



As One To Zero

Triodos Bank's action plan to become net zero in 2035

December 2022

Triodos @ Bank

AsOneToZero

Triodos Bank was founded in 1980 with a mission to make money work for positive change, using money consciously today without compromising the needs of future generations. We exist to help create a society that protects and promotes the quality of life of all its members, and that has human dignity at its core. Therefore, all the loans and funds' investments we make are designed to improve social and environmental sustainability and the quality of life for communities.

The effects of the climate crisis are becoming more present in our everyday life, which stress the importance of bolder moves by the financial sector to limit global warming. Our commitment to become net zero by 2035 covers 100% of our lending and fund's investment portfolios. That includes Triodos Bank's entire loan portfolio as well as the complete range of funds managed by Triodos Investment Management and Triodos Regenerative Money Centre. Even for a financial institution which has been established with sustainability at its core and which boasts an already low carbon intensity portfolio, we realise we're in a race that we can only run together with our clients and stakeholders. AsOneToZero.

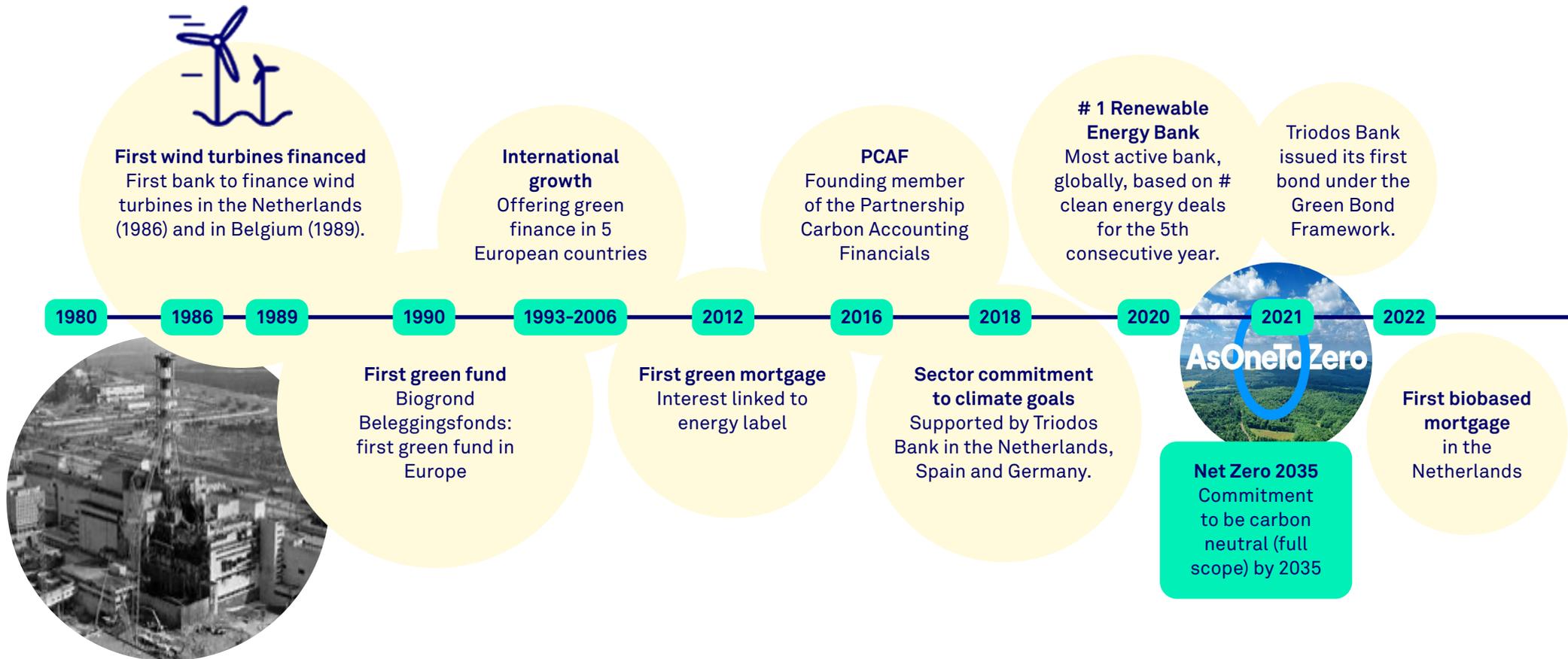
The transition to the net zero society must be inclusive and holistic; it is about getting the real change in society. We can't just reduce emissions, only to find out that we've used all our natural resources to get there. We can't stop using fossil fuels, only to find out we've exploited people or created more inequality to get there. We need holistic solutions. An approach that works for all living species.

Let's get to zero together!



Jeroen Rijpkema
Chair of the Executive Board and CEO

The journey leading us to Net Zero started in 1980



Our approach to stop climate change

The world's climate is changing, and the devastating effects are becoming more tangible every day. That is why it is vital to reduce global greenhouse gas emissions to zero as fast as possible. An important way of reducing emissions is eliminating the most polluting activities altogether. Stopping the use and production of fossil fuels is key, as we have known for a long time. Moreover, given the extreme historic inequalities in greenhouse gas emissions, rich countries must take their responsibility, amongst others by reducing emissions fastest.

We can only get there if we act as one

Triodos Bank strives for a fossil free economy. This means that every client and investee needs to reduce their emissions as much as possible over time and that all our lending and investment activities are relevant. This explains why we have been disclosing the carbon footprint of 100% of our loans and funds' investments since 2019.

As we already exclude companies with fundamentally unsustainable business models, our aim is to reach net zero **together** with all of our existing clients and investees. To reduce emissions, we will engage with our clients and investees, inspiring them to take action, and supporting them with advice and financing where necessary. To go as fast as possible, we are starting with the highest emitters in our portfolio. Of course, people and companies that consistently show unwillingness to reduce greenhouse gas emissions are not aligned with our mission to get to net zero in 2035. That is why we require all our new clients and investees to make credible efforts to eliminate their abatable greenhouse gas emissions, while finding alternatives for non-abatable emissions, as soon as possible. This way, we can contribute together with our clients to net zero in 2035.

Triodos Bank was founded with a mission to make money work for positive change. At the same time, we want to limit the negative impact on people and planet. Therefore, we have always excluded companies that create significant harm. This means we do not finance companies with a business model based on fossil fuels, or those active in certain carbon intensive sectors such as the production of aluminium, cement, coal or iron and steel. This makes our current carbon footprint relatively low compared to the rest of the sector. It also means that the transition risks in our portfolio are limited.

We've set a very ambitious target

Our target year 2035 is one of the earliest in the industry

	Common Practice	Triodos Bank
Starting point:	Broad portfolio	Sustainable portfolio
Scope:	Carbon-intensive sectors	All financed emissions
Target year:	2050	2035



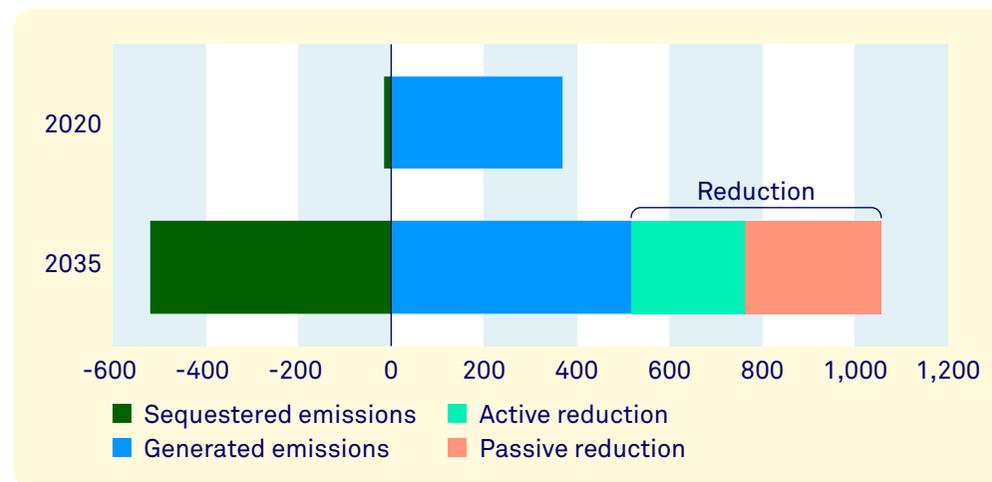
Triodos Bank has set the ambition to be net zero by 2035 in line with limiting global warming to 1.5°C degrees

Net zero by 2035

Our plan at a glance

- > The target entails reducing net GHG emissions from 344 ktonne CO₂e in 2020 to 0 in 2035.
- > We plan to reach this target by reducing the emission intensity of financed activities on the one hand and by investing in nature-based solutions providing carbon sequestration on the other hand.
- > Passive reduction refers to the expected effect of decarbonization in the energy market, active reduction refers to efforts on top of that.
- > Our emissions are calculated using the PCAF method, with relatively low average data quality for the unlisted parts of our portfolio, which we aim to improve over time.

Climate impact of our loans & funds' investments 2020 & 2035



Financed emissions are partly based on proxy data and measured following the PCAF method | 100% lending & funds' investment activities (scope 1-2 of clients) are covered.

Figures relative to future CO₂e emissions are based upon plausible projections set as on date of report.

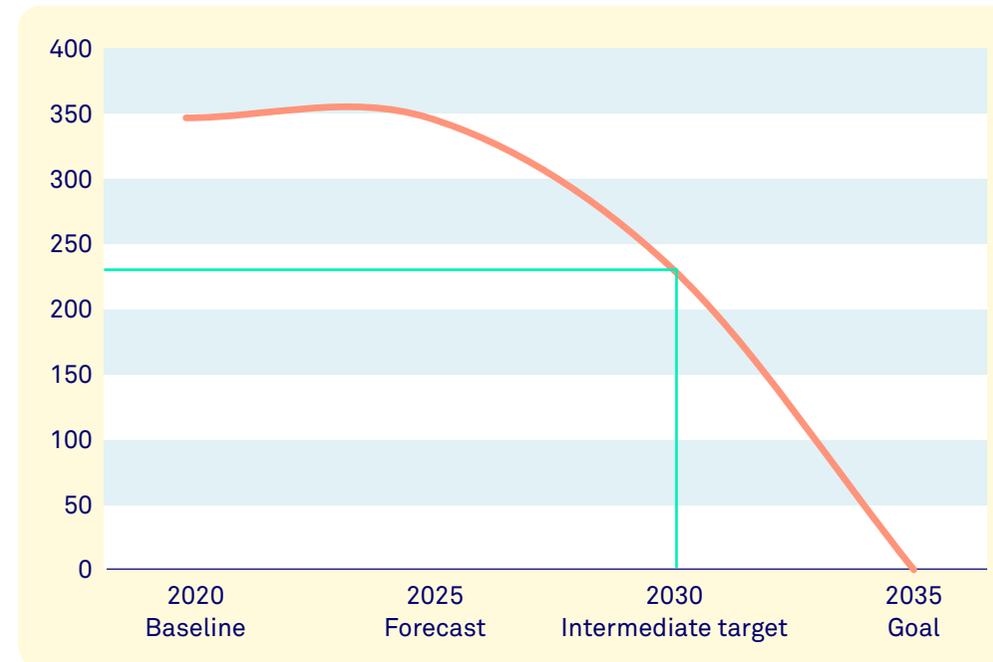
2030 intermediate target

Our road to Net Zero

- > To reach our goal, we set an intermediate target to reduce net emissions by 32% to 232 ktonne CO₂e in 2030 across our entire loans and funds' investments portfolios.
- > In a context of portfolio growth, we expect net absolute emissions to be relatively stable until 2025 and to start declining from then onwards, as result of our sequestration investments and our reduction efforts diminishing the carbon intensity of portfolios.

Absolute Net Emission Forecast

Absolute emissions (ktCO₂e)

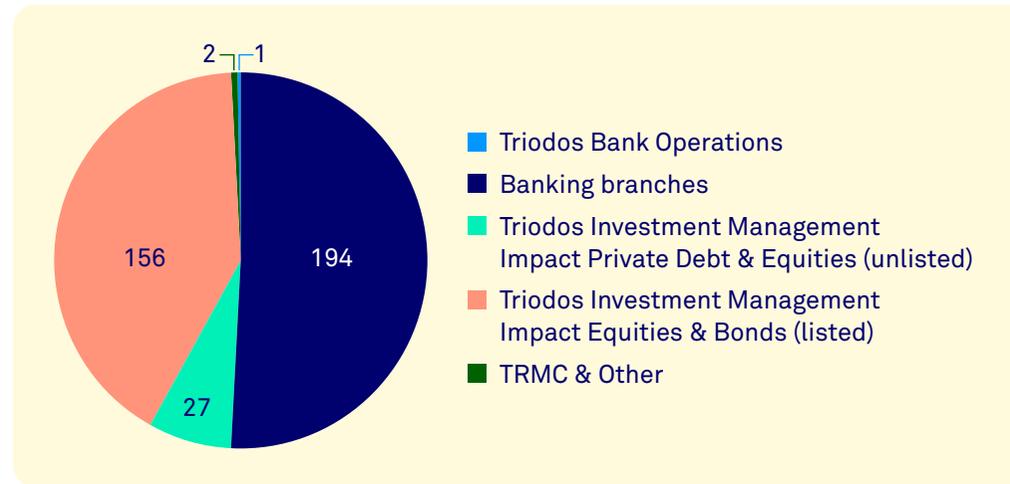


Carbon emission profile of our activities

At our 2020 baseline

- > Banking activities account for 51% of our financed emissions.
- > Triodos' own operations account for 1% of our financed emissions.
- > Triodos Regenerative Money Centre activities account for 2% of our financed emissions.
- > Listed equities and bonds activities of Triodos Investment Management account for 41% of our financed emissions.
- > Private debt & equities activities of Triodos Investment Management account for 7% of our financed emissions.

Net attributed emissions by Triodos Bank business unit in 2020
kton CO₂e

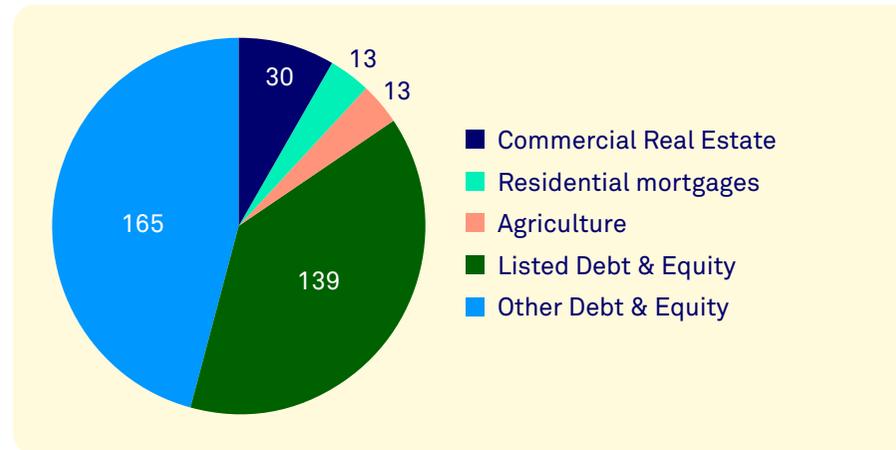


Carbon emission profile of different sectors

At our 2020 baseline

- > Agriculture only counts for 4% of financed emissions since from our start, we only finance sustainable agriculture.
- > Commercial and residential real estate account for 11% of our financed emissions.
- > Listed debt & equity investments account for 39% of our financed emissions.
- > Other debt & equity investments account for 46% of our financed emissions.

Distribution of gross absolute emissions by NZBA sector in 2020
kton CO₂e

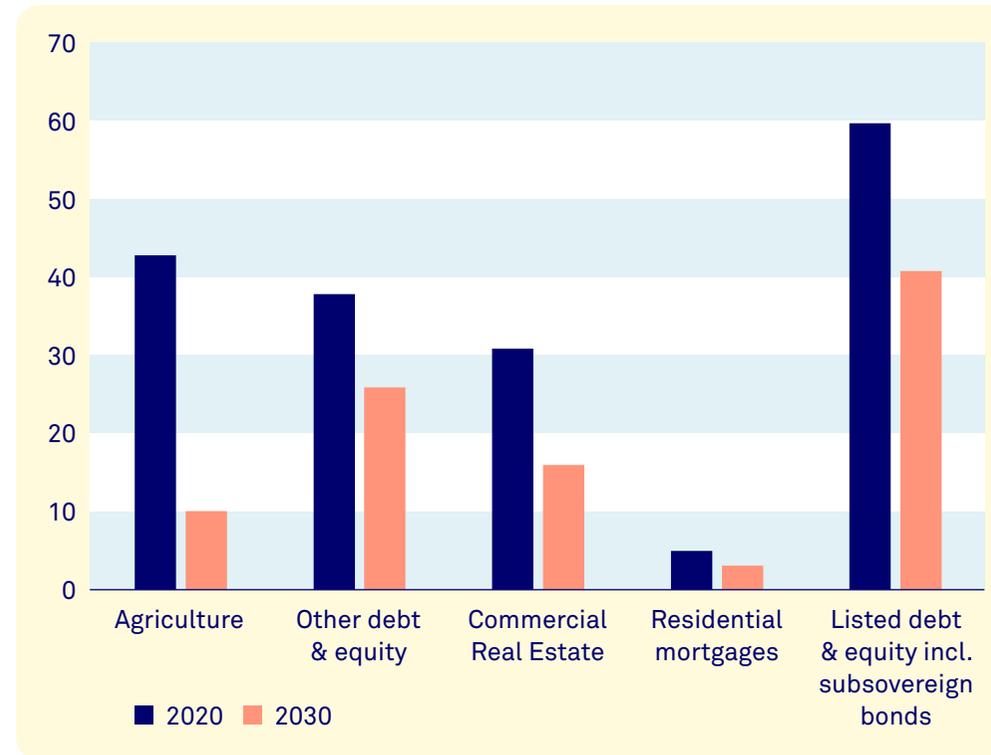


Carbon intensity targets

On the road to net zero

- > Our As One To Zero target aims to reach net zero in 2035.
- > Reducing the carbon intensity of our financed activities is essential on this journey.
- > To guide our progress, we have set intermediate carbon intensity targets for 2030.
- > These target are in line with NZBA guidelines, following our commitment to the mission of the Net Zero Banking Alliance.

Intermediate carbon intensity targets by NZBA sector
ktonne CO₂ equivalents emitted per billion euros outstanding



Figures relative to future CO₂e emissions are based upon plausible projections set as on date of report

Our key pillars to reach net zero by 2035

How we plan to achieve our ambitious goal

1 Real emission reduction

The easiest way to reach net zero would be to stop doing business with the highest emitters. But for us, divestment without trying our hardest to reduce emissions first, would mean hitting the target but missing the point. Our mission is to deliver positive social and environmental impact. We sometimes finance relatively high emitters that also have a large positive impact on society. That is why we want to help companies and households reduce. In 2023, we will engage with the highest emitters throughout our entire portfolio to stimulate emission reduction, while increasing our own insights by improving data quality.

2 Investing in clean energy

With a great heritage of financing the development of clean energy generation projects, Triodos Bank will continue to finance new green energy infrastructure. This not only includes clean energy generation but also energy storage, creating new green jobs on the way and paving the path to a fully sustainable renewable energy sector. This is a key requirement in order to reach net zero, and will therefore remain a key priority for us in 2023.

3 Investing in nature

We need to strengthen the natural systems that life depends on. A side-benefit of nature regeneration is carbon sequestration. By donating, lending and investing we want to enable holistic, nature-based solutions. A substantial amount of our future portfolio will consist of nature-focused finance and regenerative agriculture, sequestering carbon and supporting biodiversity while benefitting local communities. We will continue exploring these investments in 2023.

Our key instruments to reduce emissions

The tools we use to reduce as fast as possible

Engagement

To stimulate a just transition, engagement with clients and investees is a key instrument. We want to be there every step of the way, from raising awareness about the importance of reducing emissions and gathering insight into current emissions, to financing concrete reduction measures. How we put this into practice depends on the type of financing as well as the type of client or investee; a mortgage client has different needs, such as energy-savings advice and loans, from a listed company, where we aim for 1.5°C aligned science-based targets amongst others

Exclusion

With positive impact as our goal from the start, we already exclude fundamentally unsustainable business models. Going forward, we will keep evaluating which companies belong in a sustainable world. Specifically for greenhouse gas emissions, we expect all businesses to make credible efforts to eliminate their abatable greenhouse gas emissions, while finding alternatives for non-abatable emissions, as soon as possible. Those who do not live up to this expectation will ultimately be excluded from our financing.

Products

To support and incentivize emission reduction as much as possible, we aim to review and improve our products continuously. We will take our clients and investees needs as a starting point, building on the lessons learned through our engagement efforts. Our mortgage proposition already puts this into practice. In addition to more lower rates for the most energy efficient buildings, especially bio-based buildings, we offer free energy-savings advice as well as a favorable energy-savings loan.

Investment examples

Investing in clean energy

Battery Storage

Battery Energy Storage Systems (BESS) store energy in the form of electricity. These batteries can be connected to the power grid and to wind and solar farms to temporarily store energy and prevent grid congestion. The high-voltage grid is like a motorway on which traffic jams are not allowed. And just as with the motorway, our grid is usually relatively quiet, while traffic jams only occur at certain times. The maximum load of the electricity network is being used only a few times per year, sometimes only for a few hours, when there is a maximum

load on a part of the power grid. Storing energy can offer a quick, simple and affordable solution for these peak moments.

Triodos Investment Management provided financing to GIGA Storage for their innovative battery storage projects. With the installation of the GIGA Rhino Battery in 2020, GIGA Storage has taken the first step towards the application of large-scale energy storage in the Netherlands. GIGA Rhino was set up as a pilot project in collaboration with Wageningen University & Research.



Investing in nature

Flood Protection

Triodos Bank supported an innovative Natural Flood Management project that will reduce flood risk to communities in Lancashire (UK). This project is the first to use a new green investment financial model, which will see multiple beneficiary organisations repay the upfront investment through the sale of ecosystem services.

The money raised in the project will be used to deliver over 1,000 highly targeted Natural Flood Management measures over nine years:

Wetland creation

temporarily storing water: this could include leaky dams, earth bunds, banded hedgerows, peatland restoration, floodplain reconnection etc.



Grassland creation

Increasing catchment roughness to help slow overland flow. This could include land use change (intensive grassland to rough pasture), riparian buffer strips etc.

Woodland Creation

To intercept and transpire water. This could include large native woodland blocks or riparian tree planting.

The journey ahead

Our work since 1980

Our journey to net zero started long before we made a group-wide commitment

2021

Group-wide plan

Building on existing programmes, we developed a group-wide plan including actions for 2023

2022

2023

Intermediate target

We expect group-wide net CO₂ emissions to have decreased by 32 percent in 2030

2030

Absolute zero

Net zero is not enough. We will keep reducing emissions wherever possible, to eventually reach absolute zero

2035

Group-wide net zero commitment

Commitment to be carbon neutral as a group (100% of loans and investments) by 2035

The plan in practice

Through engagement, we will start reducing emissions and improving insight, whilst continuing investments in nature and clean energy

Maximizing our impact

Based on our work in 2023, we will sharpen and improve our plans, instruments and products, to speed up the journey towards net zero



Net Zero

In 2035, we expect our group wide CO₂ emissions to be net zero

Partners and commitments in our climate engagement

We keep working together to strengthen the movement towards net zero

Founding member of



Founding signatory of



Signatory of



Net-Zero Banking Alliance
Industry-led, UN-convened

Member of



Cautionary note

In this document we report on our financed emissions on portfolio wide level and broken down by sector according to the sector categories following the guidelines of the Net Zero Banking Alliance (NZBA). These guidelines are primarily designed for reporting of financed emissions by banks. We report within this framework the financed emissions of both lending and investment activities by Triodos Bank, Triodos Investment Management and Triodos Regenerative Money Centre.

For a detailed overview of our financed emissions according the (sub)sector classification in which Triodos reports its financing activities, please refer to Triodos Bank Group's annual report www.annual-report-triodos.com/2021/.

The reported emissions and target setting in this report are in accordance with our insights, measurements, monitoring methods and plausible projections that result from this, on date of report. As climate science evolves along our journey towards Net Zero, we'll review our methodologies and targets at the earliest practical opportunity. In our annual reports, we will make the changes visible and adjust our reporting where necessary.

Triodos Bank
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