

Implementing the UN Principles for Responsible Banking

The following summary sets out Triodos Bank's current status regarding the implementation of the UN Principles for Responsible Banking. Our strategy is driven by our mission to create positive change through the use of money. Hence the UN Principles for Responsible Banking, whilst helpful as a global collective effort for action, do not encapsulate our work in this arena.

The sections that follow outline our activity in relation to each of the numbered Principles as at September 2019. We consider this to be a journey of continuous improvement therefore, our plans are likely to evolve over time.

1. Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Triodos Bank was founded as a mission-led bank with the objective of using money for positive change. As a consequence all of the loans and investments that we make are designed to improve social and environmental sustainability and improve the quality of life for communities.

As a consequence we are already aligned with many of the global frameworks through our local activities across our operations. Our current reporting includes our [impact](#) per [sector](#).

With reference to the key alignment mentioned in the UN Principles for Responsible Banking:

Paris Climate Agreement:

- Our energy generation portfolio consists of 100% renewable energies – such as wind and solar. This is a sector where we have been leaders and pioneers in for four decades. We finance more renewable energy projects than any other financial institution in Europe – include many locally owned community schemes.
- We are a founding member of PCAF (the Partnership for Carbon Accounting in Financials) and reported the climate contribution of the majority of our portfolio in our [annual report](#). Our report shows that we have a relatively low climate intensity from our loans and investments, however we are researching how quickly we may be able to take the lead in reaching a net-zero portfolio (and beyond). PCAF is now a global initiative with over 50 banks collaborating across the world to account for their portfolio climate impact as a first step towards setting Science-Based Targets.

Sustainable Development Goals

- We have a framework in place for addressing the SDGs and monitor our [impact across all areas](#). In particular we are looking to find new solutions and innovations that are able to address the challenges in the least developed areas.

Other relevant international frameworks

- Beyond the Paris Climate Agreement and the SDGs, we are also committed to the following global initiatives:
 - Equator Principles

- Financial Action Task Force recommendations
- UNGP on Business & Human Rights
- OECD Guidelines for Multinational Enterprises
- UN Global Compact
- UN Principles for Responsible Investment
- Wolfsberg Principles
- European SRI Transparency Code
- IFC Performance Standards and Health and Safety Guidelines
- Global Reporting Initiative (GRI) framework.

2. Impact & Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

We have been managing impact consciously from a time before much of today's terminology did not exist. Our starting point for every loan we make is to understand the motivation of the entrepreneur and its alignment to creating a positive change for society.

We are currently implementing a new impact management framework across the entire bank to be applied to all credits.

Once we have reviewed the outcomes from our new impact management framework and engaged with other stakeholders we will look into the most appropriate published targets that should be set.

3. Clients & Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

We are seeking to extend our leadership position by optimising our support for clients making climate and energy transitions. We are offering green mortgages which not only offer a discounted interest rate based on energy label but now specifically support energy improvement investments by householders. We are focusing on real estate and agriculture as areas where we can make a significant portfolio reductions in carbon emissions as well as seeking ways to increase carbon sequestration from woodlands and other conservation projects.

We will be building on our method of cross-pollination taking practices from some sectors and introducing them to others. This includes bringing artists into specialist children care organisations, organic food suppliers into healthcare organisations, and energy efficiency installers into owners of cultural heritage buildings. Longer term, we want to leverage the potential of the wider Triodos community in being able to catalyse transformation – not just within our own network, but in the wider economy.

4. Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Whilst we have very high levels of stakeholder engagement and involvement (with c.[5,000] attendees at annual meetings and events annually) we intend to engage with stakeholders more specifically on the most significant impacts in our portfolio on the basis of results from our Impact management framework. We will also discuss areas where we are likely to have the most significant impact – through our direct lending activity but also through showing leadership within a sector that can inspire others across the banking industry. In many cases, our role as a frontrunner in responsible finance can be equally if not more important than the impact we can make directly.

We have also been proactively advocating for sustainable finance together with many other stakeholders – both at a national level through our branches, but also at European level. Together with GABV, Mission 2020 and Finance Watch, we published New Pathways for Sustainable Finance (2017) and have contributed to many European regulatory issues relating to Sustainable Finance together with a broad coalition of stakeholders.

In the Netherlands, we contributed widely to helping shape an ambitious national climate agreement signed this summer including a commitment from across the financial sector to adhere to the reduction targets.

5. Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Our values and our mission are continuously reinforced within our culture by being fully integrated into our operations. We have not separated sustainability as a department or a function since it is inherent to all coworkers in the organisation. We do not pay bonuses or any other financial incentives based upon financial targets. And our internal governance, overseen by our Executive Board, seeks to ensure that we manage a combination of impact, risk and return.

6. Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

We have always been transparent about our activities – right down to giving information about every one of our lending clients so that people [know what we do with their money](#). We believe that transparency is the key to a greater understanding and consciousness within society – from which greater ambition and more positive action becomes possible. In that context we are very keen to continually improve how we make our information as accessible and meaningful as possible.

We will also be making improvements to our impact reporting based upon the Impact management framework (the Impact Prism) that is being implemented (2019-20).