

**Triodos  Bank**

Annual Report 2020

## 7. About this report

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### This section at-a-glance:

- Triodos Bank always reports financial and non-financial information in an **integrated report** because we are, and always have been, an integrated sustainable business
- Our annual report is available as a hard-copy document and pdf in English, and in summary form in the languages of the countries where Triodos Bank operates. The English version is the **legally leading document**. This is also available online with additional detail, as unaudited content ([www.annual-report-triodos.com](http://www.annual-report-triodos.com))
- The **report's structure** and key content is derived from finding out what's most important, or material, to Triodos Bank and its stakeholders
- Triodos Bank combines qualitative and quantitative evidence of our impact. We have our impact data verified externally to better understand, manage and report on our non-financial impact.

### An integrated report

Triodos Bank's annual report is integrated. That means it combines sustainability-related, or 'corporate social responsibility' (CSR), topics with everything else you would expect from a traditional annual report, such as key financial targets and performance information. As well as the Global Reporting Initiative (GRI) and other frameworks (see below), Triodos Bank uses the International Integrated Reporting Council's Integrated Reporting Framework as a reference for our report.

For Triodos Bank, integrating reporting doesn't just mean reporting on how the organisation behaves as a responsible corporate citizen – by using renewable energy to power our buildings, for example, important though this is. It extends to in-depth reporting on the impact of our activity in the widest sense – from the greenhouse gas emissions of our loans and investments to a deeper understanding of the sustainability value of our work.

### The annual report – online and offline

This annual report is produced as a hard copy document that's available as a pdf and as an online annual report, in English, at [www.annual-report-triodos.com](http://www.annual-report-triodos.com).

The English offline report is Triodos Bank's legally leading document. It is reproduced, in its entirety, in the online report. But the online report also includes much more information, such as stories highlighting Triodos Bank's qualitative impact during the year.

Shorter, more focused on- and offline summaries in Dutch, French, German and Spanish are also provided for stakeholders.

### Report structure

The report's content is informed by what Triodos Bank and our stakeholders think are our most important, or material, issues.

Triodos Bank's stakeholders, and our interactions with them, are explored in depth online and in the Executive Board report. But in brief, these are:

- People and organisations that engage in economic transactions with Triodos Bank; for instance, customers, depository receipt holders, co-workers and suppliers.
- Those that are predominantly connected to the social, cultural and environmental context Triodos Bank operates in, such as regulators, other institutions and associations in the financial sector, non-governmental organisations, governments, local communities and media.
- Advisors and inspirers who provide us with new insights, opportunities and knowledge.

Triodos Bank identifies material topics through research and structured conversations with these groups. You can find these material topics in the Material topics (see page 24).

Some of the material topics are also reflected in Triodos Bank's strategic objectives, where the organisation's

key priorities are described in detail, including progress against them. As an organisation, we want to help our stakeholders understand how we are doing. We aim to use only meaningful indicators that are genuinely relevant and provide context for what they actually say about the health of the business.

The report aims to provide a coherent thread throughout. Some material issues are explored further in the Executive Board report, including both financial and non-financial performance. Reports from Triodos Bank's Supervisory Board and Board of SAAT reflect these topics and describe issues that were discussed with the Executive Board during the year. As a values-based, integrated bank, these topics often relate to sustainability and how it is integrated into business strategy.

As well as our impact on society, the environment and culture via external finance, the report includes information about the organisation's environmental and co-worker responsibilities and developments during the year. Our financial performance is also described in detail in the Financials section.

## Reporting on indicators

While meaningful indicators are included, readers should expect to see limited 'hard metrics' in Triodos Bank's annual report. Instead, we are developing 'theories of change' in key sectors to help structure our impact-driven activity and deliver goals that reflect real needs in society. We have developed a tool to support these efforts. The Triodos Impact Prism helps us understand, monitor, and equip the business to steer and report on impact in service of the goals described in these theories of change. Triodos Bank's Impact Prism was implemented in 2019.

Triodos Bank is careful not to retrofit reporting to meet the requirements of benchmarks or initiatives. Our view is that meaningful sustainable developments that contribute to a fairer economy come from principle-based decision-making and not from rule-based compliance and 'box ticking'. By partnering with others, Triodos Bank hopes to co-create new reporting and disclosure approaches that better meet

the needs of stakeholders and businesses within a more sustainable economy. From this perspective, targets and benchmarks are only relevant in the context of a wider business purpose; one in which the needs of society and operating responsibly within planetary limits sit alongside financial sustainability concerns.

Triodos Bank has embraced the UN Sustainable Development Goals (SDGs), a universal set of targets and indicators designed to help countries end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Our stakeholders want us to position the organisation's impact in a global framework. The SDGs allow the bank to do just that. Triodos Bank addresses the SDGs in three main ways:

- An appendix to this annual report maps how Triodos Bank's activity relates to each of the 17 SDGs, using a three-tiered approach: describing baseline, direct and catalytic actions taken to meet the goals.
- Via SDG reporting at project and sector levels, achieved by mapping the results of the Triodos Impact Prism to the SDGs.
- Via links connecting Triodos Bank's activity to the SDGs throughout this report.

Triodos Bank is either a signatory or endorser of the following conventions:

- UNEP Finance Initiative
- European SRI Transparency Code
- UN Principles for Responsible Investment
- Global Reporting Initiative (GRI) framework.

In addition, we assess and follow:

- UN Global Compact
- Equator Principles
- Financial Action Task Force recommendations
- OECD guidelines for multinational enterprises
- Wolfsberg Principles
- International Finance Corporation Environmental and Social Performance Standards and Health and Safety Guidelines

Triodos Bank has had a fundamental commitment to respect human rights since inception. Our business principles clearly state our respect for people, society and different cultures and our support

for the goals of the United Nations Universal Declaration of Human Rights. Triodos Bank has published a detailed statement on human rights ([triodos.com/humanrightsstatement](https://triodos.com/humanrightsstatement)).

By signing the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights, Triodos Bank became part of a broad coalition of banks, trade unions, civil society organisations, the Dutch Banking Association and the Dutch government. By acting together these organisations can have a greater positive impact on the current situation regarding human rights. The agreement applies to project finance and corporate lending activities.

Triodos Bank is working towards reporting in line with, or equivalent to, the UN Guiding Principles Reporting Framework as part of this agreement. Our Complaints Handling Policy applies to all our activities, products and services. This policy, which addresses the rights and the mechanisms for complaint for customers, employees and third parties, is publicly accessible via [www.triodos.com](https://www.triodos.com). Triodos Bank has also started the process of identifying where our potential negative impacts on human rights are most severe (known as salience).

## Who does Triodos Bank partner with to improve its reporting?

In addition to the dialogue with stakeholders described above, this year's report has been developed with the benefit of practitioner sessions with businesses, academics and experts in and outside the banking industry. In particular, Triodos Bank partners with specialists from sustainable banks in the Global Alliance for Banking on Values (GABV).

During the year Triodos Bank has also consulted, among others, with: the United Nations Environment Programme finance initiative (UNEP fi); the Partnership for Carbon Accounting Financials (PCAF); a number of specialist consultants and initiatives; and PricewaterhouseCoopers Accountants N.V. in their role as independent auditor. Triodos Bank is grateful for their contributions and insights.

## Triodos Bank and the Global Reporting Initiative (GRI)

Triodos Bank has used the guidelines of the Global Reporting Initiative (GRI) since 2001. GRI was established in 1997 by the United Nations and Ceres (formerly the Coalition for Environmentally Responsible Economics) to organise reporting on sustainability in a consistent manner and to make performance objective and comparison easier. Triodos Bank is an organisational stakeholder of GRI.

Triodos Bank was one of the first to use GRI Standards. The Standards aim to make reporting more relevant to the sustainability impact of an institution and to improve how they are presented for its stakeholders. This report has been prepared in accordance with the GRI Standards: Core option. Previously, Triodos Bank reported using the Comprehensive option. These options do not relate to the quality of the information in the report or the magnitude of the organisation's impacts. Instead, they reflect the degree to which the GRI Standards have been applied. Triodos Bank believes the core option better meets our reporting needs and the information needs of our stakeholders, focusing more closely on the issues and disclosures that are most relevant to both. You can find more, including an index of GRI disclosures, at [www.annual-report-triodos.com](https://www.annual-report-triodos.com).

### Stakeholder involvement and GRI Standards

We report on all of our stakeholder consultations using the Global Reporting Initiative (GRI) Standards. GRI requires reporting organisations to comply with their quality and content requirements to ensure a high standard of sustainability reporting. Triodos Bank's mission, vision and strategy are fully based on sustainability ambitions and a commitment to responsible banking. Therefore, many steps required to identify stakeholders and sustainability issues (material topics) for other organisations are standard practice for Triodos Bank. Stakeholder engagement and working together towards a fair and sustainable world are both integrated into Triodos Bank's daily business.

Consequently, not all theoretical steps towards integrated sustainable business and sustainability reporting are reported on explicitly. Instead, they are embedded in the process of sustainable banking. Examples of these steps include: stakeholder mapping, mapping of topics and assigning proper GRI denominations to variables such as 'influence', 'importance' or 'impact' or the definition of clear thresholds and boundaries of all topics. With some material topics, there is no data connected to the progress of the specific topic, as this is integrated in the general progress of our strategic theme's (see Strategic objectives for 2021 (see page 35)). In practice, Triodos Bank and our stakeholders understand each other well and are aligned in jointly achieving the goals of financing change and changing finance.

In our surveys and other stakeholder consultations we continuously discuss the influence of material topics on their decisions and the impact of these topics on Triodos Bank. As part of this ongoing dialogue, 'influence on' / 'importance of' / 'impact on' are used interchangeably by both Triodos Bank and our stakeholders. GRI Standards use the formal denominations of 'Influence on stakeholder assessments and decisions' for the y-axis and 'Significance of economic, environmental and social impacts for Triodos Bank' for the x-axis. Our stakeholders are more familiar with, and continue to use, the expressions 'importance of' and 'influence on' (and they are not always familiar with GRI). Therefore, Triodos Bank has chosen to continue using these descriptors in our communications, including in the annual report.

## Impact measurement and reporting

The annual report aims to provide a clear and compelling picture of how Triodos Bank delivers long-term, sustainable change through our operations as a sustainable bank. In practice that means sharing qualitative information supported by relevant impact data. Almost uniquely among banks, this impact data is verified by an independent auditor to a limited assurance level. That's because Triodos Bank believes financial and non-financial information should be treated in a similar way.

In recent years there has been growing attention on how organisations manage, measure and report on their non-financial impact. This is an important area for a mission-driven organisation that was created to use money to make positive social, environmental and cultural change happen.

The section Understanding impact (see page 58) gives more detailed information on this topic and on our approach to impact management and reporting.

## Some facts and figures about the report

The 2020 annual report covers banking entities and business unit activities of Triodos Bank N.V. in The Netherlands, Belgium, the UK, Spain and Germany, as represented in the Triodos Bank Group Structure. The report covers the period from 1 January to 31 December 2020. Triodos Bank's previous integrated report was published in March 2020 and covered the 2019 calendar year.

The reporting on the 2020 financial year is based on the same principles as the 2019 report. Any changes in the methods of calculation used are explained in the text. While the financial accounts are audited to the level of reasonable assurance, the report includes limited assurance on the Executive Board chapter. This incorporates 2020 impact data including detailed greenhouse gas emissions data and measures required for the GABV Scorecard, which provides a structured approach for capturing the vision, strategy and results of any bank relative to values-based banking. PricewaterhouseCoopers Accountants N.V. audits the financial statements.

## Disclosure requirements

Disclosures are required both to meet Dutch law and to comply with other regulation, in particular the Capital Requirements Regulation and the Capital Requirements Directive. Capital Requirements Regulation is direct regulation from the European Union. The Capital Requirements Directive has been translated by the Dutch Government into various laws and regulations that apply to Triodos Bank. See our pillar 3 report for more information.

Triodos Bank complies with the EU Directive on the disclosure of non-financial and diversity information. The main part of these disclosures appears in this annual report. Additional required disclosures are published on our websites locally and on the corporate website: [www.triodos.com](http://www.triodos.com) and [www.annual-report-triodos.com](http://www.annual-report-triodos.com).

## Related parties

Triodos Bank has links with the following legal entities:

- Triodos Bank provides services to Triodos Fair Share Fund at competitive rates. The services relate to thesecondment of co-workers, management services, administration, accommodation, ICT and advertising.
- Triodos Bank holds funds of and provides banking services to related parties at competitive rates.
- Triodos Bank provides credit facilities and bank guarantees to investment funds and international funds at competitive rates.
- Triodos Bank, Triodos Investment Management and Triodos Investment Advisory Services carry outmanagement activities for investment funds and receive a competitive management fee for these activities.
- Stichting Triodos Beleggersgiro acts as intermediary for investment funds.
- Legal Owner Triodos Funds performs custodial services for Triodos Fair Share Fund at a competitive fee.
- Triodos Bank distributes and registers securities, issued by investment funds and placed with customers ofTriodos Bank, at competitive rates.
- Triodos Bank performs currency transactions for investment funds and international funds at competitive rates.