

**Statement on principal adverse impacts  
of investment decisions on sustainability factors  
2022**

# Statement on principal adverse impacts of investment decisions on sustainability factors

Table 1

Financial market participant Triodos Bank N.V. (LEI: 724500PMK2A2M1SQQ228)

## Résumé

La Banque Triodos N.V. (« **Banque Triodos** ») examine les principales incidences négatives de ses décisions d'investissement sur les facteurs de durabilité. La présente déclaration est la déclaration consolidée sur les principales incidences négatives sur les facteurs de durabilité (PAI) de tous les fonds d'investissement, investissements en actions et en obligations pour les produits de gestion de portefeuille. Elle couvre les produits financiers entrant dans le champ d'application du règlement sur la divulgation d'informations sur la finance durable (SFDR).

## Contexte de la déclaration PAI

L'objectif de la déclaration PAI est d'assurer la transparence pour les investisseurs et les autres parties prenantes sur le niveau de préjudice causé par les activités d'un acteur des marchés financiers (PGF) à l'environnement et à la société. D'ici le 30 juin 2023, les PGF qui considèrent les PAI au niveau de l'entité doivent publier une déclaration PAI. Comme le règlement ne fournit pas d'indication de ce qui constitue un préjudice grave, les PGF formulent chacun leur propre interprétation. L'interprétation de la Banque Triodos est basée sur nos Normes Minimales. Au fil du temps, nous nous attendons à ce que les pratiques du marché évoluent, que la disponibilité et la qualité des données s'améliorent. Cela permettrait également d'accroître la comparabilité entre les déclarations PAI des différents PGF. Cette déclaration PAI couvre la période de référence du 1er janvier 2022 au 31 décembre 2022.

## Prise en compte des PAI à la Banque Triodos

Depuis sa fondation en 1980, la Banque Triodos a pour mission de créer une société qui protège et promeut la qualité de vie pour tous et qui place la dignité humaine au cœur de ses préoccupations. La Banque Triodos permet aux particuliers, aux organisations et aux entreprises d'utiliser leur argent de manière bénéfique pour les personnes et l'environnement. La banque promeut le développement durable en proposant à ses clients des produits financiers durables. Notre mission – utiliser l'argent consciemment pour créer un développement positif dans la société, tout en favorisant la dignité humaine – a été un principe directeur tout au long de notre histoire et a trouvé beaucoup d'écho dans la société et le secteur financier. La Banque Triodos propose des produits de gestion de patrimoine à ses clients et entre dans le champ d'application du SFDR. Ces produits sont conçus par la Banque Triodos N.V. et distribués par les succursales Triodos suivantes : Pays-Bas (NL), Belgique (BE) et Allemagne (DE). La Banque Triodos propose trois types différents de produits de gestion de portefeuille : Triodos Fondsbeheer (NL), Triodos Vermogensbeheer (NL) et Triodos Impact portfolio (DE et BE).

Les fonds dans des produits de gestion de portefeuille sont gérés par plusieurs gestionnaires externes et par Triodos Investment Management B.V. (ensemble « gestionnaires de fonds ») Les actions et obligations individuelles sont gérées par Triodos Investment Management B.V. (« Gestionnaires d'actifs ») (collectivement « Gestionnaires de fonds et d'actifs »). Nous sélectionnons soigneusement nos gestionnaires de fonds et d'actifs pour la gestion de ces actifs, afin de nous assurer que leur stratégie d'investissement et leur philosophie durable soient alignées sur notre approche durable. Notre approche se reflète dans les Normes Minimales, le Cadre souverain, la Politique de sélection et d'examen des fonds d'investissement de la Banque Triodos et la Politique PAI. Dans le cadre de notre approche, nous visons à avoir un impact positif et à atténuer l'impact négatif de nos investissements sur les facteurs de durabilité. Un facteur de durabilité signifie des questions environnementales, sociales et des employés, le respect des droits de l'homme, la lutte contre la corruption et la lutte contre les pots-de-vin. Les impacts négatifs les plus importants sont appelés impacts négatifs principaux ou, en bref, PAI. Nos gestionnaires de fonds et d'actifs sélectionnent tous nos investissements en fonction de leur impact positif. Tous les investissements doivent contribuer à l'un des sept thèmes de transition de la Banque Triodos. Ces thèmes de transition découlent des grandes tendances mondiales qui jouent un rôle déterminant dans la transition vers une économie durable. En 2022, la Banque Triodos a utilisé les sept thèmes suivants : alimentation et agriculture durables, ressources renouvelables, économie circulaire, mobilité et infrastructures durables, innovation pour la durabilité, personnes prospères et en bonne santé, inclusion sociale et émancipation. L'examen de l'impact positif est suivi d'un examen ciblé des effets négatifs effectué par nos gestionnaires de fonds et d'actifs. Ce filtrage doit garantir que l'impact négatif des investissements sélectionnés est limité.

L'examen ciblé des incidences négatives est fondé sur les Normes Minimales, le cadre souverain, les controverses potentielles, les normes internationales et sectorielles ainsi que sur des indicateurs spécifiques de les PAI qui ne sont pas encore couverts par ce qui précède. Les Normes Minimales définissent les Normes Minimales absolues que nous appliquons pour toutes ses activités d'investissement. Ces Normes Minimales sont conçues pour garantir que les entreprises et/ou les projets sont exclus lorsqu'ils nuisent de manière significative aux objectifs environnementaux et/ou sociaux et/ou ne suivent pas les bonnes pratiques de gouvernance, qui sont définies comme suit: 1) entraver la dignité humaine et nier la qualité de vie des personnes, 2) mettre en péril une société durable en ce qui concerne le monde animal et l'environnement et 3) violer les bonnes structures de gouvernance d'entreprise. La majorité des indicateurs PAI sont inclus dans l'évaluation des Normes Minimales. Certains indicateurs PAI conduisent à une exclusion immédiate. Nos gestionnaires de fonds et d'actifs n'appliquent pas de seuils quantitatifs stricts autres que les seuils d'exclusion. Les Normes Minimales prescrivent des seuils qualitatifs pour les effets négatifs inacceptables. La Banque Triodos tient compte de tous les PAI obligatoires en fonction des facteurs de durabilité. En outre, la Banque Triodos a sélectionné deux indicateurs supplémentaires, un indicateur du Tableau 2 (n° 4 : Investissements dans les entreprises sans initiatives de réduction des émissions de carbone) et un indicateur du Tableau 3 (n° 15 : Absence de politiques anti-corruption et anti-pots-de-vin) du Règlement Délégué 2022/1288.

Pour chaque nouvel investissement, un examen ciblé des impacts négatifs est effectué par nos gestionnaires de fonds ou d'actifs. S'il s'avère qu'un investissement/une entité dans laquelle elle investit cause un préjudice important au regard de l'une de ces normes, il est exclu de l'investissement. Les émetteurs souverains sont évalués de la même manière, sur la base d'un cadre souverain définissant un ensemble de Normes Minimales adaptées aux émetteurs souverains (telles que la ratification de codes et conventions internationaux) pour être éligibles à l'investissement.

Enfin, nos gestionnaires de fonds et d'actifs agissent en tant que gardiens des personnes et de la planète. Nos gestionnaires de fonds et d'actifs investissent uniquement dans des entreprises qui contribuent à la transition vers une société durable. Par conséquent, nos gestionnaires de fonds et d'actifs s'engagent auprès des entreprises et des institutions pour susciter des changements positifs et minimiser l'impact négatif. Le cas échéant, ils discutent des questions de gouvernance, environnementales et sociales pertinentes pour les modèles d'entreprise spécifiques des entreprises bénéficiaires. Ces discussions ont souvent déjà lieu avant qu'une société ne soit ajoutée à l'univers / portefeuille d'investissement, car nos gestionnaires de fonds et d'actifs évaluent quantitativement et qualitativement les entreprises pour leur contribution à nos thèmes de transition durable et leur alignement sur nos Normes Minimales. Dans cette déclaration, la Banque Triodos fournit plus d'informations sur son approche globale pour identifier, hiérarchiser et traiter les PAI de ses décisions d'investissement sur les facteurs de durabilité pour les produits financiers concernés par le SFDR.

## **Résultats 2022**

Suite à son processus d'investissement décrit ci-dessus, la Banque Triodos ne tolère aucun préjudice significatif dans ses portefeuilles. Sur la base des données de 2022, rien n'indique un impact négatif significatif dans nos portefeuilles. L'explication et les mesures prises et prévues pour réduire tout impact négatif sont décrites par indicateur ci-dessous. Pour 2023, l'action clé pour nos gestionnaires de fonds et d'actifs est de s'engager avec toutes les sociétés dans lesquelles nous investissons sur la réduction des émissions de gaz à effet de serre dans leurs opérations et leurs chaînes d'approvisionnement. À l'heure actuelle, étant donné qu'il s'agit de la première année de déclaration des PAI, les données historiques et les repères relatifs à les PAI ne sont pas disponibles. Par conséquent, les évaluations hautes/basses actuelles sont basées sur nos processus, y compris les Normes Minimales. À l'avenir et sur la base de la disponibilité des données, la Banque Triodos a l'ambition d'établir des seuils d'objectifs PAI.

## Summary

Triodos Bank N.V ('**Triodos Bank**'), considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors (PAIs) of all investment funds, equity and bond investments for the portfolio management products and covers the financial products in scope of the Sustainable Finance Disclosure Regulation (SFDR).

## Background of 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) activities to the environment and to society. By June 30th, 2023, FMPs that consider PAIs on an entity level have to publish a PAI statement. As the regulation does not provide an indication of what constitutes significant harm, FMPs each formulate their own interpretation. Triodos Bank interpretation is based on our Minimum Standards. Over time, we expect market practice to evolve, data availability and quality will improve. This would also increase comparability across PAI Statements of different FMPs. This PAI-statement covers the reference period from 1 January 2022 to 31 December 2022.

## Consideration of PAIs at Triodos Bank

Since its foundation in 1980, Triodos Bank is in business to create a society that protects and promotes quality of life for all and has human dignity at its core. Triodos Bank enables individuals, organisations and businesses to use their money in ways that benefit people and the environment. The bank promotes sustainable development by offering their customers sustainable financial products. Our mission – to use money consciously to create positive development in society, with human dignity at its core – has been a guiding principle throughout our history and has found a lot of resonance in society and the financial sector. Triodos Bank offers portfolio management products to its clients and are in scope of the SFDR. These products are manufactured by Triodos Bank N.V. and distributed through the following Triodos branches: Netherlands (NL), Belgium (BE) and Germany (DE). Triodos Bank offers three different type of portfolio management products: Triodos Fondsbeheer (NL), Triodos Vermogensbeheer (NL) and Triodos Impact portfolio (DE and BE).

The funds in the portfolio management products are managed by several external fund managers and by Triodos Investment Management B.V. (together “Fund managers”) The individual shares and bonds are managed by Triodos Investment Management B.V. (“Asset Managers”) (together “Fund and Asset Managers”). We carefully select our Fund and Asset managers for managing these assets, to ensure that their investment strategy and sustainable philosophy is aligned with our sustainable approach. Our approach is reflected in the Minimum Standards, Sovereign Framework, Triodos Bank Investment Funds Selection & Review Policy and PAI Policy. As part of our approach, we aim to make positive impact and mitigate negative impact of our investments on sustainability factors. A sustainability factor means an environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The most significant negative impacts are called principal adverse impacts or, in short, PAIs.

Our Fund and Asset managers screen all our investments on positive impact. All investments must contribute to one of the seven transition themes of Triodos Bank. These transition themes are derived from global mega-trends that are instrumental in the transition towards a sustainable economy. In 2022 Triodos Bank employed the following seven themes: Sustainable Food and Agriculture, Renewable Resources, Circular Economy, Sustainable Mobility and Infrastructure, Innovation for Sustainability, Prosperous and Healthy People, Social inclusion and Empowerment. The positive impact screening is followed by a targeted adverse impact screening performed by our Fund and Asset managers. This screening must ensure that the negative impact of the selected investments is limited.

The targeted adverse impact screening is based on the Minimum Standards, Sovereign Framework, potential controversies, international- and sector standards as well as specific PAI indicators that are not yet covered by the above. The Minimum Standards set out the absolute minimum standards that we apply for all its investment activities. These Minimum Standards are designed to ensure that companies and/or projects are excluded when they significantly harm environmental and/or social objectives and/or do not follow good governance practices, which is defined as: 1) hamper human dignity and deny people’s quality of life, 2) jeopardies a sustainable society with respect to the animal world and environment and 3) violate good corporate governance structures. The majority of the PAI indicators are included in the Minimum Standards assessment. Certain PAI indicators lead to immediate exclusion. Our Fund and Asset managers do not apply hard quantitative thresholds other than the exclusionary thresholds. The Minimum Standards do prescribe qualitative thresholds for unacceptable adverse impact. Triodos Bank considers all mandatory PAIs on sustainability factors. Moreover, Triodos Bank has selected two additional indicators, one indicator from Table 2 (no. 4: Investments in companies without carbon emission reduction initiatives) and one indicator from Table 3 (no. 15: Lack of anti-corruption and anti-bribery policies) from Delegated Regulation 2022/1288.

For every new investment, a targeted adverse impact screening is performed by our Fund or Asset managers. If an investment/investee is found to cause significant harm in relation to any of those standards, it is excluded from investment. Sovereign issuers are assessed similarly, based on a Sovereign Framework defining a set of minimum standards suitable for sovereign issuers (such as ratification of international codes and conventions) to be eligible for investment.

Finally, our Fund and Asset managers act as stewards for people and planet. Our Fund and Asset managers invest only in companies that contribute to the transition towards a sustainable society. Therefore, our Fund and Asset managers engage with companies and institutions to drive positive change and to minimise adverse impact. Where appropriate, they discuss governance, environmental and social issues relevant to the investees specific business models. These discussions often already take place before a company is added to the investable universe/ portfolio, as our Fund and Asset managers assess companies quantitatively and qualitatively for their contribution to our sustainable transition themes and alignment with our Minimum Standards. In this statement Triodos Bank provides more information on our overall approach to identifying, prioritizing, and addressing PAI's of our investment decisions on sustainability factors for the financial products in scope of the SFDR.

## **2022 Results**

Following our investment process described above, Triodos Bank does 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 is described per indicator below. For 2023, the key action for our Fund and Asset managers is to engage with all our investee companies on reduction of greenhouse gas emissions in their operations and supply chains. At present, since this is the first year of PAI reporting, historical data and benchmarks in relation to PAI are not available. Therefore, the current high/low assessments are based our processes including Minimum Standards. In the future and based on data availability, Triodos Bank has the ambition to establish PAI targets thresholds.

## Description of the principal adverse impacts on sustainability factor

In the below table we provide the quantitative data per mandatory principal adverse impact indicator of table 1 and the two additional indicators (indicator 4 from table 2 and indicator 15 of table 3 of Delegated Regulation 2022/1288). All the data was received from our Fund and Asset managers. They receive the information directly from the investee companies or via a data provider. Those data providers collect the data in principle directly from the investee companies. Next to the figures we also provide an explanation of the indicators in the table below. We explain if the outcome of an indicator is relatively low or high in relation to our Minimum Standards. Finally, we explain any action taken or planned on the PAI-indicator. Since this is the first reporting period for most indicators no concrete actions were taken yet.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	44.148,31 tCO2eq	Not available, 2022 is baseline	The majority of scope 1 emissions are from our listed investments. The largest emitters are in the Paper & Forestry, Chemicals and Building Products industries. The companies in these sectors are important contributors to the climate and resource transition. The paper and forestry investments primarily concern paper producers that replace non-biodegradable plastic packaging materials with recyclable and biodegradable paper packaging options. In the chemicals sector our investments include producers of materials necessary for many different transitions, such as food and agriculture, resource use and energy use. In the buildings sector we invest in companies that help build sustainable buildings that make efficient use of resources and energy.	In 2022 an analysis was done by Triodos Investment Management of the largest emitters. Various of our Fund and Asset managers engaged with selected investee companies to improve GHG emissions reduction, target setting, reporting and carbon reduction initiatives. For 2023 we are going to engage on a periodic basis with our Fund and Asset managers to discuss progress on the improvement of this indicator.



Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	Scope 2 GHG emissions	33.807,28 tCO2eq	Not available, 2022 is baseline	See above	See above.
	Scope 3 GHG emissions	807.059,19 tCO2eq	Not available, 2022 is baseline	See above	Our Fund and Asset manager stimulates companies to report on scope 3 emissions in its engagement.
	Total GHG emissions	885.014,79 tCO2eq	Not available, 2022 is baseline	See above	See above.
2. Carbon footprint	Carbon footprint	456,94 tCO2eq/EU Rm	Not available, 2022 is baseline	See above	See above.
3. GHG intensity of investee companies	GHG intensity of investee companies	130,65 tCO2eq/EU Rm	Not available, 2022 is baseline	Apart from the industries mentioned above also Utilities and Semiconductors have a high carbon intensity. These sectors are however also enablers for the energy transition.	On a periodic basis we engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	Not available, 2022 is baseline	All companies active in the fossil fuel sector are excluded from investment.	All investments in 2022 have been screened against the Minimum Standards of Triodos Bank. This will continue for 2023.
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 a percentage of total energy sources	Renewable 66,81% and Non-renewable 10,06%	Not available, 2022 is baseline	The share of non-renewable energy consumption is more than 50% as the average global energy mix is still highly dependent on fossil fuels. The share of non-renewable energy production is near to zero since we carefully select renewable energy producers.	On a periodic basis we engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
Greenhouse gas emissions	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	<p>Agriculture, Forestry &amp; Fishing 5,62 GWh/EURm</p> <p>Construction 0,02</p> <p>Electricity, Gas, Steam and Air Conditioning Supply 0,18</p> <p>Manufacturing 0,82</p> <p>Mining &amp; Quarrying 0,00</p> <p>Real Estate Activities 0,01</p> <p>Transportation &amp; Storage 0,96</p> <p>Water Supply, Sewerage, Waste Management &amp; Remediation 0,00</p> <p>Wholesale &amp; Retail Trade &amp; Repair 0,07</p>	Not available, 2022 is baseline	Triodos Bank did 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 and company is key to support the resources transition.	A major part of energy consumption intensity comes from one company, International Paper. Our Fund and Asset manager engaged in 2022 on CO2 targets and actions taken. Targets were set on emissions intensity reduction for the pulp & paper sector, which can only be achieved through reducing energy consumption intensity. On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Biodiversity</b>	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	4,20%	Not available, 2022 is baseline	Triodos Bank has a Minimum Standard on biodiversity. Companies with activities that negatively impact on biodiversity without appropriate measures are excluded.	For the portfolios limited companies that have a negative effect on biodiversity were found. Nearly all of these companies have biodiversity policies in place. There are two companies for which we could not determine whether a biodiversity policy is in place. Triodos Bank will follow up via the Fund and Asset manager. On a periodic basis we continue to engage with our Fund and Asset managers to discuss this indicator.
<b>Water</b>	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,0001 t/EURm	Not available, 2022 is baseline	Triodos Bank 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 contribute to the circular economy	Our Fund and Asset manager is going to engage with the highest emitters to water to stimulate them to take measures to reduce emissions. On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Waste</b>	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	0,001 t/EURm	Not available, 2022 is baseline	Triodos Bank per its investment approach does not invest in industries that generate hazardous substances. Where the risk exists, a Minimum Standard on hazardous substances limits potential exposure and prescribes a mitigating mechanism. Triodos Minimum Standards exclude 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 (Persistent Organic Pollutants) involvement is excluded) or that are in any other way involved in controversies, do not respect international agreements or run their businesses in a way that causes serious and irreversible environmental damage. Involvement relates mainly to companies in the Chemicals. The involvement of those companies is below our 5% thresholds and there is zero involvement with POP chemicals.	Our Fund an Asset manager engaged with chemical companies to stimulate them to limit their use. On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
<b>Social and employee matters</b>	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	0%	Not available, 2022 is baseline	No violations identified due to strict pre-investment screening.	Our Fund and Asset managers continuously monitor violations for all holdings including assessment of severity and remediation measures. On a periodic basis we continue to engage with our Fund and Asset managers to discuss this screening process.
	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.	43,95%	Not available, 2022 is baseline	The percentage is relatively high, because in our due diligence we focus on the actual outcome and not necessarily whether policies are in place or not. Nonetheless, all companies identified as high risk must have policies and processes in place to monitor compliance with these Principles and to address violations. Companies without such mechanisms in place relate to sectors that are not considered high risk by Triodos Bank and are mostly in a start-up phase. Those companies do not have all policies in place yet, but our Fund and Asset Managers assess in the due diligence process whether their processes are aligned with the international standards.	Our Fund and Asset managers continuously monitor compliance mechanisms for all holdings. During our periodic engagement with our Fund and Asset managers this indicator is discussed.

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Social and employee matters</b>	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	2,83%	Not available, 2022 is baseline	Data availability is very low.	Our Fund and Asset managers plan for 2023 to include in its engagement a call to companies to disclose this data. On a periodic basis we continue to engage with our Fund and Asset managers to discuss this indicator.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	31,97%	Not available, 2022 is baseline	<p>Triodos Bank aims to have at least one third of the board members of a company to be female.</p> <p>For the investment funds of Triodos Investment management this is reflected in the proxy voting guidelines. Triodos Investment management votes against the Chairman of the nomination committee if less than one third of the board is female without a satisfactory rationale. For the individual shares and obligations Triodos Bank has no voting rights. However, a lot of the companies are also represented in the Triodos Investment Management funds.</p>	On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator. Furthermore, Triodos IM has assessed policies and exercised voting rights for all Fund holdings where this was possible (15,4% of the AUM).
	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%	Not available, 2022 is baseline	All involvement in controversial weapons leads to exclusion.	All investments are periodically screened against the Minimum Standards of Triodos Bank and we continue to do that.

## Indicators applicable to investments in sovereigns and supranationals

Adverse sustainability indicator		Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
<b>Environmental</b>	15. GHG intensity	GHG intensity of investee countries	0,1138 KtonCO2eq/EURm		Under the Sovereign Framework, used by our Fund- and Asset managers 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.	On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.
<b>Social</b>	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0# and 0%		Under the Sovereign Framework, every sovereign and sub-sovereign is assessed on international sanctions.	On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

### Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Fossil fuels</b>	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	0%	Not available, 2022 is baseline	Only a limited portion of the Triodos Groenfonds investment contains direct investments in real estate assets, however none of these investments are involved in extraction, storage, transport of manufacture of fossil fuel.	Not relevant.
<b>Energy efficiency</b>	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0%	Not available, 2022 is baseline	Only a limited portion of the Triodos Groenfonds investment contains direct investments in real estate assets, however all these investments are in energy efficient real estate assets.	Not relevant.

### Other indicators for principal adverse impacts on sustainability factors

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Emissions (Table 2)</b>	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	28,49%	Not available, 2022 is baseline	The vast majority of the companies not having carbon reduction initiatives operate in a low- or medium-emitting sector so the carbon risk is limited. Triodos Bank requires companies operating in high-emitting sectors to have GHG emissions reporting, set a carbon reduction target in line with well-below 2 degrees and preferably 1.5 degrees or show the credible intention to set such a target within three years.	On a periodic basis we continue to engage with our fund and asset managers to discuss progress on the improvement of this indicator.



## Indicators applicable to investments in real estate assets

Adverse sustainability indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
<b>Anti-corruption and anti-bribery (Table 3)</b>	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	1,27%	Not available, 2022 is baseline	The share of portfolio companies not having these policies in place is relatively low. For companies operating in sectors high risk for corruption, a policy requirement is in place.	On a periodic basis we continue to engage with our Fund and Asset managers to discuss progress on the improvement of this indicator.

Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor

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 Minimum Standards or the Sovereign Framework for sovereign investments. Additional PAIs as per the Minimum Standards assessment relate to:

1. Conflict minerals
2. Genetic engineering
3. Adult entertainment
4. WHO code
5. Animal wellbeing
6. Violation of legislation (such as tax compliance and employee relations)

For significant adverse impact in relation to any of the above subjects, specific criteria as described in the 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.

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

In order to limited negative impacts, Triodos Bank has a robust framework in place, that consist of the Minimum Standards, the Sovereign Framework and the PAI policy.

The SFDR Delegated Regulation identifies PAI-indicators that always lead to principal adverse impacts. The SFDR makes a distinction between PAI-indicators for investments in investee companies, sovereigns & supra-nationals, and real estate.

The majority of the PAI- indicators as defined in the tables of Annex 1 of the SFDR RTS are already included in the Triodos Bank Minimum Standards assessment:

PAI 1: GHG Emissions

PAI 2: Carbon Footprint

PAI 3: GHG Intensity of investee companies

PAI 4: Exposure to companies active in the fossil fuel sector

PAI 5: Share of non-renewable energy consumption and production

PAI 7: Activities negatively affecting biodiversity sensitive areas

PAI 8: Emissions to water

PAI 9: Hazardous waste ratio

PAI 10: Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

PAI 14: Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons, and biological weapons)

The following mandatory PAI-indicators are not addressed in the Minimum Standards or Triodos Sovereign Framework

PAI 12: Unadjusted gender pay gap

PAI 13: Board gender diversity

PAI 15: GHG intensity of investee countries

PAI 16: Investee countries subject to social violations

PAI 17: Exposure to fossil fuels through real estate assets

PAI 18: Exposure to energy-inefficient real estate assets

The above PAI-indicators are currently not included in the Minimum Standards, because it is currently not possible to define specific exclusion criteria on these topics or Triodos Bank has too limit exposure to the asset class to set specific exclusion criteria on these topics . If this will be feasible in the future these indicators could also be added to the Minimum Standards. The latest version of the Minimum Standards was approved in December 2022 by the Executive Board of Triodos Bank and will be reviewed every year. The Investment Office of Triodos Bank checks if all funds and investments adhere to the Minimum Standards.

Every (potential) investment is screened against the PAI-indicators, either through the Minimum Standards or as part of the in-depth due diligence assessment in case the PAI-indicator is not captured by the Minimum Standard. This must ensure that there is limited adverse impact on sustainability factors. Although adverse impacts are predominantly reduced, they are not fully avoided. The reason for this is that some adverse impacts are inherent to any business activity, furthermore transition can (temporarily) lead to some negative impact on other indicators.

Triodos Bank has also a PAI policy in place. This policy was approved on 15 June 2023 by the Group Product Governance Committee and will be reviewed every year. The Investment Office of Triodos Bank is responsible for the implementation of this policy within the organisation. In addition to the mandatory principle adverse impact indicators, Triodos Bank has selected relevant additional indicators from table 2 and 3 of the Delegated Regulation. Triodos Bank portfolio management products invests both in listed and non-listed financial instruments, where data is currently often very scarce and inaccurate. The SFDR requires Triodos Bank to report principle adverse impact on an aggregated level on entity basis. Therefore, the chosen PAI-indicators must be meaningful for both listed and non-listed products. Given the limited data availability and the quality of currently available data for the PAI-indicators listed in Table 2 and 3 of the Delegated Regulation, the indicators selected are those for which Triodos Bank is able to measure and monitor the performance of over time. Triodos Bank has therefore chosen to assess the degree of relevance in relation to the transition themes, the investments, and data availability and quality from an entity perspective. From this assessment it followed that additional indicators *E4 investments in companies without carbon emission reduction initiatives* and *S15 Lack of anti-corruption and anti-bribery policies* are the most relevant additional PAI-indicators.

Triodos Bank will assess continually the availability of relevant data and whether alternatives like proxies or alternative data sources are viable options. Of course, the development of our investment process and our understanding of societal change mechanism will evolve in the coming year, giving rise to extending the choice of additional principle adverse impacts and/or replacing them.

The data sources used by Triodos Bank are the Fund managers of the funds and the Asset manager that select the individual shares and bonds. The Fund and Asset manager receive the information directly from the investee companies or via a data provider. Those data providers collect the data in principle directly from the investee companies. If data is not available proxies are used.

Since Triodos Bank works with different external Fund and Asset managers, and their data may be based on different methodologies and obtained from different external data providers there might be difference in the outcomes. In the coming years when the data quality will improve Triodos Bank will engage with the different Fund and Asset managers to align the methodologies and use of proxies. Furthermore, we understood from our Fund and Asset managers that across asset classes, data availability and quality vary for the different PAI indicators. Examples include low data coverage for specific indicators or use of proxy data due to absence of direct data. Proxies are used by our Fund and Asset managers where datapoints are lacking; they are based on sector and country data that may be not fully representative of the PAI for individual investments. Furthermore, proxy data may vary greatly between providers. Our Fund and Asset managers have multiple checks in place to review the reliability and validity of the data.

Triodos Bank received PAI-data for all its investments from its Fund and Asset Manager. However, the coverage of some indicators is low. The following indicators have less than 50% coverage:

- Indicator 6 (Energy consumption intensity per high impact sector)
- Indicator 15 (GHG intensity of investee countries)
- Indicator 16 (Investee countries subject to social violations)
- Indicator 17 (Exposure to fossil fuels through real estate assets)
- Indicator 18 (Exposure to energy inefficient real estate assets)

Triodos Bank engages with its Fund and Asset managers in order to ensure the data coverage will improve in the future.

## Engagement policies

The voting rights of all the funds, shares and bonds in the portfolio management products of Triodos Bank lies with the individual investors. Therefore, Triodos Bank cannot exercise those voting rights or perform engagement in relation to the investments in shares and investment funds. Approximately 20% of the AUM in all portfolio management products consists of investment funds. Those Fund managers have their own engagement policies. In its selection of its Fund and Asset managers Triodos Bank ensures that the Fund managers have engagement policies in line with the strategy of Triodos Bank. Furthermore, in order to limit principle adverse impacts of the investments Triodos Bank engages on a periodic basis with the Fund managers of the investment funds and the Asset manager that selected the individual shares and obligations. During those meetings following topics are discussed:

- robust standards for reporting (for instance PCAF for greenhouse gas emissions),
- current and widely used standards for expressing impact,
- being an active signatory to significant and credible world-wide standards,
- attainment of the fund specific sustainable investment objectives,
- major sustainability controversies occurring within the sector or geography of a specific underlying investment fund,
- Principal adverse impact (PAI).

## References to international standards

### *Fund and Asset managers*

The due diligence is performed by our Fund and Asset managers. It depends on our Fund and Asset manager to which international standards is adheres. Since the Triodos Bank portfolio management product qualify as article 9 under the SFDR, our Fund and Asset Managers adhere to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human rights. They address directly PAI 10: Violations of UNGC principles and OECD Guidelines for MNEs and PAI 11: Lack of processes and compliance mechanisms to monitor compliance with UNGC and OECD Guidelines for MNEs.

It depends on our Fund and Asset managers whether a forward-looking climate scenario is used and what it is based on. For Triodos Investment Management B.V. the TCFD-aligned report of S&P Global (Trucost) is used to assess the physical risk profiles of the listed portfolio (including climate scenarios) versus the benchmark.

### *Carbon pledge*

Triodos Bank has co-signed a Dutch Carbon Pledge to measure and disclose its greenhouse gas (GHG), or carbon emissions and to ensure these emissions are in line with the ambitions of the Paris Agreement.

Indicator 1 GHG-emission measures the adherence to the international standard.