

Stewardship update

Impact Equities and Bonds



Q1 2025

For professional investors only

Stewardship approach focusing on value creation

Distinct characteristics of our stewardship approach

As stewards of our clients’ assets, we integrate stewardship in every aspect of the investment management process to promote sustainable long-term value creation for all our stakeholders. We seek to create long-term value for the society by both directly and indirectly promoting better environmental, social and corporate governance practices.

See our [Investment and Stewardship Policy](#) and our [Stewardship webpage](#) for more details.

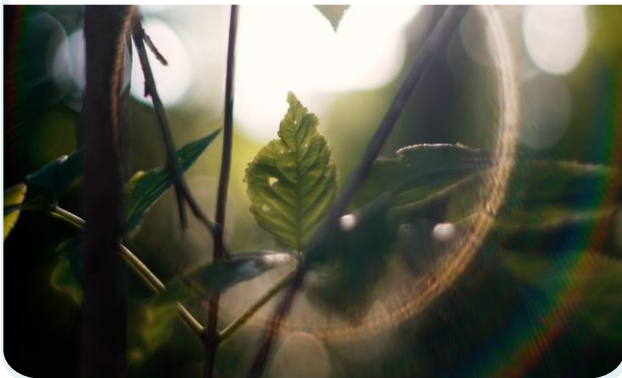
Direct company engagement

- ✓ Rooted in our Theory of Change for listed impact equities and bonds.
- ✓ A tool to accelerate 5 vital transitions towards a more sustainable economy.
- ✓ Understanding the depth of companies’ commitment to long-term positive impact.
- ✓ One-on-one conversations, using a variety of methods to connect with companies.



Collaborative and industry engagement

- ✓ Collaborate with like-minded partners on sustainability challenges to shape an environment in which companies and investors can operate more sustainably aligned with our transition vision.
- ✓ Increase visibility of material topics.



Proxy voting

- ✓ We vote for all investments in which we hold voting shares.
- ✓ We vote in-person or by proxy.
- ✓ After voting by proxy, we inform all investees of our voting decisions to stimulate awareness.

[Our proxy voting guidelines](#)
[Our voting records](#)



Through engagement we aim to drive positive change for society and the environment, while also boosting companies' long-term value. Our structured engagement agenda is based on the Triodos IM Theory of Change for listed impact equities and bonds

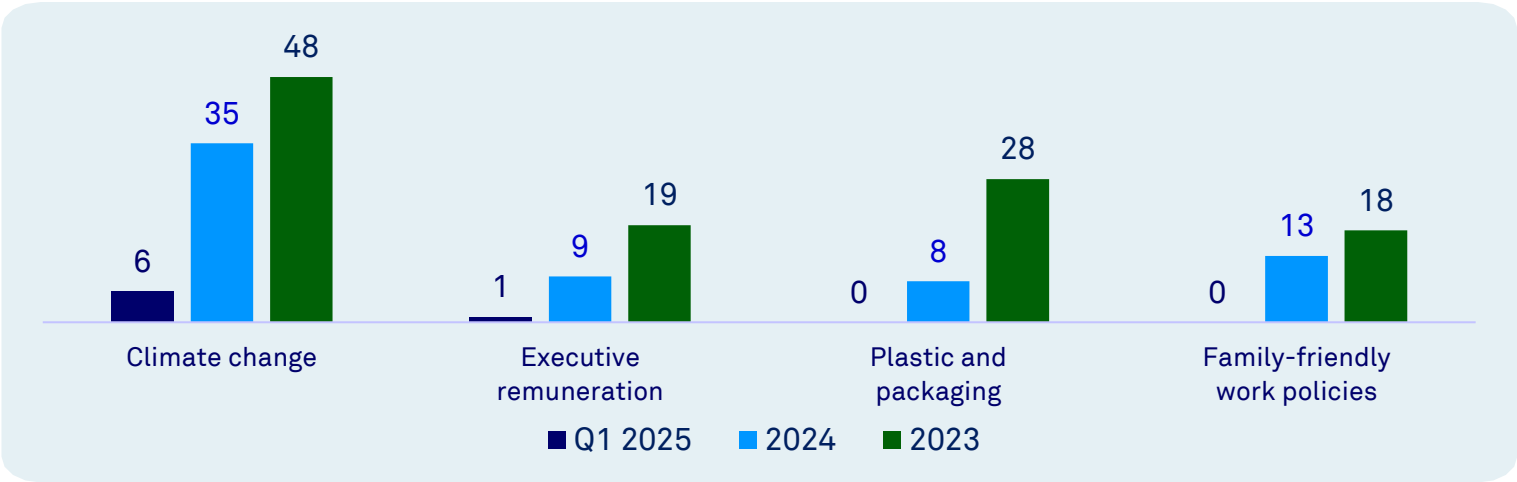
Engagement highlights Q1 2025

We engage with companies on a wide range of topics, ranging from company updates and sustainability issues to meeting our minimum standards. In Q1 2025, we had in total 75 contacts with companies. One company contact can serve multiple purposes; the number of contacts is therefore lower than the total number of contact purposes.

Contact purpose



Engagement projects

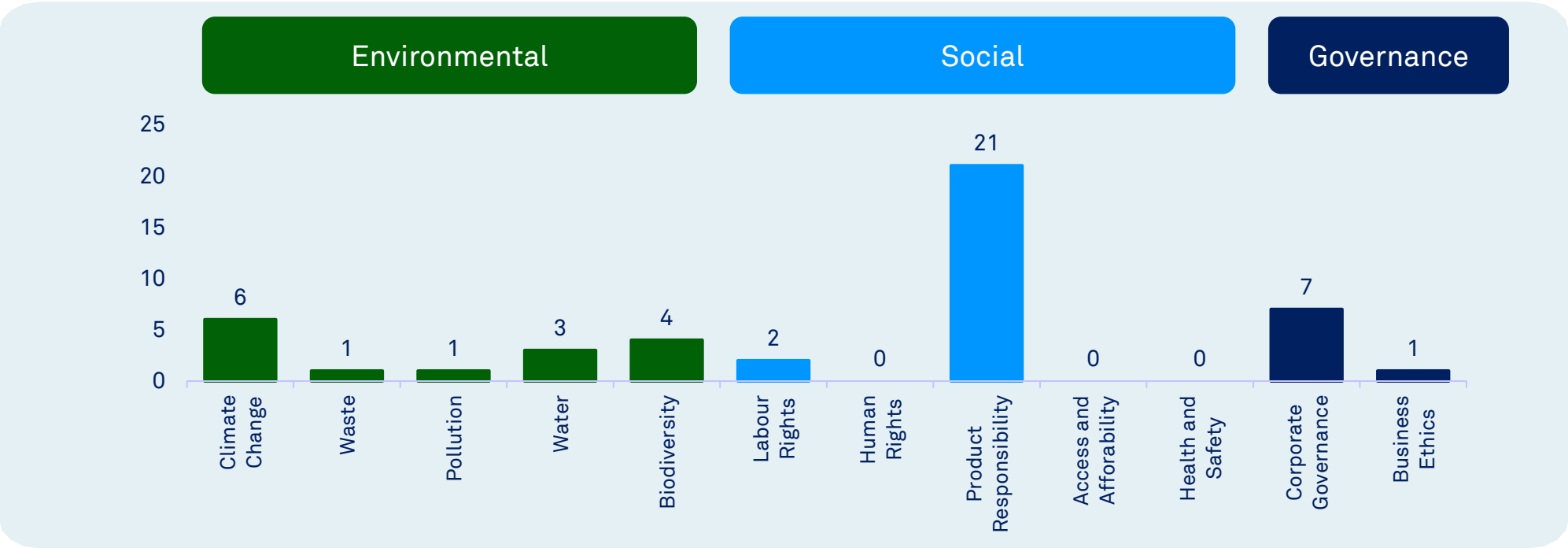


Engagement highlights Q1 2025

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.

In Q1 2025, we specifically engaged on Environmental, Social and Governance (ESG) topics and ongoing engagement projects. Most of our contacts are used to discuss one or multiple ESG topics, so the number of ESG (sub)topics discussed is not necessarily the same as the total number of contacts (75). The diagram provides an overview of the topics discussed.

ESG topics



Environmental engagement example: Investor Initiative on Hazardous Chemicals (IIHC)

We engaged with Akzo Nobel, Evonik, and Shin-Etsu, focusing on sustainability and hazardous substance management. While progress has been made in discussions, all three companies need to enhance their product portfolios. Akzo Nobel has made limited progress on phasing out persistent chemicals. The company focuses, however, on developing less hazardous alternatives with suppliers. Evonik committed to transformation but faces challenges in meeting demands for transparency regarding sustainability practices due to operational changes. Shin-Etsu is primarily focused on regulatory compliance but is increasingly discussing alternative solutions in new product development.

Engagement projects – Q1 2025 update

While we have one-on-one conversations with companies to discuss ad-hoc sustainability topics, such as positive impact and alignment with our minimum standards, we also follow a formal engagement agenda.

This agenda includes four main topics:

- Climate change
- Executive remuneration
- Plastics and packaging
- Family-friendly work policies



Climate Change

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). For more details read the [article](#).

Energy transition

We use two complementary approaches in our efforts to reach our main objective. The first approach is to focus on companies that are still in the early stages of establishing a climate change strategy. These companies can greatly improve their strategy by setting targets that are science-based. In the second approach, we also focus on the highest emitters in our portfolio, as reducing emissions for this group can substantially contribute to our total emissions reduction. We identified the five biggest direct emitters per strategy and prioritised them for engagement.

In **Q1 2025** we engaged on this topic with:

- ✓ Planet Fitness
- ✓ Ingredion
- ✓ Kerry Group
- ✓ SABESP
- ✓ National Grid
- ✓ AAK*

*) Included in investment universe, currently not in portfolio.



Executive remuneration

We promote balanced and fair remuneration policies and practices by limiting excessive CEO pay and reducing the pay gap in listed companies. We engaged with companies with excessive remuneration. For more details read the [article](#).

Societal transition

In 2021, we started the engagement program on remuneration, which aims to reduce the pay gap in companies, achieve concrete improvements regarding disclosure, transparency, responsiveness, risk-taking, pay for performance, and create awareness of the relationship between inequality and remuneration systems. Our engagement focuses on companies in our portfolio where we see significant room for improvement in remuneration policies and practices.

In **Q1 2025** we engaged on this topic with:

- ✓ Palo Alto Networks

Engagement projects – Q1 2025 update

More insights on our engagement agenda can be found [here](#)



Plastic and packaging

Extensive use of plastic has a detrimental effect on our environment, the climate, biodiversity, human rights and public health, and cleaning up the aftermath is an overwhelming task. For more details read the [article](#).

Resource transition

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 portfolios with the highest exposure to plastic pollution. Our engagement with these companies has revealed varying levels of progress toward sustainable packaging, with clear areas for improvement across all three companies.

- ✓ **Danone:** challenges persist, with material scarcity and infrastructure limitations, which may hinder its ability to fully implement a sustainable packaging model.
- ✓ **Henkel:** greater transparency and measurable progress is required to demonstrate its commitment on a global scale.
- ✓ **P&G** further steps are needed to address scalability and consistency in implementation of initiatives to reduce and replace materials

In **2025** we will focus our engagement efforts with these companies on the improvement areas.



Family-friendly work policies

Family-friendly work policies play an important role in enhancing and improving the wellbeing of children. For more details read the [article](#).

Wellbeing & Societal transitions

Family-friendly work policies are crucial for child and adult development and contribute to both an inclusive and healthy society. Evidence shows that the first 1,000 days of life have a lasting effect on a child’s future. We engage with investees to create a family-friendly workplace, with policies such as paid parental leave, flexible working hours, facilitation of breastfeeding and childcare support.

In **2025** our focus is on addressing the areas that scored the lowest in our 2024 evaluations: parental leave, breastfeeding support and childcare assistance. Given the challenges faced by US companies in these areas, we will prioritise engaging with them to drive improvements. We are mindful, however, that due to these challenges they may be less receptive to suggestions for policy enhancements than they were just a few months ago.

Together with professional associations, public policy makers, legislators, regulators, industry bodies and other relevant stakeholders (NGOs, international organisations, etc.) we strive to shape an environment in which companies and investors can operate more sustainably.

Collaborative engagement increases the visibility of the topics being discussed and expands the overall power of our engagement activities.

Collaborative engagement – update



Hazardous chemicals

We joined a collaborative engagement to encourage chemical companies to phase out hazardous chemicals and transition towards more sustainable solutions. For more details, read the [article](#).

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, who notably improved its ChemScore. As there is room for further improvement, we will continue our engagement efforts.

In **Q1 2025** we engaged on this topic with:

- ✓ **Akzo Nobel**
- ✓ **Evonik**
- ✓ **Shin-Etsu**

We vote in-person or by proxy for all investments in which we hold voting shares. We inform all investees of our decisions to stimulate awareness.

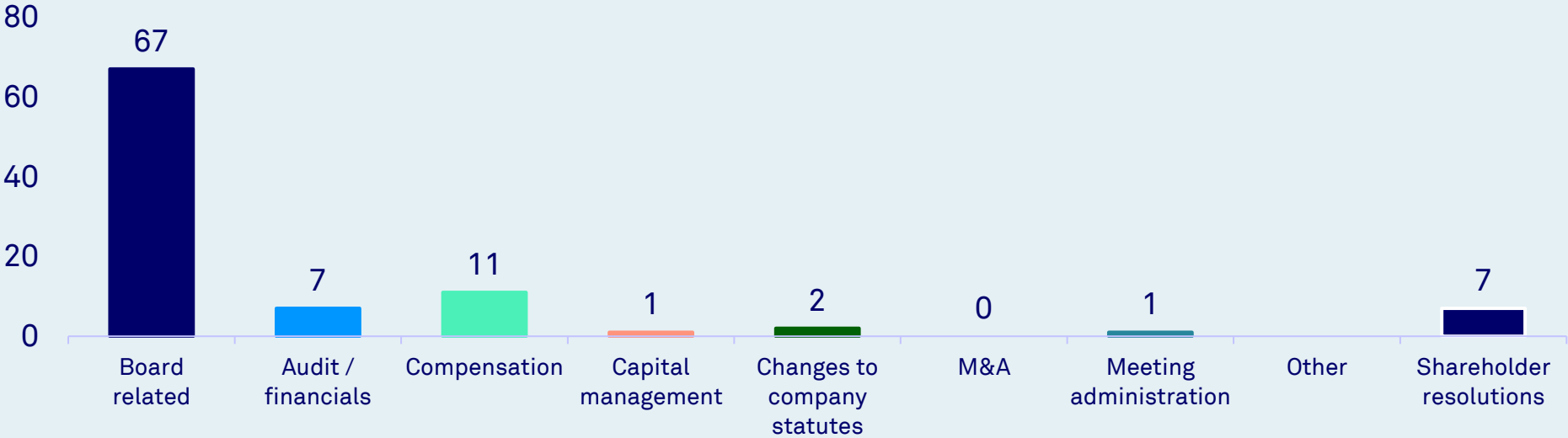
See our [voting records](#) for more details.

Voting summary Q1 2025

In Q1 2025, we voted at 7 annual general meetings on a total of 96 resolutions.



Voting topics



Source: Triodos Investment Management

Shareholder proposals **Deere & Co.**

- We voted for a proposal regarding a civil rights audit due to the company’s recent diversity rollbacks and subsequent media attention, which raised legitimate concerns about potential reputational, workforce and financial risk.
- We voted against proposals on reporting on racial and gender hiring statistics (company already provides workforce demographics), financial sustainability (company has strong governance structures) and on reporting discrimination risk of charitable contributions (current disclosure is adequate).

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 Business Development team at:

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