Generating positive impact through euro-denominated bonds

Triodos Euro Bond Impact Fund
Impact Report 2024

Triodos Investment Management

1	**2**	3	4	5	6	7

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

Impact highlights 2024

Top 3 transition themes

38%
Energy transition

19%
Wellbeing transition

15%
Resource transition

Top 3 Sustainable Development Goals contributed to

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

3 GOOD HEALTH AND WELL-BEING

5 key engagement topics

Climate change
Executive remuneration
Plastic pollution
Family-friendly working policies
Hazardous chemicals

62
impact bond issuers engaged with

66%
impact bonds in portfolio

81%
of holding companies committed to or aligned with the Science Based Targets initiative

36% less
GHG intensity than benchmark

94% less
Non-recycled waste than benchmark

49% less
Excessive CEO pay ratio than benchmark

Enhanced impact profile

2024 was the hottest year on record and the first calendar year in which the earth was more than 1.5 degrees Celsius warmer than in pre-industrial times. On top of this, biodiversity declined further, social injustice increased, and geopolitical uncertainties intensified. These trends have strengthened the need for impact investing. This impact report shows that we have managed to increase our contribution to sustainable transitions by investing in entities that deliver positive social, environmental and cultural change.

Triodos Euro Bond Impact Fund invests in entities that materially contribute to the transition towards a more sustainable economy and a more inclusive society, through their products and services, or through their business practices. The fund exclusively invests in entities that use the proceeds of our investments to contribute to one or more of our five sustainable transitions, while meeting our strict minimum standards.

The impact profile of the fund has been enhanced, primarily by expanding investments related to the food and wellbeing transitions. One example in the food transition is Deere & Co. This company delivers precision agriculture technology. By applying this technology farmers can save considerably on the use of energy, water, nitrogen and crop protection products.

Within the wellbeing transition, a corporate bond issued by healthcare company AstraZeneca and a sustainability bond issued by the autonomous community of Andalusia were added to the portfolio. The proceeds of the sustainability bond are used to tackle social, environmental and economic challenges of the region.

Triodos Euro Bond Impact Fund will continue to push for positive change by investing exclusively in bond issuers and impact bonds that use the proceeds of our investments for the benefit of people and the environment.

Jeroen van Herwaarden
Portfolio Manager Triodos Euro Bond Impact Fund

Portfolio management team

Jeroen van Herwaarden

Rosl Veltmeijer

William de Vries

Fund characteristics

Asset class
euro bonds

Domicile
Luxembourg

Legal structure
sub-fund of Triodos SICAV I

Inception date
July 2007

AUM per December 2024
EUR 379,056,224

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

Managed by
Triodos Investment Management

Depository
CACEIS Bank, Luxembourg Branch

Fund 3101 0017

Label ISR

Read more about the Nordic Swan Ecolabel

Investing in the changemakers

Triodos Euro Bond Impact Fund invests in listed regular and impact bond issuers that show, through their revenues or proceeds, the potential to transform their sectors toward an economy within planetary boundaries, where all humans can enjoy a prosperous life. We call them the changemakers for tomorrow. As an SFDR Article 9 fund, we focus on five key transitions, each linked to sustainable investment objectives and aligned with the UN Sustainable Development Goals (SDGs):

Sustainability Objectives

- Contribute to the transition to an economy within planetary boundaries
- Contribute to the transition to an economy where all humans can enjoy a prosperous life
- Make money work for environmental and social change

Triodos Transitions

Resource transition
From a wasteful extract-use-dispose (linear) paradigm to an economy where resources are truly valued and used prudently

Energy transition
From fossil fuel-based energy production to renewable energy generation and energy efficiency

Food transition
From a predominantly extractive food system to regenerative agriculture, fair supply chains and healthy diets

Societal transition
From a society that incentivises competition and divisiveness to one that is rooted in solidarity and collaboration

Wellbeing transition
From a narrow focus on material satisfaction to an economy that deeply values and nurtures broader individual wellbeing

UN SDGs

- Resource transition: 6 Clean water and sanitation; 11 Sustainable cities and communities; 12 Responsible consumption and production; 14 Life below water; 15 Life on land
- Energy transition: 7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 13 Climate action
- Food transition: 2 Zero hunger; 15 Life on land
- Societal transition: 1 No poverty; 3 Good health and well-being; 4 Quality education; 5 Gender equality; 6 Clean water and sanitation; 7 Affordable and clean energy; 10 Reduced inequalities; 11 Sustainable cities and communities
- Wellbeing transition: 3 Good health and well-being; 4 Quality education; 6 Clean water and sanitation; 16 Peace, justice and strong institutions

Positive impact through bonds

Our bond portfolio consists of impact, corporate and financial bonds, issued by companies, financial and semi-public institutions and EU member state governments. They all generate positive impact and contribute to at least one of our five transitions.

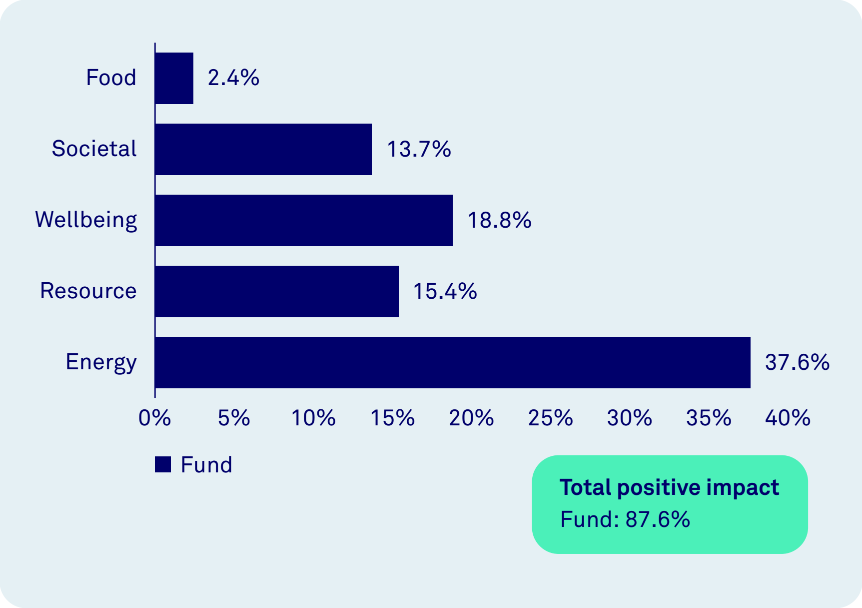
Impact bonds	› Bond proceeds are used to generate positive impact › Assessment of Green or Social Bond Framework › Additionality of the projects financed › Issuer adheres to Triodos Minimum Standards	66.0%
Corporate bonds	› Issuer's business model contributes to our sustainable transition themes › Issuer adheres to Triodos Minimum Standards.	33.7%
Financial bonds	› The issuer focuses on triple bottom line finance › Issuer adheres to Triodos Minimum Standards	0.1%
(sub) Sovereign bonds	› Sovereign signed and rectified main UN conventions › Only used to mitigate liquidity risks, manage interest rate risk and credit quality if needed	No impact

The cash position of the fund was 0.2% per end December 2024.

Impact achieved

All investments of Triodos Euro Bond Impact Fund contribute to one or more of the five transitions and to the UN SDGs. For regular bonds, this contribution is based on the percentage of revenue from products and services with positive impact. For corporate bonds a minimum of 33% of the company revenues from products and services must positively contribute to the transitions. For impact bonds a minimum of 75% of the bond proceeds must positively contribute to the transitions.

Contribution to transitions



Source: Triodos IM. Data per year end 2024

Two examples

AstraZeneca
The largest part of this pharmaceutical company's revenue is related to the following products and services:

- Prescription pharmaceuticals
- Vaccines

The company fully contributes (100%) to the impact objectives related to the Wellbeing transition and to SDGs 3, 6 and 10 (all 100%).

Aedifica (sustainability bond)
100% of the proceeds of this impact bond is aligned with the Resource transition and SDGs 11 and 13. The contribution to the Resource transition comes from 100% of the proceeds allocated to green buildings.

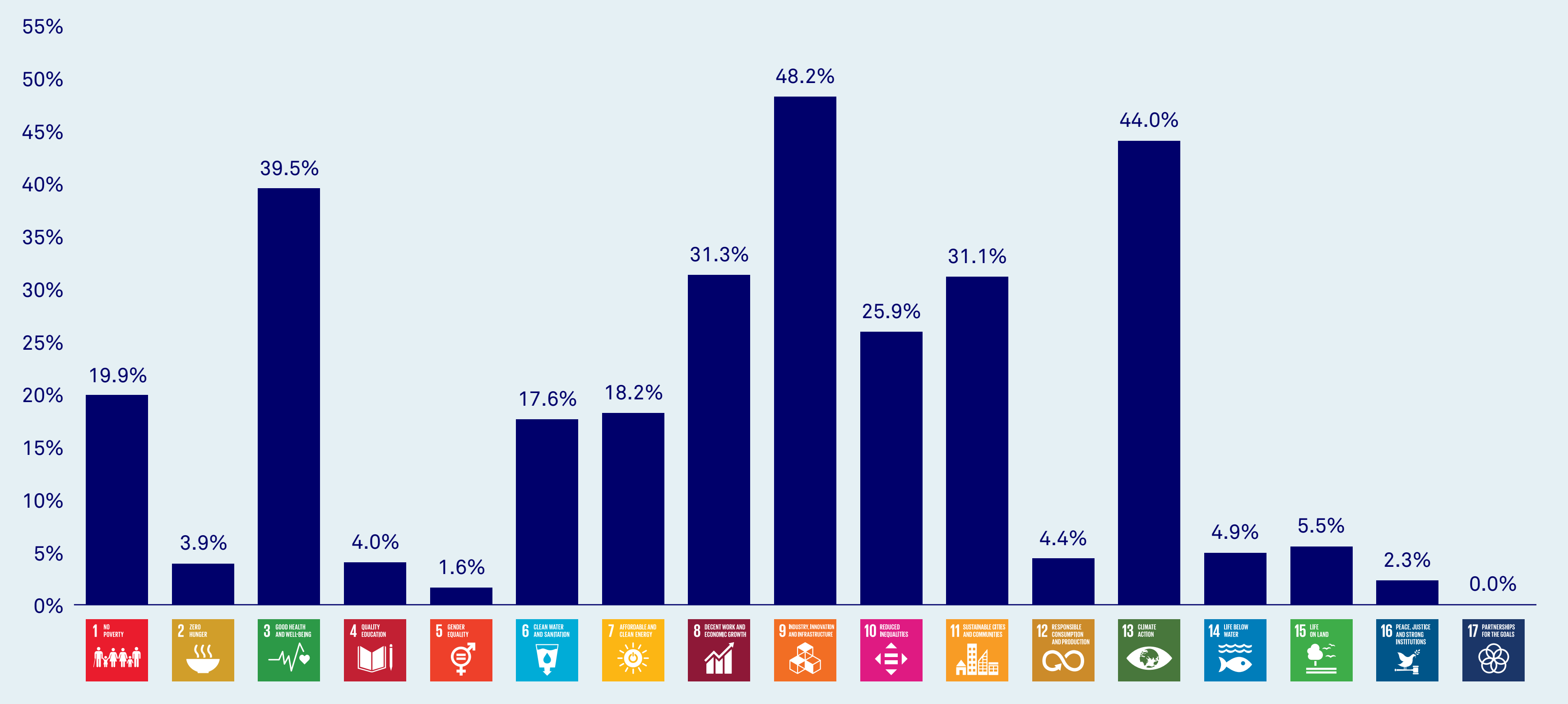
The total positive impact is not necessarily equal to the sum of the contributions to each transition, as some products and services (corporate bonds) or assets and projects (impact bonds) with positive impact can be linked to multiple transition themes. This 'double counting' is eliminated at fund level to calculate the total positive impact.

Find out more about how we optimise impact and accelerate key transitions.

Impact achieved

The contribution to individual SDGs may fluctuate between 0% and 100%. However, the sum of percentages to all SDGs can be below or above 100% as products and services (corporate bonds) or assets and projects (impact bonds) can be linked to multiple SDGs.

Contribution to UN SDGs



Source: Triodos IM. Data per year end 2024

Impact investments

Click here for an overview of all investments of the fund in 2024.

United Utilities

United Utilities is the largest listed water company in the United Kingdom. The company manages the regulated water and wastewater network in the north west England. Floods and droughts have become more prevalent across the company's operating regions. To adapt to such climate change, it has adopted a systems-thinking approach, enabling it to forecast weather conditions and prepare for different scenarios.

> Find out more here

La Banque Postale

The proceeds of La Banque Postale's social bond are used to finance affordable housing and essential services. The affordable housing category has strong positive impact, as France has a shortage of social housing. Essential services include public hospitals and research centres. The projects financed aim to increase accessibility to healthcare services and improve their quality.

> Find out more here

Land Hessen (green bond)

The proceeds of this bond are used to refinance previous expenditures, with new projects added to the eligible portfolio. Around 80% of expenditure is used to improve infrastructure and encourage use of public transport. The rest is divided among forestry and nature protection, organic farming, waste management and green buildings.

> Find out more here

Andalusia (sustainability bond)

Junta de Andalucia operates as the Andalucia Autonomous Government of Spain. Its impact bond framework aims to tackle social and environmental challenges of the regions. This issuance predominantly focuses on social aspects. Around 75% of the proceeds goes into access to essential services, which include both education (25%) and healthcare (50%).

> Find out more here

Deere

Deere provides agriculture tech products, solutions and services which support end users to prepare soil, seed and harvest crops and renovate roads. Its machines and online management systems contribute to better outcomes, with fewer resources required, including labour time, energy, nitrogen and crop protection products (e.g. pesticides).

> Find out more here

Theory of Change

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

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

	› Increase renewable resource use › Reduce demand for finite natural resources › Increase efficient resource use	› Increase access to basic human needs (e.g. food, water, housing, healthcare) › Target underserved individuals or communities	› Inspire clients with their positive impact › Show improvement in sustainability practices following engagement by investors
Assuming:	Investees promoting renewable resources and efficiency will help to fight overexploitation of natural resources	Investees offering access to basic human needs and lifting barriers for individuals will boost shared prosperity	We continue to be a frontrunner and our strategy leads to impact and attractive returns, which we effectively communicate
Then we expect:	› A fossil fuel-free economy › A circular economy › Sustainable food systems	› Sustainable food systems › A thriving community › Prosperous and healthy people	› Increased transparency of sustainability risks and opportunities › More capital flows towards sustainable investment
Which will contribute to:	**An economy within planetary boundaries**	**A prosperous life for all people**	**Money working for positive change**

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. At the end of 2024 the fund excluded Nidec from the investment universe due to its involvement in nuclear energy. The bond position was sold in early 2025.

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

The impact indicators are calculated using PAI data from Morningstar Sustainalytics.

The fund aims to fare better than the index on the following indicators:

- GHG intensity scope 1+2
- Fossil fuel involvement
- Excessive CEO pay ratio

Please see page 19 for the calculation methodology used.

Environmental indicators

GHG intensity scope 1+2

36% less

Fund
69.19t CO_2eq / EURm — Coverage: 47.6%

Index
108.09t CO_2eq / EURm — Coverage: 46.9%

Fossil fuel involvement

82% less

Fund
1.60% involvement — Coverage: 60.2%

Index
8.70% involvement — Coverage: 55.7%

Non-recycled waste

94% less

Fund
2.38t / EURm — Coverage: 16.8%

Index
40.94t / EURm — Coverage: 10.8%

Social

UNGC / OECD violations

100% less

Fund
0.00% involvement — Coverage: 60.2%

Index
0.20% involvement — Coverage: 55.7%

Governance

Excessive CEO pay ratio

49% less

Fund
87.27 times median — Coverage: 21.8%

Index
171.40 times median — Coverage: 20.5%

Excessive CEO pay sets a dangerous precedent for business and society

Excessive executive remuneration has become a critical issue, not just for businesses but for society as a whole. Inflating CEO salaries, especially through complex bonus structures and stock options, exacerbate wealth inequality. A striking example is the staggering USD 56 billion bonus recently approved by shareholders to Tesla CEO Elon Musk. Unchecked remuneration packages are more than just a corporate issue - they are a ticking time bomb for business stability and even democracy. Triodos Investment Management analysts Lilia Feghiu and Fabian Meijs advocate for balanced and fair remuneration.

Excessive CEO pay has become a flashpoint in the debate over growing wealth inequality. While company executives amass billions, the gap between their salaries and those of average workers continues to grow. This disparity is a key consideration for Triodos Investment Management (Triodos IM) when selecting and engaging with companies, say Lilia Feghiu and Fabian Meijs.

"In our recently updated white paper about excessive remuneration we show that the gap between CEO compensation and employee wages has grown significantly," says Meijs. In 1978, a typical CEO earned roughly 30 times more than the median employee. By 2023, that number had ballooned to over 300 times. "This imbalance is increasingly difficult to justify and leads to all kinds of undesirable side effects," continues Meijs.

This trend appears unstoppable, with Musk's eye-popping compensation package of USD 56 billion serving as the latest example. "Is it ethical for one person to have so much more money and power? A CEO deserves to be paid well for good performance, but it shouldn't spiral out of control, especially when it contributes to greater wealth inequality," Meijs argues. "In the case of Tesla, we decided a few years ago not to invest in the company because of what we then already thought was an excessive pay rate."

"The growing wealth gap is increasingly seen as a serious challenge to social cohesion and our democratic institutions," adds Feghiu. "Inequality is not just an economic issue but very much a social and political one."

Remuneration packages should challenge a CEO
According to Feghiu, the focus should not solely be on the absolute level of CEO pay but also on the structure. "An executive should be paid based on their performance according to clear criteria, not just for holding the position. A CEO must be incentivised to grow the business and support long-term goals like sustainable growth, return on investment and climate policies. These criteria should be integrated into the remuneration structure with a long-term view."

Bonuses for short-term goals, like a certain share price level, do not support long-term growth. Feghiu: "Short-term stock-related bonuses may tempt CEOs to take on excessive risks that could harm the company and ultimately destroy shareholder value." Meijs points out another potential danger for shareholders. "In Tesla's case, the proposed compensation package was in the form of newly issued shares, which dilutes the stake of existing shareholders.

The growing role of ESG metrics
A long-term approach to executive compensation should also incorporate environmental, social and governance (ESG) factors. While some companies have begun integrating these metrics into their incentive plans, these measures are often insufficient and do not drive meaningful change.
Triodos IM has been pushing to integrate ESG factors into executive pay structures. "Any reward structure should be based on ESG metrics," Feghiu emphasises. "We want executives to focus on long-term, sustainable value creation – not just the next quarterly report."

Progress is being made. Feghiu observes: "More than five years ago, it was almost unheard of to include ESG metrics in a structured way. That has changed. We now see that companies are also starting to include ESG metrics in their long-term plans. This is exactly what we want to see, if only because most ESG issues cannot be solved on an annual basis. Now, we have to safeguard that metrics are effective and measurable and contribute to real change."

Engagement agenda

Stewardship is integrated in every aspect of the fund's investment management process to promote sustainable value creation for all our stakeholders. We engage with companies and institutions to drive positive change. Where appropriate, we discuss 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 2024, the Impact Equities and Bond funds' formal engagement agenda focused on five topics:

Climate change

Since 2020, our engagement approach has evolved from encouraging basic GHG reporting to driving comprehensive, science-based climate action. Initially, discussions focused on scope 1 and 2 emissions reporting and setting reduction targets. Today, we challenge our portfolio companies on data quality, the credibility of their strategies, and their capacity to achieve net-zero goals - especially around the complex issue of scope 3 emissions.

Read the full article.

Energy transition

Executive remuneration

Throughout 2024, we have engaged with companies, predominantly from the US, which we deem have excessive remuneration schemes.
An important objective of our engagement project is to push for the inclusion of ESG metrics in executive compensation schemes.

Read the full article.

Societal transition

Plastic pollution

The plastic waste crisis has reached a critical point, with oceans overflowing, ecosystems under severe strain and communities grappling with the fallout of plastics pollution. Recognising the urgency, we launched our plastics and packaging engagement project in 2023. In 2024, we met with Danone, Henkel and Procter & Gamble, the three companies in our Impact Equities and Bond portfolios with the highest exposure to plastic pollution.

Read the full article.

Resources transition

Family-friendly working policies

Throughout 2024, we continued our engagement with most of the companies in Triodos Future Generations Fund's portfolio. The deep dive performed in 2024 provided us with a comprehensive overview of the current landscape of family-friendly policies and uncovered valuable insights that will shape our priorities moving forward.

Read the full article.

Wellbeing / Societal transition

Hazardous chemicals

Hazardous chemicals have been a key topic of our company engagement agenda since 2021. In a collaborative effort we encourage chemical companies to phase out hazardous chemicals and transition toward more sustainable solutions. In 2024, we met with chemical companies Akzo Nobel, Evonik, and Shin-Etsu to discuss synthetic, highly toxic per- and polyfluoroalkyl substances, in short: PFAS.

Read the full article.

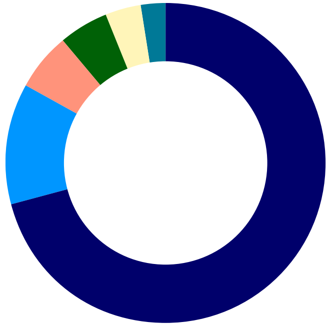
Resources transition

Engagement summary

Engagement in 2024

In addition to the engagement agenda, we have conversations with companies to discuss topics that are important to us as an impact investor.

Company contact purpose

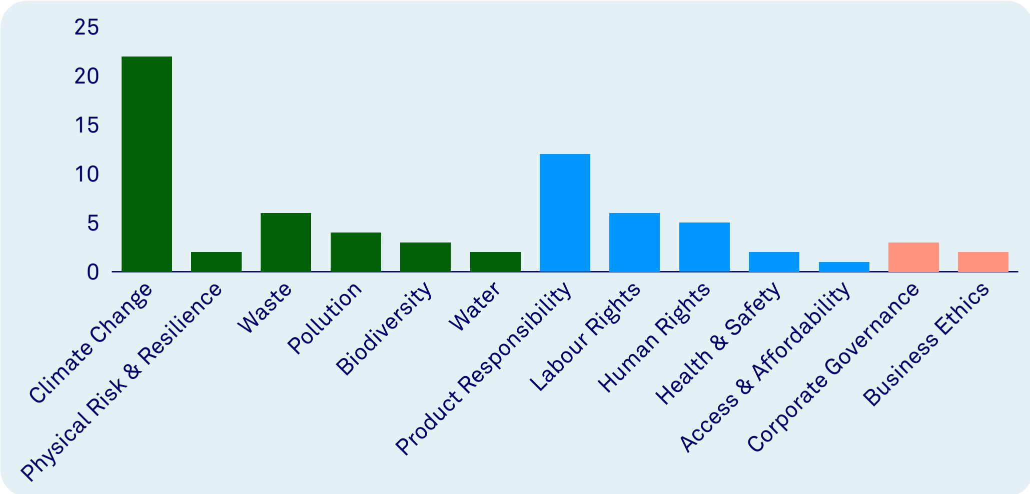


	2024
Company Update	59
Company Engagement	10
Collaborative Engagement	5
Event Driven Engagement	4
Minimum Standards information	3
Engagement Project	2
Impact Bond Engagement	0
	83

62
impact bond issuers engaged with

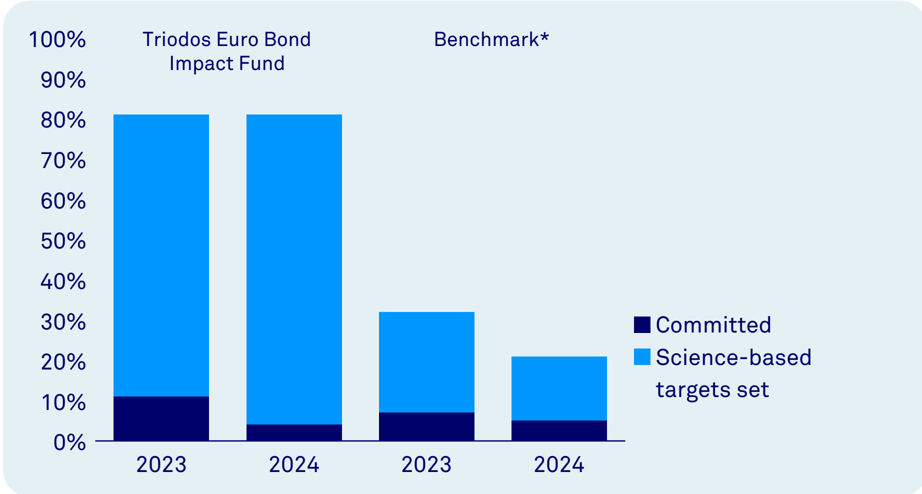
66%
impact bonds in portfolio

ESG topics discussed



Number of times the topic was discussed. Environmental Social Governance

Alignment with the Science Based Targets initiative
As part of our climate change engagement, we measure two company milestones:
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.



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

Sustainability risks and opportunities

ESG risks and opportunities of the ten largest holdings

Company name	Risks	Opportunities
European Union	The EU issues impact bonds to finance its SURE programme. This programme does not apply exclusion criteria for sectors that have negative environmental or social impact. Proceeds may therefore be allocated to sectors with negative impact. In addition, the quality of allocation and impact reporting depends on the level of detail and granularity provided in the reporting by each member state.	The SURE programme is set up to support member states to alleviate the social and economic impact of the COVID-19 crisis. The funding is used for increased public expenditure related to employment and income preservation, such as short-time work schemes, parental leave, child-care support, wage subsidies and social security contributions.
Deere	Agricultural equipment manufacturers like Deere face high ESG risks primarily from ongoing reliance on fossil fuels, leading to significant greenhouse gas emissions. Additionally, the company faces risks related to indirect environmental impacts of agricultural practices on biodiversity and deforestation.	Deere's technology portfolio offers significant ESG opportunities by enabling precision agriculture that reduces inputs such as fuel, fertilizers and pesticides, while enhancing soil health and biodiversity, thereby lowering greenhouse gas emissions.
Autonomous Community of Madrid Spain	The impact and allocation reporting by the issuer is not very extensive. Few details are 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.
Région Île-de-France	Région Île-de-France was criticised in 2020 for its decision to use EUR 730,000 initially dedicated to finance transportation of people with disabilities to finance other projects. The region has responded quickly by explaining that the decision was merely a budgetary rule.	The issuer is very transparent in its allocation and impact reporting, therefore it is easy for investors to understand the exact use of the proceeds and the associated impact.
Région Wallonne Belgium	The level of transparency when it comes to eligible projects is not as strong as other sovereign issuers, but the identification and management of potential sustainability risks associated with the Wallonie Green Social Sustainability bond framework is robust.	The Wallonie framework is a best-practice example. The look-back period is only 24 months and the disbursement period is also rather short. All eligible categories are considered impactful with 90% of the proceeds allocated to investment.
Caisse Francaise de Financement Local	The newly updated GSS bond framework includes financing of nuclear power projects for the first time. Although the amount is still not determined, this shows its intention to support nuclear power projects. We have requested more information from the company.	The company issues green and social bonds since 2019, financing the hospitals in France and green investments by French local authorities. ESG issuance represents a growing share of total issuance, with a target of 33% under ESG format from 2024 to 2030.
Assa Abloy	As an industrial manufacturer, Assa Abloy is particularly exposed to risks concerning the environmental impact of its products related to GHG emissions, energy use, water use, waste, pollution and hazardous substances. Other risks are health and safety of employees, product quality and safety, cybersecurity and data privacy.	Assa Abloy offers lock systems, entrance automation, electromechanical and electronic locks as well as security doors and hardware. These solutions improve thermal insulation of buildings and contribute to the general sustainability goals of crime prevention and safeguarding peace.
Danone	Biodiversity loss, climate change and water stress impair agricultural production and are therefore a material risk to Danone's sourcing operations. Deforestation is linked to soil erosion and disrupted rainfall patterns and also associated with problematic labour practices. An additional risk are the packaging materials used by the company, in particular whether they can be recycled and reused.	Danone may increase its brand value by being positively associated with sustainable sourcing, deforestation-free programmes and shifting towards more sustainable packaging solutions. The company has an adequate approach of sustainability issues in its operations and has started to tackle social and environmental risks in its supply chain.
Kerry Group Financial Services	Biodiversity loss, climate change and water stress impair agricultural production, which might pose a material risk to Kerry's sourcing operations. Deforestation is linked to soil erosion and disrupted rainfall patterns, and is also associated with problematic labour practices.	Kerry contributes to reducing food waste and to shifting to plant-based diets. In addition, Kerry has an adequate approach to several sustainability issues in its own operations and has started to tackle social and environmental risks in its supply chain.
British Telecommunications	As a telecommunications operator, BT stores and has access to data of its clients. Data security and privacy of its customers are therefore important risks. In addition, reducing emissions from runnings its networks and datacentres could also pose risks and challenges.	Telecommunications technology enables people to connect with each other, which is key for inclusion and empowerment in this increasingly digital society. BT enables connectivity through mobile phone and internet connections and fixed phone lines in the UK.

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 for all people across income groups and regions, including transport infrastructure. These efforts, to some degree, facilitate a reduction of the environmental burden caused by cars.
Nidec	As a manufacturing company operating globally, Nidec faces risks related to GHG emissions and energy management as well as supply chain related risks. Furthermore, given the role of Nidec's founder and a turbulent CEO succession process, corporate governance can also be seen as a risk.	With its products Nidec supports the trends towards decarbonisation (e.g. traction motors for EVs) and energy savings (including products to make appliances and datacenter cooling more power efficient).
Atlas Copco	Atlas Copco faces climate-related risks such as increased regulatory pressure on carbon emissions, potential supply chain disruptions due to extreme weather events and higher energy costs affecting operations and manufacturing.	Opportunities for Atlas Copco are EV manufacturing equipment and emission control abatement systems. The company can benefit from the growing demand for energy-efficient and low-emission industrial solutions, expanding its market share by developing sustainable technologies that help customers reduce their environmental footprint.
Continental	Key risks in the company's operational management include greenhouse gas emission reduction targets and action plans, performance of tyre models according to EU regulation and a strategy to optimise the energy efficiency of its products. Environmental risks are, by and large, managed well.	Opportunities for automotive suppliers can be found in helping to improve the energy efficiency of vehicles. Further opportunities lie in the development of products for alternative drives, new mobility concepts and more sustainable raw material use.
Deere & Co	While Deere has validated SBTi targets covering scope 1, 2, and 3 emissions, most of its reductions are scope 2. With scope 3 accounting for 99% of total emissions, the challenges of reducing emissions in purchased goods, services, and the use of sold products remain substantial. Additionally, rising energy consumption and reliance on fossil fuels expose Deere to regulatory and cost pressures, making it vulnerable to future carbon pricing and operational inefficiencies.	Deere may improve its climate performance by leveraging its SBTi-validated targets and by investing in energy efficiency and renewable energy. Further reducing scope 3 emissions would also drive significant progress. Expanding its electric and hybrid model offerings and continuing to optimise operations would enable Deere to better manage its carbon footprint and position itself competitively in a low-carbon future.

The top 5 highest emitters per fund are identified based on their total GHG emissions scope 1-3 per year end 2024 as reported by Morningstar Sustainalytics.

Sustainability risks and opportunities

Risks and opportunities of biodiversity laggards

Company name	Risks	Opportunities
Ferrovie dello Stato Italiane	To connect cities and villages, railways use up vast amounts of land and go through nature reserves. This comes with the risk of disrupting biodiversity in these areas, cutting off habitats and migration routes for local species and animal collision with trains.	The company states that safeguarding biodiversity is a top priority and has a program to prevent, mitigate or compensate negative impact. An opportunity for railway operators is to conserve and manage vegetation along the railroads in a way that contributes positively to biodiversity.
Reckitt Benckiser	The company is exposed to environmental risks related to its raw materials supply chain. While it has established reasonable standards and procedures to ensure sustainable sourcing of these raw materials, such as palm oil, soy and corn, the company could improve through better traceability and using independent certification systems.	The company may increase its brand value by being positively associated with sustainable sourcing, production and packaging solutions. While the company has established a strategy to shift its portfolio in a more sustainable direction, it lacks detail on criteria and quantitative targets. Moreover, there is no evidence of comprehensive measures to promote products with an added social/environmental value among customers.
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
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.	The company recognises the importance of biodiversity and ensures that discovery and development of products derived from any non-human organisms are in line with the principles and goals of the UN Convention on Biological Diversity. An assessment of its impacts and dependencies on biodiversity of its operations or its supply chain would be a clear improvement.
Novo Nordisk	Biodiversity loss driven by pollution through air, water and soil is the main risk for pharmaceutical companies like Novo Nordisk. Risk management for substances of concern and wastewater, and hazardous waste management for treatment facilities are key.	Novo Nordisk's roadmap to become nature positive by 2045 creates opportunities to improve supply chain assessments and reduce environmental impacts, particularly regarding deforestation-free sourcing and water-use efficiency. Deepening analyses of land use, water stress, and biodiversity at production sites can help the company identify cost-effective measures to mitigate risks and comply with emerging regulations.

The biodiversity laggards per fund are identified top down, with the addition of biodiversity data from several sources. The first step in identifying the biodiversity laggards for each fund is to determine which high-risk sectors negatively impact 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 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. We select additional laggards from companies that have been assessed by ISS ESG to have a negative score on SDGs 14 (Life on land) and 15 (Life below water).

Finally, we use PAI data from Morningstar Sustainalytics to identify companies that negatively affect biodiversity-sensitive areas. One company was identified as having a negative effect on 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
Essity	Climate change, waste, corporate governance, physical risk and resilience, health and safety, labour rights
Danone	Biodiversity, climate change, pollution
Kerry	Climate change
Assa Abloy	Climate change, corporate governance
BT	Waste
Deutsche Telekom	Climate change, waste
KPN	Business strategy
Continental	Climate change
Baxter	Business strategy
EssilorLuxottica	Corporate governance

Implementation of sustainability regulation

SFDR
We classify all our funds 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 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
As from 1 January 2023, Triodos IM is obliged to report what percentage of a fund's portfolio is aligned with the EU Taxonomy Regulation. The EU Taxonomy is a classification system that defines criteria based on which economic activities can be considered as environmentally sustainable.

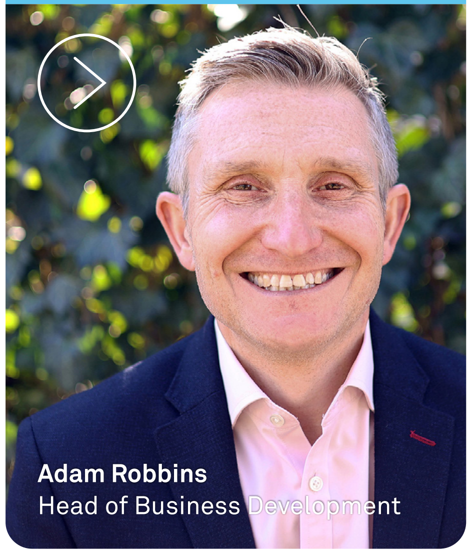
Find out more about the EU SFDR and Taxonomy requirements. The fund's sustainability-related disclosures in accordance with SFDR can be found here.

Watch our bite-sized Masterclasses

Grow your knowledge of impact investing and join our experts as they share practical insights to help you navigate this rapidly developing market.

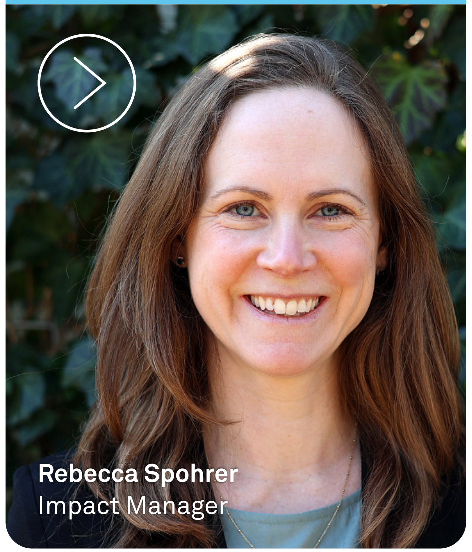
Sustainable investing

Delve into the nuances of sustainable investment strategies, such as ESG integration and impact investing. Learn to identify different approaches and align them with your values and financial goals.



Impact management

Find out how to embed impact into your investment approach, using tools like the impact management cycle and the Theory of Change. Learn to adapt strategies over time to effectively align with your mission and investment goals.

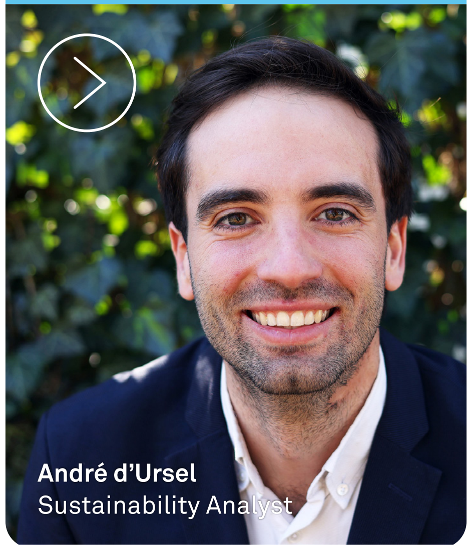


Impact measurement

Learn more about the importance of impact measurement in investing for decision-making, accountability, and transparency. Explore the role of data, legislation, and the Theory of Change in creating a meaningful measurement process.

Engagement

Learn more about the power of shareholder engagement as a tool for driving positive change in listed companies. Gain insight into effective stewardship strategies and the tangible results achievable through impactful company engagement.



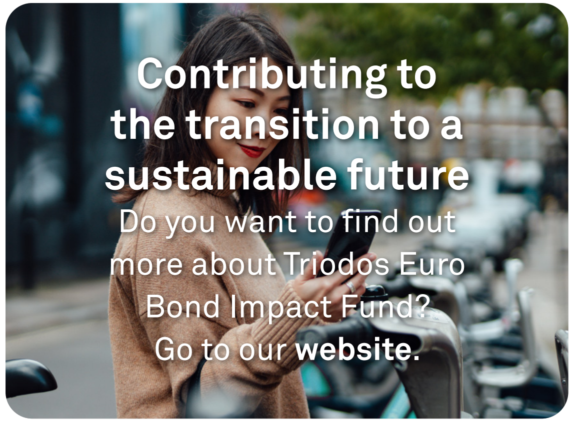
Impact metrics explained

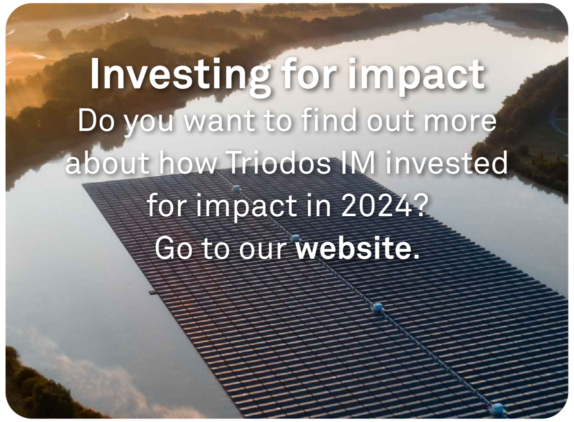
Contribution to the **UN Sustainable Development Goals** is based on the ISS ESG Sustainable Solutions Assessment, which is a comprehensive assessment of company products and services that affect the SDGs. This data enables investors to identify the share of products and services that have a positive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

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

- **GHG intensity of investee companies:** The GHG intensity is a relative measure of greenhouse gas (GHG) emissions. It is the amount of GHG produced per unit of revenue generated by the company, measured in tonnes of CO_2 per EURm generated in revenue. The carbon intensity is then weighted using the portfolio weight to get a weighted average for the portfolio.
- **Fossil fuel involvement:** This metric tells you the % of the portfolio that is exposed to companies that are involved with fossil fuels.
- **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.
- **Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises:** Measuring the % of the portfolio's investments that are exposed to companies breaching UNGC principles or OECD guidelines.
- **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.





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 our emissions reduction ambitions.

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 2024: EUR 5.8 billion.
Triodos IM is a wholly owned subsidiary of Triodos Bank, a leading expert in sustainable banking.

Investing in positive change

For more information about our impact investment strategies and solutions, please contact our Investor Relations team at:

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- When investing in the fund, please take into account all the characteristics and/or objectives of the promoted fund as described in its prospectus. Further, please take notice of the sustainability aspects of the fund as found here.