

Triodos  Bank

Annual Report 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.