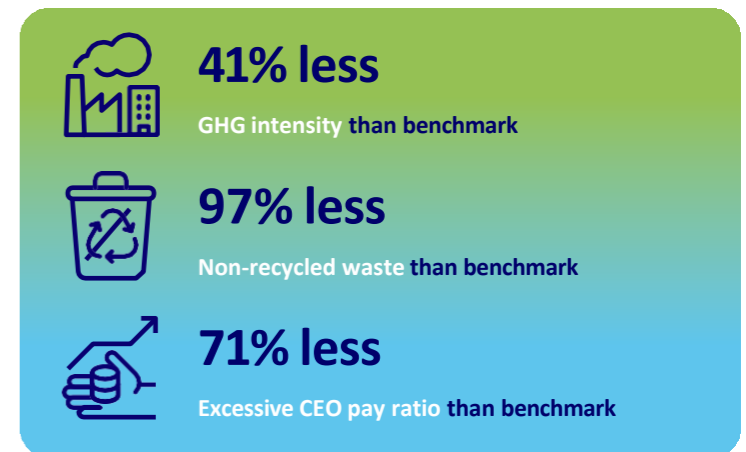
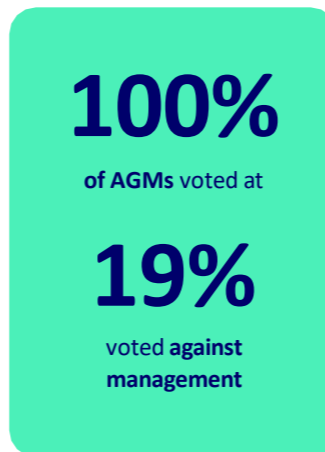
Impact highlights 2023

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

Top 3 transition themes



Top 3 Sustainable Development Goals contributed to



Enhanced impact profile

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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 short term growth and profits and operates 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 Impact Mixed Fund – Defensive continued to optimise its impact profile further. Based on the revenue contribution to the seven transition themes, we added new impactful names to the funds, among which clear contributors to the energy and water transitions like Enphase (solar energy equipment), National Grid (grid operator) and Xylem (water technology).

We also strengthened the impact profile of the fixed income portfolio. We participated in new issues from Vonovia (social housing) and social bonds from Saxony Anhalt and Junta de Castilla y León.

Triodos Impact Mixed Fund – Defensive will continue to maximise its impact by investing in companies and institutions that accelerate the transition to a better world. We will continue to add high conviction holdings to the fund and manage risk and quality at high standards. As data coverage is reaching a more mature phase, the fund will report in more detail on this progress.

Rob van Boeijen

Portfolio Manager Triodos Impact Mixed Fund - Defensive

Portfolio management team



Rob van Boeijen



Rosl Veltmeijer



Arjan Palthe



Jeroen van Herwaarden

Fund characteristics

Asset class
Investment-grade Euro bonds and large cap global equities

Domicile
Luxembourg

Legal structure
sub-fund of Triodos SICAV I

Inception date
June 2019

AUM per December 2023
EUR 38,563,395

Benchmark
MSCI World Index (25%), iBoxx Euro Corporates Overall Total Return (45%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (30%)

Managed by
Triodos Investment Management

Depository
CACEIS Investor Services Bank SA



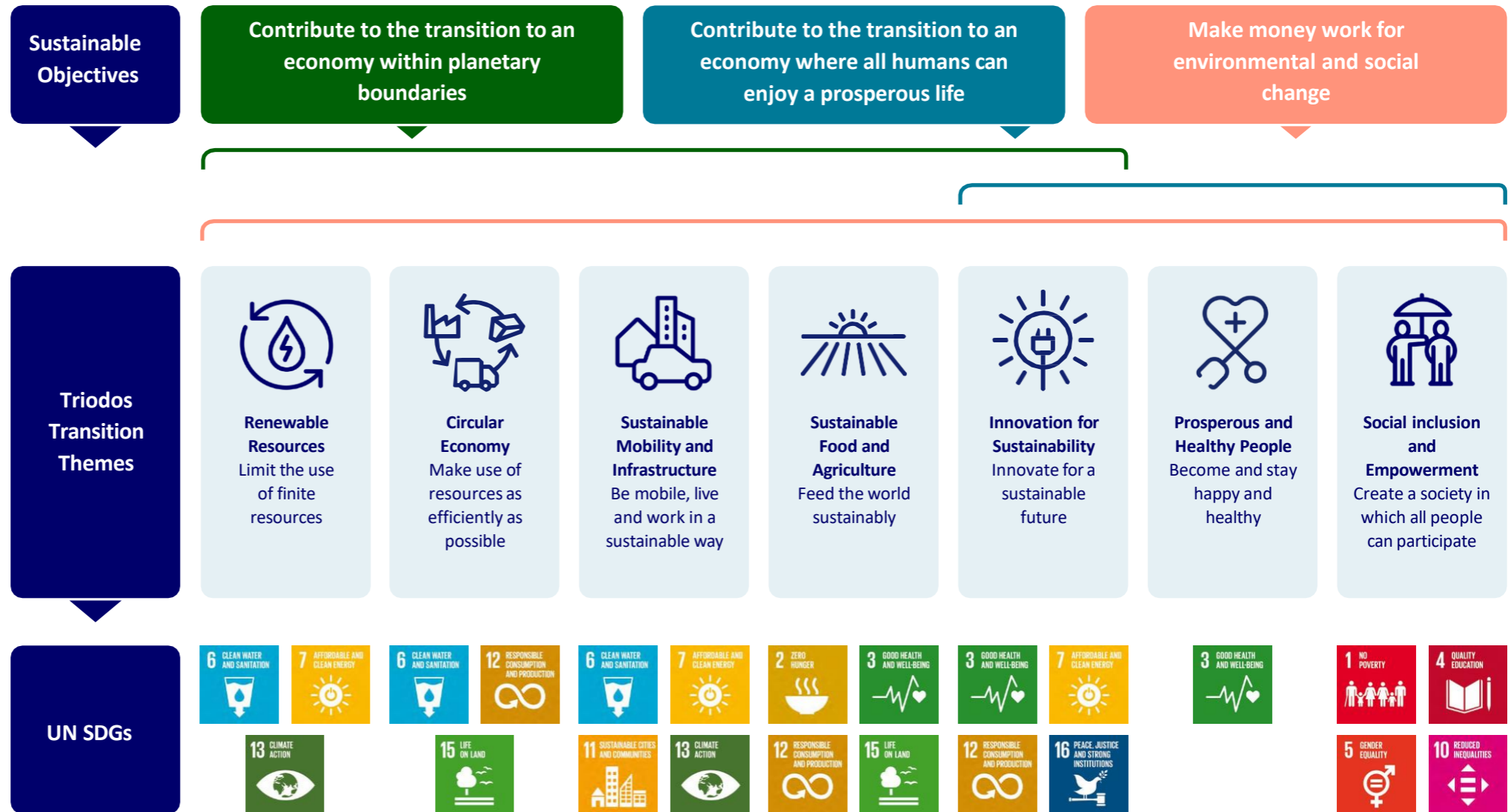
Click on each label to read more about them.

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 Impact Mixed Fund - Defensive is an SFDR Article 9 fund. The fund invests in listed equities 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):



- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

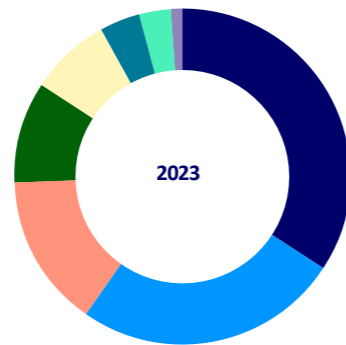


Impact achieved

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

Triodos Impact Mixed Fund - Defensive 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:

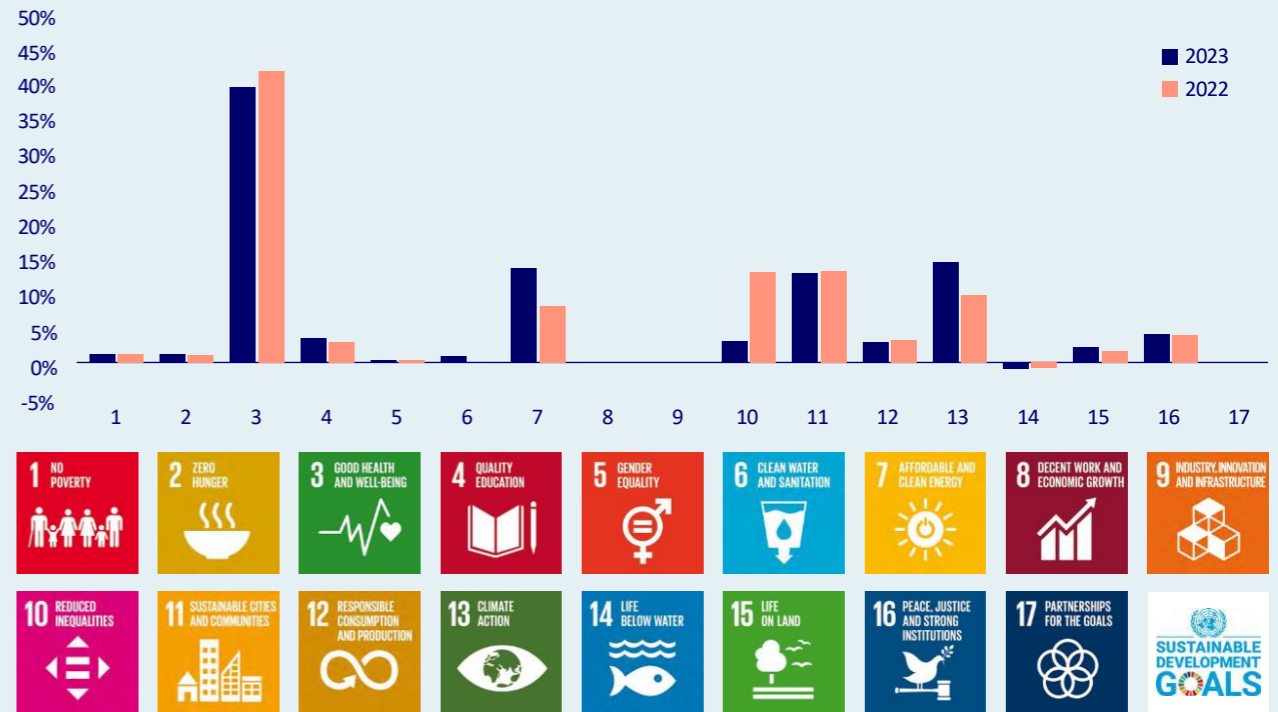
Portfolio contribution to transition themes



	2023	2022
Sustainable Mobility and Infrastructure	35%	34%
Social Inclusion and Empowerment	26%	26%
Prosperous and Healthy People	15%	16%
Renewable Resources	10%	9%
Innovation for Sustainability	8%	8%
Sustainable Food and Agriculture	4%	4%
Circular Economy	3%	2%
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 decreased contribution to SDG 3 is the result of the removal of Fresenius and Philips (bond). 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

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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



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](#)



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.

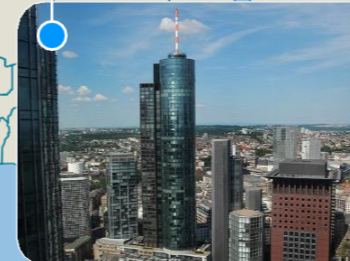
> Find out more [here](#)



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](#)



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](#)



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](#)

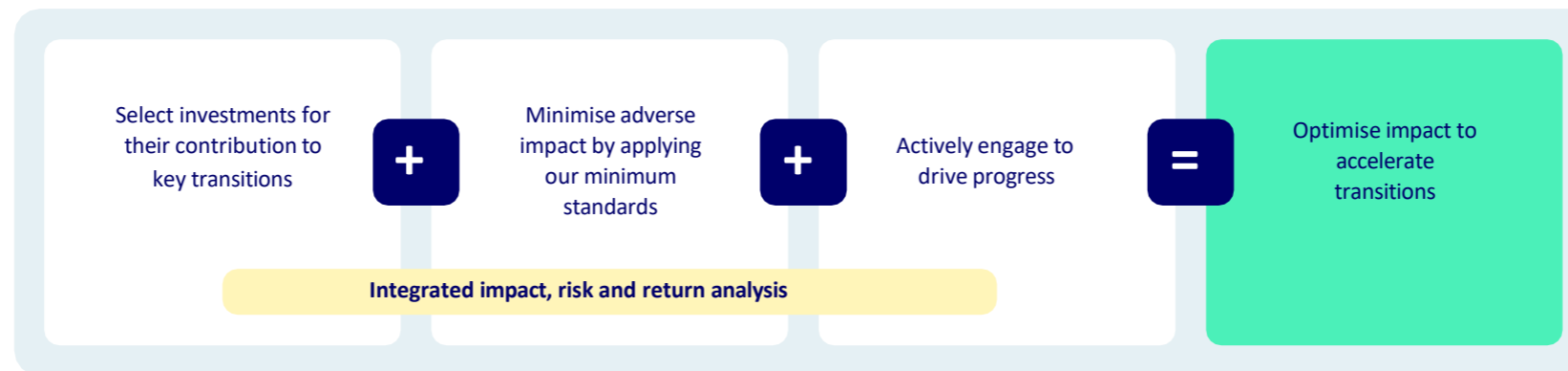


Optimising impact to accelerate transitions

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.

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained



Theory of Change

This Theory of Change underpins how Triodos IM acts, invests and evaluates the activities for the Triodos Impact Mixed Fund - Defensive

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

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained



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: MSCI World Index (25%), iBoxx Euro Corporates Overall Total Return (45%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (30%).

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 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.



- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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

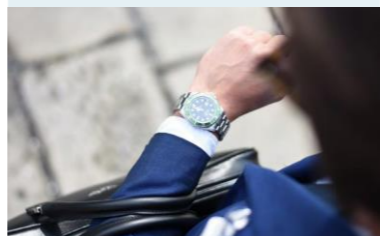


In July 2020, we initiated our climate change engagement project. The goal of this project is to encourage our portfolio companies to set science-based emission targets, in line with the 1.5°C trajectory, as set out by the Science Based Targets initiative (SBTi). In 2023, we stepped up our engagement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

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained



No change without engagement

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

Engagement in 2023

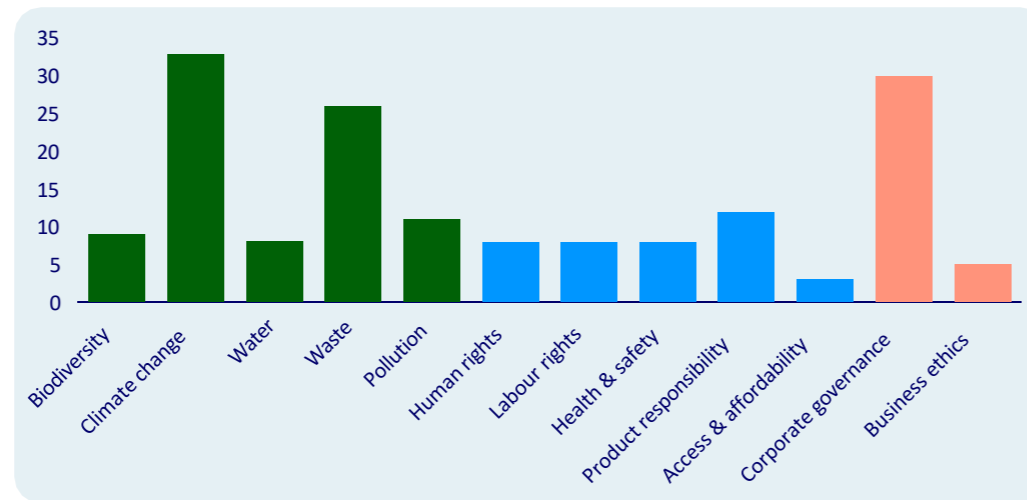
In addition to the engagement agenda, Triodos IM has conversations with companies to discuss topics that are important to impact investors.

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%

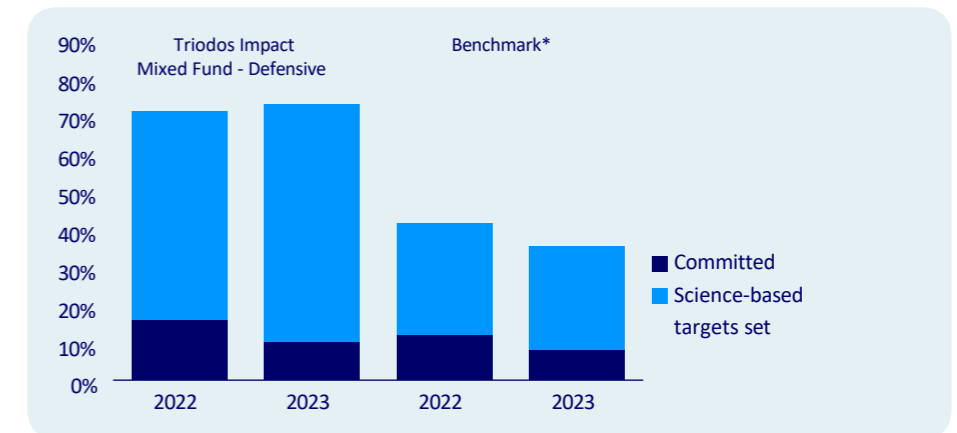
voted against management

The fund voted at 46 annual general meetings on a total of 724 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.



* MSCI World Index (25%), iBoxx Euro Corporates Overall Total Return (45%) and iBoxx Euro Eurozone Sovereign 1-10 Total Return (30%)



Sustainability risks and opportunities

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

ESG risks and opportunities of the 10 largest holdings

Company name	Risks	Opportunities
European Union	The EU issues impact bonds to finance the SURE programme. The programme 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 SURE programme is set up to support member states to alleviate social and economic impact of the COVID-19 crisis. The overall impact of the SURE programme will be to protect income and preserve productive capacity and human capital of enterprises and the economy as a whole.
Germany	The green bond includes the abstract category of Research, Innovation and Awareness Raising. This category contains projects that enhance knowledge and innovation about climate and environmental matters.	Germany is highly committed to achieving carbon neutrality by 2050. The majority of proceeds is used to finance projects that contribute to sustainable transportation.
Agence Francaise De Developpement (AFD)	Due to weaker legal frameworks and oversight, financing projects in developing countries comes with the risk of violating the rights or environment of local communities.	AFD finances projects that support and enhance climate, biodiversity, peace, education, urban development and health in the French overseas territories and in developing countries. The company finances NGOs and the public and private sectors in these countries.
Spain - Community Of Madrid	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.
Kredietanstalt Fur Wiederaufbau (Kfw)	KfW is active in emerging markets where labour and human rights standards may be lower. The company therefore runs the risk of financing projects that violate the rights or environment of local communities.	KfW has strict social and environmental policies and focuses on mobilising private capital to fund the transformation of Germany's economy and to strengthen and broaden the EU common market.
NRW Bank	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.	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.
Deutsche Telekom	For telecommunications operator Deutsche Telekom, data security and customer privacy are the main ESG risks. Energy management is also a risk, given the large amounts of energy needed to operate its extensive network and at the data centers.	Deutsche Telekom actively empowers customers by promoting media literacy with a wide range of projects and initiatives. The company already derives 100% of its electricity from renewable sources, while at the same time striving to decrease its energy intensity.
Danone	Biodiversity loss, climate change and water stress impair agricultural production and are therefore a material risk to Danone's sourcing operations. An additional risk are the packaging materials used by the company, in particular whether they can be recycled.	Danone may increase its brand value by being positively associated with sustainable sourcing, deforestation-free programs and shifting towards more sustainable packaging solutions.
Republic Of Slovenia	Part of the proceeds from this sustainability bond will be used to finance the construction of buildings and large scale renewable energy infrastructure, which can have negative impact on land use change and biodiversity.	Any project with possible significant impact on the environment must have a comprehensive assessment carried out to determine the potential impacts and an implementation plan must be developed to outline an approach for mitigating those impacts.
EssilorLuxottica	The main risks are product quality and safety, competitive behaviour (antitrust) and data security. 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 on integrating hearing aids into frames. The company also has several programs to increase the affordability of its glasses.



Sustainability risks and opportunities

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

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.
Atlas Copco	Atlas Copco's ESG risks mainly centre 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.
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 e.g. through an improved and/or externally certified sustainability profile.
BMW	Reducing CO ₂ 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 in road traffic efficiency and is part of initiatives regarding multi-modal mobility concepts and traffic in mega-cities.
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.

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.



Sustainability risks and opportunities

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

Risks and opportunities of biodiversity laggards

Company name	Risks	Opportunities
Shin-Etsu Chemicals	Biodiversity loss driven by pollution through air, water and soil is the main risk for chemical Shin-Etsu. Risk management for substances of concern and wastewater, and waste management for treatment facilities are key.	To improve its biodiversity scores, a holistic evaluation of all biodiversity dependencies and companies like risks, also in its raw materials supply chain, would help. This could result in a dedicated nature hazardous and biodiversity strategy and specific targets on soil, water and air pollution reduction.
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.
Central Japan Railway	Railways use 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.	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 such a way that it contributes positively to biodiversity.
Darling Ingredients	Risks related to nature and biodiversity for Darling Ingredients come to 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 addition of biodiversity data from several sources. The first step of determining the biodiversity laggards per fund, is identifying 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.

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.

ISS-ESG assesses companies on their contribution 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.



Engagement with the 10 largest holdings

Company name	Engagement topics
European Union	Reviewed allocation and impact reporting but no engagement with the issuer
Germany	Reviewed allocation and impact reporting but no engagement with the issuer
Agence Francaise de Developpement	Had 1on1 meeting and reviewed impact and allocation report
Spain - Community of Madrid	Reviewed allocation and impact reporting but no engagement with the issuer
Kredietanstalt für Wiederaufbau (Kfw)	Had investor call and reviewed impact and allocation report
NRW Bank	Reviewed allocation and impact reporting but no engagement with the issuer
Deutsche Telekom	Governance
Danone	Biodiversity, climate change, pollution, waste, governance, health and safety, labour rights
Republic of Slovenia	Reviewed allocation and impact reporting but no engagement with the issuer
Essilorluxottica	Labour rights

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained



Impact metrics explained

- > About the Fund
- > Impact highlights 2023
- > Foreword by Portfolio Manager
- > Investing in the change makers
- > Impact data
- > Optimising impact to accelerate transitions
- > Do no significant harm
- > Engagement
- > Sustainability risks and opportunities
- > Impact metrics explained

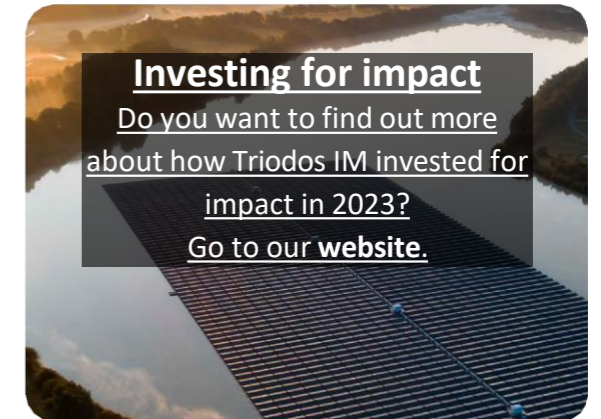
Contribution to the **UN Sustainable Development Goals** is based on the ISS ESG Sustainable Solutions Assessment, which is a comprehensive assessment of company products and services that affect the SDGs. This data enables investors to identify the share of products and services that have a positive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



Disclaimer

> Please refer to the prospectus and the KID of Triodos Impact Mixed Fund - Defensive 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.

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

> This document has been carefully prepared and is presented by Triodos Investment Management.

> It does not carry any right of publication or disclosure, in whole or in part, to any other party.

> The information and opinions in this document constitute the judgment of Triodos Investment Management at the time specified and may be subject to change without notice, they are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. Under no circumstances is it to be used or considered as an offer to sell, or solicitation of any offer to buy, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or be taken as investment advice.

> Triodos Impact Mixed Fund - Defensive is managed by Triodos Investment Management BV. Triodos Investment Management is a licensed AIFM and UCITS management company under the Financial Supervision Act by the Dutch Financial Markets Authority (Autoriteit Financiële Markten, AFM).

> This document is not intended for distribution to or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

> All copyrights patents and other property in the information contained in this document is held by Triodos Investment Management and shall continue to belong to Triodos Investment Management. No rights whatsoever are licensed or assigned or shall otherwise pass.

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.

