

Extract of the International Remuneration & Nomination Policy 2023

1. About the International Remuneration & Nomination Policy

Purpose

The purpose of this document is to give an extract of the International Remuneration & Nomination Policy. It gives a clear overview of the vision of Triodos Bank on **remuneration** and **nomination** and how this is translated into the daily practice. The International Remuneration Policy (in short “Policy”) is the basis for the local remuneration policies. This Policy clarifies the principles guiding our remuneration and nominating and the way to proceed when establishing the remuneration and nomination for (individual) co-workers. This Policy is a revision of the International Remuneration and Nomination Policy which was approved by the Supervisory Board on 9 December 2022 . This revised Policy incorporates the current European and Dutch legislation, remarks of the Nomination & Remuneration Committee, Internal Audit findings (if any) and ensures the reflection of our values in local remuneration policies and practice. This revised Policy was approved by the Supervisory Board on 16 August 2023.

2. Scope

The Policy is prepared by the Group Director HR and serves as a framework for all local policies and is applicable to all Operating Units of Triodos Bank Group¹, i.e. Head Office and the Business Units. The Human Resources Leadership Team will set up local policies according to local legislation and practices within the framework of this Policy.

As of 22 July 2014, Triodos Investment Management (Triodos IM) complies with the Alternative Investment Fund Managers Directive (AIFMD). The AIFMD lays down certain requirements regarding Triodos IM’s remuneration policy. Furthermore, as of 1 January 2017, Triodos IM complies with European Directive 2014/91/EU amending Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS V), which also lays down certain requirements regarding remuneration. Following the implementation of the European Regulation 2019/2088 on Sustainability Financial Disclosures Regulations (SFDR), Triodos Bank is required

¹ Triodos Bank Group’ means the economic and organisational unity, under central control, constituted by a primary group consisting of Triodos Bank N.V. and all legal entities in which Triodos Bank N.V. owns more than 50% of the economic rights, and a secondary group consisting of all legal entities in which the primary group has effective management control, as well as the Triodos Investment funds incorporated in the Netherlands and Luxembourg .

to provide ESG disclosure with respect to its remuneration policies as of 10 March 2021. This Policy fulfils these requirements.

The remuneration and nomination of the Executive Board is set by the Supervisory Board in accordance with the Articles of Association, Supervisory Board Charter, EB Remuneration Policy and EB Recruitment Policy. The general principles as set out in this Policy are taken into account in this respect.

References to other documents

This Policy takes into account, among others, the following external core regulations:

- Regulation of De Nederlandsche Bank N.V. of 16 September 2021 on Sound Remuneration Policies pursuant to the Financial Supervision Act (*Regeling beheerst beloningsbeleid Wft 2021* or “Rbb”);
- Financial Supervision Act (*Wet op het financieel toezicht* or “Wft”);
- Capital Requirements Directive (CRD V)
- EBA Guidelines on sound remuneration policies, version 2 July 2021
- GRI standards for sustainability reporting, revised by GRI 2-21: General Disclosures 2021;
- EBA Guidelines on remuneration of sales staff, version 28 September 2016
- The Remuneration Part (CRR) of the PRA Rulebook and SS 2/17 (“Remuneration”); For the purposes of this, Triodos Bank UK determines itself as a proportionality level 3 firm.

3. General Principles

Triodos Bank’s mission is to help create a society that promotes people’s quality of life and that has human dignity at its core. This is also reflected in our general principles on remuneration and nomination:

- Fair and relatively modest remuneration for all co-workers to enable a decent living.
- Every co-worker contributes to the results of the organisation according to his or her abilities.
- Remuneration is based on the principle that the bank’s results are the joint accomplishment of all co-workers. Therefore, we do not pay bonuses related to targets.
- Remuneration and nomination policies and practices are in line with the risk appetite of the bank.

3.1 Fair remuneration and social coherence

This Policy is based on the principle of human dignity and aims to enhance social coherence within the organisation. The same terms and conditions of employment apply to all co-workers in line with national legislation. Remuneration within Triodos Bank aims to be neutral for all co-workers, regardless of aspects such as gender, ethnic background, age, sexual orientation or distance to the labour market.

In our view remuneration enables co-workers to earn a decent living and to contribute to the organisation and society at large. Triodos Bank believes in the intrinsic motivation of its co-workers to contribute to our mission and to work according to our corporate values. The richness of the contribution of each co-worker cannot be translated into a linear, financial incentive.

Triodos Bank operates in the financial sector. Therefore its remuneration practice needs to be within the scope of what is expected in the financial sector. It allows for a healthy in- and outflow of co-workers. At the same time Triodos Bank maintains a relatively low ratio between the lower and higher level of salaries paid. The ratio between the highest paid co-worker to the median (the median is defined excluding the highest full-time salary) of the compensation for all co-workers is monitored and yearly published in the co-worker report and the remuneration report. This is in line with the GRI standards.

Variable components are very limited (in numbers), modest (in amount) and discretionary and are not an incentive to favour the co-workers' or the bank's own interest to the detriment of the Triodos Bank's customers. This all contributes to a strong sense of being jointly responsible for realising the mission of Triodos Bank.

3.2 Risk mitigation and avoiding conflicts of interest

This Policy aims to encourage business practice that lies within the financial, sustainability and consumer focused risk appetite of Triodos Bank. As elaborated in the Impact and Financial Risk Management Policy, the management of financial and as such sustainability risks is integrated across all levels of the business and periodically reassessed.² In addition, the management and delivery of good customer outcomes through effective conduct risk management practices is also intrinsic to the principles of this policy.

In line with the mission, creating sustainable impact by addressing the intrinsic motivation of our co-workers, Triodos Bank chooses not to have regular performance-related bonuses (such as variable remuneration based on predetermined financial achievements) as these can enhance a culture of taking unjustified risk for individual benefit rather than the consideration of risk from a consumer focused perspective. This Policy only recognizes fixed salaries and limited variable remuneration on a discretionary basis. There can be special circumstances that justify granting a, so called, Token of Appreciation to (a) co-worker(s) in hindsight, as described below. These Tokens of Appreciation are modest, to emphasize the non-risk related nature of this remuneration element.

² Reference is made to our investment strategy. All the investments, direct or indirect, adhere to the Triodos Minimum Standards, which are listed on Triodos website and continuously updated. As well as the minimum standards, Triodos Bank demands full transparency in the policies and the sustainable objectives pursued by the underlying investee companies so as to perform an adequate and continuous due diligence of the investments. This approach enables a continuous and consistent consideration of Sustainability risks by the asset managers.

This Policy is also set up to avoid conflicts of interest between individual co-workers and Triodos Bank and its customers. It describes a transparent governance as far as nomination, dismissal, remuneration and appraisal of co-workers are concerned.

4. Remuneration of co-workers

Remuneration of Triodos Bank co-workers incorporates all forms of payments and compensations linked to the contractual relationship between Triodos Bank and its co-workers. This chapter describes the general policy on remuneration for all co-workers. Chapter 5 holds additional provisions for specific groups of co-workers.

The following types of remuneration are distinguished:

4.1 Fixed Remuneration

- a. Fixed Salaries
- b. Pension Rights
- c. Fringe Benefits

4.2 Variable Remuneration

- a. Tokens of Appreciation
- b. Welcome payments and retention instruments

4.3 Severance payments

4.1.a. Fixed Salaries

Salaries will be in range of market salaries to enable sufficient access to labour markets. Salary tables within Triodos Bank are well balanced between the highest and lowest scale, based on the notion that all co-workers contribute to the results of our organisation in accordance with their abilities. Furthermore, Triodos Bank aims to stay in line with the financial market. Therefore, maturity levels, within salary scales, especially in the lower and middle part of the remuneration spectrum aim to be at the median of the fixed salaries of the financial services sector in a specific country. A salary table for all co-workers is applicable in each of the countries³ in which Triodos Bank is operating. Locally, depending on legal requirements and Collective Labour Agreements, there can be differences in the structure of the salary table.

All positions are valued on the basis of the Job Family Framework, which follows the standard methodology of a professional service provider. Co-workers are assigned to a job family and job level. On this basis, co-workers are linked to a salary scale.

The salary table of each country contains the following elements:

³ Except for Germany, where due to the size of the branch, no salary table is implemented. Salaries within TBDE are aligned to the salary table of the collective labor agreement of the banking industry or individual agreed for co-workers out of scope to this salary table.

- Number of scales correspond with the Job Family matrix;
- Each grade has defined 5-20 steps or a midpoint, minimum and maximum;
- The scales represent valuation points according to an acceptable scaling approved by a professional service provider and are in line with Job Family matrix;

Specific Senior Leadership roles that have been graded or placed above the highest grade of the Job Family matrix are not incorporated in local salary tables. Remuneration of these roles is set by the Executive Board⁴, in accordance with the Guidelines on Senior Leadership Remuneration.

Increases

The salary tables will be adjusted following the local Collective Labor Agreement or legislation. In case there is no collective agreement or legislation that applies to the Operating Unit, local management will decide on a (yearly) general adjustment.

Annual individual increases are mainly based on the general notion that the co-worker has gained an extra year of experience and has increased their contribution to Triodos Bank accordingly and are based on the applicable salary table. These annual increases, including promotions and excluding collective salary increases, are at a maximum of 15% of the gross annual salary if the annual increase exceeds € 5.000 gross. If an increase stays below € 5.000 per year, it is allowed to exceed the 15% limit.

Only in exceptional circumstances, deviation from the maximum increase is allowed. A promotion can also be considered an exceptional circumstance for which deviation is allowed.

4.1.b. Pension rights

Triodos Bank provides local pension plans if appropriate for the respective country under local circumstances. Each country has a Collective Pension Policy for all its co-workers if that is appropriate for the local circumstances. If there's no local policy, individual arrangements are made in the context of the labour contract. Under no circumstances pension rights are used to award specific achievements.

4.1.c. Fringe benefits

With regard to fringe benefits it is important to adhere to local customs and at the same time ensure that our values are followed.

⁴ Except for TBUK, where remuneration is a matter reserved for the UK Board with involvement from the Group Director HR and the Executive Board as described in the Framework for Governance between Triodos Bank and the subsidiary Triodos Bank UK Ltd.

4.2. Variable Remuneration

4.2.a. Tokens of Appreciation

The results of Triodos Bank are the result of an integrated effort by co-workers aimed at both the short term and the long term. Linking performance to financial awards is disputable and does in our view not lead to the desired behaviour and results. Triodos Bank chooses not to have any regular performance-related bonuses (such as variable awards that are linked to predetermined targets or achievements).

Therefore variable payments within Triodos Bank are very limited and discretionally decided. These so-called Tokens of Appreciation (individual and collective) are based on the following:

Individual Token of Appreciation

Triodos Bank may award individual co-workers a Token of Appreciation. This Token of Appreciation is for extraordinary non-financial contributions only and is at the discretion of (local) management after consultation with (local) HR. Managers need to be able to properly define the eligibility of a co-worker for a Token of appreciation, as well evidence approvals which is reviewed by local HR. A Token of Appreciation is not based on targets that are set beforehand, but is always granted in retrospect. A Token of Appreciation that is granted does not generate pension rights or any other future income. The members of the Executive Board are excluded from this payment.

The criteria that management uses for its decision making in respect of individual Tokens of Appreciation are purely based on non-financial contributions such as (but not limited to):

- Exceptional non-financial contributions above what can normally be expected in this position, for instance with respect to teamwork and leadership;
- Extraordinary efforts as a result of exceptional peaks in workload;
- Significant contribution to a project outside of the normal course of business;
- Significant positive impact on the atmosphere or the way of working of the team or other parts of the organisation;
- Significant positive impact on the risk profile of Triodos Bank

Collective Token of Appreciation

A collective Token of Appreciation can be paid for the overall achievements and contribution of all co-workers, to the discretion of the Executive Board. This amount is equal for all co-workers with a maximum of € 500 gross per year for each co-worker, who is in service at the end of the year. There will be no distinction between part-time and full-time co-workers. Co-workers that were not in service throughout the whole year will receive a pro rata Token of Appreciation. The members of the Executive Board refrain from this token.

The criteria for granting the Collective Token of Appreciation are predominantly non-financial and may include:

- Gesture for the contribution and (non-financial) achievements of all co-workers.

- Taking into consideration our Impact, Growth and Profitability, the budget (plan) and the market circumstances both generally in the financial sector and specifically in the sectors in which Triodos Bank operates.

The following conditions apply to the aforementioned Tokens of Appreciation:

- The total sum of the variable payments in an Operating Unit shall not lead to risks outside of Triodos Banks risk appetite.
- The total sum attributed to an individual co-worker does not exceed one month' salary with a maximum of € 10.000 gross in any year.
- No material financial and thereby sustainability risks are incentivised due to the award of the Token of Appreciation.
- To comply with the CRD and EBA guidelines, it is forbidden for co-workers to hedge these Tokens of Appreciation.
- Triodos Bank applies the rules on remuneration, in a proportionate manner in line with CRD V, EBA guidelines and the Wft,. Because the Tokens of Appreciation involved do not exceed one month' salary with a maximum of € 10.000 gross in any year, no deferral or (partial) distribution in financial instrument of this variable remuneration will be applied as it remains below the legal thresholds

Claw back arrangements⁵:

Up to 100% of the Tokens of Appreciation is subject to claw back arrangements, in accordance with the EBA Guidelines. Criteria triggering such a claw back are - in particular - situations where in hindsight:

- i. there is evidence that the co-worker did not meet the requirements with respect to ability and correct behaviour e.g. breach of external and internal rules, especially concerning risks, such as the Triodos Bank Business Principles and the Triodos In-house Regulations).
- ii. Triodos and / or the Operating Unit subsequently suffers a significant downturn in its financial performances as a result of actions for which the co-worker was responsible;
- iii. Triodos and / or the Operating Unit where the co-worker works, suffers a significant failure of risk management as a result of actions for which the co-worker was responsible;

any regulatory sanction, e.g. punitive, administrative, disciplinary or otherwise, where the conduct of the co-worker contributed to the sanction.

4.2.b. Welcome payments and retention instruments

Under exceptional circumstances welcome payments or retention instruments can be granted.

Welcome payment

The responsible Group Director or Managing Director, after approval of Group HR, has

⁵ In accordance with the above, malus arrangements do not apply to Tokens of Appreciation because given the limited size of Tokens of Appreciations they are always paid in the year awarded.

the discretionary power to award welcome payments if this is deemed necessary to secure hiring of new co-workers. This discretionary power will be exercised only when the responsible Group Director believes that it is required in order to safeguard Triodos Bank's mission and sustainable long-term value creation. Such welcome payments shall at all times comply with the applicable laws and regulations and will be disclosed in the internal Remuneration Report as required. Welcome payments are subject to repayment clauses. Buy-out payments are not allowed within Triodos.

Retention instruments

Certain situations may arise under which the Executive Board may, at its discretion, award retention instruments if awarding such instrument is deemed necessary by the Executive Board in order to safeguard Triodos Bank's mission and long-term value creation. No retention instrument shall be awarded if such an instrument is not in compliance with applicable law or regulations. Retention instruments, if granted, will be disclosed in the internal Remuneration Report to the Supervisory Board.

Claw back arrangements

Any welcome payment or retention instrument awarded by Triodos Bank is subject to the same claw back arrangements as the Tokens of Appreciation (see above).

4.3 Severance payments

Severance payments should be in line with the principles of this Policy. If local legislation is available, these should be followed.

Severance payments should provide for an appropriate compensation upon termination of the employment contract and should never reward failure or misconduct.

Severance payments are never paid out in the situation of:

- i. Early termination of the employment contract at the sole initiative of the co-worker unless this is the result of serious culpable acting or negligence by Triodos Bank Group.
- ii. Serious negligence in the fulfilment of a co-worker's position.
- iii. Failure of Triodos Bank, if the co-worker is a daily policymaker.

Local HR should be able to demonstrate to Group HR the reasons for the severance payment, the appropriateness of the amount awarded, the criteria used to determine the amount and that it does not reward failure or misconduct.

Severance payments to daily policy makers do not exceed one year's salary. If a member or former member of the Executive Board is paid a severance payment or other special remuneration during a given financial year, an account and an explanation of this remuneration is included in the internal and external remuneration report.

Severance payments to other co-workers do not exceed one year's salary, unless local legislation requires otherwise. If a severance payment or other special remuneration during a given financial year is rewarded, an account and an explanation of this remuneration is included in the internal remuneration report.

5. Additional provisions for defined roles and positions on nomination, dismissal, remuneration and appraisal

For co-workers that hold a specific role within Triodos Bank, particular rules with respect to nomination, dismissal, remuneration and appraisal apply. Purpose of identifying these roles and positions is, amongst others, to ensure their integrity and independence. In general, nomination, dismissal, remuneration and appraisal of the responsible co-workers in these roles or positions cannot be decided by the manager alone; others need to be involved.

6. Reporting

Annually the Group Director HR drafts the internal remuneration report which discloses information on remuneration within the different Operating Units, further specified to target groups depending on availability of data and relevance.

Triodos Bank discloses specific information on remuneration externally. Annually, this information is reported in the annual report or other reports as published on the website of Triodos, in accordance with article 450 of the Capital Requirements Regulation (CRR), also when remuneration components are not applicable within Triodos Bank.

7. Ownership and maintenance

This Policy will be reviewed on an annual basis and approved by the Executive Board and Supervisory Board. The execution of this Policy will be audited by Internal Audit on an annual basis.