

# **Triodos Bank N.V.**

## **Minimum Standards**

**September 2025**

# Minimum standards

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 our customers sustainable financial products and high-quality services.

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.

## Scope of this document

The Triodos Bank minimum standards set out the absolute minimum standards that Triodos Bank applies for all its direct investment activities and credit agreements. The Triodos Bank minimum standards are reviewed and updated at least every two years, so the expectations and criteria may change during the course of existing financing commitments with clients and investments. In general, an updated version of the minimum standards applies to both new and existing clients and investments from the date of publication. However, if contractual obligations, the duration of the investment, or a refinancing within an existing client relationship prevent immediate implementation, the relevant amended criteria might not be applied right away. Nonetheless, we expect that our clients and investments will gradually align with the updated standards over time, following the principle of proportionality. The minimum standards also form the basis for the acceptance criteria for the current and saving accounts of business clients, for suppliers as well as their suppliers, acceptance and for relationships with the investment community.

The minimum standards take into account corporate responsibility and accountability along ownership and joint venture-structures, and are applied based on reasonability and proportionality, with the main purpose of avoiding unreasonable demands for our smallest clients. While the shareholders of assessed investees and business partners are out of scope of the application of minimum standards, all parties that Triodos Bank engages with should respect (the spirit of) Triodos Bank's minimum standards (also referred to as "eligible person"), but individuals such as ultimate beneficial owners are not subject to minimum standards assessment. Note that even if a business would comply with the minimum standards

in the strict sense, it could be rejected based on general concerns or reputational risk. Where our client's relations are relevant (e.g. supply chain), this is specifically mentioned in the minimum standards.

The minimum standards are based on our values. For all financial activities of Triodos Bank, the minimum standards are embedded in the finance and investment processes. Where relevant and possible we also apply industry standards, for example the IFC Performance Standards for financial inclusion funds and renewable energy projects in emerging markets.

When we refer to 'companies' in this document, this can be seen as synonym for business clients, institutions, NGOs, foundations, suppliers and other organisations that we finance. It refers to all our business clients and direct investment clients and projects financed, as well as stock-listed companies via dedicated investment funds. The geopolitical risks of companies are assessed with the in-house country-risk tool. In terms of investments via sovereign debt, countries (and their regions), need to be free of international (EU and UN) sanctions. Additionally, countries are required to be signatories and to have ratified key conventions to be eligible for sovereign debt investment. The list of conventions is available in appendix.

## Market and core activities

Triodos Bank works on its mission in three core divisions. Triodos Bank's savings and lending business, active in the Netherlands, Belgium, Germany, Spain and the United Kingdom; Triodos Investment Management, which is a globally active impact investor; and Triodos Regenerative Money Centre, which supports initiatives that pioneer, catalyse, build communities and create change for the benefit of ecosystems, people and society, mainly through donations and catalytic money.

Triodos Bank aims to achieve its mission as a sustainable bank in three ways:

*As a values-driven service provider:* Customers not only want sustainable products and services, but also fair prices and a reliable service. Triodos Bank offers products and services with a purpose to promote sustainable development. And it does so in the context of meaningful, transparent relationships with its customers and investees.

*As a relationship bank and investment manager:* Triodos Bank's service is built on deepening and developing long-term relationships with its customers and investees. Relationships are nurtured through various online and offline channels,

including offices where customers meet co-workers face to face and at community events. We build long-term relationships with our investees via our funds. Triodos Bank's aim is to create a broad customer base that is closely connected to its mission – a combination of private and corporate customers who have made a conscious decision to bank with Triodos Bank. Exactly how this happens differs in each country. The bank's services have developed in different ways in each of the countries where it works, depending on the stage of development of the banking entities in question.

*As a frontrunner in sustainable finance:* Triodos Bank wants to promote the conscious use of money in its own organisation, but also in the financial sector as a whole. It stimulates public debate as a frontrunner of values-based banking and impact investing that can transform the economy.

## Our strategy

### Finance Change – Change Finance

Triodos Bank wants to finance change and make money work for positive social, environmental and cultural change. To make sure its influence in these areas is positive, it aims to invest in companies with positive impact and use the 'real' money entrusted to the bank by savers and investors. In addition, Triodos Bank explores new ways and models of finance, or new ways to collect money for pioneering ideas. Triodos Bank also aims to influence the financial sector to change finance by becoming more transparent, diverse and sustainable.

In essence, Triodos Bank aims to maximise positive impact, embracing the need to be profitable but only as a means to a sustainable end. Profit can be – and widely is – seen as a yardstick for corporate performance. However, it says nothing about the actual impact of a business' products, services and activities.

Triodos Bank connects savers and investors who want to change the world with sustainable entrepreneurs, organisations and companies in selected sectors. We have built a track record financing organisations that contribute to making a positive impact.

*Environment.* Triodos Bank believes profit doesn't need to be at the expense of the environment. That is why we help our clients to make a positive difference to the environment we share.

*Culture.* Triodos Bank believes that culture is a powerful force for positive change, driving creativity and innovation in business and providing lasting opportunities for personal development.

*Social.* The social businesses we finance work to improve and enrich the lives of millions of people. They tackle inequality and injustice and develop strong communities in the process.

## Approach

As a values-based bank, Triodos Bank's approach is to first assess the positive and negative impact of an activity before making the decision to finance or donate. Next, we assess the risk and return.

Impact, risk and return relate to each other as follows:

### *Impact*

We want to deliver sustainable impact. When we talk about impact, we are concerned with what our actions, in particular financing and investing, mean to people and the planet in concrete terms. Impact means the effect that our finance decisions have on the outside world, not only at a transactional level but also at a social and ecological system level. Impact can be positive and/or negative. Triodos Bank strives to deliver positive outcomes. With the minimum standards, we aim to avoid negative impact.

### *Risk*

Because our starting point is to deliver greater impact over the long term, it is essential that we are financially resilient. We therefore focus on maintaining a consistently high-quality loan and investment portfolio. By applying minimum standards, we exclude most of the sustainability risks as defined by regulators.

### *Return*

We have been able to deliver stable, fair returns over a sustained period. For us, financial performance is important because being a resilient financial institution is essential for the delivery of lasting, sustainable change.

Triodos Bank's approach to achieve positive impact involves:

- Identifying sustainable activities and initiatives, companies, organisations and projects which Triodos Bank can finance and invest in or that we can support with donations or catalytic money.
- Selecting companies, organisations and projects that will deliver the envisioned positive social, cultural or environmental impact.
- Evaluating the motivations of the people related to companies, organisations and projects, as well as the feasibility of their objectives and their capacity to realise them.
- Ensuring that clients, companies, organisations and projects we finance meet and keep meeting

the minimum standards, thereby minimising potential negative impact – according to Triodos Bank’s values – of these companies, organisations, and projects on people or the planet.

- Financing and supporting sound business, activities and projects addressing clearly defined needs.

## Excluded products and processes

Sustainable finance requires choices; very deliberate choices about what Triodos Bank finances and invests in, and what really contributes to a sustainable future. This process also requires clear boundaries for what Triodos Bank can finance. Triodos Bank deems some investments, products, processes and activities incompatible with a sustainable future. Therefore, Triodos Bank has adopted minimum standards that clearly explain the products, processes and activities that Triodos Bank does not want to be involved in.

The rest of this document provides an overview of these boundaries and contains (partial) exclusions that logically follow from our approach. These exclusions are described and categorised within the following topics:

### *Human dignity*

Triodos Bank has specified minimum standards relating to alcohol and cannabis, gambling, tobacco and weapons, human rights, labour rights, conflict minerals and pornography and sex work.

### *Planet awareness*

Triodos Bank has specified minimum standards relating to animal testing, factory farming and animal welfare, fisheries and aquaculture, trade in endangered species, fur and specialty leather (animals), biodiversity, deforestation, energy, genetic engineering, hazardous substances, contamination, natural resources and water (environment).

### *Governance awareness*

Triodos has specified minimum standards relating to accounting and remuneration, corruption, taxes and violation of legislation.

## Principles

Triodos Bank takes a holistic approach which means that making choices is not always straightforward. We therefore apply the following principles in our due diligence and decision-making process.

### Zero tolerance and maximum thresholds

Some of the numerous resources and products that companies use, manufacture or sell are not aligned with Triodos Bank’s positive impact ambitions. For these products, Triodos Bank distinguishes two approaches. For involvement with genuinely unsustainable products, Triodos Bank applies a zero-tolerance policy (e.g. for weapons and nuclear energy). Deriving revenue from the production of such products leads to exclusion from financing or investment. For other products, maximum revenue thresholds are in place to minimise exposure (e.g. for retail of tobacco products). A company or activity that exceeds the set threshold demonstrates a strategic choice for involvement and is therefore excluded from financing or investment. For financial inclusion funds (offered by Triodos Investment Management), we apply thresholds on the portfolio of the institution, rather than on the institution’s revenues due to the indirect exposure. These funds mainly finance financial intermediaries and increasingly more small and medium-sized enterprises and fintechs. Further detailed guidelines are provided in the section Triodos Bank’s policies in practice.

### Precautionary requirements

Triodos Bank also uses a precautionary approach (norms-based approach) to minimise the risk of negative impact. This approach is used to set preconditions for companies that operate in industries with increased sustainability risk, such as human rights violations or high levels of greenhouse gas emissions. The precautionary requirements relate to the evidence of policies, programmes<sup>1</sup> and performance data through which companies/clients or suppliers demonstrate their awareness and aim to prevent and manage involvement in controversies and negative effects of their activities. Companies that lack the required precautionary approach may be excluded from financing or investment. Triodos Bank encourages its relations to develop prevention plans. Where we rely on international frameworks and governmental regulation, Triodos Bank continues to apply its own strict due diligence and selection process.

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1. Programmes may include but are not limited to training and education, specific standards or guidelines, targets, projects to reduce/mitigate/prevent externalities, measuring devices etc, concrete steps to uphold and support policies.

## Proportionality

All the companies we finance or invest in are screened on the minimum standards. We apply the exclusions without prejudice to all direct loans and investments. Triodos Bank applies the precautionary requirements proportionally and reasonably. This means that we consider the type of customer, project or the company we invest in (e.g. on size and type of products), the local context and the type of financing. We also apply the precautionary requirements proportionally and reasonably when we look at holdings and financial relationships with third parties. Triodos Bank wants to prevent, for example, SME or microfinance customers from being confronted with unreasonable policy requirements based on international standards that apply to multinational companies. As a general rule in this proportionality assessment, we rely on the European Commission's definition of a 'large company' as any company that does not fall under the categories of micro, small, medium, or small mid-cap enterprises<sup>2</sup>, unless local standards or circumstances provide strong reasons to deviate from this classification.

## Controversies

Companies that have good standards may still behave unethically, not living up to their own standards. Companies may get involved in disputes and controversies related to sustainability topics which undermines their alignment with the mission of Triodos Bank. For this reason, controversies are always part of our assessment of companies (also when not specifically mentioned for each topic) and may lead to the termination of business relations or divestment. Severe or frequent controversies, for example relating to pollution, may lead to exclusion of the investment or client from Triodos Bank's assets.

The following section highlights three topics – human dignity, environment and governance – that relate to Triodos Bank's minimum standards in line with values, beliefs and guiding principles.

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2. Large companies, as defined by the European Commission, are all those that do not fall in the categories of micro, small, medium or small mid-cap enterprises. Micro, small and medium enterprises as defined by the European Commission are organisations with less than 250 employees and less than EUR 50 million turnover or EUR 43 million balance sheet total. Small mid-cap enterprises have between 250 and 749 employees, EUR 50-150 million turnover or less than EUR 129 million balance sheet total.

## Human dignity

One of Triodos Bank's main ambitions is to promote human dignity and a focus on people's quality of life. We have therefore developed minimum standards on products jeopardising people's dignity, health and safety as well as on the protection of human rights and labour rights.

## Health and safety

Health and safety are considered integral aspects for quality of life. Triodos Bank developed minimum requirements with respect to companies involved with products or services that may harm people's health and safety. These products or services include alcohol, gambling products, pornography, tobacco and weapons.

## Alcohol and cannabis

Alcohol and cannabis<sup>3</sup> have addictive qualities that affect judgement, mood and physical coordination. The (recreational) consumption of alcoholic beverages and cannabis can have a serious impact on people's health, wellbeing and accountability. Consumption of alcoholic beverages is widely accepted in many societies and is considered an important part of some social activities. This is not the case for cannabis; however acceptance and legalisation of cannabis for recreational use is growing. Triodos Bank defines involvement in alcohol and cannabis as active participation in the production, marketing or sales of alcoholic beverages and (recreational) cannabis products.

### *What we believe*

- Individuals have the right to pursue the leisure activities of their choice, including drinking alcohol or using cannabis, insofar as these activities are legal and do not negatively affect others or the environment.
- Small-scale production of alcoholic beverages can be part of cultural heritage, foster traditions and play an important role for the local agriculture and economy.
- (Excessive) alcohol and cannabis consumption has negative effects on the health and wellbeing of individuals, their families and wider society, and can be particularly damaging for children. The consumption of alcoholic beverages and cannabis products can also result in antisocial behaviour such as driving under the influence (DUI).
- Minors and vulnerable people's health can be disproportionately affected by excessive alcohol and cannabis use.

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3. With alcohol, we refer to alcoholic beverages for consumptive purposes. With cannabis, we refer to cannabis products for recreational use, especially with regard to the THC component.

- The sourcing of cannabis products remains problematic due to difficulties in verifying the origins and quality of the product. Even in legalized markets, illicit cannabis can infiltrate legitimate supply chains. Illicit cannabis supply is often controlled by organized crime networks, which may engage in violence, exploitation, and environmental harm, such as illegal cultivation in protected areas.
- This minimum standard applies to the recreational use of alcoholic beverages and legal cannabis. We have no concern with the medical use of alcohol-based products, cannabis and cannabinoids via legal channels, the use of alcohol in cleaning products, and the use of cannabis plants for the production of natural fibres (hemp).

*Guiding principle:* Triodos Bank does not finance or invest in companies involved in the production and sale of alcohol and cannabis that do not show responsibility for alcohol and cannabis use and abuse as well as for the negative social impacts of alcohol and cannabis and that do not ensure traceability of cannabis products.

Triodos Bank excludes companies that:

- Produce or retail alcoholic beverages and recreational cannabis products and do not take sufficient measures to prevent the sale and marketing of alcohol and cannabis to minors, the use of alcohol and cannabis while driving and the excessive use of alcohol and cannabis. Where relevant, companies need to have programmes in place mitigating the negative effects.
- Are involved in the mass production and retail of alcoholic beverages.<sup>4</sup>
- Produce or retail cannabis or cannabis products and do not commit to their traceability from legitimate sources.

#### ***In practice***

*Triodos Bank may invest in a supermarket company (meeting our positive impact criteria) if this company has a policy on responsible sales and marketing of alcohol and cannabis products, and concrete programmes to support and uphold these policies, for example an age check. We do not require a formal policy when financing an organic vineyard, but we do discuss the issue with our borrowers.*

## **Gambling**

Gambling is the act of betting money or material goods with the intention of winning additional money and/or material goods. The outcome of this wager is partially or totally dependent upon chance. Gambling

4. A threshold of 5% of company revenue applies.

is a social issue because it can be addictive, especially when it is focused on short odds.

#### *What we believe*

- Individuals have the right to pursue the leisure activities of their choice, including gambling, insofar as these activities are legal and do not negatively affect themselves or others, or the environment. Excessive gambling has a negative effect on the wellbeing of individual gamblers, their families and wider society.
- Some forms of gambling are more addictive than others and therefore pose a greater risk. The risk of addiction is typically linked to the length of time that passes between the wager and the result of the game. Addicted gamblers suffer personally, as well as negatively impacting their families and society when they cannot pay for their addiction. This can lead to high level of debt, theft and/or other social problems.
- Companies that profit from gambling have a responsibility to manage the risk of people becoming addicted to their products or services, and to protect young people from underage gambling.

*Guiding principle:* Triodos Bank does not finance or invest in the gambling industry.

Triodos Bank excludes companies that:

- Develop, produce, distribute, sell or market gambling products or tailor-made services to the gambling industry, with the exception of long odds activities or lotteries.<sup>5</sup>

#### ***In practice***

*Triodos Bank can invest in a company that provides internet services with access to gambling sites, but not in a company that is offering short odds gambling products.*

## **Tobacco**

Tobacco products include cigarettes, cigars, pipe tobacco, smokeless tobacco products (snuff, chewing tobacco) and key materials necessary for the production of tobacco products, such as cigarette paper, tobacco flavouring and filters. Nicotine, the stimulant in tobacco, is very addictive. Triodos Bank defines involvement in tobacco as active participation in the production, marketing, sales and distribution of tobacco products.

#### *What we believe*

- Using tobacco has serious negative health impacts for users, both for active and passive smokers. The use of tobacco, and especially

5. A threshold of 5% of company revenue applies.

smoking, is connected to diseases such as cancer and heart disease.

- As with other similar types of agriculture, tobacco farming can contribute to environmental problems through widespread pesticide use, use of agricultural land for non-food production and poor labour standards.
- Companies involved in the production or sale of tobacco products are responsible for preventing the misuse and diminishing the negative health and social impacts of tobacco.

*Guiding principle:* Triodos Bank does not finance or invest in the tobacco industry.

Triodos Bank excludes companies that:

- Produce tobacco products or sell such products.<sup>6</sup>
- Market tobacco to underage customers or companies with serious and/or frequent involvement in tobacco-related controversies.

### ***In practice***

*Triodos Bank may invest in a supermarket chain that also retails small amounts of tobacco or in a microfinance institution that occasionally provides a loan to a retail shop or tobacco leaf farmer, but we will not finance companies producing tobacco products.*

## **Weapons, arms and munitions**

Arms, or weapons, are specifically designed for the execution of physical force by people towards other people, their infrastructure or animals. Arms include conventional weapons and non-conventional weapons (such as nuclear, chemical and biological weapons and lethal autonomous weapon systems, also referred to as “killer robots”) and complete weapons systems.

The term ‘dual-use’ is frequently used in relation to weapons. Dual-use items are goods, software and technology that may have both a civilian use and military application (such as vehicles or communication equipment). Strategic services include the repair and maintenance of military or dual-use goods and teaching people how to use them, as well as certain types of software deliveries.

### *What we believe*

- The use of weapons for conflict resolution undermines human physical and psychological integrity, causes major environmental damage, and ignites a culture of conflict and violence.
- This fundamentally contradicts Triodos Bank’s values and mission to build a society with human

dignity at its core, therefore we do not finance companies that make or sell weapons.

- While we acknowledge the need for governments to maintain military equipment for security purposes, we believe that the involvement of private investors and financiers in the arms industry unduly fuels the market for weapons, undermining efforts to build long-lasting peace through conflict prevention and social dialogue.

*Guiding principle:* Triodos Bank does not finance or invest in companies or organisations that produce or sell weapons, specifically designed components for weapons and weapons related services nor in financial institutions that finance these companies and organisations.

Companies involved with the production or sale of dual-use technologies are subjected to investigation as their products must not be designed to inflict, or contribute to, physical force on people or animals.

Triodos Bank excludes companies that:

- Produce or sell weapons, specifically designed components for weapons and/or provide weapons related services. Here weapons include conventional weapons and non-conventional weapons such as nuclear, chemical and biological weapons and lethal autonomous weapon systems, and complete weapons systems (zero tolerance).
- Provide financial services to companies that produce or sell weapons and weapon-related services.<sup>7</sup>
- Participate in, have investments in shareholdings or bonds, and/or provide loans to companies that are involved in anti-personnel landmines, cluster bombs, biological weapons, chemical weapons nuclear weapons and/or lethal autonomous weapons.

### ***In practice***

*Triodos Bank would not be involved in – for example – supermarkets that sell weapons. In addition, Triodos Bank requires other financial companies that Triodos Bank invests in to refrain from weapon-related finance.*

## **Human rights**

Human rights are the rights of people as defined in the United Nations’ Universal Declaration of Human Rights (UDHR) which states: ‘All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood’. Human rights are universal and applicable to all

6. A zero-tolerance policy is applied to tobacco cultivation and production of tobacco products. A threshold of 5% of company revenue applies for retail of tobacco products.

7. Mainly investment and business banking activities (Financial Industry).

human beings. In the past, upholding human rights was mainly viewed as a government responsibility, but nowadays companies are recognised a clear role in this obligation.

Triodos Bank uses the principles of frameworks such as the UDHR, the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and the UN Global Compact as the basis to assess and select companies and relationships prior to financing or investment, applying the proportionality principle. In addition to governmental regulation and international guidelines, Triodos Bank has its own strict due diligence and selection process. Since most of our business banking clients are small or medium-sized, we apply our policies and international standards based on and in proportion to the size and activities of a company.

Business relations are expected to uphold human rights standards as defined by the organisations referenced above, with particular attention to the rights of individuals and groups that are at greater risk of having their human rights being violated, such as women, minorities, members of LGBTQIA+ community, people with disabilities, Indigenous peoples, children and migrants. Human rights are universal, indivisible and interdependent. Triodos Bank will not finance involvement in their violation, and respect for human rights is one of Triodos Bank's key values.

The term 'human rights' is an umbrella term that covers a broad set of rights that are intrinsic to every human being. This minimum standard defines high level expectations on companies with respect to human rights at large, however specific codes, conventions and regulations exist concerning each of the rights recognised by the UDHR and these are also taken into account in our financing process.

#### *What we believe*

- It is of the highest importance that companies respect human rights both within their operations and across their spheres of influence, including:
  - own operations, including product and service design and development business partners and suppliers, and further supply chain where possible
  - clients or customers
  - host communities, groups and individuals otherwise affected by their products or operations
  - interaction with (local) governments
- Companies should neither violate human rights nor be involved in violations of them. A company operating in countries or jurisdictions where human rights violations are institutionalised or collaborating with partners or institutions involved in activities that pose a serious risk to individual

and/or collective rights (such as remote biometric identification in public spaces) is at risk of becoming implicated in them. The responsibility of a company stretches well beyond legal compliance into moral obligations.

*Guiding principle:* Triodos Bank only finances and invests in companies that respect and uphold human rights.

Triodos Bank excludes companies that:

- Are at high risk<sup>8</sup> for the violation of human rights and do not take action to prevent and/or remediate potential and/or actual human rights infringement risks that arise from their business activities.
- Do not respect international humanitarian law or employ or co-operate with parties that infringe political and civil rights, like security forces or repressive regimes. This is assessed on a case-by-case basis applying relevant UN conventions and international human rights' legislative frameworks.
- Do not prevent conflicts over land rights and acquire natural resources without engaging in meaningful consultation with local government bodies and communities and by obtaining free, prior and informed consent from (traditional) land users.
- Are involved or associated with controversies related to violence or threats against land, environmental, and human rights defenders, with special attention for companies operating in countries where civic space is restricted and the risk of civil and political rights infringements are high.<sup>9</sup>
- Are involved in human rights violations, including contributing to or benefitting from structural and gross human rights violations.
- Supply strategic products or services that directly contribute to the violation of political and civil rights (misuse of products and services).
- Operate in weak governance zones, disputed territories or conflict affected areas without conducting heightened human rights due diligence on all operations and business relationships to prevent and mitigate human rights abuses<sup>10</sup> and to uphold human rights.

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8. We believe all companies are at risk to violations of human rights, but the risk is highest for certain industries (e.g. construction). The risk also depends on the country or region of the company's activities. Our due diligence takes these factors into account. The actual activities and the locations of the company's activities are leading in this process.

9. Triodos Bank applies its own risk management framework to countries where we invest in companies. This framework assesses environmental, social and governance risks (including civil rights) and helps determine which countries are considered high risk. These risks are continuously monitored.

10. As stated in Principle 13 of the UN Guiding Principles on Business and Human Rights, businesses should seek to mitigate human rights abuses they are directly linked to, even if they do not contribute to the impacts themselves.

- Deny people their basic needs, for example by claiming local water reserves in water-scarce areas.
- Produce or sell breast milk substitutes while not having a policy in place acknowledging the WHO Code on Marketing of Breast-milk Substitutes.<sup>11</sup>
- Develop ICT technologies that are at high risk for violating human rights, including AI systems, without committing to the responsible and ethical development and use of such technologies. Develop, use or co-operate with parties that use technology for purposes that can undermine civil and political rights, such as social scoring, facial and emotion recognition in sensitive settings or real-time and remote biometric identification in public spaces in ways that can lead to surveillance abuses.

### ***In practice***

*Triodos Bank will not tolerate – for example – companies that provide phone tapping equipment for repressive regimes. Triodos Bank does however support microfinance institutions that are located in countries prone to conflicts or with weak governance.*

## **Labour rights**

Labour rights are a set of rights that concern the labour relations between workers and their employers and are an important part of human rights. The fundamental rights of people in relation to work, as defined by the International Labour Organisation (ILO), form the basis of Triodos Bank's policy on labour rights.

### *What we believe*

- Multinational companies should have publicly available labour rights policies and supporting management systems in place addressing the fundamental labour rights of no child labour, equality (non-discrimination<sup>12</sup>), no forced labour, unionisation,<sup>13</sup> as well as occupational health and safety, both within their operations and across their spheres of influence, including suppliers

11. The International Code on Marketing of Breast-milk Substitutes, or the WHO Code, is an international health policy framework for breastfeeding promotion adopted by the World Health Organization and UNICEF in 1981. Its main purpose is to contribute to the provision of safe and adequate nutrition for infants by the protection and promotion of breastfeeding, and by ensuring the proper use of breast milk substitutes through adequate information and appropriate marketing and distribution. The protection and promotion of breastfeeding is crucial as there is a consensus among infant nutrition experts that it gives babies the best start in life and protects health over their lifetime. Companies that sell breast milk substitutes must adopt this policy and act upon it.

12. Discrimination is the unjust or prejudicial treatment of people based on their identity or their ascribed characteristics. Attributes or characteristics are gender, age, sexual orientation, religion, ethnicity, disability, migration status, employment status and/or economic status.

13. Unionisation includes freedom of association and the right to collective bargaining.

- and contractors. These policies should also encompass workers performing their duties remotely or from home, ensuring their health, safety and labour rights are equally protected.<sup>14</sup>
- Companies should respect the labour rights defined by the ILO and described in the Tripartite Declaration and establish procedures for processing employee complaints and solving violations and conflicts, preferably in consultation with labour unions.
- Companies should treat all workers – including migrant workers – fairly and equally, independent of their gender or background, and eliminate all forms of discrimination and exclusion.
- Companies should pay their workers at least a living wage,<sup>15</sup> respect a maximum number of working hours and otherwise aim to improve labour standards for employees and supply chain workers.
- Companies should be able to show that they undertake measures that support maternity protection.<sup>16</sup>
- Triodos Bank acknowledges the importance of various industry-specific sustainability initiatives that aim to improve labour conditions and advance companies' broader social, environmental and ethical responsibilities.<sup>17</sup> In addition to protecting workers, companies should protect people otherwise negatively affected by their business, from sickness, disease and injury.

*Guiding principle:* Triodos Bank does not finance or invest in companies that do not uphold fair and equal labour standards

Triodos Bank excludes companies that:

- Are at high risk<sup>18</sup> for the violation of their own employees' labour rights and do not have policies and programmes, including clear targets, addressing industry-specific labour rights issues such as child labour, equality (non-discrimination), forced labour, unionisation and

14. The number of people working from home has increased significantly since the Covid-19 pandemic, making it a more common and lasting feature of modern labour markets. To ensure decent working conditions for homeworkers, companies should align with ILO Convention 177 on Home Work.

15. Definition living wage: The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing and other essential needs including provision for unexpected events." (Global Living Wage Coalition, 2018).

16. ILO Convention 183 provides a standard for measures with regard to maternity protection, including paid maternity leave, the right to return to the same or an equivalent position, and adequate time and facilities for breastfeeding.

17. Examples are the Clean Clothes Campaign, the Better Cotton Initiative and Fair Wear for the garment industry, the International Council of Toy Industries for the toy industry, the Responsible Care Global Charter for the chemical industry and Electronic Industry Citizenship Coalition and the Guide to Greener Electronics for the IT industry.

18. We believe all companies are at risk to violations of labour rights, but generally the risk is highest for industries and activities that require intensive low-skilled and low-paid labour (in company or in the supply chain), for example the textiles and apparel industry.

health and safety, as defined by the ILO.

- Are at high risk for the violation of labour rights of contractors' employees and do not have a policy addressing their supply chain, on health and safety and the five fundamental labour rights covered in the basic ILO conventions, nor an additional management programme including clear targets, monitoring, annual evaluation and corrective measures.
- Deny their employees a safe and healthy workplace or thwart the basic needs of employees, such as access to medication and to adequate food.
- Structurally violate the labour rights of their own employees or contract suppliers that violate their employees' labour rights.

## Conflict minerals

Tantalum, tin, tungsten and gold are essential in the production of electronics, machinery, and various industrial products, including everyday products such as mobile phones, cars or jewellery. A significant portion of these minerals is sourced from Conflict Affected and High-Risk Areas (CAHRAs). Mineral extraction and trade can be used to finance armed groups, fuel forced labour and other human rights abuses, and support corruption and money laundering. Control over the mines and their revenue can be linked to financing the fighting parties and fuels the ongoing conflicts.

### *What we believe*

- When sourcing minerals or other products from weak governance zones or conflict affected areas, there is a heightened responsibility to perform due diligence, to ensure supply chains are not contributing to violence, exploitation and human rights violations.
- The link between the profits from conflict mineral extraction and the financing of armed groups makes it essential for companies to adopt rigorous sourcing practices to ensure that they are not unintentionally supporting conflict.
- Responsible sourcing from these regions, when done correctly, can support local livelihoods and contribute to peacebuilding.

*Guiding principle:* Triodos Bank does not finance or invest in companies that are exposed to the use of conflict minerals or extract and supply such minerals and do not take action to source conflict-free minerals. Triodos Bank requires the same from their suppliers.

Triodos Bank excludes companies that:

- Are involved or potentially involved in the extraction, trade, or use of conflict minerals<sup>19</sup> and

fail to take meaningful action to source conflict-free minerals.

- Do not have a clear and publicly stated policy for sourcing conflict-free minerals, and do not require their suppliers to adhere to the same standard.
- Fail to participate in, or align with, industry standards such as the Conflict-Free Smelter Program,<sup>20</sup> or cannot demonstrate non-involvement.

## Pornography and sex work

Sex-related services and products include pornography, films, photographs and performances that are sexually explicit and intended to arouse sexual excitement, as well as full-service sex work where sex worker and client physically interact with each other.

### *What we believe*

- Individuals have the right to pursue the leisure activities of their choice, insofar as these activities are legal and do not negatively affect others or the environment.
- Criminalization and stigma surrounding sex work increases the risk for human rights violations. If sex work and pornography takes place at the margins of society with low visibility, there is a heightened risk for human trafficking, exploitation and abuse, or illegal practices, especially in countries where regulation and oversight is lacking.
- Individuals have the right to choose their profession freely, insofar as these activities are legal and are pursued in accordance with regulation. Sex workers, like all individuals, are entitled to protection against discrimination based on their occupation. Freedom to choose one's profession is part of the Dutch constitution (art 19) and of the EU Charter of Fundamental Rights (art. 15).
- Companies involved in pornography and sex work, such as brothels and sex clubs, may profit from power imbalances and dependencies vis-à-vis individual sex workers. This can lead to a higher risk of exploitation for sex workers.
- Companies active in the distribution of pornographic materials, such as websites, must take responsibility for preventing access of minors to pornographic content.
- Companies active in the distribution of pornographic materials must take responsibility for stopping the distribution of illegal and extreme pornography. Illegal pornography includes child exploitation material, non-consensual content, and revenge porn, which violate human rights

19. As defined by the OECD Due Diligence Guidance for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas and the

Kimberly Process Certification Scheme amongst others.

20. The Conflict Free Smelter programme supports companies in making informed choices about conflict minerals in their supply chain.

and laws globally. Extreme pornography refers to material that is considered grossly offensive, such as explicitly and realistically showing serious injuries, rape or assault, bestiality or necrophilia.

- Due to the global nature of our financial activities, Triodos Bank chooses to limit its involvement with businesses involved in pornographic content and sex work, but does provide financial services to individual, independently and legally operating sex workers

*Guiding principle:* Triodos Bank does not finance or invest in companies involved in pornography or sex work.

Triodos Bank excludes companies/activities that:

- Produce or design pornographic content or that are otherwise related to sex work.
- Provide services related to sex work, including pornography, films, photographs and performances that are sexually explicit and intended to arouse sexual excitement.
- Provide access to the internet or operate websites without active measures to prevent the exposure of minors to pornographic content, or are found to be involved in the distribution of illegal and extreme forms of pornography.

#### ***In practice***

*Triodos Bank may invest in a company that provides internet access, if these companies have taken measures to stop the distribution of illegal materials and to prevent minors' access to pornography. Such measures could include age verification systems, parental control tools, dedicated teams or responsible people in the company to oversee the topic, membership of industry or (inter)national codes of conduct promoting best practices.*

## **Planet awareness**

Triodos Bank strives to minimise potential negative impact of its lending and investment activities, in support of a sustainable society with respect for the animal world and the environment.

### **Animals**

Triodos Bank acknowledges the intrinsic value of animals and the responsibility of humans to protect and take care of animals. Triodos Bank is a committed advocate of positive animal welfare and acknowledges that animals contribute to a better quality of life in various ways. Animal-related considerations include animal testing, farm animal welfare (we oppose factory farming), fur and specialty leather.

## **Animal testing**

Animal testing includes all forms of experimenting performed on vertebrate animals and covers all vertebrate animals that are purchased or bred solely for this purpose. The primary purpose of the experiments is to guarantee the safety or effectiveness of new products or ingredients. National and international laws usually require animal tests before new medicines, chemical substances or products for personal care or housekeeping can be brought to the market. Such testing may also be required for new ingredients, including ingredients for food products. Tests on non-vertebrate animals such as the daphnia species (water fleas) are not considered highly controversial and remain out of scope.

#### *What we believe*

- Animal testing may be legally required under specific circumstances. We do accept investment in companies that use carefully controlled animal testing for legitimate medical purposes if there are no viable alternatives. At the same time, we require these companies to reduce, refine and replace (3Rs) animal testing wherever possible.<sup>21</sup>
- Testing can only be justified if it is 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, but innovation is possible without testing new ingredients on animals.

*Guiding principle:* Animal testing is only acceptable for legitimate medical purposes, and Triodos Bank does not finance or invest in companies that do not apply carefully controlled animal testing and apply the principles of the 3Rs.

Triodos Bank excludes companies that:

- Manufacture non-medical products that are tested on animals.<sup>22</sup>
- Carry out animal tests for non-medical products without a legal obligation to do so.
- Carry out animal tests for medical products but do not have a policy on the principles of the 3Rs in place and do not promote the principles of the 3Rs.

Animal testing is most widespread in the pharmaceutical industry. Triodos Bank values companies that actively search for alternatives to

21. The Three Rs principle is widely accepted as the ethical framework for animal experimentation and guides those using animals for scientific purposes in certain countries. It prescribes to Reduce the number of animals used, to Replace animal testing with other solutions if possible and to Refine tests to minimise animal suffering.

22. A threshold of 5% of company revenue applies.

animal testing, through participation in or financing of initiatives with that objective. Pharmaceutical companies that carry out animal tests must meet additional criteria.<sup>23</sup>

### ***In practice***

*Triodos Bank does not provide loans/equity/donations to personal products companies that do not reject animal testing for their products. Triodos Bank may invest in pharmaceutical companies via its investment funds, but only if they have a transparent and comprehensive policy on animal testing (3Rs), publish figures on the number and type of animals used, and have a procedure in place including an ethical review of animal testing practices and animal welfare.*

## **Factory farming and animal welfare**

Factory farming is characterised by livestock kept in confinement and at high density. Factory farming, often referred to as industrial and/or intensive farming, can be defined as a total of methods of farming in which the breeding, raising, treating, processing, transporting and slaughtering of animals for their products are conducted in an intensive manner. The term relates to the intensive manner of production, less on the size of a farm alone.

Triodos Bank has strong concerns about animal welfare associated with these intensive production systems. Evidence shows that animals in these systems often live in discomfort and suffer unnecessarily. Examples of harmful factory farming practices include restricted space, interventions such as the un-anaesthetised castration of pigs, debeaking of chickens and the systematic use of hormones and antibiotics to enforce growth and prevent diseases.

### ***What we believe***

- Triodos Bank believes that agriculture based on organic and biodynamic principles is the best holistic approach to sustainable agriculture and food production, with an innate respect for animal welfare.
- Triodos Bank expects companies that are involved with animals to respect the Five Freedoms framework, referring to freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury and disease, freedom to express normal behaviour and freedom from fear or distress. This means that companies pay attention to the factors of the 'Five Domains' that can positively or negatively affect welfare

23. Based on case-by-case assessment, including for example an ethical review of animal tests, reporting/transparency on number and type of animals used.

for each animal species, namely nutrition, environment, health, behaviour and mental state.

- Triodos Bank supports the Planetary Health Diet, which allows for limited inclusion of animal products while emphasising plant-based proteins. We expect companies to contribute to the transition to plant-based and alternative proteins.
- Triodos Bank expects companies that use animal-based products or ingredients to take animal welfare seriously—for example, by sourcing certified products and including animal welfare in their procurement, operational policies and supplier relationships.
- Triodos Bank expects that companies apply a prudent use of antimicrobial medicines (antibiotics) in animal agriculture and aquaculture to minimise antimicrobial resistance.

**Guiding principle:** Triodos Bank only finances or invests in companies that use animal products or ingredients if they have animal welfare policies and practices in place that go beyond legal requirements. We favour companies that have clear animal welfare improvement targets and actively work for better animal welfare standards in the industry, as well as companies that produce or use plant-based alternatives to animal products.

Triodos Bank excludes companies that:

- Are involved in animal farming including dairy, meat, egg or fish production, as well as those providing products and services to animal farming such as slaughter and equipment<sup>24</sup> and do not operate in line with a recognised animal welfare scheme or have time-bound plans to achieve this<sup>25</sup> and implement the following minimum requirements in core areas of animal welfare throughout the production cycle, or have time-bound plans to achieve this<sup>26</sup> :
  - Close confinement methods are not used, such as calves in crates, tie-stall systems, hens in battery cages and sows in feeding cubicles.
  - Breeding practices do not focus on extreme productivity (e.g. double muscling for cows).
  - Efforts are made to provide environmental enrichment suited to species-specific needs.
  - Procedures and handling methods that cause severe stress, pain or have high mortality risks are avoided<sup>27</sup>, including tail docking, adult dehorning, force-feeding, debeaking, use of

24. A threshold of 5% of company revenue applies.

25. Including biodynamic, organic, Beter Leven 3 Stars, Soil Association or certification standards aligning with the FARMS Responsible Minimum Standards (RMS). While not strictly an animal welfare standard, this also includes the Aquaculture Stewardship Council Farm Standard. Other national or local certification schemes or standards with similar animal welfare requirements may also be acceptable.

26. Third-party standards aligning with the FARMS Responsible Minimum Standards automatically fulfil this.

27. Unless it is a medical necessity and performed by or under instruction of a veterinarian.

- electric prods and harmful fish delousing.
- Before slaughter, animals must be effectively stunned and remain unconscious until death, using non-aversive methods that minimise pain and distress.<sup>28</sup>
- Live animals should not be transported over land for more than eight hours
- Are involved in frequent or major controversies regarding animal abuse.
- Use or source products from animal farming and do not act on farm animal welfare improvement through a policy that adheres to the Five Freedoms and by taking action, for example by sourcing and offering certified products and taking part in industry initiatives to improve animal welfare in the supply chain.
- Engage in educational or nature protection activities in which wild animals are involved and cannot ensure the welfare of those animals in accordance with applicable regulations, standards and permit conditions.
- Engage in entertainment activities in which wild animals are involved.

#### ***In practice***

*Triodos Bank can invest in a globally operating food or restaurant company if this company has implemented strong animal welfare standards in its supply chain and when it also offers its customers organic (animal) products. Triodos Bank will not require animal welfare standards when providing equity to microfinance institutions that have clients in the agriculture sector.*

## **Fisheries and aquaculture**

Fisheries comprise enterprises and individuals associated with wild-catch or aquaculture resources and the various transformations of those resources into products for sale, and the sale of such products. Products related to this sector include all kinds of sea and freshwater animals such as fish, shellfish, sponges, shrimps, as well as seafood or freshwater products such as plants. Aquaculture, also known as aquafarming, is the farming of fish, crustaceans, molluscs, aquatic plants, algae and other aquatic organisms. Aquaculture involves cultivating freshwater and saltwater populations under controlled conditions, and can be contrasted with commercial fishing, which is the harvesting of wild fish.

#### ***What we believe***

- Unsustainable fishing poses a threat to the maintenance of fish stocks and conservation of

28. The World Organisation for Animal Health (WOAH) provides guidance for acceptable and unacceptable slaughter methods for both terrestrial and aquatic species.

- the marine environment for future generations. The monitoring and managing of fish stocks is impeded by ships sailing under the flag of countries with weak regulatory frameworks.
- Aquaculture can play a role in the provision of healthy and more sustainable proteins but must be managed in a sustainable manner.
- Triodos Bank expects companies to engage in responsible fishery and aquaculture practices.
- Triodos Bank expects companies using products or ingredients derived from fisheries and aquaculture to acknowledge and act on material sustainability issues, like through sourcing certified products.

***Guiding principle:*** Triodos Bank only finances and invests in companies that foster sustainable fishery and aquaculture practices.

Triodos Bank excludes companies that:

- Operate in the fishery and aquaculture industry, or that process or sell fishery and aquaculture products and do not have sustainable fisheries programmes and policies.
- Own or operate fishery operations not according to the Marine Stewardship Council (MSC).
- Are subject to frequent or major controversies regarding illegal, unreported or unregulated (IUU) fishing.
- Engage in controversial fishing techniques.<sup>29</sup>
- Own or operate aquaculture facilities that are not or will not be certified according to organic standards or the Aquaculture Stewardship Council (ASC) Farm Standard.
- Engage in octopus farming.

#### ***In practice***

*Triodos Bank may be involved in local fisheries via its financial inclusion activities in emerging markets. Triodos Bank can also finance aquaculture activities providing the companies adhere to good certification systems and industry best practices.*

## **Fur and specialty leather**

Animal fur and skin are used for clothing, furniture, or other purposes. Fur and specialty leather are luxury products when the animals are specifically bred or hunted for their skin only and not necessary to fulfil basic human needs as there are adequate alternatives.

#### ***What we believe***

- Animals have a right to freedom from pain and fear and all appropriate steps should be taken

29. Examples of controversial fishing techniques include but are not limited to (bottom) trawling, cyanide or other poison fishing, deep-sea fishery, drift nets and shark-finning, as well as ghost fishing and disrespecting no-take zones.

to prevent cruelty to animals and to reduce their suffering.

- We recognise that animals provide products that meet human needs. But we do not believe that breeding or hunting animals only for their fur or skin is necessary for human wellbeing.
- There are good alternatives to animal fur and skin products which can be used to fulfil basic human needs.

*Guiding principle:* Triodos Bank does not finance or invest in companies that are involved in the production and sale of fur and specialty leather, including any exotic leather.

Triodos Bank excludes companies that:<sup>30</sup>

- Are involved in the breeding or hunting of animals for fur and specialty leather.
- Produce, manufacture, trade or sell fur and specialty leather products or derived products.
- Provide tailor-made products to the fur and specialty leather industry.

#### ***In practice***

*Triodos Bank may finance or invest in companies that produce and sell cow leather products, as cows are not bred for the skin, but cow leather is a by-product of the dairy and meat industry.*

## **Environment**

Triodos Bank works to deliver positive environmental impact. Environment-related topics are biodiversity, deforestation, climate change, energy, genetic engineering, hazardous substances and contamination, natural resources and mining and water.

## **Biodiversity**

Biodiversity refers to the variety of animals, plants, their habitats and genes on which life depends. Triodos Bank believes that biodiversity is the foundation of life on earth and that people depend on it for their wellbeing and survival. Biodiversity loss is caused by several main drivers: climate change, land-use change, pollution, overexploitation and invasive species. Biodiversity loss drivers are addressed throughout this document with requirements and exclusions in other sections that must be upheld; Human rights, Fisheries, Deforestation, Soft commodities, Material extraction & processing, Hazardous chemicals, Climate change, Mining & minerals, Water, Genetic engineering, Factory farming and animal welfare sections.

30. A threshold of 5% of company revenues applies.

Triodos Bank closely monitors companies operating in industries that could damage biodiversity. Companies should refrain from negatively impacting biodiversity and sensitive ecosystems, mainly caused by climate change, pollution, land and water use change, overexploitation and invasive species. In order to prevent biodiversity decline. Triodos Bank expects its business relations to follow the UN Convention on Biological Diversity and related documents such as the Bonn Guidelines, the Nagoya Protocol and the Cartagena Protocol.

#### *What we believe*

- Biodiversity is the foundation of life on earth. It is the link between all organisms, binding each to a complex web of interdependent ecosystems, in which all species have a role.
- People – families, communities, nations and future generations – depend on biodiversity for their wellbeing and survival. Even a small loss of biodiversity has a negative impact on the quality of life.
- Biodiversity underpins the global economy, providing the goods and services upon which economic activity is based. Companies are responsible for protecting species and ecosystems which may be threatened by their operations.
- We finance companies that demonstrate awareness of their impact on biodiversity, and which take credible measures to assess, disclose and mitigate negative effects on biodiversity or that improve biodiversity.
- Certain products have a higher risk of causing damage to biodiversity. Companies that produce and distribute such products have a responsibility to formally acknowledge the risks, to have programmes to reduce and manage their impacts, and to report on their results.

*Guiding principle:* Triodos Bank does not finance or invest in companies that cause extensive or repeated damage to biodiversity, or in companies that have a high potential risk of causing such damage without managing them.

Triodos Bank excludes companies that:

- Are involved in major or repeated minor controversies regarding biodiversity without sufficiently remediating or restoring damages.
- Do not prevent or cause negative impact in protected or environmentally significant areas, including High Carbon Stock (HCS) forests, UNESCO World Heritage Sites, Ramsar Wetlands, the Arctic region, protected areas falling under the IUCN Guidelines category I-IV (including marine protected areas) or known High Conservation Value (HCV) areas.
- Do not prevent or cause negative impact on protected animals. Protected or endangered animals are identified by relevant bodies, for example the IUCN Red List.

- Knowingly introduce or do not take sufficient preventative measures to prevent the spread of invasive alien species.<sup>31</sup>
- Use or trade in species that are on the CITES list<sup>32</sup> and do not have responsible sourcing guidelines for such activities.

## Deforestation

Deforestation is conversion of forest to non-forested land, whether human driven or not. Most often the human driven deforestation is for agricultural use. Forest degradation includes any structural changes to forest cover, including both the conversion of primary forests or naturally regenerating forests into plantation forests or into other wooded land, or the conversion of primary forests into planted forests.

Triodos Bank believes that forests have an intrinsic value, in addition to the fact that forests, especially tropical and High Carbon Stock (HCS) and High Conservation Value (HCV) forests, are critical for preserving biodiversity, ecosystem services, sustaining indigenous cultures, supporting human health, and addressing climate change. Triodos Bank expects companies to take responsibility with respect to preserving forest areas.

### What we believe

- Forests, and other ecosystems like peatlands and mangroves, are fundamental to the long-term future of the environment and for mitigating climate change. Deforestation, forest degradation and conversion need to be reduced in a move towards no deforestation and no conversion policies – in line with the NDPE principle and regulatory efforts like the European Deforestation Regulation (EUDR).<sup>33</sup>
- Forests provide a breadth of products and services essential to the health, wellbeing and survival of people. Likewise, forests underpin the economy providing the raw materials essential for many sectors. Their degradation poses risks to the value of the activities undertaken by our clients and investees.
- The traceability of global commodity supply chains is key in battling deforestation. We encourage companies in relevant industries and their financiers to invest in traceability systems and sustainability-related disclosures for instance through the CDP's Forests Disclosure program.
- We respect the tenure rights of Indigenous

peoples and affected communities, especially in connection to labour rights and threats against, land, environmental and human rights defenders, in areas where forestry activities occur (see Human Rights section).

*Guiding principle:* Triodos Bank only finances or invests in companies in relevant sectors with practices that do not contribute to commodity-driven deforestation and that promote the conservation or sustainable management of forests.

Triodos Bank excludes companies that:

- Do not comply with local, national, and international laws and regulations with regards to deforestation-risk commodities (soy, beef, wood, palm oil, rubber, coffee, cocoa) in their operations and supply chain<sup>34</sup>, or in case of non-compliance are not working towards ensuring full and timely compliance
- Are responsible for deforestation or forest-degrading logging activities or other conversion of ecosystems in protected areas, peatlands, or other important natural areas<sup>35</sup>, which can include other ecosystems like savannahs, mangrove forests, and wetlands.
- Produce, trade or use significant amounts of soy, wood, palm oil, rubber, cocoa and coffee or derived products thereof, and are not working towards setting or meeting a target on no (gross) deforestation with a cut-off date of 30 December 2020, or cannot otherwise demonstrate that their supply chain is or will be Deforestation and Conversion Free (DCF).<sup>36</sup>
- Produce, trade, or use significant amounts<sup>37</sup> of beef or leather and cannot demonstrate that the beef is completely deforestation and land conversion free in its direct supply chain with the cut-off date 30 December 2020 or sourced from low-risk origins.<sup>38</sup>
- Own forests<sup>39</sup> that are not (in the process of being) certified in a way that preserves or enhances biodiversity and supports the lives of local people and workers, preferably by the Forest Stewardship Council (FSC).

31. According to national or international legislation, like the European Union's list of Union concern.

32. CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.

33. NDPE Stands for No Deforestation, No Peatlands and No Exploitation. No deforestation (or no gross deforestation) means no forest areas are cleared or converted, while zero net deforestation allows for the clearance or conversion of forests in one area as long as an equal area is replanted elsewhere. We employ 'no-deforestation' to accommodate minimal levels of conversion at site level for optimal conservation and production outcomes.

34. For companies trading as an operator in the European Union, in soy, beef, wood, palm oil, rubber, cocoa and coffee or derived products thereof, this means compliance with European legislation on deforestation prevention and due diligence (EUDR) to ensure zero gross deforestation of primary forest after the cut-off date of 30 December 2020.

35. Including HCS forests, UNESCO World Heritage Sites, Ramsar Wetlands, protected areas falling under the IUCN Guidelines category I-IV or are known High Conservation Value (HCV) areas.

36. A cut-off date refers to the last date of which the clearing of land can have happened. A cutoff date of 30th December 2020 thus means that we will not finance an activity related to the mentioned commodities that has happened on land deforested after 30th December 2020.

37. A threshold of 5% of company revenue applies.

38. Low deforestation risk origins can be based on the low-risk classification of the European Union under the European Union Deforestation Regulation (EUDR) but can also be evidenced with more direct and historical deforestation data.

39. Accounting from more than 10% of their assets and/or 5% of company revenue.

- Produce, trade or use significant amounts of primary wood or pulp and do not purchase or strive for 100% of those materials from certified forests, preferably FSC certified.<sup>40</sup>
- Produce, trade or use of significant amounts of paper in the production process of their core products and do not purchase or strive for 100% from certified or post-consumer recycled origin.

### ***In practice***

*Triodos Bank requires all companies that use, produce or trade in large amounts of wood-derived commodities (such as the paper, pulp and construction sectors) to have these commodities certified, preferably by the FSC. However, the requirement is not applied to companies using small amounts of those commodities, such as, for example, paper for their office printers.*

## **Soft Commodities**

Soft commodities include agricultural products such as palm oil, soy, coffee, cocoa and cotton. The production of such agricultural commodities, which are typically imported from emerging markets, often comes with substantial environmental and social risks. These risks can include deforestation, biodiversity loss, land degradation, water scarcity, and human rights abuses, including poor labour practices and displacement of local communities.

### *What we believe*

- Palm oil, soy, coffee, cocoa, rubber and cotton are all important crops that support both the diets or material needs of consumers and the livelihoods of many people across the world. However, the current production, trade and use of these commodities are drivers of global deforestation.
- The commodities must be grown in a way that does not significantly harm the environment, and in a way that benefits workers and local communities.
- We recognize the value of international certification schemes, though they cannot fully guarantee sustainable management of forests and commodities. In addition to certification schemes, we also look more directly at organizations' environmental and social practices and policies in the due diligence process.

**Guiding Principle:** Triodos Bank only finances or invests in companies that produce, process or trade certified soft commodities, produced and traded in a sustainable way.

40. The preference for FSC means that we do accept alternative certification schemes but are more favourably inclined towards an organization or project that uses FSC certification. The Malaysian Timber Certification Scheme is not a suitable alternative.

Triodos Bank excludes companies that:

- Produce, trade or use significant amounts<sup>41</sup> of palm oil in their products but are not a member of the Round Table of Sustainable Palm Oil (RSPO) or have a policy or target for 100% certified or verified sustainable palm oil or cannot demonstrate in another way that they have similar sustainable farming or sourcing practices.<sup>42</sup>
- Produce, trade or use significant amounts<sup>43</sup> of soy in food products or animal feed products and are not a member of the Round Table for Responsible Soy, or do not have a policy or target for 100% certified sustainable soy with the Roundtable of Responsible Soy association (RTRS) or ProTerra, or cannot demonstrate in another way that they have similar sustainable farming or sourcing practices.
- Produce, trade or use significant amounts of natural rubber as an ingredient in their products (including the automotive sector) but are not a member of the Global Platform of Sustainable Natural Rubber or cannot show that they have or are moving towards reporting and due diligence policies on the traceability and sustainability of their natural rubber supply chain.
- Produce, trade, or use significant amounts of cotton in their products but are not a member of a sustainable cotton initiative (preferably Organic Cotton Accelerator, OCC Guarantee, or Fair Trade certified) or do not have a company-wide policy or target for sustainable cotton.
- Produce, trade, or use significant amounts<sup>44</sup> of coffee or cocoa but do not have a policy or target for 100% certification of their products by a sustainable coffee or cocoa initiative or certification scheme, including Organic and UTZ/Rainforest Alliance, or do not have a similar company-wide policy or target for sustainable coffee or cocoa in their supply chains.

### ***In Practice***

*Triodos Bank requires consumer goods companies to demonstrate sustainable farming and sourcing practices. However, the same requirements are not always uniformly applied to companies that support smallholders in sustainable commodity supply chains in emerging markets.*

41. A threshold of 5% of company revenue applies. A similar policy includes a demonstrable implementation of a NDPE policy.

42. No Deforestation, No Peatland conversion and No Exploitation.

43. A threshold of 5% of company revenue applies to 'significant amounts' of commodities in this section.

44. A threshold of 5% of company revenue applies for either coffee or cocoa.

## Material extraction and processing

Extraction of non-renewable resources, such as iron, aluminium, copper, as well as other metals, minerals and rare earth elements (REEs) is essential to modern industries, but it is inherently unsustainable. These materials are finite, and their extraction will eventually lead to depletion. In many cases, the environmental and social costs associated with mining, including habitat destruction, greenhouse gas emissions, water pollution, and energy use, are severe. While recycling has emerged as a crucial strategy to mitigate the demand for raw materials, it currently does not meet the global demand for non-renewable resources.

### What we believe

- Triodos Bank supports companies that aim to regenerate, rather than deplete natural resources. Companies should adopt practices such as maximising the efficient utilisation of resources, promoting circular economy models, enhancing recycling efforts, and where possible, replacing non-renewable resources with more sustainable substitutes.
- Sourcing non-renewable resources directly and significantly contributes to environmental degradation through greenhouse gas emissions, air and water pollution, biodiversity loss and soil erosion. Wherever possible companies should use of secondary (non-virgin) materials. Where that is not possible Triodos Bank may consider supporting companies that demonstrate the use of innovative and sustainable mining methods, provided they actively minimise their environmental footprint, reduce carbon emissions, and prioritise responsible resource management.
- Global demand for raw materials cannot be met by current recycling technologies and efforts alone. We encourage companies to innovate and invest in new technologies that reduce reliance on virgin materials: sustainable materials science, eco-friendly product design, and renewable energy-powered extraction processes.
- Material extraction and processing often relies on opaque supply chains that contribute to deforestation, pollution, and social injustice in many regions. We believe that transparency and traceability are critical to ensure compliance with human rights standards and responsible resource management.
- Widespread use of petro-based polymer plastic and the resulting pollution causes serious harm. Companies should be held responsible for reducing plastic production capacity, by cutting down on unnecessary plastic components, focusing on alternative materials (including non-petro-based plastics), eliminating single-use plastics and advancing recycling technologies wherever possible.

- There are plastic applications where we currently cannot replace petro-based polymers because no suitable alternatives exist. However, manufacturers should start avoiding virgin petro-based polymers whenever an adequate substitute material is widely available and applicable.

### In practice

*Triodos Bank generally does not invest in or finance the mining industry, but may invest in novel, low-carbon extraction projects, provided they are eco-certified, carbon-neutral and/or apply an array of circular methods. Triodos Bank may also invest in companies that are focused on recycling metals and minerals, which falls within the mining industry.*

**Guiding Principle:** Triodos Bank finances companies that demonstrate a commitment to reducing their environmental impact through the responsible use and management of natural resources – prioritizing businesses that emphasize resource efficiency, recycling, innovation in materials, and transparent, sustainable supply chains.

Triodos Bank excludes companies that:

- Extract or produce conventional oil and gas<sup>45</sup> and unconventional oil and gas,<sup>46</sup> including producing equipment, making tailor-made components for or providing essential products and services to the oil and gas extraction processes.
- Extract or process scarce commodities and do not undertake activities to prevent depletion.
- Process metals or minerals and do not have clear environmental requirements regarding suppliers or a sound environmental management system in place including the supply chain.
- Are involved in mining activities with a high environmental risk, for example deep sea mining, mountain-top removal, shale rock mining or asbestos mining.
- Are involved in mining uranium.
- Are involved in exploring, mining, extracting, distributing or refining hard coal or lignite.<sup>47</sup>
- Are active in the metals and mining industry and do not have global environmental management systems in place, covering the most relevant

45. A threshold of 5% of company revenue applies.

46. Unconventional oil includes a variety of heavy and extra heavy oil resources that are more viscous than conventional oil, do not flow as easily and are therefore more difficult to extract. Unconventional oil includes oil from oil (tar) sands and shale oil, and oil extracted from the Arctic region, as well as fuel resulting from 'gas to liquids' and 'coal to liquids' technology. Unconventional gas includes shale gas, coal seam gas, coal bed methane and tight gas have a substantially higher environmental impact than 'conventional' gases. These unconventional gases have a larger CO2 footprint than conventional gas, due to the more complex extraction process (fracking) with a high energy intensity and the substantial leakage of methane. Moreover, these unconventional gas extraction methods have a substantially higher risk of other environmental impact compared to conventional gas extraction, more specifically the risk of contamination of water, air or soil due to the use of chemicals in the process.

47. A zero-tolerance policy applies.

environmental impacts (soil, water and air pollution, erosion and a mine reclamation plan) or are not a member of the International Council on Mining and Metals (ICMM).

- Where the production of plastic products using virgin petro-based polymers constitutes a material share of their business, and the companies continue using plastic in applications for which viable alternative materials are widely available, without reporting their plastic footprint and/or demonstrating initial steps to reduce their virgin plastic footprint and/or to improve transparency.

## Climate change & energy

Climate change refers to alterations to the climate due to a sustained rise in the earth's temperature caused by the accumulation of greenhouse gases in the lower atmosphere. Since the Industrial Revolution, widespread use of fossil fuels, extensive deforestation and particular farming methods have resulted in a sharp rise in the amount of greenhouse gases released. These emissions have caused a sustained rise in global temperatures, a process known as anthropogenic ("man-made") climate change. The impacts are already evident, with more frequent and severe natural disasters, such as hurricanes, droughts, floods and wildfires. A further rise in the earth's average surface temperature will accelerate this process and poses a real threat to our delicate ecosystems and therefore to life on earth.

The current energy system plays a central role in this crisis. The extraction, production, and consumption of fossil fuel-based energy is the largest contributor to greenhouse gas emissions, exacerbating climate change. As global energy and resource demand continues to rise, how we source, generate, and use energy and resources will determine whether we can mitigate the worst impacts of this crisis.

### *What we believe in*

- Climate change must be halted to minimise its impact on the planet and its ecosystems; the longer we wait, the more it will cost, so immediate action is necessary. Triodos Bank stands behind the Paris Agreement and the Glasgow Climate Pact of limiting global temperature rise to 1.5 °C.
- The conservation of forests, and other ecosystems like peatlands, plays a key role in carbon sequestration and the reduction of global greenhouse gas emissions.
- Businesses should be transparent about their decarbonisation targets, and businesses that actively reduce their greenhouse gas emissions and transition to low carbon technologies are better prepared for the future than their competitors. We expect all businesses to do this.

- Comprehensive and transparent reporting of Scope 1, 2, and 3 emissions wherever possible is essential to addressing climate change and promoting sustainable business practices.
- We oppose corporate lobbying efforts that undermine effective climate policies and are committed to supporting companies that advocate for positive climate action.
- Nuclear power is – in our view – not the solution to tackle climate change as it creates other significant problems such as nuclear waste and potential nuclear meltdowns. A single accident could have severe consequences on both society and the environment.

*Guiding principle:* We only finance and invest in companies that demonstrate awareness of climate change and make credible efforts to eliminate their abatable greenhouse gas emissions, while finding alternatives for non-abatable emissions, as soon as possible.

Triodos Bank excludes companies that:

- Generate revenue from coal-fired power generation.
- Generate revenue from oil and gas power generation.<sup>48</sup>
- Retail petrol.<sup>49</sup>
- Operate in energy-intensive industries<sup>50</sup> and do not disclose at least their scope one and two greenhouse gas emissions, do not have a sound programme with clear targets for the reduction of greenhouse gases or for a transition to 100% renewable energy in their operations (where possible). We require companies to have policies and implement programmes to reduce their climate change impact, to have clear targets for CO2 emissions reduction, to report on progress and to find alternatives for products and services with a large carbon footprint.
- Produce, use or trade in plant-based biomass, if the biomass: competes with food production; is genetically modified; or has its origin in intensive farming.<sup>51</sup> Or in the case of wood-based biomass, if the biomass is not sourced from sustainably managed plantations or forests – preferably FSC certified and preferably demonstrating additional biodiversity considerations.
- Produce, use or trade biofuels if the feedstock for the biofuels does not come mostly from urban green waste, forest residues or similar bio-waste streams.

48. A 0% threshold is applied for business banking, private debt and equity exposures; while for listed equities and corporate bonds a threshold of 5% of company revenue applies, as well as a maximum installed capacity of 5 gigawatt.

49. A threshold of 10% of company revenue applies.

50. Energy-intensive industries are those where energy consumption is high relative to economic output. Key energy-intensive sectors include cement, lime, steel, iron, glass, pulp, paper, aluminium, and chemicals.

51. A threshold of 5% of company revenue applies.

- Produce or sell nuclear power, nuclear power stations or specific components for nuclear power production.
- Transport or store spent nuclear fuel.
- Operate large-scale operations in extractive industries, energy supply, manufacturing or construction and are involved in Investor-State Dispute Settlement claims against governments.

### ***In practice***

*Triodos Bank may invest in a hypermarket company that retails petrol on its premises.*

## **Genetic engineering**

Genetic modification is the artificial manipulation of genes. Genetically modified crops are part of today's food production chain, even though the environmental consequences thereof have not been extensively researched. Genetic modification of animals is also anticipated to enter the food production chain. Genetic engineering is already widely used for medical purposes in research.

### *What we believe:*

- Triodos Bank acknowledges the benefits of genetic engineering and its contribution to human health and quality of life, especially for healthcare. However, the use of genetic engineering is also surrounded with many uncertainties and risks, and it is questioned whether it can be part of sustainable development.
- There is an ethical limit to altering nature, and we will always conduct an ethical review of using genetic engineering in relation to the purposes and applications.
- Triodos Bank believes in organic food and farming, based on natural ecosystems, sustaining biodiversity and with care for human health and animal welfare.
- Nature is complex and interfering in natural processes can lead to unpredictable consequences.
- We acknowledge that in some areas it is difficult to source GM-free ingredients for example in the US.
- People should always and everywhere have the option to choose non-genetically modified food.
- Products from new technologies must be based on the precautionary principle, which is also an element of the Cartagena Protocol on Biosafety.
- Modified food and feed crops are not the best solution for food scarcity.
- Companies are responsible for limiting the use of GMOs and for adopting, developing and promoting alternatives.
- Companies do not have the right to claim

ownership of natural substances, whether modified or not.

*Guiding principle:* Triodos Bank chooses not to finance the use or development of genetic modification and other controversial biotechnologies by companies.

Triodos Bank excludes companies that:

- Develop or commercialise transgenic food or feed crops.
- Process genetically modified food crops, unless they proactively reduce their use or provide consumers' freedom of choice.
- Emphasise the benefits of genetically modified food crops and do not take a precautionary approach.
- Actively oppose labelling regulation, thereby obstructing transparent information and the consumers' freedom of choice.
- Genetically modify animals for non-medical purposes.
- Genetically modify animals for medical purposes when alternatives are available.
- Are involved in xenotransplantation of full organs.
- Are involved animal cloning.

### ***In practice***

*Triodos Bank can invest in a food producer using GM food ingredients in its products when the company also offers its customers GM-free alternatives and when it tries to limit the use of GM ingredients. Triodos Bank can also invest in a microfinance institution that provides a loan to a farmer that may use GM seeds. But we will not invest in a company producing those seeds.*

## **Hazardous substances, contamination and pollution**

Hazardous substances can cause environmental and health problems, either by accumulation in the food chain or acute toxicity. Contamination refers to the introduction of micro-organisms, chemicals, toxic substances, waste or wastewater into the environment (air, water or soil) at concentration levels that decline the health and usefulness of living organisms. Triodos Bank expects companies to minimise the use of hazardous substances, such as pesticides, and to manage waste with caution.

### *What we believe:*

- Hazardous substances can seriously damage the environment and interfere with natural processes.
- Hazardous substances pose a threat to human health and quality of life.
- Despite the availability of alternatives, hazardous substances are widely used in agriculture and industry. Companies are responsible for

reducing the use of harmful substances, and for adopting, developing and promoting less harmful alternatives.

- Despite being the oldest concern on the environmental agenda, contamination remains a significant global problem and the environment should be protected from it.
- Contamination has adverse impacts on human communities, and these impacts occur disproportionately among poorer communities and in developing countries. People everywhere should be protected from contamination.
- Industrial and commercial activities are responsible for most contamination. Companies have a responsibility to prevent contamination from their supply chains, production processes and products.

*Guiding principle:* We invest in companies that demonstrate awareness for the dangers associated with the use of hazardous substances, and in companies that adopt, develop and promote less harmful alternatives.

We invest in companies that demonstrate awareness about, and management of, contamination risks.

Triodos Bank excludes companies that:

- Operate at locations where potential negative consequences of their activities are unmanageable.
- Produce or sell pesticides<sup>52</sup> or other hazardous substances that form a threat to the wellbeing of humans, animals and the environment.
- Are involved in controversies related to contamination and hazardous substances, and have not taken sufficient measures, using best available technologies (BAT) for pollution prevention and hazardous substance management,<sup>53</sup> to prevent future occurrences.
- Do not adhere to strict hazardous waste<sup>54</sup> disposal standards, including proper containment, treatment, and recycling of hazardous by-products. Companies must demonstrate that they have policies and technologies in place to prevent harmful substances from leaching into air, soil, or water resources.
- Produce, use, or sell substances classified as extremely hazardous or carcinogenic by international bodies, such as the substances identified in the UN Stockholm Convention on Persistent Organic Pollutants (POP).<sup>55</sup>

52. A threshold of 5% company revenues applies.

53. The best available technology or best available techniques (BAT) is the technology approved by legislators or regulators for meeting output standards for a particular process, for example for preventing and controlling industrial pollution.

54. Wastes that because of their chemical reactivity, toxic, explosive, corrosive, radioactive or other characteristics, cause danger, or are likely to cause danger, to health or the environment.

55. We make one exception – the use of DDT under World Health Organization guidelines is acceptable because it is still considered essential to controlling disease transmission by mosquitoes in many countries.

- Run their businesses in a way that causes serious and irreversible environmental damage.
- Do not respect relevant international agreements on the production and use of hazardous or toxic substances.<sup>56</sup>
- Do not respect relevant international agreements on trade in chemicals and chemical waste.<sup>57</sup>
- Are involved in riverine tailings disposal and submarine tailings disposal.
- Are at high risk of causing contamination and do not have policies and programmes which include targets and data on pollution, or do not develop and promote products and processes that are less harmful to the environment.

### ***In practice***

*Triodos Bank will not finance companies that produce pesticides. However, we may have some exposure to pesticides by companies using them in the supply chain, or indirectly, via microfinance to farmers in emerging markets that may use pesticides.*

## **Water**

The focus here is on fresh water as a resource for drinking, agriculture and industrial processes, as well as the related scarcity that is already visible in some areas in the world. Global demand for fresh water has doubled during the past 50 years and is expected to increase rapidly.

### *What we believe*

- Increasing (fresh) water scarcity is threatening life on earth.
- Water pollution, exacerbated by industrial activities, poses a significant threat to ecosystems and public health.
- In water-scarce areas, the demand for fresh water may result in increased competition for water among companies, the general population, agriculture and ecosystems.
- Triodos Bank encourages companies to manage and limit their water use, to minimise the impact of their water use and to prevent water pollution, through water management strategies and programmes.
- We engage with companies to encourage them to understand their water footprint and stimulate good water stewardship.

Triodos Bank excludes companies that:

- Operate in water-intensive industries, such as textile and agriculture, and do not undertake activities to reduce their fresh water use in all operations. Activities may include, but are not

56. For example, as prescribed by the Montreal Protocol.

57. For example, as prescribed by the Basel Convention and the Rotterdam Convention.

limited to, water scarcity impact assessments and water recycling.

- Start new operations in areas where water scarcity is pre-existing, and operations would compete with the needs of communities.
- Operate in industries with a high risk of water pollution without demonstrating a clear and measurable commitment to preventing water pollution, minimising water use, and ensuring water quality restoration in affected ecosystems.
- Construct dams or water infrastructure projects without compliance to the World Commission on Dams (WCD) or the Hydropower Sustainability Assessment Protocol or an adequate alternative.

## Governance

Corporate governance is the structure of rules, practices and processes used to direct and manage a company and to balance the interests of all company stakeholders. Good corporate governance implies a shared philosophy and culture within a company, that adheres to principles and practices of business ethics, has internal control mechanisms and good product governance in place. Relevant issues for corporate governance include corporate transparency, accurate and transparent accounting, fair and balanced remuneration, ethical tax positions, diversity and fairness, good management of possible conflicts of interests, and no violations of legislation, codes and conventions, such as bribery and corruption.

### *What we believe*

- Good corporate governance practices are fundamental for managing a company and for transparency and accountability.
- Transparency of the sustainability impacts of business operations is of key importance for stakeholders to hold a company to account.
- With respect to remuneration, Triodos Bank believes in the intrinsic motivation of employees to uphold good practices and strives to inspire others with this view. Excessive executive remuneration contributes to social inequalities.
- Good governance standards support transparency (including tax transparency), distribution of power, independency of supervision, fair remuneration principles and a focus on long-term value creation.
- We support the stakeholder model of corporate governance, which stipulates that companies should take the interests of their stakeholders into consideration, not only that of their shareholders, such as employees, customers, suppliers and auditors, as well as impacted communities.

*Guiding principle:* Triodos Bank only finances companies that uphold good corporate governance practices.

## Transparency, accounting and remuneration

Accurate and transparent accounting, clear reporting on sustainability reporting, and sound (executive) remuneration policies and practices are essential for companies' long-term health and reputation.

Triodos Bank excludes companies that:

- Are involved in accounting irregularities or remuneration controversies that raise significant ethical/moral concerns and are in clear violation of local or international standards of best practice, while failing to take credible measures.
- Have excessive executive remuneration and compensation packages that lack application of local or international standards of best practice.
- Do not disclose sustainability information appropriate to the size and sector of the company, e.g. large companies must publish sustainability reports in accordance with recognised sustainability reporting frameworks for their sectors.

## Corruption

Corruption refers to the misuse of power in order to alter the course of business, usually characterised by giving or receiving bribes or facilitation payments. Triodos Bank believes that corruption can have serious negative consequences for society and the environment, as well as for local, national and international economies.

Triodos Bank excludes companies that:

- Operate in industries identified as high-risk for corruption and do not have either a formal policy addressing the risk of bribery and corruption, or are subjected to a case-by-case customer enhanced due diligence assessment on bribery risks (such as NGOs, commercial real-estate, energy, import/export). In addition to this policy, companies that operate in the construction and engineering industry are required to have business ethics programmes addressing corruption.
- Are involved in controversies related to corruption, bribery or money laundering.
- Do not have a clear policy either not making contributions to political organisations, or being fully transparent about these.
- Directly or indirectly promise or offer bribes or other illegal advantages, to acquire or retain orders or other advantages.

## Taxes

Triodos Bank supports a fair and effective tax system, considering the interests of all stakeholders and believes that taxes should be paid in the countries where earnings are realised. While tax evasion is the illegal practice of not paying taxes, tax avoidance is not illegal and entails strategies to minimize tax payments, such as having a business registered in a jurisdiction with more favourable tax systems than the jurisdiction where profits are made (also referred to as tax havens). In many cases, tax efficiency is legal and can increase the company's financial performance, particularly in the short term. However, the long-term consequences of aggressive tax planning may include financial, regulatory and reputation risks. We believe companies need to be transparent about their corporate structures and tax liabilities and therefore publicly disclose relevant information, such as ultimate beneficial owner, owners, country-by-country reporting, tax rulings or disputes.

Triodos Bank excludes companies that:

- Are involved in tax avoidance schemes that raise significant ethical or moral concerns and are in clear violation of local or international standards, while failing to take credible measures.
- Are not committed to tax transparency vis-a-vis (local) tax authorities and the general public, and pay their fair share of taxes in the countries where economic activities occur.

## Violation of legislation

Legislation, codes and conventions provide the framework within which companies can lawfully conduct their business and are critical for regulating companies' behaviour with regards to their impact on people and the environment.

Triodos Bank excludes companies that:

- Are involved in the violation of laws and legislation, codes of conduct or conventions, unless there is proof of a structural change within the company leading to fundamental changes in conduct.

## Equity, diversity and inclusion

Equity, diversity and inclusion (EDI) involves creating environments where all individuals are treated fairly and have equal opportunities to succeed, regardless of gender, gender identity, sexual orientation, race, colour, religion, national extraction, political opinion, ethnicity, disability, age, HIV/AIDS status, maternity/pregnancy/family responsibility, trade union membership or activities, or social background.<sup>58</sup>

58. These are the intersectional factors as identified by the International Labour organization (ILO) as bases for discrimination.

EDI helps prevent discrimination, marginalisation, and unequal treatment in the workplace and beyond; these risks directly relate to internationally recognised human rights, as outlined in the UN Declaration on Human Rights (UDHR), which affirms the right to equality, non-discrimination and participation in all areas of society. A strong commitment to EDI is fundamentally linked to Triodos Bank's ambition to promote human dignity and our core value of equity.

### What we believe

- Every person has the right to equal treatment, non-discrimination and freedom from harassment or violence. This includes but is not limited to equal recruitment practices<sup>59</sup>, equal remuneration<sup>60</sup>, equal access to products and services<sup>61</sup>, equal opportunities for career advancement and professional development, and equal access to leadership positions.
- All companies have a responsibility to foster inclusion, protect basic rights and respect the principles of non-discrimination, equal opportunity and participation, as outlined in the Universal Declaration of Human Rights (UDHR), ILO convention No. 111 on Discrimination (employment and occupation) and the UN Guiding Principles on Business and Human Rights. This includes considering how these principles are upheld not only within their own operations, but also throughout their value chains, by promoting inclusive practices in due diligence, procurement and supplier relationships. Larger companies, or those operating in high-risk sectors or regions, carry greater influence and are expected to implement more formalised systems (e.g. policies and training).
- We believe companies should actively promote equal pay and inclusive career advancement by identifying and addressing unjustified wage gaps, and by fostering balanced representation in leadership—particularly for women and underrepresented groups—through transparent policies, inclusive practices and targeted support.

59. A further elaboration on non-discriminatory recruitment practices can be found 2023 OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (p.31) and Principle 2 of the Women's Empowerment Principles.

60. Measuring the gender pay gap is a crucial first step towards achieving equal remuneration. In the EU, the Pay Transparency Directive (2022/2041) requires many companies to disclose pay information and address gender pay gaps. Note: while many companies operating within the EU are required to comply, some smaller organisations or those outside the EU are not yet subject to these rules. Triodos Bank also reports on the unadjusted gender pay in our portfolio funds in line with the SFDR (Principal Adverse Impact indicator #12).

61. While not explicitly referencing customer interactions, the UN Guiding Principles on Business and Human Rights apply to all business activities, including those involving customers, through their focus on adverse human rights impacts linked to a company's operations, products or services. This means businesses are expected to prevent human rights abuses—such as discrimination or harassment—not only in their relationships with employees and suppliers, but also in customer-facing practices.

*Guiding principle:* Triodos Bank does not finance or invest in companies linked to incidents of discrimination, harassment or exclusion, and expects (large) companies to have systems in place that prevent such risks and actively promote inclusion and equal treatment.

Triodos Bank excludes companies that:

- Are involved in or linked to serious or recurring incidents of discrimination, violence, harassment or exclusion — including in hiring, promotion or access to services or benefits - without taking adequate corrective action.

Triodos Bank additionally excludes large companies that<sup>62</sup>:

- Do not provide accessible, safe, timely and reliable ways for employees, customers or other stakeholders to raise concerns or report incidents of discrimination, harassment or exclusion — such as a designated contact person, informal reporting channels, or a confidential grievance or whistleblower mechanism.
- Do not have a publicly available policy that explicitly prohibits discrimination, violence, harassment and exclusion based on protected characteristics (gender, race, ethnicity, disability, etc.) and outlines (preferably actionable) commitments to inclusion and equal treatment or are not taking adequate steps towards having such a policy.

#### ***In practice***

*In practice: A small organic farmer in the Netherlands with no or only a handful of employees is not expected to have a formal EDI policy. A large multinational, by contrast, is expected to have clear policies and systems in place.*

## **Triodos Bank policies in practice**

The Triodos Bank minimum standards are dynamic and may be subject to changes prompted by legislation, public debate, best practice standards and company behaviour. In addition, engagement and continuous dialogue with experts, interest groups and civil society organisations may prompt policy amendments. The minimum standards are examined at least every two years to enable Triodos Bank to stay abreast of new developments.

Some (controversial) products, services and activities do not fall under one of the categories described in this document but do constitute a

significant obstacle for sustainable development. In addition, innovation and scientific evolution can dynamically change both thinking about positive impact and what impedes it.

Triodos Bank reserves the right to exclude companies involved in such products, services and activities. Companies that were involved in controversies related to the minimum standards topics or other topics and do not demonstrate sufficient improvement may also be excluded.

### **Comply or explain**

Triodos Bank applies the comply or explain principle in case it makes an exception to its own policies or to international standards and principles, providing accounts of such a decision. Exceptions may occur when Triodos Bank's involvement stimulates a company or organisation to meet the desired sustainability standards in the short term. Strict requirements apply in such cases, such as a formal and public commitment to meeting the standards, supported by a viable strategy, clear targets and a realistic timeline. Exceptions may also occur when a company is credibly in a transition to become a leader on positive impact/ sustainability, or when the company's activities and products are fundamental for enabling a transition (e.g. renewable energy). Furthermore, exceptions may occur when activities are financed in a very complex and challenging environment, for example in weak governance zones.

Due to the role and nature of Triodos Bank, the impact of its positive approach in the real world depends on cooperation with its business relations, such as the companies and organisations that Triodos Bank finances and invests in. These and other stakeholders should respect the (spirit of) Triodos Bank's policies and principles as outlined in this document and shape their activities accordingly. Triodos Bank actively expects its business relations to incorporate components of relevance to their businesses into their internal procedures and procurement policy, as well as in contracts with subcontractors and suppliers. Triodos Bank serves its mission through the capabilities and human relationships of its co-workers. A clear governance structure aims to support and enhance those capabilities and relationships and should never be seen as a goal in itself.

Triodos Bank NV, September 2025

<sup>62</sup>. For large companies outside OECD countries, the criteria for EDI are evaluated on a case-by-case basis, taking into account local circumstances and standards.

# Appendix

## Industry standards and international codes and conventions

Triodos Bank applies the principles of many standards and codes and conventions when relevant and proportional or uses these standards and codes and conventions in our prospect, supplier, and portfolio assessments (due diligence process). These standards, codes and conventions include but are not limited to:

### Industry standards

- IFC Performance Standards
- FSC (wood, forest products)
- ASC, MSC (fish, aquaculture)
- Kimberley Process (diamonds)
- Conflict Free Smelter Program
- International Council on Mining and Metals
- Organic Cotton Accelerator
- Better Cotton Initiative (BCI)
- Cotton made in Africa (CmiA)
- Fairtrade certification
- World Commission on Dams

### Business codes

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principle on Business and Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work (covering the Eight Fundamental ILO Conventions)
- World Health Organization Code for Marketing of Baby-Milk Substitutes
- World Conservation Union (categories I-IV)
- International Union for the Conservation of Nature Red List
- United Nations Global Compact

## Treaties, conventions and declarations

The following need to be signed and ratified for countries to be eligible for investments in sovereign bonds:

- Universal Declaration of Human Rights
- Non-Proliferation of Nuclear Weapons Treaty
- Comprehensive Nuclear Test Ban Treaty
- Chemical Weapons Convention
- Biological Weapons Convention
- Ottawa Convention on Mine Ban
- Oslo Convention on Cluster Munition
- Arms Trade Treaty
- International Convention on the Elimination of All Forms of Racial Discrimination
- International Covenant on Civil and Political Rights
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- Convention on the Rights of the Child
- ILO Declaration on Fundamental Principles and Rights at Work
- Paris Climate Agreement
- Basel Convention
- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Convention on Biological Diversity, including the Cartagena Protocol on Biosafety
- Convention on Migratory Species
- Framework Convention on Climate Change
- Kyoto Protocol
- Montreal Protocol
- Ramsar Convention on Wetlands
- Rotterdam Convention
- Stockholm Convention
- Convention to Combat Desertification
- Convention on the Law of the Sea
- Declaration on the Rights of Indigenous Peoples
- UNESCO World Heritage Convention