



# Sustainability Disclosures

Principle Adverse Impact Statement (PAI)

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

Version July 2024

**ANNEX I****Template principal adverse sustainability impacts statement**

<b>Table of content</b>	<b>Page</b>
Zusammenfassung (Summary)	3
Definitions	6
Formulas	9
Description of the principal adverse impacts on the sustainability factor	11
Indicators applicable to investments in investee companies	12
Climate and other environment-related indications	12
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters	22
Indicators applicable to investments in sovereigns and supranationals	25
Indicators applicable to investments in real estate assets	26
Other indicators for principal adverse impacts on sustainability factors	27
Description of policies to identify and prioritise principal adverse impacts on sustainability factors	29
Engagement policies	31
References to international standards	32

**Finanzmarktteilnehmer:** Triodos Bank N.V. (LEI: 724500PMK2A2M1SQQ228)

### **Zusammenfassung<sup>1</sup>**

Die Triodos Bank N.V. ('**Triodos Bank**') berücksichtigt die wichtigsten nachteiligen Auswirkungen ihrer Investitionsentscheidungen auf Nachhaltigkeitsfaktoren. Diese konsolidierte Erklärung befasst sich mit den wichtigsten nachteiligen Auswirkungen auf Nachhaltigkeitsfaktoren (Principal Adverse Impacts, abgekürzt PAI) aller Investmentfonds, Aktien- und Anleiheinvestitionen für die Produkte des Portfoliomanagements und betrifft Finanzprodukte, die in den Anwendungsbereich der Verordnung über nachhaltigkeitsbezogene Offenlegungspflichten im Finanzdienstleistungssektor (SFDR) fallen.

### **Hintergrund der PAI-Erklärung**

Zweck der PAI-Erklärung ist es, Anlegern und anderen Interessengruppen transparent zu machen, inwieweit die Aktivitäten eines Finanzmarktteilnehmers der Umwelt und der Gesellschaft schaden. Bis zum 30. Juni 2023 mussten Finanzmarktteilnehmer, die PAI auf Unternehmensebene berücksichtigen, erstmalig eine PAI-Erklärung veröffentlichen. Da die Verordnung keinen Hinweis darauf gibt, was eine erhebliche Beeinträchtigung darstellt, formuliert jeder Finanzmarktteilnehmer seine eigene Interpretation. Die Auslegung der Triodos Bank basiert auf unseren Mindeststandards, die auf unserer Website veröffentlicht sind. Wir erwarten, dass sich die Marktpraxis im Laufe der Zeit weiterentwickeln und die Datenverfügbarkeit und -qualität verbessern wird. Dies würde auch die Vergleichbarkeit zwischen den PAI-Erklärungen verschiedener Finanzmarktteilnehmer verbessern. Diese PAI-Erklärung bezieht sich auf den Referenzzeitraum vom 1. Januar 2023 bis zum 31. Dezember 2023.

### **Berücksichtigung der wichtigsten nachteiligen Auswirkungen bei der Triodos Bank**

Seit ihrer Gründung im Jahr 1980 setzt sich die Triodos Bank für die Schaffung einer Gesellschaft ein, die die Lebensqualität aller Menschen schützt und fördert und in deren Mittelpunkt die Würde des Menschen steht. Die Triodos Bank ermöglicht es Privatpersonen, Organisationen und Unternehmen, ihr Geld so einzusetzen, dass es den Menschen und der Umwelt zugutekommt. Die Bank fördert eine nachhaltige Entwicklung, indem sie ihren Kunden nachhaltige Finanzprodukte anbietet. Unsere Mission – Geld bewusst einzusetzen, um eine positive Entwicklung in der Gesellschaft zu schaffen, mit der Menschenwürde als Kern – war ein Leitprinzip in unserer Geschichte und hat in der Gesellschaft und im Finanzsektor viel Anklang gefunden. Die Portfoliomanagementprodukte, die die Triodos Bank ihren Kunden anbietet, fallen unter die SFDR. Diese Produkte werden von der Triodos Bank N.V. erstellt und über die folgenden Triodos-Niederlassungen vertrieben: Niederlande (NL), Belgien (BE) und Deutschland (DE). Die Triodos Bank bietet drei verschiedene Arten von Portfoliomanagementprodukten an: Triodos Fondsbeher (NL), Triodos Vermögensbeher (NL) und Triodos Impact Portfolio (DE und BE).

Die Fonds in den Portfoliomanagementprodukten werden von mehreren externen Fondsmanagern und von Triodos Investment Management B.V. (zusammen „Fondsmanager“) verwaltet. Die einzelnen Aktien und Anleihen werden von Triodos Investment Management B.V. („Vermögensverwalter“) (zusammen „Fonds- und Vermögensverwalter“) verwaltet. Wir wählen unsere Fonds- und Vermögensverwalter sorgfältig für die Verwaltung dieser Vermögenswerte aus, um sicherzustellen, dass ihre Anlagestrategie und nachhaltige Philosophie mit unserem nachhaltigen Ansatz übereinstimmen.

<sup>1</sup> Übersetzung des Abschnitts „Zusammenfassung“ gemäß Art. 5 Del. VO (EU) 2022/1288

Unser Ansatz spiegelt sich in den Mindeststandards, dem Sovereign Framework, der Richtlinie der Triodos Bank zur Auswahl und Überprüfung von Investmentfonds sowie der PAI-Richtlinie wieder. Im Rahmen unseres Ansatzes sind wir bestrebt, positive Auswirkungen unserer Investitionen auf Nachhaltigkeitsfaktoren zu erzielen und negative Auswirkungen zu minimieren. Ein Nachhaltigkeitsfaktor bedeutet Umwelt-, Sozial- und Arbeitnehmerbelange, die Achtung der Menschenrechte sowie Korruptions- und Bestechungsbekämpfung. Die wichtigsten negativen Auswirkungen werden als Principal Adverse Impacts oder kurz PAI bezeichnet.

Unsere Fonds- und Vermögensverwalter überprüfen alle unsere Investitionen auf positive Auswirkungen. Alle Investitionen müssen zu einem der sieben Wirkungsziele der Triodos Bank beitragen. Diese Wirkungsziele leiten sich von globalen Megatrends ab, die für den Übergang zu einer nachhaltigen Wirtschaft entscheidend sind. Im Jahr 2023 verfolgte die Triodos Bank die folgenden sieben Themen: Nachhaltige Ernährung und Landwirtschaft, erneuerbare Ressourcen, Kreislaufwirtschaft, nachhaltige Mobilität und Infrastruktur, Innovation für Nachhaltigkeit, Wohlstand und Gesundheit der Menschen, soziale Inklusion und Stärkung der Eigenverantwortung. Auf die Prüfung der positiven Auswirkungen folgt eine gezielte Prüfung der nachteiligen Auswirkungen, die von unseren Fonds- und Vermögensverwaltern durchgeführt wird. Diese Prüfung muss sicherstellen, dass die nachteiligen Auswirkungen der ausgewählten Investitionen begrenzt sind.

Die gezielte Prüfung nachteiliger Auswirkungen basiert auf den Mindeststandards, dem Sovereign Framework, potenziellen Kontroversen, internationalen und branchenspezifischen Standards sowie spezifischen PAI-Indikatoren, die von den oben genannten noch nicht abgedeckt sind. Die Mindeststandards legen die absoluten Mindestanforderungen fest, die wir für alle unsere Investitionstätigkeiten anwenden. Diese sollen sicherstellen, dass Unternehmen und/oder Projekte ausgeschlossen werden, wenn sie ökologische und/oder soziale Ziele erheblich beeinträchtigen und/oder nicht den Grundsätzen guter Unternehmensführung folgen, was definiert wird als: 1) die Menschenwürde beeinträchtigen und die Lebensqualität der Menschen vermindern, 2) eine nachhaltige Gesellschaft in Bezug auf die Tierwelt und die Umwelt gefährden und 3) gegen Strukturen ordnungsgemäßer Unternehmensführung verstoßen. Die meisten PAI-Indikatoren werden bei der Bewertung der Mindeststandards berücksichtigt. Bestimmte PAI-Indikatoren führen als sog. "Ausschlusskriterien" zu einem sofortigen Ausschluss. Unsere Fonds- und Vermögensverwalter wenden abgesehen davon keine weiteren harten quantitativen Schwellenwerte an. Die Mindeststandards schreiben jedoch qualitative Schwellenwerte für inakzeptable nachteilige Auswirkungen vor. Die Triodos Bank berücksichtigt alle obligatorischen PAI in Bezug auf Nachhaltigkeitsfaktoren. Darüber hinaus hat die Triodos Bank zwei zusätzliche Indikatoren ausgewählt, einen Indikator aus Tabelle 2 (Nr. 4: Investitionen in Unternehmen ohne Initiativen zur Verringerung der CO<sub>2</sub>-Emissionen) und einen Indikator aus Tabelle 3 (Nr. 15: Fehlende Maßnahmen zur Bekämpfung von Korruption und Bestechung), siehe Anhang I der Delegierten Verordnung 2022/1288.

Für jede neue Investition wird eine gezielte Prüfung der nachteiligen Auswirkungen von unseren Fonds- oder Vermögensverwaltern durchgeführt. Wenn festgestellt wird, dass eine Investition/beteiligte Unternehmen erheblichen Schaden in Bezug auf einen dieser Standards verursacht, wird sie von der Investition ausgeschlossen. Staatliche Emittenten werden auf ähnliche Weise auf der Grundlage unseres Sovereign Frameworks bewertet, das eine Reihe von Mindeststandards definiert, die für staatliche Emittenten geeignet sind (z.B. die Ratifizierung internationaler Kodizes und Abkommen), um für Investitionen in Frage zu kommen.

Unsere Fonds- und Vermögensverwalter investieren nur in Unternehmen, die zum Übergang zu einer nachhaltigen Gesellschaft beitragen. Daher arbeiten unsere Fonds- und Vermögensverwalter mit Unternehmen und Institutionen zusammen, um positive Veränderungen voranzutreiben und nachteilige Auswirkungen zu minimieren. Gegebenenfalls erörtern sie Governance-, Umwelt- und Sozialthemen, die für die spezifischen Geschäftsmodelle der

Beteiligungsunternehmen relevant sind. Diese Gespräche finden oft bereits statt, bevor ein Unternehmen in das Investmentuniversum/Portfolio aufgenommen wird, da unsere Fonds- und Vermögensverwalter die Unternehmen quantitativ und qualitativ auf ihren Beitrag zu unseren nachhaltigen Wirkungszielen und auf ihre Übereinstimmung mit unseren Mindeststandards bewerten. In dieser Erklärung gibt die Triodos Bank weitere Informationen über unser Gesamtkonzept zur Identifizierung, Priorisierung und Berücksichtigung von PAI bei unseren Investitionsentscheidungen in Bezug auf Nachhaltigkeitsfaktoren für die Finanzprodukte, die in den Anwendungsbereich der SFDR fallen.

### **Ergebnisse 2023**

Auf Basis unseres oben beschriebenen Investitionsprozesses toleriert die Triodos Bank keine erheblichen Beeinträchtigungen in unseren Portfolios. Auf Grundlage der Daten für das Jahr 2023 gibt es keine Anzeichen für wesentliche nachteilige Auswirkungen in unseren Portfolios. Die Erklärung sowie die ergriffenen und geplanten Maßnahmen zur Verringerung etwaiger nachteiliger Auswirkungen werden im Folgenden für jeden Indikator beschrieben. Für 2024 besteht die wichtigste Maßnahme für unsere Fonds- und Vermögensverwalter darin, sich mit allen Unternehmen, in die wir investieren, im Hinblick auf die Reduzierung der Treibhausgasemissionen in ihren Betriebsabläufen und Lieferketten zu engagieren. Hinweis: Die Datenpunkte für 2022 in diesem Überblick wurden korrigiert, da in einigen Fällen falsche Daten über das verwaltete Vermögen verwendet wurden. Dies führte zu einer Überbewertung der negativen Auswirkungen dieser Datenpunkte im Bericht für 2022. Obwohl die korrigierten Ergebnisse auf aggregierter Ebene vergleichbar mit dem Vorjahr sind, haben wir signifikante Unterschiede auf Ebene der einzelnen Investitionen festgestellt. Daher arbeiten wir weiterhin mit Investmentgesellschaften und externen Datenanbietern zusammen, um die Abdeckung und Qualität der Daten zu verbessern.

## 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<sup>2</sup>;
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<sup>3</sup>;
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<sup>4</sup>;
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;
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<sup>5</sup>;
10. 'Protected area' means designated areas listed 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<sup>6</sup>;

---

<sup>2</sup> 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).

<sup>3</sup> 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).

<sup>4</sup> 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).

<sup>5</sup> 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).

<sup>6</sup> 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, .12.1998, p. 58).

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<sup>7</sup> 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<sup>8</sup>;
16. 'Radioactive waste' means radioactive waste as defined in Article 3(7) of Council Directive 2011/70/Euratom<sup>9</sup>;
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 characterized 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 have been adopted pursuant to any of the following Directives or national provisions, and/or international standards that are equivalent to:
    - i Directive 2009/147/EC of the European Parliament and of the Council<sup>10</sup>;
    - ii Council Directive 92/43/EEC<sup>11</sup>;
    - iii an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council<sup>12</sup>;
    - 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).
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<sup>12</sup>;
20. 'Threatened species' means endangered species, including flora and fauna, listed in the European Red List or the IUCN Red List, as referred to in 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;

<sup>7</sup> 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).

<sup>8</sup> 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).

<sup>9</sup> 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).

<sup>10</sup> 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).

<sup>11</sup> 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).

<sup>12</sup> 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).

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<sup>13</sup>;
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<sup>14</sup>, for the Large Volume Inorganic Chemicals- Solids and Others industry.
28. 'Air pollutants' means direct emissions of sulphur dioxides (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC), and fine particulate matter (PM<sub>2,5</sub>) as defined in Article 3, points (5) to (8), of Directive (EU) 2016/2284 of the European Parliament and of the Council<sup>15</sup>, ammonia (NH<sub>3</sub>) 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.

---

<sup>12</sup> Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the 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).

<sup>13</sup> 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).

<sup>14</sup> 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).

<sup>15</sup> 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:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope}(x) \text{ GHG emissions}_i \right)$$

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

$$\frac{\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$$

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

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

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

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

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

*((Value of real estate assets built before 31/12/2020 with EPC of C or below) +  
(Value of real estate assets built after 31/12/2020 with PED below NZEB in Directive 2010/31/EU))*

---

*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 meanings given to them in paragraphs 2, 5 and 12 of Article 2 of Directive 2010/31/EU of the European Parliament and of the Council<sup>13</sup>.

---

<sup>13</sup>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****Description of the principal adverse impacts on the 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 portfolio 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. We note that coverage data has changed significantly from 2022 to 2023 in some cases. This is the result of both the relatively low number of reporting companies on certain data points and due to a relatively high degree of concentration in our portfolios.

Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period	
Climate and other environment-related indications						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	12329,51 tCO <sub>2</sub> eq  Coverage 75.1%	13455,97 tCO <sub>2</sub> eq  Coverage 77.3%	The majority of emissions are from our listed investments. The largest emitters are active in the semiconductors, utilities, chemicals, household products and automobile industries. The companies in these sectors are important contributors to the energy, resource and wellbeing transitions. The carbon emissions have reduced from 2022 to 2023 partly due to a shift of market value to low carbon sectors like ICT and partly due	Carbon reduction targets to be net zero by 2035 have been set based on the 2020 GHG emissions baseline. The near-term targets for Triodos Bank (Group) are validated by the ScienceBased Targets initiative. For our Impact Equities and Bonds fund range (SICAV I), dialogue took place with all but one top five emitters per fund. Climate change risks and opportunities were identified and reported in the

					to active steering towards companies with clear Science Based Targets for carbon emission reduction	fund impact reports. 48 Investee companies of SICAV I were engaged with to improve GHG emissions reduction, target setting, reporting and carbon reduction initiatives. Also in 2024, engagement with the top 5 emitters per fund is scheduled.
		Scope 2 GHG emissions	9287,36 tCO2eq Coverage 75.3%	10.153,5 tCO2eq Coverage 79.0%	See above	See above.
		Scope 3 GHG emissions	182.297,5 tCO2eq Coverage 73.1%	210.200,1 tCO2eq Coverage 79.0%	See above	Our portfolio managers stimulate listed companies to improve reporting on scope 3 emissions. For private investments, this also relates to food & agriculture and financial inclusion investments. In our European food

						& agriculture portfolio, the portfolio manager provide carbon accounting software and works closely with investment companies to track and reduce their emissions.
		Total GHG emissions	203.914,3 tCO2eq Coverage 75.3%	233.809,5 tCO2eq Coverage 79.0%	See above	See above.
	2. Carbon footprint	Carbon footprint	94,2 tCO2eq/EURm Coverage 75.3%	113,0 tCO2eq/EURm Coverage 78.0%	See above	See above.
	3. GHG intensity of investee companies	GHG intensity of investee companies	253.7 tCO2eq/EURm  Coverage 65.4%	205.77 tCO2eq/EURm  Coverage 66.7%	In terms of intensity the largest contributors were active in the utilities and chemicals sector. These companies contribute to the energy and resource transitions. The increase mostly stems from portfolio changes in the listed securities.	The engagement activities and carbon reduction targets applied are aimed at decreasing carbon intensity over time.

	<p>4. Exposure to companies active in the fossil fuel sector</p>	<p>Share of investments in companies active in the fossil fuel sector</p>	<p>0.00% involved</p>	<p>0,00% involved</p>	<p>Companies with activity related to the production of fossil fuel are excluded from direct investment as per the Triodos Minimum Standards (5% company revenue threshold for conventional oil and gas). Some of the impact equities and bonds funds hold a (new) position in a grid Operator. This company still owns one gas power plant, but the revenue is below 1,6% of total revenue of this company. This is below our threshold of 5% revenue for conventional oil and gas per investee company as stated in the Triodos Minimum Standards. Our investments in FIs do not derive direct revenues from the fossil fuel industry, and we ensure that</p>	<p>In 2023, Triodos Bank signed the Fossil Fuel Non-Proliferation Treaty. This Treaty is a global effort to foster international cooperation to accelerate a transition to clean energy for everyone, end the expansion of oil, gas and coal, and wind down existing production in keeping with what science shows is needed to address the climate crisis. The grid operator (referred to under explanation) belongs to the top 5 emitters of all companies in this portfolio. The manager will therefore continue to engage with the company with the aim to decrease its carbon emissions and they will monitor if it</p>
--	--	---	-----------------------	-----------------------	---	--

					the exposure to the sector in their portfolio is marginal (below 5%). For our portfolios, this exposure is below 0,01%.	remains below the 5% threshold for conventional oil and gas.
	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	55.0% consumption Coverage 62.5% 10.7% production Coverage 39.3%	67.6% consumption Coverage 54.6% 10.3% production Coverage 71.1%	<p>The share of non-renewable energy consumption is still high compared to the average global energy mix which is still highly dependent on fossil fuels.</p> <p>The percentage of non-renewable energy production remains low since we carefully select and invest in renewable energy development projects and producers. The coverage for our investments in equities and bonds is still open for further improvement with data available for only 63% of investment companies on</p>	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. We also invest in private assets through specific private equity and debt funds that invest in projects and companies that directly support a reduction of energy consumption



					consumption and 28% on production.	intensity.
	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 GWh/EURm Coverage 3.02%	5.67 GWh/EURm Coverage 32.6%	Triodos Bank does not invest in certain high impact climate sectors (e.g. mining) as these are excluded. The majority of energy consumption intensity in 2023 was derived from the Paper, utility and automotive industry.  Changes in portfolio weights are the main driver of changes in energy consumption between 2022 and 2023	Triodos has implemented a targeted <a href="#">engagement</a> to companies to set science based emission reduction targets.
		Construction	0.02 GWh/EURm Coverage 3.4%	0.02 GWh/EURm Coverage 2.4%		
		Electricity, Gas, Steam and Air Conditioning Supply	0.74 GWh/EURm Coverage 35.7%	0.18 GWh/EURm Coverage 2.4%		
		Manufacturing	0.25 GWh/EURm Coverage 3.8%	0.83 GWh/EURm Coverage 2.4%		
		Mining & Quarrying	NA	NA		

		Real Estate Activities	0 GWh/EURm Coverage 2.4%	0.02 GWh/EURm Coverage 3.0%		
		Transportation & Storage	0.63 GWh/EURm Coverage 3.0%	0.96 GWh/EURm Coverage 2.4%		
		Water Supply, Sewerage, Waste Management & Remediation	NA	NA		
		Wholesale & Retail Trade & Repair of Motor Vehicles & Motorcycles	0.78 GWh/EURm Coverage 3.5%	0.07 GWh/EURm Coverage 2.4%		
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	3.14% Coverage 69.2%	4.22% Coverage 72.0%	Companies with activities that negatively impact biodiversity without appropriate measures are excluded based on our Minimum Standards. For renewable energy projects appropriate assessments are conducted, and necessary mitigation measures are implemented. In	In 2023, Fund Managers ran an engagement programme on plastic pollution for our listed investments, aimed to minimise negative impact on biodiversity through plastic pollution. This programme will be continued in 2024. Furthermore, our portfolios are proactively pursuing

					<p>emerging Markets, Fund Managers apply the IFC Performance Standards which also relate to biodiversity protection. We also finance agricultural traders and exporters in developing markets. For these investments the fund- and portfolio managers check whether the investee has an organic certification, and if not whether they are implementing any mitigating measures, such as farmer training and certification, sustainable sourcing, etc. For investments in financial institutions, efforts are being made to assess the impact of these institutions 'activities on local biodiversity. The difference</p>	<p>biodiversity-positive investments focused on nature restoration &amp; conservation, sustainable forestry and smallholder agroecology.</p>
--	--	--	--	--	---	--

					between 2022 and 2023 is mainly caused by changes in portfolio allocation.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,02 t/EURm Coverage 39.3%	0.11 t/EURm Coverage 48.3%	Triodos Bank has included water scarcity in its Minimum Standards. Companies in water-intensive industries without appropriate measures to reduce their freshwater use are excluded. Absolute emissions to water are therefore low and mostly relates to manufacturing companies that contribute to the resource transition. The difference between 2022 and 2023 is primarily the result of changes in portfolio allocation	Adverse environmental impact is assessed during the minimum standards analysis and monitored in all portfolio holdings. Emissions to water continue to be part of the integrated analysis of companies performed by fund managers.
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	1.69 t/EURm Coverage 63.2%	0.98 t/EURm Coverage 52.5%	Triodos Bank does not invest in industries that generate hazardous substances. Where a potential risk exists, the Triodos	Actions were taken in 2023 by portfolio managers to engage with chemical companies to stimulate them to

					<p>Minimum Standards on hazardous substances apply to limit potential exposure and to prescribe a mitigating mechanism. This standard 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 totally excluded) or that in any other way are involved in controversies, do not respect international agreements or run their businesses in a way that causes serious and irreversible environmental</p>	<p>take measures to provide transparency on hazardous materials and limit their use. Moreover, (hazardous) waste continues to be part of the integrated analysis of companies. Besides that, in 2023 Fund Managers started a project to assess and engage with consumer staples companies and their role in tackling plastic pollution by promoting the reducing, re-using and recycling of plastics. This will be continued in 2024.</p>
--	--	--	--	--	--	---

					damage. The difference between 2022 and 2023 is mainly the result of changes in portfolio allocation and in the increased availability of data from underlying companies.	
<b>Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>						
Social and employee matters	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	0,0% involved  Coverage 78,2%	0.0% involved  Coverage 78.0%	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, Fund- and Portfolio Managers proactively target positive change in relation to social inclusion and individual health and wellbeing. Specific investment examples include the advancement of financial inclusion	Continuous monitoring of violations for all holdings including assessment of severity and remedial measures by portfolio managers. Triodos IM continues to be a member of the Platform Living Wages Financials. For 2024, this manager is seeking to be (co) lead investor for two companies in portfolio.

					(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	36.2% involved  Coverage 78.9%	44.5% involved  Coverage 55.2%	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 investee companies that are identified as high risk must have policies and/or processes in place to mitigate risk. Beyond what the indicator requires, if the risk level allows, we also focus on	Triodos encourages companies to develop sound policies through dialogue and engagement.

					practices (when policies are not available) in our due diligence. This is in line with the mentioned guidelines.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	3.3% Coverage 38.5%	2.9% Coverage 59.4%	Data coverage remains a topic for improvement in the industry, currently coverage is less than 40% of our investment portfolios.	Part of our engagement plan includes a dialogue with companies to disclose this data. In 2023, as part of our Family Friendly Working Policies engagement project, we engaged with companies to , amongst others, report on gender pay gap. In 2024, we will continue with this engagement project. Also see explanation PAI 13.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	33.0% female Coverage 66.1%	32.4% female Coverage 69.4%	According to our proxy voting guidelines, Triodos votes against the Chairman of the nomination committee if less	Fund- and Portfolio managers have assessed policies and exercised voting rights for all investee



					than one third of the board is female without a satisfactory rationale.	companies where this was possible. In Private Debt & Equity, managers have started integrating the 2X Criteria, a global baseline standard for gender finance, into the impact performance reporting for Hivos Triodos Fonds, with the intention of embedding these criteria into our investment process more structurally for additional funds in 2024.
	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	0.0% involved Coverage 79.6%	0.0% involved Coverage 78.5%	Triodos excludes all companies that are active in the production and/or distribution of controversial weapons.	Triodos Bank implements a zero-tolerance restriction on involvement in controversial Weapons
<b>Indicators applicable to investments in sovereigns and supranationals</b>						
<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2023</b>	<b>Impact 2022</b>	<b>Explanation</b>	<b>Actions taken, and actions planned, and targets set for the next reference period</b>	

Environmental	15. GHG intensity	GHG intensity of investee countries	0.11 KtonCO2eq/E URm  Coverage 2.9%	0.10 KtonCO2eq/E URm  Coverage 2.4%	Triodos Bank currently only invests to a limited extent in sovereign bonds of EU member states. 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.
Social	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  Coverage 2.9%	#0  Coverage 1.6%	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.
<b>Indicators applicable to investments in real estate assets</b>						

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	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	Not Applicable	Not Applicable	Triodos Bank has no real estate investments in portfolios involved in extraction, storage, transport, or manufacture of fossil fuels.	Not Applicable
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	0.00%  Coverage 0.00%	-	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 that have received a Green declaration from the RVO (the Netherlands Enterprise Agency), which considers energy performance, materials (sustainable wood) and water usage.	Not Applicable
<b>Other indicators for principal adverse impacts on sustainability factors</b>						

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions (Table 2)	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	13.2% Coverage 82.8%	28.9% Coverage 77.6%	Triodos invests in mid- and small-cap companies and private equity and project equity that can lack the time and resources to put carbon reduction policies in place. In such cases the lack of policy can be considered appropriate if further research does not reveal controversies or significant harm.	Triodos has implemented a targeted engagement for companies with science based emission reduction targets, for more information please read this <a href="#">case study</a>
Anti-corruption and anti-bribery (Table 3)	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	12.0% involved Coverage 82.8%	3.7% involved Coverage 78.1%	Triodos invests in mid- and small cap companies that can lack the time and resources to put policies in place. In such cases the lack of policy can be considered appropriate if further research does not reveal controversies.	Triodos encourages companies to develop sound policies through dialogue and engagement.
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; *and/or*
6. Violation of legislation (such as tax compliance and employee relations);

To determine 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.

For example, for investments in agricultural traders and exporters supplying from small-scale farmers in emerging markets, fund managers 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 has the result of) any supplier surveys.

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

To limited negative impacts, Triodos Bank has a framework built on three pillars, 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 & supranationals, 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 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 is reviewed every two years. 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 Principal Adverse Impact Policy in place that identifies and prioritises principal adverse impacts on sustainability factors. This policy helps ensure that Triodos consistently considers principal adverse impacts on sustainability factors in investment decisions and mitigates these impacts. This policy was approved on 15 June 2023 and is 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 can 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 over years, 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 portfolio manager that select the individual shares and bonds. The Fund and portfolio managers 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 portfolio managers, and their data may be based on different methodologies and obtained from different external data providers there might be differences in the outcomes. In the coming years when the data quality will expectably improve Triodos Bank will engage with the different Fund and portfolio managers to align the methodologies and use of proxies. Furthermore, we understood from our Fund and portfolio 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 portfolio 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 portfolio managers have multiple checks in place to review the reliability and validity of the data. In order to support the readers of this report we have provided the level of data coverage at each indicator.

Triodos Bank received PAI-data for all its investments from its Fund and portfolio 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 8 (Emissions to water)
- 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 portfolio managers in order to ensure the data coverage will improve in the future.

### **Engagement policies**

The voting rights of shares in the portfolio management products of Triodos Bank lie with the individual investors. Triodos Bank cannot exercise those voting rights or perform engagement in relation to the investments in shares. 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 portfolio managers Triodos Bank

ensures that the Fund managers have engagement policies in line with the strategy of Triodos Bank. Furthermore, to limit principle adverse impacts of the investments Triodos Bank performs on a periodic basis reviews and dialogue with the Fund managers of the investment funds and the portfolio manager that select the individual shares and bonds. 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 portfolio managers*

The due diligence is performed by our Fund and portfolio managers. It depends on our Fund and portfolio manager to which international standards it adheres. Since the Triodos Bank portfolio management products qualify as article 9 under the SFDR, our Fund and portfolio 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 portfolio 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) emissions' 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.