

Annual Report 2022

Triodos  Bank

1.1 Our stakeholders and material topics

Triodos Bank's stakeholders are key to determining the focus and attention of the organisation's efforts. This section identifies key stakeholder groups and highlights their most important material issues at Triodos Bank. We focus on these in our reporting.

Stakeholder dialogue: keeping us on our toes

Triodos Bank continuously seeks to connect with the world around us. This is essential if we are to remain relevant, continue to progress and lead our frontrunner ambitions. All our business and financial decisions impact our stakeholders. The societal themes they embrace impact what we do and how we do it.

We have benefited from engaging discussions with our stakeholders over many years and in varied ways. We invite NGOs, citizens and business clients to participate in debates, we conduct surveys and organise meetings for Depository Receipt holders and other stakeholders. Our co-workers at Group level and our business units regularly engage in these and other activities as well.

In addition to numerous interactions throughout the year at all levels of our organisation, we follow a formal process to analyse which issues are most important both to our stakeholders and our organisation (materiality analysis). We integrate these issues into our management objectives. Our reporting on progress of these objectives follows the Global Reporting Initiative

(GRI) Standards. For more information about how Triodos Bank engages with its stakeholders visit www.triodos.com/stakeholders.

Materiality analysis

Triodos Bank identifies three general stakeholder categories:

- Those that have economic relationships with the business.
- Those without an economic relationship but with a close interest in Triodos Bank from a societal perspective.
- Those that provide new insights and knowledge.

For each category we have identified specific stakeholder groups, including the influence they exert on Triodos Bank and the expectations they have of us.

Embedding stakeholder engagement in our strategy

Triodos Bank has created a solid foundation for our stakeholder engagement in the last few years, which is aimed at embedding stakeholder consultation in our strategy development process. In this strategy development cycle (2024-2026), we are specifically looking to engage stakeholders and obtain their perspectives on topics that are vital to the development of our longer-term direction.

During the annual international stakeholder meeting in November 2022 we gathered stakeholder input on our vision for Triodos Bank in 2030, which will lead to a strategic agenda and Group strategic plan for 2024-2026.

Part of the strategy development is also the way in which Triodos Bank realises impact, as described in our new impact narrative. We discussed the impact vision (see Our impact approach on page 56) at this year's meeting and gained valuable input for its further implementation and translation into strategy.

Current developments

There have been several relevant developments which have an exceptional impact on Triodos Bank and our stakeholders.

First, it has become increasingly clear the world is following a pathway of global temperature rise well above 2°C in 2100. At COP27, the climate conference of the United Nations, no commitment was made to strengthen the emission pledges made the year before to keep global warming limited to 1.5°C.

In the meantime, the climate crisis is increasingly affecting people's lives and impacting nature. This provides concrete proof of the need to urgently reduce greenhouse gas emissions well before 2050. Triodos Bank has set the ambition to be net zero by 2035, reaffirming our frontrunner role in the financial sector.

Secondly, addressing the strategic challenge presented by the suspension of the trade in DRs was an urgent focus in 2022 and remains a top priority for Triodos Bank.

While the COVID-19 pandemic eased during 2022, the world faced challenges on other fronts such as the devastating war in Ukraine, rising costs and inflation, climate change and inequality, exposing the vulnerability of our economic and social systems, affecting Triodos Bank and its stakeholders.

Stakeholder survey and annual meeting

The annual stakeholder survey was distributed to representatives from all the specific stakeholder groups in the countries where we have banking activities. We also asked stakeholders to identify other possible topics, which are not currently included. No material new topics were identified.

Triodos Bank's annual stakeholder meeting was organised internationally, with participants from the Netherlands, Belgium, Germany, the UK and Spain. The 25 stakeholder participants represented all stakeholder groups. Two members of the Executive Board (the CEO and CCO) participated on behalf of Triodos Bank.

The first plenary session focused on the stakeholders' vision of society in 2030 and the role Triodos Bank should play. Many participants mentioned diminishing social cohesion and rising inequality as major challenges for society in 2030 as well as the climate and biodiversity crisis. Social cohesion and social inclusion are considered potential strategic priorities for Triodos Bank by many stakeholders, for instance by supporting local community organisations, local initiatives or social housing.

A recurring topic during the first plenary session was also the expectation of many participants for Triodos Bank to be more activist and visible in the public arena on relevant societal topics. As one participant pointed out, there is a severe lack of activism in the financial sector, which is mainly driven by financial motives.

During the second plenary session we discussed our vision on impact and the five transition themes (food, resources, energy, society, well-being) Triodos Bank is working on (see Our impact approach on page 56). Since Triodos Bank was the first bank to finance a windmill in 1986 and led the way in financing sustainable energy, we asked which innovations should Triodos Bank should be financing in order to force a breakthrough. Many useful suggestions were made, for instance nature investing, community ownership of real estate, investing in the European rail network, and public-private partnerships in general. On the question of

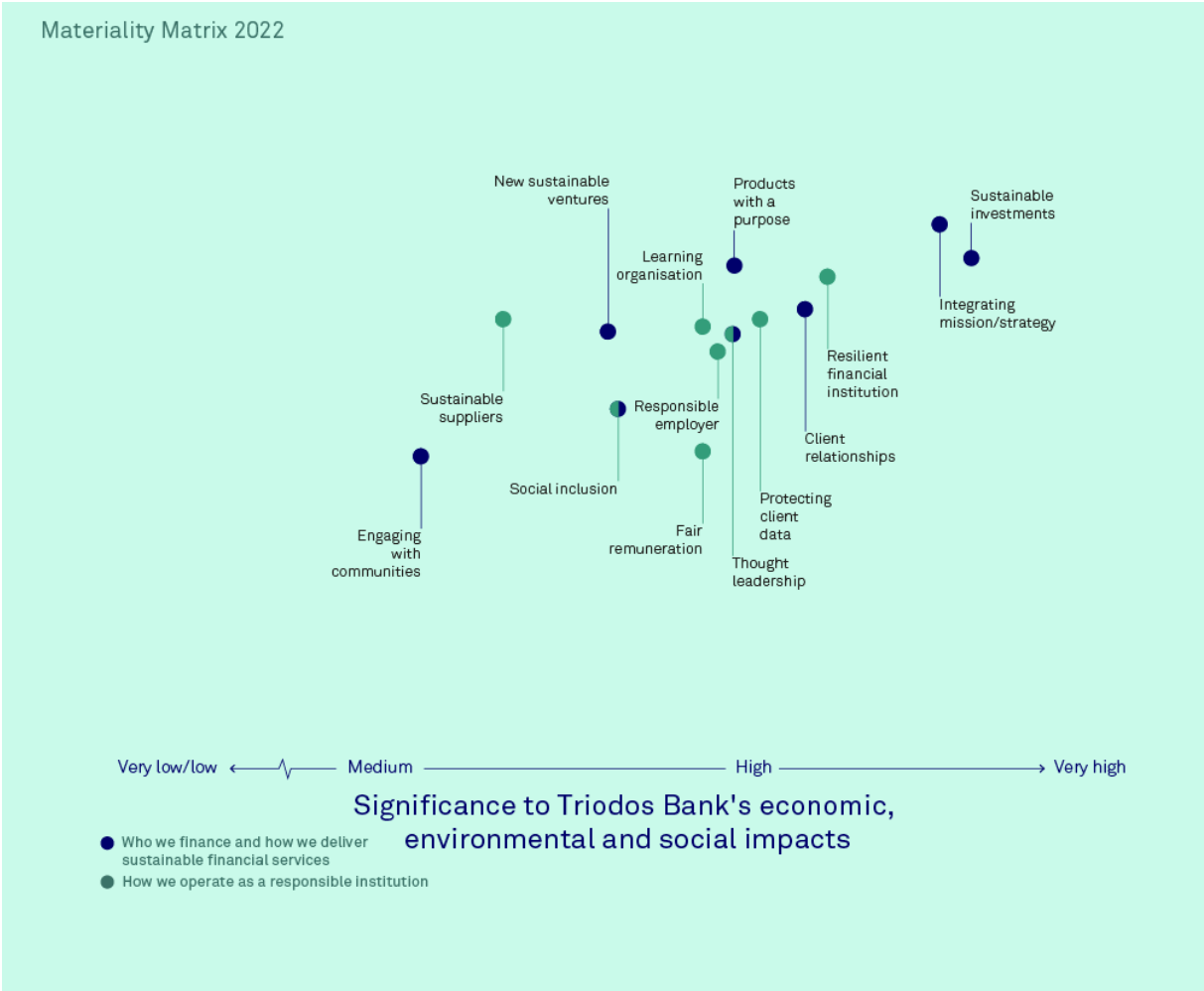
our long-term ambition for the transition themes of well-being and society, we were challenged to set ambitious targets, such as no more poverty or zero inequality.

Materiality matrix

Based on internal reflection on the current developments in 2022, the outcome of the annual stakeholder survey and the input from the stakeholder meeting, we have concluded that our 14 current material topics – as can be found in the materiality matrix below – are still all relevant and remain stable. We have applied GRI 2021 and have included the actual and potential, negative and positive impacts on the economy, environment,

and people – including human rights – across our activities and business relationships.

This has been acknowledged by the respondents to our annual stakeholder survey about our material topics. To help determine the importance of the material topics to Triodos Bank, we held an internal survey among senior leadership, responsible for setting Triodos Bank’s strategic priorities and executing them. This survey was identical to the external stakeholder survey. This is a significant qualitative process improvement compared to previous years, which helps us to better substantiate the priority setting of the Executive Board of Triodos Bank on the various material topics.



Material topics

The goal of working towards a fair and just society and finance sector has been key to Triodos Bank's vision and mission since our foundation in 1980. Supported by our values and principles, we have defined our essence as a values-based bank that deals with money in a conscious way. This applies to everything we do, both in our business operations and within the organisation.

The material topics define Triodos Bank's significant economic, environmental and social impact, or refer to issues that substantively influence the assessments and decisions of stakeholders. They are at the heart of our strategy and underpin management objectives. Responsible, sustainable business is fully integrated in Triodos Bank's vision, mission and strategy. As such, there are no dedicated separate management plans for material topics. They are explicitly and implicitly interwoven in Triodos Bank's strategic plans and goals.

All the topics identified in the materiality matrix relate directly or indirectly to Triodos Bank's purpose as an integrated sustainable bank using money to deliver positive change. Topics in blue are priorities for external stakeholders. They are defined by our business strategy and how we conduct client relationships. Material topics shown in green have a more internal focus. They are affected by how we operate as a responsible institution. We can have a direct impact on these topics; for example, by the way we select suppliers.

In line with GRI's mission to empower sustainable decisions, we engage in stakeholder dialogues to understand and incorporate their vision. We aim to integrate the outcomes of the various stakeholder engagements (including the survey and dialogue sessions) into our vision, strategy and policies, and implement them in our daily operations. As mentioned above, we embed stakeholder engagement in our corporate strategy development.

The results of the materiality matrix suggest Triodos Bank's stakeholders want and expect us to continue to be a leader in sustainable finance, with a strategy that reflects and supports that mission. Being a resilient financial institution is considered important for Triodos Bank, as are services/products with a social and/or sustainable purpose and working with sustainable suppliers. Material topics are discussed in more depth below and covered in relevant sections in the rest of the report.

Sustainable investments

Sustainable investments are at the heart of Triodos Bank's work. The organisation promotes change by financing sustainable initiatives in key sectors. Their combined impact gives Triodos Bank the credibility to change finance. By increasing our influence, we are better able to stimulate positive systemic change in the banking sector.

The boundaries of sustainable investments are determined by Triodos Bank's mission, business principles and minimum standards. These investments have a direct impact on entrepreneurs, businesses, sectors and society, which is further detailed in the Impact by transition theme chapter (see page 64). The definition of sustainable investments and the decision whether or not to finance a prospective customer are guided by Triodos Bank's lending and investment criteria and based on balanced decisions made by experts in Triodos Bank's lending and investment teams.

All of our assets are subject to positive and negative environmental and social screening. Procedures to assess and screen risks are undertaken by business managers supported and challenged by risk

managers within Triodos Bank's European network of offices. This process is described in more depth in the Risk and compliance chapter (see page 98). Triodos Bank's relationship managers interact with our borrowing customers on these issues.

New sustainable ventures

New sustainable ventures are pioneering enterprises that tackle at least one of society's key challenges. For Triodos Bank, the transition to a regenerative economy is one of the most important, and a boundary for this material topic. Triodos Regenerative Money Centre (TRMC) aims to increase the conscious use of money through donations and catalytic investments. The initiative's goal is to support a regenerative economy that serves people and is a steward of the earth's ecosystems. TRMC aims to deliver its goals by supporting initiatives that pioneer new business models with an explicit goal to regenerate society and the planet. It aims to support initiatives that can fulfil a catalytic role as potential game-changers. Every donation and catalytic investment provides new perspectives on current questions in areas where, for different reasons, traditional bank and investment products cannot yet provide an answer.

By combining these activities in one centre with a clear focus on transition thinking, Triodos Bank aims to further increase its impact.

Integrating mission and strategy

Since inception, Triodos Bank has integrated mission and strategy. Unlike many other banks, we have always focused on risk, return and impact. That makes this a material topic, the boundaries of which encompass our entire activity. This integration of mission and strategy influences everything: from our governance structure – which safeguards the mission of the bank – to our exclusive focus on sustainable investments. Two of Triodos Bank's three key strategic objectives, being a frontrunner in responsible finance and unlocking our purpose, reference our mission explicitly. The third strategic objective, to be one bank that is

redesigned, responsive and robust, links to our long-term resilience, a key principle of values-based banking.

Thought leadership

As a frontrunner in the banking sector, the bank can stimulate change in others. This is true both for the activities we finance in specific sectors and for the debate about how the banking system can better serve society and meet the challenges we face.

As a frontrunner, Triodos Bank aims to be a catalyst for change in the banking sector, beyond its immediate activities of financing sustainable sectors. Changing the financial system so that it is better able to serve people while taking care of the environment we depend on is fundamental to our mission, hence its inclusion as a material topic. To do this, we need to be not just banking experts, but specialists in financing specific sustainable sectors. That's why we include sector-specific knowledge, as well as being an expert in sustainable finance, within the boundary of this topic.

In 2022, we published our social inclusion vision paper in which we urged governments, companies, social institutions and the financial sector to make the transition to a regenerative economy fairer and more inclusive. The paper argues that the current reality is that certain groups and individuals are excluded and marginalised, with their rights being violated. The COVID-19 pandemic has reinforced existing patterns of exclusion and inequality, with discrimination still deeply rooted in our society. We present three areas of change in favour of a more inclusive society: empowering people, building inclusive societies and challenging dominant values and structures.

We also addressed the issue of biodiversity loss with the publication of a white paper in May 2022 and an open letter to include the financial sector in new deforestation legislation. Biodiversity loss is currently one of the most urgent and complex systemic risks we face. It is a challenge that can only be tackled through a serious re-assessment of our production and consumption patterns, and of the economic assumptions underlying individual

and collective decision-making. We see it as our duty, as a financial institution and as individuals, to preserve and restore nature and biodiversity. And we see the preservation of biodiversity as one of the major responsibilities of the financial sector.

At a European level, we are following the developments of the EU's (sustainable) finance regulation. We advocated against gas and nuclear being included in the EU Taxonomy and are disappointed that by their inclusion as it undermines the science-based approach we favour. We support a Corporate Sustainability Due Diligence Directive that includes a due diligence obligation for the full value chain and alignment with international standards on due diligence, such as the UNGPs and OECD Guidelines. Furthermore, we provided our input on the new banking package and the Alternative Investment Fund Managers Directive.

Products with a purpose

This topic refers to all our products because they all contribute to the development of sustainable sectors. Products with a purpose are an important part of our strategic effort to 'unlock our purpose'. They increase our relevance to clients and society. The products we offer serve to prompt or stimulate actions from our clients. For example, private mortgages are available in Triodos Bank Netherlands, Spain and Belgium, which incentivise clients to improve energy efficiency by offering a discount on their mortgage rate as the environmental performance of their home improves.

Products are developed and managed at a business unit level by specialists in relevant fields. Platforms at Group level also provide a space to agree significant new products, share best practice and evaluate their performance across business units. This ensures that we can respond to local demand with appropriate, mission-linked products and services.

The bio-based mortgage, launched in 2022, is a concrete example of a product with a purpose. This encourages more sustainable housing stock by linking the interest rate to the choice of

(sustainable) materials used to build a house. Triodos Bank is the first Dutch lender to launch this type of mortgage.

Client relationships

Client relationships are a material topic, not least because strong relationships limit the chances of loans and investments going wrong and make working through challenges with clients easier when problems do occur. This is especially true of, and important to, values-based banks, who engage closely with the people they finance and the sectors they work in.

As a bank with a focus on all stakeholders rather than a focus exclusively on shareholders, our impact on this topic applies to different types of personal client relationships. As part of this approach, we focus on improving the customer experience. Deepening our relationships has been a key strategic objective and is an integral part of Triodos Bank's model. A grievance mechanism is in place for clients of all types.

Social inclusion

Sustainability is not only about environmental issues, but also about social inclusion – and social inequality, which is increasingly dividing society. Triodos Bank aims to support a society that protects and promotes quality of life for all, with human dignity at its core.

We support those that contribute to a thriving, mutually supportive community and society, within the boundaries of this planet. The social and environmental transitions we face are inextricably connected and this makes social inclusion a key strategic theme. Triodos Bank is stepping up efforts to put social inclusion into practice for our clients, stakeholders and within the organisation (see also Impact by transition theme on page 64). Our internal activities are discussed in more detail in Responsible employer below and in the Co-worker report.

25

external stakeholders
from 5 countries
attended our annual
stakeholder meeting

In 2022, we published our social inclusion paper, which we discuss in more detail in Strategic objectives on page 32.

Resilient financial institution

Being a resilient financial institution is important for all banks and an explicit principle of values-based banking. It forms the bedrock on which values-based banks can deliver positive impact. An effective approach to risk management is a key element ensuring the long-term resilience of Triodos Bank. The boundaries of this topic include our institution and our clients.

The importance of being a resilient financial institution continued to be prominent in 2022, because of the challenges surrounding the DRs of Triodos Bank.

Trading in Triodos Bank Depository Receipts (DRs) has been closed since 5 January 2021 due to the imbalance in supply and demand in the DRs caused by the heightened uncertainty in the economy as a whole, including the financial sector, as a result of the COVID-19 pandemic. In December 2021, we announced we will take all necessary steps to prepare for a listing on a Multilateral Trading Facility (MTF). This intended listing was approved by SAAT (Stichting Administratiekantoor Aandelen Triodos Bank) during the Extraordinary General Meeting on 11 October 2022.

In 2022, Triodos Bank expanded its retained residential mortgage-backed securitisation (RMBS) Sinopel 2019 to increase liquidity resilience. This allows the bank to use more of its funds entrusted for sustainable loans, creating additional positive impact. We also published our Green Bond Allocation and Impact Report 2021. This report provides an overview of the allocation

of net proceeds and the environmental impact of the EUR 250 million Green Bond, which was issued in November 2021. Bond proceeds fund lending in renewable energy, green buildings and environmentally sustainable management of living natural resources and land use.

Financial resilience is a topic highlighted in many places throughout the Annual Report. This includes the Impact and financial results, Risk and compliance, and Financial accounts sections.

Protecting client data

Privacy of client data is important to both Triodos Bank and our stakeholders. Triodos Bank believes money can help change the world and that data can have an impact as well. Data can be used to better understand both the world and people. This understanding can prevent waste, reduce costs and create benefits for society. Data helps Triodos Bank become a better bank by improving our service offerings and operations. It helps us to enhance the reliability of our services and discover or predict risks and fraud. The personal data Triodos Bank processes can be sensitive and may impact the privacy of clients and employees. We are committed to respecting privacy and ensuring data protection.

When it comes to privacy and data protection, Triodos Bank believes:

- Data is an abstraction, reduction of reality and an interpretation of behaviour. The world cannot be captured in abstractions. People should not be reduced to the data collected about them. Since data relates to past experience it is not always a reliable predictor of future events.
- Every individual has the right to be different in different situations, in other roles or at different times.
- Each individual should maintain power and control over their own life, including personal data. This calls for freedom of choice, fairness and transparency on data collection, processing and usage.
- Data is valuable and Triodos Bank has an obligation to ensure the data it holds is accurate, secure and confidential.

In addition to the issues we highlight here, we also publish an extensive data protection policy: 'Respecting privacy and protecting personal data' is available at www.triodos.com/download-centre.

Fair remuneration

Remuneration within Triodos Bank is based on the principle that the bank's results are the joint accomplishment of all co-workers. Triodos Bank aims to have neutral remuneration for all co-workers, without regard to gender, ethnic background, age, sexual orientation or distance from the labour market. Triodos Bank does not offer bonuses and has a relatively low differential between its median and highest salaries. For more details of our remuneration policy and our performance as a responsible employer, please see the Remuneration Report 2022 on page 117.

Responsible employer

We are committed to creating a society that protects and promotes the quality of life of all its members, with human dignity at its core. We model the equitable society we support by being a diverse organisation that reflects the communities we touch, that is innovative, courageous and transparent about its journey. We aim to nurture an inclusive environment for all our co-workers, clients, partners and others we meet along the way.

We aim to practise what we preach and continue to work on how we can become better by listening and learning from differences. Under the umbrella of our From Green to Colourful programme we organised courageous dialogue sessions 'being and doing' in every entity and founded an ambassadors' network for equity, diversity and inclusion (EDI) across the group. We celebrated diversity on International Women's Day and International Coming Out Day by organising events to create understanding and a safe environment to share experiences.

Diversity as a theme is incorporated in our Triodos Bank competencies and leadership programmes. Regular blogs on various diversity themes are published by co-workers on the intranet sharing personal stories and experiences. Internal

networks such as Young Triodos, initiated and led by co-workers, are fully supported by Triodos Bank. In 2022, gender targets were reset for the Supervisory Board, and set for the Executive Board and senior management.

Triodos Bank will continue its EDI learning journey over the coming years to become more inclusive and diverse and embed EDI further in policies and processes.

The COVID-19 experience has reinforced the importance of our personal health and well-being, and that of our friends, family and colleagues. Triodos Bank takes the health and safety of co-workers seriously. We have paid considerable attention over the past year to supporting co-workers in this area.

Triodos Bank's role as a responsible employer is governed by the Director of Human Resources at Head Office and specialists in its business units who have primary responsibility and resources to ensure the organisation delivers as a responsible employer, including the vitality and development of co-workers and a culture which supports our ambitions and mission. Their efforts are underpinned by policies, including on remuneration, and grievance mechanisms. Goals and targets are defined at Group level in the Annual Report and in local plans in the business units.

Engaging with communities

Engaging with communities is a material topic, whose boundaries are defined by Triodos Bank's positive lending criteria. These criteria and our broader business model ensure that a very high percentage of our operations involves engagement with communities. Potential borrowers and investees are subject to a social and environmental assessment.

Triodos Bank discloses the results of its own social, environmental and cultural assessments in its Annual Report and other reports. This work is supported by a stakeholder engagement plan that's underpinned by a detailed description of our stakeholder groups, as set out in Materiality analysis.

Triodos Bank's grievance process makes it accountable to third parties.

Learning organisation

Being a learning organisation is a strategic priority for Triodos Bank. Our mission states that people have the freedom to develop themselves. We strongly believe this also applies for our co-workers. It is of great importance to continue to develop individually and collectively, especially in times of change.

Learning and developing brings positive energy, drives innovation, enhances our efficiency and our capacity to develop and change. Learning and development are relevant for all co-workers, regardless of their role or seniority. We reinforce learning by fostering a learning culture in which every co-worker feels challenged and equipped to develop themselves, both professionally and personally. We enable this by continuously improving our learning offer and providing what is needed in line with the current circumstances. As an example, we have developed Transformation Journey, in response to the perceived need to develop skills and capabilities for both managers and co-workers in times of change.

Sustainable suppliers

Working with sustainable suppliers is an important material topic for Triodos Bank. These relationships allow us to extend our positive impact. We consider our role to be about creating awareness on impact improvement among suppliers. For this to succeed, we also need to build internal awareness on the interconnectedness of procurement and sustainability when selecting and maintaining relationships with our suppliers. We seek to maintain good relationships with our suppliers and business partners. We strive to build connections between suppliers to help them share best practices and gain insights that contribute to positive impact.