

Our position on animal testing

PREAMBLE

Triodos Bank has a very deliberate, positive approach to how it uses the money its customers save and invest with it. The Bank only finances organisations that help to build a sustainable future for individuals, the community and the environment.

We identify socially, environmentally and culturally responsible businesses delivering lasting, positive change - in both our lending and investment activity. This positive approach guides our lending decisions, and our wider philosophy as an institution. But as well as this positive focus we also meet negative criteria, helping to provide clarity about who we will not finance. These negative criteria are applicable to all our products and services, but are particularly relevant for customers who want to invest their money as sustainably as possible in stock-market listed companies (typically large, multi-national companies whose brand names are very familiar).

These companies, by definition, are very big with connections to many other industries. We want to influence these organisations, and encourage a more sustainable approach to what they do. At the same time, if we used the same positive criteria as we do in our lending and other investment funds we would have a very limited pool of companies to choose from. So, instead, we use a combination of negative criteria and a 'best-in-class' approach. The latter means we can compare the sustainable performance of different companies in the same sector. The results of both 'best-in-class' and negative criteria are used to make decisions about which companies are available for a fund manager to invest in, on behalf of a group of investors who choose to invest in this way. The issues explored in this paper are particularly relevant for these private banking services and the management funds they relate to.

SUMMARY

Triodos Bank opposes animal testing and prefers not to invest in companies engaged in it. In this paper, we explain why and detail the limited exceptions to this rule.

We do recognise that it is a legal requirement to test on animals for some products, under specific circumstances. And we do accept investment in companies that use carefully controlled animal testing for legitimate

medical purposes. At the same time, we require these companies to reduce, refine and replace animal testing wherever possible. And we actively support greater transparency about this area of their work, so stakeholders know what animal testing has taken place, why, and what is being done to reduce or replace it in the future.

WHAT WE BELIEVE IN

The mission of Triodos Bank is:

- To help create a society that promotes people's quality of life and that has human dignity at its core.
- To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development.
- To offer our customers sustainable financial products and high quality service.

Triodos Bank is a committed advocate of animal welfare. We respect human and animal life, and acknowledge that animals contribute to a better quality of life in numerous ways. We have supported and financed organic farming - which insists on high standards of animal welfare - for many years. And we oppose factory farming and the use of animal fur.

We acknowledge the need for animal testing for medical purposes¹, where reliable alternatives are unavailable. At the same time, we keep a critical eye on it. We believe testing can only be justified if it's clear that every effort has been made to reduce both the number of animals used and the extent of their suffering.

We oppose animal testing for non-medical purposes. Many products have been tested on animals in the past and are now used in food, household and personal products. We believe that innovation is possible without testing new ingredients on animals.

HOW WE ACT

Our core business of savings and loans exclude animal testing of any kind, except in rare circumstances where there is a very clear positive social, environmental or cultural benefit and testing is a legal necessity.

However, our Triodos Values funds and Private Banking services, which are designed for customers

1. Medical purposes would include work aimed at curing disease.

who want to invest in listed companies with sufficient sustainability credentials, can include companies using animal testing in specific circumstances; if it is for legitimate medical purposes or a legal requirement.

To qualify for potential investment, Triodos Bank requires *all* companies involved in animal testing to have a clear policy that shows they adhere to the three R's principle; reduce, replace, and refine (see details in Background Information below). Companies should also limit themselves to tests that are legally required. Under these circumstances we will only consider companies for investment that earn a very small proportion of their revenue from non-medical products that are tested on animals. We acknowledge that pharmaceutical companies may not limit themselves to legally required tests when this testing is for the sole purpose of developing new medical products – and with the condition that the three R's principle (described above) is applied to these tests as well.

Transparency is an important characteristic for companies who want to act more sustainably, but transparency around animal testing is in its infancy. We encourage companies to match or improve on the best practice of their peers in the industry. Our assessment includes whether there is a full ethical review of all animal tests, reporting on the number of animals used, and policies that reject the use of great apes for research purposes - when we address the sustainability performance of pharmaceutical companies in particular. We welcome positive steps taken by companies to be more transparent and believe the wider health care industry can learn from developments in pharmaceutical companies. We also actively encourage the development of alternatives by participating in stakeholder discussions about the future of animal testing.

DILEMMAS WE FACE

Animal testing is excluded from the vast majority of Triodos Bank's activity. But we also recognise that animal testing can be used to improve people's quality of life, especially when it's applied to new developments in health care. At the same time, we recognise that testing causes pain and suffering. These two contrasting issues are balanced in our position.

This dilemma is felt most keenly in how we deal with larger companies through our listed funds. As outlined above there are some circumstances where we believe there is a case for limited animal testing in the health care industry, in the absence of technologies to replace it.

In addition, invertebrate animals are not covered by current legislation, and there is little or no information

available on testing conducted on these animals. We would welcome the extension of regulations to include them.

ANNUAL REVIEW

As part of our monitoring procedures this policy paper is reviewed annually. New insights about the industry, or input from stakeholders, may result in changes to it.

BACKGROUND INFORMATION

It is estimated that more than 50 million vertebrate animals² are used every year in tests. There are sufficient similarities between vertebrate animals, and people, to test the safety and effectiveness of new products or ingredients before humans use them. In general animals die during these experiments or they are destroyed after them. Even larger numbers of invertebrates are used, but these experiments are unregulated by law and not included in statistics. Most animal tests are carried out inside universities, health care companies or commercial facilities.

Animal testing is controversial because it can cause pain, suffering and distress to the animals involved. The necessity of testing on animals at all, is also disputed. In general, it is more widely accepted for medical purposes than for cosmetics or household products.

Animal testing is common in the health care sector. However, animal tests are also used to develop personal and household products and chemicals. Animal testing in the food industry has increased because of a growth of artificial additives in food. However, the use of animal testing for cosmetic products is expected to decline, because from 2009 onwards (and with some exceptions, from 2013) no cosmetic products tested on animals can be sold in the European Union. The ban is the result of growing awareness of animal welfare issues and growing disquiet about its application.

Invertebrate animals are not included in current legislation, nor is their use reported. The debate about them mainly focuses on whether invertebrates experience pain rather than whether they should be included in regulations.

In developed countries, the law regulates animal testing in two ways. Firstly, medicines or household and personal products containing new substances are required by national and international law to be tested on animals before they go to market. Secondly, the law regulates the process of animal testing itself, setting

2. Vertebrate animals have a spinal column or backbone, and an internal skeleton made of bone (such as fish, reptiles, amphibians, birds and mammals).

requirements to limit the arbitrary use of animals. The extent of these requirements varies, but is strictest in the European Union, where the three R's (detailed below) are part of the relevant Directive. Variations in the law include the need for a license, qualified personnel, the ethical evaluation of tests, reporting requirements and monitoring, and Government inspections.

The development and approval of alternatives to animal tests takes time. Despite this the number of alternatives is growing, as is the number of initiatives to develop and accept them. Growing cells in the laboratory and computer simulation are two common techniques.

Although legal requirements do lead to animal testing, not all animal tests are legally required. For instance, in the Netherlands, only thirty percent of animal tests happen because they are legally required. Companies conduct animal tests that are not legally required, to find answers to their own questions. In particular, pharmaceutical companies do not limit themselves to legally required tests, claiming that it's necessary for innovation, and the future benefits that spring from it.

THE THREE R'S

The 'three R's' date back to 1959 and are internationally accepted guiding principles for the responsible use of animals in research:

1. **Reduce** refers to methods that enable researchers to obtain comparable levels of information from fewer animals, or to discover more information from the same number of animals.
2. **Replace** refers to using non-animal methods whenever it is possible to achieve the same scientific aim.
3. **Refine** refers to animal testing methods that alleviate or minimize potential pain, suffering or distress, and enhance animal welfare.

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Triodos  Bank

Triodos Bank NV
Utrechtseweg 60
P.O. Box 55
3700 AB Zeist
The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.com