

## Triodos Bank's position on Energy & Climate

As demand for energy grows while unsustainable technologies for the production of energy continue to prevail, Triodos Bank believes that there is much to gain in terms of sustainability within the energy context. Energy & climate is a key theme for shaping our efforts for positive impact and change.

This document puts forward the view of Triodos Bank on topics at play within the energy & climate-theme. It includes our position on topics related to the theme and a description of our responses to these topics. This document applies to the entire organisation and all the activities of Triodos Bank. For our lending and project finance activities we apply stricter criteria that exclude the entire oil and gas industry and (coal)mining industry.

### Position on Energy & Climate

Triodos Bank believes we must transform the fossil fuel-intensive economy into a low-carbon economy. Energy systems are a major component of economies and thus provide great opportunities for catalysing this transformation. Triodos Bank believes renewable energy is the way forward. Wind and solar energy, hydropower, geothermal power and energy from biomass are the modern alternatives to oil, natural gas and coals. Our energy future should be free of raw material extraction for energy production and free of the emission of polluting substances that cause global warming. The alternative is clean, limitless sources of energy that do not harm the environment. Triodos Bank pioneered investments in the renewables industry.

Our efforts in the sector are shaped according to the so-called Trias Energetica-model which strives simultaneously for:

- A reduction of demand for, and more efficient use of, energy.
- An increase in use of renewable energy sources.
- Cleaner use of the remaining fossil fuels.

Triodos Bank sees its own performance on energy sustainability and efficiency as the starting point for greater positive impact. We reduce our greenhouse gases, in particular our CO<sub>2</sub> emissions, and lower our energy consumption wherever possible (e.g. by printing less and minimising business travel). Our new office buildings are constructed with carefully selected sustainable materials and fitted with the most energy-efficient lighting, heating and cooling technologies. Furthermore, Triodos Bank uses electricity from renewable sources as much as possible. Our buildings use energy that is partly produced by wind farms that are financed by our organisation. We compensate CO<sub>2</sub> emissions that are directly and indirectly attributable to our organisation by buying VCS and Gold Standard CO<sub>2</sub> credit from Climate Neutral Groups, thereby supporting projects in developing countries. Our business is 100% carbon neutral and we report on our emissions, reductions and compensations in our annual reports.

Triodos Bank seeks to extend its positive impact via issuing loans and making investments. Companies and projects and thus borrowers and investees should share our vision and mission for the preservation of the environment and climate. Depending on their activities this means we expect them to reduce energy usage, consider using renewable sources and to manufacture energy-efficient products. We ask for a proportionate commitment to reducing direct and indirect greenhouse gases, and CO<sub>2</sub> emissions in particular, in both absolute and relative terms<sup>1</sup>. Triodos Bank provides

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<sup>1</sup> The reduction of greenhouse gasses in relative terms refers to a reduction of emissions of greenhouse gasses per unit produced.

assistance in taking these measures by providing information and helping to set attainable standards for reductions. We recommend the widely used Gold Standards system for CO2 compensations. We believe that the shared responsibility to prevent further environmental degradation and climate change is best tackled by an integrated approach, in which all stakeholders consider improving the sustainability of their core business, internal processes and procurement, and in which businesses and other stakeholders throughout the chain support each other in taking such measures.

### **Energy production technologies**

Triodos Bank excludes energy production technologies that cause high CO2 emissions<sup>2</sup>. Companies that have revenues from the extraction of oil and gas are excluded, as well as companies that are involved in building or operating new coal fired power plants, and companies involved in the extraction or production of unconventional oil or gas.

### ***Solar power & geothermal power***

Solar energy and geothermal power are cost effective, reliable, sustainable, and environmentally friendly technologies for energy production.

### ***Hydropower***

Hydropower technology has great potential but is deemed sustainable only if the construction of installations and the production of energy happen in a sustainable way. For example, carelessly constructing large hydropower installations may disrupt sensitive ecosystems or negatively impact the habitat of indigenous peoples that are situated in or around basins. Triodos Bank considers smaller hydropower installations, constructed with respect for ecological sensitivity and human rights<sup>3</sup> as part of our sustainable energy future. However, small hydropower initiatives must be planned, constructed, managed and eventually demolished with a sharp focus on the potential negative (ecological, social and other) impacts.

### ***Coal power***

Triodos Bank believes that coal-fired power plants compete with - and therefore discourage the development of - renewable alternatives, so we oppose the construction of new coal-fired plants.

### ***Biomass power***

Biomass technology allows for both sustainable and unsustainable application. It should be subjected to adequate conditions and monitoring. To secure the sustainable character of biomass projects, Triodos Bank endorses the Roundtable on Sustainable Biomaterials (RSB) principles for sustainable biofuel production.

### ***Nuclear power***

Despite its relatively low carbon emission, Triodos Bank deems nuclear power unsustainable. Nuclear waste is highly dangerous, its breakdown takes hundreds of years, and thus unforeseeable risks are created for current and future generations.

Triodos Bank, August 2015

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<sup>2</sup> A widely used standard for indicating high emission rates is a maximum threshold of 550 grams of CO2/kWh.

<sup>3</sup> Careful ecological considerations include but are not limited to impact on forests, wildlife and biodiversity. Human rights considerations ought to be taken into account include but are not limited to possible negative impact on (indigenous) peoples' habitat and agricultural lands.