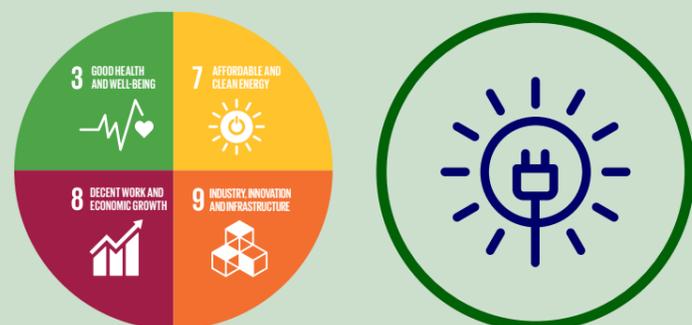


Innovation for sustainability

Sustainable innovation is a process where sustainability considerations are integrated into company systems from idea generation through to research and development (R&D) and commercialisation. This applies to products, services and technologies, as well as new business and organisation models. Different innovation levels exist. From small improvements and complete redesigns of existing products to the design of new products, services and complete systems.

How to innovate for a sustainable future?

- > Make use of ICT-enabled innovations
- > Make use of other new technologies
- > Make sure that innovation does not compromise human safety and dignity, and quality of life



The Triodos perspective

Throughout history, innovation has been instrumental in how mankind increased prosperity and found answers to challenges. It is a key element in creating a sustainable society. ICT-enabled innovations may help reduce GHG-emissions and waste by increasing production efficiency. And in addition, ICT also has the potential to enhance social inclusion.

Other innovations may also help to move towards a more sustainable direction. We have discussed several innovations in our investment themes, but this list is not exhaustive. Moreover, it's hard to predict the technology of the future. One thing is certain: we need technology to overcome the challenges in sustainability.

This does not mean innovation is always a positive. While intentions may be good, the outcomes can be questionable. This is the case, for example, with protection of digital data and privacy. Innovation always requires a balanced approach. When investing two questions always need a positive answer for us: does the innovation help the transition towards a sustainable world and are human quality of life, safety and dignity not comprised.

Investing in innovation for sustainability

ICT ENABLED SUSTAINABLE INNOVATIONS

We are in the middle of an ongoing digital revolution. Information Communication Technologies are crucial to bring about this change in the coming years. ICT-enabled, sustainable innovations can bring, for example, better health and transportation systems, improve livability, ensure there is clean water and clean air. Investable solutions range from companies active in the smart supply chain space to companies active in Robotics and data-driven innovation. For the latter, we watch closely how they handle data privacy and data security³⁷.

CYBER SECURITY

ICT is still becoming more important every day in our society, from production and consumption to politics. So is the need for cyber security. We invest in companies offering cyber security solutions to protect consumers and companies against the threats of an increasingly digital society.

NEW TECHNOLOGIES

We also invest in companies that have new technologies not covered by other transition themes. That is, in companies with new products, services or business models.

Escaping the innovation dilemma in sustainable development

“Embedded within the definition of sustainable development formalised by the Brundtland Commission in Our Common Future, there are important nuances that should inform the role of innovation. Under that definition, development is sustainable when it “meets the needs of the present without compromising the ability of future generations to meet their own needs.

This means that as we innovate within business, government and civil society, we should remember to; recognise the needs of a wide variety of people, including those unable to attend the major sustainable development and climate change meetings; understand the relevance and diversity of abilities, in terms of the

capacity of individuals and communities to provide for these needs as well as hard limits that stem from ecosystems and the environment; embrace a time-frame that goes beyond the short-term interests of today's leaders and citizens, spanning multiple generations and thereby changing our ideas about what constitutes resilience and efficiency; accept our inter-dependency in a global commons, and acknowledge that the goal of collective prosperity can be undermined by the misuse of resources by competing groups.”

Nicholas Davis, Head of Society and Innovation, Member of the Executive Committee at the World Economic Forum (WEF)³⁸.