

# Compliance with the Capital Requirements Directive (CRD V)

Article 96 of the fifth Capital Requirements Directive (CRD V) requires institutions maintaining a website to publish a statement on their compliance with prudential requirements for corporate governance, public disclosure and remuneration.

Article 134b of the Decree on Prudential Rules for Financial Undertakings elaborates the supervision of financial undertakings, as part of the Financial Supervision Act. This way, the provisions originating from the CRD are transposed into Dutch legislation. This is relevant to Triodos Bank N.V. since it is a public limited company acting under Dutch law. The head office is located at Driebergen-Rijsenburg.

Triodos Bank does not qualify as a “significant”<sup>1</sup> bank, and does not benefit from government intervention in the meaning of article 93 CRD V. Triodos Bank is subject to supervision exercised by the Dutch Central Bank (De Nederlandsche Bank N.V.) and by the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten), which are the supervisory authorities for the Dutch financial markets. Triodos Bank’s international branches in Brussels, Madrid and Frankfurt are authorised to operate by means of a European Economic Area (EEA) passport under CRD V. These branches are simultaneously subject to local supervision by their respective host state supervisory authorities. In the UK, Triodos Bank is active through its subsidiary Triodos Bank UK Ltd. in Bristol, which is also subject to local supervision.

This document confirms that Triodos Bank complies with the CRD V article 96 requirements covering the following topics: 1) governance, 2) reporting, and 3) remuneration.

## Ad 1. Governance

Articles 88 and 91 of CRD V relate to the governance arrangements of institutions and the management body of institutions. Triodos Bank is subject to the so-called large company regime (article 153 of Title 4 Book 2 of The Netherlands Civil Code). Under this regime, a number of powers traditionally vested in the general meeting of shareholders (General Meeting) is transferred to the Supervisory Board.

Triodos Bank has a two-tier board structure consisting of the Executive Board and the Supervisory Board. The members of the Executive Board are appointed and dismissed by the Supervisory Board. Members of the Supervisory Board are appointed by the General Meeting. A member of the Supervisory Board may step down voluntarily. The General Meeting may withdraw its confidence in the Supervisory Board, resulting in the dismissal of the entire Supervisory Board.

The Supervisory Board is charged with supervising the policies of the Executive Board and the general state of affairs within the bank and the associated

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<sup>1</sup> Article 6(4) of Regulation EU 1024/2013 defines ‘significance’ in terms of size, internal organisation, nature, scope and complexity of institutions’ activities.

business. The Supervisory Board supports the members of the Executive Board with advice. The combined experience, expertise and independence within the Supervisory Board enables it to best carry out the variety of its responsibilities and duties to the bank and stakeholders, consistent with applicable law and regulation.

The daily management of Triodos Bank lies with the Executive Board. The Executive Board currently consists of five members. The Executive Board members have a shared overall responsibility for managing Triodos Bank, which means that they are responsible for achieving the bank's mission, strategy and associated risk profile, and also for

the development of results and corporate social responsibility issues. The Executive Board is accountable to the Supervisory Board and the General Meeting.

The Executive Board members collectively manage and oversee the bank, which includes the following areas of attention:

- the positioning of the bank (its business strategies, identity and market approach);
- the (governance) organisation and the performance of senior management;
- the risk profile of the bank, its profitability and capital position and its compliance with internal and external rules;
- the (integrity of the) accounting and financial reporting systems, and
- the central strategic disclosure-, and communication plan.

Membership of the Executive Board of Triodos Bank is a fulltime position, by definition.

The Executive Board organises meetings with external experts, keeping up to date with developments in society and the sectors that have an impact on the operations of Triodos Bank. Members of the Supervisory Board also take part in these meetings.

All members of the Executive Board and Supervisory Board have a strong affinity with the mission, roots and values of Triodos Bank and are of sufficiently good repute. They perform their tasks in a meticulous, expert and fair way, taking into

account the applicable laws, internal regulations and codes of conduct. In accordance with Dutch law, all members of the Supervisory Board and the Executive Board have taken the financial sector oath or promise (also known as "Bankers' Oath"). This oath also applies to all co-workers.

More details on the governance of Triodos Bank can be found on the website ([www.triodos.com/governance](http://www.triodos.com/governance)).

## Ad 2. Reporting

### Country by country reporting

Article 89 of CRD V relates to country-by-country reporting. Triodos Bank meets its annual disclosure obligations in accordance with these requirements. In the annual accounts the nature of activities, the geographical location, the number of employees and local turnover are reported. This can be found in the online annual accounts, chapter *Segment reporting*. Triodos Bank is not a global systemically important institution.

### Return on assets

Article 90 of CRD V requires banks to disclose in their annual report their return on assets as one of the key indicators. Triodos Bank meets its reporting obligations in accordance with these requirements. Details of the return on average total assets can be found in the online annual report, chapter *Key figures*.

## Ad 3. Remuneration

The articles 92, 94 and 95 of CRD V requires publication of respectively the remuneration politics, variable remuneration and information on the remuneration committee.

### Remuneration policies

The International Remuneration and Nomination policy of Triodos Bank is gender neutral and applicable to all operating (foreign) offices of Triodos Bank Group. It does not encourage risk-taking and is based on the principle of human

dignity, aiming to enhance social coherence within the organisation.

This policy is reviewed annually and is in line with the business values and long-term interests of the institution.

The International Remuneration and Nomination policy is reviewed on an annual basis. The Group Director Human Resources assesses the policy in view of the values of Triodos Bank and the relevant regulations in the countries where Triodos Bank operates. On group level, the Legal Department monitors the legal developments and notifies HR of any changes in regulation related to remuneration that need to be included in this policy. Human Resources presents the reviewed policy to the Executive Board, after joint consultation of the internal control functions. The Executive Board presents the reviewed policy to the Remuneration Committee. The Remuneration Committee presents the reviewed policy to the Supervisory Board for decision making. The execution of this policy is audited by Internal Audit on an annual basis.

## **Variable remuneration**

Variable remuneration components are incidental, modest and discretionary. Variable remuneration components are only awarded after the fact and not part of a performance scheme. Triodos Bank chooses not to have variable remuneration as a reward for achieving financial targets: we think it is essential not to compromise our corporate mission, which focusses on creating positive change through the conscious use of money by balancing impact, risk and return. The applied approach prevents a corporate culture that could lead to taking inappropriate risks to maximise (personal) financial profits. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to Triodos Bank's mission and to work according to Triodos Bank's corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive. Triodos Bank does not offer bonus or share option schemes to members of the Executive Board, the Supervisory Board, the Board of Stichting Administratiekantoor Aandelen Triodos

Bank (SAAT) or co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long term.

## **Remuneration committee**

The Supervisory Board installs the Remuneration Committee, appointed by the Supervisory Board from its own members. The entire Supervisory Board remains responsible for decisions prepared by the Remuneration Committee. More details on the remuneration policy can be found on the website ([www.triodos.com](http://www.triodos.com)).

Triodos Bank N.V.  
Driebergen-Rijsenburg  
21 March 2022