SECOND PARTY OPINION

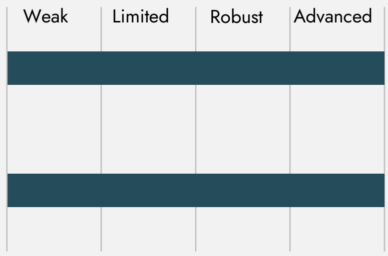
on the sustainability of Triodos Bank Green Bond Framework

V.E is of the opinion that Triodos Bank Framework is aligned with the four core components the Green Bond Principles 2021 ("GBP") and best practices identified by VE

Framework

Contribution to Sustainability :

Advanced
Limited
Robust
Weak



SDG Mapping

Characteristics of the Framework

Green Eligible Categories	⇒ Renewable Energy ⇒ Environmentally Sustainable Management of Living Natural Resources and Land Use ⇒ Green Buildings
Project locations	Europe, including the UK
Existence of Framework	Yes
Share of refinancing	Yes, to be disclosed at transaction level
Look back period	To be defined at transaction level, up to 24 months.

Issuer

Involvement in Controversial Activities

The Issuer appears to not be involved in any of the 17 controversial activities screened under V.E methodology:

- ☐ Animal welfare
- ☐ Cannabis
- ☐ Chemicals of concern
- ☐ Civilian firearms
- ☐ Alcohol
- ☐ Fossil Fuels industry
- ☐ Coal
- ☐ Gambling
- ☐ Genetic engineering
- ☐ High interest rate lending
- ☐ Human Embryonic Stem Cells
- ☐ Military
- ☐ Nuclear power
- ☐ Pornography
- ☐ Reproductive medicine
- ☐ Tar sands and oil shale
- ☐ Tobacco

ESG Controversies

Number of controversies	None
Frequency	NA
Severity	NA
Responsiveness	NA

Coherence

- Coherent
- Partially coherent
- Not coherent

V.E is of the opinion that the contemplated Framework is coherent with Triodos Bank strategic sustainability priorities and sector issues and that it contributes to achieving the Issuer's sustainability commitments.

Keys findings

V.E is of the opinion that Triodos Bank Framework is aligned with the four core components of the Green Bond Principles 2021 (GBP) and best practices identified by VE:

Use of Proceeds –aligned with the GBP and best practices identified by VE

- Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the assets, the eligibility criteria, and the location of Eligible Loans.
- The Environmental Objectives are clearly defined, which are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise. They are considered relevant, measurable, and will be quantified for all the Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing for each bond issuance via marketing materials. The Issuer has indicated a look back period of c. 24 months.

Evaluation and Selection - aligned with the GBP and best practices identified by VE

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps. The roles and responsibilities are clear and include relevant internal expertise. The process is rather publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for the selection of Eligible Green Loans have been clearly defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material Environmental and Social risks associated to projects is publicly disclosed (in the herewith SPO). The process is considered advanced: it combines monitoring, identification, corrective and preventive measures for all categories.

Management of Proceeds - aligned with GBP and best practices identified by VE

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bonds will be tracked by the Issuer in an appropriate manner and attested in a formal internal process. Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer will strive to achieve a level of allocation for the Eligible Green Loans which matches the balance of net proceeds from each of its outstanding Green Bonds within twenty-four months after issuance of the green bond.
- The Issuer has provided information on the procedure that will be applied in case of loan maturing or becoming ineligible and it has committed to reallocate divested proceeds to projects compliant with the Framework.

Reporting - aligned with GBP and best practices identified by VE

- The Issuer has committed to report on the Use of Proceeds annually until bond maturity. The report will be publicly available.
- The reporting will cover relevant information related to the allocation of proceeds and to the expected environmental benefits of the Eligible Categories.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible Categories will be publicly disclosed.

- An external auditor will verify the tracking and allocation of funds and the indicators to report on the environmental benefits of Eligible Categories until bond maturity.

Contact

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SCOPE

V.E was commissioned to provide an independent opinion (thereafter "Second Party Opinion" or "SPO") on the sustainability credentials and management of the Green Bonds[1] ("Bonds") to be issued by Triodos Bank (the "Issuer") in compliance with the Green Bond Framework (the "Framework") created to govern their issuance.

Our opinion is established according to V.E's Environmental, Social and Governance ("ESG") exclusive assessment methodology and to the latest version of the ICMA's Green Bond Principles ("GBP") edited in June 2021 - voluntary guidelines (referred to as the "GBP").

Our opinion is built on the review of the following components:

- Issuance: we assessed the Framework, including the coherence between the Framework and the Issuer's environmental commitments, the Bond's potential contribution to sustainability and its alignment with the four core components of the GBP 2021.
- Issuer[2]: we assessed the Issuer's management of potential stakeholder related ESG controversies and its involvement in controversial activities[3].

Our sources of information are multichannel, combining data (i) gathered from public sources, press content providers and stakeholders, (ii) from V.E's exclusive ESG rating database, and (iii) information provided from the Issuer, through documents and interviews conducted with the Issuer's managers and stakeholders involved in the Bonds issuance, held via a telecommunications system.

We carried out our due diligence assessment from May 31st to June 25, 2021. We consider that we were provided with access to all the appropriate documents and interviewees we solicited. To this purpose we used our reasonable efforts to verify such data accuracy.

Scope of External Reviews

☒	Pre-issuance Second Party Opinion	☒	Independent verification of impact reporting
☒	Independent verification of funds allocation	☐	Climate Bond Initiative Certification

[1] The "Green Bond" is to be considered as the bond to be potentially issued, subject to the discretion of the Issuer. The name "Green Bond" has been decided by the Issuer: it does not imply any opinion from V.E.

[2] The Issuer Is not part of our ESG performance rating universe.

[3] The 17 controversial activities screened by V.E are: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

COHERENCE

Coherent
Partially coherent
Not coherent

We are of the opinion that the contemplated Framework is coherent with Triodos Bank strategic sustainability priorities and sector issues and contribute to achieving the Issuer's sustainability commitments.

According to the United Nations Environment Programme Finance Initiative[4] (UNEP FI) the banking sector plays a crucial role in promoting sustainable development. The sector can lead the way to a more sustainable economy by lending to economic activities that yield the best return from society's point of view and by guiding customers and stakeholders to manage social and environmental challenges and opportunities. As the global economy's largest sector by market capitalisation, banks have great potential to support society's transition to a low carbon and sustainable economy. Their action is key in the promotion of effective solutions for the development of sustainable finance products and services, and the minimisation of the negative impact of their investments and activities on environment, people, and society.

The objective of the Paris Agreement to limit global temperature increase to well-below 2°C and towards 1.5°C above pre-industrial levels requires a radical change. According to the New Climate Economy (NCE)[5] report 2016 called "*The Sustainable Infrastructure Imperative, Financing for Better Growth and Development*", the world's energy, transport, buildings, and water infrastructure emit more than 60% of current greenhouse gases. Increased transport, agricultural, and housing pressures from a growing global middle class are all serving to drive increased emissions. The urgency and scale of the infrastructure challenge was starkly laid out in the Intergovernmental Panel on Climate Change (IPCC)'s special report[6] on the impacts of global warming of 1.5°C above pre-industrial levels. To limit warming to 1.5°C, CO2 emissions would need to fall by about 45% by 2030 compared to 2010 levels and would need to reach net-zero around 2050. The report concludes that "rapid and far-reaching transitions in energy, land, urban and infrastructure (including transport and buildings) and industrial systems" are required to limit global warming to 1.5°C. It highlights the need for an unprecedented transition across these systems, and a significant increase in investments.

The annual investment in low carbon energy and energy efficiency would need to increase by a factor of five by 2050[7]. Therefore, the financial system needs a transformation to deliver the scale and quality of investment needed in order to increase financing from all sources (especially private sources such as long-term debt finance and the large pools of institutional investor capital), reduce the cost of capital, enable catalytic finance from development finance institutions (DFIs), and accelerate the greening of the financial system. According to the OECD report "Financing Climate Futures"[8], around USD 6.3 trillion of infrastructure investment is needed each year to 2030 to meet development goals, increasing to USD 6.9 trillion a year to make this investment compatible with the goals of the Paris Agreement. The urgent need to address this gap presents a unique opportunity in the coming years to move the climate and development agendas forward and develop infrastructure systems that deliver better services while also achieving climate and development goals.

Triodos Bank appears to acknowledge its role in managing its investments' impacts to support society's transition to a low-carbon economy and to promote environmental, cultural, and social change. Triodos Bank's activities are divided into banking and investment management. The banking business lends funds to sustainable companies and considers the positive social, environmental, or cultural impact of their activities in its assessment process. Triodos Investment Management manages Impact funds and Theme funds. The Impact funds enable clients and Private Banking to invest in listed companies with high sustainability performance. Through the Theme funds Triodos Investment Management directly

[4] UNEP FI website https://www.unepfi.org/banking/banking/ - accessed 09/06/2021
[5] NCE report 2016 https://newclimateeconomy.report/2016/wp-content/uploads/sites/4/2014/08/NCE_2016Report.pdf - accessed 09/06/2021
[6] IPCC (2018), Global Warming of 1.5 degrees C, Intergovernmental Panel on Climate Change, Geneva - https://www.ipcc.ch/sr15/ - accessed 09/06/2021
[7] IEA website https://www.iea.org/reports/net-zero-by-2050 - accessed 14/06/2021
[8] OECD report "Financing Climate Futures-rethinking infrastructure" https://www.oecd.org/environment/cc/climate-futures/policy-highlights-financing-climate-futures.pdf - accessed 09/06/2021

invests in sustainable companies and projects. The Issuer has focused its contributions towards a green economy defined as lending criteria and minimum standards[9], as listed below:

Nature and Environment: The Issuer finances environmental business and initiates. Areas considered for lending include:

- Organic farming (e.g. arable, dairy, meat, poultry, forestry, horticulture)
- Organic food (e.g. shops, butcheries, food processing, restaurants)
- Renewable energy (for example, wind, solar, hydro, greenhouse gas-neutral biomass)
- Sustainable property (for example, shared workplaces, property development, nature development)
- Environmental technology (for example, recycling, transport)

Moreover, Triodos Bank refers to organic production certifications in Europe from respected bodies, such as SKAL[10], Biogarantie[11] and the Soil Association[12] to guide decisions about organic food and farming loan applications.

According to the Issuer's Annual report[13], by the end of 2020, its climate and energy investment funds financed 561 projects in the energy sector. The total capacity of the power-generating projects was 5,100MW, producing the equivalent of the electricity needs of 4.8 million households worldwide. The organically managed land on the farms which Triodos Bank and Triodos Investment Management financed in 2020 could produce the equivalent of 33 million meals in 2020.

Culture and society: Triodos Bank finances businesses and initiatives that help people to develop and act as free and responsible citizens. Areas considered for lending include:

- Education (schools, training, and conferences centres)
- Childcare (day care centres, kindergartens)
- Arts and culture (for example, visual arts, performing arts, cultural centres, film & media)
- Philosophy of life (for example, meditation centres, religious and spiritual groups)
- Recreation (for example, parks, camping sites, eco-tourism)

According to the Issuer's Annual report, by the end of 2020, the Issuer helped approximately 4,100 artists and creative companies remain active in the cultural sector. Moreover, approximately 623,000 individuals benefited from the work of 600 education initiatives financed by Triodos Bank.

Social business: Businesses whose key objectives are to add value to society and, or the environment, are important to the Issuer. These objectives are clearly reflected in the products, services or working processes of successful loan applicants. Areas considered for lending include:

- Retail non-food (for example, toys, books, clothing)
- Production (for example, printers, publishing)
- Professional services (for example, consultancy, research, building contractors)
- Social housing (for example, housing associations)
- Healthcare (for example, medical centres, therapeutic farms, care for elderly people, hospices)
- Social projects (social services, migrant integration, community buildings)
- Fair trade (for example, fair trade shops, wholesale trading)

[9] Triodos Lending Criteria https://www.triodos.com/downloads/425586/lending-criteria.pdf - accessed 09/06/2021
[10] SKAL website https://www.skal.nl/en/over-ons - accessed 09/06/2021
[11] Biogarantie website https://biogarantie.be/ - accessed 09/06/2021 – accessed 0/06/2021
[12] Soil Association website https://www.soilassociation.org/ - accessed 09/06/2021
[13] Triodos Annual Report 2020 https://www.triodos.com/press-releases/2021/annual-results-2020 - accessed 15/06/2021

- Development cooperation (for example, microfinance, certified FLO products, certified organic products)

Additionally, Triodos Bank refers to respected fair-trade labels recognised by the Financial Labelling Organisation[14] (FLO), an international fair-trade organisation.

According to the Issuer's Annual report, by the end of 2020, Triodos Bank and Triodos Investment Management financed in Europe around 45,000 individuals at 570 elderly care homes, representing the equivalent of 22 days of care per Triodos Bank customer. Moreover, the Issuer financed approximately 720 community projects (2019: 600), and 210 social housing projects, which directly and indirectly provide accommodation for approximately 59,000 people.

The Issuer reports on lending and investment activities excluded such as: non-sustainable products and services, including all businesses involved in producing or trading in weapons, tobacco, pornography, fur, or environmentally hazardous substances. It also covers the gambling industry. The issuer also excludes non-sustainable working processes, covering everything from animal testing and inhumane farming methods, through corruption and support for dictatorial regimes, to breaches of fundamental labour rights.

The Issuer collaborates with many other European and global institutions and associations like the Global Alliance for Banking on Values (GABV), the Club of Rome[15], the Sustainable Finance Lab, governments, and banking associations. Moreover, Triodos Bank was among 16 financial institutions that created the global accounting standard for greenhouse gas (GHG) emissions of the Partnership for Carbon Accounting Financials (PCAF). Triodos Bank was one of the first banks to join the Net-Zero Banking Alliance (NZBA), in which it commits to align operational and attributable emissions from its portfolios with pathways to net-zero by 2050 or sooner. At a European level, the Issuer was involved in discussions about a sustainable finance action plan, specifically related to taxonomy, and the Non-Financial Reporting Directive. Triodos Bank signed the Finance for Biodiversity Pledge which commits to collaborating, engaging, assessing its own biodiversity impact, setting targets, and reporting on biodiversity matters by 2024 at the latest. The Issuer is also a member of the Partnership Biodiversity Accounting Financials, which works to develop a common accounting methodology for the sector's impact on biodiversity.

By creating a Green Bond Framework to issue Green Bonds to finance or refinance, in full or in part, Eligible Loans related to the three Green Categories: Renewable Energy, Green Buildings and Environmentally Sustainable Management of Living Natural Resources and Land Use, the Issuer coherently aligns with its sustainability strategy and commitments and addresses the main issues of the sector as well as the country in terms of sustainable development.

[14] Flocert website https://www.flocert.net/about-flocert/ - accessed 09/06/2021

[15] Club of Rome website https://www.clubofrome.org/about-us/ - accessed 09/06/2021

FRAMEWORK

The Issuer has described the main characteristics of the Bonds within a formalized Green Bond Framework which covers the four core components of the GBP 2021 (the last updated version was provided to V.E on June 17, 2021). The Issuer has committed to make this document publicly accessible on Triodos' website[16], in line with good market practices.

Alignment with the Green Bond Principles

Use of Proceeds

Not Aligned	Partially Aligned	Aligned	**Best Practices**

The net proceeds of the Bonds will exclusively finance or refinance, in part or in full, projects falling under three Green Loan Categories ("Eligible Categories"), as indicated in Table 1.

- Eligible Categories are clearly defined and detailed, the Issuer has communicated the nature of the assets, the eligibility criteria, and the location of Eligible Loans.
- The Environmental Objectives are clearly defined, these are relevant for all the Eligible Categories and set in coherence with sustainability objectives defined in international standards.
- The Expected Environmental Benefits are clear and precise. They are considered relevant, measurable, and will be quantified for all the Eligible Categories in the reporting.
- The Issuer has committed to transparently communicate the estimated share of refinancing for each bond issuance via marketing materials. The Issuer has indicated a look back period of c. 24 months.

BEST PRACTICES

⇒ The definition and eligibility criteria (selection and exclusion) are clear and in line with international standards for all categories
⇒ Relevant environmental and/or social benefits are identified and measurable for all project categories
⇒ The Issuer has committed to transparently communicate the estimated share of refinancing for each bond issuance via marketing materials.
⇒ The look-back period for refinanced assets is equal or less than 24 months, in line with good market practices

[16] Triodos website https://www.triodos.com

Table 1. V.E' analysis of Eligible Categories, Sustainability Objectives and Expected Benefits as presented in the Issuer's Framework

- Nature of Assets: Green financial assets qualified as 'Loans and advances to customers', reported on the Triodos balance sheet.
- Location of Eligible Categories: All Europe, including the UK

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES & DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
Renewable Energy	Acquisition, conception, construction, operation, development, and installation of renewable energy generation facilities. Renewable energy sources include: - Wind Energy (On- and offshore): facilities operating at life cycle emissions lower than 100gCO2e/kWh, declining to 0gCO2e/kWh by 2050. - Solar photovoltaic and concentrated Solar Power: facilities operating at life cycle emissions lower than 100gCO2e/kWh, declining to 0gCO2e/kWh by 2050. - Hydropower: facilities operating at life cycle emissions lower than 100gCO2e/kWh, declining to 0gCO2e/kWh by 2050 and with maximum size of 20-25MW. - Energy saving projects such as Heat and Cold storage (ATES): facilities operating at life cycle emissions lower than 100gCO2e/kWh, declining to 0gCO2e/kWh by 2050.	Climate change mitigation Avoidance of GHG emissions	The definition of this category is clearly defined and detailed. All sub-categories: Solar PV, on and offshore wind energy, hydropower and energy saving projects follow the best market standards and the thresholds set by the EU Taxonomy. The intended environmental objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards. The expected environmental benefits are clear and precise. They are considered relevant, measurable, and will be quantified in the reporting.
Environmentally Sustainable Management of Living Natural Resources and Land Use	The Eligible Category will finance: - Forestry projects, which include the cultivation, maintenance, and development of tree plantations in a sustainable way (certified FSC or PEFC). - Nature conservation projects, which include the use, ownership, or development of property for landscape or nature and wildlife preservation purposes. Certifications included: - The Forest Stewardship Council (FSC)[17] - The Programme for the Endorsement of Forest Certification (PEFC)[18]	Climate change mitigation GHG emissions sequestration	The definition of this category is clearly defined and detailed. The intended environmental objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards. The expected environmental benefits are clear and precise. They are considered relevant, measurable, and will be quantified in the reporting

[17] FSC website https://fr.fsc.org/fr - accessed 10/06/2021
[18] PEFC website https://www.pefc.org/ - accessed 10/06/2021

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES & DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	- Certified organic agroforestry		
Green Buildings	A) For Green Residential properties built prior to 31 December 2020: - Existing residential buildings with an Energy Performance Certificate (EPC) label "A" and belonging to the top 15% low-carbon residential buildings. All in The Netherlands - Existing residential buildings with an Energy Performance Certificate (EPC) label "A" in Spain and Belgium, and/or belonging to the top 15% low-carbon residential buildings in the respective national context. B) For Green Residential properties built as of 1 January 2021: New or existing residential buildings that meet the categorization of "Nearly Zero Emissions Building" (NZEB) – 10%[19] C) For refurbished residential properties: Refurbishment of residential buildings to an improved energy efficiency of at least 30%. In terms of EPC labels, this is equivalent to two EPC label steps improvement.	Climate change mitigation Avoidance and reduction of GHG emissions through the financing of Green Buildings Energy consumption reduction	The definition of this category is clearly defined and detailed. All sub-categories follow the best market standards and the thresholds set by the EU Taxonomy. The intended environmental objective is clearly defined, relevant and set in coherence with sustainability objectives defined in international standards. The expected environmental benefits are clear and precise. They are considered relevant, measurable, and will be quantified in the reporting

[19] The Dutch version of NZEB is called BENG. In accordance with the EU Taxonomy recommendation, the net primary energy demand of new constructions (built as of the 1st of January 2021) must be at least 10% lower than the primary energy demand resulting from the relevant BENG requirements.

ELIGIBLE CATEGORIES	ELIGIBLE SUB-CATEGORIES & DESCRIPTION	SUSTAINABILITY OBJECTIVES AND BENEFITS	V.E'S ANALYSIS
	A) For Green Commercial properties built prior to 31 December 2020: Existing commercial properties with an Energy Performance Certificate (EPC) label "A" in the Netherlands, Belgium, France and Spain and any other European Country, and/or belonging to the top 15% low-carbon commercial buildings in the respective national context B) For commercial properties built as of 1 January 2021: New or existing commercial buildings that meet the categorization of "Nearly Zero Emissions Building" (NZEB)[20] – 10% C) For refurbished commercial properties: Refurbishment of commercial buildings to an improved energy efficiency of at least 30%. In terms of EPC labels, this is equivalent to two EPC label steps improvement D) New, existing, or refurbished commercial buildings which received at least one or more of the following classifications: - LEED "Gold" and above, - BREEAM "Excellent", - HQE "Excellent", - DGNB "Gold" and above, - or equivalent or higher level of certification		

[20] NZEB definition depends from National Regulation

SDG Contribution

The Eligible Categories are likely to contribute to five of the United Nations' Sustainable Development Goals ("SDGs"), namely:

ELIGIBLE CATEGORY	SDG	SDG TARGETS
Renewable Energy	7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.
	13 CLIMATE ACTION	The assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects.
Environmentally Sustainable Management of Living Natural Resources and Land Use	13 CLIMATE ACTION	The assets are likely to contribute to SDG 13 which consists in adopting urgent measures to combat climate change and its effects. In particular, investing in natural carbon sinks can help address climate change mitigation.
	15 LIFE ON LAND	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands, in line with obligations under international agreements. 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species. 15.a Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.
Green Buildings (Residential and Commercial)	7 AFFORDABLE AND CLEAN ENERGY	7.3 By 2030, double the global rate of improvement in energy efficiency
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.
	11 SUSTAINABLE CITIES AND COMMUNITIES	11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries.

ELIGIBLE CATEGORY	SDG	SDG TARGETS
		UN SDG 13 consists of taking urgent action to combat climate change and its impacts. By integrating energy efficiency, increased renewable energy and GHG emissions reduction targets into real estate strategy and planning, assets can contribute to tackling climate change.

Evaluation and Selection of Eligible Categories

Not Aligned	Partially Aligned	Aligned	**Best Practices**

- The process for Project Evaluation and Selection has been clearly defined and detailed by the Issuer, it is considered well-structured in all the evaluation and selection steps. The roles and responsibilities are clear and include relevant internal expertise. The process will be publicly disclosed in the Framework.
- Eligibility criteria (selection and exclusion) for the selection of Eligible Green Loans have been clearly defined and detailed by the Issuer for all the Eligible Categories.
- The process applied to identify and manage potentially material Environmental and Social risks associated to projects is publicly disclosed (in the herewith SPO). The process is considered advanced: it combines monitoring, identification, corrective and preventive measures for all categories (see detailed analysis on pages 18-21).

Process for Project Evaluation and Selection

For the Bonds, the Green Bond Working Group ("GBWG") has been created. The GBWG is a cross functional committee composed of representatives of relevant business areas, including Treasury, Finance and Corporate Communication, which is mandated by the Group Impact Committee (GIC)[21] of Triodos Bank Group. The GBWG reports to the GIC on any changes related to the issuance.

- The GBWG Committee is responsible for:
    - Selecting the pool of Eligible Green Loans to be included in the Green Bonds according to a pre-selection of potential Eligible Green Loans made by the Financial and Impact Reporting team. The initial pre-selection is in accordance with the selection criteria established in the Framework.
    - Evaluating and validating the Eligible Green Loans to be included in the pool of Eligible Green Loans.
    - Meeting at least on an annual basis to monitor the evolution of the Eligible Green Loans.
    - Managing any future updates to the Framework, including the expansion of its eligible Use of Proceeds categories, and prospective future amendments to reflect developments in Triodos Bank' strategy, market and regulatory developments.
    - Publishing the Green Bond Report(s).

- The traceability and verification of the selection and evaluation of the projects is ensured throughout the process:
    - The GBWG and the Treasury, in close cooperation with the team Financial and Impact Reporting, will be responsible for monitoring the compliance of the Eligible Green Loans with the eligibility criteria at least on an annual basis, throughout the lifetime of the Bonds. The GBWG will be responsible for replacing any Eligible Green Loans that no longer meets the eligibility criteria in the Framework or if the Eligible Green Loan has matured.

[21] The GIC is the Executive Board's delegated body that oversees the development of Triodos Bank's Group impact assessment and communication approach and strategy. It is responsible for operational activity relating to this topic and creating the environment for the business in general, and the Executive Board in particular, to steer on impact at a Group level.

- The Issuer reports to monitor controversies at least on an annual basis, or on a 3-yearly basis for small loans. In case controversies concerning a project financed by an Eligible Green Loan is identified during the life time of a loan, Triodos Bank will remove the loan from the Eligible Green Loan pool and replace it with a new Eligible Green Loan, on a best effort basis.
- The traceability of all decisions taken by the GBWG will be documented using meeting minutes. In addition, the projects selected for the eligible pool will be marked as such and reported on.

Eligibility Criteria

The process relies on explicit eligibility criteria (selection and exclusion), relevant to the environmental objectives defined for the Eligible Categories.

- The selection criteria are based on definitions in Eligible Categories defined Table 1 in the Use of Proceeds section.
- All Eligible Green Loans are assessed against the Triodos Lending Criteria[22] and Triodos Minimum Standard[23] throughout the entire loan portfolio, which follow a positive approach on the criteria that must be met in terms of environmental and social issues. If these are not met the loan is not offered. In addition, to follow a positive approach to the selection of loans, these criteria consider controversial activities as well as exclusions:
  - Within the Lending criteria, Triodos Bank does not lend to organizations, businesses and projects that are directly involved for more than 5% of its activities in non-sustainable products and services (including industries involved in fur, environmentally hazardous substances, pornography, tobacco, and weapons) or non -sustainable working processes (including animal testing and inhumane farming methods, corruption, dictatorial regimes, and breaches of legislation, codes of conduct or conventions).
  - Within the Minimum Standard, the exclusions include the following topics: Health and safety (alcohol, gambling; pornography, tobacco and weapons); Human rights (conflict minerals, human rights and labour rights); Animals (animal testing, factory farming, fisheries, and fur and specialty leather); Environment (biodiversity, deforestation, energy (fossil fuels and nuclear power), genetic engineering, hazardous substances and contamination, natural resources and mining, water); Accounting and remuneration, corruption, taxes, violation of legislation, codes, and conventions.

BEST PRACTICES

⇒ Eligibility and exclusion criteria for Eligible Loans selection is clearly defined and detailed for all the Eligible Categories.

⇒ The Issuer reports that it will monitor compliance of selected loans with eligibility and exclusion criteria specified in the Framework throughout the life of the instrument and has provided details on content, frequency, duration, and on procedures adopted in case of non-compliance.

⇒ The Issuer reports that it will monitor potential ESG controversies associated with the loans throughout the life of the instrument and has provided details on frequency, content, and procedures in case a controversy is found on an eligible loan.

[22] https://www.triodos.com/downloads/425586/lending-criteria.pdf
[23] https://www.triodos.com/downloads/about-triodos-bank/triodos-banks-minimum-standards.pdf

Management of Proceeds

Not Aligned	Partially Aligned	Aligned	Best Practices

- The Process for the Management and Allocation of Proceeds is clearly defined and detailed and is publicly available in the Framework.
- The allocation period will be 24 months or less.
- Net proceeds of the Bonds will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.
- Information on the intended types of temporary placement for the balance of the unallocated net proceeds is publicly disclosed.
- The Issuer will strive to achieve a level of allocation for the Eligible Green Loans which matches the balance of net proceeds from each of its outstanding Green Bonds within twenty-four months after issuance of the green bond.
- The Issuer has provided information on the procedure that will be applied in case of loan maturing or becoming ineligible and it has committed to reallocate divested proceeds to projects compliant with the Framework.

Management Process

- The net proceeds of the Bonds will be credited to the Issuer's general treasury and will be managed in cash and money market instruments and will be earmarked in an internal process.
- In case the Eligible Green Loans pool is smaller than the Bonds' net proceeds outstanding, the Issuer has committed to fill the gap and load the Eligible Green Loans pool with new Eligible Green Loans relative to each Green Bond, to ensure that an amount equal to the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Loans within 24 months from issuance.
- The unallocated funds will be held and/or invested in the Issuer's treasury liquidity portfolio, in cash or other short term and liquid instruments as well as in money market instruments. In addition, the Issuer commits, on a best effort basis, to invest unallocated proceeds in eligible green, social or sustainable bonds.
- In case of loan maturing or becoming ineligible, the Issuer has committed to replace the no longer Green Eligible Loan with a new one that meets the criteria of the Framework within 12 months. In case a Green Eligible Loan has matured, the Issuer has committed to remove maturing loans from the pool and to replace it.

BEST PRACTICES

⇒ The allocation period is 24 months or less.

⇒ The Issuer has committed not to invest temporary unallocated net proceeds in GHG intensive activities or controversial activities.

⇒ The Issuer has provided information on the procedure that will be applied in case of project divestment or postponement and it has committed to reallocate divested proceeds to projects that are compliant with the bond framework within 12 months.

Monitoring & Reporting

Not Aligned	Partially Aligned	Aligned	**Best Practices**

- The Issuer has committed to report on the Use of Proceeds annually until Bond maturity. The report will be publicly available.
- The reporting will cover relevant information related to the allocation of proceeds and to the expected environmental benefits of the Eligible Categories. The Issuer has also committed to report on material developments and controversies related to the categories.
- The reporting methodology and assumptions used to report on environmental benefits of the Eligible categories will be publicly disclosed.
- An external auditor will verify the tracking and allocation of funds, and the indicators to report on the environmental benefits, of Eligible Categories until bond maturity.

Indicators

The Issuer has committed to transparently communicate at Eligible Category level, on:

- Allocation of proceeds: The indicators selected by the Issuer to report on the allocation of proceeds are relevant and exhaustive.

REPORTING INDICATORS
⇒ The total amount of net proceeds allocated to Eligible Green Loans. ⇒ The number of Eligible Green Loans. ⇒ The remaining balance of unallocated proceeds, if any. ⇒ The amount and percentage of new financing and refinancing. ⇒ An indication of the age of the loans that have been refinanced. ⇒ The geographical distribution of the Eligible Green Loans at country level.

- Environmental benefits: The indicators selected by the Issuer to report on the environmental benefits are clear, relevant, and exhaustive.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Renewable Energy	Renewable energy capacity installed in GW or MW Electricity storage capacity in MW Annual renewable energy generated or expected in MWh	Estimated annual GHG emissions avoided in tonnes of CO_2eq.

ELIGIBLE CATEGORIES	ENVIRONMENTAL BENEFITS INDICATORS	
	OUTPUTS AND OUTCOMES	IMPACT INDICATORS
Environmentally Sustainable Management of Living Natural Resources and Land Use	Sustainable Forestry land area (hectares), if available Nature Development land area (hectares)	Estimated GHG emissions sequestrated in tonnes of CO_2eq
Green Buildings	Overview of EPC labels and environmental certification level Estimated annual energy consumption	Estimated annual financed emissions and avoided emissions in tonnes of CO_2eq Energy saving in kWh/m_2

BEST PRACTICES

- ⇒ The Issuer will report on the Use of Proceeds until bond maturity.
- ⇒ The issuer report will be publicly available.
- ⇒ The reporting will cover relevant information related to the allocation of Bond proceeds and to the expected sustainable benefits of the categories. The Issuer has also committed to report on material development related to the projects, including ESG controversies.
- ⇒ The indicators selected by the Issuer are exhaustive with regards to allocation reporting
- ⇒ The indicators selected by the Issuer to report on the environmental benefits are clear and relevant and cover all expected benefits associated with the Eligible Categories.
- ⇒ An external auditor will verify the tracking and allocation of funds and the indicators to report on the environmental benefits of Eligible Categories until bond maturity or until end of pay-back period (for loans).

Contribution to sustainability

Expected Impacts

The potential positive impact of the Eligible Loans on environmental objectives is considered to be advanced.

ELIGIBLE CATEGORY	EXPECTED IMPACT	ANALYSIS
Renewable Energy	ADVANCED	According to the European Energy Agency[24] public electricity and heat production contribute to around 30% of all CO_2 emissions and 26% of all GHG emissions in the EU-27. Financing renewable energies is one of the most important issues to avoid and reduce the energy and carbon footprint of all sectors. The Eligible Category prevents/avoids the creation of new negative impact related to the claimed objective, meaning it only has positive impact in the long term. All sub-categories: Solar PV, on and offshore wind energy, hydropower and energy saving projects follow the best market standards and the thresholds set by the EU Taxonomy.
Environmentally Sustainable Management of Living Natural Resources and Land Use	ADVANCED	The projects to be financed under this category address an environmental issue where private funds are rare or limited. In particular, the projects seek to contribute to the sustainable management of living natural resources and land, which will have positive long-term impacts on biodiversity and climate change mitigation. Nature projects for the purpose of landscape or wildlife or nature preservation can have an overall positive impact on the environment by improving water and air quality, increase in biodiversity, and reduction in greenhouse gases. The forestry projects which are aimed at the cultivation, maintenance, and development of tree plantations in a sustainable way can act as natural carbon sinks and contribute to climate mitigation. To be eligible for financing, these projects will require relevant certifications (FSC and PEFC, or likewise), including organic agroforestry certification, which provides further assurance on the positive environmental impact of this category.
Green Buildings	ADVANCED	The building and construction industry accounts for 36% of final energy use and 39% of energy and process-related CO_2 emissions in 2018[25] when adding building construction industry emissions. Reduction of the energy and carbon footprint of buildings are therefore a key environmental issue for the construction and real estate sectors. However, new constructions (due to their absolute effect on energy consumption and GHG emissions) and non-residential buildings are considered less crucial in the real estate sector than renovation and residential buildings. In regards of Green Building certifications: EPC labels A, LEED Gold and above, BREEAM "Excellent", HQE "Excellent", DGNB "Gold" and above, or equivalent or higher level of certification are considered to follow the best alternative available in the sector to contribute to the claimed objective of climate mitigation.

OVERALL ASSESSMENT	ADVANCED

[24] EEA website https://www.eea.europa.eu/data-and-maps/indicators/emissions-co2-so2-nox-from-1 - accessed 14/06/2021
[25] EIA website https://iea.blob.core.windows.net/assets/3da9daf9-ef75-4a37-b3da-a09224e299dc/2019_Global_Status_Report_for_Buildings_and_Construction.pdf - accessed 14/06/2021

ESG Risks Identification and Management systems in place at project level

The identification and management of the environmental and social risks associated with the Eligible Loans are considered advanced[26].

	ELIGIBLE CATEGORIES		
	RENEWABLE ENERGY	ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE	GREEN BUILDINGS
ESG - Due Diligence Process	X	X	X
Environmental Impact Assessment and Eco-design	X	X	X
Minimising Energy consumption and GHG emissions	N/A	N/A	X
Biodiversity Protection	X	X	X
Human and Labour Rights	X	X	X
Community Involvement	X	X	N/A
Business Ethics	X	X	X
OVERALL ASSESSMENT	Advanced	Advanced	Advanced

ESG- Due Diligence Process

As a financial investor, Triodos Bank reports that it exclusively invests in companies that contribute to environmental and social issues. Triodos has publicly disclosed a Lending Criteria based on three themes: Nature and the Environment, Culture and Society and Social Business (specific sectors are described in the Coherence section). The lending process clearly identifies the sustainable sectors where the Bank help projects to innovate and develop new business, the motivation involved in a loan application, and that the selected project meets the absolute criteria with measures regarding potential negative impacts of the borrower's activity on communities and the environment. Triodos Bank does not lend to organizations, businesses and projects that are directly involved in more than 5% of its activities in non-sustainable products and services. Some of the activities included are: non-sustainable products and services, including all businesses involved in producing or trading in weapons, tobacco, pornography, fur, environmentally hazardous substances, gambling, non-sustainable working processes, covering everything from animal testing and inhumane farming methods, through corruption and support for dictatorial regimes, to breaches of fundamental labour rights.

Furthermore, the Issuer disclosed to V.E an Internal Corporate Lending Handbook (CLH) describing detailed processes, its governance and the polices that contain guidelines and requirements for lending. Triodos Bank reports on an internal control and a risk management approach with internal and external audits. Within the Triodos Corporate Lending Handbook, the first requirement for a credit proposal is whether it fits Triodos Lending Strategy and Triodos Bank's minimum standards for direct lending. Clients that hit an exclusion criterion are in principle excluded from services.

[26] The "X" indicates the E&S risks that have been activated for each Eligible Category.

Hence, the account manager (representing the first line of defence to manage risks within Triodos) includes his findings on the fit with the Triodos Lending Strategy and Triodos Bank's minimum standards in the credit proposal (Credit Approval Form), and the credit officer (representing the second line) challenges the proposal. The advice of the credit officer is discussed in a credit committee, which decides on all aspects of the credit proposal.

As a control mechanism and offering transparency to stakeholders regarding the verification of environmental, social financial and ethical aspects, Triodos discloses publicly in its website[27] all credit offers.

ENVIRONMENTAL RISKS

Environmental Impact Assessment and Eco-design

For each project that is financed by Triodos the environmental assessment always starts with a check against the environmental minimum standards defined by the Bank, non-compliant projects are excluded. As an example, Triodos disclosed that in the SME team at Triodos NL 23% of the requests dealt with between December 2020 and June 2021 have been rejected based on non-mission alignment (no group data insight available). Since 2018, the Issuer reports on an internal impact tool called "Impact Prism" which is designed to assess each organisation that is financed. The tool is based on social, environmental, and economic themes, with the impact on the UN Sustainable Development Goals. Triodos aims to have the full spectrum of impact discussed with the borrower and identify areas of improvement.

For renewable energy the predominant impact is the energy generated. The location and impact of projects is both considered if questionable and is also safeguarded by the permits needed in this sector. Additionally, projects must follow Eligible Criteria thresholds following the EU Taxonomy (detailed in Use of Proceeds Section). For sustainable property, the assessment of the impact on the environment is a key aspect of the evaluation of each project. Within food and agriculture, including forestry, the Bank declared to not invest in any non-sustainable activity. Triodos reports that it does not finance intensive agriculture. Moreover, Triodos implements this impact assessment on the environment based on the Sustainable Finance Action Plan (SFAP) Taxonomy requirement and environmental risk guidance.

As an impact investor, Triodos Bank reports on an impact management and measures practices and apply the mechanisms of the framework for effective environmental and social outcomes, publicly disclosed on its website[28]. The impact indicators presented follow the IRIS+[29] core indicator set of the Global Impact Investing Network (GIIN), where applicable. As an example, the ecological footprints align with the Partnership for Carbon Accounting Financials (PCAF) methodology and included indicators of the Dutch Central Bank's UN Sustainable Development Goal reporting framework.

Minimising energy consumption and GHG emissions

Green Buildings:

Residential mortgage products have measures that incentivise more sustainable outcomes, such as offering a discounted interest rate for more energy efficient houses and additional discounts to help customers make environmental improvements to their home. Triodos reports to monitor the energy performance of the houses financed, and to be in the process of improving and aligning data availability and quality. Constructors and Real estate players are expected to integrate environmental considerations into their investment and management decisions and should rely on international certifications that frame the environmental performance of buildings including EPC labels (minimum standard for Triodos "A"), LEED Gold and above, BREEAM "Excellent", HQE "Excellent", and DGNB "Gold".

Biodiversity Protection

Triodos Bank declares to only finance or invest in activities that do not damage biodiversity. Based on the minimum standards for financing and investments, Triodos excludes companies involved in, for example, deforestation, environmental pollution, pesticide production or mining. If companies are active in sectors with a high risk of damage to biodiversity, Triodos Bank requires additional policies or certificates such as (certified Forest Stewardship Council

[27] https://www.triodos.com/know-where-your-money-goes
[28] https://www.triodos-im.com/impact-report/2020
[29] https://iris.thegiin.org/standards/

(FSC), Programme for the Endorsement of Forest Certification (PEFC) or likewise) and includes certified organic agroforestry. Non-certified companies are excluded.

All Triodos Bank's agricultural loans are to farms that are either certified organic, in conversion to organic production or demonstrate a clear alignment with those principles and practices. For all renewable energy projects, the protection of healthy eco systems is an essential part of the permits process which is linked to the size and the complexity of the specific project. Environmental compensation measures are an integral part of the permits and fulfilment of compensation measures is tracked through the full project cycle.

Moreover, Triodos Bank works in the Partnership Biodiversity Accounting Financials (PBAF) to investigate how a bank or investor can contribute to the protection and sustainable use of biodiversity and how the impact of these investments can be calculated or measured. The PBAF will work on a report that will describe a common basis for measuring impact on biodiversity. The impact is calculated or measured for several cases of concrete investments in, for example, reforestation, forestry, and landscape restoration. The goal is to create a generally accepted and supported common foundation and methodology.

SOCIAL RISKS

Human and Labour Rights

Triodos supports the aims of the United Nation's Universal Declaration of Human Rights. The Issuer endorses the Equator Principles, the European SRI Transparency Code, the International Finance Corporation Performance Standards and Health and Safety Guidelines, the UN Principles for Responsible Investment, the UNEP Finance Initiative and the GRI framework. Triodos Bank has a local focus on its activities and the bank lending is restricted to European countries (The Netherlands, Belgium, Germany, France, Spain, UK and Ireland) where European legislature is in place, which prevents the violation of labour and human rights standards. Labour and Human rights are explicitly mentioned in the Triodos Bank Minimum Standards and compliance of clients and lending activities is explicitly checked.

Community Involvement

Triodos Bank reports to encourage and support society and its communities to be sustainable. The Issuer assesses the lending, finance, and investment decisions according to its own social criteria and according to those detailed in relevant international standards and guidelines, such as the UN Global Compact, OECD guidelines for multinational enterprises and Equator Principles. The stakeholder dialogue provides essential input for the development of activities and strategy, while it allows to share knowledge and to advance development. Triodos disclosed in its Minimum Standards to check and exclude companies that do not respect the rights of local and indigenous communities on the fair and equal use of forests.

Business Ethics

Triodos reports on appropriate measures that includes reporting to regulators and law enforcement agencies against anyone who misuses Triodos Bank's (brand) name, services, systems, or data for committing a financial crime. Due diligence procedures are conducted with respect to clients, beneficial owners, or other business relations and additional safeguards are applied for politically exposed persons, in accordance with anti-corruption and anti-money laundering regulations. Measures are reported to be aligned with international standards and guidelines such as the Financial Action Task Force[30] and the Wolfsburg Principles. Regarding its Borrowers relations, based on the general terms and conditions and documentation, Triodos has the right to end the relationship in case a mall practice is identified. The Issuer reported on cases in the past where the relationship was ended, not based on formal legal wrongdoing, but on non-value alignment.

[30] FATF website https://www.fatf-gafi.org/ - accessed 14/06/2021

ISSUER

Management of ESG Controversies

As of today, the review conducted by V.E did not reveal any ESG controversy against Triodos Bank over the last four years.

Involvement in Controversial Activities

The Issuer appears to be not involved in any of the 17 controversial activities screened under our methodology, namely: Alcohol, Animal welfare, Cannabis, Chemicals of concern, Civilian firearms, Coal, Fossil Fuels industry, Unconventional oil and gas, Gambling, Genetic engineering, Human embryonic stem cells, High interest rate lending, Military, Nuclear Power, Pornography, Reproductive Medicine and Tobacco.

The controversial activities research provides screening of companies to identify involvement in business activities that are subject to philosophical or moral beliefs. The information does not suggest any approval or disapproval on their content from V.E.

METHODOLOGY

In V. E's view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organisation, activity, or transaction. In this sense, V.E provides an opinion on the Issuer's ESG performance as an organisation, and on the processes and commitments applicable to the intended issuance.

Our Second Party Opinions (SPOs) are subject to internal quality control at three levels (Analyst, Project Manager and Quality Reviewer). If necessary, this process is complemented by a final review and validation by the Expertise Committee and Supervisor. A right of complaint and recourse is guaranteed to all companies under our review, following three levels: first, the team in contact with the company; then the Executive Director in charge of Methods, Innovation & Quality; and finally, V.E's Scientific Council. All employees are signatories of V. E's Code of Conduct, and all consultants have also signed its add-on covering financial rules of confidentiality.

COHERENCE

Scale of assessment: not coherent, partially coherent, coherent

This section analyses whether the activity to be financed through the selected instrument is coherent with the Issuer's sustainability priorities and strategy, and whether it responds to the main sustainability issues of the sector where the Issuer operates.

ISSUANCE

Alignment with the Green and/or Social Bond Principles

Scale of assessment: Not aligned, Partially aligned, Aligned, Best Practices

The Framework has been evaluated by V.E according to the ICMA's Green Bond Principles - June 2021 ("GBP") and on our methodology based on international standards and sector guidelines applicable in terms of ESG management and assessment.

Use of proceeds

The definition of the Eligible Loans and their sustainable objectives and benefits are a core element of Green/Social/Sustainable Bonds and Loans standards. V.E evaluates the clarity of the definition of the Eligible Categories, as well as the definition and the relevance of the primary sustainability objectives. We evaluate the descriptions of the expected benefits in terms of relevance, measurability, and quantification. In addition, we map the potential contribution of Eligible Loans to the United Nations Sustainable Development Goals' targets.

Process for evaluation and selection

The evaluation and selection process are assessed by V.E on its transparency, governance, and relevance. The eligibility criteria are assessed on their clarity, relevance, and coverage vs. the intended objectives of the Eligible Loans.

Management of proceeds

The process and rules for the management and the allocation of proceeds are assessed by V.E on their transparency, traceability, and verification.

Reporting

The monitoring and reporting process and commitments defined by the Issuer are assessed by V.E on their transparency, exhaustiveness, and relevance, covering the reporting of both proceeds' allocation and sustainable benefits (output, impact indicators).

Contribution to sustainability

Scale of assessment: Weak, Limited, Robust, Advanced

V.E's assessment of activities' contribution to sustainability encompasses both the evaluation of their expected positive impacts on environmental and/or social objectives, as well the management of the associated potential negative impacts and externalities.

Expected positive impact of the activities on environmental and/or social objectives

The expected positive impact of activities on environmental and/or social objectives to be financed by the Issuer or Borrower is assessed based on:

i) the relevance of the activity to respond to an important environmental objective for the sector of the activity; or to respond to an important social need at country level;[31]

ii) the scope of the impact: the extent to which the expected impacts are reaching relevant stakeholders (i.e. the issuer, its value chain, local and global stakeholders); or targeting those populations most in need.

iii) the magnitude and durability of the potential impact of the proposed activity on the environmental and/or social objectives (capacity to not just reduce, but to prevent/avoid negative impact; or to provide a structural/long-term improvement);

iv) only for environmental objectives, the extent to which the activity is adopting the best available option.

Activities' ESG risk management

The identification and management of the potential ESG risks associated with the eligible loans/projects/activities are analysed on the basis of V. E's ESG assessment methodology, international standards and sector guidelines applicable in terms of ESG management and assessment.

ISSUER

Management of stakeholder related ESG controversies

V.E defines a controversy as public information or contradictory opinions from reliable[32] sources that incriminate or make allegations against an issuer regarding how it handles ESG issues as defined in V.E ESG framework. Each controversy may relate to several facts or events, to their conflicting interpretations, legal procedures, or non-proven claims.

V.E reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications, or Non-Government Organizations). Information gathered from these sources is considered if it is public, documented and traceable.

V.E provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Frequency: reflects for each ESG challenge the number of controversies that the Issuer has faced. At corporate level, this factor reflects on the overall number of controversies that the Issuer has faced and the scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).
- Severity: the more a controversy is related to stakeholders' fundamental interests, proves actual corporate responsibility in its occurrence, and have caused adverse impacts for stakeholders and the company, the higher its severity is. Severity assigned at the corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).

[31] The importance of a specific social need at country level is assessed on the basis of the country performance on the priority SDG that the project is targeting using data from Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G., Woelm, F. 2020. The Sustainable Development Goals and COVID-19. Sustainable Development Report 2020. Cambridge: Cambridge University Press.

[32] 'Reliable' means that there are sufficient details to substantiate claims made, with due attention paid to the political dimension of news and the danger of misinformation. V.E draws on investigative journalism, the business press, NGO and trade union reports which focus on corporate behavior relating to ESG issues. It is neither possible nor advisable to create a prescriptive fixed list of sources as new, valid sources arise all the time and it is necessary to investigate these as and when they are retrieved in order to comprehensively cover evolving issues and media.

- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non- Communicative).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, V. E's controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

Involvement in controversial activities

17 controversial activities have been analysed following 30 parameters to screen the company's involvement in any of them. The company's level of involvement (Major, Minor, No) in a controversial activity is based on:

- An estimation of the revenues derived from controversial products or services.
- The specific nature of the controversial products or services provided by the company.

V.E'S ASSESSMENT SCALES

Scale of assessment of Issuer's ESG performance or strategy and financial instrument's Contribution to sustainability	
Advanced	Advanced commitment: strong evidence of command over the issues dedicated to achieving the sustainability objective. An advanced expected impact combined with an advanced to robust level of E&S risk management & using innovative methods to anticipate new risks.
Robust	Convincing commitment; significant and consistent evidence of command over the issues. A robust expected impact combined with an advance to robust level of assurance of E&S risk management or an advanced expected impact combined with a limited level of assurance of E&S risk management.
Limited	Commitment to the objective of sustainability has been initiated or partially achieved, fragmentary evidence of command over the issues. A limited expected impact combined with an advanced to limited level of assurance of E&S risk management; or a robust expected impact combined with a limited to weak level of assurance of E&S risk management; or an advance expected impact combined with a weak level of assurance of E&S risk management.
Weak	Commitment to social/environmental responsibility is non-tangible, no evidence of command over the issues. A weak expected impact combined with an advanced to weak level of assurance of E&S risk management or a limited expected impact with a weak level of assurance of E&S risk management.

Scale of assessment of financial instrument's alignment with Green and/or Social Bond and Loan Principles	
Best Practices	The Instrument's practices go beyond the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles by adopting recommended and best practices.
Aligned	The Instrument has adopted all the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.
Partially Aligned	The Instrument has adopted a majority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles, but not all of them.
Not Aligned	The Instrument has adopted only a minority of the core practices of the ICMA's Green and/or Social Bond Principles and/or of the Loan Market Association's Green Loan Principles.

Statement on V.E' s independence and conflict-of-interest policy

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has not carried out any audit mission or consultancy activity for Triodos Bank. No established relation (financial or commercial) exists between Vigeo Eiris and the Triodos Bank. V.E's conflict of interest policy is covered by its Code of Conduct, which can be found at http://vigeo-eiris.com/wp-content/uploads/2018/07/Code-of-Conduct-Vigeo-Eiris-EN.pdf

This opinion aims at providing an independent opinion on the sustainability credentials and management of the Bond, based on the information which has been made available to Vigeo Eiris. Vigeo Eiris has neither interviewed stakeholders out of the Issuer's employees, nor performed an on-site audit nor other test to check the accuracy of the information provided by the Issuer/Borrower. The accuracy, comprehensiveness and trustworthiness of the information collected are a responsibility of the Issuer/Borrower. The Issuer/Borrower is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on the financial performance of the Bond/Loan, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction. Restriction on distribution and use of this opinion: The deliverables remain the property of Vigeo Eiris. The draft version of the Second Party Opinion by Vigeo Eiris is for information purpose only and shall not be disclosed by the client. Vigeo Eiris grants the Issuer/Borrower all rights to use the final version of the Second Party Opinion delivered for external use via any media that the Issuer/Borrower shall determine in a worldwide perimeter. The Issuer/Borrower has the right to communicate to the outside only the Second Party Opinion complete and without any modification, that is to say without making selection, withdrawal or addition, without altering it in any way, either in substance or in the form and shall only be used in the frame of the contemplated concerned bond/loan(s) issuance. The Issuer acknowledges and agrees that Vigeo Eiris reserves the right to publish the final version of the Second Party Opinion on Vigeo Eiris' website and on Vigeo Eiris' internal and external communication supporting documents.

DISCLAIMER

V.E provides its customers with data, information, research, analyses, reports, quantitative model-based scores, assessments and/or other opinions (collectively, "Research") with respect to the environmental, social and/or governance ("ESG") attributes and/or performance of individual issuers or with respect to sectors, activities, regions, stakeholders, states or specific themes.

V.E'S RESEARCH DOES NOT ADDRESS NON-ESG FACTORS AND/OR RISKS, INCLUDING BUT NOT LIMITED TO: CREDIT RISK, LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. V.E'S ASSESSMENTS AND OTHER OPINIONS INCLUDED IN V.E'S RESEARCH ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. V.E'S RESEARCH: (i) DOES NOT CONSTITUTE OR PROVIDE CREDIT RATINGS OR INVESTMENT OR FINANCIAL ADVICE; (ii) IS NOT AND DOES NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES; AND (iii) DOES NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. V.E ISSUES ITS RESEARCH WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

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