

5 October 2023

Dear Depository Receipt holder,

This letter aims to follow up on our earlier discussions on *modernising the governance of SAAT*. In my letter of 20 February 2023, I invited you to participate in the decision-making process concerning SAAT's *voting policy*. At the Depository Receipt holders' meeting on 23 March 2023, the "*one share, one vote*" model was then decided on. At that time, I stated that our board had other plans too.

Below, I will give you a first indication of the main changes in the Articles of Association and the Terms of Administration, as envisaged by the Board of SAAT. I would like to point out that these changes will require the approval of Triodos Bank's Executive Board in due course.

We are interested in hearing your views on this matter. It is my pleasure to invite you to an *online meeting on 24 October 2023*, which will be held in Dutch and translated simultaneously into English, French, German and Spanish. You will have the opportunity to ask questions and make suggestions on this matter, both beforehand and during the online seminar. You have been sent the invitation to this meeting via e-mail or post. Your questions and suggestions are most welcome.

After this meeting, the Board of SAAT will formulate a final motion using the input of the meeting. This motion will be put to the vote in a formal Depository Receipt holders' meeting that we plan to organise in January 2024. You will receive a separate invitation to this in due course.

The protective function

The decision on 23 March to adopt the "*one share, one vote*" model fundamentally changed SAAT's role. Before that date, SAAT used to vote on behalf of all Depository Receipt holders; in future it will only do so on behalf of those Depository Receipt holders that have given their express instructions to do so. All Depository Receipt holders can now acquire a proxy from SAAT. That gives them the opportunity to cast their votes at Triodos Bank's AGM as they deem fit, significantly increasing their power to directly influence the bank's policies.

SAAT's future core task will therefore be to perform its protective function under its Articles of Association. That means that it can revoke any proxies previously issued and to exercise the right to cast all votes itself in legally clearly defined circumstances; in practice, that usually concerns a hostile takeover bid. Needless to say, it will then give a detailed explanation as to why it is taking such drastic step.

Such a protective function is certainly not unusual in the Netherlands and is the obvious approach for a mission-driven company like Triodos Bank, especially after the introduction of the "*one share, one vote*" model. After all, a hostile takeover bid for the bank supported by many Depository Receipt holders (many of whom potentially only joined recently) cannot be ruled out. Essential to the protective function, however, is that it must be able to be performed *independently*. SAAT's current structure, where both Triodos Bank and the Depository Receipt holders have influence on the composition of the Board of SAAT, is inconsistent with this, and prompted us to make several proposals for change, as presented below.

Since its inception, SAAT has, whenever exercising its voting rights, been expressly guided by the *triple interest perspective of bank, mission and Depository Receipt holders*, which was deliberately chosen at the time. Especially given the fact that Depository Receipt holders now have the opportunity to exercise their voting rights entirely as they deem fit, the Board of SAAT sees no reason to further explore the

shift of this perspective towards Depository Receipt holders – as advocated in the past – and prefers maintaining this well-considered historical tradition.

The appointment of board members

Currently, board members are appointed by the Depository Receipt holders' meeting, based on a binding nomination by the incumbent members, which must be approved in advance by Triodos Bank's Executive Board and Supervisory Board.

Given the independence of the Board of SAAT to be pursued, the bank's role in this appointment is less appropriate. We would therefore like to amend the Articles of Association by deleting the clause requiring approval for the nomination. This is in line with the widely supported best practice recommendations of the Dutch *Corporate Governance Code 2022*.

The Executive Board and Supervisory Board have informed us that they are willing to cooperate in this reduction of influence, as required by the Articles of Association. However, they would also like to see the influence of Depository Receipt holders balanced with this, by introducing what the *Corporate Governance Code* recommends and what is common practice at other Dutch financial institutions: appointing new board members by means of co-optation by the incumbent ones. This would ensure the independence of the Board of SAAT from both bank and Depository Receipt holders, as well as the continuation of the triple interest perspective, which is important for both the bank and SAAT. In this new structure, Depository Receipt holders may still bring suitable candidates to our attention.

We would like to hear your views on these two adjustments. To further underscore the desired independence of the Board of SAAT, we deem it useful to include explicit requirements in the Articles of Association, securing that our board members cannot be influenced in their judgement by any form of present or past involvement with the bank. And we also deem it sensible to include a clause in the Articles of Association that any appointment must be based on a profile specifying the necessary competences of a new board member and ensuring appropriate representation of Depository Receipt holders in the countries that are most important to Triodos Bank. We want to reduce our board members' maximum term of office to two times four years.

The Board of SAAT will continue to emphasise its independence also in other ways, for example by using its own website, its own mailing address and its own secretary. Any contact with Triodos Bank will be, in accordance with the Dutch *Corporate Governance Code*, on the proviso that only such information is shared by the bank with SAAT as could be equally shared with the Depository Receipt holders. This understanding will be laid down in writing.

The Depository Receipt holders' meeting

Until 23 March 2023, the Depository Receipt holders' meeting primarily provided an opportunity for Depository Receipt holders to engage in discussions on the positions taken by SAAT on their behalf at the AGM. In the future, this is still one of the possibilities for Depository Receipt holders who have entrusted their voting rights to SAAT. In addition, this meeting will remain a place for informal contacts and discussions on current issues affecting the relationship between the bank and its stakeholders.

The Board of SAAT recently decided to have the Depository Receipt holders' meeting precede the AGM, contrary to custom. As far as we have been able to observe, this change has been appreciated by Depository Receipt holders, as well as the Board of SAAT. We therefore propose to continue doing so in the future.

A question that does arise is how much time there should be between these two meetings. In the current situation, they are held on the same day. This makes it harder for SAAT to incorporate views expressed at the Depository Receipt holders' meeting into the positions to be taken at the AGM. Bringing forward the Depository Receipt holders' meeting by a few days would be helpful and provide an opportunity for meaningful interim discussions; however, it could also affect the attendance rate of Depository Receipt holders at either meeting. We welcome your ideas on this matter.

We would also like to hear your views on the prevailing cap of 1,000 votes that a single Depository Receipt holder can cast at SAAT's Depository Receipt holders' meeting. Within the current "*one share, one vote*" model, this cap does not apply to the bank's AGM. We have a slight preference for doing away with the cap for the Depository Receipt holders' meeting. Holders of fewer depository receipts might prefer to keep the cap in place, which at the time aimed to secure their influence and reduce that of parties with bigger stakes; for the latter, removing the cap could actually increase Triodos Bank's attractiveness as an investment. We are very interested to learn what you have to say about this.

Finally, by analogy to what applies to the bank's AGM, we would also like to give Depository Receipt holders the right to convene a meeting and propose items for the agenda, such as the remuneration of our board members and, together with the Bank's Executive Board, amendments to the Articles of Association and Terms of Administration. Similar to the AGM, we believe that, as is common elsewhere, this should require the support of 10% of the Depository Receipt holders for convening a meeting and 3% for setting the agenda.

The next stage

We look forward to your reactions to the above ideas, and this will be useful input as we formulate our final proposal to be voted upon.

I hope that many Depository Receipt holders, especially those who have been involved with Triodos Bank for a long time, are willing to share their views on governance changes with us. Our aim is to create such governance for SAAT that the bank can be best supported in fulfilling its important social role. I hope that objective will continue to connect all those involved in SAAT.

Last but not least: we also want to use the formal meeting planned for early 2024, as announced above, to fill the vacant board position of Mercedes Valcarcel. We find the situation in which the significant group of Spanish Depository Receipt holders is currently without representation on the Board of SAAT needs to be addressed and we therefore are looking for a suitable candidate. Should you have a suggestion for a candidate, please let us know as soon as possible.

I thank you for your attention and commitment.

Your sincerely,
on behalf of the Board of SAAT,

Alexander Rinnooy Kan
Chair