

Triodos  Bank

Annual Report 2020

4. Remuneration Report 2020

Remuneration policy 2020

Triodos Bank's international remuneration and nomination policy applies to all co-workers. The highlights of the policy are described below. The execution of and reporting on the remuneration policy and practices for the Executive Board, Supervisory Board, Board of SAAT, Identified Staff (co-workers in positions who may have a material impact on the risk profile of Triodos Bank) and all co-workers are described in subsequent sections.

International Remuneration and Nomination policy 2020

The International Remuneration and Nomination policy is based on the principle of human dignity and aims to enhance social coherence within the organisation. The policy incorporates De Nederlandsche Bank Regulation on Sound Remuneration Policies, European Banking Authority (EBA) Guidelines on sound remuneration policies, EBA Guidelines on remuneration of sales staff, the EU Sustainability Financial Disclosure Regulation (SFDR) and GRI standards for sustainability reporting. In our view, remuneration enables co-workers to earn a decent living enabling them to contribute to the organisation and society at large. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to our mission and to work according to our corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive.

EBA 'for consultation' guidelines on gender pay have been published recently. When the final guidelines are published, Triodos Bank will perform a uniform gender pay gap analysis.

Triodos Bank operates in the financial sector. Therefore, its remuneration practice needs to be within the scope of what is expected in the financial sector to allow for a healthy inflow and outflow of co-workers. At the same time, Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. Variable components are modest and discretionary and are not an incentive to favour the co-workers' or the bank's own interest to the detriment of Triodos Bank's customers. This all contributes to a strong sense of

being jointly responsible for realising the mission of Triodos Bank.

A revised International Remuneration and Nomination policy was approved by the Supervisory Board on 10 December 2020.

The remuneration paid to the members of the Executive Board is set by the Supervisory Board upon advice of the Remuneration Committee. The Remuneration policy for the Executive Board is in accordance with the International Remuneration and Nomination policy.

Key elements of Triodos Bank's International Remuneration and Nomination policy are:

- Triodos Bank does not offer bonus or share option schemes to members of the Executive Board, the Supervisory Board, the Board of SAAT or co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long term.
- Triodos Bank may provide individual tokens of appreciation. These are limited and decided discretionally. They are restricted to a maximum one month's salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements and are at the discretion of management after consultation with Human Resources. Tokens of appreciation are not based on pre-set targets and are always offered post factum. The tokens of appreciation are subject to clawback regulations. Members of the Executive Board are excluded from these awards.
- An annual collective token of appreciation can be paid for the overall achievements and contribution of all co-workers. This amount, with a maximum of EUR 500 gross per person, is the same for all co-workers, whether they work full time or part time, and awarded pro rata for those not in service throughout the whole year. Members of the Executive Board refrain from this award. For 2020 no collective end-of-year token of appreciation was awarded.

- Triodos Bank provides a pension plan. Each country has a Collective Pension Policy for all its co-workers if that is appropriate for the local circumstances. If there's no local policy, individual arrangements are made in the context of the labour contract. Under no circumstances are pension rights used to award specific achievements.
- Severance payments are in line with the principles of the International Remuneration and Nomination policy and should never reward failure or misconduct. Severance payments could be necessary to avoid conflicts that could be harmful to Triodos Bank. Severance payments to members of the Executive Board and members of senior management do not exceed one year's salary, in line with the DCB and EBA guidelines on Sound Remuneration.

More details on the Triodos Bank remuneration policy are available on the website.

Fair remuneration

Triodos Bank believes people should be properly and appropriately rewarded for their work. Pay is an important element of this. Remuneration within Triodos Bank is neutral for all co-workers, irrespective of gender, ethnic background, age, sexual orientation or distance to the labour market.

To provide a clear insight into remuneration at Triodos Bank we report the ratio of the highest full-time salary to the median full-time salary. The ratio of the highest full-time salary to the median full-time salary was 5.5 in 2020 (2019: 5.6). This ratio is also reported in the Key Figures section at the start of this Annual Report in accordance with GRI methodology. It is reviewed and discussed within the Executive Board and with the Supervisory Board in light of developments inside and outside the organisation.

Triodos Bank seeks a healthy balance between external developments (competition and tensions in the labour market, good inflow and outflow of co-workers) and internal consistency. Maintaining this balance presents challenges as the business evolves, so the organisation has defined a bandwidth as a guiding

principle. For the ratio of highest to median pay this stands at 7.

The COVID-19 virus crisis had a negative impact on our financial results. It is our responsibility to review and balance the impact on all our stakeholders, including our Depository Receipt holders, clients, co-workers and other partners. Executive Board members and senior leadership (Managing Directors and Group Directors) will therefore refrain from any salary increase and/or individual token of appreciation in 2021.

Remuneration of the Executive Board in 2020

The remuneration paid to the members of the Executive Board is as follows:

	2020	2019
Fixed salary expenses	1,091	803
Pension expenses	90	73
Pension allowance for salary above € 100.000	136	115
Private use company car	4	4
Social security expenses	48	41
Severance payment ¹	320	263
	1,689	1,299

1 In consultation with the Supervisory Board, Peter Blom announced he will step down from his position as a Member of the Executive Board of Triodos Bank N.V. at the AGM 2021. A severance payment of 100% of his yearly salary was granted. This is in line with applicable regulations and will be paid out in 2021. Also in consultation with the Supervisory Board, Pierre Aeby stepped down from his position as a Member of the Executive Board of Triodos Bank N.V. on 18 May 2019. A severance payment of 100% of his yearly salary was granted. This was also in line with applicable regulations. The severance payment was paid out in 2020.

The remuneration paid to the Executive Board may be broken down as follows:

	2020	2019
Peter Blom, Chair	744	415
Andre Haag ¹	300	–
Jellie Banga	326	309
Carla van der Weerd ²	319	178
Pierre Aeby ³	–	397
	1,689	1,299

1 The Executive Board membership for Andre Haag commenced on 1 January 2020.

2 The Executive Board membership for Carla van der Weerd commenced on 18 May 2019 and the amount of 2019 includes her compensation earned as from 18 May 2019 until 31 December 2019

3 The Executive Board membership for Pierre Aeby ended on 18 May 2019 and the amount of 2019 includes his compensation earned in the capacity as a Board Member of Triodos Bank N.V. until 18 May 2019. After his Board Membership at Triodos Bank N.V. Pierre Aeby continued as advisor until 1 September 2019 to facilitate the transition. His salary level for that period equals his former salary as CFO. His employment agreement with Triodos Bank N.V. ended on 1 September 2020. During this last year he fulfilled dedicated roles, assignments and activities on behalf of the Executive Board and was remunerated accordingly.

Other emoluments of the Executive Board:

	2020	2019
Andre Haag	38	–

The other emoluments relate to costs associated with relocation to The Netherlands. This is a one-off payment.

The table below provides the loans that have been granted to the members of the Executive Board:

	2020	2020	2020	2019	2019	2019
	Amount outstanding	Average interest rate	Repayments	Amount outstanding	Average interest rate	Repayments
Jellie Banga	421	1.70%	12	433	1.70%	31

No other loans, advances or guarantees have been granted to members of the Executive Board, Supervisory Board members or members of Board of SAAT. For reasons of principle, no share option scheme is offered to members of the Executive Board, Supervisory Board members or members of Board of SAAT.

Remuneration of the Supervisory Board in 2020

Remuneration paid to Supervisory Board is set at the Annual General Meeting and the Annual Meeting of Depository Receipt Holders.

Remuneration paid to the Supervisory Board:

Amounts in EUR	2020	2020	2020	2020	2019
	Remuneration	Remuneration Committees	Compensation for travel time	Total	Total
Aart de Geus (Chair)	30,000	4,500	–	34,500	31,970
Fieke van der Lecq (Vice-Chair)	20,000	4,500	–	24,500	26,917
Ernst-Jan Boers	20,000	6,000	1,000	27,000	26,261
Sebastien d'Hondt (as per 13 December 2019)	20,000	5,000	12,000	37,000	2,301
Mike Nawas (as per 17 May 2019)	20,000	5,000	–	25,000	15,582
Dineke Oldenhof	20,000	4,000	–	24,000	22,667
Gary Page (until 18 May 2019)	–	–	–	–	13,202
Udo Philipp (until 28 February 2019)	–	–	–	–	4,417
Carla van der Weerd (until 12 April 2019)	–	–	–	–	6,364
	130,000	29,000	13,000	172,000	149,681

The following fees apply (per annum):

EUR 20,000	Member of the Supervisory Board
EUR 30,000	Chair of the Supervisory Board
EUR 5,000	Member of the Audit and Risk Committee
EUR 6,000	Chair of the Audit and Risk Committee
EUR 4,000	Member of the Nomination and Compensation Committee
EUR 5,000	Chair of the Nomination and Compensation Committee
EUR 2,500	Chair Remuneration Committee
EUR 2,000	Member Remuneration Committee
EUR 2,500	Chair Nomination Committee
EUR 2,000	Member Nomination Committee

Supervisory Board members who travel to a meeting outside their home country receive EUR 1,000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time.

Shares (SAAT) Board is set at the Annual General Meeting and the Annual Meeting of Depository Receipt Holders.

Remuneration of the SAAT Board in 2020

The remuneration paid to members of the independent Foundation for the Administration of Triodos Bank

Amounts in EUR	2020	2020	2020	2019
	Remuneration	Compensation for travel time	Total	Total
Josephine de Zwaan (Chair)	10,000	–	10,000	15,000
Willem Lageweg (Vice-Chair)	7,000	–	7,000	7,000
Mike Nawas (until 23 April 2019)	–	–	–	3,167
Koen Schoors	7,000	1,000	8,000	14,000
Nikolai Keller (until 30 September 2020)	5,250	–	5,250	15,000
Jolande Sap (as per 29 June 2020)	3,500	–	3,500	–
Mercedes Valcarel (as per 17 May 2019)	7,000	–	7,000	8,667
Total	39,750	1,000	40,750	62,834

The following fees apply (per annum):

EUR 7,000 Member of the Board of SAAT

EUR 10,000 Chair of the Board of SAAT

Board of SAAT members who travel to a meeting outside their home country receive EUR 1,000 per return travel (to a maximum of EUR 12,000 per annum) as compensation for travelling time.

Remuneration of Identified Staff and all co-workers

Remuneration of Identified Staff in 2020

	Identified staff in senior management positions, incl. EB	All other Identified staff
Number of co-workers	13	50
Remuneration		
Total fixed remuneration	2,783	6,024
Total variable remuneration	-	2
of which in cash	-	2
of which in shares or share-based instruments	-	-
of which in other instruments	-	-
Total amount deferred remuneration	-	-
Welcome payments		
Number of beneficiaries	-	-
Total amount	-	-
Severance payments¹		
Number of beneficiaries	2	1
Total amount granted	520	76
Maximum individual amount granted	320	76

¹ Severance payments include payments in case of leave, e.g. to facilitate a smooth transition.

Ratio highest to median salary

	Ratio highest to median salary ¹				
	2020	2019	2018	2017	2016
The Netherlands	4.6	4.6	4.8	4.7	4.7
Belgium	2.8	2.8	2.9	3	3
United Kingdom ²	6	6	4.9	4.6	4.4
Spain	5.5	5.6	5.9	6	6.2
Germany	2.9	2.6	2.7	2.6	2.6
France ³	n.a.	2.7	3.9	3.9	3.4
Total	5.5	5.6	5.6	5.7	5.7

1 Ratio of the highest-paid co-worker to the median full-time salary of all co-workers (the median is defined excluding the maximum full-time salary in line with GRI Standards).

2 The ratio of the increase of the highest salary to the increase in the median salary grew substantially in 2019 in the United Kingdom. This is due to an increase in the salary of the Managing Director as a result of the conversion of the United Kingdom branch to a subsidiary. This change has a significant impact on the Managing Director's responsibilities.

3 Ratio highest to median salary is 0.0 due to the closure of the France agency in 2020.

Ratio increase highest salary to increase median salary

	Ratio increase highest salary to increase median salary ¹				
	2020 ²	2019	2018	2017	2016 ³
The Netherlands	0	0.5	0.5	0.4	0
Belgium	0	1.4	0.2	0	0
United Kingdom ⁴	0	8.4	0.7	0.5	0
Spain	0	1.2	0.4	0.6	0
Germany	0	1.5	1.7	1	0
France ⁵	n.a.	0	0.6	0.2	0
Total	0	0.9	0.6	0.4	0

1 Ratio of percentage increase for the highest-paid co-worker to the median percentage increase for all co-workers (the median is defined excluding the increase of the maximum full-time salary in line with GRI Standards).

2 There have been no increases to the highest salaries on January 1, 2021 compared to January 1, 2020 in each country.

3 There have been no increases to the highest salaries on January 1, 2017 compared to January 1, 2016 in each country.

4 The ratio of the increase of the highest salary to the increase in the median salary grew substantially in 2019 in the United Kingdom. This is due to an increase in the salary of the Managing Director as a result of the conversion of the United Kingdom branch to a subsidiary. This change has a significant impact on the Managing Director's responsibilities.

5 Ratio highest to median salary is 0.0 due to the closure of the France agency in 2020.