

Triodos  Bank

Annual Report 2020

2. Supervisory Board report

The Supervisory Board supervises and reviews the activities and the decisions of the Executive Board and the functioning of Triodos Bank's operations. In addition, the Supervisory Board provides advice and guidance to the Executive Board. In formulating the strategy for realising Triodos Bank's mission, the Executive Board engages with the Supervisory Board at an early stage. Its supervision is based on internal and external reports on, amongst others, Triodos Bank's business, operations, impact, risks and financial performance, augmented by presentations, conversations and visits. All material areas of Triodos Bank are covered within a two-year time frame.

The challenging context of 2020

The impact of Covid-19 on economic activity and personal lives can hardly be overestimated. For Triodos Bank, the economic impact is particularly reflected in IFRS9-driven provisions in relation to the outstanding loans, which is reported on further in this report, as well as on the DR trade. The Bank was able to transform to a work-from-home situation without major disruptions, which deserves a compliment to all co-workers. At the same time, Covid-19 accelerated digital strategies which enhance the customer service.

This annual report is the first where Triodos publishes under IFRS accounting rules, apart from the financial statement in 2019. This has been a bank wide effort and well managed project by the finance line of the bank. The SB was regularly informed and made sure that all consequences were well managed and embedded. Another societal challenge was the Brexit, which took place at the very end of 2020. By transforming the British branch into a subsidiary well in time, Triodos was prepared in 2019 already, and did not suffer from implications of the Brexit agreement of the British Government with the EU.

In the meantime, the low interest environment continued to pose the Bank with severe challenges. The Supervisory Board supported the interest rate and fee measures that were implemented by July 2020. The measures are considered to be proportionate, enhance transparency in the costs of providing banking services, and limit cross subsidisation.

Against the backdrop of other banks increasingly positioning themselves as sustainable, while at the same time making pace in digitisation of their products and services, the Supervisory Board discussed the business model with the Executive Board on several occasions. The focus of the strategic plan on three sectors in which Triodos specializes (Food and Agriculture, Energy and Climate, Social Inclusion) was welcomed.

Activities of the Supervisory Board

Strategic focus and performance

During the year, the Supervisory Board was actively involved in discussions with the Executive Board on the strategic focus of the bank and monitored the execution of the strategy. In the context of our supervision on the balance of impact, risk and return, we paid special attention to the return on equity, which was under continued pressure. Therefore, costs had to be contained even more than in the years before. The Supervisory Board encouraged the Executive Board to seize the growth opportunities for Triodos Investment Management and other fee-generating business.

The Supervisory Board closely monitored the performance and functioning of the Executive Board and its individual members. The Board approved the priorities for 2020 covering the performance, health and development of Triodos Bank. Close to the end of the year, the Supervisory Board assessed the performance over 2020 and discussed the priorities for 2021.

In 2020, preparations were made for the annual plan and budget for 2021. This is the last year of the 2019-2021 planning cycle. The Supervisory Board and the Executive Board had extensive discussions on the achievements in this three-year period and the ambitions going forward. Given the abovementioned substantial challenges, the suggestion was made to change the three-year planning into a three horizons planning, with rolling updates on each of the horizons. In 2021, discussions about the plans for each of the horizons will continue. The Executive Board

and the Supervisory Board agreed on this approach going forward.

Governance

In 2020 the newly configured Executive Board showed that the separation of the CFO and CRO roles was effective. Both new board members delivered clarity from their respective roles and restructured their business lines in order to enhance efficiency and improve performance. The COO managed a large portfolio, with all Managing Directors as direct reports besides the operational business. The continuation of the leadership transition process, which was set in motion with the CF(R)O succession, led to extensive discussions on the succession of the CEO. After a very long term of office of the current CEO, who shaped the Bank in its current form, it takes a careful process to find a successor who can lead the Bank in its next stage. It was decided to hire a temporary CEO to secure the continuity of the governance and to prepare Triodos Bank for a next stage of leadership.

During the year 2020 the Supervisory Board itself had a stable composition. For 2021 and 2022 changes are foreseen and recruiting of successors has started at the time of writing this report.

Dividend 2020

The declaration of dividend was decided on during the first regular meeting of the Supervisory Board, in the week after the initial lockdown in early March 2020. After some months, it became clear that the dividend decision had to be amended, due to the Covid-19 implications and the subsequent strong advice by the prudential supervisors (ECB and DNB). This was announced in due time. Since all banks decided to pass dividend in Spring 2020, we were not an outlier. Still, we regret that we had to convey this message to the depository receipt holders, as we highly value their commitment to Triodos Bank.

Other topics

In 2020, the Supervisory Board had 9 meetings, some of them induced by the Covid-19 situation. A number of them took place online. Other topics discussed at the

Supervisory Board's meetings and contacts with the Executive Board included:

- Finance: the impact of Covid-19 was significant, but mitigated by solid financial management. The Return on Equity developed below budget, most notably due to Covid-19. The Supervisory Board monitored the metrics on a monthly basis and discussed with the Executive Board about their response. See also the report by the Audit and Risk Committee (below). As usual, the Supervisory Board examined the half year results, the Management Letter and Board Report of the External Auditor, the 2019 annual report plus the half year results 2019 and the respective press releases, as well as the dividend proposal (see above).
- Risk and Audit: the risk appetite statement, the actual risk profile, and the effectiveness of the internal risk framework and control systems, the audit findings, the auditor's reports, loan reports and implementation of new regulatory requirements were all discussed in plenary at the Supervisory Board. Of course, Covid-19 brought additional risks in terms of financial performance and business continuity.
- Culture Change Effectiveness: the Supervisory Board continued to supervise the Culture Change Effectiveness programme, which started in 2018. Due to Covid-19 priorities, further development of this programme was put on hold by the Executive Board. Going forward, the Supervisory Board will monitor the alignment of this programme with the Strategy and the Business Plan.
- Works Council: in accordance with the Works Council Act (WOR), a delegation of the Nomination Committee attended two consultative meetings of the Dutch Works Council with the CEO, during which the general affairs of the company were discussed (AGvZ-overleg). Because of Covid-19, these meetings were held online. In addition, consultations were held with the Dutch Works Council about the succession planning of the new CEO and their formal role and wishes in the process. In the autumn, two members of the Nomination Committee, together with the Works Council and the Group Director HR, developed a procedure to exercise the nomination rights of the Works Council for two members of the Supervisory Board.

- Talent Management: in spring 2020, the Supervisory Board started with informal bilateral (online) meetings with senior managers, aimed at getting to know each other better and to increase awareness of how roles and functions are performed in day-to-day practice. This round of bilateral meetings was evaluated positively from all sides and will be repeated in 2021.
- Business Units: due to the Covid-19 travel restrictions, the Supervisory Board could not visit the international branches or UK subsidiary. We hope to resume the visits in 2021 or 2022 and look forward to reaching out again. Via online deep dives that were executed by the respective managing directors and senior management from Head Office, the Supervisory Board gained more insights on achievements and challenges of some of the business units. These deep dives will be continued in 2021 in order to cover all business units.
- Contacts with the Dutch prudential supervisor: the full Supervisory Board met with De Nederlandsche Bank (DNB), the Dutch central bank, in autumn 2020. During the year, the Chair and Vice-Chair had several calls to keep DNB updated on the leadership transition process.
- Contact with the Board of SAAT: the Supervisory Board met with the Board of SAAT as usual before the Annual General Meeting. In addition, the Board of SAAT, the Supervisory Board and the Executive Board met in October for an update on the leadership transition process, and the different roles and responsibilities of the three boards.

Internal organisation

Composition of the Supervisory Board

Triodos Bank's articles of association determine that the Supervisory Board shall consist of three or more members. At present the Board has six members.

The Supervisory Board aims to be diverse, with an adequate balance of nationalities, age, experience, background and gender. Its objective is for no more than 70% of its seats to be held by either gender. In 2020 there were four male and two female Supervisory Board members. Consequently, the Supervisory Board complies with its diversity policy.

Committees of the Supervisory Board

The Supervisory Board has three standing committees: the Audit and Risk Committee, the Nomination Committee and the Remuneration Committee. During the latter half of 2020, an ad hoc DR Trade Committee was formed at Triodos Bank, which included the ARC members. These committees met separately throughout the year. Their main considerations and conclusions were shared with the Supervisory Board, where formal decision-making takes place. The composition of the committees in 2020 was as follows:

Audit and Risk Committee

- Ernst Jan Boers (Chair)
- Sébastien D'Hondt
- Mike Nawas

Nomination Committee

- Aart de Geus (Chair)
- Fieke van der Lecq
- Dineke Oldenhof

Remuneration Committee

- Fieke van der Lecq (Chair)
- Aart de Geus
- Dineke Oldenhof

For more information on the Supervisory Board members, see Appendix II – Executive Board, Supervisory Board and Board of SAAT biographies (see page 338).

Terms of office of Supervisory Board members (as per December 31, 2020)

Supervisory Board	Year of first appointment	Year of first reappointment	End of current term	Envisaged retirement ¹	A&RC	NomCo	RemCo
Aart de Geus (Chair)	2014	2018	2022	2022	-	Chair	Member
Fieke van der Lecq (Vice-Chair)	2017	-	2021	2021 ²	-	Member	Chair
Ernst Jan Boers	2014	2018	2022	2022	Chair	-	-
Sébastien D'Hondt	2019 ³	-	2024 ³	2028	Member	-	-
Mike Nawas	2019	-	2023	2027	Member	-	-
Dineke Oldenhof	2018	-	2022	2026	-	Member	Member

1 Based on internal Supervisory Board policy, a 2 x 4-year term is considered standard practice. In exceptional circumstances this term can be extended to 12 years or beyond, after approval of the general meeting (article 9 (6) Articles of Association).

2 Fieke van der Lecq is not available for a second term of office and will therefore step down at the 2021 AGM.

3 Sébastien D'Hondt has been appointed at the EGM on 13 December 2019. End of his first term is after the AGM in 2024.

Activities of the Audit and Risk Committee

The Audit and Risk Committee (ARC) met, in accordance with the corporate calendar, six times in 2020. An extra ARC meeting was held end of March in which the yearly internal reports on capital and liquidity adequacy were discussed and the recovery plan was prepared for Supervisory Board approval, in order to ensure a timely distribution of these documents to the Dutch central bank on 30 March 2020.

In addition to its regular meetings, informal meetings were held with the external auditor as well as with the internal auditor, without the Executive Board being present. Also, the ARC chair conducted separate sessions with, amongst others, the Group Director Internal Audit, the Group Director Finance and the Group Director Compliance.

Furthermore, an ARC subcommittee was established throughout the year in order to discuss the new Depository Receipts prospectus and the re-opening of trade with Executive Board members. This ARC subcommittee consisted of the ARC members and met with the Chief Executive Officer, the Chief Risk Officer, the Group Director Retail Banking, and the General Counsel 14 times.

During the year, the composition of the Audit and Risk Committee did not change. The three ARC members, the Chief Financial Officer, the Chief Risk Officer, the external auditor and the Group Director Internal Audit were present at all ARC meetings. The Group Director Finance and the Group Director Compliance were present at meetings for their respective agenda items (if any). Other internal experts (on areas like Capital Management, Retail Banking, Triodos Investment Management and ICT) were invited to the meetings as required. In case Triodos Investment Management (T-IM) topics were discussed, management of T-IM was invited.

In its regular meetings, the ARC discussed and prepared for Supervisory Board approval, amongst other things, the half year and annual results, the 2021 budget, the In Control Statement, the dividend proposal, the engagement of the external auditor, the risk appetite statement, the risk management framework, and the annual group internal audit plan. Also, the two key audit matters loan impairments to customers, and fair value measurements of financial instruments, were discussed in the ARC meeting prior to SB discussion, given the significant estimation uncertainty.

Furthermore, as part of the regular agenda, the ARC discussed the overall and business unit financial results and outlook, the capital planning, Triodos Bank's risk profile and the progress on (ICT) risk control improvements, adherence to laws and regulations governing financial and regulatory reporting, and tax-related issues. The main recurring reports providing input for these discussions are the Enterprise Risk Management (ERM) report, including all risk areas, as well as the quarterly reports from Finance, Internal Audit and the Regulatory Desk departments. Also, the results of the yearly evaluation of the external audit process were discussed. The external auditor presented their board report 2019, management letter 2020, their long form report on regulatory reporting 2019, their audit plan 2020 and the audit fees, as well as their independent audit and assurance reports. Moreover, the ARC discussed the outcomes of the strategic risk assessment of the group year plan 2021, the outcomes of the systematic integrity risk analysis, the effectiveness of the product governance and the stress test scenarios. Finally, the ARC was informed on the compliance year plan and improvements related to conflict of interest policy and procedures.

One of the foremost topics that required specific attention in 2020 was COVID-19 and its impact on the organisation, as was presented in the respective finance and risk impact analyses, the changes in the finance and risk book of works and discussions on the expected credit loss calculations. Other topics prominently discussed were the outcomes and progress made on several remediation projects, e.g. on operational risk management, IT risk, business model and profitability, and the follow-up on the 6 March 2019 formal instruction by DNB at Triodos Bank The Netherlands regarding the Anti Money Laundering and Countering Terrorism Financing procedures.

Remaining relevant topics and projects that required explicit attention in 2020 were: The closure and re-opening of Depository Receipts trading, Funding and capital instruments, budget 2021, cost containment and organizational changes, new tax regulation, the IFRS special purpose financial statement project, the benchmark regulation &-reform project, cyber threat resilience and the yearly ARC self-evaluation.

Activities of the Nomination Committee

The Nomination Committee had six formal meetings. Like in 2019, it paid attention to the culture change programme, so as to ensure its progress and effectiveness. Several policies were updated, the induction programmes for EB and SB members were extended, and the balance between internal and external hires was reviewed. The enhanced attention by the EB on diversity and inclusion in the workforce gained support from the committee. Progress will be monitored, alongside other issues of culture and (un)intended consequences of ways of working.

Another regular topic concerns the performance evaluations of the EB members. The full SB is involved in the appraisal of the results, and the dialogue with the EB members on their agenda's and priorities going forward. The annual self-evaluation of the committee resulted in a discussion on strategic staff planning, based on HR data across the business units.

A significant amount of time was spent on the leadership transition process. After the succession of the CF(R)O by the newly hired CFO and CRO, in this year preparations were made for the transition of the CEO function. Given the extensive contribution of the current CEO to the organisation, a careful process was drafted to find a successor. As a result, a temporary CEO was found to secure the continuity of the governance and to prepare Triodos Bank for a next stage of leadership.

The committee discussed the composition of the SB, due to their expressed need to involve a member who brings experience with strategic questions on the crossroads of IT and Finance issues. Based on the resignation rota, a combination with a next ARC member will be sought. Due to one member not being available for a second term of office, a second SB vacancy arises.

Activities of the Remuneration Committee

The Remuneration Committee had six formal meetings. On the agenda were mostly recurrent topics, such as the Remuneration Report 2019, the compliance check with Dutch remuneration regulations, the International Remuneration and Nomination Policy

2020, the List of Identified Staff, and the discussion on the remuneration proposals for the Executive Board members and the remuneration approach for senior management. The committee also reflected on the 2020 AGM. As usual, it took note of the Eumedion report on the 2020 AGM's of listed companies.

Topical issues consisted of the terms of employment or settlement agreement of EB members, the guidelines for severance pay for senior management, and a historic overview of remuneration policy changes throughout the Triodos history. Triodos calibrates its salary scales to the mission, in which human dignity is key. As a corollary, Triodos does not “hire labour” but “enables people to work” by providing them with a decent living. This principal approach must be commensurate to the remuneration practices in the banking industry, which sometimes poses a challenge. The Remuneration Committee is keen on allowing Triodos to attract high quality co-workers, while at the same time meeting its pay ratio target (median to highest salary) of below 7. At the end of the year, some members of the Remuneration committee attended the Eumedion webinar on current remuneration debates.

The committee had its annual self-evaluation, for the first time in its current composition, and confirmed that our work should not focus on annual routines only, but also consider the wider perspectives on remuneration. To make a start with the latter, the committee embarked on taking stock of the pension provisions within the

multinational Triodos organisation. In 2021, we aim to form a view on the sustainability and adequacy of the pension provisions across the group.

Supervisory Board competence matrix

The matrix below lists the key competences of the individual members of the Supervisory Board, which are relevant to their supervisory position. For an individual to qualify as a member of the Supervisory Board, the following three attributes are required:

- Affinity with the mission and values of Triodos Bank,
- Senior management experience, and
- International experience.

All Supervisory Board members meet these criteria. The table below lists further competences in the key areas described in the Supervisory Board's profile. It highlights areas in which Supervisory Board members have substantial expertise and helps to assess whether the Supervisory Board has the appropriate skills to perform its duties. The matrix is based on requirements outlined in the collective profile of the Supervisory Board, which is regularly reviewed.

Members of the Supervisory Board are appointed for a term of four years. It is standard practice that members of the Supervisory Board resign after their second term. However, reappointment after the second term is possible in exceptional circumstances, as stipulated by the Dutch corporate governance code.

Key areas of expertise

Name (nationality)	Year of birth	Gender	Sustainability & other expertise particularly relevant to Triodos	Banking & Finance	Audit & Risk	HR & Organisational Development
Aart de Geus (Dutch) (Chair)	1955	M	•			•
Fieke van der Lecq (Dutch) (Vice-Chair)	1966	F	•	•	•	
Ernst Jan Boers (Dutch)	1966	M		•	•	
Sébastien D'Hondt (Belgian)	1964	M		•	•	•
Mike Nawas (Dutch-American)	1964	M		•	•	
Dineke Oldenhof (Dutch)	1958	F	•			•

Meetings of the Supervisory Board

All regular meetings of the Supervisory Board are held jointly with the Executive Board. Every meeting in 2020 was preceded by an internal meeting in which only Supervisory Board members participated. One internal meeting focused on an appraisal and evaluation of the members of the Executive Board.

Due to the Covid-19 travel restrictions, the Supervisory Board could not pay any visits to the local annual meetings of the business units, and meet customers,

depository receipt holders and other stakeholders. On an individual basis, the board members stayed in touch with the managing directors, via online meetings and calls. The Supervisory Board regrets the negative impact of not being present at the local offices and meeting co-workers in person.

The annual meeting with the board of SAAT was also held via an online call. The annual meeting with the external supervisors of De Nederlandsche Bank was held in their office and was considered useful by both parties. See also above (Other topics).

Attendance of the Supervisory Board members in 2020

Supervisory Board members in 2020	Formal Supervisory Board Meetings attended	Formal Audit and Risk Committee Meetings attended	Formal Nomination Committee and Remuneration Committee Meetings
Aart de Geus	100%	-	100%
Fieke van der Lecq	100%	100%	100%
Ernst Jan Boers	100%	100%	100%
Sébastien D'Hondt	100%	-	-
Mike Nawas	100%	100%	-
Dineke Oldenhof	100%	-	100%

Independence and self-evaluation

Independence

The composition of the Board was such that members could act critically and independently of one another, the Executive Board and any other interest. The Supervisory Board complies with the independence criteria of the Dutch Corporate Governance Code. Aart de Geus deviates from one of the independence criteria (article 2.1.8) of the Dutch Corporate Governance Code because a family member is a Triodos Bank Group co-worker.

Conflicts of interest

In accordance with the requirements of the Dutch Corporate Governance Code, the Supervisory Board has internal rules in place that govern any actual or potential conflict of interest of Board members. No conflict of interest occurred during 2020.

Education

As part of the Supervisory Board's permanent education programme, the Supervisory Board organises meetings with both internal and external experts. In 2020, education sessions were organised on the following topics: banking business models and their application to Triodos, development in sustainable finance and financial supervision rules and regulations.

Self-evaluation

In 2020, the Supervisory Board renewed its approach to the self-evaluation. Besides the usual evaluation of the ways of working, including the assessment of the efficiency and effectiveness of meetings, the board also experimented with direct feedback from the EB, the corporate secretary, and fellow board members. This resulted in an in-depth evaluation session, which resulted in improvements going forward. It was also noted that the competence diversity of the Supervisory Board is an asset, if accompanied by careful communication and efforts to align. Due to the frequency of contacts in the Triodos leadership transition process, the collaboration within the Supervisory Board has been intensified, and the team relations are appraised as open and constructive.

Conclusion

The Supervisory Board reviewed and approved the Annual Accounts and the Executive Board report.

These documents were evaluated by and discussed with the Executive Board, Internal Audit and the independent auditor. The Supervisory Board proposes that the Annual General Meeting adopts the Annual Accounts of 2020 and discharges the members of the Executive Board for their management of Triodos Bank during 2020 and the members of the Supervisory Board for their supervision. The Supervisory Board endorses the Executive Board's dividend proposal of EUR 0.65 per depository receipt.

The Supervisory Board would like to thank all Triodos Bank's stakeholders for their trust in Triodos Bank. Special thanks go to all co-workers of the bank for their efforts to keep running the bank during the challenging times of the Covid-19 crisis. The Supervisory Board supports the Executive Board, and Triodos Bank's co-workers, in their continuing efforts to make a positive difference to the development of people's quality of life.

The Supervisory Board is confident that Triodos Bank will be able to meet the challenges in the coming years and will continue to be a frontrunner in responsible banking.

Zeist, 17 March 2021

Supervisory Board,

Aart de Geus, Chair
Fieke van der Lecq, Vice-Chair
Ernst Jan Boers
Sébastien D'Hondt
Mike Nawas
Dineke Oldenhof

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.

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.

6. Report by the Foundation for the Administration of Triodos Bank Shares (SAAT)

This report of the Board of SAAT accounts for the Board of SAAT's voting and activities in 2020.

This report is integrated within Triodos Bank N.V.'s annual report 2020. However, the Board of SAAT does not see Triodos Bank N.V.'s annual report prior to publication. This ensures that depository receipt holders and the Board of SAAT have access to this information simultaneously. Consequently, this Board of SAAT report does not contain an opinion on or an assessment of Triodos Bank's 2020 annual report. The Board of SAAT will account for its voting regarding the annual accounts and annual report of Triodos Bank N.V. 2020 at the Annual General Meeting (AGM) 2021, where depository receipt holders will have the opportunity to ask questions about the voting at that meeting.

Introduction

The Board of SAAT observed during 2020 that the demand on Triodos Bank was - following 2019 - greater than before to realise its mission and ambition in the context of market circumstances, impact, risk and return. Due to the ongoing objective of Triodos Bank to create impact, to the stressed macro-economic developments due to COVID-19 pandemic and to increasing regulatory costs, SAAT observes how Triodos Bank's business model is being challenged .

Triodos Bank's annual report 2019 and the half year report 2020 reflect the Executive Board's view on developments in society - taking into account the impact of the COVID-19 pandemic - and in the financial sector and their strategic, tactical and operational actions to maintain healthy financial results and increase Triodos Bank's impact.

Regarding the developments in society, the COVID-19 pandemic unveils increasing imbalances and societal gaps. These unveiled gaps underpin the imbalances mentioned in earlier Triodos reports and are based on highly interrelated problems, which call on Triodos Bank to increase its efforts to realise its mission and ambition and to maintain robust financial parameters. The financial sector in general expressed its ambitions to be part of the solutions of the problems caused by COVID-19. Triodos Bank in particular, intends to

steer the flow of the money for the greater good of rebalancing and closing societal gaps in the urgency of these problems. This is at the heart of the mission of Triodos Bank which enables Triodos Bank to build on its 40 years engagement and practices to actively contribute to the needs of society. The half year report 2020 reflect the results of the bank are consistently tilted to contribute to these needs.

Regarding the developments in the financial sector Triodos Bank was challenged by the difficult macroeconomic environment on the one hand and on the other hand Triodos Bank's responsibility to comply with the regulatory requirements while maintaining a healthy cost-income ratio. The Board of SAAT is aware of the gravity of this challenge and will continue to follow and review the developments from its own perspective.

In the context of these developments SAAT noted that the Executive Board strived to implement its strategy and to respond to the COVID-19 context from the twin angles of finance change and change finance. Triodos Bank's focus areas are in line with the document "Reset the Economy", showing Triodos' vision on the approach towards a post corona, inclusive and sustainable society.

Voting in 2020

General Meeting 29 June 2020 and assessment of the Annual Report / Annual Accounts 2019

The Board of SAAT exercised the voting rights at Triodos Bank's AGM which took place on 29 June 2020. Unfortunately, the meeting could not be held physically due to the COVID-19 pandemic. In accordance with the provisions of the Dutch temporary law, the meeting was held electronically.

The Board of SAAT approved at the AGM the following proposals:

- adoption of the 2019 Annual Accounts, including the revised dividend proposal not to distribute a dividend.
- discharge of the members of the Executive Board of responsibility for their management during the financial year 2019;

- discharge of the members of the Supervisory Board of responsibility for their supervision during the financial year 2019;
- amendment of the articles of association of Triodos Bank N.V.
- granting a power of attorney to the members of the Executive Board to obtain depository receipts in Triodos Bank and to issue shares and to exclude or limit pre-emptive rights.

The approval is based on the assessment of the annual report 2019 taking into account the introductory remarks above and taking into account the following paragraphs regarding mission, the interests of the depository receipt holders and the independence of the bank. The annual report 2019 accounts for the policy of the Executive Board and the supervision of the Supervisory Board in 2019.

The mission

Regarding SAAT's policy to safeguard the mission, the Board of SAAT with regard to the Annual Report ('AR')/Annual Accounts ("AA") 2019 pays more specific attention to the strategy of Triodos Bank, its implementation and the effects in terms of impact. More specifically, SAAT sought better appreciation of the development of Triodos Bank's impact in the context of the overall strategy. As highlighted in SAAT's voting declaration at the Annual General Meeting 2020 SAAT observed that the AR/AA 2019 reflect the challenges on the banking sector in general coming from low interest rates and increasing regulatory costs and the consistent efforts of Triodos Bank to increase its impact. At the Annual General Meeting 2020 SAAT referred to various elements to illustrate its observations.

- Triodos Bank succeeded in growing the loan to deposits ratio, which is an indication that the Bank succeeded to finance change. SAAT noticed that a significant part of the growth is represented by eco mortgages.
- Triodos Bank succeeded in initiating and in taking part in initiatives which change finance; the PCAF reporting, the UN principles for responsible banking, the leadership on the climate table, the

Spanish Sustainable Finance Lab and the German Finance council;

- The AR/ AA 2019 did show impact, but did not specify as clear impact goals as SAAT would have liked, nor disclosed its theory of change supporting impact goals in terms of finance change and change finance, despite the ongoing call from SAAT to express these impact goals in a topical manner;
- The AR/AA 2019 report should preferably mention more specifically information regarding the contribution of the strategic goals to the impact (finance change and change finance) of Triodos Bank;
- The parameters and methods by which Triodos Bank reports its impact are increasingly detailed, innovative and expanded. However, according to SAAT , it would facilitate transparency and insight in the evolution of the Bank's impact over the years if Triodos Bank reports using consistent impact parameters. This transparency could also be supported by an integrated interpretation of Triodos Bank of the outcome of the various impact parameters used;
- Although not yet supported by data, Triodos Bank forecasts that its impact tool Prism will enable the Bank to better express its impact in the future in a more consistent and meaningful manner - including its evolution over time - and to steer on impact in the midterm more effectively, which SAAT highly welcomes;
- Triodos Bank disclosed its ambitions regarding the focus area's in its vision papers . The implementation of the vision papers on the focus areas has yet to start and SAAT would like to see a clear connection to finance change and change finance agenda;
- Triodos Bank interacts with a variety of stakeholders on various occasions. The materiality matrix reflects Triodos integration of its stakeholder meeting. To the regret of SAAT it does not disclose more topical the kind and variety of the stakeholders involved and the considerations of Triodos Bank supporting the Bank's priorities. For years on end, SAAT has been inviting Triodos Bank to increase the various stakeholder interactions and give more information about these and their impact on Triodos Bank's strategy and policy.

The Interest of the Depository Receipt Holders and the financial interest of the Bank

Regarding SAAT's policy to safeguard the interest of the depository receipt holders in the context of the financial interests of Triodos, the Board of SAAT pays attention to the combination of financial return for the depository receipt holders and impact. SAAT tracked the extent to which the AR/AA 2019 reflects solid financial parameters and transparent impact reporting. SAAT observed:

- Triodos Bank's shows a stable financial performance - compared to the 2018 figures - as reflected in the various parameters of return on equity, net profit per share, the BIS ratio, as described in Triodos Bank's Annual Accounts 2019 and in the half year report 2019;
- Despite the goal to decrease the cost/ income ratio, this ratio increased;
- Although Triodos Bank's financial performance is stable, SAAT's is concerned regarding the mid-term profitability. The Board of SAAT would like to better understand how realistic the expectations are concerning the financial performance given the current circumstances (Corona);
- Regarding the impact, SAAT refers to the paragraph "the mission";
- The AR/ AA 2019 did not yet show material results of Triodos Bank's aim to increase fee income and integrate the operational activities to become more cost effective;
- The risk appetite paragraph shows a prudent risk approach;
- With regard to the dividend payout, SAAT approved the proposal to refrain from dividend considered of the imperative advice of the Dutch central bank.

Triodos Bank's independence

Regarding SAAT's policy to safeguard Triodos Bank's independence the Board of SAAT paid more specific attention to the extent to which Triodos Bank is successful in implementing its strategic, tactical and operational goals. These goals aim to strengthen the combination of impact, risk and return and should therefore bolster the sustainability and uniqueness of Triodos Bank. As set out in the sections regarding mission and the interest of the Depository Receipt

Holders the SAAT's Board challenged the Executive Board and Supervisory Board to set clear impact goals supported by consistent and coherent impact reporting on top of realistic financial goals and would welcome enhanced accountability vis-à-vis stakeholders. Based on its assessment of the AR/AA 2019, SAAT also challenged the Supervisory Board to disclose more topically its traceable standards to assess the degree to which Triodos Bank achieved its targets and stimulate Triodos Bank to further substantially engage in projects that may create a sustainable financial and non-financial return for the Depository Receipt Holders.

Annual Meeting of depository receipt holders

The Annual Meeting of depository receipt holders was also held electronically on 29 June 2020. The Board of SAAT articulated the rationale underlying its voting decisions as set out in the section "Decisions at the General Meeting" and entered into relatively free-format dialogues with depository receipt holders.

The Annual Meeting of depository receipt holders approved the appointment of Jolande Sap as a member of the Board of SAAT.

Activities/meetings of the Board of SAAT and topics discussed

The context of COVID-19 and the generic challenges for the financial sector set the scene for Triodos Bank in 2020 as well. The COVID-19 occurrence confirmed the relevance and long standing commitment of Triodos Bank to pay attention to human dignity and the environment in holistic approach. Yet, the present circumstances, more than ever pose challenges for the banking industry to create a fair and reasonable return on investment. The Board of SAAT experiences that its role as a committed shareholder calls for special attention for the various transitional topics Triodos Bank is facing: e.g the leadership transition, COVID-19 and the urgency to increase tradability of the Depository Receipts ("DR"). These topics are critical for the future of Triodos Bank in the mid and long term. Consequently, the Board of SAAT substantially increased the number of its Board meetings and intensified its interaction with the Executive Board and

the Supervisory Board. The Board of SAAT is of the opinion that these transitional topics are essential and in the interests of the DRH. Board of SAAT finds it very painful that - partly due to the COVID-19 pandemic - its interaction with the Depository Receipt Holders ("DRH") has been so limited.

During 2020, the Board of SAAT convened:

- with The Executive Board to discuss the annual report and Annual Accounts 2019, as set out in paragraph "Decisions at General Meeting" of this report (31 March 2020);
- with the Supervisory Board, together with an Executive Board guest, to discuss the annual report and Annual Accounts 2019, as set out in paragraphs regarding the AR 2019 "Decisions at General Meeting" of this report (1 May 2020);
- with the Executive Board (30 September and 15 October 2020), together with an SB guest, to discuss the half year results 2020. The assessment of the half year results will be integrated in the reporting on the Annual Accounts and annual report 2020 at the AGM 2021 and in the SAAT annual report 2020;
- with the Executive Board 15 December 2020, together with an SB guest to discuss the developments regarding the trade of the DR and to discuss topics related to depository receipts, capital and DRH interaction;
- with the Executive Board 26 November 2020 to discuss the CEO succession process;
- with the Supervisory Board 27 November 2020 to discuss the CEO succession process;
- with a delegation of the Executive Board and the Supervisory Board 3 December 2020 to discuss the CEO succession process.
- internally for nine assessment meetings.

The agenda of all meetings in 2020 has been dominated by three topics. First, SAAT considered the impact of the COVID-19 pandemic on Triodos Bank, as shown in the half year figures, and the impact on society at large. Second, we discussed the interest of the DRH, the dividend pay-out and particularly the liquidity of the DR (selling and buying of DR), the suspension of the trade and the capitalisation of Triodos Bank in the mid

and long term. Third, we closely followed the leadership transition of Triodos Bank.

HALF YEAR RESULTS: TRIODOS AND COVID-19

SAAT discussed the half year figures with the Executive Board. SAAT has from the perspective of the interest of Triodos Bank been probing what temporized the implementation of the strategy and of the increasing cost/ income ratio. The EB explained that the implementation of the strategy is moving forward and a number of measures have been taken to safeguard the profitability of the bank.

SAAT noted that:

- In order to reduce costs and attribute costs to the relevant products, the Bank introduced negative interest rates and the fee for accounts. Stakeholders response has been overall positive.
- Despite the the negative interest rates and fee for accounts bold measures taken, SAAT believes that the profitability of Triodos Bank is still under pressure due to high costs and lagging income. The costs are related to regulation, to projects to integrate operations, to the relatively time-consuming efforts to finance SME frontrunners and to some remaining inefficiencies. The slow down in income is due to the low interest rate environment and the negative impact of the COVID-19 pandemic on collected investment management fees.
- It is SAAT's opinion that the pace of translating the vision papers into actions needs improvement and in order to overcome the COVID-19 effects. Otherwise, Triodos Bank's differentiating profile and unique selling proposition as a frontrunner is being challenged.
- Triodos Bank's insights in the interest of the DR and subsequently SAAT's insight in the DR's interest should be bolstered by deepening and intensifying the interaction of the bank with the DRH.

With regard to the interest of the DRH SAAT concluded:

- SAAT and the DRH have been confronted with the suspension of the trade of DR (spring 2020). The decision regarding the suspension is at the sole discretion of Triodos Bank. SAAT took notice of the rationale of this decision.

- SAAT probed the rationale of the decision to suspend the trade of DR from the perspective of the interest of the DRH. The interest of the DRH is to be treated equally and is served by continuity of Triodos Bank, by a stable NAV of the DR, by paying a stable dividend and by tradability of the DRs. The conclusion of SAAT is that the suspension of the trade was in the interest of continuity, stable NAV, dividend payout and is supporting equal treatment of the DRH. However, SAAT acknowledges that for some individual DRH this may have adverse consequences.
- SAAT monitored closely the engagement of Triodos Bank and its DRH, regarding the suspension. SAAT has been informed by TB on a monthly basis regarding the informal and formal complaints of DRH (anonymized). From this information SAAT learned that a limited number of DRH have been in close contact with Triodos Bank regarding their concerns and need to divest.
- SAAT and Triodos Bank discussed the draft version of the DRH survey to be able to align on a more detailed and deeper level with the interests of the DRH.
- SAAT and the DRH have been informed regarding the re-opening of the selling and buying of the DR and the new trading regulations. SAAT monitored closely on a weekly basis the sell and buy orders as well as Triodos Bank's DR engagement.

The three Chairs of Executive Board, Supervisory Board and the Board of SAAT convened on four occasions. In these meetings topics were discussed in order to align and/or coordinate the discussions in the respective boards.

Composition of the Board of SAAT and independence of its members

SAAT's articles of association stipulate that the Board of SAAT shall consist of three or more members. At present, the Board has five members three of which from the countries where Triodos Bank operates: (Belgium, Spain and the Netherlands). The composition of the Board of SAAT changed in 2020 because of the appointment of Jolande Sap by the Annual Meeting of depository receipt holders of 29 June 2020 and the resignation of Nikolai Keller due to personal circumstances on 30 September 2020.

The Board of SAAT expresses its gratitude to Nikolai Keller for his contributions to the Board, his positive and reflective approach and his personal dedication to the mission of Triodos Bank.

For information about the remuneration of the members of the Board of SAAT, please refer to the Remuneration Report 2020 (see page 90) of the Annual Report 2020.

The Board of SAAT expects that the transitional challenges faced by Triodos Bank will require ongoing intensified attention and meetings of the Board of SAAT. In good cooperation with the Executive Board and the Supervisory Board, SAAT aims intensify its role in 2021. Maintaining and deepening the dialogue between Triodos Bank, the Board of SAAT and the depository receipt holders will be an essential part of this effort. SAAT will make a beginning with this during the General Meeting and at meetings of depository receipt holders in The Netherlands, Belgium, Spain, Germany, and at an additional meeting in The Netherlands, where informal (electronic) meetings for depository receipt holders will take place. The perspective and performance of the role of the Board of SAAT will also be guided by the lessons learned from a wider group of stakeholders.

Additional information

SAAT's Policy

Triodos Bank's Articles contain a clear choice to issue all shares to an independent Foundation in order to safeguard the mission of the Bank. As a consequence of that the Board of SAAT upholds the following principles in exercising its voting rights:

- safeguarding Triodos Bank's mission;
- safeguarding Triodos Bank's independence and continuity;
- safeguarding the economic interests of the depository receipt holders and balance these with the interests of the economic interests of Triodos Bank.

SAAT has defined its vision on how to fulfil its role guided by these principles. This vision is published at triodos.com.

Because of its independence and the principles guiding its voting rights, there is an ongoing dialogue in the Board of SAAT itself about societal developments and their relevance for Triodos Bank. Based on its observations and this internal dialogue the Board of SAAT challenges the Supervisory Board and the Executive Board on its strategy and implementation as reflected by the annual report. The Board of SAAT gives its opinion on the Executive Board policy and the Supervisory Board supervision by executing its voting rights at the AGM.

The Role of SAAT in the Corporate Governance of Triodos Bank

All shares of Triodos Bank are held by SAAT. SAAT issues depository receipts to finance the shares. Depository receipt holders benefit from the economic rights associated with these shares, such as the right to dividends, but do not exercise the voting rights related to the shares. Voting rights are vested in SAAT.

A more detailed description of the corporate governance structure of Triodos Bank, and the rights and responsibilities of SAAT and the depository receipt holders, can be found in the chapter on Corporate Governance (see page 87).

SAAT fulfils its role according to its policy as described in the document “SAAT’s vision on fulfilling its role” which can be found at www.triodos.com/governance. For an overview of the shares taken in trust and the issued depository receipts of Triodos Bank, as at 31 December 2020, please refer to SAAT statement of shares (see page 327).

Zeist, 17 March 2021

Board of SAAT,

Josephine de Zwaan, Chair
Willem Lageweg, Vice-Chair
Jolande Sap
Koen Schoors
Mercedes Valcarcel

SAAT’s registered office is Nieuweroordweg 1, 3704 EC, Zeist, The Netherlands.

This report is available in full, including additional context for the Board of SAAT’s work, online at www.annual-report-triodos.com.

SAAT statement of shares

Statement of the shares taken in trust and the issued depository receipts of Triodos Bank N.V. as at 31 December 2020.

in thousands of EUR	31.12.2020	31.12.2019
Triodos Bank NV shares taken in trust, having a nominal value of EUR 50 each	723,353	720,088
Issued depository receipts of Triodos Bank NV, having a nominal value of EUR 50 each	723,353	720,088

Basis of preparation

The SAAT statement of shares as at 31 December 2020 of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT') is based on the nominal value of the total number of issued shares by Triodos Bank N.V. that are held in custody by SAAT, versus the total number of issued depository receipts of Triodos Bank shares by SAAT to the depository receipt holders.

The purpose of this statement is to provide the depository receipts holders insight to whether the total issued shares by Triodos Bank reconcile to the total issued depository receipts by SAAT.

Zeist, 17 March 2021

Board of SAAT

Josephine de Zwaan, Chair
Willem Lageweg, Vice-Chair
Jolande Sap
Koen Schoors
Mercedes Valcarel

Independent auditor's report

To: the board of Stichting Administratiekantoor Aandelen Triodos Bank ('SAAT')

Report on the SAAT statement of shares 2020

Our opinion

In our opinion, the accompanying SAAT statement of shares as at 31 December 2020 is prepared, in all material respects, in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares.

What we have audited

We have audited the accompanying SAAT statement of shares as at 31 December 2020, initialled by us for identification purposes, of Stichting Administratiekantoor Aandelen Triodos Bank, Zeist ('SAAT' or 'the foundation').

The financial reporting framework that has been applied in the preparation of the SAAT statement of shares 2020 is the number of shares and certificates respectively times the nominal value as set out in the basis of preparation note to the SAAT statement of shares 2020.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the SAAT statement of shares 2020' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Stichting Administratiekantoor Aandelen Triodos Bank in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant

independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Emphasis of matter - Basis of accounting and restriction on use

We draw attention to the basis of preparation note to the SAAT statement of shares 2020, which describes the basis of accounting. Our opinion is not modified in respect of this matter. Our auditor's report is addressed to and intended for the exclusive use by the board of SAAT in connection with their reporting to the depository receipt holders and may not be used for any other purpose. We do not accept or assume and deny any liability, duty of care or responsibility to parties other than the board of SAAT.

Responsibilities for the SAAT statement of shares 2020 and the audit

Responsibilities of the board for the SAAT statement of shares 2020

The board is responsible for:

- the preparation of the SAAT statement of shares 2020 in accordance with the accounting principles as included in the basis of preparation note to the SAAT statement of shares; and for
- such internal control as the board determines is necessary to enable the preparation of the SAAT statement of shares 2020 that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the SAAT statement of shares

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the SAAT statement of shares 2020 as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high, but not absolute level of assurance, which makes it possible that we may not detect all material misstatements.

Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the SAAT statement of shares 2020.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 17 March 2021

PricewaterhouseCoopers Accountants N.V.

M.D. Jansen RA

Appendix to our auditor's report on the SAAT statement of shares 2020 of Stichting Administratiekantoor Aandelen Triodos Bank

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the SAAT statement of shares 2020 and explained what an audit involves.

The auditor's responsibilities for the audit of the SAAT statement of shares 2020

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the SAAT statement of shares 2020 as a whole is free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the SAAT statement of shares 2020, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Evaluating the overall presentation, structure and content of the SAAT statement of shares 2020, including the disclosures, and evaluating whether the SAAT statement of shares 2020 represents the underlying transactions and events free from material misstatement.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.