Could sustainable banking contribute towards a sustainable Europe

James Vaccaro
Brussels, 22 November 2012
Banks leading sustainability?

Banksy’s take on Bankers
What is the real ‘value’ of finance?

Gross Value

<table>
<thead>
<tr>
<th>Sector</th>
<th>£ Billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
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<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td></td>
</tr>
<tr>
<td>Public Admin</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>

This chart represents the gross value of various sectors, with Finance showing the highest value. 

(Chart showing the distribution of gross value across different sectors, with Finance significantly higher than other sectors.)
€ 6.8bn Funds under Management – funding:
Renewable Energy for 1.5m homes
Cultural Venues for 7m visitors
Microfinance for 8m customers
The new movement: Banking on Values
10m Customers, 20 Countries, $40bn Assets

1. Triple bottom line approach at the heart of the business model
2. Grounded in communities, serving the real economy and enabling new business models to meet the needs of both
3. Long-term relationships with clients and a direct understanding of their economic activities and the risks involved
4. Long-term, self-sustaining, and resilient to outside disruptions
5. Transparent and inclusive governance
6. All of these principles embedded in the culture of the bank
How does sustainable banking finance make for a sustainable Europe? Which areas can influence?

<table>
<thead>
<tr>
<th>Building the New Economy</th>
<th>Driving Behaviour Change</th>
<th>Better risk management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>What are banks for?</td>
<td>Closer to sectors/locality</td>
</tr>
<tr>
<td>Sustainable Agriculture</td>
<td>Spending v Saving</td>
<td>Understanding systems</td>
</tr>
<tr>
<td>Waste &amp; Recycling</td>
<td>Impact Investment</td>
<td>Support mechanisms</td>
</tr>
<tr>
<td>Social Enterprise</td>
<td>Behaviour beyond money</td>
<td>Helps create markets</td>
</tr>
</tbody>
</table>
The Financial System at large

Large Banks: absorbing capital, slow to lend; staying in “safe” sectors Sustainable banks offering opportunities for growth

Cultural Change will take a long time.
Which regulations will change the ‘drivers’?
Restating the role of the banker.

Education needs: what is sustainable finance?
Integration into education policy/ redefining financial literacy
Could banks lead the sustainability agenda?

Closer to people: finance for the Real Economy

Supportive leadership: redefining the meaningful relationship with a banker

Co-creation acting closely alongside the entrepreneurs of the new economy

Systemic thinking: deeper understanding risks and opportunities
Policy Support

Ring-fenced funds – with fiscal advantages

Diversity within the banking system

Regulation that supports sustainable banking
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