

Triodos  Bank

Annual Report 2020

3. Corporate Governance

Triodos Bank has a corporate governance structure that reflects and protects its mission and meets all relevant legal obligations. General information about Triodos Bank's compliance with the Dutch

Corporate Governance Code and the Banking Code is provided on the following pages. More details on Triodos Bank's governance structure are available at www.triodos.com/govstructure.

	Depository receipt holders		Issued capital in millions of EUR	
	2020	2019	2020	2019
1 – 50	14,749	14,919	23.7	23.6
51 – 500	22,709	23,147	381.8	362.0
501 – 1,000	3,829	3,945	223.9	226.4
1,001 and more	2,327	2,390	578.8	588.9
Total	43,614	44,401	1,208.2	1,200.9

	Depository receipts x 1,000		Depository receipt holders	
	2020	2019	2020	2019
The Netherlands	8,712	8,841	25,555	26,273
Belgium	2,800	2,785	7,478	7,422
United Kingdom	216	219	1,662	1,722
Spain	2,152	2,221	7,597	7,788
Germany	349	334	1,322	1,196
Total	14,229	14,400	43,614	44,401

Triodos Bank's internal governance

Triodos Bank is a European bank with banking activities in The Netherlands (Driebergen), Belgium (Brussels), the United Kingdom (Bristol), Spain (Madrid), Germany (Frankfurt)). The Head Office and statutory seat is in Zeist, The Netherlands.

Foundation for the Administration of Triodos Bank Shares (SAAT)

Triodos Bank believes it is crucial that its mission and identity is protected. For that reason, all Triodos Bank's shares are held in trust by SAAT, the Foundation for

the Administration of Triodos Bank Shares. SAAT then issues Depository Receipts for Triodos Bank shares to the public and institutions. These Depository Receipts embody the economic aspects of the shares of Triodos Bank. SAAT exercises the voting rights attached to the Triodos Bank shares. The Board of SAAT's voting decisions are guided by Triodos Bank's object and mission, its business interests, and the interests of the Depository Receipt holders. Triodos Bank Depository Receipts are not listed on any stock exchange. Instead, Triodos Bank maintains its own platform for trading in Depository Receipts.

Statement of institutions with a participating interest of 3% or more

	2020	2019
Coöperatieve Centrale Raiffeisen-Boerenleenbank BA	4.0%	4.1%

Depository Receipt holders

Depository Receipt holders are entitled to vote at the annual meeting of Depository Receipt holders. Each Depository Receipt holder is limited to a maximum of 1,000 votes. The annual meeting of Depository Receipt holders appoints the members of the Board of SAAT, based on the Board's nomination. These nominations must be approved by Triodos Bank's Executive Board, whose decision needs prior approval of the Supervisory Board. No Depository Receipt holder may hold more than 10% of all issued Depository Receipts.

Triodos Bank's Supervisory Board

Triodos Bank has a Supervisory Board, which monitors Triodos Bank's business operations and advises the Executive Board to benefit the bank's business interests. Members of the Supervisory Board are appointed and reappointed by the General Meeting of Triodos Bank, based on a recommendation from the Supervisory Board.

Triodos Bank's Executive Board

The members of the Executive Board have a shared overall responsibility for the management of Triodos Bank. The Executive Board members have a leadership role in strategic development, alignment and ensuring the delivery of the organisation's goals. They are accountable to the Supervisory Board who appoints them. All Board member biographies are available in Appendix II – Executive Board, Supervisory Board and Board of SAAT biographies (see page 338).

Dutch Corporate Governance Code

The Dutch Corporate Governance Code ('the Code') only applies to companies whose shares are listed on a regulated market. Even though Triodos

Bank's depository receipts are not listed on any regulated market it chooses to endorse and comply with the principles and best practices of the Code. The full comply-or-explain statement as required under the Code can be accessed at www.triodos.com/govstructure.

Although Triodos Bank generally complies with the principles and best practices of the Code, it has opted to consciously differ from it in several specific instances.

The first deviation relates to voting rights on shares and appointments. To secure the continuity of Triodos Bank's mission and objectives, Depository Receipt holders cannot exercise voting rights on the underlying shares. Instead, these rights are exercised by SAAT. For the same reason, Depository Receipt holders cannot make recommendations for appointments of members of the Board of SAAT and former Executive Board or Supervisory Board members of the bank can be appointed as members of the Board of SAAT.

The second instance relates to the term of office of Executive Board members. This term is not limited to a period of four years because Triodos Bank feels that this would not serve the long-term development of the organisation.

Triodos Bank also differs from the best practice in the Code that states that a person may be appointed to the Supervisory Board for a maximum of three four-year terms. The Articles of Association allow the General Meeting to re-appoint a member of the Supervisory Board in exceptional circumstances after his or her maximum number of terms has been completed. This creates extra time and space for the Supervisory Board to fill vacancies with high-quality people.

The fourth instance relates to the fact that Aart de Geus deviates from one of the independence criteria (best practice provision 2.1.8) of the Dutch Corporate Governance Code because a family member is a Triodos Bank Group co-worker.

Finally, Triodos Bank also differs from the Code's best practice to submit all proposals relating to material amendments to the Articles of Association as separate agenda items to the General Meeting. For practical reasons, Triodos Bank wants to retain the possibility, at the discretion of the Executive Board and the Supervisory Board, to submit a proposal for multiple amendments to the Articles of Association as one single agenda item when these proposed amendments are strongly interrelated.

Dutch Banking Code

The Banking Code is part of a package of developments for the banking industry called 'Future Oriented Banking', introduced by the NVB (Dutch Bankers' Association). The package includes, besides the Banking Code, a Social Charter and rules of conduct associated with the Dutch bankers' oath. It consists of a number of recommendations and principles that aim to ensure the very best performance by banks. Its primary focus is on governance and the bank's culture. It puts the interests of the customer at the heart of a bank's activity, which ties in fully with Triodos Bank's vision and Business Principles. The customer is a key stakeholder in all Triodos Bank activities and its mission.

Triodos Bank complies with the principles of the Banking Code. However, Triodos Bank chooses not to have variable remuneration based on predetermined financial targets or achievements, as these can enhance a culture of taking inappropriate risks.

Triodos Bank monitors, identifies and addresses any occasions when it does not comply with the Banking Code on an ongoing basis. More information on Triodos Bank's implementation of the Banking Code, including the full comply-or-explain statement as required under the Banking Code, is available at www.triodos.com/govstructure.

Bankers' Oath and Rules of Conduct

All co-workers working in The Netherlands for Dutch banks are required to take the Bankers' Oath. Co-workers are obliged to declare that they will comply with the rules of conduct set by the NVB. The rules of conduct have been drawn up in line with Triodos Bank's own Business Principles. By asking their co-workers to take the oath Triodos Bank makes more explicit what the bank already does.

Corporate Governance statement

The Executive Board of Triodos Bank has drafted a corporate governance and non-financial information statement in accordance with the Dutch corporate governance Decree of 20 March 2009 and the Dutch publication of non-financial information Decree of 14 March 2017. This statement forms part of the 2020 annual report and is valid as of its date. The statement can be found in the online annual report and at www.triodos.com/govstatement.