Triodos Investment Management

Sustainability Disclosures

Principle Adverse Impact Statement (PAI)

Article 4 of the SFDR Regulation (EU) 2019/2088

Version June 2023

ANNEX I

Template principal adverse sustainability impacts statement

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Definitions

For the purposes of this Annex, the following definitions shall apply:

1. 'Scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council[1];
2. 'Greenhouse gas (GHG) emissions' means greenhouse gas emissions as defined in Article 3, point (1), of Regulation (EU) 2018/842 of the European Parliament and of the Council[2];
3. 'Weighted average' means a ratio of the weight of the investment by the financial market participant in an investee company in relation to the enterprise value of the investee company;
4. 'Enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents;
5. 'Companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council[3];
6. 'Renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
7. 'non-renewable energy sources' means energy sources other than those referred to in point (6);
8. 'Energy consumption intensity' means the ratio of energy consumption per unit of activity, output or any other metric of the investee company to the total energy consumption of that investee company;

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[1] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

[2] Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

[3] Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

9. ‘High impact climate sectors’ means the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council[4];
10. ‘Protected area’ means designated areas in the European Environment Agency’s Common Database on Designated Areas (CDDA).
11. ‘Area of high biodiversity value outside protected areas’ means land with high biodiversity value as referred to in Article 7b (3) of Directive 98/70/EC of the European Parliament and of the Council[5];
12. ‘Emissions to water’ means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council[6] and direct emissions of nitrates, phosphates and pesticides.
13. ‘Areas of high water stress’ means regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the World Resources Institute’s (WRI) Water Risk Atlas tool “Aqueduct”.
14. ‘Hazardous waste and radioactive waste’ means hazardous waste and radioactive waste.
15. ‘Hazardous waste’ means hazardous waste as defined in Article 3(2) of Directive 2008/98/EC of the European Parliament and of the Council[7].
16. ‘Radioactive waste’ means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom[8];
17. ‘Non-recycled waste’ means any waste not recycled within the meaning of ‘recycling’ in Article 3(17) of Directive 2008/98/EC.
18. ‘Activities negatively affecting biodiversity-sensitive areas’ means activities that are characterised by the following:

A. Those activities lead to the deterioration of natural habitats and the habitats of species and disturb the species for which a protected area has been designated.

B. For those activities, none of the conclusions, mitigation measures or impact assessments adopted pursuant to any of the following Directives or national provisions or international standards that are equivalent to those Directives have been implemented:

   i. Directive 2009/147/EC of the European Parliament and of the Council[9];
   ii. Council Directive 92/43/EEC[10];
   iii. an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliamentand of the Council[11];
   iv. for activities located in third countries, conclusions, mitigation measures or impact assessments adopted in accordance with national provisions or international standards that are equivalent to the Directives and impact assessments listed in points (i), (ii) and (iii).

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[4] Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains Text with EEA relevance (OJ L 393, 30.12.2006, p. 1–39).

[5] Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC (OJ L 350, 28.12.1998, p. 58).

[6] Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1).

[7] Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

[8] Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48).

[9] Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7).

[10] Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

[11] Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 026, 28.1.2012, p. 1).

19. ‘Biodiversity-sensitive areas’ means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (‘KBAs’), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139[12];
20. ‘Threatened species’ means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred toin Section 7 of Annex II to Delegated Regulation (EU) 2021/2139.
21. ‘Deforestation’ means the temporary or permanent human-induced conversion of forested land to non-forested land.
22. ‘UN Global Compact principles’ means the ten Principles of the United Nations Global Compact.
23. ‘Unadjusted gender pay gap’ means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.
24. ‘Board’ means the administrative, management or supervisory body of a company.
25. ‘Human rights policy’ means a policy commitment approved at board level on human rights that the economic activities of the investee company shall be in line with the UN Guiding Principles on Business and Human Rights.
26. ‘Whistle blower’ means ‘reporting person’ as defined in Article 5(7) of Directive (EU) 2019/1937 of the European Parliament and of the Council[13];
27. ‘Inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council[14], for the Large Volume Inorganic Chemicals- Solids and Others industry.
28. ‘Air pollutants’ means direct emissions of sulphur dioxides (SO_2), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), and fine particulate matter ($PM_{2,5}$) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council[15], ammonia (NH_3) as referred to in that Directive and heavy metals (HM) as referred to in Annex I to that Directive;
29. ‘Ozone depletion substances’ mean substances listed in the Montreal Protocol on Substances that Deplete the Ozone Layer.

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[12] Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishingthe technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021,p. 1).

[13] Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L305, 26.11.2019, p. 17).

[14] Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

[15] Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants,amending Directive 2003/35/EC and repealing Directive 2001/81/EC (Text with EEA relevance), *OJ L 344, 17.12.2016, p. 1–31*

Formulas

For the purposes of this Annex, the following formulas shall apply:

1. ‘GHG emissions’ shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope(x)\ GHG\ emissions_i\right)$$

2. ‘Carbon footprint’ shall be calculated in accordance with the following formula:

$$\frac{\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{investee\ company's\ enterprise\ value_i} \times investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i\right)}{current\ value\ of\ all\ investments\ (€M)}$$

3. ‘GHG intensity of investee companies’ shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{current\ value\ of\ investment_i}{current\ value\ of\ all\ investments\ (€M)} \times \frac{investee\ company's\ Scope\ 1,2\ and\ 3\ GHG\ emissions_i}{investee\ company's\ €M\ revenue_i}\right)$$

4. 'GHG intensity of sovereigns' shall be calculated in accordance with the following formula:

$$\sum_{n}^{i}\left(\frac{\textit{current value of investment}_i}{\textit{current value of all investments}\ (€M)} \times \frac{\textit{The country's Scope 1, 2 and 3 GHG emissions}_i}{\textit{Gross Domestic Product}_i\,(€M)}\right)$$

5. 'Inefficient real estate assets' shall be calculated in accordance with the following formula:

$$\frac{\begin{array}{c}((\textit{Value of real estate assets built before } 31/12/2020 \textit{ with EPC of C or below}) + \\ (\textit{Value of real estate assets built after } 31/12/2020 \textit{ with PED below NZEB in Directive } 2010/31/EU))\end{array}}{\textit{Value of real estate assets required to abide by EPC and NZEB rules}}$$

For the purposes of the formulas, the following definitions shall apply:

6. 'Current value of investment' means the value in EUR of the investment by the financial market participant in the investee company.
7. 'Enterprise value' means the sum, at fiscal year-end, of the market capitalisation of ordinary shares, the market capitalisation of preferred shares, and the book value of total debt and non-controlling interests, without the deduction of cash or cash equivalents.
8. 'Current value of all investments' means the value in EUR of all investments by the financial market participant.
9. 'Nearly zero-energy building (NZEB)', 'primary energy demand (PED)' and 'energy performance certificate (EPC)' shall have the meaningsgiven to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council[16].

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[16] Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (recast) (OJ L 153, 18.6.2010, p. 13)

Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant Triodos Investment Management B.V. LEI code:724500C17UZL2NC2DE67

Summary
Triodos Investment Management B.V. LEI code: 724500C17UZL2NC2DE67 considers principal adverse impacts (PAIs) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Triodos Investment Management.

This statement covers the reference period from 1 January 2022 to 31 December 2022.

Background of the Principal Adverse Impact (PAI) Statement
The purpose of the PAI statement is to provide transparency to investors and other stakeholders on the level of harm of a financial market participant's (FMP) activity to the environment and to society. By June 30th, 2023, FMPs that consider principal adverse impacts of their investment decisions must publish a PAI statement. As the regulation does not provide an indication of what constitutes significant harm, financial market participants each formulate their own interpretation. Over time, we expect market practice to evolve, data availability and quality will improve, and potentially more guidance will follow as regulators, supervisors and public opinion (i.e., media) will express certain expectations.

Consideration of Principle Adverse Impacts at Triodos Investment Management
At Triodos Investment Management, we believe that how we invest defines the world we want to live in, recognising the instrumental role and creative power of capital when used consciously. As a financial institution, we use money as a driving force towards a society that promotes the quality of life of all its members on a thriving planet, and that has human dignity at its core. We do so for over 30 years already. We have identified five interlinked transitions that we deem crucial to transform the economy and society as a whole: the energy transition, food transition, resource transition, societal transition and the wellbeing transition. Our mission as a financial institution is to enable and accelerate these vital transitions. We do this by financing change: investing in progressive and sustainable businesses and projects, as well as by changing finance: influencing the financial sector and the shape of the economic system at a national and global level, to help deliver our mission.

In practice, financing change means that we invest with a clear intentionality and robust approach to optimise positive impact in relation to the above-mentioned transition themes and to minimise adverse impact. Each potential investment must significantly contribute to at least one of an investment fund's sustainability objectives to qualify for investment. These sustainability objectives are rooted in a fund specific theory of change: a description of how Triodos expects investment activities to lead to positive impact.

For every investment, a positive impact assessment is followed by a targeted adverse impact screening based on the Triodos Minimum Standards, potential controversies, international- and sector standards as well as specific PAI indicators that are not yet covered by the above. The majority of the PAI indicators are included in the Triodos Minimum Standards assessment (appendix). Certain PAI indicators lead to immediate exclusion based on hard quantitative thresholds. The Minimum Standards also prescribe qualitative thresholds for unacceptable adverse impact. Triodos Investment Management considers all mandatory PAIs on sustainability factors. Moreover, Triodos Investment Management has selected two additional (optional) indicators, one climate and environmental related indicator from Table 2 (no. 4: Investments in companies without carbon emission reduction initiatives) and one indicator from Table 3 on social and employee matters, respect for human rights, anti-corruption and anti-bribery below (no. 15: Lack of anti-corruption and anti-bribery policies). The consideration of both mandatory and additional PAIs are incorporated in the due diligence process and any investments with significant harm are excluded upfront and checked for regularly and ad hoc during the monitoring phase.

In addition, as a responsible manager of capital, Triodos acts as a steward of people and planet. We invest only in companies that contribute to the transition towards a sustainable society. As an investor, we see it as our duty to act in the best of interest of all stakeholders. We engage with companies and institutions to drive positive change and to minimise adverse impact. Where appropriate, we discuss governance, environmental and social issues relevant to their specific business models. These discussions often already take place before a company is added to the investable universe or to the portfolio, as we assess companies quantitatively and qualitatively for their contribution to our sustainable transition themes and alignment with our minimum standards. We typically address companies with open, constructive dialogue to understand their business proposition and sustainability challenges more deeply. Only if a company has breached or is nearing a breach of our investment criteria, will our engagement become more forceful, and, if deemed unsuccessful, the company will be divested.

2022 Results

Following our investment process described above, we do not tolerate any significant harm in our portfolios. Based on the 2022 data, there are no indications of any significant adverse impact in our portfolios. The explanation and actions taken and planned to reduce any adverse impact are described per indicator below. This covers all investment activities of Triodos IM over the course of 2022. The key action, across all funds for 2023 is to engage with our investment companies on reduction of greenhouse gas emissions in their operations and supply chains.

Data challenges and limitations

Data availability and data quality for the PAI indicators vary across asset classes. Examples include low data coverage for specific indicators or use of proxy data due to absence of direct data. In the case that proxies are used to add the missing datapoints, the quality is questionable as proxies are based on sector and country data, thus not considering other specific factors that might play a role for the investment case. From market learning exercises, we learned that proxy results may vary greatly between providers. For our Impact Equities & Bonds investments (61% of AUM in 2022), data is acquired from a third-party data provider. The coverage is low for some indicators and not suitable to draw any portfolio level conclusions. For our Impact Private Debt & Equity investments (39% of AuM in 2022), data is self-reported by investees and complemented with proxies. Limitations mostly relate to the extent to which investees disclose information, the quality and the timing of delivery. The investment & analysis teams have multiple checks in place to review the reliability and validity of the data.

Description of the principal adverse impacts on sustainability factors

Please see data tables on *Indicators applicable to investments in investee companies* below.

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	73824.00 tonnes of CO2 equivalent		Most of the scope 1 emissions are related to our listed investments. In this portfolio, largest emitters are in the chemicals, paper and automobile industries. Triodos IM invests in companies in these sectors that contribute to the energy and resource transition. In our private investments, Scope 1 & 2 emissions are generated primarily from the agriculture and real estate sectors. Primary data was not available for most private companies and estimates are used[1]. 34% of Triodos IM investments are allocated to companies, projects and bonds that contribute to accelerating the energy and resource transition, aiding in mitigating, reducing and	For our Impact Equities and Bonds fund range (SICAV I), an analysis was done of the top five emitters per fund due to materiality of the indicator. Climate change risks and opportunities were identified and reported in the fund impact reports. Carbon reduction targets to be net zero by 2035 have been set based on the 2020 GHG emissions baseline. The near-term target for Triodos Bank (Group) are validated by the Science-Based Targets initiative. 47 investee companies of SICAV I were engaged with to improve GHG emissions reduction, target setting, reporting and carbon reduction initiatives. Even

[1] Please refer to the appendix for a detailed approach

					sequestering GHG emissions.	though most emissions originate from the SICAV I product range, the Impact Private Debt & Equity department also has an action plan to support investees in calculating and reporting their baseline emissions and reduce over time.
		Scope 2 GHG emissions	58,327.40 tonnes of CO2 equivalent		See above.	See above.
		Scope 3 GHG emissions	1,836,605.84 tonnes of CO2 equivalent		Scope 3 emission data is limited, and estimates are used for most investments.	In our engagement we stimulate listed companies to report on scope 3 emissions. For our private investments, this relates to food & agriculture and financial inclusion investments. In our European food & agriculture portfolio, we work with a consultancy firm to provide training and support to our investment companies to track and reduce their emissions.
		Total GHG emissions	1,968,767.24 tonnes of CO2 equivalent		See above.	See above.
	2. Carbon footprint	Carbon footprint	354.81 tonnes of CO2/m EUR		See above.	See above.
	3. GHG intensity of investee companies	GHG intensity of investee companies	1285.93 tonnes of CO2/ mln EUR		Apart from the industries mentioned above also the semiconductor industry has a high carbon intensity. This sector is also an enabler for the energy transition.	The carbon reduction targets applied to the automobiles and pulp & paper sector are aimed at decreasing carbon intensity over time.

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossilfuel sector	0.00 %		All companies with any activity related to the fossil fuel sector are excluded from direct investment as per the Triodos Minimum Standards. For our investments in financial institutions, we allow a maximum percentage of 5% exposure through their portfolio, which is checked in due diligence and for SME financing institutions in annual reviews. For this sector we therefore apply a look through approach for this indicator. On Fund level, this exposure is below 1%, which further dilutes in this entity level calculation.	For the few financial institutions in the funds' portfolios that have limited exposure to the fossil fuel sector, we plan to gain more detailed insights into that section of the portfolio and engage on exposure reduction possibilities.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as apercentage of total	Consumption: 46.7% Production: 2.88%		The share of non-renewable energy consumption is high as the average global energy mix is still highly dependent on fossil fuels. The share of non-renewable energy production is low since we carefully select and invest in renewable energy development projects and producers.	For our Impact Equities and Bond product range, the carbon reduction targets applied to the automobiles and pulp & paper sector will aim to decrease carbon intensity over time. This can be improved by further increasing the share of renewable energy consumption and production.

		energy sources				
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Agriculture, forestry, fishing: 0.40 GWH/m EUR Construction: - Gas, stream, air conditioning supply: 0.005 GWH/m EUR Manufacturing: 0.88 GWH/m EUR Mining, quarring: - Real Estate: 0.02 GWH/m EUR Transportation & storage: 0.44 GWH/m EUR Water supply, sewerage, waste management, remediation activities: 0.00 GWH/m EUR Wholesale, retail,		Triodos IM does not invest in certain high impact climate sectors (e.g. mining) as these are excluded. The majority of energy consumption intensity is derived from agriculture forestry & fishing and relates to one paper company. This industry is key to support the resource transition (e.g. replace-ment of single-use plastics).	As part of the engagement on climate change amongst listed entities, increasing the share of renewable energy is also discussed regularly. Targets were set on emissions reduction for the pulp & paper and automotive sector, which can only be achieved through reducing energy consumption intensity. For our Impact Private Debt and Equity product range, we offer thematic products aimed at the energy transition. In our European food & agriculture portfolio, we work with a consultancy firm to provide training and support to our investment companies to track and reduce their emissions. Energy use is part of this assessment. Real estate investments are selected for their environmental performance and energy intensity is low.

			trade, repair of motor vehicles, cycles: 0.00 GWH/ m EUR			
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.76%		Companies with activities that negatively impact biodiversity without appropriate measures are excluded based on our Minimum Standards. For renewable energy projects near biodiversity-sensitive areas, in Europe and emerging markets, appropriate assessments are conducted, and necessary mitigation measures are implemented. For investments in financial inclusion, direct impact on biodiversity-sensitive areas is negligible based on the nature of their operations. Efforts are being made to calculate or estimate the impacts of financial service providers' loan books to activities located near or in biodiversity-sensitive areas.	In 2023, Triodos IM runs an engagement programme on plastic pollution for our listed portfolio, aimed to minimise negative impact on biodiversity. Furthermore, Triodos IM is proactively pursuing biodiversity-positive investments focused on nature restoration & conservation, sustainable forestry and smallholder agroecology.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0043 tonnes/m EUR		Triodos IM has a minimum standard on water scarcity. Companies in water-intensive industries without appropriate measures to reduce their freshwater use are excluded. Absolute emissions to water is therefore low and mostly relates to manufacturing companies that promote the circular economy. NB: the data coverage on this indicator for public companies is low (<25%).	Actions planned to engage with the highest emitters to water to stimulate them to take measures to reduce emissions.

Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.35 tonnes/m EUR		Triodos IM per its investment approach does not invest in industries that generate hazardous substances. Where a potential risk exists, a minimum standard on hazardous substances is in place to limit potential exposure and to prescribe a mitigating mechanism. This describes amongst others exclusion of companies that produce or sell pesticides or other hazardous substances that form a threat to the wellbeing of humans, animals and the environment (a thresholds of 5% of company revenue applies and POP involvement is excluded) or that in any other way are involved in controverses, do not respect international agreements or run their businesses in a way that causes serious and irreversible environmental damage.	Actions were taken to engage with chemical companies to stimulate them to take measures to provide transparency on hazardous materials and limit their use.
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines	0%		No violations identified due to strict pre-investment screening and thorough on-site Due Diligence for private investments. Besides preventing harm in relation to social and employee matters, our investment solutions proactively target positive change in relation to social inclusion and individual health and wellbeing. Specific investment examples include the	Continuous monitoring of violations for all holdings including assessment of severity and remediative measures. Triodos IM was the lead investor to engage with Nike and adidas in 2022 on behalf of the Platform Living Wages Financials.

		for Multinational Enterprises			advancement of financial inclusion (Triodos Microfinance Fund and Triodos Fair Share Fund), access to healthy and nutritious food (e.g. Triodos Food Transition Europe Fund), promotion of children's rights (e.g. Triodos Future Generations Fund).	
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	21%		All investments have to comply with the Triodos Bank Minimum Standards which are aligned to the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We do have some exposure as this indicator relates to the availability of policies only. All companies identified as high risk must have policies and processes in place to mitigate risk. Beyond what the indicator requires, if the risk level allows, we also focus on practices (when policies are not available) in our due diligence. This is in line with the mentioned guidelines. Moreover, the coverage is low (around 40% for listed companies, and 64% for non-listed companies).	As part of continuous monitoring, compliance mechanisms for all holdings are checked.

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	14%		Insufficient data available	Part of our engagement plan for 2023 includes a dialogue with companies to disclose this data.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members.	28%		According to our proxy voting guidelines, Triodos votes against the Chairman of the nomination committee if less than one third of the board is female without a satisfactory rationale.	We have assessed policies and exercised voting rights for all investee companies where this was possible. As Triodos believes that diversity goes beyond gender, Triodos IM runs a dedicated engagement project, since 2021, focusing on companies with the most excessive and inequal remuneration systems in our listed equity portfolios. The long-term goal of this project is to encourage companies to reduce the pay gap between CEOs and employees while increasing the fairness, simplicity and transparency of remuneration packages.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0		All involvement in controversial weapons leads to exclusion.	Not relevant.

Indicators applicable to investments in sovereigns and supranationals						
Adverse sustainability indicator		**Metric**	**Impact [year n]**	**Impact [yearn-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries	0.01 KtonCO2/eq/EUR mln		Investments in sovereigns are limited as only the Triodos Euro Bond Impact Fund, The Mixed Funds and the Triodos Sterling Bond Impact Fund invest in Sovereigns. Under the Sovereign Framework, every sovereign and sub-sovereign is assessed on whether it ratified the Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement – all aimed at limiting GHG emissions in the atmosphere.	Assessments have been completed for all (sub)sovereigns and will continue to do so in the next reference period. The sovereign investments of the funds are limited to EU member states except for Triodos Sterling Bond Impact Fund that only invests in UK gilts.
Social	16. Investee countries subject to social violations	# of investee countries subject to social violations (absolute and relative # divided by all investee countries), as referred to in international treaties and conventions, UN principles and, where applicable, national law.	0%		Under the Sovereign Framework, every sovereign and sub-sovereign is assessed on international sanctions.	Assessments completed for all (sub)sovereigns and will continue to do so in the next reference period. The sovereign investments of the funds are limited to EU member states except for Triodos Sterling Bond Impact Fund that only invests in UK gilts.

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator		**Metric**	**Impact [year n]**	**Impact [yearn-1]**	**Explanation**	**Actions taken, actions planned and targets set for the next reference period**
Fossil fuels	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the ex-traction, storage, transport or manufacture of fossil fuels	0%		None of the investments are direct investment in real estate assets involved in extraction, storage, transport of manufacture of fossil fuel.	NA
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%		Only a limited portion of the Triodos Groenfonds portfolio contains direct investments in real estate assets, however all these investments are in energy efficient real estate assets.	NA

Other indicators for principal adverse impacts on sustainability factors

[*Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (a) in the format in Table 2*]

The mandatory indicators for adverse impact on sustainability factors and two selected (one environmental, one social) optional indicators on sustainability factors are analysed and assessed as part of the overall investment process. Triodos Investment Management selected one environmental optional PAI indicator from Table 2, in particular no. 4: Investments in companies without carbon emission reduction initiatives. For the selection of the optional PAI indicators, the Fund Manager has assessed the degree of relevance and data availability from an entity perspective. Any potential adverse impact is assessed within the context of the fund and the investee. More information is available in the prospectus of the funds.

24% of the reported portfolio does not have carbon emission reduction initiatives in place.

[*Information on the principal adverse impacts on sustainability factors referred to in Article 6(1), point (b), in the format in Table 3*]

The mandatory indicators for adverse impact on sustainability factors and two selected (one environmental, one social) optional indicators on

sustainability factors are analysed and assessed as part of the overall investment process. Triodos Investment Management selected one social optional PAI indicator from Table 3 of Annex I of the SFDR Delegated Regulation, in particular no. 15: Lack of anti-corruption and anti-bribery policies. For the selection of the optional PAI indicators, the Fund Manager has assessed the degree of relevance and data availability from an entity perspective. Any potential adverse impact is assessed within the context of the Fund and the Investee. More information is available in the prospectus of the funds. 5% of the reported portfolio does not have anti-corruption and bribery policies in place.
[*Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor referred to in Article 6(1), point (c), in the format in Table 2 or Table 3*] To select only those investments that do not cause significant harm to any environmental or social sustainable investment objective, every (new) investment is assessed on its alignment with the Triodos Bank Minimum Standards (Minimum Standards) or the Sovereign Framework for sovereign investments. The annex shows a mapping of the coverage of the Minimum Standards to mandatory and optional PAIs. The majority of the PAI indicators are included in the Minimum Standards assessment. Additional PAIs as per the Minimum Standards Assessment[2] relate to: 1. Conflict minerals 2. Genetic engineering 3. Adult entertainment 4. WHO code 5. Animal wellbeing Violation of legislation (covered in SFDR good governance: tax compliance and employee relations) For significant adverse impact in relation to any of the above subjects, specific criteria as described in the Triodos Bank Minimum Standards apply. These criteria indicate when we exclude companies from investment and under what circumstances exposure is allowed. Besides the above-mentioned overarching principles on preventing and limiting adverse impact, we make use of context specific tools for our sustainability assessment as part of our due diligence. For example, for our trade finance clients supplying from small-scale farmers in emerging markets, we adopt a tailor-made framework which covers material sustainability factors including environmental (soil management, agricultural inputs, energy, water, products and certifications), and social dimensions including indicators on workers' rights and training. Examples of additional adverse impacts on sustainability factors assessed include the level of profitability for the supplier farmers, and whether or not the company has conducted (and the result of) any supplier surveys. For our Financial Inclusion investments, we use our own sustainable business assessment tool, which was developed based on the principles of responsible finance and client protection, and includes aspects such as the appropriateness of the product range for the client needs, transparency in client communication, employee matters, code of conduct and gender balance. Examples of additional adverse impacts on sustainability factors assessed include the presence and quality of the financial institution's sustainability strategy, the employee turnover rate, and the real annual percentage rate (APR) of the institution's most commonly used credit product. In 2022 we initiated a transition to start using ALINUS, alongside the group of impact investors in the Social Performance Task Force (SPTF) working group. ALINUS covers all principles in the Universal Standards for

[2] Please refer to the Triodos Bank Minimum Standards for more detail:

Social and Economic Performance Management, which consider 7 dimensions: Social strategy, committed leadership, client-centred products and services, client protection, responsible human resource development, responsible growth and returns, and environmental performance management. Efforts are being made to incorporate all of the PAIs related to the underlying portfolio of the financial institution investees into industry tool ALINUS.

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

[*Information referred to in Article 7*]

Due Diligence Framework Policy

This framework policy sets out the framework for investing, to ensure that Triodos Investment Management and its Funds and/or Portfolios under management meet internal standards and are compliant with requirements on due diligence as required by AIFMD, UCITSD or MiFID, which also contain elements for assessment for SFDR purposes. The objective of this policy is to ensure a high standard of due diligence in the selection and ongoing monitoring of investments, and that investment decisions are carried out in compliance with the objectives, the investment strategy and respect the risk limits of the Funds or Portfolios.

As Triodos Investment Management invests with a clear intentionality to optimise positive impact, minimise negative impact and as we manage sustainability risks and opportunities, those elements are incorporated in the due diligence process. This means inter alia that ESG factors, impact and sustainability risks are considered. The policy also provides information on elements as required by SFDR such as assessments of PAIs. All funds and portfolios managed by Triodos Investment Management are in scope of this framework policy. The due diligence framework policy was approved on December 5, 2022, by the Management Board of Triodos Investment Management. The Heads of respectively Impact Equity & Bonds department and Impact Private Debt & Equity department are responsible for the implementation of the policy in consultation with the Impact Managers.

The majority of the PAI indicators as defined in the tables of Annex 1 of the SFDR CDR are included in the Triodos Bank Minimum Standards assessment which is an element in the investment process. The Minimum Standards document, that is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, also sets out the minimum standards for employee relations, remuneration, taxes and other corporate governance topics that investees must meet to be eligible for investment. Certain PAI indicators lead to immediate exclusion for Triodos Investment Management.

The PAIs which are not addressed in the Triodos Bank Minimum Standards or Triodos Sovereign Framework, are assessed in the In-depth Due Diligence phase. This can differ per asset class or even per fund. For Impact Equities & Bonds funds and mandates, PAI indicators are assessed during negative screening, controversies research and ESG assessment. For Impact Private Debt & Equity funds and mandates, the remaining PAIs are assessed through collection of information directly from investee or where appropriate using relevant data available publicly, using expert assessments or from carefully selected vendors of proxy data. This information is captured in the investment proposal. All PAIs are assembled and documented for each investment in a standard format. For the selection of additional PAI indicators, probability of occurrence and severity of impact including their potentially irremediable character the degree of relevance is assessed in relation to the Fund, and data availability from an entity perspective.

Any potential adverse impact of each PAI is assessed within the context of the Fund and the investee. The investment team provides further clarification and to what extent this can be mitigated and managed by the investee and/or by Triodos Investment Management. In case no mitigatory measures are possible, the investee is not deemed suitable for investment. When proxy data is the only data available (country and sector level data), a qualitative assessment of the investee exposure is discussed in the investment proposal for medium and high levels of harm. When PAI indicators are not applicable (for example the availability of certain policies for small enterprises), the investment team can apply qualitative assumptions.

The data for the PAIs is collected during the due diligence and is based either on information obtained directly from the investee, third-party data providers, third party experts, or on public information. In case information is not (yet) available or not feasible to obtain, Triodos Investment Management uses proxy indicators supplied by a third-party institution such as data providers, with experience in the relevant industry, or ultimately by making reasonable assumptions, all on a best effort basis.

We thereby consider the following data quality order:

1. Direct investee data – audited (can be both collected from investee or via data provider as intermediary)
2. Direct investee data – unaudited (can be both collected from investee or via data provider as intermediary)
3. Proxy data based on sector and country averages
4. Assumptions on the level of exposure and/or based on public information. These assumptions are made due to the nature of the investment and approved by the Triodos Investment Management Impact Management and Measurement Board.

The margin of error is lowest for audited investee data, increases slightly for unaudited investee data and can be relatively high for proxy data. An example is Co2 proxy data for an investment where no direct investee data is available. In case this investee is active in the generation of clean energy but is located in a country with mainly non-renewable energy generation, the proxy data will generate too high Co2 footprint data. The investment team will review the data provided and obtained and form a judgement. Mainly in relation to our private investments and emerging market investment, not all datapoints might be readily available from the investee. Besides the best effort alternatives for PAI data collection, we identified PAI data as a strategic engagement topic for 2023. The objective is to increasingly collect investee data as well as improving data quality.

Both the assessment and the conclusions of the potential adverse impacts on sustainability factors as well as the positive impact of the Fund's investments are recorded and translated into monitoring and reporting items in line with the Triodos Investment Management Due Diligence Framework Policy.

Engagement policies

[*Information referred to in Article 8*]

Triodos Investment Management aims to accelerate and direct transitions through thought leadership, stakeholder dialogues, engagement and advocacy. As such, Triodos Investment Management frequently engages on environmental, social and governance topics that are relevant to each investee's business models, funds or sector context as well as on general corporate development and business strategy issues. Besides engagement conversations, we use proxy voting as an active ownership tool for the Impact Equities & Bonds fund range and mandates and board representation for equity stakes in companies in the Impact Private Debt & Equity fund range and mandates. During the due diligence phase as well as during the monitoring phase, the investment team can determine the need for engagement to minimize negative impact or to optimize positive impact.

In the investment selection process key opportunities for improvement and for longer term value creation are identified and provide the basis for building trusting relationships with investees. Strategic engagement topics based on specific funds, themes and across all financial products are prepared by a range of department representatives and approved in the Triodos Investment Management Impact Committee.

Engagement activities are monitored on a quarterly basis in the Impact Financial Risk Committee and reported upon annually. In the case of (alleged) adverse impact, the investee is contacted to clarify and investigate the allegations or information, and to assess the severity of the incident as well as the responsibility and accountability of the investee. Involvement in a controversy with limited responsibility would lead to expressing a concern and more scrutiny on the topic, while involvement in a severe controversy highlighting clear shortcomings would lead to a major concern and decision to divestment.

Please refer to our engagement policy for our Impact Equities and Bonds fund range and mandates here and for our Impact Private Debt and Equity fund range and mandates here. These policies relate to minimising adverse impact, a.o. in relation to the SFDR PAIs as well as to advancing positive impact. The policies are reviewed periodically to ensure they reflect the latest best practices, align with our engagement practice and clearly state our approach in case there is no reduction of adverse impact for a longer period of time.

References to international standards

[*Information referred to in Article 9*]

Please refer to our website disclosure for an overview of international standards, network and initiatives we adhere to or support in any other manner. Triodos IM adheres to the following responsible business conduct codes and internationally recognized standards for due diligence and reporting in relation to the PAIs:

- **IFC Performance Standards**

For our Energy transition investments, we adhere to the IFC Performance Standards and / or the Equator Principles in order to manage environmental and social risks and impacts. The IFC Performance Standards address PAI 7: Activities negatively affecting biodiversity sensitive areas, PAI 8: Emissions to water, PAI 9: Hazardous waste ratio, PAI 10: Violations of UNGC principles and OECD Guidelines for MNE. Data is collected directly from the investment projects. Investment teams apply both a backward- and forward-looking lens in their due diligence on such factors. There is no reference to climate scenarios.

- **Science Based Target Initiative (SBTi)**

Science Based Target Initiative (SBTi) validated Triodos Bank's near-term emission reduction targets. This relates to the scope 1, 2 and 3 emissions of Triodos Bank (including subsidiary Triodos Investment Management). In scope 3, the scope 1 and 2 Greenhouse Gas (GHG) emissions of our investment portfolio is captured and hence relates to PAI 1 on GHG emissions. Additionally, we encourage our investees to report on scope 3 and use proxy data where available. The validated science-based near-term targets are part of Triodos Bank's broader ambition to be net-zero as early as possible, at the latest by 2035. This goes beyond the requirements of the Paris Agreement. As part of our climate change engagement for listed investments, we measure two company milestones: 1) a company is committed to setting science-based targets, and 2) a company has set science-based targets, in line with the 1.5°C trajectory. The Science Based Targets initiative (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. For the monitoring of physical risks we use ISS-ESG Climate Physical Risk Data - Scenarios. More specifically the scenario's we use are: RCP8.5 3.2-5.4℃ and RCP4.5 1.7-3.2℃ (by IPCC part of the 5th assessment).

Triodos Investment Management's degree of alignment with the objectives of the Paris Agreement is stated in the vision paper 'Towards a low carbon economy'. This and more vision papers and white papers on sustainability matters are available on our website.

- **Social Performance Task Force (SPTF) and joint venture of Cerise+SPTF**

Active contributor to the Social Performance Task Force (SPTF) through the board membership, active participation in the Social Investor Working Group of Cerise+SPTF and support of the industry-wide initiatives that advocate fair pricing and transparency, and promotion of the Client Protection Principles of the Client Protection Pathway. The Universal Standards for Social and Environmental Performance Management are based on and aligned with the principles laid down in the UNGC, UN Bill of Human Rights, OECD MNE and ILO conventions and as such, they address several PAI, namely PAI 4: Exposure to Fossil Fuel sectors, PAI 5: Share of non-renewable energy (consumption), PAI 10: Violations of UNGC principles and OECD Guidelines for MNEs, PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines for MNEs, PAI 12: Gender pay gap, PAI 13: Board gender diversity. Data is collected directly from the investment projects. Investment teams apply both a backward- and forward-looking lens in their due diligence on such factors. There is no reference to climate scenarios as the initiative is focused primarily on social due diligence topics.

- **UN PRI**

Triodos Investment Management is signatory of the United Nations Principles for Responsible Investment (UN PRI), and reports on our responsible investment activities annually.

As the framework has been redesigned, it is unclear at the moment of writing which PAIs are used to report to the UN PRI.

Historical comparison

[*Information referred to in Article 10*]

A historical comparison is not yet available as this PAI statement presents the baseline as a result of the first year of data collection. In the PAI statement published from 2024 onwards, this section will include historical comparisons with the previous reference period(s) up to at least 5 previous reference periods.

Table 2

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors(qualitative or quantitative)	Metric
Indicators applicable to investments in investee companies		
Climate and other environment-related indicators		
Emissions	1. Emissions of inorganic pollutants	Tonnes of inorganicpollutants equivalent per million EUR invested, expressed as a weightedaverage.
	2. Emissions of air pollutants	Tonnes of air pollutants equivalent per million EUR invested, expressedas a weighted average.
	3. Emissions of ozone-depleting substances	Tonnes of ozone-depleting substancesequivalent per million EUR invested, expressedas a weighted average.
	4. Investments in companies without carbon emission reduction initiatives	Share of investments ininvestee companieswithout carbon emission reduction initiatives aimed at aligning with the Paris Agreement.
	5. Breakdown of energy consumption by type of non-renewable sources of energy	Share of energy from non-renewable sources used by investeecompanies broken down by each non-renewable energy source.
Energy performance	6. Water usage and recycling	1. Average amount of water consumed by the investee companies (incubic meters) per millionEUR of revenue of investee companies.

Water, waste and material emissions		2. Weighted average percentage of water recycled and reused by investee companies.
	7. Investments in companies without water management policies	Share of investments ininvestee companies without watermanagement policies.
	8. Exposure to areas of high-water stress	Share of investments ininvestee companies with sites located in areas of high-water stress withouta water management policy
	9. Investments in companies producing chemicals	Share of investments ininvestee companies the activities of which fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.
	10. Land degradation, desertification, soil sealing	Share of investments ininvestee companies the activities of which cause land degradation, desertification, or soil sealing.
	11. Investments in companies without sustainable land/agriculture practices	Share of investments ininvestee companies without sustainable land/agriculture practicesor policies.
	12. Investments in companies without sustainable oceans/seas practices	Share of investments in investee companies without sustainable oceans/seas practices or policies.
	13. Non-recycled waste ratio	Tonnes of non-recycledwaste generated byinvestee companies per million EUR invested, expressed as a weighted average.
	14. Natural species and protected areas	1. Share of investments in investee companies whose operations affect threatened species. 2. Share of investments in investee companies without a biodiversity protection policy covering operational sites owned, leased, managed in, or adjacent to, a protected area or an area of high biodiversity value outside protected areas.
	15. Deforestation	Share of investments incompanies without a policy to address deforestation.

Green securities	16. Share of securities not issued under Union legislation on environmentally sustainablebonds	Share of securities in investments not issued under Union legislation on environmentally sustainable bonds.
Indicators applicable to investments in sovereigns and supranationals		
Green securities	17. Share of bonds not issued under Union legislation on environmentally sustainable bonds	Share of bonds not issued under Union legislation on environmentally sustainable bonds.
Indicators applicable to investments in real estate assets		
Greenhouse gasemissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets.
		Scope 2 GHG emissions generated by real estate assets.
		Scope 3 GHG emissions generated by real estateassets
		Total GHG emissions generated by real estateassets
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter.
Waste	20. Waste production in operations	Share of real estate assets not equipped with facilities for waste sorting and not covered by a waste recovery or recycling contract.
Resource consumption	21. Raw materials consumption for new construction and major renovations	Share of raw building materials (excluding recovered, recycled and bio-sourced) compared to the total weight of building materials used in new construction and major renovations.

Biodiversity	22. Land artificialisation	Share of non-vegetated surface area (surfaces that have not been vegetated in ground, as well as on roofs, terraces and walls) compared to the total surface area of the plots of all assets.

Table 3

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERYMATTERS		
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**
Indicators applicable to investments in investee companies		
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy.
	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average.

	3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average.
	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour).
	5. Lack of grievance/complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/ complaints handling mechanism related to employee matters.
	6. Insufficient whistle blower protection	Share of investments in entities without policies on the protection of whistle blowers.
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average.

		2. Number of incidents of discrimination leadingto sanctions in investee companies expressed as a weighted average.
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual).
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy.
	10. Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts.
	11. Lack of processes and measures for preventing trafficking in human beings	Share of investments in investee companies

		without policies against trafficking in human beings.
	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour in terms of geographic areas or type of operation.
	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or type of operation.
	14. Number of identified cases of severe human rights issues and incidents	Number of cases of severe human rights issues and incidents connected to investee companies on a weighted average basis.
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption.

	16. Cases of insufficient action taken to address breaches of standards of anti-corruption andanti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.
	17. Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Number of convictions and amount of fines for violations of anti-corruption and anti-bribery laws by investee companies
Indicators applicable to investments in sovereigns and supranationals		
Social	18. Average income inequality score	The distribution ofincome and economic inequality among the participants in a particular economy including a quantitative indicator explained in the explanation column.

	19. Average freedom of expression score	Measuring the extent to which political and civil society organisations can operate freely includinga quantitative indicator explained in the explanation column.
Human rights	20. Average human rights performance	Measure of the average human right performanceof investee countries using a quantitative indicator explained in the explanation column.
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column.
	22. Non-cooperative tax jurisdictions	Investments in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes.
	23. Average political stability score	Measure of thelikelihood that the current regime will be overthrown using force using a quantitative indicator explained in the explanation column.

	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column.

Appendix

The majority of the PAI indicators are included in the Triodos Bank Minimum Standards assessment. Certain PAI indicators lead to immediate exclusion. We do not apply hard quantitative thresholds other than the exclusionary thresholds. The minimum standards do prescribe qualitative thresholds for unacceptable adverse impact. This appendix provides a mapping of the Triodos assessment criteria that relate to one or multiple PAIs as well as the threshold that applies.

Triodos Investment Management considers all mandatory PAIs on sustainability factors. Moreover, Triodos Investment Management has selected two additional (optional) indicators, one climate and environmental related indicator from Table 2 (no. 4: Investments in companies without carbon emission reduction initiatives) and one indicator from Table 3 on social and employee matters, respect for human rights, anti-corruption and anti-bribery below (no. 15: Lack of anti-corruption and anti-bribery policies). Depending on the fund, data might be available on other additional PAIs.

2. Controversies: Every (potential) investee is assessed on violations of UN Global Compact and OECD Guidelines for Multinational Enterprises on a case-by-case basis considering violations in the last three years. Per case, the verification of information, severity and company response are considered to conclude if a case is low, medium or high concern. In case a company is involved in severe and/or frequent violations without taking credible remediation measures, "high concern" is concluded, and the investee is excluded from investment.

Triodos assessment	SFDR PAI	Threshold
Controversies	10 (Violations of UN Global Compact principles and OECD Guidelines)	Significant violations of UN Global Compact or OECD Guidelines within the last 3 years
	11 (Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines)	
	S7 (Incidents of discrimination)	
	S14 (Number of severe human rights issues and incidents)	
	S16 (Cases of insufficient action with breaches of anti-corruption)	
	S17 (Convictions and fines for anti-corruption)	

3. ESG assessment: By combining our proprietary materiality map, highlighting material ESG issues per industry, with an understanding of the company's actual business activities, the risk that an investee inflicts negative impacts on these ESG issues is assessed. Based on the risk classification (low, medium or high risk), the company must meet additional requirements such as having sustainability programs, reporting, certifications, policies or practices in place. In case a company does not meet these requirements but is in transition, it is flagged for engagement. The PAI indicators are considered on an absolute basis, over time and compared to five peers (where relevant). Taking all of the above into consideration, a company's practices are assessed as low, medium or high concern. If "high concern" is concluded, the investee is excluded from investment.

Triodos ESG issue		SFDR PAI	Threshold
Environmental	Climate change	1 (GHG emissions) 2 (Carbon footprint) 3 (GHG intensity) 5 (Share of non-renewable energy consumption and production) 6 (Energy consumption intensity) E4 (Companies without carbon reduction initiatives) E5 (Energy consumption per non-renewable energy source)	High risk for climate change without GHG emissions reporting and Paris-aligned reduction targets; Significant controversies
	Water	E6 (Water usage and recycling) E7 (Investments in companies without water management policies) E8 (Exposure to areas of high water stress)	High risk for water scarcity without activities to reduce freshwater use; Significant controversies
	Waste	E13 (Non-recycled waste ratio)	Significant controversies
	Pollution	8 (Emissions to water) 9 (Hazardous and radioactive waste ratio) E2 (Emissions of air pollutants)	Significant controversies
	Ecosystems	7 (Activities negatively affecting biodiversity) E11 (Companies without sustainable land/agriculture practice) E12 (Companies without sustainable oceans/seas practice) E15 (Deforestation)	High risk for biodiversity, deforestation, cotton, soy, palm oil or fishery without relevant policies, programs and measures promoting sustainable activities; Significant controversies
Social	Human rights & community	S9 (Lack of human rights policy) S10 (Lack of human rights due diligence)	High risk for human rights or conflict minerals without relevant policy and practices; Significant controversies
	Labour practices	S1 (Companies without workplace accident prevention policies) S2 (Rate of accidents) S3 (Numbers of days lost to injuries, accidents, fatalities or illness) S4 (Lack of supplier code of conduct) 12 (Unadjusted gender pay gap) S5 (Lack of grievance/complaints mechanism for employee matters) S12 (Operations and suppliers at significant risk of child labour) S13 (Operations and suppliers at significant risk of forced labour)	High risk for labour rights without relevant policies, targets and monitoring; Significant controversies

	Supply chain management	S12 (Operations and suppliers at significant risk of child labour) S13 (Operations and suppliers at significant risk of forced labour)	High risk for labour rights in the supply chain without relevant policies, targets and monitoring; Significant controversies
Governance	Corporate governance	13 (Board gender diversity) S8 (Excessive CEO pay ratio)	CEO pay ratio exceeding 100:1 and size-adjusted absolute CEO pay exceeding €2.5 mln in the last 5 years; Significant controversies
	Business ethics	S15 (Lack of anti-corruption and anti-bribery policies) S6 (Insufficient whistleblower protection)	Significant controversies

The PAI assessment is based on data provided by external parties (third-party ESG data provider, public information and/or investee company).