

Triodos Bank

Matrix Corporate Governance Code 2023

Chapter 1 Sustainable long-term value creation

P 1.1 sustainable long-term value creation

The management board is responsible for the continuity of the company and its affiliated enterprise and for sustainable long-term value creation by the company and its affiliated enterprise. The management board takes into account the impact the actions of the company and its affiliated enterprise have on people and the environment and to that end weighs the stakeholder interests that are relevant in this context. The supervisory board monitors the management board in this regard.

1.1.1 Sustainable long-term value creation strategy

The management board should develop a view on sustainable long-term value creation by the company and its affiliated enterprise and formulate a strategy in line with this. The management board should formulate specific objectives in this regard. Depending on market dynamics, it may be necessary to make short-term adjustments to the strategy.

When developing the strategy, attention should in any event be paid to the following:

- i the strategy's implementation and feasibility;
- ii the business model applied by the company and the market in which the company and its affiliated enterprise operate;
- iii opportunities and risks for the company;
- iv the company's operational and financial goals and their impact on its future position in relevant markets;
- v the interests of the stakeholders;
- vi the impact of the company and its affiliated enterprise in the field of sustainability, including the effects on people and the environment;
- vii paying a fair share of tax to the countries in which the company operates; and
- viii the impact of new technologies and changing business models.

Triodos Bank applies this best practice. Triodos Bank shapes its strategy into 3-year plans called Group Strategic Plans (GSPs). The GSP is rooted into a 7-10-year overall Triodos vision. The GSP which runs from 2024 to 2026 is the first one under the umbrella of an updated vision: Vision 2030. This vision describes key trends in the outside world, as observed in the year 2023, and subsequently defines a longer-term strategic perspective for the future. Vision 2030 concludes with the aspirations of Triodos Bank for 2030. This is the starting point for a medium-term strategic direction, GSP24-26, and subsequent Group Year Plans (GYP). The annual business planning process addresses all mentioned items in preparation of each Group Year Plan.

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1.1.2 Involvement of the supervisory board

The management board should engage the supervisory board early on in formulating the strategy for realising sustainable long-term value creation. The management board accounts to the supervisory board for the strategy and the explanatory notes to that strategy.

Triodos Bank applies this best practice provision. Triodos Bank's Supervisory Board contributed to the development of the Group Strategic Plan 2024-2026 and Triodos Bank's "Vision 2030". The SB is regularly involved in the development of the group strategic plans in joint strategy sessions.

1.1.3 Role of the supervisory board

The supervisory board should supervise the manner in which the management board implements the strategy for sustainable long-term value creation. The supervisory board should regularly discuss the strategy, the implementation of the strategy and the principal risks associated with it. In the report drawn up by the supervisory board, an account is given of its involvement in the establishment of the strategy, and the way in which it monitors its implementation.

Triodos Bank applies this best practice provision. The development and progress of the long-term strategic perspective is regularly discussed between the Executive Board and the Supervisory Board. An explanation is given in the Supervisory Board Report.

1.1.4 Reporting by the management board

In the management report, the management board should provide a more detailed explanation of its view on sustainable long-term value creation and the strategy to realise this and describe the contributions made to sustainable long-term value creation in the past financial year. In addition, it describes the formulated objectives, what effects the company's products, services and activities have had on people and the environment, how the interests of stakeholders have been considered, what action has been taken in that context and the extent to which the set objectives have been attained. The management board should report on both short- and the long-term developments.

Triodos Bank applies this best practice provision. An explanation is provided in the Executive Board Report.

The second sentence of this best practice provision is not applicable if the company reports in accordance with the requirements laid down in Dutch legislation pursuant to the Corporate Sustainability Reporting Directive¹ (CSRD) or comparable standards applicable to the company in respect of its listing outside the Netherlands.

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1.1.5 Dialogue with stakeholders

To ensure that the interests of the relevant stakeholders of the company are considered when the sustainability aspects of the strategy are determined, the company should draw up an outline policy for effective dialogue with those stakeholders. The relevant stakeholders and the company should be prepared to engage in a dialogue. The company should facilitate this dialogue unless, in the opinion of the management board, this is not in the interests of the company and its affiliated enterprise. The company should publish the policy on its website.

Triodos Bank applies this best practice provision and takes stakeholder interests into account when determining the sustainability aspects of the strategy. The Stakeholder Policy is undergoing updates to reflect this best practice and will be published on the Triodos Bank website.

P 1.2 Risk management

The company should have adequate internal risk management and control systems in place. The management board is responsible for identifying and managing the risks associated with the company's strategy and activities.

1.2.1 Risk assessment

The management board should identify and analyse the risks associated with the strategy and activities of the company and its affiliated enterprise. The identification and analysis should cover in any case the strategic, operational, compliance and reporting risks. The management board is responsible for establishing the risk appetite, and also the measures that are put in place in order to counter the risks being taken.

Triodos Bank applies this best practice provision.

1.2.2 Implementation

Based on the risk assessment, as referred to in best practice provision 1.2.1, the management board should design, implement and maintain adequate internal risk management and control systems. To the extent relevant, these systems should be integrated into the work processes within the company and its affiliated enterprise, and should be familiar to those whose work they are relevant to.

Triodos Bank applies this best practice provision. Triodos Bank has risk management and risk control systems in place which are geared towards its business. Tools of these systems include risk analyses of the operational and financial objectives of the business, policies and guidelines for the design and layout of financial reporting, and monitoring and reporting systems.

1.2.3 Monitoring of design and operation

The management board should monitor the design and operation of the internal risk management and control systems and should carry out a systematic assessment of their design and operation at least once a year. Attention should be paid to observed weaknesses, instances of misconduct and irregularities, indications from whistleblowers, lessons learned and findings from the internal audit function and the external auditor. Where necessary, improvements should be made to internal risk management and control systems.

Triodos Bank applies this best practice provision. Assessments on the effectiveness of the internal control environment are executed by the first, second, third, and fourth line of defence, and respectively reported to the Executive Board.

P 1.3 Internal audit function

The task of the internal audit function is to assess the design and operation of the internal risk management and control systems. The management board is responsible for the internal audit function. The supervisory board oversees the internal audit function and maintains regular contact with the person fulfilling this function.

1.3.1 Appointment and dismissal

The management board both appoints and dismisses the senior internal auditor. Both the appointment and the dismissal of the senior internal auditor should be submitted to the supervisory board for approval, along with the recommendation of the audit committee.

Triodos Bank applies this best practice provision. The Supervisory Board and Audit and Risk Committee Charters are in conformity with the provision. During the year, no changes took place to the position of the senior internal auditor.

1.3.2 Assessment of the internal audit function

The management board should assess annually the way in which the internal audit function fulfils its responsibility, after consultation with the audit committee. An independent third party should assess the performance of the internal audit function at least every five years.

Triodos Bank applies this best practice provision. The last evaluation (covering the year 2023) with the EB took place on 18 January 2024. Evaluation by Audit and Risk Committee took place on 8 February 2024.

1.3.3 Internal audit plan

The internal audit function should draw up an audit plan after consultation with the management board, the audit committee and the external auditor. The audit plan should be submitted to the management board and then to the supervisory board for approval. In the internal audit plan, attention should be paid to interaction with the external auditor.

Triodos Bank applies this best practice provision. The audit plan of the Internal Audit department and its realization are addressed in the regular information exchange between the Internal Audit department, the external auditor and the Audit and Risk Committee. The Supervisory Board (SB) and Audit and Risk Committee (ARC) Charters are in conformity with the provision. The audit plan 2024 has been approved by the SB in their meeting of December 2023, after discussion in the Audit and Risk Committee. The audit plan 2023 has been discussed and approved by the ARC and SB on 8 December 2022 and 9 December 2022 respectively.

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1.3.4 Performance of work

The internal audit function should have sufficient resources to execute the internal audit plan and have access to information that is important for the performance of its work. The internal audit function should have direct access to the audit committee and the external auditor. Records should be kept of how the audit committee is informed by the internal audit function.

Triodos Bank applies this best practice provision. The Supervisory Board and Audit and Risk Committee Charters are in conformity with the provision. The Head of Internal Audit has free access to the external auditor and to the Chair of the Audit and Risk Committee and is standardly attending the Audit and Risk Committee meetings. Resourcing (FTE + co-source) considered to be sufficient though pressured but no vacancies at year end.

1.3.5 Reports of findings

The internal audit function should report the audit results to the management board and the audit committee, and inform the external auditor. The findings of the internal audit function should, at least, include the following:

- i any flaws in the effectiveness of the internal risk management and control systems;
- ii any findings and observations with a material impact on the risk profile of the company and its affiliated enterprise; and
- iii any failings in the follow-up of recommendations made by the internal audit function.

The internal audit function should report hierarchically to a member of the management board, preferably to the CEO.

Triodos Bank applies this best practice provision. The reports of the Internal Audit department are regularly discussed with the Executive Board and the essence is shared in the regular information exchange and meetings with the external auditor and the Audit and Risk Committee. The topics mentioned are included in the quarterly overall reports. The outcome of audits are shared with the external auditor as well.

1.3.6 Absence of an internal audit department

If there is no separate department for the internal audit function, the supervisory board will assess annually whether adequate alternative measures have been taken, partly on the basis of a recommendation issued by the audit committee, and will consider whether it is necessary to establish an internal audit department. The supervisory board should include the conclusions, along with any resulting recommendations and alternative measures, in the report of the supervisory board.

This best practice provision is not relevant to Triodos Bank, as there is an internal audit function.

P 1.4 Risk management accountability

The management board should render account of effectiveness of the design and the operation of the internal risk management and control systems.

1.4.1 Accountability to the supervisory board

The management board should discuss the effectiveness of the design and operation of the internal risk management and control systems referred to in best practice provisions 1.2.1 to 1.2.3 inclusive with the audit committee, and render account of this to the supervisory board.

Triodos Bank applies this provision. The Supervisory Board Charter is in line with this best practice provision.

1.4.2 Reporting on risk management

In the management report, the management board should render account of:

- i the execution of the risk assessment, with a description of the principal risks facing the company in relation to its risk appetite, as referred to in best practice provision 1.2.1;
- ii the design and operation of the internal risk management and control systems during the past financial year;
- iii any major failings in the internal risk management and control systems which have been observed in the financial year, any significant changes made to these systems and any major improvements planned, along with a confirmation that these issues have been discussed with the audit committee and the supervisory board; and
- iv the sensitivity of the results of the company to material changes in external factors.

Triodos Bank applies this provision. The information required by this best practice provision is provided in the risk management section of the annual accounts and in the Executive Board Report. It aims at providing insight into the most important risks for Triodos Bank and how these are monitored. Also the sensitivity of the results of Triodos Bank with regard to a number of relevant external factors is addressed. One of the focus areas is to further harmonise key control testing activities, herewith creating more uniform insights across the group (currently focus more on entity level).

1.4.3 Statement by the management board

The management board should state in the management report, with clear substantiation, that:

- i the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- ii the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- iii based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- iv the report states the material risks, as referred to in best practice provision 1.2.1, and the uncertainties, to the extent that they are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

The information required by this best practice provision is provided in the risk management section of the annual accounts and in the Executive Board Report.

P 1.5 Role of the supervisory board

The supervisory board should supervise the policies carried out by the management board and the general affairs of the company and its affiliated enterprise. In so doing, the supervisory board should also focus on the effectiveness of the company's internal risk management and control systems and the integrity and quality of the financial and sustainability reporting.

1.5.1 Duties and responsibilities of the audit committee

The audit committee undertakes preparatory work for the supervisory board's decision-making regarding the supervision of the integrity and quality of the company's financial and sustainability reporting and the effectiveness of the company's internal risk management and control systems, as referred to in best practice provisions 1.2.1 to 1.2.3 inclusive. It focuses among other things on the supervision of the management board with regard to:

- i relations with, and compliance with, recommendations and follow-up of comments by the internal and external auditors and any other external party involved in auditing the sustainability reporting;
- ii the funding of the company; and
- iii the company's tax policy.

The Audit and Risk Committee's task is to prepare decisions on audit and risk management to be adopted by the Supervisory Board. It supervises the Executive Board's activities described in this best practice provision. The Charter of the Audit and Risk Committee is in conformity with this best practice and is available on the Triodos Bank website as part of the Supervisory Board Charter (Annex B).

1.5.2 Attendance of the management board, internal auditor and external auditor at audit committee consultations

The chief financial officer, the internal auditor and the external auditor should attend the audit committee meetings, unless the audit committee determines otherwise. The audit committee should decide whether and, if so, when the chairman of the management board should attend its meetings.

Triodos Bank applies this provision. The Charter of the Audit and Risk Committee is in conformity with this best practice provision.

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1.5.3 Audit committee report

The audit committee should report to the supervisory board on its deliberations and findings. This report must, at least, include the following information:

- i the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in best practice provisions 1.2.1 to 1.2.3, inclusive;
- ii the methods used to assess the effectiveness of the internal and external audit processes;
- iii material considerations concerning financial and sustainability reporting; and
- iv the way in which material risks and uncertainties referred to in best practice provisions 1.4.2 and 1.4.3, have been analysed and discussed, along with a description of the most important findings of the audit committee.

The Audit and Risk Committee provides verbal reports on their deliberations and findings and, when timely available, draft minutes of the Audit and Risk Committee meetings, to the entire Supervisory Board.

1.5.4 Supervisory board

The supervisory board should discuss the items reported on by the audit committee on the basis of best practice provision 1.5.3.

Following the oral and written reports of the Audit and Risk Committee on its deliberations and findings, the full Supervisory Board discusses the reported items.

P 1.6 Appointment and assessment of the functioning of the external auditor

The supervisory board should submit the nomination for the appointment of the external auditor to the general meeting and should supervise the external auditor's functioning.

1.6.1 Functioning and appointment

The audit committee should report annually to the supervisory board on the functioning of, and the developments in, the relationship with the external auditor. The audit committee should advise the supervisory board regarding the external auditor's nomination for appointment/reappointment or dismissal and should prepare the selection of the external auditor. The audit committee should give due consideration to the management board's observations during the aforementioned work. Also on this basis, the supervisory board should determine its nomination for the appointment of the external auditor to the general meeting.

Triodos Bank applies this best practice provision.

1.6.2 Informing the external auditor about its functioning

The supervisory board should give the external auditor a general idea of the content of the reports relating to its functioning.

Triodos Bank applies this best practice provision. The Supervisory Board operates in accordance with this best practice provision.

1.6.3 Engagement

The audit committee should submit a proposal to the supervisory board for the external auditor's engagement to audit the annual accounts. The management board should play a facilitating role in this process. In formulating the terms of engagement, attention should be paid to the scope of the audit, the materiality to be applied and remuneration for the audit. The supervisory board should resolve on the engagement.

Triodos Bank applies this best practice provision.

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1.6.4 Accountability

The main conclusions of the supervisory board regarding the external auditor's nomination and the outcomes of the external auditor selection process should be communicated to the general meeting.

Triodos Bank applies this best practice provision.

1.6.5 Departure of the external auditor

The company should publish a press release in the event of the early termination of the relationship with the external audit firm. The press release should explain the reasons for this early termination.

Triodos Bank applies this best practice provision.

P 1.7 Performance of the external auditor's work

The audit committee and the external auditor should discuss the audit plan and the findings of the external auditor based on the work the external auditor has undertaken. The management board and the supervisory board should maintain regular contact with the external auditor.

1.7.1 Provision of information to the external auditor

The management board should ensure that the external auditor will receive all information that is necessary for the performance of his work in a timely fashion. The management board should give the external auditor the opportunity to respond to the information that has been provided.

Triodos Bank applies this best practice provision.

1.7.2 Audit plan and external auditor's findings

The external auditor should discuss the draft audit plan with the management board before presenting it to the audit committee. The audit committee should discuss annually with the external auditor:

- i the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and
- ii based also on the documents from which the audit plan was developed, the findings and outcomes of the audit work on the annual accounts and the management letter.

Triodos Bank applies this best practice provision.

1.7.3 Publication of financial reports

The audit committee should determine whether and, if so, how the external auditor should be involved in the content and publication of financial reports other than the annual accounts.

Triodos Bank applies this best practice provision.

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1.7.4 Consultations with the external auditor outside the management board's presence

The audit committee should meet with the external auditor as often as it considers necessary, but at least once per year, without the presence of the management board.

Triodos Bank applies this best practice provision. The external auditor is invited to join all Audit and Risk Committee (ARC) meetings. In addition, at least one meeting is held without the presence of the management board. Further, the Chair of the ARC is in regular contact with the audit engagement partner.

1.7.5 Examination of discussion points arising between the external auditor and the management board

The supervisory board should be permitted to examine the most important points of discussion arising between the external auditor and the management board based on the draft management letter or the draft audit report.

Triodos Bank applies this best practice provision.

1.7.6 External auditor's attendance of supervisory board meetings

The external auditor should in any event attend the meeting of the supervisory board at which the report of the external auditor on the audit of the annual accounts is discussed.

Triodos Bank applies this best practice provision.

Chapter 2 Effective management and supervision

P 2.1 Composition and size

The management board, the supervisory board and the executive committee (if any) should be composed in such a way as to ensure a degree of diversity appropriate to the company with regard to expertise, experience, competencies, other personal qualities, sex or gender identity, age, nationality and cultural or other background.

2.1.1 Profile

The supervisory board should prepare a profile, taking account of the nature and the activities of the enterprise affiliated with the company. The profile should address:

- i the desired expertise and background of the supervisory board members;
- ii the desired diverse composition of the supervisory board, referred to in best practice provision 2.1.5;
- iii the size of the supervisory board; and
- iv the independence of the supervisory board members.

The profile should be posted on the company's website.

Triodos Bank applies this best practice provision. The Supervisory Board profile is in line with this provision and is part of the Supervisory Board Charter (Annex 1).

2.1.2 Personal information

The following information about each supervisory board member should be included in the report of the supervisory board:

- i sex or, if desired by the person concerned, gender identity;
- ii age;
- iii nationality;
- iv principal position (if appropriate);
- v other positions, insofar as they are relevant to the performance of the duties of the supervisory board member;
- vi date of initial appointment; and
- vii current term of office.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

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2.1.3 Executive committee

If the management board works with an executive committee, the management board should take account of the checks and balances that are part of the two-tier system. This means, among other things, that the management board's expertise and responsibilities are safeguarded and the supervisory board is informed adequately. The supervisory board should supervise this while paying specific attention to the dynamics and the relationship between the management board and the executive committee.

In the management report, account should be rendered of:

- i the choice to work with an executive committee;
- ii the role, duty and composition of the executive committee; and
- iii how the contacts between the supervisory board and the executive committee have been given shape.

This provision is not applicable to Triodos Bank because it has no executive committee.

2.1.4 Expertise

Each supervisory board member and each management board member should have the specific expertise required for the fulfilment of his duties. Each supervisory board member should be capable of assessing the broad outline of the overall management.

The Supervisory Board has drawn up a profile defining its size and composition, taking into account the nature of the business, its activities and the required expertise and background of the Supervisory Board members. The profile is part of the Supervisory Board Charter.

2.1.5 Policy on Diversity and Inclusion (D&I policy)

The company should have a D&I policy for the enterprise. The D&I policy should in any case set specific, appropriate and ambitious targets in order to achieve a good balance in gender diversity and the other D&I aspects of relevance to the company with regard to the composition of the management board, the supervisory board, the executive committee (if any) and a category of employees in managerial positions ("senior management") to be determined by the management board.

The supervisory board adopts the D&I policy for the composition of the management board and the supervisory board. The management board should adopt the D&I policy for the executive committee (if applicable), the senior management and for the rest of the workforce with the prior approval of the supervisory board

Triodos Bank complies with this best practice provision. A group-wide Equity, Diversity and Inclusion Policy has been adopted by the Supervisory Board and the Executive Board in 2023.

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2.1.6 Reporting on the D&I policy

The corporate governance statement should explain the D&I policy and the way in which it is implemented in practice. This includes the following information:

- i the goals of the D&I policy;
- ii the plan to achieve the goals of the D&I policy;
- iii the results of the D&I policy in the past financial year and – where relevant and applicable – insight into the inflow, progression and retention of employees; and
- iv the gender composition of the management board, the supervisory board, the executive committee (if any) and senior management at the end of the past financial year.

If one or more goals for the composition of the management board, the supervisory board, the executive committee (if any) and/or senior management are not achieved, an explanation of the reasons should be included in the corporate governance statement, along with an explanation as to which measures are being taken to attain the goals, and by when this is likely to be achieved.

2.1.7 Independence of the supervisory board

The composition of the supervisory board is such that the members are able to operate independently and critically vis-à-vis one another, the management board and any particular interests involved.

In order to safeguard its independence, the supervisory board is composed in accordance with the following criteria:

- i any one of the criteria referred to in best practice provision 2.1.8, sections i to v inclusive, should be applicable to at most one supervisory board member;
- ii the total number of supervisory board members to whom the criteria referred to in best practice provision 2.1.8 are applicable should account for less than half of the total number of supervisory board member; and
- iii for each shareholder or group of affiliated shareholders directly or indirectly holding more than 10 per cent of the shares in the company, there is at most one supervisory board member who can be considered to be affiliated with or representing them as stipulated in best practice provision 2.1.8, sections vi and vii.

Triodos Bank complies with this best practice provision. Information on the Equity, Diversity and Inclusion Policy of Triodos Bank and the way it is implemented in practice can be found in the Annual Report – under the our co-workers section – and is included in the Corporate Governance Statement by way of reference.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

2.1.8 2.1.8 Independence of supervisory board members

Supervisory board members are not independent if they or their spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

- i has been an employee or member of the management board of the company (or an issuing institution associated with the company as referred to in Section 5:48 of the Financial Supervision Act (Wet op het financieel toezicht, Wft) in the five years prior to the appointment;
- ii receives personal financial compensation from the company, or an entity associated with it, other than the compensation received for the work performed as a supervisory board member and insofar as this is not in keeping with the normal course of business;
- iii has had an important business relationship with the company or an entity associated with it in the year prior to the appointment. This includes in any event the case where the supervisory board member, or the firm of which he is a shareholder, partner, associate or advisor, has acted as advisor to the company (consultant, external auditor, civil notary or lawyer) and the case where the supervisory board member has been a management board member or an employee of a bank with which the company has a lasting and significant relationship;
- iv is a member of the management board of a company in which a member of the management board of the company which he supervises is a supervisory board member;
- v has temporarily performed management duties during the previous twelve months in the absence or incapacity of management board members;
- vi has a shareholding in the company of at least 10 percent, taking into account the shareholding of natural persons or legal entities collaborating with him on the basis of an express or tacit verbal or written agreement;
- vii is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which directly or indirectly holds at least 10 per cent of the shares in the company, unless the entity is a group company.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

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2.1.9 Independence of the chairman of the supervisory board

The chairman of the supervisory board should not be a former member of the management board of the company and should be independent within the meaning of best practice provision 2.1.8.

Triodos Bank complies with this best practice provision.

2.1.10 Accountability regarding supervisory board member independence

The report of the supervisory board should state that, in the opinion of the supervisory board, the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and, if applicable, should also state which supervisory board member (or members), if any, it does not consider to be independent.

Triodos Bank complies with this best practice provision.

P 2.2 Appointment, succession and evaluation

The supervisory board should ensure that a formal and transparent procedure is in place for the appointment and reappointment of management board and supervisory board members, as well as a sound plan for the succession of management board and supervisory board members, in accordance with the D&I policy.

The functioning of the management board and the supervisory board as a collective and the functioning of individual members should be evaluated on a regular basis.

2.2.1 Appointment and reappointment periods – management board members

A management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The D&I objectives from best practice provision 2.1.5 should be considered in the preparation of the appointment or reappointment.

Triodos Bank complies with this best practice provision. The diversity objectives are taken into account when a new appointment is required.

2.2.2 Appointment and reappointment periods – supervisory board members

A supervisory board member is appointed for a period of four years and may then be reappointed once for another four-year period. The supervisory board member may then be reappointed again for a period of two years, which appointment may be extended by at most two years. In the event of reappointment after an eight-year period, reasons should be given in the report of the supervisory board. At any appointment or reappointment, the profile referred to in best practice provision 2.1.1 should be observed.

Triodos Bank does not fully comply with this best practice provision. The articles of association allow the General Meeting to re-appoint a member of the Supervisory Board due to special circumstances after his/her maximum number of terms (3x4 years) has been completed. The objective of this provision is to create extra time and space for the Supervisory Board to fill vacancies in its ranks. Furthermore Triodos Bank thinks it is valuable to have Supervisory Board members that can add value in the longer term. However, the internal policy is that Supervisory Board members are, in principle, in office for 2x4 years.

2.2.3 Early retirement

A member of the supervisory board or the management board should retire early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which this is deemed necessary by the supervisory board. In the event of the early retirement of a member of the management board or the supervisory board, the company should issue a press release mentioning the reasons for the departure.

Triodos Bank applies this best practice provision.

2.2.4 Succession

The supervisory board should ensure that the company has a sound plan in place for the succession of management board and supervisory board members that is aimed at retaining the balance in the requisite expertise, experience and diversity. Due regard should be given to the profile referred to in best practice provision 2.1.1 in drawing up the plan for supervisory board members. The supervisory board should also draw up a retirement schedule in order to avoid, as much as possible, supervisory board members retiring simultaneously. The retirement schedule should be published on the company's website.

Triodos Bank applies this best practice provision. The resignation rota of the Supervisory Board is available on the Triodos Bank website.

2.2.5 Duties of the selection and appointment committee

The selection and appointment committee should prepare the supervisory board's decision-making and report to the supervisory board on its deliberations and findings. The selection and appointment committee should in any event focus on:

- i drawing up selection criteria and appointment procedures for management board members and supervisory board members;
- ii periodically assessing the size and composition of the management board and the supervisory board, and making a proposal for a composition profile of the supervisory board;
- iii periodically assessing the functioning of individual management board members and supervisory board members, and reporting on this to the supervisory board;
- iv drawing up a plan for the succession of management board members and supervisory board members;
- v making proposals for appointments and reappointments; and
- vi supervising the policy of the management board regarding the selection criteria and appointment procedures for senior management.

Triodos Bank applies this best practice provision.

2.2.6 Evaluation by the supervisory board

At least once per year, outside the presence of the management board, the supervisory board should evaluate its own functioning, the functioning of the various committees of the supervisory board and of the individual supervisory board members, and discuss the conclusions of this evaluation.

In doing so, attention should be paid to:

- i substantive aspects, conduct and culture, the mutual interaction collaboration, and the interaction with the management board;
- ii events that occurred in practice from which lessons may be learned; and
- iii the desired profile, composition, competencies and expertise of the supervisory board.

The evaluation should take place periodically under the supervision of an external expert.

Triodos Bank applies this best practice provision.

2.2.7 Evaluation of the management board

At least once per year, outside the presence of the management board, the supervisory board should evaluate both the functioning of the management board as a whole and that of the individual management board members, and should discuss the conclusions that must be attached to the evaluation, such also in light of the succession of management board members. At least once annually, the management board should also evaluate its own functioning as a whole and that of the individual management board members.

Triodos Bank applies this best practice provision.

2.2.8 Evaluation accountability

The supervisory board's report should state:

- i how the evaluation of the supervisory board, the various committees and the individual supervisory board members has been carried out;
- ii how the evaluation of the management board and the individual management board members has been carried out;
- iii the main findings and conclusions of the evaluations; and
- iv what has been or will be done with the conclusions from the evaluations.

Triodos Bank applies this best practice provision.

P 2.3 Organisation of the supervisory board and reports

The supervisory board should ensure that it functions effectively. The supervisory board should establish committees to prepare the supervisory board's decision-making. The foregoing does not affect the responsibility of the supervisory board as an organ and of the individual members of the supervisory board for obtaining information and forming an independent opinion.

2.3.1 Supervisory board's terms of reference

The division of duties within the supervisory board and the procedures of the supervisory board should be laid down in terms of reference. The supervisory board's terms of reference should include a paragraph dealing with its relations with the management board, the general meeting, the employee participation body (if any) and the executive committee (if any). The terms of reference should be posted on the company's website.

Triodos Bank applies this best practice provision.

2.3.2 Establishment of committees

If the supervisory board consists of more than four members, it should appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. Without prejudice to the collegiate responsibility of the supervisory board, the duty of these committees is to prepare the decision-making of the supervisory board. If the supervisory board decides not to establish an audit committee, a remuneration committee or a selection and appointment committee, the best practice provisions applicable to such committees should apply to the entire supervisory board.

Triodos Bank applies this best practice provision. The rules governing the committees are part of the Supervisory Board Charter (Annexes B and C). Per January 2023, the Supervisory Board has a combined Nomination and Remuneration Committee.

Corporate Governance Code text

Implementation by Triodos Bank

2.3.3 Committees' terms of reference

The supervisory board should draw up terms of reference for the audit committee, the remuneration committee and the selection and appointment committee. The terms of reference should indicate the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. The terms of reference should be posted on the company's website.

Triodos Bank applies this best practice provision. The rules governing the committees are part of the Supervisory Board Charter (Annexes B and C) and are published on the company's website.

2.3.4 Composition of the committees

The audit committee or the remuneration committee should not be chaired by the chairman of the supervisory board or by a former member of the management board of the company. More than half of the members of the committees should be independent within the meaning of best practice provision 2.1.8.

Triodos Bank applies this best practice provision. The committee charters are in conformity with this provision.

2.3.5 Committee reports

The supervisory board should receive from each of the committees a report of their deliberations and findings. In the report of the supervisory board it should comment on how the duties of the committees were carried out in the financial year. In this report, the composition of the committees, the number of committee meetings and the main items discussed at the meetings should be mentioned.

Triodos Bank applies this best practice provision. At the subsequent Supervisory Board meeting, the chairs of the respective committees give a verbal report of the preceding committee meetings. In the Annual Report, a written report is included.

Corporate Governance Code text

Implementation by Triodos Bank

2.3.6 Chairman of the supervisory board

The chairman of the supervisory board should in any case ensure that:

- i the supervisory board has proper contact with the management board, the employee participation body (if any) and the general meeting;
- ii the supervisory board elects a vice-chairman;
- iii there is sufficient time for deliberation and decision-making by the supervisory board;
- iv the supervisory board members receive all information that is necessary for the proper performance of their duties in a timely fashion;
- v the supervisory board and its committees function properly;
- vi the functioning of individual management board members and supervisory board members is assessed at least annually;
- vii the supervisory board members and management board members follow their induction programme;
- viii the supervisory board members and management board members follow their education or training programme;
- ix the management board performs activities in respect of culture;
- x the supervisory board recognises signs from the enterprise affiliated with the company and ensures that any actual or suspected material misconduct and irregularities are reported to the supervisory board without delay;
- xi the general meeting proceeds in an orderly and efficient manner;
- xii effective communication with shareholders is assured; and
- xiii the supervisory board is involved closely, and at an early stage, in any merger or acquisition processes.

The chairman of the supervisory board should consult regularly with the chairman of the management board.

Triodos Bank applies this best practice provision. The responsibilities of the Chair are defined in the Supervisory Board Charter.

2.3.7 Vice-chairman of the supervisory board

The vice-chairman of the supervisory board should deputise for the chairman when the occasion arises.

Triodos Bank applies this best practice provision.

Corporate Governance Code text

Implementation by Triodos Bank

2.3.8 Delegated supervisory board member

A delegated supervisory board member is a supervisory board member who has a special duty. The delegation must not extend beyond the duties of the supervisory board itself and must not include the management of the company. Its purpose is more intensive supervision and advice and more regular consultation with the management board. The delegation should only be of a temporary nature. The delegation must not detract from the duties and powers of the supervisory board. The delegated supervisory board member continues to be a member of the supervisory board and should report regularly on the execution of his special duty to the plenary supervisory board.

Where appropriate, Triodos Bank will apply this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

2.3.9 Temporary management board function of a supervisory board member

A supervisory board member who temporarily takes on the management of the company, where the management board members are absent or unable to fulfil their duties, should resign from the supervisory board.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

2.3.10 Company secretary

The supervisory board should be supported by the company secretary. The secretary:

- i should ensure that the proper procedures are followed and that the statutory obligations and obligations under the articles of association are complied with;
- ii should facilitate the provision of information of the management board and the supervisory board; and
- iii should support the chairman of the supervisory board in the organisation of the affairs of the supervisory board, including the provision of information, meeting agendas, evaluations and training programmes.

The company secretary should, either on the initiative of the supervisory board or otherwise, be appointed and dismissed by the management board, after the approval of the supervisory board has been obtained.

If the secretary also undertakes work for the management board and notes that the interests of the management board and the supervisory board diverge, as a result of which it is unclear which interests the secretary should represent, the secretary should report this to the chairman of the supervisory board.

Triodos Bank applies this best practice provision. The responsibilities of the company secretary are defined in the Supervisory Board Charter.

2.3.11 Report of the supervisory board

The annual statements of the company include a report by the supervisory board. In this report, the supervisory board should render account of the supervision conducted in the past financial year, reporting in any event on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2.

Triodos Bank applies this best practice provision.

P 2.4 Decision-making and functioning

The management board and the supervisory board should ensure that decisions are made in a balanced and effective manner while taking account of the interests of stakeholders. The management board should ensure that information is provided in a timely and sound manner. The management board and the supervisory board should keep their knowledge and skills up to date and devote sufficient time to their duties and responsibilities. They should ensure that, in performing their duties, they have the information that is required for effective decision-making.

2.4.1 Stimulating openness and accountability

The management board and the supervisory board are each responsible for stimulating openness and accountability within the body of which they form part, and between the different bodies within the company.

Triodos Bank applies this best practice provision.

2.4.2. Other positions

Management board members and supervisory board members should report any other positions they may hold to the supervisory board in advance and, at least annually, the other positions should be discussed at the supervisory board meeting. The acceptance of membership of a supervisory board by a management board member requires the approval of the supervisory board.

Triodos Bank applies this best practice provision. Procedures for acceptance of other positions have been further detailed in the Supervisory Board Charter and the internal Policy on Ancillary Positions. The other positions of EB and SB members are discussed annually.

2.4.3 Point of contact for the functioning of supervisory board and management board members

The chairman of the supervisory board should act on behalf of the supervisory board as the main contact for the management board, supervisory board members and shareholders regarding the functioning of management board members and supervisory board members. The vice-chairman should act as a contact for individual supervisory board members and management board members regarding the functioning of the chairman.

Triodos Bank applies this best practice provision.

2.4.4 Attendance at supervisory board meetings

Supervisory board members should attend supervisory board meetings and the meetings of the committees of which they are a part. If supervisory board members are frequently absent from these meetings, they should be held to account on this. The report of the supervisory board should state the absenteeism rate from supervisory board and committee meetings of each supervisory board member.

Triodos Bank applies this best practice provision.

2.4.5 Induction programme for supervisory board members

All supervisory board members should follow an induction programme geared to their role. The induction programme should in any event cover general financial, social and legal affairs, financial and sustainability reporting by the company, any specific aspects that are unique to the relevant company and its business activities, the company culture and the relationship with the employee participation body (if any), and the responsibilities of a supervisory board member.

Triodos Bank applies this best practice provision.

2.4.6 Development

The management board and the supervisory board should each conduct an annual review for their own body to identify any aspects with regard to which the supervisory board members and management board members require training or education.

Triodos Bank applies this best practice provision.

2.4.7 Information safeguards

The management board should ensure that internal procedures are established and maintained which safeguard that all relevant information is known to the management board and the supervisory board in a timely fashion. The supervisory board should supervise the establishment and implementation of these procedures.

Triodos Bank applies this best practice provision.

2.4.8 Supervisory board members' responsibility for obtaining information

The supervisory board and each individual supervisory board member have their own responsibility for obtaining the information from the management board, the internal audit function, the external auditor and the employee participation body (if any) that the supervisory board needs in order to be able to carry out its duties properly as a supervisory body.

Triodos Bank applies this best practice provision.

2.4.9. Obtaining information from officers and external parties

If the supervisory board considers it necessary, it may obtain information from officers and external advisors of the company. The company should provide the necessary means to this end. The supervisory board may require that certain officers and external advisors attend its meetings.

Triodos Bank applies this best practice provision.

P 2.5 Culture

The management board is responsible for creating a culture aimed at sustainable long-term value creation for the company and its affiliated enterprise. The supervisory board should supervise the activities of the management board in this regard.

2.5.1 Management board's responsibility for culture

The management board should adopt values for the company and its affiliated enterprise that contribute to a culture focused on sustainable long-term value creation, and discuss these with the supervisory board. The management board is responsible for the incorporation and maintenance of these values within the company and its affiliated enterprise. The management board should encourage behaviour that is in keeping with the values and propagate these values through leading by example. Attention must be paid to the following, among other things:

- i the strategy and the business model;
- ii the environment in which the enterprise operates;
- iii the existing culture within the enterprise, and whether it is desirable to implement any changes in this; and
- iv the social safety within the enterprise and the ability to discuss and report actual or suspected misconduct or irregularities.

Triodos Bank applies this best practice provision.

2.5.2 Code of conduct

The management board should draw up a code of conduct and monitor its effectiveness and compliance with this code, on the part of both itself and the employees of the company. The management board should inform the supervisory board of its findings and observations with regard to the effectiveness of and compliance with the code. The code of conduct should be posted on the company's website.

Triodos Bank complies with this best practice provision. An all-encompassing Code of Conduct has been developed and approved and was published on the Triodos Bank website in 2024. Further implementation of the Code of Conduct will take place in the course of 2024. In addition, Triodos Bank has adopted multiple policies and codes pertaining to values, business practices and expected behaviour which are available on the Triodos Bank website.

2.5.3 Employee participation

If the company has established an employee participation body, the following should also be discussed in the consultations between the management board, the supervisory board and such employee participation body:

- i the conduct and culture in the company and its affiliated enterprise;
- ii the values adopted by the management board on the basis of best practice provision 2.5.1, and”
- iii the company’s D&I policy.

Triodos Bank applies this best practise provision. Conduct and culture and the values of Triodos Bank are part of regular discussions with the Triodos’ Works Council. Triodos conducts Employee engagement surveys three times a year where conduct and culture are part of to mobilise the voice of the co-workers. The results are discussed with the Works Council, Management, EB and SB, co-workers and amongst the teams. EDI ambassadors of our co-worker community reviewed the ED&I policy and the Works Council was taken along.

2.5.4 Reporting on culture

In the management report, the management board should provide explanatory notes on:

- i the culture within the enterprise, and whether it is desirable to implement any changes in this;
- ii how the culture, the underlying values and conduct promoted within the enterprise contribute to sustainable long-term value creation and, if it is considered desirable to amend these, which initiatives are taken to further increase this contribution; and
- iii the effectiveness of, and compliance with, the code of conduct.

Triodos Bank applies this best practice provision.

P 2.6 Misconduct and irregularities

The management board and the supervisory board should be alert to signs of actual or suspected misconduct or irregularities. The management board should establish a procedure for reporting actual or suspected misconduct or irregularities, and take appropriate follow-up action on the basis of these reports. The supervisory board monitors the management board in this regard.

2.6.1 Procedure for reporting actual or suspected misconduct or irregularities

The management board should establish a procedure for reporting actual or suspected misconduct or irregularities within the company and its affiliated enterprise. The procedure should be posted on the company's website. The management board should ensure that employees have the opportunity to file such a report without jeopardizing their legal position.

Triodos Bank applies this best practise provision. Detailed rules have been included in the Whistle blower policy and there is also a SpeakUp platform for reporting (concerns on) misconduct or irregularities, which is managed by Group Compliance and Human Resources. There are also misconduct questions included in co-worker surveys. All co-workers need to complete a mandatory e-learning on the SpeakUp procedures.

2.6.2 Informing the chairman of the supervisory board

The management board should inform the chairman of the supervisory board without delay of any signs of actual or suspected material misconduct or irregularities within the company and its affiliated enterprise. If the actual or suspected misconduct or irregularity pertains to the functioning of a management board member, employees can report this directly to the chairman of the supervisory board.

Triodos Bank applies this best practice provision. Detailed rules have been included in the Whistle blower policy and the Supervisory Board Charter. There is also a SpeakUp platform for reporting (concerns on) misconduct or irregularities, which is managed by Group Compliance.

Corporate Governance Code text

Implementation by Triodos Bank

2.6.3 Notification by the external auditor

The external auditor should inform the management board and the chairman of the audit committee without delay if, during the performance of his duties, he discovers or suspects an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of one or more management board members, the external auditor should report this directly to the chairman of the supervisory board.

This best practice provision applies to the external auditor.

2.6.4 Notification by the internal audit function

The internal audit function should inform the management board and the chairman of the audit committee without delay if, during the performance of his duties, he discovers or suspects an instance of material misconduct or irregularity. If the actual or suspected material misconduct or irregularity pertains to the functioning of one or more management board members, the internal audit function should report this to the chairman of the supervisory board.

Triodos Bank applies this best practice provision. No instances of material misconduct or irregularity which needed to be escalated were identified during the year.

2.6.5 Oversight by the supervisory board

The supervisory board monitors the operation of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions. In order to safeguard the independence of the investigation in cases where the management board itself is involved, the supervisory board should have the option of initiating its own investigation into any signs of misconduct or irregularities and to coordinate this investigation.

Triodos Bank applies this best practice provision.

P 2.7 Preventing conflicts of interest

Any form of conflict of interest between the company and the members of its management board or supervisory board should be prevented. To avoid conflicts of interest, adequate measures should be taken. The supervisory board is responsible for the decision-making on dealing with conflicts of interest regarding management board members, supervisory board members and majority shareholders in relation to the company.

2.7.1 Preventing conflicts of interest

Management board members and supervisory board members are alert to conflicts of interest and should in any case refrain from the following:

- i competing with the company;
- ii demanding or accepting substantial gifts from the company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- iii providing unjustified advantages to third parties at the company's expense;
- iv taking advantage of business opportunities to which the company is entitled for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

Triodos Bank applies this best practice provision. Detailed rules have been included in the Triodos Bank's Conflict of Interest Policy. Potential conflicts of interests are a regular item on the agenda of the Executive Board, and both Executive Board and Supervisory board members sign a yearly statement to the Group Director Compliance regarding this topic. There is also a Gifts & Hospitality policy and there are mandatory e-learnings for all co-workers, including EB & SB, on the topics Conflicts of Interest, Ancillary Positions and Gifts & Hospitality.

2.7.2 Terms of reference

The terms of reference of the supervisory board should contain rules on dealing with conflicts of interest, including conflicting interests between management board members and supervisory board members on the one hand and the company on the other. The terms of reference should also stipulate which transactions require the approval of the supervisory board. The company should draw up regulations governing ownership of, and transactions in, securities by management or supervisory board members, other than securities issued, by the company.

Triodos Bank applies this best practice provision. Detailed rules have been included in the Triodos Bank's Conflict of Interest Policy and the Supervisory Board Charter.

2.7.3 Reporting

A conflict of interest may exist if the company intends to enter into a transaction with a legal entity:

- i in which a member of its management board or supervisory board personally has a material financial interest; or
- ii which has a member of the management board or the supervisory board who is related under family law to a member of the management board or the supervisory board of the company.

A management board member should report any potential conflict of interest in a transaction that is of material significance to the company and/or to such management board member to the chairman of the supervisory board and to the other members of the management board without delay. The management board member should provide all relevant information on this subject, including information relevant to the situation regarding his spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree.

A supervisory board member should report any potential conflict of interest in a transaction that is of material significance to the company and/or to such supervisory board member to the chairman of the supervisory board without delay and provide all relevant information on this subject, including information relevant to the situation regarding his spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree. If the chairman of the supervisory board has a potential conflict of interest, he must report this to the vice-chairman of the supervisory board without delay. The supervisory board should decide, outside the presence of the management board member or supervisory board member concerned, whether there is a conflict of interest.

Triodos Bank applies this best practice provision. Detailed rules are defined in the Triodos Bank's Conflict of Interest Policy and the Supervisory Board Charter. Disclosure on conflicts of interests takes place in the Supervisory Board Report.

2.7.4 Accountability regarding transactions: management board and supervisory board members

All transactions in which there are conflicts of interest with management board members or supervisory board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with management board members or supervisory board members that are of material significance to the company and/or to the relevant management board members or supervisory board members should require the approval of the supervisory board. Such transactions should be published in the management report, together with a statement of the conflict of interest and a declaration that best practice provisions 2.7.3 and 2.7.4 have been complied with.

Triodos Bank applies this best practice provision. Disclosure on conflicts of interests takes place in the Executive Board Report and Supervisory Board Report.

2.7.5 Accountability regarding transactions: majority shareholders

All transactions between the company and legal or natural persons who hold at least ten per cent of the shares in the company should be agreed on terms that are customary in the market. Decisions to enter into transactions with such persons that are of material significance to the company and/or to such persons should require the approval of the supervisory board. Such transactions should be published in the management report, together with a declaration that best practice provision 2.7.5 has been complied with.

Where relevant, Triodos Bank applies this provision.

2.7.6 Personal loans

The company should not grant its management board members and supervisory board members any personal loans, guarantees or the like unless in the normal course of business and on terms applicable to the personnel as a whole, and after approval of the supervisory board. Loans should not be forgiven.

Triodos Bank applies this best practice provision.

P 2.8 Takeover situations

In the event of a takeover bid for the company's shares or for the depositary receipts for the company's shares, if it concerns a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Article 2:107a(1)(c) of the Dutch Civil Code, and/or involves other substantial changes in the structure of the company, both the management board and the supervisory board should ensure that the stakeholder interests concerned are carefully weighed and any conflict of interest for supervisory board members or management board members is avoided. The management board and the supervisory board should be guided in their actions by the interests of the company and its affiliated enterprise.

2.8.1 Supervisory board involvement

When a takeover bid for the company's shares or for the depositary receipts for the company's shares is being prepared, in the event of a private bid for a business unit or a participating interest, where the value of the bid exceeds the threshold referred to in Article 2:107a(1)(c) of the Dutch Civil Code, and/or in the event of other substantial changes in the structure of the company, the management board should ensure that the supervisory board is involved in the takeover process and/or the change in the structure closely and in a timely fashion.

Where appropriate, Triodos Bank applies this best practice provision.

2.8.2 Informing the supervisory board about a request for inspection by a competing bidder

If a takeover bid has been announced for the shares, or depositary receipts for shares, in the company, and the management board receives a request from a competing bidder to inspect the company's records, the management board should discuss this request with the supervisory board without delay.

Where appropriate, Triodos Bank applies this best practice provision.

Corporate Governance Code text

Implementation by Triodos Bank

2.8.3 Management board's position on a private bid

If a private bid for a business unit or a participating interest has been made public, where the value of the bid exceeds the threshold referred to in Article 2:107a(1) (c) of the Dutch Civil Code, the management board of the company should as soon as possible make public its position on the bid and the reasons for this position.

Where appropriate, Triodos Bank applies this best practice provision.

Chapter 3 Remuneration

P 3.1 Remuneration policy – management board

The remuneration policy applicable to management board members should be clear and easy to understand, should focus on sustainable long-term value creation for the company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage management board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The supervisory board is responsible for formulating the remuneration policy and its implementation.

Several of the Code's provisions concerning the remuneration of board members are not relevant or do not apply to Triodos Bank, as it uses neither a share scheme nor a share option scheme as remuneration tool.

3.1.1 Remuneration policy proposal

The remuneration committee should submit a clear and understandable proposal to the supervisory board concerning the remuneration policy to be pursued with regard to the management board. The supervisory board should present the policy to the general meeting for adoption.

Triodos Bank applies this best practice provision. In 2023, the General Meeting adopted an updated version of the Executive Board Remuneration Policy.

3.1.2 Remuneration policy

The following aspects should in any event be taken into consideration when formulating the remuneration policy:

- i the objectives of the strategy for the implementation of sustainable long-term value creation within the meaning of best practice provision 1.1.1;
- ii the scenario analyses carried out in advance;
- iii the pay ratios within the company and its affiliated enterprise;
- iv the development of the market price of the shares;
- v an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
- vi if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
- vii if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised. In any case, share options cannot be exercised during the first three years after they are awarded.

Several of the Code's provisions concerning the remuneration of board members are not relevant or do not apply to Triodos Bank, as it uses neither a share scheme nor a share option scheme as remuneration tool. Furthermore, the Executive Board is not offered a variable remuneration.

3.1.3 Remuneration – executive committee

If the management board has an executive committee, the management board should inform the supervisory board about the remuneration of the members of the executive committee who are not management board members. The management board should discuss this remuneration with the supervisory board annually.

This provision is not relevant to Triodos Bank as it has no executive committee.

P 3.2 Determination of management board remuneration

The supervisory board should determine the remuneration of the individual members of the management board, within the limits of the remuneration policy adopted by the general meeting. The remuneration committee should prepare the supervisory board's decision-making regarding the determination of remuneration. Inadequate performance of duties should not be rewarded.

3.2.1 Remuneration committee's proposal

The remuneration committee should submit a proposal to the supervisory board concerning the remuneration of individual members of the management board. The proposal is drawn up in accordance with the remuneration policy that has been established and will, in any event, cover the remuneration structure, the amount of the fixed and variable remuneration components, the performance criteria used, the scenario analyses that are carried out and the pay ratios within the company and its affiliated enterprise.

The Nomination and Remuneration Committee operates in conformity with this provision as far as relevant. No variable remuneration is awarded to Executive Board members.

3.2.2 Management board members' views on their own remuneration

When drafting the proposal for the remuneration of management board members, the remuneration committee should take note of individual management board members' views with regard to the amount and structure of their own remuneration. The remuneration committee should ask the members of the management board to pay attention to the aspects referred to in best practice provision 3.1.2.

Triodos Bank applies this best practice provision.

Corporate Governance Code text

Implementation by Triodos Bank

3.2.3 Severance payments

The remuneration in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). Severance pay will not be awarded if the agreement is terminated early at the initiative of the management board member, or in the event of seriously culpable or negligent behaviour on the part of the management board member.

Triodos Bank applies this best practice provision.

P 3.3 Remuneration – supervisory board

The supervisory board should submit a clear and understandable proposal for its own appropriate remuneration to the general meeting. The remuneration of supervisory board members should promote an adequate performance of their role and should not be dependent on the results of the company.

3.3.1 Time spent and responsibility

The remuneration of the supervisory board members should reflect the time spent and the responsibilities of their role.

Triodos Bank applies this best practice provision.

3.3.2 Remuneration of supervisory board members

Supervisory board members must not be awarded remuneration in the form of shares and/or rights to shares.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in line with this best practice provision.

3.3.3 Share ownership

Shares held by a supervisory board member in the company on whose supervisory board they serve should be long-term investments.

Triodos Bank applies this best practice provision. Investments in depositary receipts for shares of Triodos Bank by Supervisory Board members (if any) are long-term investments and must be held at least until such members retire from the Supervisory Board.

P 3.4 Accountability for implementation of remuneration policy

In the remuneration report, the supervisory board should render account of the implementation of the remuneration policy in a transparent manner. The report should be published on the company's website.

3.4.1 Remuneration report

The remuneration committee should prepare the remuneration report. This report should in any event describe, in a transparent manner, in addition to the matters required by law:

- i how the remuneration policy has been implemented in the past financial year;
- ii how the implementation of the remuneration policy contributes to sustainable long-term value creation;
- iii how scenario analyses have been taken into consideration;
- iv the pay ratios within the company and its affiliated enterprise and, if applicable, any changes in these ratios compared to at least five with the previous financial years;
- v in the event that a management board member receives variable remuneration, how this remuneration contributes to sustainable long-term value creation, the measurable performance criteria determined in advance on which the variable remuneration depends, and the relationship between the remuneration and performance; and
- vi in the event that a current or former management board member receives a severance payment, the reason for this payment.

Triodos Bank applies this best practice provision. The remuneration report is part of the Annual Report. In the remuneration report the topics of this provision have been addressed, where relevant for or applicable to Triodos Bank. As from 2023, the remuneration report has been altered to include pay ratios for the financial year and 5 previous financial years.

3.4.2 Agreement of management board member

The main elements of the agreement of a management board member with the company should be published on the company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting at which the appointment of the management board member will be proposed.

Triodos Bank applies this best practice provision.

Chapter 4 The general meeting

P 4.1 The general meeting

The general meeting should be able to exert such influence on the policies of the management board and the supervisory board of the company that it plays a fully-fledged role in the system of checks and balances in the company. Good corporate governance requires the fully-fledged participation of shareholders in the decision-making in the general meeting.

4.1.1 Supervisory board supervision

The supervisory board's supervision of the management board should include the supervision of relations with shareholders.

Triodos Bank applies this best practice provision. The Supervisory Board Charter is in accordance with this provision.

4.1.2 Proper conduct of business at meetings

The chairman of the general meeting is responsible for ensuring the proper conduct of business at meetings in order to promote a meaningful discussion at the meeting.

Triodos Bank applies this best practice provision. The Chair of the Supervisory Board presides over the General Meeting and ensures the proper conduct of business in the meeting, both in terms of contents and procedure.

4.1.3 Agenda

The agenda of the general meeting should list which items are up for discussion and which items are to be voted on. The following items should be dealt with as separate agenda items:

- i material changes to the articles of association;
- ii proposals relating to the appointment of management board and supervisory board members;
- iii the policy of the company on additions to reserves and on dividends (the level and purpose of the addition to reserves, the amount of the dividend and the type of dividend);
- iv any proposal to pay out dividend;
- v resolutions to approve the management conducted by the management board (discharge of management board members from liability);
- vi resolutions to approve the supervision exercised by the supervisory board (discharge of supervisory board members from liability);
- vii any substantial change in the corporate governance structure of the company and in the compliance with this Code; and
- viii the appointment of the external auditor.

Triodos Bank applies this best practice provision, except for (i). Triodos Bank wishes to retain the possibility to submit a proposal for multiple amendments to the articles of association as a single item on the agenda of the General Meeting. This will be the case if there is a strong degree of interrelatedness between these proposed amendments.

4.1.4 Proposal for approval or authorisation

A proposal for approval or authorisation by the general meeting should be explained in writing. In its explanation the management board should deal with all facts and circumstances relevant to the approval or authorization to be granted. The notes to the agenda should be posted on the company's website.

Triodos Bank applies this best practice provision.

4.1.5 Shareholder's explanation when exercising the right to put items on the agenda

If a shareholder has arranged for an item to be put on the agenda, he should explain this at the meeting and, if necessary, answer questions about it.

Where appropriate, Triodos Bank applies this best practice provision.

Corporate Governance Code text

Implementation by Triodos Bank

4.1.6 Placing of items on the agenda by shareholders

A shareholder should only exercise the right to put items on the agenda after having consulted the management board. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the company's strategy, for example as a result of the dismissal of one or more management board or supervisory board members, the management board should be given the opportunity to stipulate a reasonable period in which to respond (the response time). The opportunity to stipulate the response time should also apply to an intention as referred to above for judicial leave to call a general meeting pursuant to Article 2:110 of the Dutch Civil Code. The relevant shareholder should respect the response time stipulated by the management board, within the meaning of best practice provision 4.1.7.

Where appropriate, Triodos Bank applies this best practice provision.

4.1.7 Stipulation of the response time

If the management board stipulates a response time, it should be a reasonable period that does not exceed 180 days from the moment the management board is informed by one or more shareholders of their intention to put an item on the agenda to the day of the general meeting at which the item is to be dealt with. The management board should use the response time for further deliberation and constructive consultation, in any event with the relevant shareholder (or shareholders), and should explore the alternatives. At the end of the response time, the management board should report on this consultation and the exploration to the general meeting. This should be monitored by the supervisory board.

The response time may be stipulated only once for any given general meeting and should not apply to an item in respect of which a response time previously or a statutory reflection period as referred to in Article 2:114b of the Dutch Civil Code has already been stipulated, or to meetings where a shareholder holds at least three-quarters of the issued capital as a consequence of a successful public bid.

Where appropriate, Triodos Bank will respect this best practice provision.

Corporate Governance Code text

Implementation by Triodos Bank

4.1.8 Attendance of members nominated for the management board or supervisory board

Management board and supervisory board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination.

Triodos Bank applies this best practice provision.

4.1.9 External auditor's attendance

The external auditor may be questioned by the general meeting in relation to his report on the fairness of the financial statements. The external auditor should attend and be entitled to address the meeting for this purpose.

Triodos Bank applies this best practice provision.

4.1.10 Report of the general meeting

The report of the general meeting should be made available on request to the shareholders no later than three months after the end of the meeting, after which shareholders should have the opportunity to react to the report in the following three months. The report should then be adopted in the manner provided for in the articles of association.

Triodos Bank applies this best practice provision. The draft minutes of the meeting are published on the Triodos Bank website within three months after the General Meeting has taken place. The minutes are adopted and signed by the chair and secretary of the meeting, as well as by a representative of Stichting Administratiekantoor Aandelen Triodos Bank (SAAT).

P 4.2 Provision of information

The management board and the supervisory board should ensure that the general meeting is adequately provided with information.

4.2.1 Substantiation of invocation of overriding interest

If the management board and the supervisory board do not provide the general meeting with all information desired with the invocation of an overriding interest on the part of the company, they must give reasons for this.

Triodos Bank applies this best practice provision when appropriate.

4.2.2 Contacts and dialogue with shareholders

The company should formulate an outline policy on bilateral contacts with the shareholders and should post this policy on its website. Shareholders and the company should be prepared to enter into a dialogue, where appropriate and at their own discretion. The company is expected to facilitate the dialogue unless, in the opinion of the management board, this is not in the interests of the company and its affiliated enterprise. Shareholders are expected to be prepared to enter into a constructive dialogue with the company. If a shareholder enters into a dialogue with the company outside the context of a general meeting, the shareholder shall disclose his full share position (long and short and through derivatives) at the request of the company.

Triodos Bank complies with this best practice provision. A copy of the policy on bilateral contacts with depositor receipt holders is available on the Triodos Bank website.

4.2.3 Meetings and presentations

Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences should be announced in advance on the company's website and by means of press releases. Analyst meetings and presentations to investors should not take place shortly before the publication of the regular financial information. All shareholders should be able to follow these meetings and presentations in real time, by means of webcasting, telephone or otherwise. After the meetings, the presentations should be posted on its website.

Triodos Bank applies this best practice provision. Analyst presentations are published on the Triodos Bank website and accessible for both professional and retail investors.

Corporate Governance Code text

Implementation by Triodos Bank

4.2.4 Posting information in a separate section of the website

The company should post and update information which is relevant to the shareholders and which it is required to publish or submit pursuant to the provisions of company law and securities law applicable to it in a separate section of the company's website.

Triodos Bank applies this best practice provision. All information that is relevant to shareholders and depository receipt holders is available on the Triodos Bank website.

4.2.5 Management board contacts with press and analysts

The contacts between the management board on the one hand and the press and financial analysts on the other should be handled and structured carefully and with due observance of the applicable laws and regulations. The company should not do anything that might compromise the independence of analysts in relation to the company and vice versa.

Triodos Bank applies this best practice provision.

4.2.6 Outline of anti-takeover measures

The management board should outline all existing or potential anti-takeover measures in the management report and should also indicate in what circumstances and by whom these measures may likely be used.

Triodos Bank applies this best practice provision.

P 4.3 Casting votes

Participation of as many shareholders as possible in the general meeting's decision-making is in the interest of the company's checks and balances. The company should, as far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

4.3.1 Voting as deemed fit

Shareholders, including institutional investors (pension funds, insurance companies, investment institutions and asset managers), should exercise their voting rights on an informed basis and as they deem fit. Institutional investors that use the services of proxy advisors (i) should encourage those proxy advisors to be prepared to enter into a dialogue with the company regarding their voting policy, voting guidelines and voting recommendations, and (ii) ensure that their votes are cast in line with their own voting policy.

Where appropriate, Triodos Bank applies this best practice provision.

4.3.2 Providing voting proxies or voting instructions

The company should give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions to an independent third party prior to the general meeting.

Stichting Administratiekantoor Aandelen Triodos Bank as the shareholder of Triodos Bank may grant a proxy to depository receipt holders to vote at the General Meeting. Depository receipt holders may subsequently grant a retro-proxy with or without voting instructions to the Stichting Administratiekantoor Aandelen Triodos Bank to vote at the General Meeting. Depository receipt holders may also grant a proxy to a third party to speak and attend the General Meeting.

4.3.3 Cancelling the binding nature of a nomination or dismissal

The general meeting of shareholders of a company not having statutory two-tier status (“structuurregime”) may adopt a resolution to cancel the binding nature of a nomination for the appointment of a member of the management board or of the supervisory board and/or a resolution to dismiss a member of the management board or of the supervisory board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion must not be set higher than one-third. If this proportion of the capital is not represented at the meeting, but an absolute majority of the votes cast is in favour of a resolution to cancel the binding nature of a nomination, or to dismiss a board member, a new meeting may be convened at which the resolution may be adopted by an absolute majority of the votes cast, regardless of the proportion of the capital represented at the meeting.

This best practice provision is not relevant to Triodos Bank, as it is subject to the statutory two-tier board structure (structuurregime).

4.3.4 Voting right on financing preference shares

The voting right attaching to financing preference shares should be based on the fair value of the capital contribution.

This best practice provision is not relevant to Triodos Bank, as it has no financing preference shares.

4.3.5 Publication of institutional investors' engagement policy

Institutional investors should implement principle 4.4 when drawing up their engagement policy. Institutional investors should publish their engagement policy on their website.

Where appropriate, Triodos Bank applies this best practice provision.

4.3.6 Report on the implementation of the institutional investors' engagement policy

Institutional investors should report at least annually, on their website, on how they implemented their engagement policy. The report should provide in any case a general description of their voting behaviour, as well as an explanation of the most significant votes and the use of the services of proxy advisors.

"Most significant votes" should be understood in any event to mean:

- i votes on matters that have received substantive media attention or votes on items that are regarded by institutional investors as a priority in of the run-up to the general meeting season;
- ii votes on a resolution on the agenda of a general meeting (a) that are of strategic importance, or (b) where the institutional investor disagrees with the resolution of the company's management board; or
- iii votes in general meetings of companies in which the institutional investor has a large holding compared to the institutional investor's holding in other investee companies.

In addition, institutional investors should report on their website at least once per quarter on whether and, if so, how they have voted as shareholders for each company and voting item. In the report, institutional investors should disclose the key points of the dialogues they have conducted with companies.

If an institutional investor votes against a resolution of the management board or abstains from voting on a resolution of the management board, the institutional investor should explain the reasons for its voting behaviour to the management board either pro-actively or at the company's request.

4.3.7 Abstaining from voting in the event of a larger short position than long position

Shareholders will abstain from voting if their short position in the company is larger than their long position.

Where applicable, Triodos Bank applies this best practice provision.

Where applicable, Triodos Bank applies this best practice provision.

4.3.8 Share lending

Shareholders should recall their lent shares before the voting record date for a general meeting of the company if the agenda for that meeting includes one or more significant matters.

The shareholder should determine what is regarded as a significant matter, but this will include, in any event, resolutions on the agenda of a general meeting:

- i that is of strategic importance;
- ii where the shareholder disagrees with the resolution of the management board.

Where applicable, Triodos Bank applies this best practice provision.

P. 4.4 Recognising the importance of company strategy

Shareholders, including institutional investors, recognise the importance of a strategy focused on sustainable long-term value creation for the company and its affiliated enterprise.

P 4.5 Issuing depositary receipts for shares

Depositary receipts for shares can be a means of preventing a majority (including a chance majority) of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting.

Depositary receipts for shares should not be issued as an anti-takeover protective measure. The board of the trust office should issue voting proxies under all circumstances and without limitations to all depositary receipt holders who request this. The holders of depositary receipts so authorised can exercise the voting right at their discretion. The board of the trust office should have the confidence of the holders of depositary receipts.

Depositary receipt holders should have the possibility of recommending candidates for the board of the trust office. The company should not disclose to the trust office information which has not been made public.

4.5.1 Trust office board

The board of the trust office should have the confidence of the holders of depositary receipts and operate independently of the company that has issued the depositary receipts. The trust conditions should specify in what cases and subject to what conditions holders of depositary receipts may request the trust office to call a meeting of holders of depositary receipts.

The members of the Board of Stichting Administratiekantoor Aandelen Triodos Bank ("SAAT") are appointed by the meeting of depositary receipts holders. Depositary receipt holders jointly representing a stake of 10% or more are entitled to request the convening of a meeting of depositary receipt holders.

Corporate Governance Code text

Implementation by Triodos Bank

4.5.2 Appointment of board members

The board members of the trust office should be appointed by the board of the trust office, after the vacancy has been announced on the website of the trust office. The meeting of holders of depositary receipts may make recommendations to the board of the trust office for the appointment of persons to the position of board member. No management board members or former management board members, supervisory board members or former supervisory board members, employees or permanent advisors of the company should be a member of the board of the trust office.

The Board members of SAAT are appointed by the meeting of depositary receipt holders, based on a binding nomination of the Board of SAAT. Depositary receipt holders are not entitled to put forward candidates to be appointed as Board member of SAAT. The nomination of candidates is subject to the approval of the Executive Board, which decision needs prior approval of the Supervisory Board of Triodos Bank. The articles of association of SAAT state that Executive Board and Supervisory Board members of Triodos Bank in office do not qualify for appointment as Board member of SAAT. Former members, however, do qualify for appointment.

4.5.3 Board appointment period

A person may be appointed to the board of the trust office for a maximum of two four-year terms, followed by a maximum of two two-year terms. In the event of a reappointment after an eight-year period, reasons should be given in the report of the board of the trust office.

The articles of association of SAAT state that a member is appointed for a term of four years and can be reappointed twice, provided that no member shall hold office for more than twelve years.

4.5.4 Attendance of the general meeting

The board of the trust office should attend the general meeting and should, if desired, make a statement about how it proposes to vote at the meeting.

The Board of SAAT attends the General Meetings of Triodos Bank and makes a voting statement.

4.5.5 Exercise of voting rights

In exercising its voting rights, the trust office should be guided primarily by the interests of the depositary receipt holders, taking the interests of the company and the enterprise affiliated with it into account.

In exercising its voting rights, SAAT is guided by the interests of the depositary receipt holders, the interests of Triodos Bank and the principles expressed in the objectives of Triodos Bank as an organisation.

4.5.6 Periodic reports

The trust office should report periodically, but at least once per year, on its activities. The report should be posted on the company's website.

Triodos Bank applies this best practice provision. A report of SAAT's activities is published on the website of SAAT and Triodos Bank.

4.5.7 Contents of the reports

The report referred to in best practice provision 4.5.6 should, in any event, set out:

- i the number of shares for which depositary receipts have been issued and an explanation of changes to this number;
- ii the work carried out in the financial year;
- iii the voting behaviour in the general meetings held in the financial year;
- iv the percentage of votes represented by the trust office during the meetings referred to in section iii;
- v the remuneration of the members of the board of the trust office;
- vi the number of meetings held by the board and the main items dealt with in them;
- vii the costs of the activities of the trust office;
- viii any external advice obtained by the trust office;
- ix The positions or ancillary positions held by the board members of the trust office; and
- x the contact details of the trust office.

Triodos Bank applies this best practice provision.

4.5.8 Voting proxies

The board of the trust office should issue voting proxies under all circumstances and without limitations to all depositary receipt holders who request this. Each depositary receipt holder may also issue binding voting instructions to the trust office in respect of the shares which the trust office holds on his behalf.

Pursuant to the Voting Policy of SAAT, depositary receipt holders have a right to request a proxy from SAAT to exercise the voting right for themselves, unless depositary receipt holders have requested SAAT to do so. However, in a limited number of cases and when this is in the interest of the continuity of Triodos Bank, SAAT may decide to limit, exclude or revoke a proxy. This is in line with the legal requirements laid down by Article 2:118a of the Dutch Civil Code.

Chapter 5 One-tier governance structure

P 5.1 One-tier governance structure

The composition and functioning of a board of directors comprising both executive and non-executive directors must be such that the supervision by non-executive directors can be properly carried out and independent supervision is assured.

5.1.1 Composition of the board of directors

The majority of the management board is made up of non-executive directors. The requirements for independence stipulated in best practice provisions 2.1.7 and 2.1.8 apply to the non-executive directors.

This best practice provision is not relevant to Triodos Bank, as it has a two-tier board structure.

5.1.2 Chairman of the board of directors

The chairman of the board of directors chairs the meetings of the board. The chairman of the board of directors should ensure that the board collectively and its committees, have a balanced composition and function properly.

This best practice provision is not relevant to Triodos Bank, as it has a two-tier board structure.

5.1.3 Independence of the chairman of the board of directors

The chairman of the board of directors should not be an executive director or former executive director of the company, and should be independent within the meaning of best practice provision 2.1.8.

Corporate Governance Code text

Implementation by Triodos Bank

5.1.4 Composition of committees

The committees referred to in provision 2.3.2 should comprise exclusively non-executive directors. Neither the audit committee nor the remuneration committee can be chaired by the chairman of the board of directors or by a former executive director of the company.

This best practice provision is not relevant to Triodos Bank, as it has a two-tier board structure.

5.1.5 Reporting on supervision by non-executive directors

The non-executive directors render account of the supervision exercised in the past financial year. They should, as a minimum, report on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2.

This best practice provision is not relevant to Triodos Bank, as it has a two-tier board structure.