

Biodiversity Targets

Background document

Triodos Bank's biodiversity targets

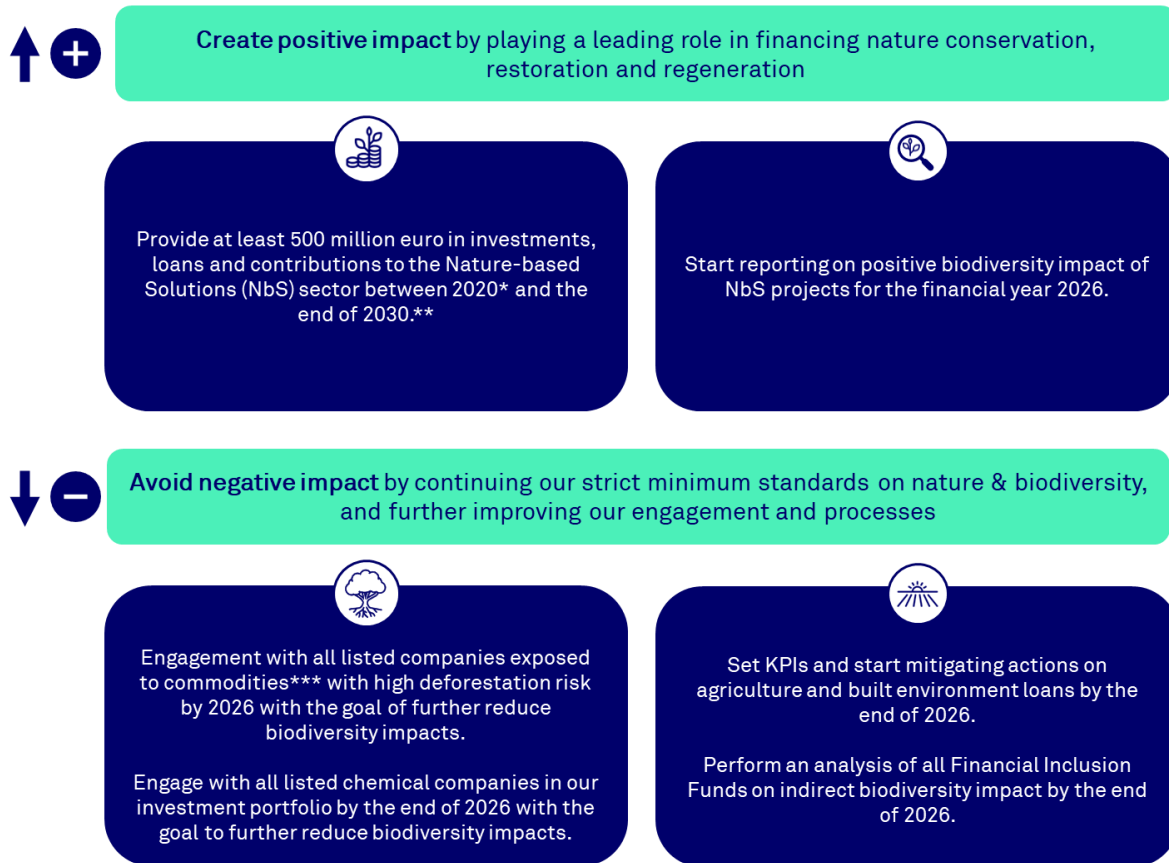
Humans rely on nature for our wellbeing and survival, with biodiversity playing a key role in ensuring ecosystems remain healthy and resilient. These ecosystems provide essential services like pollination of food crops, natural water treatment, and fertile soil. Unfortunately, human activity - deforestation, overexploitation, and pollution – has led to significant biodiversity loss. The Planetary Boundary for Biosphere Integrity has been breached in both of its indicators: genetic diversity and functional diversity. We rapidly pushing the biosphere towards tipping points that will further accelerate both the climate and biodiversity crises.

Triodos Bank believes in the deep interconnection between nature and humans, recognising that both are part of a broader ecological community. This commitment is reflected in Triodos Bank being one of the first signatories

of the Finance for Biodiversity Pledge. Recognizing biodiversity as a crucial impact area, our biodiversity targets embody the responsibility we feel as stewards of nature, as outlined in our position paper, *“Biodiversity: Beyond Risk and Return.”*. We believe it is essential to halt and reverse biodiversity loss by 2030, supporting the Kunming-Montreal Global Biodiversity Agreement in full.

Triodos Bank strives to lead in financing nature-based solutions and advancing biodiversity conservation. Our commitment aligns with our mission to make money work for positive, social, environmental, and cultural change. Our biodiversity targets are aligned to the targets of the Kunming-Montreal Biodiversity Framework, particularly, target 19 on increasing biodiversity funding and target 15 on assessing, disclosing, and reducing biodiversity-related risks and negative Impacts.

Fig 1. Triodos bank's biodiversity objectives and targets



*In 2020 Triodos signed the biodiversity pledge. **Cumulative, excluding redemptions. ***beef, soy, palm oil, rubber, coffee, cocoa, timber.

Laying the groundwork: a first biodiversity footprint assessment

The potential impact on biodiversity loss drivers is quantified using the Global Impact Database. Using data from the [Global Impact Database](#) a footprint analysis of negative biodiversity impact of Triodos Bank's loans and investments was conducted. The Global Impact Database is a database with life-cycle analysis estimates that quantify the negative impact of major economic sector per county through major biodiversity drivers (land use, climate change, air pollution, water pollution and water use). Such proxy data allows for the impact quantification of investments and loans across sector and countries. The graph below (Fig. 2) shows the potential contribution of sectors in our portfolio as a percentage of the total potential negative biodiversity Impact. Based on the biodiversity footprint analysis, the potential biodiversity Impact is the largest in the Food & Agri, built environment (real estate and mortgages) and financial services sectors. It is important to note that while this analysis is a good first step in the mapping of portfolio biodiversity impacts, it does not paint a picture of the full or actual impact Triodos Bank has on biodiversity. Instead, the footprint analysis functions as a guidepost about what sectors we need to learn more about and where start with action.

This is because of limitations in the underlying data and the relative uniqueness of Triodos Bank's loan and investment portfolios:

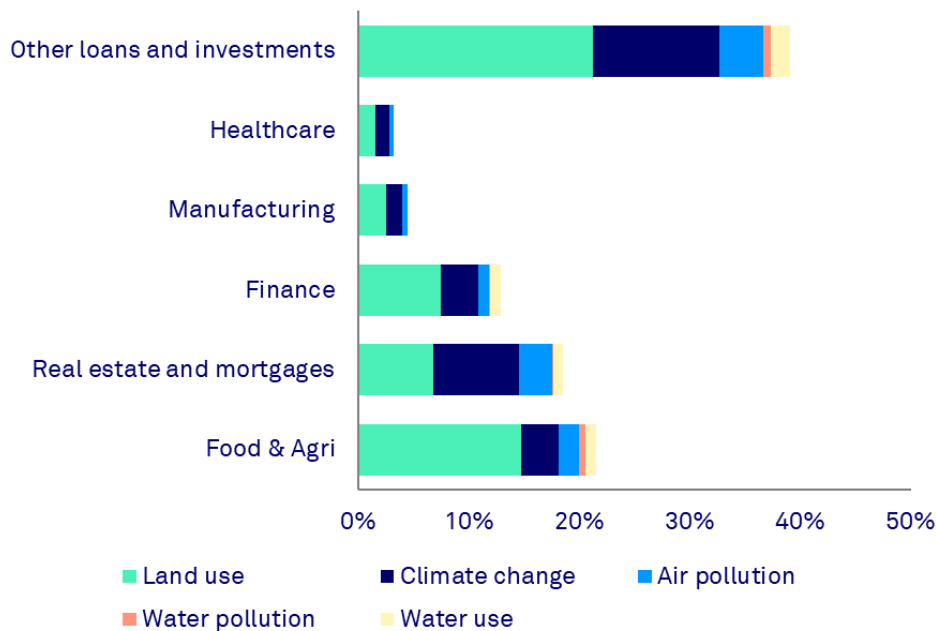
Missing biodiversity driver information

Some biodiversity drivers are missing from the analysis because lifecycle analysis databases currently lack detailed information on some biodiversity loss drivers such as invasive species and soil pollution in specific countries and sectors.

Sector-specific database information is not available for the renewable energy sector

The Energy sector was excluded from this analysis, since the Global Impact Dataset does not provide specific numbers for renewable energy, but just for the general energy sector. Triodos Bank only finances renewable energy and excludes fossil energy sources. In our annual report we have provided more comprehensive insight on how our energy portfolio links to environmental impacts.

Fig 2. Estimated biodiversity footprint loans and investments (2023 % of total negative biodiversity Impact)



In many cases, the companies that Triodos Bank finances are not represented well by sector-level averages on their biodiversity impact

For instance, impacts of farming will differ for Triodos Bank compared to a benchmark, since our farmers follow organic or biodynamic practices, where biodiversity impacts likely differ significantly from conventional farming systems.

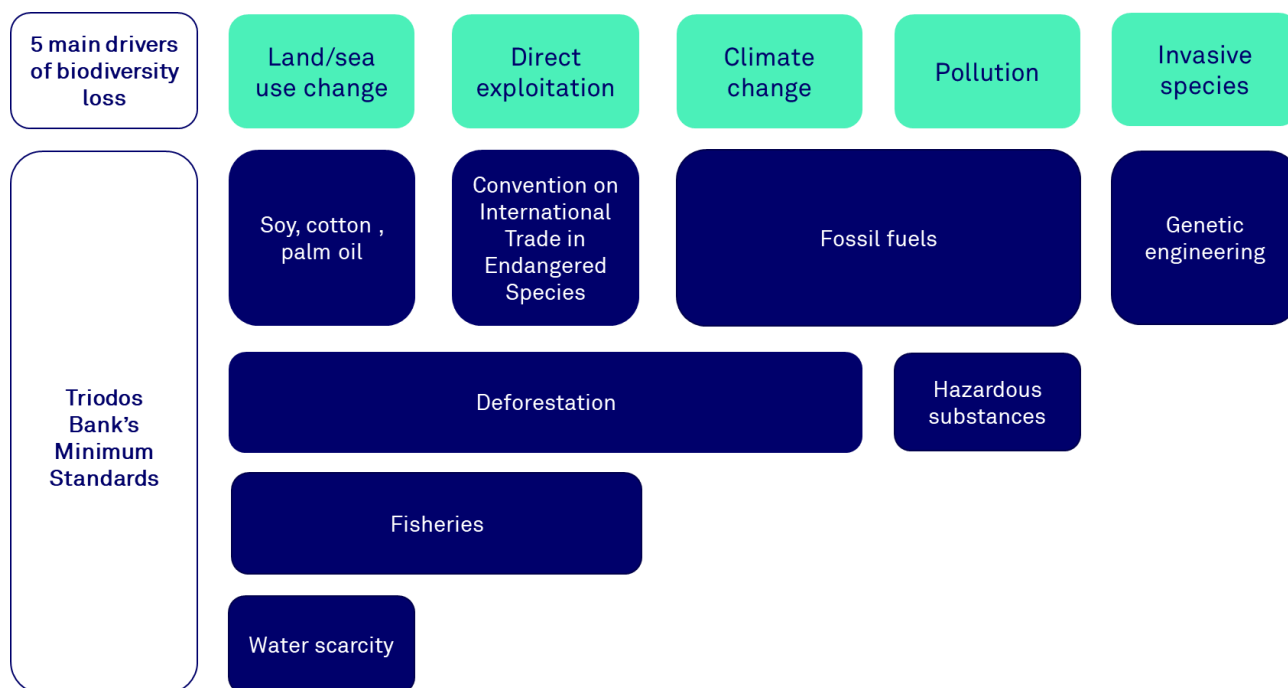
Minimum Standards and positive impact

The biodiversity footprint results do not fully reflect Triodos Bank's Minimum Standards on biodiversity (see fig 3). For example, Triodos Bank does not finance the synthetic pesticide producers. Likewise, our Minimum Standards

based on the sustainability processes of companies related to e.g. animal welfare and deforestation exclude companies with some of the highest biodiversity risks, such as large beef processing companies.

To counter these challenges in measuring biodiversity impact through proxy analysis with lifecycle databases, several of our biodiversity targets are designed to allow us to gain a deeper understanding and tracking ability of biodiversity impacts. Our targets are therefore aimed at better understanding the *actual* impact in these sectors, setting sector-specific Key Performance Indicators, reducing our negative impact, and enlarging our positive impact.

Fig 3. Triodos Bank Minimum Standards topics, related to Minimum Standards (December 2022) version, from: Beyond Risk & Return: The role of finance in preserving and fostering biodiversity. Note that the Triodos Minimum Standards will be updated In Q1 of 2025, including updates related to biodiversity.



Address

Hoofdstraat 10, Driebergen-Rijsenburg
PO Box 55
3700 AB Zeist, The Netherlands
Telephone +31 (0)30 693 65 00
www.triodos.com
www.triodos-im.com
www.triodos.com/regenerative-money-centre

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Author

Hans Stegeman
Pjotr Tjallema
Vincent de Leijster
Sven Renon

Text

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