

## **DRAFT MINUTES of the digital General Meeting of Triodos Bank N.V, held on Monday 29 June 2020 at the offices of Triodos Bank in Zeist**

### **1. Opening and announcements**

The Chair, Mr De Geus, opened the meeting and warmly welcomed all participants. The Chair expressed the hope that the participants were doing well under the current circumstances, were healthy, and managing to survive economically and otherwise in these difficult times. During the meeting, open discussions would take place despite the remote digital setting resulting from the COVID-19 measures. The Chair referred to the previous annual meeting and explained that the wild flowers on the desks were genuine and came from the bio-florist in Zeist. The people absent from the room would be missed. However, the digital way of meeting did offer the possibility for many more people, including from the other countries where Triodos was active, to participate and ask questions via the live chat.

Attending in the meeting room on behalf of the Supervisory Board were Ms Van der Lecq, Chair of the Remuneration Committee and Vice-Chair of the Supervisory Board, and Mr Boers, Chair of the Audit and Risk Committee. The other three members, Ms Oldenhof, Mr Nawas, and Mr D'Hondt, followed the meeting from a room elsewhere in the building.

Mr Blom, Ms Banga, and Mr Haag were at the table on behalf of the Executive Board. The fourth member, Ms Van der Weerd, followed the meeting from outside the room.

Ms De Zwaan, Chair, and Mr Lageweg, Vice-Chair, were present on behalf of SAAT. The other members followed the meeting from abroad via the webcast.

The auditor from PricewaterhouseCoopers, Mr Jansen, was present in the room, as was the civil-law notary from NautaDutilh, Mr Bossenbroek.

The Chair noted that the meeting had been convened in accordance with Article 12, sections 4 to 6 of Triodos Bank's articles of association. Notice of the meeting had been published on 25 May 2020 in a national newspaper (Trouw). In addition, the depository receipt holders and shareholders had received a written invitation by post or email and the information was posted on the Triodos Bank website. The documents for this meeting had been available for inspection at Triodos Bank and had been published on its website. In addition, these had been sent on request to those entitled to attend the meeting. With regard to voting, the Chair drew the attention of those present to the fact that voting always took place on the agenda item in question, as explained in the explanatory notes to the agenda.

In accordance with Article 12(12) of Triodos Bank's articles of association, the Chair appointed Ms Van der Velden as secretary to take the minutes. The draft minutes would be placed on the website within 3 months. Thereafter, the depository receipt holders would have 3 months to comment on the minutes. The minutes would then be adopted and signed by the Chair, the secretary and the SAAT Chair.

During the meeting, only depository receipt holders who had registered could ask questions about the agenda via the webcast, stating their name and place of residence. Questions submitted in advance would also be dealt with at this meeting.

The Chair referred to item 2 on the agenda.

### **2. Annual report and accounts 2019**

The Chair gave the floor to the members of the Executive Board, each of whom would be responsible for part of the presentation.

Mr Blom would explain the report of the Executive Board and discuss trends and developments, including in the context of the Corona crisis. He indicated that it had originally been intended that the

annual meeting would take place on 15 May, but that it had had to be postponed until 29 June in the hope that the meeting could take place in person. Unfortunately, this had not been possible.

Regarding Corona, Mr Blom explained how the Bank had responded to the threats and opportunities. No figures were yet available; the half-yearly report would follow on 21 August. Mr Blom indicated later in the meeting that he would return to the measures taken in respect of the depository receipts for shares, i.e. the suspension of the purchase and sale of shares on 18 March last and the decision not to pay a dividend.

After Mr. Blom's introduction, Ms. Banga would outline the developments in the business and Mr. Haag would further explain the financial part of the annual report. Ms. Van der Weerd would answer questions that might be raised regarding Risk & Compliance.

## 2a. Report of the Executive Board 2019

Mr Blom went on to say that the year 2019 was characterised by a stable development. There had been growth on all fronts. The old economy was really changing. Renewable energy was becoming the mainstream and seen by banks and investors as an important spearhead, as was the circular economy. That was the trend in 2019, but it was developing further. This implied more competition for Triodos Bank, which needed to much more explicitly lead from the front.

In the area of community engagement, Triodos had worked on the Partnership Carbon Accounting Financials (PCAF) initiative and the UN Principles for Responsible Banking in 2019. Both were important examples of the agenda in the context of Change Finance. In doing so, Triodos Bank aimed to sustainably improve the financial system.

Mr Blom went on to say that the banking sector was having to deal with a lot of regulations that involved costs and with a low interest rate environment. Triodos Bank's business model had to take this into account. Fewer costs could be borne by the interest margin and Triodos Bank increasingly asked the customer for a fee for the use of the services purchased by the customer. Attention had also to be paid to the investment funds, whilst the profit & loss account had been strengthened.

In response to the Corona pandemic, the first action had been taken, focused on the health of employees and the continuity of systems. This action had been successful, enabling customers to be served on an ongoing basis. Approx. 90% of employees worked from home. Attention then turned to the customers and government regulations that were applicable to companies. Attention was also paid to the bank itself and how it was doing. A number of issues had been identified: Triodos Bank's capital position and liquidity was strong. The return was under pressure as a result of the credit losses. Mr Haag would say more about this later.

The short term posed a challenge, especially for customers with a government scheme, who had to make the transition to the new economy. This would take a lot of effort.

In the medium and long term, there were opportunities for customers, especially for the frontrunners in new sectors. Corona might have accelerated sustainability.

With regard to the depository receipts for shares, it had been decided to suspend their purchase and sale and to withdraw the dividend proposal. The suspension of trade was due to the pattern that had developed in the weeks leading up to 18 March, i.e. more sales than new purchases. This had accelerated in the days before the suspension. The uncertainties surrounding Corona played a role in this. When two-thirds of the purchasing capacity of the regulated buffer had been used, the Executive Board decided to close it down. The most important reason was the need for room to serve the number of sales orders immediately upon reopening.

The suspension had been inevitable. It had been difficult for individual depository receipt holders because it was no longer possible to liquidate their investments by selling them.

The plan was to reopen as soon as possible after publication of the half-year figures. It was important that the depository receipt holders understand where the bank stood. The bank would do its utmost. In addition, more purchasing space would be created and the buffer would be increased to EUR 36 million, creating a space of EUR 15.9 million and facilitating sales orders. This would be voted on later in the meeting.

Another measure concerned the decision to limit the amount of sales per investment account to EUR 5,000 per week. In this way, an attempt was being made to manage the resumption of trade in such a way that there was a balanced purchase and sale and the purchase of depository receipts came back on track.

Why had free pricing not been chosen? The transactions were made on the basis of the intrinsic value of the underlying company. The question was whether, with free pricing, this could still be done at that price or at a much lower price. It was a deliberate choice made when the bank was founded, it had functioned well over the years and led to a balance that enabled the bank to perform effectively. The value of the depository receipts had therefore developed steadily and Mr Blom expressed the hope that this would also be the case for the future. The bank would want to continue this progress.

With regard to the withdrawal of the dividend proposal, Mr Blom referred to the proposal published in the Annual Report 2019 to distribute 50% of the profit, but this proposal had been withdrawn at the request of the supervisory authority. The ECB and DNB had signalled to the sector that it had to redouble its efforts in times of Corona. This had been responded to. It was important to choose the same path in times of crisis. The combination of suspending trading and not distributing a dividend had understandably been very disappointing for depository receipt holders.

Mr Blom expressed the hope that dividends could be paid in the coming years when the results were sufficient. Mr Blom then gave the floor to Ms Banga.

Ms Banga discussed Triodos' business activities in 2019 and their development. Impact was a central theme for Triodos. With all the activities, the desire was to ultimately achieve the same goals, i.e. a more social, sustainable and resilient society.

The first question regarding funding was what contribution this made to the quality of life. In addition, it would be determined whether that fitted the desired risk profile and whether the return was sufficient. The 3-year strategy focused on three impact themes: energy and climate, food and agriculture, and social inclusion. On each of these themes Triodos focused its vision and asked itself what transitions and changes were needed. This translated into the activities undertaken by Triodos.

In terms of energy and climate, 2019 had been a very fruitful year for Triodos. Triodos had contributed to the realisation of the Climate Agreement and the commitment of the financial sector, including measurable targets. In Spain, the global conference COP25 took place on the implementation of the Paris Climate Change Agreement. In the context of this meeting in Madrid, the Spanish branch office also requested commitment from the financial sector in Spain to give shape to the Paris Agreement. The initiative was successful and a great achievement was made. A similar commitment was also being worked on in Germany. Banks met there to make a commitment as a financial sector by setting climate targets.

An example of active investments was a project called Rewilding Europe. This was an organisation dealing with nature conservation and nature regeneration in an innovative way. The aim of the project was to restore an extensive peat bog area in Finland. This project tested whether it could be done in such a way that a business model could be built that combined ecological impact, social impact and economic contribution.

Ms Banga referred to slide no. 14 which showed that Triodos had 504 sustainable projects in its current portfolio, mainly wind, solar and hybrid installations. This would provide 0.7 million households with clean energy. Additionally, in 2019 Triodos was the largest financier of renewable energy projects in Europe in deals; not in volume, but in number of deals.

The theme of food and agriculture had been an important theme since Triodos was founded. In 2019, work had been done to further concretize the mission; the new vision on this theme was published in June 2019. The vision underlined the importance of healthy food and a resilient system. The system also took into account the limits of the planet, based on biodiversity and fair distribution along the production chain. The Corona crisis and the nitrogen debate showed that transition was very important.

It was not always an easy sector to finance. Certain parts of the chain were very concentrated, consisted of a few big players and the risk did not always work out well for the bank.

Triodos Investment Management had the Organic Growth Fund that invested in companies that support a sustainable way of life and sustainable food. By the end of 2019 Triodos had financed 34,000 hectares of organic farmland in Europe, producing 31 million organic meals.

Furthermore, a new initiative had been launched in 2019 to enable private customers to invest directly in agricultural land in the Netherlands. It would be available for sustainable management, restoration of biodiversity and production of nutritious and healthy food.

The third theme concerned social inclusion. This theme was about the 'how' of transitions. These were the choices being made, for example by the European Commission, regarding the recovery from the Corona crisis. Dignity was at the heart of this. The theme of diversity and inclusion, equal opportunities for all and a transition that everyone could be a part of, were the building blocks for the vision that was being developed by Triodos in this area.

The bank financed many projects related to this theme. In Spain, for example, it funded the large company Ilunion, which offered opportunities and possibilities of employment to people with disabilities. Ilunion had approximately 38,000 employees, 40% of whom were disabled and who found work in, for example, tourism, health care or facility services.

Ms Banga continued by describing financial inclusion in developing countries. At the end of 2019, Triodos Investment Management's funds had investments in 109 microfinance institutions in around 45 countries in their portfolio. These microfinance institutions were able to provide loans to 19.1 million customers and to enable 19.2 million customers to save.

Within Triodos an instrument had been developed to better assess the impact of investments and financing. This instrument was further developed in 2019 and was being used in the lending and investment process. In 2020, the data of entrepreneurs and parties in which Triodos invested would become more available to private customers and investors. This made the impact of investments or saved money even more concrete.

The impact of Corona has been significant. We have worked hard to keep operational stability open in order to continue to help customers.

The year 2019 was a good year for the bank. On both the lending side, growth of >11% was achieved, the balance sheet total also increased by >11% and the total funds due to customers increased by 12%.

Ms Banga referred to slide no. 17 that showed a number of key figures of the Dutch activities. A number of activities were explained in more detail. Investments were made to improve the mobile applications and to improve customer service. The mobile app was much appreciated by customers when it came to privacy and customer friendliness.

The banking activities in the Netherlands have had to contend with a persistently very low interest rate climate resulting in pressure on margins. Margin on loans has decreased and excess liquidity has been deposited with the ECB at -0.5% (50 basis points). In April, Triodos announced the introduction of negative interest rates for savings accounts > EUR 100,000 and a fixed monthly rate for savings accounts. Measures had also been taken in other countries. This was necessary to keep the business model robust in the future.

At the end of 2019 Triodos moved into new premises on the De Reehorst Estate. The building was a frontrunner when it came to nature inclusivity and sustainable construction.

In Belgium, Triodos has been very involved in financing the transition of Belgium and Belgian entrepreneurs in sectors such as healthcare, sustainable real estate and renewable energy. The growth of loans had slowed down in Belgium because Triodos had to deal with very low interest rates

on loans, more than in other countries. Triodos had deliberately chosen to ignore certain loans. Exceptions have been made for special high-impact sectors.

The investment service in Belgium, the Triodos Impact Portfolio, was continuing. Assets under management amounted to EUR 84 million at the end of 2019, compared to EUR 21 million at the end of 2018.

In France, due to low interest rates and additional regulatory requirements, it had been decided not to convert the activity into a full branch of Triodos. The reinforcement was not justified in the current context. In the first half of 2020 it was decided to close the branch in France and to serve existing French customers from Belgium.

In the United Kingdom, in connection with preparations for Brexit, the branch became a wholly owned subsidiary of Triodos Bank N.V. as from 1 May 2019. The subsidiary had a local banking licence. This would enable further growth in an important market in which Triodos had been active for 25 years. It was a fine recognition of our work that Triodos UK had recently received a royal award for sustainable business.

The UK branch focused on attracting new customers for the retail payment account. In addition, the provision of services remained of undiminished importance. The photo on slide 19 showed Mr Guy Watson, a long-standing Triodos UK customer who ran an organic fruit and vegetable delivery service that had grown very much during the Corona pandemic.

In Spain, the team worked hard to continue the upward trend in the net result. The result in 2017 was negative, but had improved significantly to EUR 4.2 million in 2019. In Spain, many loans had been granted in renewable energy, including loans to small and medium-sized enterprises. A European guarantee programme to strengthen employment and social innovation was being developed in cooperation with the European Investment Bank. A total of EUR 65 million would be provided to 430 social enterprises in Belgium, France, the Netherlands and Spain over the next 5 years. The Spanish branch was very active in this arrangement. In 2019, loans amounting to EUR 10 million had been granted to 74 social entrepreneurs. With this investment and financing, companies could make the first phase of the business possible at lower interest rates with lower collateral requirements.

Germany had recorded a small loss of EUR 400,000 in 2019, which was a significant improvement compared to 2018. In 2018, for the first time, Triodos Bank had made its operational break even and contributed to its overhead costs. This continued in 2019 with an almost positive result. Underlying growth in the loan portfolio in, for example, sustainable real estate and renewable energy grew by almost 20% in 2019. The loan portfolio in Germany would continue to grow. This was necessary in order to achieve further economies of scale and to realise net profit.

In 2019, the German branch provided a project financing that focused on the installation of fibre optics in rural areas in Germany. This would help to invest in social inclusion and combat the exodus of rural areas.

Triodos Investment Management was an important core activity that made an impact in a different way in Europe and beyond. Triodos Investment Management had 16 funds that invested in sustainable themes such as microfinance, renewable energy, organic food and agriculture and in listed companies that actively contributed to transition themes (slide 22 could not be shown for technical reasons).

Total assets under management amounted to approximately EUR 4.9 billion and grew by 18% in 2019. This was a very good growth. In 2019, the activities of Triodos Vastgoed Fonds were terminated, which led to a decrease in assets under management of EUR 102 million. Funds grew by 8% as a result of value increases. The sale of a participation in Uganda resulted in a one-off additional net profit of EUR 5.4 million. More about the impact and financial performance of the funds could be found in the extensive annual report on the website.

Ms Banga gave the floor to Mr Haag.

Mr Haag continued with regard to the financial results for 2019, supported by the presentation from slide 24. In the year 2019 Triodos had been confronted with a very low interest level. Most important as shown on slide 25 was the blue line representing the ECB deposit rate, which had been negative since June 2014. In addition, the basis points for 2019 were important. The graph also showed the Dutch negative interest rate in 2019. Since there had been a negative interest rate for some years, this

was considered the new normal and expected to continue in the coming years with the necessary pressure on banks.

The external factors and the economic situation in 2019 were anchored in the financial model. In addition, certain adjustments that had to be made to the ICT due to regulatory requirements such as KYC ('know your customer') had led to increasing costs. There had also been rising costs in the area of Dutch regulations, including DGS (Deposit Guarantee Scheme) and bank levies, leading to an increase of EUR 14 million in costs in 2019. In addition, there were uncertainties such as the decision regarding Brexit and its consequences and the impact on the European market in terms of customers and conditions. This would continue in 2020 and possibly also in 2021. These external factors had to be considered in the context of the bank's performance.

Slide 27 showed that the bank experienced significant growth in total balance sheet volumes each year, rising again to around EUR 2.2 billion in 2019. The slides presented a breakdown of the consolidated balance sheet at the end of 2019, the loan portfolio by sector, and the development of figures by product. The consolidated balance sheet showed an amount of EUR 12 billion and an increase of EUR 1.2 billion compared to 2018. Total savings and current accounts had increased by EUR 1.1 billion to approximately EUR 10.7 billion. The cash portfolio had increased to EUR 2.3 billion at the end of 2019.

Slide 29 showed growth in sustainable lending to EUR 8.2 billion from left to right. The legend on the right showed the credits by sector and subsector. The subsectors shown in red represented a decrease in credit volumes. The subsectors shown in green showed that the strategy followed leads to further sustainable impact.

Slide 30 showed funds due to customers, which increased to EUR 10.7 billion.

Slide 31 showed shareholders' equity and increased results from operations.

Slide 32 showed the consolidated profit and loss account. A profit of EUR 39 million had been achieved, partly due to an increase in income of EUR 31 million.

A further breakdown of the income was shown in slide 33. The development of the green line in interest income from the loan portfolio was very positive given the challenging circumstances. The stable growth was related to the items mentioned in the consolidated profit and loss account.

Slide 34 showed the operating expenses. These had increased internationally by EUR 22 million. This was partly due to the regulatory and IT requirements.

Slide 35 showed the net profit. Despite external factors, 2019 turned out to be a very solid year. A profit of EUR 39 million had been achieved in line with the budget.

Mr Blom thanked Mr Haag for his explanation and continued with an explanation of the Annual Environmental and Social Report 2019, followed by the strategic perspective.

## 2b. Annual Environmental and Social Report 2019

A number of key figures of the environmental annual report were shown on the screen (slide 38).

The first reports on environmental impact on the bank concerned the impact of operations themselves, such as paper consumption, mobility, office and energy consumption. In recent years it had become much more about the bank's balance sheet, such as lending operations and the environmental impact of banking. As far as Triodos' own environmental costs were concerned, not much had changed, but for some figures this was different. The reason for this was a different way of calculation.

The highlight for improving Triodos Bank's own environmental footprint was the new building for the bank in the Netherlands. It was not only about the building itself, but about how it served as an important example for other office buildings. There were not many extra costs compared to the budget. With regard to the loan portfolio, Mr Blom referred to the PCAF, Partnership for Carbon Accounting Financials. Page 36-38 in the annual report showed the amount of CO<sup>2</sup> emissions that the bank financed, avoided and removed from the atmosphere. It was an interesting way to report towards the 2015 Paris target of at least 49% less emissions by the year 2030; Triodos aimed to emit 55% less CO<sup>2</sup>.

A number of key figures relating to the annual social report could be found on slide 39. There had been an increase in the number of employees. This could be traced back to two situations. The first concerned the hiving-off of the branch in the United Kingdom, where a number of functions had been

set up separately. The second was a large project in the context of 'Know your Customer' and transaction monitoring. This concerned all banks and had resulted in an increase of about 1% in the number of employees a few years ago, now up to 10%. Triodos had been trying to cooperate with other banks in this project, but despite this it had led to an increase in costs. Triodos wanted to achieve efficient growth and strove to ensure that this did not lead to more employees.

Corona had contributed to the theme of working from home; 80-90% of employees currently worked from home. It was intended to preserve elements of this. Partly because of the objective of more effective use of space, it was being considered whether a certain percentage of employees working from home could be maintained.

Absenteeism rose from 3.8% to 4.3%. This related to the tensions facing the banks. In close contact with the Works Council, the bank would look at where improvements could be made, for example by working smarter and more efficiently and by reducing the pressure on the organisation and projects. The male/female ratio showed that 44% of the positions in management were held by women. This was a good result that had become part of the DNA of the bank. The subject of diversity had evoked many emotions and concerns in society at large. This aspect would be put much more prominently on the agenda. The subject dovetailed with the Triodos values of diversity and was a core theme in our mission. The theme had the full attention of the Executive Board and the Director of HR.

The ratio highest/medium salary was 5.6. This was the ratio between the average salary and the highest salary. Triodos aspired to remain below 7.

Employee engagement had declined compared to the year 2017, i.e. from 92% down to 84%. This had led to questions such as whether there had been a tense atmosphere within the organisation. Nevertheless, the outcome was still very high compared to the benchmark of comparable companies of 72%.

Employee turnover was 9.9% and close to the 10% mark. Some other financial institutions had a higher percentage. The cause lay in the solid transitions within the bank and increase in activities.

Mr Blom continued with the strategic perspectives for the next year. Corona played an important role here. This would form an important test in the face of continuing climate change. For banks, this had been a real learning moment to see how to deal with these kinds of changes in nature and diseases. Threats were still expected for 2020 and 2021 as a result of Corona. A number of customers were likely to face problems in the area of business continuity. Because Triodos was a relationship bank, it was in dialogue with these customers and helped them where possible within its own capital and liquidity margins. With regard to opportunities, much was also possible in relation to Corona by acting pro-actively and seeing the opportunity to support customers that were leaders in sustainable and circular activities through financing and the development of new business concepts. This could be done in the areas of sustainability, more local food production, biodiversity, and also with new forms of cooperation, and greater social inclusion.

Corona had further activated and accelerated last year's strategic agenda. The good news was that this had led to more people participation and the awareness that something had to change. People in the Triodos community accepted that this went hand in hand with uncertainty and risks. They followed their hearts, but certainly also use their heads.

In times of crisis, there was also a need for light at the end of the tunnel. In the media it had been widely explained how things could be done differently after Corona. With its 40 years of experience, Triodos wanted to give more substance to this with its vision 'Reset of the Economy'. The vision could be found on the website and formed the basis for the further implementation of the strategy. In addition, Triodos Bank had to ensure that its current business remained strong and vigorous. The capital base was good and should remain so. The same applied to liquidity. Continued profitability had to be ensured.

It was important that the prospects were clear and understood. However, Triodos could not do this without its depository receipt holders, without its employees, or without its customers. The stakeholder model made Triodos powerful. There might have been risk and uncertainty, but there were plenty of opportunities. The depository receipt holder could, with their deposited capital, enable 10-12 times that amount of credit. By converting savings into loans, a tremendous impact was multiplied. Mr Blom emphasised that the bank was fully aware of this and therefore considered a good relationship with depository receipt holders to be important.

Mr Blom went on to say that the bank appreciated that the depository receipt holders had faced measures that were unexpected and sometimes painful. This had recently, it was acknowledged, also

been experienced in terms of communications. Mr Blom concluded with the hope that Triodos and its depositary receipt holders could together build a promising future for Triodos Bank.

The Chair thanked the Executive Board for the explanations.

Before the opportunity to put questions to the Executive Board, the Chair was pleased to report on the Board's activities in 2019.

## 2c Report of the Supervisory Board

The Chair described a tumultuous year. The first quarter had seen a peak in Corona in China and Italy and the second quarter in Europe overall and the US. By now the numbers were leaping up in most other continents. Vaccines and treatment methods were not yet in sight. The economic damage was already great and would continue for years to come. Triodos Bank and its customers also faced a major challenge.

That was why it was good to see that Triodos had put a lot of things in order in 2019. Processes had been adapted to laws and regulations, the privatization of Triodos UK, enforced by Brexit, had been carried out according to plan, and capitalization had reached a very solid level by the end of the year. Despite difficult circumstances, the bank as a group had increased its impact and achieved its profit target. That deserved our praise. The Chair complimented the Executive Board and all employees.

The role of the Supervisory Board was to supervise the Executive Board and advise in open dialogue. The 3-year strategic plan covered the period 2019-2021. The plan had been approved in 2018. The Supervisory Board ensured that the annual plans were in line with the strategy. This sometimes needed to be adjusted. When current events demanded a lot of navigation skills, the Executive Board was challenged to also give due attention to long-term objectives, for example with regard to innovation.

Mr Blom explained that 2020 was an extra difficult year. It was all hands on deck, with the need to realign some markers. Resolutions to this effect were being prepared, adopted and approved in close cooperation between the Executive Board and Supervisory Board, and were implemented constructively in conjunction with De Nederlandsche Bank (DNB).

The changes in the composition of the Executive Board and Supervisory Board and how they have been dealt with had been described in the report. Two new members, Ms Van der Weerd and Mr Haag, had strengthened the Executive Board. These persons implemented the mission and contributed their broad knowledge and experience.

The Supervisory Board had also been strengthened last year by Mr Nawas and Mr D'Hondt. With the necessary qualities and specialisms, the quality in the Executive Board had been guaranteed and it would be possible to avoid recruiting new candidates towards 2020. In 2019, the Supervisory Board had evaluated its own performance with external support. The resulting points for improvement had been taken up.

The Chair continued by describing the current crisis and the enormous pressure on Triodos Bank. At the same time, every crisis was also an opportunity: a reset of the economy was needed. It had to be done differently, it could be done by, for example, travelling less, especially during rush hour, or by moving away from the desire for ever more and instead towards sustainable and more social. Triodos' mission was extremely topical. The Chair gave two examples: 'Reset the Economy' - 'an agenda for regeneration and recovery of the Corona crisis', written by Triodos Bank employees, was introduced on 28 May 2020. There was cooperation at European level. That too was a great achievement for a relatively small bank able to do business with the European Investment Bank, being the first bank to have shaped the social impact of CMR. The mission was also topical in the banking business. In times of Corona, for example, it was an extremely topical decision to postpone credit repayment for some time, a facility that Triodos had provided to around 600 of its customers, allowing those companies to continue making an impact and accelerating the mission.

The involvement of the Supervisory Board in Triodos Bank was greater than ever. Together with the Executive Board, the Supervisory Board was putting its nose to the grindstone.

The Chair then indicated that there was now an opportunity to ask questions. First, the questions submitted in advance would be answered. Additional questions could be asked via the chat function of the webcast.

The questions would be read out and answered in groups of 3. The following questions concerned the depository receipts.

Ms Deorsola from Brussels, Mr Limborg from Zeist, Mr Op den Orth from Den IJp, Mr Lovatt Smitt from Hellingly, Ms Webber from Hellingly, Mr Wesseling from Hazerswoude, Mr Schropp from Driebergen-Rijsenburg and Mr Ladus from Tiel all asked about the resumption of trade in depository receipts, the maximum duration of the suspension and the criteria for resuming trade. It was also asked why the

price had fallen during the non-negotiable period and how Triodos intended to prevent it from falling below EUR 83 when trading in the depository receipts was resumed?

Mr Groen from Utrecht submitted the following question:

*"Can Triodos offer depository receipt holders the possibility of granting a loan for the value (or part of the value) of their depository receipts with the value of their depository receipts as collateral? All this subject to the depository receipt holder providing clear justification and to trading in shares having been frozen?"*

Mr Wesselingh from Hazerswoude asked the following question:

*"Can Triodos clarify exactly the link between blocking trade in depository receipts and the strength of the bank?"*

Mr. Blom explained that he had tried to answer some of the questions in the first part of the introduction. It was expected to reopen after 21 August 2020, subject to the necessary approval of the regulator. The main reason for this was that as of that date the half-year figures would be available and this would give an insight into where Triodos Bank stood. The second important aspect was the reasonable estimation that new investors would want to enter. After 21 August 2020, we would look at the situation, the sentiment and what the market thought of this. A second wave of the Corona virus could also play a role with implications for economic uncertainty and confidence: all these aspects were relevant and would be assessed.

The third question concerned the value of depository receipts. This value was determined on the basis of the company's net asset value calculation. The market system had little influence on this. The calculation was made and published weekly. The development had remained reasonably stable and was expected to remain so, but no guarantees could be given.

Mr Blom answered the second question on obtaining credit on the basis of the depository receipt. This could not be done just like that. Triodos Bank could not finance its own capital through loans to a depository receipt holder. Individual customers could contact their relationship manager or customer contact to see if other solutions were available.

The following 2 questions were put forward and would be answered.

Mr Ladus from Tiel asked the following questions:

1) *"How does the bank intend to prevent massive and prolonged abandonment of depository receipts and possibly even of the bank itself?"*

2) *"How does the bank intend to create investor confidence for the depository receipts in the future?"*

Mr Stolk from Breda asked the following question:

*"Would it be possible to change the rule so that depository receipts could be put up for sale in the event of the death of the depository receipt holder?"*

Mr Blom acknowledged that these were specific questions. It was certainly not being considered to abandon depositary receipts for shares. This was closely related to the bank's mission. This had been successfully applied for 40 years and Triodos saw a future for this. In addition, there was no question of the bank itself abandoning its work. However, the question of mutual trust in relation to the depositary receipt holder would be looked at. Many depositary receipt holders had confidence in the bank, but the bank should also continue to talk with depositary receipt holders who wished to sell.

Mr Blom went on to say that, unfortunately, it was not possible to sell depositary receipts in the event of death. The reason for this was that Triodos Bank treated all depositary receipt holders equally and made no specific exception.

The Chair went on to say that it was hoped that the means offered would encourage dialogue, both through the questions submitted in advance and the possibility of asking questions via the chat box. This was not limited to the meeting; both the Executive Board and the Supervisory Board could be sent questions if there was a need for dialogue.

Questions submitted in advance regarding dividends and the withdrawn dividend proposal would be submitted and answered for each group of 3.

Mr Crickx and Mr Lemaire, both from Rixensart, put the following questions:

- "1) Could the decision not to pay a dividend be reviewed and an amount of dividend paid closer to EUR 1.95 than EUR 1.65.*
- 2) If this was not allowed, they will ask Triodos in any case to make a provision for the depositary receipt holders for an amount less than EUR 100,000 so that this group does receive a dividend.*
- 3) If no dividend is paid, they ask Triodos to spend more money on the third world countries that are more affected by COVID-19."*

Mr Devos from Meise submitted the following question:

*"Why isn't there a dividend payment for customers who support core capital? A partial payment of dividend for 2019 would also be possible, wouldn't it?"*

Mr Schropp from Driebergen-Rijssenburg asked the following questions:

- "1) Why did the Executive Board of Triodos Bank decide to follow the recommendation of DNB and ECB, it is not an obligation?*
- 2) Is your financial situation (the buffer requirements) so precarious that there is no room for it?*
- 3. Must such a decision not be put to the depositary receipt holders / shareholders? If not, why not?*
- 4) Why is a dividend proposal a proposal that is presented in the annual report and has to be submitted to the depositary receipt holders, whilst the intention to set the dividend at zero is not a proposal that has to be voted on in the meeting? In other words, what is the precise difference between a resolution to cancel a dividend, which does not require consultation, and a resolution to pay a dividend?*
- 5) Do you not find it unfriendly to depositary receipt holders to announce such a dividend resolution only after you have ceased trading in depositary receipts? The DNB recommendation runs until 1 October 2020.*
- 6) Are you going to adopt/submit another positive dividend resolution on 1 October 2020? If so, will it be presented at a (further) meeting, or will it be presented at the meeting on 29 June 2020?"*

Mr Blom replied to the questions with the following supplementary remarks.

On the last question: strictly speaking, Triodos was not legally obliged to follow DNB's and ECB's recommendation, but such an important signal from regulators and social accountability to other banks and society had prompted the Executive Board, with the support of the Supervisory Board, to join in and withdraw the initial proposal. With regard to the broader consideration of whether it was not mandatory to submit this to the General Meeting and depositary receipt holders, this decision fell within the authority and responsibility of the Executive Board and was supported in this by the Supervisory Board. The assessment would not be put to a meeting such as this.

With regard to the question about the dividend payment to customers who supported the core capital, Mr Blom answered that everything was core capital and no distinction was made between customers by virtue of the principle of equal treatment of clients.

In response to the question about the possibility of payment to the group holding depositary receipts for EUR 100,000 or less and the third world countries, Mr Blom answered that this was not possible on the grounds of equal treatment and the decision had been taken in a broader context. In general, Triodos continued to maximise its commitment through its microcredit funds, but these amounts were not allocated on a one-for-one basis. DNB's recommendation was to add the dividend to the capital so that the bank could emerge strongly from the crisis and help credit customers.

Ms Van Egmond from The Hague submitted the following questions:

- 1) What exactly is the content of DNB's correspondence with Triodos on dividend policy?*
- 2) Is Triodos only morally obliged to postpone the dividend or are they obliged to do so by DNB as supervisor?*
- 3) What pressure has been exerted on the Executive Board? Has there been any threat of sanctions?*
- 4) Will the dividend possibly be adjusted in 2021 to compensate shareholders: dividend resolutions are ultimately the responsibility of the Executive Board?"*

Mr Blom answered the questions as follows:

The dividend in 2021 related to the bank's 2020 profit, if any, which determined whether or not a distribution could be made.

Mr Arlman from The Hague asked the following question:

*"The median and highest salary are compared, understandably, but what does 'excluding the highest salary' mean?"*

Mr Blom replied that the calculation had to be made in accordance with the GRI regulations; the highest salary could not be taken into account when calculating the median salary. This was done to prevent a salary from having too much influence on the total. No variable income could be earned at Triodos.

The Chair announced that the following questions had been received via the chat:

The next question through the chat would be asked by Mr. Tamis from Alkmaar:

*"Isn't it fairer to lower the limit for levying negative interest rates instead of also asking all small savers for a fixed monthly contribution?"*

The next question through the chat would be asked by Jeuron B.V. from Helmond:

*"I've heard that Triodos has transferred part of its capital to ABN AMRO. Is this true? If so, what's the reason?"*

Ms Banga answered Mr Tamis' question about the levying of negative interest on assets > EUR 100,000 and perhaps to lower the limit. The implementation of this measure was the best option under the open solidarity rule. Triodos Bank believed it was important to give shape to this, and to charge costs for smaller savings accounts as well. The costs had previously been paid more out of interest margin, but this was no longer the case. However, different rates were applied to certain target groups, such as children's savings accounts and the group of customers aged 15-18. In this way an attempt has been made to strike a good balance.

Mr Blom answered Mr Tamis' question as follows: no capital would be placed with ABN AMRO, but liquidities would be. Processes had been drawn up for this purpose. Mr. Haag added that the reason for accommodating liquidities and the participation was to avoid negative interest rates and a growth of funds on which 0.5% basis points had to be paid. Mr Haag emphasised that these were not long-term investments. The Chair added that pages 95 and 96 showed how the capital was divided between public and private institutions and how ABN AMRO participated therein.

The Chair announced that the following questions had been received via the chat:

The next question through the chat would be asked by Ms Horsten from Eindhoven:

- "1) Can you share more about the severance payment on page 128 of the annual report?"*
- 2) How do you see the impact themes of Triodos (environment, social and culture) relate to the Sustainable Development Goals (for example culture does not seem to be present in the SDGs)?"*

The Chair would ask Ms Van der Lecq to answer the first question in the next item on the agenda. The second question related to the three impact themes as included in the 3-year strategy, but also to other impact themes such as culture. This was a single framework and the annual report, starting on page 231, discussed the Sustainable Development Goals. The framework was used worldwide to formulate objectives as further explained on page 232 of the annual report. There was less focus on art and culture when it came to public interest and as part of the integral approach to impact, but that did not mean that there were no impact themes other than those mentioned in the 3-year strategy.

The Chair went on to say that the following questions had been received via the chat:

The following questions through the chat were asked by Ms Wegener from Munich:

- "1) About Brexit and the UK branch: you said you have taken steps to make them more independent (in case of no FTA or limited FTA); how do you think the new course by UK government will impact their core of ethical banking?"*
- 2) About the dividend: while I understand and agree with the solidarity of no dividends this year, you said that Triodos has enough profit from last year to be able to. Do you plan to put this part on top of new dividends if in a new year economy has stabilized enough to give dividends again?"*

The following question was asked by Mr Freudenreich from Alkmaar via the chat:

*"Shouldn't the renunciation of dividend payout increase the value of the depository receipts?"*

Mr Blom replied that the dividend ratio was the profit for the year prior to the year in which dividend was granted. The profit for 2020 would determine the dividend level that could be set in 2021. Additional dividend was not immediately considered a possibility, but Mr Blom expressed the hope that Triodos Bank would enter more stable waters. The dividend payment would then not be made up, but would be continued.

To the question whether dividend policy led to an increase in value, Mr Blom answered that if dividend was not paid, it became part of the net asset value of the bank and had a positive effect on the value of the depository receipt.

The Chair stated that this also answered Mr Zwaan's question from Scharsterbrug, which read as follows: *"You say there's room for dividend over 2019. How is this money going to be spent now?"* This would be used to strengthen the position and the upward effect on the value of the shares.

The Chair referred to the remark made by Mr Oen from Amsterdam via the chat:

*"More of a comment than a question. As a depository receipt holder, I do not consider it an issue at all that no dividend is paid. I do wonder whether people realise that the depository receipt will be 'weakened' (a vague term) if a dividend is paid out".*

The Chair confirmed that this was the case and thanked Mr Oen for his remark.

The Chair referred to the following question by Ms Wegener from Munich:

*"About Brexit and the UK branch: you said you have taken steps to make them more independent (in case of no FTA or limited FTA); how do you think the new course by UK government will impact their core of ethical banking?"*

The Chair referred to the following question by Mr Tafforeau (place of residence unknown):

*"What are the plans about the possibility for private individuals to have a current account in Belgium (compte à vue, compte courant)?"*

The Chair referred to the question from Mr Holwerda of Barneveld, submitted via the chat:

*"For a couple of years now (if I'm right) they have been talking about the efficiency/result/growth of the German branch. And that it's just always disappointing. What is/are the main reason(s) for these results. Is Ms Banga giving any sign of possibly ending in Germany?"*

Ms Banga dealt with the three questions one by one as follows.

The question of the independence of the UK subsidiary was answered by the approaching Brexit and the hiving-off of activities. Further developments should be considered. With this step Triodos was ready to remain active in the UK after Brexit and to shape ethical banking. Ethical banking in the UK was very much alive and growing. It was a good starting point and the hope was that the climate would remain the same so that reinforcement was possible.

Ms Banga answered Mr Tafforeau's question concerning the chances of opening a private investment/payment account in Belgium. At the moment Triodos did not have such a concrete plan. The investments involved were large and it was not an easy product to make profitable. Triodos saw this as a gap. A new payment service directive under the European Union could further shape this in a different way.

In reply to the question about the German branch, Ms Banga said that the break-even point had been reached operationally in 2018. In 2019 the result improved and the branch contributed to part of the overhead costs. Important factors contributing to the achievement of results also had to do with the low interest rate climate. However, there was great potential and possible scale to bear costs.

Two more questions had been received via the chat function; these questions would close the question round. However, the Chair said that people should feel free to continue contact with the bank.

The Chair referred to the question from Mr Holwerda of Barneveld, submitted via the chat:

*"The increased ICT costs and the expectation that these costs will continue to rise or will certainly not fall in view of all the regulations and efficient requirements. Is there cooperation with other national/international banks in this area in order to achieve/maintain quality and control costs?"*

The Chair referred to the question from Mr Van Helsdingen from Oegstgeest, who had asked via the chat:

*"Subject: Bank's diversification policy with regard to loans and investments in sustainable funds: the annual report 2019 contains a report on the (further) diversification of loans and investments, both geographically and thematically. Could a brief explanation be given of the strategic and efficiency considerations involved? This question is specifically about: how do the realisation of strategic impact, risk diversification and operational costs relate to each other? Would it not be more appropriate in some cases to concentrate activities, in particular in geographical terms, in order to enlarge/consolidate measurable impact?"*

The Chair noted that this question concerned costs as well as when geographical concentration was important or diversity was important.

Ms Banga answered Mr Holwerda's question on ICT costs as follows.

Triodos Bank expected ICT costs to continue to rise. This was due to investments in digital processes which could lead to lower overall costs. Triodos Bank wanted to improve customer service, make operations more efficient and be better in control of processes. However, it should be borne in mind that the ICT strategy took shape by investing and standardising all at once. The investment in monitoring transactions in the Netherlands would be considered in cooperation with other banks. In Germany, the sector used a joint IT solution for the cooperative sector and thus achieved scale.

Ms Banga answered Mr Van Helsdingen's question on diversification, thematic and geographical, as follows. With regard to the spread of activities, impact, risk and return were all important considerations. The bank worked to manage concentrations, geographically and thematically, but it was also a risk consideration. Triodos was present in third world countries; this offered risk diversification, but it could also involve higher costs. This was a continuous balancing act. It added to the impact component by working on impact themes within all those countries; as a European player it could achieve more.

The Chair asked Ms Banga to consider the closure of the establishment in France in this context. Ms Banga replied that in this context, it was not justified to open a branch in France and other activities abroad were chosen instead.

The Chair closed the question session and gave the floor to Ms Van der Lecq, Chair of the Remuneration Committee and of the Nomination Committee.

## 2d Implementation of remuneration policy

Ms Van der Lecq explained that the Supervisory Board was accountable for the remuneration policy pursued in respect of the Supervisory Board and the Executive Board for the year 2019. The overview could be found on pages 127 to 130 of the annual report. The summary of the principles were given on pages 126 and 127.

Ms Van der Lecq explained the three principles of the remuneration policy as follows.

The bank's income was generated by all employees working together. In doing so, the bank strove for fair remuneration with due regard for everyone's responsibilities. The salary increase for the Executive Board and employees would continue to be in mutual good balance in 2019.

The second principle was that the bank did not offer variable or performance-related bonuses or options to executive board members or employees based on the principle of how the bank works.

The third point concerned the relationship between employee salaries. For this purpose, the median was calculated as an average, with the bank disregarding the highest salary. Once the median had been calculated, it was compared to the highest salary. This highest salary could not exceed 7 times the median. In 2019 this was 5.6. This complied with the GRI (Global Reporting Initiative) standard and the bank's own standards.

Ms Van der Lecq went on to say that the question on the retirement scheme submitted via the chat related to what had been agreed with the former CFO, Mr Aeby. The entire amount had been charged to the year 2019. Mr. Aeby formally left on the same date as the Annual General Meeting of 2019, but as of that date he guaranteed performance of his obligations to the new CFO. In addition, Mr Aeby would hold a number of advisory roles for the Executive Board until September 2020. The explanation was set out in the footnotes on page 128 of the annual report. The Chair thanked Ms Van der Lecq for her explanations on this point.

The Chair moved on to agenda item 2e, the adoption of the annual accounts.

## 2e Adoption of the annual accounts 2019

The Chair went on to say that an abridged financial report would be drawn up each year in Dutch. The English-language annual report should be submitted to the meeting for adoption. The English-language annual report was the version adopted. For reasons of time, the rest of the explanatory note was omitted. The Chair gave the floor to Mr Jansen, partner with the external auditor PWC.

Mr Jansen would give a more detailed explanation of the 2019 audit. Mr. Jansen's colleague was also present via the webcast. The financial year 2019 was the 4th year that PWC had acted as the external auditor. Triodos' mission and culture could be characterized as unique and formed an important starting point in the context of the audit. That year, many efforts had been made to increase knowledge about the bank and many dialogues had been held with them.

As in previous years, the assignment consisted of three parts, i.e. the audit of the financial statements, the assessment of the sustainability information, and the work carried out on the other parts of the annual report. The slides in the presentation would be displayed again for each part and show the general themes of the explanation.

The audit of the annual accounts. The conclusion was that an unqualified auditor's report on both the consolidated annual accounts and the company annual accounts had been issued on 19 March 2020. In the context of Corona, the impact had been treated as a non-adjusting post-balance sheet event for the annual accounts at the end of December 2019. This was called a type 2 event. The financial statements had not been adjusted for the consequences of this virus. Impact would become visible in

the reports on 2020. A paragraph on this subject was included in our auditor's report, but this did not affect the auditor's opinion.

An audit determined materiality on the basis of relevant information from users for the annual accounts. The materiality for 2019 had been determined at EUR 2.6 million. This materiality had been allocated to various lines of business that were part of the audit and with which the vast majority of the revenue and result before tax had been audited.

For the audit, the external auditor focused on significant components of the group, including the four branches in the Netherlands, Belgium, Spain and Germany, the Triodos head office, Triodos UK and Triodos Investment Management. The audit at Triodos headquarters was carried out by the group team. For the other Dutch activities, Dutch teams had been brought in and for the branches abroad, local PwC teams had been brought in. The group team reviewed the reports and they were present at the final meetings.

Triodos was highly dependent on ICT. PwC's IT specialists supported the team in the assessment of general IT control measures and tested certain reports and control measures in applications. The auditor ensured that the audit team had the necessary skills for auditing the bank, both in the Netherlands and abroad. In addition to banking and IT specialists, PwC included in its team specialists in the field of legislation and regulations and sustainability information.

The auditor's report mentioned two key points. These were subjects to which extra attention had been paid and in which the management made important estimates. The first point concerned the complexity of determining the provisions. The second key point concerned valuation of the financial instruments at fair value, even where they were not traded and for which there was therefore no observable market price. For both of these key points, PwC had obtained sufficient certainty about the correct incorporation in the financial statements.

PwC no longer considered the disclosure of an off-balance sheet liability relating to potential VAT charges on intra-company transactions to be a key issue, as more clarity had now been gained. The main lines of these activities were described in the auditor's report that could be found in the annual report.

About the sustainability information. As part of its mission, Triodos Bank considered it important to provide transparent information on the impact of its activities and to report on this in its annual report. PwC had performed a review engagement on these impact grades providing a limited degree of certainty. Based on PwC's assessment, there had been no reason to believe that the responsible sustainability information was not a reliable and adequate description of the policy, events and results achieved.

In line with its responsibility, the external auditor had critically reviewed the other information in the annual report and, based on its knowledge and understanding, considered whether the other information presented differed from or conflicted with the annual accounts, which was not the case. Furthermore, all legally required information had been included.

The Chair asked Mr Jansen to answer any questions that came in via the chat function. No questions on this subject had been submitted in advance. Questions about the annual accounts or the presentation of the accountant could be asked for 30 seconds via the chat function.

The Chair asked, on his own behalf, what it was like to audit that impact information. Not every company had asked for this according to Mr Jansen at the time of the assignment. It had been a good thing to go forward together in this respect. The Chair expressed the hope that more companies would use this process and provide impact information for auditing by the auditor.

Mr Jansen thanked the Chair for the question. Mr Jansen replied that Triodos was at the forefront of the integral way of financial and non-financial reporting, including information relevant to users. The external auditor's report was much broader than normal, and Mr Jansen expressed the hope that the business community would continue to follow this course.

The Chair indicated that no further questions had been received. The Chair thanked Mr Jansen for his explanation. The cooperation would be continued.

The Chair proceeded to the vote on the 2019 annual accounts. The bank's share capital was held by a specially established Stichting Administratiekantoor Aandelen Triodos Bank (SAAT), which exercised the voting rights in this meeting. The board of SAAT was appointed by depository receipt holders. The Chair invited the Chair of SAAT to come to the lectern to give the explanation of vote.

The Chair of SAAT, Ms De Zwaan, thanked the Chair and welcomed those present.

Ms De Zwaan went on to say that it had been an exceptional situation for SAAT that depository receipt holders could not have been met in person. She sincerely hoped that this would change again next year. It had been agreed with the Executive Board and the Supervisory Board that SAAT would give a detailed explanation of how it cast its vote at this meeting in order to gain a better understanding of the principles on which it was based. The role of SAAT and how SAAT worked could be found on the website. SAAT fulfilled its role from a 3-fold perspective. The first was the mission of the bank, the second was the economic rights of depository receipt holders, and the third is the independence of the bank. SAAT protected the economic rights of depository receipt holders, but also the bank's unique mission and independence and continuity. These aspects were always considered in conjunction with each other when taking a decision. This was what certificate holders could and should expect from SAAT and this was what SAAT did.

Ms De Zwaan went on to say that SAAT acknowledged that it always assessed the bank's data retrospectively, as it did today for the 2019 annual accounts. As stated by the Supervisory Board and the Executive Board, the circumstances were exceptional, given that 2020 was already half way through.

With regard to its explanation of its vote, it was important to reiterate that SAAT did not consider itself to be the owner of the bank; the bank stood alone. It was also important to look at the result as expressed in the 2019 financial statements in the context of history and the future, both in the medium and long term.

Ms De Zwaan continued with a few remarks of importance to an understanding of how SAAT had looked at the annual accounts: Last year SAAT had indicated what it would focus on in 2019. All in all, 2019 had been a very auspicious year. Apart from the fact that the bank had to operate in a very challenging interest rate environment, there had been exceptional issues that dominated the public debate: climate change and the changing and increasing social inequality. The report had been exceptionally transparent. The Supervisory Board and the Executive Board were expressly complimented. The annual report provides clear insight into the issues the bank had addressed and the opportunities it had been able to seize. It was an integrated annual report in which the explanatory notes were clearly in line with the facts and figures shown in the annual accounts. SAAT observed that, compared to 2018, the results were consistent and no explicit deviations had been observed.

The text on pages 19 and 27 of the annual accounts provided insight into the bank's policy with regard to its mission. The bank stated that it focused on the three strategic themes, 'one bank', 'unlock our purpose', and 'being a frontrunner'. Triodos Bank had done a lot of work as a front runner. These strategic themes had been elaborated in two vision papers: on food and agriculture, and on sustainable energy, and the bank was in the process of formulating a third vision paper on social inclusion.

In terms of impact, SAAT reviewed the bank's impact reporting. It was noteworthy that the bank used a number of frameworks to report on impact, including ESG. The bank had developed its own tool, not only to report on impact, but also to steer on impact, the Prism impact tool. SAAT was very interested to understand more about this tool the following year and about the goals the bank wanted to achieve, measure, and test with regard to impact. SAAT invited the bank to provide a more explicit explanation of the impact objectives.

With regard to the implementation of the strategy and the three themes mentioned by the bank, Ms De Zwaan went on to say that the bank had worked as a frontrunner for the climate tables, for the sustainable finance lab, and for the PCAF reporting. SAAT was very interested in translating the vision

documents into the loan portfolio growth policy. The loan portfolio had a substantial share in mortgages and loans to municipalities. SAAT also noted that once could question whether mortgages now generated the most impact. SAAT hoped to see significant growth within the domains again next year. SAAT also looked forward to the results of the other areas in the bank.

Ms De Zwaan went on to say that Triodos interacted with its stakeholders on the three main focus themes and could use feedback from stakeholders to further steer policy on these focus themes.

Ms de Zwaan went on to say that SAAT fulfilled its role from the perspective of protecting the economic rights of depository receipt holders and of the bank. For this purpose, a number of indicators were monitored, including the net asset value of depository receipts. The previous Friday [26 June 2020], the net asset value according to the bank's website had been EUR 83. SAAT also looked at the net profit per share. There had been a slight increase compared to last year, which was a good reversal of the trend that had started in 2018. With regard to the dividend, it had been clearly explained why there was no dividend proposal on the agenda. SAAT had also wondered what a sensible policy was with regard to the dividend in respect of Corona. The bank had given an appropriate answer.

The bank had made efforts to reduce the cost-income ratio, but this had increased. Accordingly, the bank deviated from its own objective. With regard to income, SAAT took note of the fact that the bank was committed to fee income and interest income growth through growth of the loan portfolio. SAAT was curious as to the implication of this for the cost-income ratio for 2020.

The loans to deposit ratio was constant, but it was unclear what this meant for this year under the influence of COVID. It was also noted with satisfaction that the ratio of the provision to be maintained in respect of non-performing loans remained consistently low.

The BIS ratio of 18% had increased slightly compared to the previous year in line with the previous year's statements by the Executive Board.

As a result of the costs for COVID, SAAT had asked whether there would be a regular stress test involving such a scenario. This was not the case. No one, not even the banking sector, had ever considered a COVID outbreak. The bank had indicated that it was sufficiently capitalized to be able to also withstand COVID.

Ms De Zwaan went on to say that the bank's independence depended on its ability to align and implement its mission and strategy coherently. The annual report provided a clear picture of the coherence and commitment to the implementation of the strategy. The results for 2019 gave a consistent and robust picture in terms of impact. In recent years, SAAT had invited the bank to produce similar impact reports so that the depository receipt holders could follow the impact development. SAAT was very interested to learn how the bank would provide even more insight into the development of the impact.

SAAT asked for more information about how the bank's latest vision on COVID's impact on society could be implemented in practice strategically and with speed, so that Triodos could show that it remained the frontrunner in the banking sector.

The Chair thanked Ms De Zwaan and offered those present the opportunity to ask questions to Ms De Zwaan via the chat function for 30 seconds. The previous year's evaluation showed that the opportunity to put questions to Ms De Zwaan following her explanation had been appreciated.

The following question was received via the chat function of Mr Putz from Bilthoven:

*"You spoke of the bank's purpose to reset the economy. What wish does SAAT have in mind at this point with a time horizon of about 7 years?"*

Ms De Zwaan said that that was a challenging question, which she would answer in outline. An inclusive society was interpreted as one in which everyone participated within his or her abilities; the bank would make an explicit contribution to this. Given the current issue falls within the theme of inclusivity, this meant that more people ate healthy and sensible food, that the food was produced in a good and fair way without the earth suffering as a result, and that the energy needed was generated in a sustainable way and that people were given fair opportunities to participate. Through its credit and

investment portfolio, the bank would remain permanently active on the focus themes, and through its contribution a front runner in initiating the social debate.

The Chair went on to say that the article 'resilient and inclusive recovery of the Corona crisis' dated 28 May could also be found on the website. That article offered a longer-term perspective. The vision needed to be translated into day-to-day business and would play a role in strategic planning.

The Chair continued with the second question by Mr Putz from Bilthoven:

*"Is the Prism impact tool also made available to customers and other stakeholders? What is your expectation?"*

Ms Banga answered the question. As stated in her speech, it was currently being considered how the information gained from the tool could be fed back into conversations with, for example, borrowers. In addition, it was being considered how this information could be shared more with private customers, so that the common impact could be linked to saved or invested money.

The Chair continued with the comment from Mr Jeuken from Helmond:

*"Wonderful and confidence-inspiring explanation by Josephine. Thank you."*

The Chair asked Ms De Zwaan to give an explanation of the vote.

Ms De Zwaan indicated that the shareholder was voting in favour of the adoption of Triodos Bank's annual accounts for the financial year 2019.

The Chair noted that the Annual General Meeting had adopted the annual accounts for 2019.

The Chair continued with agenda item 3.

### **3. Dividend policy**

The Chair stated that this agenda item should not be confused with the dividend proposal; there was no such proposal.

Mr Blom explained. A dividend proposal had of course been formulated for this year. The bank intended to distribute 50% of the profits. This proposal was eventually withdrawn on the urgent recommendation of the supervisor to banks in the Eurozone. Normally, the objective was to allow the depository receipt holders to share in the result by means of a dividend payment. The bank wanted to continue this, but there was no guarantee and it needed to be reviewed every year. Capital as an important factor here, as was the impact that the bank could achieve. It was important for depository receipt holders to be able to share in this. A dividend was a way of giving effect to this, but what was paid out could not be added to the capital. At present, interest rates were persistently low and costs were rising, which together called for a high degree of caution. This could mean that the bank ought to be able to adjust the final distribution. This is why the bank believed it was important to no longer maintain a minimum of 50%, but a maximum of 70%. The bank wanted to create models to see whether or not dividends were payable and whether profits should remain within the capital in order to strengthen the bank, and thereby benefit development and growth. Mr Blom did not want to give the impression that the dividend distribution would always be 50%. The Executive Board sought support from the Supervisory Board for this purpose. On 20 April last, it had been decided to adjust the dividend policy and only to maintain a maximum of 70% and no longer to call it a minimum of 50%. The same would apply the following year to any profit for 2020.

The Chair invited questions. No questions had been submitted in advance or via the chat function of the webcast. The Chair continued with agenda item 4.

### **4. Discharge**

The Chair went on to say that the discharge related to the management carried out or the supervision exercised by the Supervisory Board as evidenced by the annual report and announcements from this

meeting. No questions had been submitted in advance. Questions could be asked for 30 seconds via the chat function of the webcast. If no questions were asked, a decision would be taken.

The Chair went on to say that at previous General Meetings most questions had concentrated on the first part of the meeting. Questions related to discharge were often raised there.

#### 4a. Discharge of the members of the Executive Board

As there were no questions, the Chair ascertained whether the shareholder voted in favour of discharging the Executive Board from liability.

Ms De Zwaan indicated that the shareholder voted in favour of discharge of the members of the Executive Board. Ms De Zwaan further underlined the appreciation shown for the commitment of the Executive Board in view of the change in composition and the events, particularly in the first half of this year.

The Chair noted that the General Meeting had approved the proposal to grant discharge to the members of the Executive Board.

#### 4b. Discharge of the members of the Supervisory Board

The Chair proceeded to the vote on the discharge of the members of the Supervisory Board. Ms De Zwaan stated that the shareholder was voting to discharge the members of the Supervisory Board from liability. Together with the Executive Board, the Supervisory Board had had a very active and intense year. The Supervisory Board's annual report in the documents had been more detailed than what was explained at the meeting. SAAT invited the Council to explain its activities in more detail at the following year's meeting.

The Chair noted that the General Meeting had approved the proposal to discharge the members of the Supervisory Board from liability. The Chair went on to take proper note of Ms De Zwaan's call for the proceedings to be explained in more detail during the meeting. Ms De Zwaan added that this call was also being made to take more account of the Supervisory Board.

The Chair continued with agenda item 5.

## **5. Proposal to amend the articles of association**

The Chair went on to say that the purpose of the amendment of the articles of association was to introduce the enhanced right of recommendation for one third of the number of members of the Supervisory Board in accordance with the enhanced recommendation of the Works Council. Minor technical amendments had also been proposed.

The proposal also entailed granting an authorisation to every NautaDutilh employee to execute the deed of amendment of the articles of association. No questions had been submitted about this in advance. There was a 30 second opportunity to submit questions via the chat function.

The Chair read out the question received from Ms Tomlow in Maastricht:

*"Why do you want to offer so much authority to the staff of the notary's office, the notary's enough."*

The Chair replied from his background as a lawyer that the granting of authority goes to the civil-law notary sitting in the room, i.e. Mr Wijnand Bossenbroek. It is often the case that when contacting the official authorities, other persons in the office could have authority, which meant that authorisation had to be given to all employees.

The civil-law notary, Mr Wijnand Bossenbroek, introduced himself and added that there was a practical reason for issuing a power of attorney to every NautaDutilh employee. In order to execute a deed, the civil-law notary was required, but also someone who comes to the notary's office as an agent for the bank to sign the deed. The authorisation also relates to this person. In order to rule out the possibility that, when one name is mentioned, that person is subsequently not present or available, the possibility is offered with the authorisation to give as many persons as possible the opportunity to sign when executing the deed.

The Chair thanked Mr Bossenbroek for his explanation.

As there were no further questions, the Chair asked to proceed to the vote. The Chair wished to know whether the shareholder agreed to the proposal to amend the articles of association.

Ms De Zwaan indicated that the shareholder agreed with the proposal to amend the articles of association.

The Chair concluded by saying that the shareholder had approved the amendment of Triodos Bank's articles of association. The Chair continued with agenda item 6.

## **6. Issue of repurchase of shares**

The Chair continued by stating that agenda items 6a, 6b and 6c would first be explained and then there would be an opportunity to ask questions about these items. After that, the three authorisations would be voted on.

### **6a. Authorisation of the Executive Board to issue new shares and to grant rights to subscribe for shares**

The Chair went on to say that Triodos Bank regularly issued new shares. In order to be able to continue to do so, the Executive Board requested it be designated as the authorised body to issue shares and grant rights to subscribe for shares. The authorisation would valid for a period of 30 months, subject to the approval of the Supervisory Board. The designation concerned a maximum of 5,000,000 shares. This represented a 1/6 part of the authorised capital of Triodos Bank as at 31 December 2019.

This authorisation replaced the authorisation granted by the General Meeting on 18 May 2018 under agenda item 7a and would end on 29 December 2022 or so much earlier as this authorisation is renewed.

### **6b. Authorisation of the Executive Board to restrict or exclude pre-emptive rights**

The Chair went on to say that the Executive Board requested it be designated as the authorised body to restrict or exclude shareholders' pre-emptive rights in relation to the issue of shares and the granting of rights to subscribe for shares as referred to in agenda item 6a. The authorisation would be valid for a period of 30 months and subject to the approval of the Supervisory Board.

This authorisation replaced the authorisation granted by the General Meeting on 18 May 2018 under agenda item 7b and would end on 29 December 2022 or so much earlier as this authorisation was renewed.

### **6c. Authorisation of the Executive Board to acquire depository receipts for shares in the capital of Triodos Bank**

The Chair went on to say that the Executive Board requested it be authorised to acquire depository receipts for shares in the capital of Triodos Bank up to a maximum total amount of EUR 36.0 million. This authorisation would be valid for a period of 30 months within the supervisory framework applicable.

The price at which depository receipts could be obtained - on the basis of this authorisation – would be determined on a weekly basis according to a financial model that calculated the net asset value (NAV) per certificate. The NAV per depository receipt would be calculated by dividing Triodos Bank's NAV by the number of depository receipts issued. The price per depository receipt would be rounded up or down to the nearest whole euro. During certain periods, the price of depository receipts for shares could be fixed for promotional purposes. Discounts could be granted in certain periods.

Triodos Bank was not obliged to repurchase depository receipts for shares that were offered. The repurchase of depository receipts for shares was a discretionary power of Triodos Bank.

The authorisation given to the Executive Board was intended to promote the tradability of depository receipts.

This authorisation replaced the authorisation granted by the General Meeting on 18 May 2018 under agenda item 7c and would end on 29 December 2022 or so much earlier as this authorisation was renewed.

The Chair went on to say that no questions had been tabled previously on this item on the agenda. Depository receipt holders would be given the opportunity to ask a question via the chat function of the webcast during the next 30 seconds.

Mr Blom explained that this agenda item was linked to the previous item, namely that the aim was to increase the buffer from EUR 29 million to EUR 36 million, for which approval was required from the General Meeting. If the space in the buffer were to be increased, this would be a measure to facilitate trade with a greater chance when the certificate trade was reopened.

The Chair concluded by saying that no further questions had been submitted and asked whether the shareholder agreed to the proposal referred to under agenda item 6a.

Ms De Zwaan indicated that the shareholder agreed with the proposal referred to under agenda item 6a.

The Chair concluded by saying that the General Meeting had agreed to the proposal to designate the Executive Board as the authorised body to issue shares and to grant rights to subscribe for shares for a period of 30 months.

The Chair wished to know whether the shareholder agreed with the proposal referred to under agenda item 6b.

Ms De Zwaan indicated that the shareholder agreed with the proposal mentioned under agenda item 6b. Ms De Zwaan applauded the fact that this would increase the buffer and could simplify the sale of depository receipts.

The Chair concluded by saying that the General Meeting had approved the proposal to authorise the Executive Board to limit or exclude preferential rights for a period of 30 months.

The Chair wished to be informed whether the shareholder agreed with the proposal referred to under agenda item 6c.

Ms De Zwaan indicated that the shareholder agreed with the proposal referred to under agenda item 6c.

The Chair concluded by saying that the General Meeting had approved the proposal to authorise the Executive Board to acquire own depository receipts for shares for a period of 30 months.

The Chair continued with agenda item 7.

## **7. Any questions**

The Chair went on to say that questions submitted in advance would be answered first and followed by those that could be asked via the chat function of the webcast for the next 30 seconds.

The Chair indicates the questions submitted in advance:

Mr Arlman from The Hague asked the following question:

*"Does the SB have a scenario in place in the event of the sudden loss of a member or members of the Executive Board?"*

Ms Van Dillen from Hilversum submitted the following question:

*"In the current landscape of financial institutions and investors actively seeking to make their investments climate-friendly and limiting the climate risks of investments, what are Triodos' plans to present the extensive knowledge, skills and experience of Triodos and its employees as leading and knowledge-hungry in an international context?"*

Mr Schuurman from Moordrecht submitted the following question:

*"The previous AGM asked for biodiversity policy to be fleshed out. How has biodiversity policy been shaped?"*

The Chair answered Mr Arlman's question. It was not the case that the Supervisory Board had shadow officials ready for every position of the Executive Board. However, provision had been made for a vice-Chair who could take over the tasks with immediate effect. If one seat on the Executive Board fell vacant, the tasks could be shared by the others. There was no further plan to appoint a shadow person for each supervisory director. This was not customary for the Executive Board.

Mr Blom answered Ms Van Dillen's question and indicated that this aspect had not been addressed. There was a project at EU level on taxonomy in which the activities were clearly defined. The bank attached great importance to this and had supported and contributed to the initiative. The bank's leverage of knowledge and skills was considerable. The bank was also directly involved with the green deal. On the positive side, Mr Timmermans wanted to make 25% of the EU's agriculture sustainable. Together with Mr Timmermans, the bank was doing its best to see how this can be achieved. Biodiversity appealed to more and more institutions. There was also a cooperation with DNB in the field of bio-living environment. Other countries had also made an inventory. It was important that the bank accelerated this process, because it was close to the mission. Integral sustainability was an important theme that would be given greater input. Mr Blom referred to Steward Redqueen's articles on the website for more information.

The Chair indicated that the opportunity to ask questions via the chat function had now ended. The questions received via the chat function would be answered as follows:

Mr Von Sachs from Sombrefe, Belgium, had submitted the following question:

*"Do you envisage in the future to enlarge the possibilities for Belgium clients to invest into Triodos funds that currently are only available in the Netherlands?"*

Mr Jeuken from Helmond had submitted the following question:

*"I find it inconvenient that Triodos doesn't issue credit cards through ICS Service. Why and might that change in the future?"*

Mr Jafforeau, whereabouts unknown, put the following question:

*"Do you have contacts with the new bank 'newb' in Belgium?"*

Ms Tomlow from Maastricht submitted the following question:

*"Allowing anyone who dies to sell his or her depository receipts is indeed a form of 'equal treatment', because any depository receipt holder could die and therefore make use of this policy".* The Chair noted that Ms Tomlow seemed smart and tenacious.

Mr Zomer from Utrecht, the Netherlands, submitted the following question:

*"How does the repurchase of own shares in the buffer relate to DNB's call to refrain from repurchasing its own shares?"*

Ms Banga answered Mr Von Sachs from Belgium on the possibility of investing in Triodos funds available in the Netherlands. This was a high-impact fund, such as the microfinance fund. In the Triodos impact portfolio, parts of the allocation could be taken care of. You could invest in this service. Due to local laws and regulations it was unfortunately not possible to use the execution-only method.

Ms Banga answered the question of Mr Jeuken from Helmond. The fact that Triodos Bank did not provide a credit card has been discussed often. On the one hand, it was considered inappropriate to use a credit card on the basis of the mission. At the same time it was recognised that other banks provided credit cards that could be linked to the Triodos accounts. For this reason, credit cards had not yet been issued.

Ms Banga continued by answering Mr Jafforeau's question concerning contact with the new bank 'Newb'. The initiative in Belgium was about a bank newly established last year. Triodos Bank was following these developments. Occasionally there has been contact with the initiators of 'Newb'.

Mr Blom answered the question of Ms Tomlow from Maastricht about deceased depository receipt holders and why it was not possible to prioritise sales. Mr Blom stated that this was a serious situation, but there were other conceivable situations in which depository receipt holders could take precedence over others. The bank made no exceptions. Even when someone died, the depository receipt ended up with the beneficiaries. If these persons do not want to continue but wanted to sell, they were in competition with other depository receipt holders. This made it clear what the bank did and did not stand for.

Mr Blom answered the question of Mr Zomer from Utrecht about DNB's views on increasing the buffer. Mr Blom stressed that it was a buffer. It was not the intention to fill the limit of the buffer, but the bank had to be able to go up to the limit, and also to be able to reduce it again. The intention was to offer flexibility to the trade. Strictly technically, there was the possibility to buy back up to EUR 36 million within the regulations.

The following pre-submitted questions would be answered:

Ms Senior from Zeist asked:

- "1) What are the prospects for the payment of interest in 2020 and 2021?"*
- "2) What are the possible scenarios for some of the quarterly payments to continue?"*

Mr Schreuder from Amsterdam:

*"Triodos has been promoting its special biodegradable pass for years. This is now temporarily halted because of many new customers.*

- 1) In addition to this easy-to-use solution, which takes two steps back in your 'progressiveness' in the field of sustainability, did you immediately invest twice as much in building the integration of Apple Pay, or possibly an own implementation of contactless payment? And if not, why not? If so, when can we expect these?"*
- 2) Due to the lack of certain services in the area of ease of use but also in the area of sustainability that other banks do offer (for example Bunq with a green credit card or an app that allows you to directly determine what your bank money is used for) my question is what are the concrete action points of Triodos to make more impact in the next 2 or 3 years for the new generation?"*

Mr Magré from Apeldoorn:

*"1) How does Triodos view the current status of the financial system, which future scenarios are taken into account, and what measures might be taken?"*

*How does Triodos view this development?"*

- 2) What is Triodos' opinion of the WRR report on our money system and its recommendations? Did that result in the start-up of activities? If so, which one and with whom? What deadline?"*
- 3) Is Triodos Bank in favour of abolishing cash?"*
- 4) Should there be a safe haven for money?"*
- 5) If each customer's savings are in a secure account, what does the Bank's earnings model look like?"*
- 6) Does Triodos Bank support the initiative of 'Our money'/STRO and if so how? Is there any lobbying in politics? With whom and in what way. What results are expected and what have been achieved?"*

Ms Banga answered Ms Senior from Zeist's question on the outlook for interest payments. Ms Banga interpreted the question whether further measures would be taken in the event of a rising negative interest rate. However, these were the measures that had now been taken, there was little else to look forward to. The question concerning quarterly payments: if this referred to 'quarterly investments', then this would remain in place. If further clarification of the question was required, this could be dealt with after the meeting.

Ms Banga answered Mr Schreuder's question on the biodegradable pass. For a number of weeks the pass could not be delivered. This had to do with a technical issue at the supplier, but this had now been resolved and the biodegradable pass could be delivered again.

In response to the question about Apple Pay, contactless payment by telephone and implementation, Ms Banga replied that the bank was specifically looking into this. There were two points to note. The

first related to privacy in the chip that Apple used and was accessible only by Apple. The second was that with the introduction of Apple Pay a revenue model for Apple would be introduced. These were considerations to be taken into account in decision-making.

In response to the point about the improvements, the bank was working on making the impact on the transition transparent and available. This would be done in a broader context than just CO<sub>2</sub>. The bank was committed to achieving a broader transparent impact.

Mr Blom answered Mr Magré's question on the financial system and said that two issues were very important and worrying. The backlog increased enormously with governments, indirectly via the Central Bank, which bought up receivables and debts. These were large sums of money. The idea was to be able to create inflation, but that was not happening. ECB economists expected that deflation had to be taken into account. The bank felt it is important to contribute its ideas through the Sustainable Finance Lab and to discuss these with scientists. The bank also noted that savings now had to bear negative interest rates because of the ECB.

To the question about the digital currency and the digital replacement of cash, Mr Blom answered that this was conceivable in this day and age. It could be a form of safe harbour if it were to be regarded as safer than a commercial or government bank. It expressed a feeling of insecurity.

The initiative 'Our money' had to do with whose new money was being created. It was a legitimate discussion, but it was not possible to say whether what the initiative responded to, was the right one. It was an interesting theme to be involved in all the other things the bank does on a daily basis.

The Chair stated that the implementation of the theme could be a good starting point for publication as part of the vision arising from the Bank's mission.

The Chair said that this was the end of the round of questions, which was followed by Agenda Item 8.

## **8. Close**

The Chair thanked those present for their active involvement. It had been a special meeting because there had been no one in the room, but that meant that more depository receipt holders watched and participated. There were more participants than ever before, and more questions asked than ever before. Also, the meeting had run for longer than ever.

The Chair referred to Ms De Zwaan's statement that 'the bank stands own'. What did this mean? It referred to the people present together, those from a distance, the Executive Board, the SAAT Executive Board, all Triodos employees, the Supervisory Board.

The Chair hoped to meet the depository receipt holders live again next year and wished everyone good health and success in the struggles in which they were experiencing or could yet experience.

The Chair thanked the participants for their digital presence.

A.J. de Geus  
*Chair of the  
Supervisory Board  
Triodos Bank N.V.*

J.G.J.M. de Zwaan  
*Chair of the Board of  
Stichting Administratiekantoor  
Aandelen Triodos Bank*

J. van der Velden  
*Minutes secretary*