

# Triodos Investment Management B.V.

Annual Report 2023

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# Management Board Report of Triodos Investment Management B.V.

- 100% subsidiary of Triodos Bank N.V.
- Global leader in impact investing
- EUR 5.7 billion total assets under management
- Managing 20 funds
- Active in diverse sustainable sectors; from inclusive finance to energy & climate and from sustainable food & agriculture to impact equities & bonds

## Introduction

Triodos Investment Management B.V. (“Triodos Investment Management”) is a globally recognised leader in impact investing and is a wholly owned subsidiary of Triodos Bank N.V. (“Triodos Bank”).

Triodos Investment Management manages investments in a variety of sectors including energy and climate, inclusive finance, sustainable food and agriculture and listed companies that materially contribute to the transition towards a sustainable society.

Triodos Investment Management manages 20 funds, comprised of both impact private debt and equity funds and impact equities and bond funds. The impact private debt and equity funds invest in Europe and emerging markets with a range of risk-return profiles and financial instruments, while the impact equities and bond funds invest globally in listed equities and bonds, also with a range of risk-return profiles.

Private and professional investors can invest in these funds. The investment funds for private investors are distributed by a number of platforms and banks, including the majority of Triodos Bank’s country operations. Triodos Investment Management also maintains direct relationships with professional and institutional investors.

## Impact– delivering more than just financial results

Triodos Investment Management’s mission is to make money work for positive change. More specifically, its aim as an investor is to serve as a catalyst in the transition to an economy where people and planet come first, in line with the vision and mission of Triodos Bank.

Triodos Investment Management continues to see an increasing demand from investors for credible investments that deliver real impact and not just financial results, even in challenging market circumstances.

In 2023, the company continued to focus on growing its investor base through third party distribution to retail investors, through other banks and Triodos Bank, and through high-net-worth individuals, family offices and (semi-) institutional investors.

Triodos Bank and Triodos Investment Management have more than 30 years of experience in investment products that deliver social and sustainable environmental and economic change. As a result of this work, Triodos Investment Management has become globally recognised as a front-runner in impact investing.

In 2023 this meant:

- Triodos Investment Management’s climate and energy funds financed 202 projects (2022: 185) in the energy sector. 402 ktonne of CO<sub>2</sub>e emissions were avoided (2022: 358 ktonne). This is equal to the avoidance of emissions of approximately 2.7 billion kilometres travelled by 230,000 cars. The total capacity of the power-generating projects was 6,600 MW (2022: 5,500 MW), producing the equivalent of annual electricity needs of 7.4 million households worldwide, or approximately 366,000 based on our share in the total financing of these projects (2022: 347,000);
- approximately 30,200 smallholder farmers (2022: 42,800) in seven emerging market countries worldwide were paid directly and fairly upon delivery of their harvests. The decline in the number of farmers is due to lower number of disbursements in 2023. The farmers had 16,900 hectares of certified organic farmland under cultivation in 2023 (2022: 57,100). An additional approximately 5,100 (2022: 6,000) hectares in conversion. The farmers’ harvests brought seven different fair trade and organic products to international markets, including coffee, cocoa, rice, fruit juice and sesame;
- Triodos Investment Management financed 128 farms that together managed approximately 10,600 hectares of organic farmland across Europe, equating to 15,600 football pitches. Using the Ecological Footprint method developed by the Global Footprint Network and the World Wide Fund for Nature (WWF), an estimate is made of the total number of people who could be supplied with organic food from the farmland financed. For 2023, this is approximately 6,500 people (2022: 6,600). Multiplying this number by the number of days in a year and 3 meals per day results in approximately 7.1 million organic meals that could be produced from the farms’ products;
- we provided finance to 105 (2022: 113) emerging and well-established financial institutions working for inclusive finance in 44 countries in Latin America, Asia, Eastern Europe and Africa. These institutions reached approximately 18.2 million customers borrowing for a

better quality of life (2022: 20.3 million). Approximately 20.4 million people living on low incomes use savings services offered by these institutions (2022: 19.9 million). Of the loan clients, 78% are female. Giving women the freedom to manage their income and to support their families empowers their position and has been shown to have a greater economic impact overall;

- the footprint benchmark results for the Triodos' Impact Equities and Bonds funds were on average:
  - GHG emissions: 53% lower footprint compared to the benchmark (2022: 52% lower)
  - Water use: 77% lower footprint compared to the benchmark (2022: 82% lower).

More information about the impact generated through the funds managed by Triodos Investment Management is available in the online impact reports. The online impact reports present the 2023 results in a context of numbers and stories and showcase Triodos Investment Management's mission to make money work for positive social and environmental change. The full 2023 online impact reports are available at [www.triodos-im.com](http://www.triodos-im.com).

## Funds' financial performance

Triodos Investment Management's total assets under management increased by 2.7% to EUR 5.7 billion (2022: 13% decrease) during the year.

The combined assets under management of the Triodos Impact Equities and Bonds Funds (Triodos SICAV I), which invest in listed companies, increased by 5.4% to EUR 2,799.5 million as a result of positive market movements.<sup>1</sup> The assets under management in the discretionary portfolios of Triodos Bank Private Banking Netherlands, which are managed by Triodos Investment Management, increased by 8.7% to EUR 818.5 million.

Triodos Energy Transition Europe Fund, the fund that invests in assets and companies that generate renewable energy, improve energy efficiency and/or offer energy flexibility, saw its assets under management decrease during the year by 8.8% to EUR 167.8 million. This decrease is for a large part a result of valuation updates driven by decreased power price forecasts.

Triodos Microfinance Fund, the fund that invests in financial institutions in emerging markets, saw its asset under management decrease by 10.3% to EUR 473.3 million. Triodos Fair Share Fund, the sister fund of Triodos Microfinance Fund tailored to retail investors specifically,

saw its assets under management decrease by 8.3% to EUR 333.3 million.

Assets under management of the Dutch Triodos Green Fund, the fund that invests in green projects that promote sustainable development, decreased by 5% to EUR 845.3 million. This decrease can mainly be attributed to rising interest rates and cautious investor sentiment, negatively impacting the level of inflow into the fund.

Triodos Food Transition Europe Fund, the fund that offers investors the opportunity to participate in the growth of the organic consumer and sustainable lifestyle sector in Europe, decreased by 5.8% to EUR 59.8 million. This decrease is mainly the result of ongoing market turbulence negatively impacting the performance of the underlying portfolio which is reflected in the fund's Net Asset Value.

Triodos Emerging Markets Renewable Energy Fund, the fund that invests in the much-needed energy transition in emerging markets by providing long-term senior debt to utility-scale wind, solar and run-of-the-river hydro projects and which was launched in October of 2020, saw its assets under management grow by 8.7% to EUR 37.5 million.

Triodos Multi Impact Fund, one of the Triodos fund-of-funds, decreased its fund size by 11.9% to EUR 27.4 million by the year end.

The combined assets under management of the Triodos Impact Strategy Funds, four Fund-of-Funds that invest in eight Triodos funds and across all of Triodos Investment Management's impact themes, increased by 11.5% to EUR 166.7 million.

## Organisational and operational developments

The past years have been filled with challenges resulting from the global COVID-19 pandemic and the horrific war in Ukraine. Both events have impacted the lives of millions of people across the world and have resulted in uncertainties in financial and energy markets. While a lot of the challenges unfortunately still remain in place, financial markets showed signs of recovery in the first half of 2023, resulting from the fact that the global economy held up better than expected. This has led to a more positive investment appetite among investors and was mostly the case for the listed investments. Investor sentiment for direct investments in sustainable companies and projects remained on the cautious side.

<sup>1</sup> The performance figures of the investment funds are subject to changes with subsequent event information received after Balance Sheet date of 31 December 2023.

Throughout the year, Triodos Investment Management continued to work on complying with or preparing for regulatory requirements such as the Sustainable Finance Disclosure Regulation (SFDR), the EU Taxonomy, MIFID II, ESMA guidelines and the Corporate Sustainability Reporting Directive (CSRD). In 2023, the European Commission initiated a revision of the SFDR through a consultation. As part of this consultation, Triodos Investment Management proposed a simple, clear and comparable categorisation system that informs all investors about the sustainability efforts of a financial product. The proposed system would enable investors, especially retail investors and their advisers, to compare all available products based on the same set of basic sustainability information and help steer investors' choices as intended with the SFDR.

To ensure robustness for future growth, Triodos Investment Management has implemented changes to its operating model in 2023 to improve efficiency levels and increase cost efficiency, making the organisation more future-proof and well equipped to respond to external developments. The changes that have been implemented contribute to a clearer demarcation of responsibilities, improved efficiency and increased co-worker satisfaction.

In 2023, Triodos Investment Management further expanded its long-lasting partnership with BeFrank through the launch of an investment mandate for BeFrank's Sustainable Lifecycle pension solution. This collaboration helps fulfil Triodos Investment Management's strategic ambition to increase activities in the institutional market.

Overall, in 2023, Triodos Investment Management maintained its focus on strategy execution, more specifically on implementing the strategic goal to be the asset manager of choice for investors seeking solutions for building impact investment portfolios.

### **Co-worker report 2023**

Triodos Investment Management is not just any organisation, it is part of a growing community with a shared sense of mission. Our co-workers are ambassadors of that mission and are the head, heart and hands to realise our ambition.

For our 203<sup>2</sup> co-workers as per year-end 2023, it is generally not the job or the salary, but mostly the values that Triodos Investment Management upholds that are most appealing. Having sustainable development as our first and foremost concern casts a different light on our

relationship with customers, suppliers, other co-workers, and on their own development as well. For all the achievements in this section, creating a positive impact and further developing the bank, themselves, and each other has been the underlying driver for our co-workers.

The redesign of Triodos' operating model was an important transition to ensure we remain a frontrunner in sustainable banking and investing. The model was intentionally chosen to create a more effective and efficient organisation. As per 1 June 2023, this operating model has been initiated for Triodos Investment Management. With this new structure, Triodos Investment Management aims to ensure robustness for our future growth, to achieve greater efficiency, to increase cost efficiency and to contribute to co-worker satisfaction (by making things more efficient, clearer and easier). With the new structure, we can make the best use of our resources and the expertise of our co-workers.

As a result of the redesigned Triodos Operating Model, the majority of new management positions were filled by mid-2023 with internal co-workers. Supporting our co-workers to succeed in these positions has been a focus of attention this year through assessments, talent conversations and development plans.

The development of Triodos Bank Group and Triodos Investment Management as an 'employer of choice' continued to be a significant priority in 2023. This year, the Talent Acquisition team has focused on the fundamentals required to create a consistent and professional candidate experience. Development of our employer brand is ongoing to ensure that mission-aligned, diverse candidates know about Triodos Bank and Triodos Investment Management and choose to join. Simply aligning to the purpose and mission is not enough to retain and engage co-workers. By focusing on co-worker experience, opportunities for development, career progression, and inclusiveness become a priority.

Triodos Investment Management seriously values the opinions of its co-workers and is constantly looking for ways to encourage and incorporate feedback into our future plans. In 2023, a pulse survey was added to the regular co-worker survey. Pulse surveys are intended to track progress more frequently and encourage renewed listening and focus throughout the year. The 73.6% response rate of Triodos Investment Management was above the financial services benchmark of 67%. Also, in light of the implementation of TOM, we closely monitor and further stimulate our co-worker engagement. Co-worker engagement score across Triodos Investment Management has remained unchanged at 7.3 out of 10. This is a significant achievement given the amount of

<sup>2</sup> Population ultimo 31 December 2023, existing of 196 internal co-workers and 7 externals.

change that Triodos Investment Management has been through since January 2022.

At Triodos Investment Management, we are committed to role modelling the equitable society we want to be part of, to being a diverse organisation reflecting the communities and customers we serve, and to being transparent about our journey. We seek to be fully inclusive for all current and future co-workers, customers and partners and we know that we must work hard to achieve this. A key step forward in 2023 was the development of the Triodos Bank Group Equity, Diversity, and Inclusion policy (EDI policy) which was published internally for all co-workers.

In 2023 Triodos Bank Group submitted a gender diversity report and associated action plan over 2022, in line with legal requirements, to the diversity portal of the Sociaal-Economische Raad (SER). Triodos Bank N.V. and Triodos Investment Management chose joint reporting. Joint reporting means that the same target figures for the board, the supervisory board and the sub-top and the same action plan apply to the entire group. Triodos Investment Management B.V. therefore did not submit a gender diversity report separately.

Gender pay gap reporting is an important measure of EDI progress within an organisation and in line with our core values, Triodos Investment Management supports the principles of equal pay for work of equal value. The Triodos Bank Group remuneration policy is neutral for all co-workers, regardless of gender, ethnic background, age, sexual orientation or distance to the labour market. In 2023, Triodos Bank engaged an external party, Highberg, to carry out an in-depth gender pay gap analysis resulting in an unadjusted<sup>3</sup> pay gap for the full group and for each country. The unadjusted pay gap for Triodos Bank can mainly be attributed to a higher proportion of female co-workers in lower-level positions and in lower salary countries. On a group level we were able to correct the unadjusted pay gap with additional variables such as correction for pay gaps that are caused by differences in age, job level, job family, contract type, service years and full-time and part-time. This allows calculation of a gender pay gap which cannot be explained by other factors. The adjusted pay gap in 2023 indicates there is equal pay for work of equal value within Triodos Bank Group. The outcomes of the gender pay gap analysis therefore led to the conclusion that an overall correction of salaries of female co-workers compared to male co-workers is currently not necessary. Where we identify an unexplainable gap, we will adjust this if needed as

<sup>3</sup> The unadjusted gender pay gap refers to the difference in average salary between all men and all women at Triodos Bank, regardless of the work a co-worker performs. It is calculated as the difference in annual income (corrected to 1 FTE) between men and women, expressed as a percentage of men's income.

part of our regular compensation process. On group level we will focus on data governance and job valuation to advance the gender pay analysis in years to come.

The total number of co-workers at Triodos Investment Management at the end of 2023 was 203 (compared to 216 co-workers at the end of 2022). The balance of men and women in total was 56% (54% in 2022) and 44% (46% in 2022) respectively and in management positions 22% (20% in 2022) was female. The average age of the co-worker group in 2023 was 43 years (42 in 2022). The average period of service was 5.7 years at the end of 2023, compared to 5 years in 2022. Absenteeism through sickness was 4.1%, compared to 4% in 2022. The attrition rate decreased slightly to 13.2% in 2023 (14% in 2022).

## Financial results

Assets under management increased by 2.7% to EUR 5.7 billion at the end of 2023 (2022: decreased by 13%). The net outflow of funds was 4% (2022: outflow of 2%). The investment funds overall gained 7% (2022 lost 11%) of their value following market developments in 2023. The turnover decreased by 5.1% to EUR 52.2 million (2022: EUR 55 million). The decrease is mainly the result of a release in the 2022 financial accounts of a provision of EUR 2.4 million in relation to previously recorded carried interest regarding the sale of an investment by Stichting Hivos-Triodos Fonds.

The expenses for 2023 increased to EUR 45.3 million, up by 5.6% from EUR 42.9 million in 2022, primarily because of higher co-worker related costs following changes in the Collective Labour Agreement, increasing costs for market data and costs related to complying with increased regulation and expenses related to improving its operational model.

Taking corporate income tax, financial income and costs into consideration, the net result over 2023 amounted to EUR 5.5 million (2022: EUR 8.7 million).

Triodos Investment Management's Balance Sheet consists mainly of seed capital in the SICAV II Triodos Emerging Markets Renewable Energy Fund, cash, short-term debtors on managed entities and short-term liabilities to Triodos Bank, including corporate income tax payable.

## Shareholders' equity and capital requirements

The shareholders' equity increased by EUR 5.5 million to EUR 38.6 million (2022: EUR 33.1 million). The increase is the positive result over 2023 of EUR 5.5 million.

The required minimum capital requirements are continuously monitored in accordance with laws and

## Key financial figures Triodos Investment Management

Amounts in EUR	Relative change	31-12-2023	31-12-2022
Net turnover	-5.1%	52,207,309	55,002,799
Operating expenses	5.7%	45,315,851	42,861,767
Profit after tax	-36.7%	5,524,928	8,723,149
Shareholders' equity	16.7%	38,579,827	33,054,899

## Capital position from ICAAP requirements

Amounts in EUR x million	Year-end 2023 excluding result 2023	Forecasted: End of 2024, including audited result 2023 and dividend distribution
Available equity, including mandatory corrections*	33.1	33.1
Required capital	26.7	28.2
<b>Surplus capital</b>	<b>6.4</b>	<b>4.8</b>

\* available capital differs from the equity position in the Balance Sheet due to mandatory corrections in unaudited results.

regulations on actual and forecasted developments. The calculations of the available capital are compared with the Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP). Based upon applicable laws and regulations, the highest amount of required capital determines the minimum capital maintained.

The impact on the available capital is calculated prior to dividend distributions and/or on an event driven basis based on projected cash outflows within Triodos Investment Management. The required capital for Triodos Investment Management amounts to EUR 26.7 million at the end of 2023, where the available capital, excluding the audited result over 2023, amounts to EUR 33.1 million.

The available capital differs from the equity position in the Balance Sheet due to mandatory corrections of unaudited results. The surplus of available capital can significantly change with the adoption of the financial statements or in case of dividend distributions. The table above shows the forecasted equity position after adoption of the annual report of 2023 and after the proposed dividend distribution.

With the surplus of EUR 6.4 million at year-end 2023, the equity position of Triodos Investment Management can be considered as conservative. Triodos Investment Management proposes to the Annual General Meeting to distribute the total profit of EUR 5.5 million as dividend to its sole shareholder Triodos Bank N.V.

Due to a positive financial forecast for the year 2024, the forecasted capital position of Triodos Investment Management is expected to stay stable and higher than the required capital in the foreseeable future.

## Remuneration policy

Triodos Investment Management and Triodos Bank believe good and appropriate remuneration for all its co-workers is very important. The core elements of the International Remuneration and Nomination policy ("Remuneration Policy") of Triodos Bank Group are set out in the Principles of Fund Governance, which can be accessed via [www.triodos-im.com/governance](http://www.triodos-im.com/governance). The Remuneration Policy is applicable to all business units of Triodos Bank Group and is assessed by the Executive Board and the Supervisory Board of Triodos Bank annually.

Key elements of the Remuneration Policy are:

- Award fair and relatively modest remuneration in the form of fixed pay for all co-workers, based on the principle that the bank's results are the joint accomplishment of all co-workers.
- The remuneration used by Triodos Investment Management does not offer bonus or share option schemes. Financial incentives are considered an inappropriate way to motivate and reward co-workers at Triodos Bank Group. Variable remuneration is therefore limited. In addition, long-term value creation is by its very nature the result of a combined effort by team members aimed at both the short and the long term.
- Triodos Investment Management may provide individual tokens of appreciation for non-financial contributions of co-workers. These are limited and decided discretionally by management after consultation with Human Resources. They are restricted to a maximum one month's salary with a maximum of EUR 10,000 gross a year. These contributions are for extraordinary achievements and are at the discretion of management after consultation with Human Resources. Tokens

## Remuneration Triodos Investment Management

(amounts in EUR)	Total staff of Triodos Investment Management		Identified staff in senior management positions		Identified staff not in senior management positions		Other staff	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>Number of staff involved</i>	203	216	3	3	6	7	194	206
<i>Average FTEs</i>	207.3	209.1	3.0	3.0	6.4	7.7	197.9	198.4
Fixed remuneration	24,439,685	23,070,415	719,556	678,137	1,561,754	1,537,161	22,158,375	20,855,1164
Variable remuneration	186,775	116,119	1,050	–	1,808	–	183,917	116,119
<b>Total remuneration</b>	<b>24,626,460</b>	<b>23,186,534</b>	<b>720,606</b>	<b>678,137</b>	<b>1,563,562</b>	<b>1,537,161</b>	<b>22,342,291</b>	<b>20,971,235</b>

of appreciation are not based on preset targets or achievements (such as regular performance related bonuses) and are always offered post factum.

- An annual collective token of appreciation can be paid for the overall achievements and contribution of all co-workers at the discretion of the Executive Board of Triodos Bank Group. This amount, with a maximum of EUR 500 gross per person, is the same for all co-workers, whether they work full time or part time, and awarded pro rata for those not in service throughout the whole year. For 2023, a collective end-of-year token of appreciation of EUR 350 was awarded.

In 2023, the total remuneration of the 203 co-workers working for Triodos Investment Management amounted to EUR 24.6 million (2022: 216 co-workers, EUR 23.2 million). The increase in remuneration in 2023 versus 2022 can be entirely explained by a combination of a yearly increase in wages and the Collective Labour Agreement (CLA) impact. The table above shows the total remuneration of all employees working for Triodos Investment Management. The remuneration is divided into fixed and variable remuneration and is also broken down by senior management and other 'identified staff'. The variable compensation is comprised of the collective end-of-year token of appreciation, along with individual tokens of appreciation and settlement agreements. Since no collective end-of-year token of appreciation was awarded in 2022, this explains the increase in variable remuneration versus last year. In addition to senior management (the Board of Directors), the identified staff include all employees in positions that may have a material impact on the risk profiles of the funds under management. Based on the new governance structure, identified staff covers all employees in director positions. Fund managers and managers of support departments will no longer be included in this as they were in 2022. In 2023, the presentation was retrospectively revised to include comparative figures from 2022, providing readers

with more relevant insights through a retrospective adjustment.

## Risk management

### Objective of risk management

The aim of Triodos Investment Management's risk management activities is to ensure the long-term resilience of the business. These activities create an environment in which Triodos Investment Management can pursue its mission to its fullest potential in a controlled manner. Risk management provides the structural means to identify, prioritise and manage the risks inherent in its business activities. The intention is to embed risk management in such a way, that it fits the complexity and size of the organisation and is designed to also allow it to grow. In order to ensure that such an environment can exist and prosper, a Risk Governance Framework has been put into place which underpins the risk processes.

### Three Lines Model

Triodos Investment Management manages its business using a Three Lines Model. This approach ensures that each co-worker is fully aware of his/her responsibilities in the management of risk, irrespective of whether their role is in a commercial, policy making or control function. The model ensures that responsibilities are properly aligned and makes clear that all co-workers have a role to play in managing risk.

First line functions and departments are responsible for managing the risks of their operations. Second line functions and departments ensure that risks are appropriately identified and managed. The third line is the Internal Audit function, providing independent and objective assurance on Triodos Investment Management's corporate governance, internal controls, compliance and risk management systems. This includes the



effectiveness and efficiency of the internal controls in the first and second lines.

### Risk organisation

The risk management and compliance functions are positioned independently in the organisation. The Managing Director Finance, Risk & Operations is responsible for the second line risk management and compliance activities and has a direct escalation line to the Chief Risk Officer of Triodos Bank N.V. The risk management function works together with business line management to develop and execute risk policies and procedures.

These activities involve identification, measurement, assessment, mitigation and monitoring of the financial and non-financial risks. The compliance function plays a key role in monitoring Triodos Investment Management's adherence to external rules and regulations and internal policies.

Triodos Investment Management has a Risk & Compliance application that enables integrated management of all risk related issues. This includes internal control testing and its outcomes, as well as our procedures relating to risk event management. In addition, the results of risk and control self-assessments are used as input for the integrated risk management system. Knowledge sessions and awareness training sessions are organised for new employees and periodically repeated.

### Risk appetite

Each year the Management Board of Triodos Investment Management identifies risks that the organisation is exposed to and defines its attitude towards these risks. Triodos Investment Management defines risk appetite as the aggregate level and types of risk it is willing to assume, within its risk capacity, to achieve its strategic objectives and business plan. The risk appetite is formulated in key risk indicators which are monitored periodically.

In general, Triodos Investment Management has a low-risk appetite for enterprise, financial and non-financial risks.

The risk dashboard below shows, in simplified form, the risk appetite and materialised risks in 2023.

	Risk appetite	Year end 2022	Year end 2023	Outlook 2024
<b>Enterprise risk</b>				
Strategic	●	●	●	●
Reputational	●	●	●	●
<b>Non-financial risk</b>				
Operational	●	●	●	●
Compliance	●	●	●	●
<b>Financial risk</b>				
Credit	●	●	●	●
Liquidity	●	●	●	●
Market	●	●	●	●
Sustainability	●	●	●	●

- All key risk indicators (KRI's) are within risk appetite tolerance boundaries.
- Low risk, one or more KRI's are outside tolerance boundaries and (non-urgent) attention of management is required.
- High risk, one or more KRI's are outside the boundaries. Immediate action is required to mitigate the risk.

As shown in the dashboard above, the overall risk score for Operational Risk is 'Green' at year-end 2023. However, it must be noted that (operational) risk events materialized in 2023, inherent to regular business cycles/activities. The impact of these events did not result in a breach of the boundaries for the overall score. The causes of the risk events have been identified, and mitigating actions have been taken to prevent recurrence in the future.

### Risk taxonomy

To categorise the various risks Triodos Investment Management is exposed to, as identified in the risk dashboard, a risk taxonomy has been set up. The risk taxonomy covers the following three risk categories: enterprise risks, non-financial risks and financial risks. Each of these risk categories consists of a number of underlying risk types.

### Enterprise risk

#### Strategic risk

Triodos Investment Management defines strategic risk as the risk of a lack of achievement of the institution's overall objectives due to internal and/or external causes. In that sense, the strategic risk has a direct impact on the organisation's ability to execute its strategies and achieve its business objectives, such as the realisation of the operating model.

#### Reputational risk

Triodos Investment Management defines reputational risk as the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, regulatory authorities or other stakeholders that can

adversely affect the organisation's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

## **Non-financial risk**

### **Operational risk**

Triodos Investment Management defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk is inherent to all Triodos Investment Management products, activities, processes and systems, and the effective management of operational risk is a fundamental element of the risk management framework. As a learning organisation, people are key to successfully manage and mitigate operational risks and promptly address any remediation action if deemed necessary.

To minimize operational risks, the organization adopts measures including compulsory training for all employees and promoting their engagement in ongoing education and development.

Additionally, at Triodos Investment Management, we practice self-assessment in our first-line departments, maintaining a supportive, soft-control oriented and progressive culture that focuses on enhancing controls through control testing and together with the second-line risk management functions evaluating its results. This approach fosters an inclusive environment that values acknowledgment and proactive engagement with operational events.

### **Fraud**

An important aspect of operational risk is the risk on fraud. In order to mitigate this, several controls and other mitigating actions are installed. First and foremost, the combination of Triodos Investment Management's organisational culture, behaviour and management style creates a climate wherein socially responsible standards and ethics are of major importance.

Building forth on this culture with a high value on ethical behaviour, appropriate measures are installed to prevent, detect, act upon and report on fraudulent practices, both inside and outside the organisation. These measures include policies and procedures for preventing financial crimes, money laundering by investors and investees, and financing of terrorism, see also compliance risk.

The main fraud-related risk is the investing by managed funds in countries where corruption occurs. Therefore, Triodos Investment Management undertakes all viable

efforts to mitigate this risk and accepts that this exposure is inherent to fulfilling its mission of financing positive impact. In order to mitigate this risk, Triodos Investment Management performs customer due diligence (CDD) during the onboarding and monitoring phase of all business relationships and outsourcing to third parties. Triodos Investment Management regularly assesses whether fraud risks are sufficiently mitigated by the internal control environment. When there is a fraud-related risk, this may lead to additional measures to be implemented. During the reporting period fraud-related risks have not led to actual fraud cases.

### **Compliance risk**

Triodos Investment Management defines compliance risk as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation the organisation may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its investment management activities.

Internal policies, procedures and awareness activities are in place to guarantee that co-workers in all functions comply with relevant laws and regulations. The compliance function independently monitors and challenges the extent to which Triodos Investment Management complies with laws, regulations and internal policies, with an emphasis on customer due diligence, anti-money laundering, treating customers fairly, preventing and managing conflicts of interest, data protection and the integrity of co-workers.

As part of a robust internal control environment, Triodos Investment Management annually performs a systematic integrity risk analysis (SIRA) of its processes, products and contract parties. The SIRA ensures that potential risks are regularly assessed with regard to all integrity-related topics, such as internal and external fraud.

Furthermore, a process has been implemented to identify new and upcoming regulations in an early stage and define the impact for the organisation. Based on the size of the expected change, projects are defined to implement new regulations in the operations of Triodos Investment Management.

It is possible that companies and projects which are financed by our funds also invest in a Triodos fund. Triodos co-workers are not allowed to take part on such investment decisions in order to prevent a conflict of interest. In relation to financed companies, Triodos Investment Management has provisions in place which prevent Triodos co-workers to use confidential information for any other purpose than for which it has been acquired.

## Financial risk

### Credit risk

Triodos Investment Management defines credit risk as the risk that a counterparty fails to meet contractual or other agreed obligations, including where such is due to restrictions on foreign payments. However, as Triodos Investment Management only invests via funds for the risk and account of the investors and not for its own account, and the majority of the receivables are the outstanding management fees from the funds offered, this risk is perceived as limited.

### Liquidity risk

Triodos Investment Management defines liquidity risk as the risk that Triodos Investment Management will not be able to attract the financial means necessary to satisfy its payment obligations. Triodos Investment Management monitors and analyses its financial position on a monthly basis.

### Market risk

Triodos Investment Management defines market risk as the risk of losses in on- and off-balance positions arising from movements in market prices, in particular, changes in interest rates, foreign exchange rates, and equity and commodity prices.

Triodos Investment Management provides seed capital for the financing of starting of own funds. In order to control the market risk involved special approval of the Management Board for these investments is required. The investments are monitored on a regular basis, with the intention ultimately to exit from the fund responsibly in the future. Triodos IM has a predefined exit period, so no active trading activity is applicable'

### Sustainability risk

Triodos Investment Management defines sustainability risk as the risk of an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

### Solvency

Triodos Investment Management complies with the minimum solvency requirements imposed on managers of investment institutions in accordance with the Dutch Decree on prudential rules under the Financial Supervision Act (BPR), AIFMD and the Dutch Civil Code. This makes Triodos Investment Management a robust party that can absorb setbacks to a sufficient extent.

Each year the Management Board of Triodos Investment Management assesses whether the organisation has enough capital and liquidity as a buffer for potential

unexpected losses (solvency). This is done by performing an Internal Capital & Liquidity Adequacy Assessment Process (ICLAAP). The ICLAAP process is in place to assess whether risks are impacting the capital position and continuity and if capital and liquidity requirements are needed. The ICLAAP is assessed annually, or sooner if necessary. This process aims to ensure that there is sufficient capital to absorb potential losses arising from business activities. Even in the extreme and unlikely scenario where multiple unlikely risks manifest at the same time, Triodos Investment Management has the financial position to service the funds and main activities for a period of longer than nine months without any income.

### Continuity

Triodos Investment Management has compiled this annual report based on the assumption that the organisation will continue to operate both financially and operationally healthy in the foreseeable future, with a time span of at least one year. However, continuity risks exist due to unmanaged financial and operational risks, and these risks have been assessed in various ways to ensure that the company is healthy and can continue to operate. The continuity risks have been divided into three main cause categories: solvency risks, other financial risks and operational risks. In order to assess the continuity risks and take countermeasures where needed, Triodos Investment Management has put in place various processes and assessments.

Firstly, for the solvency risk, regarding capital and liquidity risks, an annual ICLAAP is put in place, see the above paragraph 'Solvency'.

Secondly, for the other financial risks, Triodos Investment Management has put in place an annual financial budgeting cycle process. The timespan for this cycle is three years, and it is challenged and approved by the shareholder Triodos Bank N.V. Additionally, the company has a rolling forecast process with a quarterly frequency, looking forward one year at a time. There is also a monthly analysis process on financials to identify and assess continuity risks. Based on the solid financial

position of the company, including a sufficient solvency and liquidity rate, and the profitable forecasts, no risks have been identified that could have a negative impact on the continuity of Triodos Investment Management in the foreseeable future.

Lastly, in order to mitigate the operational risks, Triodos Investment Management has a robust business continuity plan to ensure continuity in case of occurring operational risks that cause disruptions to the continuity of business activities. This plan contains strategies for responding

to such disruptions, including procedures on crisis management and communication plans. The business continuity plan is reviewed annually. Furthermore, annually testing procedures are put in place to ensure the effectiveness of the installed measures, including periodically training of the members of the crisis team. This approach has been proven to be effective in recent events, such as the Covid-19 pandemic and political issues, such as the war in Ukraine.

### **Strategy and risk**

The Management Board of Triodos Investment Management performs a strategic risk assessment every three years, with an annual update. Based on the outcomes of this assessment, and other input, Triodos Investment Management acknowledges the importance of the following strategic themes for the coming year.

### **Transformative Impact**

Our distinctive selling proposition is to accelerate the sustainable transition: Transformative Impact, with impact being both the summit and the core in our strategy. This is our reason for being. Simultaneously, there is the risk of not being able to differentiate in Impact Management and Impact Performance resulting in losing the position as niche player. Therefore, it remains important that our methodology stays transparent to both market and regulators, in order to maintain our competitive edge.

### **Focussed impact solutions provider**

With our business model we define how we bring our propositions to the market, connecting investors to investees. With a clear focus on selected product-market combinations and aiming on growth in assets under management. Therefore, it's important to have a solid operating model. In 2023 Triodos Investment Management performed a large change project with regards to the organisational structure, see page 5 for more information on the Triodos Operating Model (TOM) programme.

### **Future proof asset manager**

The revised operational foundation of the organisation is our license-to-operate, with the ambition to be efficient, in-control and compliant with internal rules and external regulations. Therefore, it's important to stay in control and pro-actively act upon and adapt to changes, both internal and external, such as changing laws and regulations. Part of this future proofing is the implementation of a solid model risk management framework, in order to further strengthen the current risk management framework.

### **High performing teams**

In order to be able to realise the strategy and business objectives, Triodos Investment Management finds it important to stay focused on the needs of its co-workers. Therefore, it is setting a clear and purposeful strategy towards high performing teams, with a focus on engagement and implementation power. This is perceived as the strategy towards highly motivated co-workers who excel in their daily activities, from their own strength. By this, the risk of an unfavorable attrition rate is mitigated.

## **In Control Statement**

The Management Board of Triodos Investment Management is responsible for designing, implementing and maintaining an adequate system of internal control over financial reporting. The main risk associated with financial reporting is that, whether due to fraud or error, financial reports contain a material misstatement with respect to law or Dutch Accounting Standards.

Financial reporting is the product of a structured process carried out by various functions under the direction and supervision of the Managing Director Finance, Risk & Operations of Triodos Investment Management.

Triodos Investment Management was not involved in material legal proceedings or sanctions associated with non-compliance with legislation or regulations in terms of financial supervision, corruption, advertisements, competition, data protection or product liability during the year.

### **ISAE 3402 Report**

Triodos Investment Management obtained an unqualified assurance report on 15 March 2024 on its ISAE 3402 type II report, covering the period from 1 January 2023 up to 31 December 2023.

### **Statement on business operations**

Triodos Investment Management has assessed various aspects of its business operations during the past financial year. Based on this, Triodos Investment Management declares that it has a description of the set-up of the business as referred to in article 115y(5) of the Bgfo (Besluit Gedragstoezicht financiële ondernemingen - Decree on Conduct of Business.

Supervision of Financial Undertakings under the Wft), which meets the requirements stipulated in Sections 3:17(2)(c), and 4:14(1) of the Wft.

Triodos Investment Management has not found that the business operations are not effective and do not function in accordance with the description. Triodos Investment

Management declares with a reasonable degree of certainty that the business operations functioned effectively and in accordance with the description during the reporting year 2023.

#### **Codes of conduct**

In addition to the laws laid out in the Dutch Civil Code, Triodos Investment Management also applies voluntary the following codes of conduct:

The Principles of Fund Governance of Triodos Investment Management are based on transparency, sustainability, and accountability. The company aims to provide sustainable investment opportunities that align with environmental, social, and governance criteria. They prioritise open communication, ethical behavior, and a long-term investment approach that benefits both investors and society. Additionally, the principles emphasise the importance of active ownership, meaning that the company engages with the companies in which it invests to encourage sustainable practices. The principles of Fund Governance of Triodos Investment Management can be found on the following website:

<https://www.triodos-im.com/binaries/content/assets/tim/legal-and-compliance/principles-of-fund-governance.pdf>

Besides the Principle of Fund Governance, Triodos Investment Management also follows the business principles of Triodos Bank N.V., having a focus on using money as a tool for positive social, environmental and cultural change. The principles include promoting sustainability, transparency and fairness, and prioritising the well-being of people and the planet over short-term financial gain. These principles also emphasise to engage with and support communities and businesses that share these values. The business principles of Triodos Bank N.V. can be found on the following website:

<https://www.triodos.com/binaries/content/assets/tbho/corporate-governance/triodos-bank-business-principles.pdf>

## **Prospects**

We are living in a pivotal time in our history. More than ever, we see a clear and shared need for action to change the way we produce, live and invest. The wave of change is happening and presents us with great opportunities: from regenerative agriculture, empowering marginalised groups and smart energy solutions to circular economy businesses.

This wave of change needs a deep, systemic transformation encompassing the food transition, resource transition, energy transition, societal transition and the wellbeing transition. Investors have an important role to play in redirecting capital towards these sustainable transitions.

Within this context Triodos Investment Management will continue to build on over 30 years' experience in bringing together values, vision, and financial returns on investment, helping to meet the European demand for values-based investment solutions that are key in the transition to a more sustainable society. Through its funds, Triodos Investment Management aims to further increase its impact in key areas related to its mission and the SDG's.

Having said that, following the rise in interest rates, savings have become an interesting alternative for investing. Combined with continued global challenges, market conditions will likely remain challenging for the investment industry in 2024. Nonetheless, Triodos Investment Management will continue to pursue development and growth, both through expansion and further development of existing funds and by creating new impact investment products.

This means that in 2024, Triodos Investment Management's strategic focus will continue to be on retail investors through distributors, High Net Worth Individuals, family offices and (semi-) institutional investors.

Driebergen-Rijsenburg, the Netherlands, 30 April 2024

Management Board of Triodos Investment Management B.V.

Dick van Ommeren (Chair of the Management Board)  
Hadewych Kuiper (Managing Director Investments)  
Kor Bosscher (Managing Director Finance, Risk & Operations)

# Balance Sheet as at 31 December 2023

Before appropriation of result (amounts in euros)	Note	31-12-2023	31-12-2022
<b>Assets</b>			
<b>Non-current assets</b>			
Equipment	1	–	–
Participating interests	2	4,302,905	5,043,565
Deferred tax asset	3	27,478	24,053
<b>Total non-current assets</b>		<b>4,330,383</b>	<b>5,067,618</b>
<b>Current assets</b>			
Debtors	4	2,001,078	2,317,386
Other receivables, accruals and prepayments	5	14,822,705	15,273,986
Cash at banks	6	32,270,394	25,583,317
Deferred tax asset	3	–	9,064
<b>Total current assets</b>		<b>49,094,177</b>	<b>43,183,753</b>
<b>Total assets</b>		<b>53,424,560</b>	<b>48,251,371</b>
<b>Equity, liabilities and provisions</b>			
<b>Equity</b>			
	7		
Issued and paid-up capital		18,500	18,500
Share premium reserve		327,550	327,550
General reserve		32,708,849	23,985,700
Result for the financial year		5,524,928	8,723,149
		<b>38,579,827</b>	<b>33,054,899</b>
<b>Provisions</b>			
Provisions	8	477,316	863,148
<b>Current liabilities</b>			
Creditors		292,068	825,534
Corporate income tax		4,981,692	7,478,170
Payable VAT		45,304	165,422
Other short-term liabilities, accruals and deferred income	9	9,048,353	5,864,198
<b>Total liabilities and provisions</b>		<b>14,844,733</b>	<b>15,196,472</b>
<b>Total equity, liabilities and provisions</b>		<b>53,424,560</b>	<b>48,251,371</b>

The accompanying notes form an integral part of these financial statements.

# Profit and Loss Account for the year ended 31 December 2023

(amounts in euros)	Note	2023	2022
Net turnover	10	52,207,309	55,002,799
Operating expenses	11	-45,315,851	-42,861,767
<b>Operating profit</b>		<b>6,891,458</b>	<b>12,141,032</b>
Financial income	12	456,009	6,379
Financial expenses	13	-20,580	-101,779
<b>Result before tax</b>		<b>7,326,887</b>	<b>12,045,632</b>
Corporate income taxes	14	-1,961,299	-3,069,378
Result from participating interests	2	159,340	-253,105
<b>Result for the financial year</b>		<b>5,524,928</b>	<b>8,723,149</b>

The accompanying notes form an integral part of these financial statements.

# Notes to the Balance Sheet and the Profit and Loss Account

## General

Triodos Investment Management B.V. (“Triodos Investment Management” or “the company”) was founded on 12 December 2000 and is located in Driebergen-Rijsenburg, Hoofdstraat 10. The company is registered at the Chamber of Commerce with number 30170072. The company has a license to operate as an Alternative Investment Fund Manager. The company is under supervision of the Autoriteit Financiële Markten and is registered with number 15.000.171.

The main activities of Triodos Investment Management are investment management and fund management activities. The company is a 100% subsidiary of Triodos Bank N.V. (“Triodos Bank”) located in Driebergen-Rijsenburg. These financial statements have been prepared for a reporting period of one year.

## Group structure

Triodos Investment Management is part of the Triodos Group. The head of this group is Triodos Bank N.V., having its legal address in Driebergen-Rijsenburg, the Netherlands. The financial statements of Triodos Investment Management are included in the consolidated financial statements of Triodos Bank N.V. The consolidated figures are available via [www.triodos.nl](http://www.triodos.nl).

## Basis of preparation

The financial statements are in accordance with Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board. These financial statements have been prepared on the basis of the going concern assumption.

## Judgements, estimates and uncertainties

In applying the accounting principles upon preparation of the financial statements, management of the company performs several judgements and estimates which can be essential for the amounts presented.

If deemed necessary to meet the requirements of article 2:362 paragraph 1 of the Dutch Civil Code, the nature of these judgments and estimates, including the underlying uncertainties, is included in the notes on the relevant financial statements.

## Accounting principles

### General

The principles of valuation and determination of the result remained unchanged compared with the previous year.

Unless stated otherwise, assets and liabilities are stated at cost. In the Balance Sheet and Profit and Loss Account, references are made to the notes.

An asset is disclosed in the Balance Sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the Balance Sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the Profit and Loss Account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.



If a transaction results in a transfer of future economic benefits and/or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the Balance Sheet. Assets and liabilities are not included in the Balance Sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the company has transferred the significant risks and rewards of ownership of the services to the buyer.

For Triodos Investment Management where revenues are primarily derived from the management fee tariff applied to assets under management, the application of the five-step framework for revenue recognition under RJ 270 can be summarised as follows:

1. Identify the contract with the customer: The firm needs to establish a contract with the client, which could be in the form of an investment management agreement or similar arrangement. The contract should outline the terms and conditions regarding the services to be provided and the management fee tariff.
2. Identify the performance obligations: The primary performance obligation for the investment management firm is to provide investment management services to the client. The service involves managing and overseeing the client's assets based on the agreed-upon investment strategy.
3. Determine the revenue and price: The revenue and price are determined by multiplying the assets under management (AuM) by the management fee tariff. The AuM represents the value of the client's investments that are under the firm's management.
4. Allocate the transaction price: Since the management fee is the only distinct performance obligation, there is no need for allocation in this scenario. The entire transaction price is attributed to the single performance obligation. The attribution is performed linearly based on AuM.
5. Recognise revenue when the performance obligation is satisfied: Revenue is recognised over time as the investment management services are provided to the client. As long as the firm continues to manage the client's assets, revenue is recognised proportionally as time elapses. The revenue recognised is based on the portion of the management fee earned corresponding to the passage of time.

The financial statements are presented in euros, the company's functional currency.

#### **Use of estimates**

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates.

The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

#### **Related parties**

All legal entities that can be controlled, jointly controlled or significantly influenced, are considered to be related parties. Entities which can control the company are also considered to be related parties. In addition, statutory directors, other key management of Triodos Investment Management or the ultimate parent company and close relatives are regarded as related parties. Further details on related parties are disclosed in the notes to the financial statements.

#### **Principles for the translation of foreign currency**

Transactions denominated in foreign currency are translated into euros at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the Balance Sheet date into the functional currency at the exchange rate applying on that date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euros at the applicable exchange rate applying on the transaction date. Non-monetary assets and liabilities in foreign currency that are stated at fair value are translated into euros at the applicable exchange rate applying on the date that the fair value was measured. Conversion gains and losses are taken to the Profit and Loss Account.

### **Leasing**

The company has entered into an obligation for lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred, by the company. The lease contracts are recognised as operating leases. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the Profit and Loss Account for the duration of the contract.

### **Equipment**

Equipment is stated at acquisition price less straight-line depreciation on the basis of estimated useful economic life, which is estimated as 3 years. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to 'Impairment of fixed assets'. No impairment was recognised up to 2022. As per Balance Sheet date, the balance of the equipment is nil and so impairment is no longer possible.

### **Impairment of fixed assets**

On each Balance Sheet date, Triodos Investment Management assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

### **Participating interests (in associates)**

Participations in which the company exercises significant influence over business and financial policy are valued at net asset value using the equity method. Under the equity method, the investment is recognised at cost on initial recognition. After initial recognition, the carrying amount is increased or decreased to recognise the company's share of the profit or loss of the investee. The equity method is in this case equal to the fair value because the net asset value is determined based on the publicly available share price. The company's share of the investee's profit or loss is recognised in the company's profit or loss. Distributions received from the investee reduce the carrying amount of the investment.

### **Deferred tax assets**

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets are measured at the tax rates that are expected to apply to the period when the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### **Receivables**

Receivables are recognised initially at the fair value and are subsequently measured at amortised cost. Provisions for bad debts are deducted from the book value of the receivable. Receivables are captured in the administration when contractual rights arise. The book value approximates the fair value.

### **Cash at banks**

Cash at banks consist of cash, bank balances and deposits with a maturity of less than one year. Overdrafts at banks are recognised under debts to credit institutions under current liabilities. Cash at banks are stated at nominal value. The book value approximates the fair value.

### **Equity**

Equity represents the capital that is attributable to the sole shareholder, Triodos Bank N.V.

### **Provisions**

A provision is recognised if the following applies:

- the company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset.

Provisions are stated at the nominal value of the expenditures that are expected to be required to settle the liabilities and losses.

### Pension schemes

Triodos Investment Management has a number of pension schemes. Premiums are paid based on a contractual and voluntary basis to insurance companies on a defined contribution basis. Premiums are recognised as employee cost when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities. There are no other obligations in addition to the premiums paid.

Defined benefit plans were present for Belgium employees during 2023. In Belgium, legislation prescribes a minimum yield of 1.75% and requires the employer to compensate for this yield in case the insurer does not meet the minimum legal requirements. This minimum yield requirement results in an actuarial provision. The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, staff turnover rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

A defined contribution plan was present for the France employee during 2023. The pension system in France is a mandatory, pay-as-you-go, contributory system. As soon as an employee works, the employee and the employer contribute to the employee's pension. This contribution is defined according to the salary the employee receives. The total amount of the contributions the employee pays each year is used to pay the pensions of the retirees for that same year. The system thus organises a direct transfer from working generations to retired generations. When the employee retires, the pension (i.e. your retirement income) is calculated based on the employee's earnings, the retirement age and the number of years the employee has worked. The only provisions that can be calculated are those called provision for retirement indemnity. This provision is used to evaluate the amount of retirement benefits that will be granted to employees at the end of their professional career. Currently all pension contributions are thus processed in the payroll. These are mandatory contributions which are part of the French social security system and are paid to the French authorities. The 2023 retirement pension contributions are as follows:

	Base per month	Employee's contribution	Employer's contribution
Sécu. Soc Plafonnée	3,666	6.90%	8.55%
Sécu. Soc Déplafonnée	gross salary total	0.40%	1.90%
Complémentaire Tranche 1	3,666	4.15%	6.22%
Complémentaire Tranche 2	29,328	9.86%	14.78%

There are currently no additional company or industry pension schemes applicable.

### Current liabilities: other short-term liabilities, accruals and deferred income

Current liabilities are initially recognised at fair value. After initial recognition current liabilities are recognised at amortised cost price, being the amount received, taking into account any discount or premium and transaction costs. This is usually the nominal value. Current liabilities are due within one year. (Current) liabilities are captured in the administration when contractual obligations arise. The book value approximates the fair value.

## Principles for the determination of the result

### General

The result is the difference between realisable income from services provided and the costs and other charges incurred during the year. The results on transactions are recognised in the period in which they are realised.

### Net turnover

Income from operating activities is recognised in the Profit and Loss Account after deduction of discounts and turnover tax when the revenue amount can be determined in a reliable manner, collection of the related compensation to be received is probable, the extent to which the service has been performed can be determined reliably and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

Revenue in the net turnover is recognised over the duration of the investment management services provided to the client, reflecting the satisfaction of the performance obligation. As the firm continues to manage the client's assets, revenue is recognised gradually over time. The recognition of revenue is proportionate to the passage of time, aligning with the portion of the management fee earned throughout the service period.

Other operating income results from activities which are not directly linked to the supply of services as part of the normal, non-incident operations. The other operating income comprises of a fee received from Triodos Fair Share Fund for the performance of the administration of Legal Owner Triodos Funds B.V.

The main principles for the profit and loss treatment of results from participating interests are as follows: Initial recognition: Initially, the investment in the participating interest is recognised at cost, which includes the acquisition price and any directly attributable costs. Subsequently, the investment is accounted for using the equity method (also net asset value). Dividends received from the investee are generally recognised as income in the investor's Profit and Loss Account when the right to receive the dividend is established. Changes in fair value: If the participating interest is required to be measured at fair value, changes in the fair value are typically recognised in the Profit and Loss Account. These changes are usually accounted for as fair value gains or losses via the Profit and Loss Account.

### Employee costs (employee benefits)

Employee costs (wages, salaries, social security contributions, etc.) are not presented as a separate item in the Profit and Loss Account. These costs are included in the operating expenses of the Profit and Loss Account. For a specification, reference is made to the note 11.

### Short-term employee costs

Salaries, wages and social security contributions are charged to the Profit and Loss Account based on the terms of employment, where they are due to employees and the tax authorities respectively.

### Pensions

Triodos Investment Management applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Changes in the pension provision are also charged to the result. Reference is also made to the relevant notes with respect to pension schemes. There are no other obligations in addition to the premiums paid.

The Belgian Branch has a minimum yield requirement to their pension scheme which results in an actuarial provision which is determined on each reporting date. Changes to the actuarial provision are charged to the Profit and Loss Account. The increase in the provision due to the passage of time is recognised as interest expense.

The pension system in France is mandatory and on a pay-as-you-go basis and the employer's contributions are charged to the Profit and Loss Account.

### Operating expenses

Operating expenses comprise of costs chargeable to the year and are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

### **Depreciation of equipment**

Equipment is depreciated on the basis of estimated useful economic life, which is 3 years. Depreciation takes place on a straight-line basis.

### **Financial income and expenses**

Interest income and expenses are attributed to the period to which they relate, taking into account the effective interest rate of the assets and liabilities to which they relate.

Exchange rate differences arising upon the settlement or conversion of monetary items are attributed to the period in which they are realised.

### **Corporate income taxes (CIT)**

Triodos Investment Management is part of the fiscal unity with its parent company Triodos Bank and its subsidiaries. All entities within the fiscal unity are jointly liable for each other's CIT claims.

Tax on the result is calculated based on the result before tax in the Profit and Loss Account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets). Exempted profit items, (non-)deductible items, additions and differences between the Balance Sheet value and the fiscal value of particular assets and liabilities are taken into account. Deferred tax assets and liabilities are stated at nominal value.

Tax on the result is calculated based on the result before tax in the Profit and Loss Account with a rate of 25.8% (2022: 25.8%). The set-off for applicable deferred taxes is recognised at the level of the fiscal unity.

## **Cash flow statement**

According to Dutch Accounting Standards (RJ 360.104) a cash flow statement is not required if the capital of a company is fully provided by another entity which prepares an equivalent cash flow statement as part of its consolidated financial statements.

Triodos Investment Management applies this exemption and as such does not prepare its own cash flow statement. The cash flow statement of Triodos Investment Management is included in the consolidated annual accounts of Triodos Bank which are available via [www.triodos.nl](http://www.triodos.nl).

## **Risks**

### **Liquidity risk**

Liquidity risk is the risk that Triodos Investment Management will not be able to attract the financial means necessary to satisfy its payment obligations. This risk is very low, given that under normal circumstances stable and positive financial results and cash flows triggered by relatively predictable fee income are at hand. Triodos Investment Management monitors and analyses its financial position on a monthly basis. The liquidity position is monitored on a bi-weekly basis in order to minimise liquidity risk. The resulting liquidity risk is considered to be very low.

### **Credit risk**

This is the risk that any party owing Triodos Investment Management liquidity and/or a receivable is not able to (re)pay. For Triodos Investment Management this applies specifically to liquidity at bank accounts and debtors, being the funds under management.

The risk regarding bank accounts is partly mitigated by using only banks with high creditworthiness. At year-end 2023, 39% of cash was held at Triodos Bank (2022: 87%), 32% (2022: 4%) was held at Rabobank and 29% (2022: 9%) was held at BNP Paribas. Fitch Ratings reaffirmed Triodos Bank's Long-Term Issuer Default Rating (IDR) of 'BBB' with a negative outlook in 2023. The bank's moderate risk profile, adequate asset quality and profitability, solid capital ratios and healthy liquidity profile support the rating. Fitch Ratings and S&P Global have both assigned long-term ratings of 'A+' with a stable outlook to Rabobank in 2023. Fitch Ratings and S&P Global have assigned long-term ratings of 'AA-' with a stable

outlook and 'A+' with a stable outlook respectively to BNP Paribas in 2023. The credit risk related to bank accounts is thus considered to be very low.

The credit risk regarding outstanding amounts of debtors is also considered to be very low since the company performs the management of these funds which, amongst others, also entails the management of their liquidity and solvency in accordance with prospectus' guidelines. Invoices are issued with payment deadlines ranging from 14 to 20 days.

#### **Market risk**

This is the risk of losses in positions arising from movements in market prices and foreign currencies. In October 2021, Triodos Investment Management provided seed capital to SICAV II - Triodos Emerging Markets Renewable Energy Fund. Through this fund, the company invests in private debt and equity and as such is exposed to valuation and interest rate risk. The fund is denominated in the United States Dollar, but the investment is made in Euro; thus, the company is not directly exposed to foreign exchange risk. The investment is monitored on a regular basis, with the intention ultimately to exit from the fund responsibly in the future. In March 2022, Triodos Investment Management provided seed capital to SICAV I - Triodos Future Generations Fund. Through this fund, the company invested in listed equity and as such was exposed to valuation risk. The seed capital in SICAV I - Triodos Future Generations Fund was sold in 2023. Please refer to note 2 of the financial statements for details of the seed capital investments.

As at the date of this report the company has no other 'seed capital' investments.

#### **Currency risk**

Triodos Investment Management holds limited cash in foreign currency, hence this risk is limited. Triodos Investment Management mainly operates in the European Union. The currency risk for Triodos Investment Management relates to cash held in US dollars and British Pounds. Management has determined these currency risks do not need to be hedged. In October 2021, Triodos Investment Management provided seed capital to Triodos Emerging Markets Renewable Energy Fund (USD). This investment is made in Euro; thus, the company is not directly exposed to currency risk.

#### **Interest rate risk**

Triodos Investment Management has, apart from cash at banks, no interest-bearing receivables or non-current and current liabilities (including borrowings) and therefore incurs very limited interest rate risk.

## Notes to the Balance Sheet as at 31 December 2023

### 1. Equipment

Equipment consists of telephones, monitors and computers. The cumulative financial position of the equipment is as follows:

	2023	2022
Purchase/ cost value	33,334	33,334
Cumulative depreciation	-33,334	-33,334
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>

The movement in the equipment balance is as follows:

	2023	2022
Balance as at 1 January	-	4,586
Depreciation	-	-4,586
<b>Balance as at 31 December</b>	<b>-</b>	<b>-</b>

### 2. Participating interests

The movement in participating interests is as follows:

	2023	2022
Balance as at 1 January	5,043,565	4,285,470
Purchase of investment	-	1,100,000
Sale of investment	-900,000	-88,800
Value adjustments through profit and loss	159,340	-253,105
<b>Balance as at 31 December</b>	<b>4,302,905</b>	<b>5,043,565</b>

Triodos Investment Management may provide seed capital to new investment funds in order to improve the product offering. Triodos Investment Management does not intend to exercise long-term control or significant influence over these investments, even if temporary shareholder stakes may suggest otherwise. Furthermore, revenue generation through dividends or changes in the value of the participating interests is not the primary objective for holding them.

The main purpose is to facilitate activities such as activating share classes and meeting operational requirements to facilitate third party investors to invest easier in the managed funds. Additionally, these investments are of a short-term nature, accompanied by established exit strategies. Because of this context, the participating interest investments demonstrate characteristics more aligned with financial instruments rather than significant interests, indicating that the focus is not on obtaining substantial economic benefits or exerting control over the investees.

In October 2021, Triodos Investment Management provided seed capital to Triodos Emerging Markets Renewable Energy Fund (a sub-fund of Triodos SICAV II, registered and domiciled in Luxembourg) with the intention to exit within 5 years. The seed capital consists of 12% (2022: 12%) of the total share capital of Triodos Emerging Markets Renewable Energy Fund. The shares were purchased at the Inception value of EUR 25 per share for a total amount of EUR 4,320,030. A side pocket share class was created in the sub-fund in March 2023. The side pocket was created to ringfence a Ukrainian asset from the remainder of the portfolio of the sub-fund, with the intention to be liquidated once the asset reaches maturity. Shares were issued to Triodos Investment Management based on an exchange ratio, at the Inception value of EUR 25 per share. The seed capital consists of 12% of the total share capital of the side pocket.

In March 2022, Triodos Investment Management provided seed capital to Triodos Future Generations Fund (a sub-fund of Triodos SICAV I, registered and domiciled in Luxembourg) with the intention to exit within 1 year. The shares were purchased at the Inception value of EUR 25 per share for a total amount of EUR 1,000,000. The shares were subsequently sold for a total amount of EUR 900,000 in April 2023. Upon sale, the total net unrealised loss of EUR 100,000 was reclassified from unrealised to realised in the Profit and Loss Account.

In February 2022, Triodos Investment Management subscribed to a new share class of Triodos Impact Mixed Fund-Neutral (a sub-fund of Triodos SICAV I, registered and domiciled in Luxembourg) with the intention to exit within 1 year. The purpose of this investment was purely to test the hedging process and operational effectiveness before clients invested in the fund. The shares were purchased at the Inception value of EUR 25 per share for a total amount of EUR 100,000. The shares were subsequently sold at EUR 22.20 per share for a total amount of EUR 88,800 in November 2022. Upon sale, the total net unrealised gain of EUR 11,200 was reclassified from unrealised to realised in the Profit and Loss Account.

### 3. Deferred tax asset

	2023	2022
Provision for vitality leave- non-current portion	6,563	24,053
Provision for vitality leave- current portion	20,915	9,064
<b>Balance as at 31 December</b>	<b>27,478</b>	<b>33,117</b>

The deferred tax asset relates to the origination of temporary differences due to differences between accounting and fiscal recognition of the provision for vitality leave.

### 4. Debtors

	2023	2022
Management fees	1,666,297	2,128,576
Recharged expenses: funds under management	221,856	60,132
License fee contracts	104,500	–
Board fees	7,807	11,182
Other debtors	618	25,875
Recharged formation expenses: newly established funds	–	91,621
<b>Balance as at 31 December</b>	<b>2,001,078</b>	<b>2,317,386</b>

Debtors are due in less than one year. There were no provisions for debtors in 2023 or in 2022.

### 5. Other receivables, accruals and prepayments

	2023	2022
Accrued management fees	13,390,085	13,573,187
Prepaid research- market data	362,266	452,554
Prepaid maintenance, portfolio monitoring and compliance fee FIA	260,150	244,167
Pension premiums	226,388	224,343
Prepaid ICT license and maintenance	163,464	220,053
Finance Income	123,811	2,823
Cash in transit	44,537	113,297
Current account Triodos Groenfonds	18,924	84,127
Current account Triodos Emerging Markets Renewable Energy Fund	6,708	1,780
Current account Triodos Impact Strategies	4,712	14,972
Current account Triodos Fair Share Fund	4,234	2,752
Current account Triodos Impact Strategies II	1,513	30,022
Current account Triodos Microfinance Fund	–	30,712
Prepaid education costs	–	16,342
Current account Stichting Hivos-Triodos Fonds	–	3,334
Current account Stichting Triodos Sustainable Finance Foundation	–	1,083
Other receivables	215,913	258,438
<b>Balance as at 31 December</b>	<b>14,822,705</b>	<b>15,273,986</b>



All other receivables, accruals and prepayments are expected to be settled in less than one year. No interest is applicable on these amounts.

## 6. Cash at banks

	2023	2022
Triodos Bank current accounts	12,656,529	22,241,233
Rabobank current accounts	10,191,240	1,021,147
BNP Paribas current accounts	9,420,969	2,319,779
ING Bank current account	1,656	1,158
<b>Balance as at 31 December</b>	<b>32,270,394</b>	<b>25,583,317</b>

The cash in bank accounts is at free disposal of the company.

The interest rate on the current accounts at Triodos Bank is 0.00% (2022: 0.00%).

The interest rate on the bank accounts at Rabobank is 3.72% (2022: 1.69%). The interest rate on the bank accounts at BNP Paribas is 3.72% (2022: 1.725%).

The interest rate on the bank account at ING Bank is 3.75% (2022: 1.79%) for a bank balance up to EUR 10,000,000 and 0.00% (2022: 0.00%) for a bank balance above EUR 10,000,000.

One of the Rabobank current accounts is a US Dollar account with a balance at year-end of USD 439,764 (2022: USD 385,165). For the conversion to Euros an exchange rate of 1.1074 (2022: 1.0682) was used. One of the BNP Paribas current accounts is a GBP account and another one is a US Dollar account. The balances at year-end were GBP 1,018 (2022: GBP 736) and USD 569 (2022: USD 547) respectively. For the conversion to Euros exchange rates of EUR/GBP 0.86926 (2022: 0.88513) and EUR/USD 1.1074 (2022: 1.0682) were used.

## 7. Equity

The movement in the equity for 2023 is as follows:

	Issued and paid-up capital	Share premium reserve	General reserve	Result for the financial year	Total
Balance as at 1 January 2023	18,500	327,550	23,985,700	8,723,149	33,054,899
Transfer to general reserve	–	–	8,723,149	-8,723,149	–
Result for the financial year	–	–	–	5,524,928	5,524,928
<b>Balance as at 31 December 2023</b>	<b>18,500</b>	<b>327,550</b>	<b>32,708,849</b>	<b>5,524,928</b>	<b>38,579,827</b>

The movement in the equity for 2022 is as follows:

	Issued and paid-up capital	Share premium reserve	General reserve	Result for the financial year	Total
Balance as at 1 January 2022	18,500	327,550	17,449,744	6,535,956	24,331,750
Transfer to general reserve	–	–	6,535,956	-6,535,956	–
Result for the financial year	–	–	–	8,723,149	8,723,149
<b>Balance as at 31 December 2022</b>	<b>18,500</b>	<b>327,550</b>	<b>23,985,700</b>	<b>8,723,149</b>	<b>33,054,899</b>

The issued and paid-up capital consists of 185 ordinary shares (2022: 185) of EUR 100 each (2022: EUR 100). All shares are held by Triodos Bank. The share premium reserve relates to the excess amount received by Triodos Investment Management over the par value of its shares. The share premium reserve is recognised in full for fiscal purposes.

## 8. Provisions

	2023	2022
Provision for claims	209,500	–
Provision for improving operational model	156,312	734,786
Provision for vitality leave and other personnel costs	106,504	128,362
Other	5,000	–
<b>Balance as at 31 December</b>	<b>477,316</b>	<b>863,148</b>

Triodos Sicav II – Triodos Renewable Energy Fund (in liquidation) initiated an arbitration case in 2017 under the Energy Charter Treaty following significant financial losses incurred on five solar PV plants in Spain as a result of retroactive changes in the fiscal regime. In 2019 a cost budget was implemented at the sub-fund level to cover the costs associated with the claim. During the liquidation process of Triodos Sicav II – Triodos Renewable Energy Fund, it was agreed that Triodos Investment Management would cover any cost overruns over and above the budget, where at year-end 2023 a budget overrun of EUR 209,500 has been foreseen.

A restructuring provision has been recorded for the improvement of the operating model of Triodos Investment Management. The restructuring provision is intended to cover costs related to restructuring in progress. This provision was initially recognised at the moment a detailed plan to restructure the Company was formalised and presented to the Works Counsel as a request for advice in 2022. The restructuring cost represents the restructuring costs related to redundancies and severance payments. Any costs related to ongoing business such as consulting fees and retraining or relocating employees are not provided for.

Provision for vitality leave relates to leave arrangements for personnel based on collective labour agreements. An amount of EUR 25,438 (2022: EUR 93,228) of the provision is classified as non-current.

The movement in the provisions is as follows:

	2023	2022
Balance as at 1 January	863,148	2,623,666
Addition	316,950	2,110,888
Release	-702,782	-3,871,406
<b>Balance as at 31 December</b>	<b>477,316</b>	<b>863,148</b>

## 9. Other short-term liabilities, accruals and deferred income

	2023	2022
Current accounts Triodos Group	5,714,466	4,327,865
Payroll tax	1,186,876	37,881
Payable costs	684,853	525,289
Payable vacation hours	637,524	575,532
Payable costs advisors	301,592	129,815
Payable company profile information	152,990	122,031
Payable external audit costs	79,500	47,638
Marketing expenses	35,000	15,000
Insurance premiums	6,883	8,687
Payable termination fees	3,931	8,121
Other liabilities	244,738	66,339
<b>Balance as at 31 December</b>	<b>9,048,353</b>	<b>5,864,198</b>

The payables are expected to be paid within one year. There is no interest payable on the current accounts. Payable termination fees relate to payable compensation for termination of employment of co-workers.

**Off-Balance Sheet items**

Triodos Investment Management has entered into obligations for lease contracts for cars and contracts for office housing. The charges for leased cars for the upcoming years are as follows:

Obligations to pay	EUR
Within one year	32,000
Between one and five years	40,000
After five years	–

The rental contract regarding the office building at “Landgoed De Reehorst” in Driebergen-Rijsenburg is concluded for an indefinite period, with a rental cost of EUR 1.1 million a year. During the year, total minimum lease payments of EUR 1,128,816 (2022: EUR 1,128,816) were recognised in the Profit and Loss Account.

**Contingent liabilities**

Together with its parent company, Triodos Bank, and its subsidiaries, Triodos Investment Management is part of the tax unity for corporate income tax purposes. All entities within the fiscal unity are jointly liable for each other’s CIT claims.

In the financial statements of Triodos Bank, the corporate tax charge is calculated on the basis of the commercial result realised by Triodos Bank. Triodos Investment Management and Triodos Bank settle these expenses through their intercompany accounts.

## Notes to the Profit and Loss Account for the year ended 31 December 2023

### 10. Net turnover

The breakdown of revenue by category is as follows:

	2023	2022
Management contracts	50,121,579	53,027,405
Asset management services	1,519,365	1,466,781
Research services	333,004	354,163
Commercial services	221,688	104,030
Other income	11,673	50,420
	<b>52,207,309</b>	<b>55,002,799</b>

#### 10.1 Management contracts

Triodos Investment Management carries out management activities for the below mentioned entities and receives management fees for these services at market rates.

	2023	2022
Triodos SICAV I	20,411,702	18,688,350
Triodos SICAV II – Triodos Microfinance Fund	8,176,717	8,657,474
Triodos Fair Share Fund	7,619,509	8,037,547
Triodos Groenfonds	7,032,299	8,165,706
TIS II – Triodos Energy Transition Europe Fund	3,386,944	3,113,055
Stichting Hivos- Triodos fonds	1,658,415	1,750,683
TIS II – Triodos Food Transition Europe Fund	1,185,030	1,344,764
Triodos SICAV II – Triodos Emerging Markets Renewable Energy Fund	501,825	231,347
TIS – Triodos Multi Impact Fund	87,487	97,965
TIS – Triodos Impact Strategy Funds	61,651	1,308
Provision for carried interest Stichting Hivos-Triodos fonds *	–	2,387,173
Sustainability – Finance- Real Economies SICAV- SIF**	–	569,262
WWB Capital Partners***	–	-17,229
	<b>50,121,579</b>	<b>53,027,405</b>

\* In 2021, due to a likely tax obligation, an additional provision for the amount of EUR 2,250,000 was made for part of the carried interest amount received in 2019 in relation to the sale of an investment by Stichting Hivos-Triodos Fonds. After consultation with its legal council in 2022, Triodos Investment Management concluded that there is in fact minimal substance to this claim and thus reversed the provision.

\*\* On the 15th of September 2022, following a decision by the Board of Directors and a majority vote from the shareholders of the fund, Sustainability – Finance- Real Economies SICAV- SIF merged with Triodos SICAV II – Triodos Microfinance Fund.

\*\*\* As of 1 January 2020, Triodos Investment Management took over the management activities for WWB Capital Partners from Triodos Investment Advisory & Services B.V. The contract came to an end in January 2022. At this time a correction was made to the management fee calculation, resulting in a payment from Triodos Investment Management to WWB Capital Partners.

Triodos Investment Management waived the management fee of SICAV II – Triodos Emerging Markets Renewable Energy Fund as of the day of launching this sub-fund (29 October 2021), until 31 July 2022. No management fee is received on the side pocket class of shares of this sub-fund.

Triodos SICAV I, Triodos SICAV II – Triodos Microfinance Fund, Triodos SICAV II – Triodos Emerging Markets Renewable Energy Fund (and prior to the merger, Sustainability-Finance- Real Economies SICAV-SIF) are located in Luxembourg; WWB Capital Partners is located in the United States of America; the remaining entities under management contracts are located in the Netherlands. In 2023, the proportion of turnover generated from Luxembourg was 58% (2022: 53%) and the Netherlands was 42% (2022: 47%).

### 10.2 Asset management services

Triodos Investment Management carries out the asset management for Triodos Private Banking NL and receives a fee for these services at market rates.

	2023	2022
Triodos Private Banking NL	1,451,349	1,466,781
Mandate: First Class Sustainable Return Fund	68,016	–
	<b>1,519,365</b>	<b>1,466,781</b>

Triodos Investment Management carries out the asset management for Triodos Private Banking NL and receives a fee for these services at market rates. Triodos Investment Management also has a mandate to provide portfolio management services to Goldman Sachs Asset Management B.V.'s First Class Sustainable Return Fund.

### 10.3 Research services

This relates to screening and research services for entities within the Triodos group and third-party suppliers.

	2023	2022
Within Triodos Group	26,004	26,004
Third-party suppliers	307,000	328,159
	<b>333,004</b>	<b>354,163</b>

### 10.4 Commercial services

	2023	2022
Consulting fee and board fee staff working for Triodos Investment Management	221,688	89,630
Advisory fee	–	14,400
	<b>221,688</b>	<b>104,030</b>

The consulting fee and board fee relates to investment management activities in relation to the management of assets of managed funds. The advisory fee relates to advice given to a third party on the creation of a stock portfolio.

## 11. Operating expenses

	2023	2022
Wages and salaries	17,502,966	17,450,215
ICT costs	4,566,573	4,171,266
Other personnel costs	3,873,691	2,685,688
Charge of general overhead costs Triodos Bank	3,022,393	2,791,699
Pension contributions	2,689,593	2,751,595
Research- market data	2,476,068	2,210,343
Outsourced activities Triodos Bank NL	2,307,142	2,863,233
Social security charges	2,279,024	2,343,804
Housing costs	2,207,135	2,055,275
Other charge of costs Triodos Bank	1,307,769	491,306
Advisory fees	1,026,905	745,215
Travelling and accommodation expenses	570,555	476,875
Publicity	568,778	249,999
Hired co-workers Triodos Group	241,165	305,366
Provision for SICAV II – Triodos Renewable Energy Fund claim	209,500	–
Contributions	159,408	166,942
Liability insurance	155,276	110,618
External audit	137,052	109,764
Supervisory costs	62,107	–
Banking costs	23,231	18,244
Provision for improving operational model	-229,554	734,786
Depreciation of equipment	–	4,586
Other operating expenses	159,074	124,948
	<b>45,315,851</b>	<b>42,861,767</b>

The total number of co-workers at Triodos Investment Management is 203 at year-end 2023 (2022: 216). The number of employees working outside of the Netherlands is 4 (2022: 5). The average number of employees over 2023 was 207.3 (2022: 209.1).

For an explanation of the provision for improving operational model, refer to note 8- Provisions.

The main drivers behind the increase in personnel costs are periodic wage increases and collective labour agreement increases.

The remuneration paid to the managing directors of the company, including salary expenses, pension, use of company car and social expenses, was EUR 740,166 (2022: EUR 688,815). The main reasons for the increase is collective labour agreement increases and the fact that one of the Management Board members had been promoted to managing director as per 1 February 2022, and in the expenses of 2022 only eleven months were taken into account.

### *Pension scheme*

Triodos Investment Management's pension scheme in the Netherlands is a defined contribution scheme and is administered by an independent third party. The commitment to the participating co-workers consists of paying the outstanding contribution to a maximum of the gross annual salary of EUR 128,810 (2022: EUR 114,886). The pension expenses for the defined contribution scheme is based on the contributions owed for the financial year.

In Belgium the pension scheme is considered a defined benefit scheme for which co-workers' contribution is 2% of salary and the employer's contribution is 6%.

For the contributions to the pension scheme in France, please refer to the table under "Pension schemes" in the accounting principles section.

### Audit fees

The following audit fees were expensed in the reporting period:

	2023	2022
Audit of the financial statements	86,641	80,954
Other assurance services: ISAE	26,417	16,710
Other assurance services	23,994	12,100
	<b>137,052</b>	<b>109,764</b>

The audit fees concerning the audit of the financial statements amount to EUR 86,641 (2022: EUR 80,954). Of these fees, EUR 79,500 relates to the audit of the financial statements for the financial year 2023 (2022: EUR 83,308) and EUR 7,141 for 2022 (2021: EUR -2,354 (release of accrual)), irrespective of whether the activities have already been carried out during the financial year. Other assurance services: ISAE concerns procedures performed by the independent auditor for the ISAE 3402 type II report. Other assurance services performed by the independent auditor concern overruns on the 2022 (2021) external audits of certain Triodos funds under management.

The independent auditor has not rendered any consultancy services, nor any tax or other non-assurance services.

### 12. Financial Income

	2023	2022
Interest received on bank accounts	456,009	6,379
	<b>456,009</b>	<b>6,379</b>

Interest received on bank accounts has increased in 2023 because of higher interest rates and larger account balances, particularly considering that negative interest rates were applied for a period in 2022.

### 13. Financial expenses

	2023	2022
Exchange rate differences	20,562	16,370
Other interest expenditure	18	105
Interest paid on bank accounts	–	85,304
	<b>20,580</b>	<b>101,779</b>

In 2023, interest was not paid on bank accounts, as negative interest rates were only applicable in 2022.

### 14. Corporate income taxes

	2023	2022
Corporate income tax expense for the year	1,961,299	3,069,378
	<b>1,961,299</b>	<b>3,069,378</b>

Together with its parent company, Triodos Bank, and its subsidiaries, Triodos Investment Management is part of the tax unity for corporate income tax purposes. All entities within the fiscal unity are jointly liable for each other's CIT claims. Taxes payable or receivable by Triodos Investment Management are settled directly with Triodos Bank.

Tax on the result is calculated based on the result before tax in the Profit and Loss Account taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets). Exempted profit items, (non-)deductible items, additions and differences between the Balance Sheet value and the fiscal value of particular assets and liabilities are taken into account. Deferred tax assets and liabilities are stated at nominal value.

Tax on the result is calculated based on the result before tax in the Income Statement with a rate of 25.8% (2022: 25%) and with an effective tax rate equal to 26.2% (2022: 25.8%). The set-off for deferred taxes, if applicable, is recognised at the level of the fiscal unity at Triodos head office.

### Related parties

Pursuant to the definition of affiliates of Article 381(3) of Part 9 of Book 2 of the Dutch Civil Code and Dutch GAAP guideline RJ 330, Triodos Investment Management has the following relevant relationships and transactions with related parties. All transactions are performed fulfilling the at-arms-length-principles.

#### 1. Triodos Bank

- Triodos Bank is the sole shareholder of Triodos Investment Management.
- Triodos Bank charged costs to Triodos Investment Management for an amount of EUR 10.3 million (2022: EUR 9.3 million). These charges relate to staff, office and overheads and are charged through transfer pricing, where among others, managed assets and number of co-workers are taken into account.
- Triodos Investment Management has current accounts with Triodos Bank (both Dutch and Belgium branch) at market standard rates.
- Triodos Investment Management conducts asset management activities for Triodos Bank Private Banking for which it receives a fee of EUR 1,451,349 (2022: EUR 1,466,781).

#### 2. Triodos Fair Share Fund

Triodos Investment Management performs the administration of Legal Owner Triodos Funds B.V. (previously Triodos Custody B.V.) for which it receives a fee from Triodos Fair Share Fund of EUR 5,520 (2022: EUR 5,520).

#### 3. Triodos Investment Management currently conducts management activities for Triodos Groenfonds, Triodos SICAV II – Triodos Microfinance Fund, Triodos SICAV II – Triodos Emerging Markets Renewable Energy Fund, Triodos SICAV I-Triodos Global Equities Impact Fund, Triodos SICAV I-Triodos Euro Bond Impact Fund, Triodos SICAV I-Triodos Impact Mixed Fund - Defensive, Triodos SICAV I-Triodos Impact Mixed Fund - Neutral, Triodos SICAV I-Triodos Impact Mixed Fund - Offensive, Triodos SICAV I-Triodos Pioneer Impact Fund, Triodos SICAV I-Triodos Sterling Bond Impact Fund, Triodos SICAV I-Triodos Future Generations Fund, Stichting Hivos-Triodos fonds, Triodos Fair Share Fund, TIS II - Triodos Energy Transition Europe Fund, TIS II - Triodos Food Transition Europe Fund, TIS – Triodos Multi Impact Fund, TIS – Triodos Impact Strategy Fund - Defensive, TIS – Triodos Impact Strategy Fund - Balanced, TIS – Triodos Impact Strategy Fund - Offensive and TIS – Triodos Impact Strategy Fund - Dynamic.

As per 16 September 2022 Sustainability – Finance- Real Economies SICAV SIF (Sapphire) merged with SICAV II - Triodos Microfinance Fund.

The fees paid by the funds, including carried interest payments, took place according to market rates. A specification of the fees is listed on page 28.

#### 4. Triodos Investment Management receives board fees for supervisory roles related to the management of assets of managed funds. Co-workers of Triodos Investment Management are fulfilling board positions with remuneration of board fees and/or reimbursement of travel expenses in the following companies: 3 Bank, Accion Frontier Inclusion Fund, Arvand LLC, Aavishkaar Venture Management Company, Ashv Finance Ltd, Banco Solidario S.A., Caspian Impact Investments Private Ltd, Centenary Bank, Credo Bank, Dawn Myanmar Microfinance Co. Ltd., Enda Tamweel SA, Financiera Fama SA, Groupe Natimpact SAS, ICI&LA SAS, Kompanion Financial Group CJS MFC and Sonata Finance Pvt Ltd. Board fees received in 2023 amount to EUR 221,688 (2022: EUR 89,630).

#### 5. Global Alliance for Banking on Values

- The Global Alliance for Banking on Values is an independent network of banks using finance to deliver sustainable economic, social and environmental development.
- Triodos Bank is a member of the Global Alliance. Triodos Bank is the sole shareholder of Triodos Investment Management and therefore Triodos Investment Management also aims to contribute to the goals of the Global Alliance.
- Until 15 September 2022, Triodos Investment Management was the Fund Manager (AIFM) of Sustainability – Finance- Real Economies SICAV- SIF (Sapphire) and received a management fee amounting to EUR 569,262 (2021: EUR 712,875). As per 16 September 2022 Sustainability – Finance- Real Economies SICAV SIF (Sapphire) merged with SICAV II - Triodos Microfinance Fund.



6. SICAV II - Triodos Emerging Markets Renewable Energy Fund  
Triodos Investment Management provided seed capital to Triodos Emerging Markets Renewable Energy Fund. 172,801 EUR-I-Cap shares were purchased at the Inception value of EUR 25 per share. At 31 December 2023 the value of the investment is EUR 3,986,524 (2022: EUR 4,211,165), being 12% (2022: 12%) of the total share capital of the fund. Triodos Investment Management exercises significant influence over SICAV II – Triodos Emerging Markets Renewable Energy Fund. The company also receives a management fee from SICAV II – Triodos Emerging Markets Renewable Energy Fund - see item 3 related parties. Triodos Investment Management waived its management fee as of the day of launching this sub-fund (29 October 2021), until 31 July 2022.  
A side pocket class of shares was created in March 2023. 12,131 EUR-Y-I-Dis shares were issued to Triodos Investment Management at the Inception value of EUR 25.00 per share. At 31 December 2023 the value of the investment is EUR 316,382 which represents 12% of the total share capital of the fund. No management fee is received on the side pocket class of shares.
7. SICAV I - Triodos Future Generations Fund  
Triodos Investment Management provided seed capital to SICAV I - Triodos Future Generations Fund. 40,000 I-Cap shares were purchased at the Inception value of EUR 25 per share. At 31 December 2022 the value of the investment is EUR 832,400, being 3% of the total share capital of the fund. The shares were subsequently sold for a total amount of EUR 900,000 in April 2023. Triodos Investment Management exercised significant influence over SICAV I – Triodos Future Generations Fund. The company also receives a management fee from SICAV I – Triodos Future Generations Fund - see item 3 related parties.
8. SICAV I - Triodos Impact Mixed Fund- Neutral  
Triodos Investment Management provided capital to a new share class of SICAV I - Triodos Impact Mixed Fund- Neutral. 4,000 RH-Cap shares were purchased at the Inception value of EUR 25 per share. The shares were subsequently sold at EUR 22.20 per share in November 2022. Triodos Investment Management also receives a management fee from SICAV I – Triodos Impact Mixed Fund- Neutral - see item 3 related parties.

#### **Subsequent events**

There are no subsequent events that are of material nature for the financial statements.

Driebergen-Rijsenburg, the Netherlands, 30 April 2024

Management Board of Triodos Investment Management B.V.  
Dick van Ommeren (Chair of the Management Board)  
Hadewych Kuiper (Managing Director Investments)  
Kor Bosscher (Managing Director Finance, Risk & Operations)

# Other information

## Appropriation of the profit

As set out in the Articles of Association, the appropriation of the profit is as follows (Article 16):

Paragraph 1: The profits shown in the adopted financial statements shall be at the disposal of the general meeting.

Paragraph 2: The company may only make distributions of profit to shareholders and other entitled persons to the extent that shareholders' equity exceeds the paid and called up portion of the capital increased by the reserves to be maintained by law. No distribution of profits may be made to the company in respect of shares held by it.

Paragraph 3: Subject to the provisions of the second paragraph, the general meeting may make one or more interim dividends payable.

Paragraph 4: Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.

### **The proposed appropriation of the profit is as follows**

The Management Board of Triodos Investment Management proposes the Annual General Meeting to distribute EUR 5,524,928 as dividend to its sole shareholder Triodos Bank N.V.

## Independent auditor's report

The independent auditor's report is included on the next page.

# Independent auditor's report



To: the general meeting of Triodos Investment Management B.V.

## Report on the audit of the financial statements 2023

### Our opinion

In our opinion, the financial statements of Triodos Investment Management B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### What we have audited

We have audited the accompanying financial statements 2023 of Triodos Investment Management B.V., Driebergen-Rijsenburg.

The financial statements comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

### The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of Triodos Investment Management B.V. in accordance with the 'Wet toezicht accountants-organisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

## Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Triodos Investment Management B.V. and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system. We refer to section 'Fraud' of the management board report for the management board's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risk	Our audit work and observations
<p><b>The risk of management override of controls</b> The management board is in a unique position to perpetrate fraud because of the management board's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>That is why, in all our audits, we pay attention to the risk of management</p> <ul style="list-style-type: none"> <li>• override of controls in the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;</li> <li>• estimates;</li> <li>• significant transactions, if any, outside the normal course of business for the Company.</li> </ul> <p>We pay particular attention to tendencies due to possible interests of the management board.</p>	<p>We evaluated the design and implementation of the internal control measures that are intended to mitigate the risk of management override of control and to the extent relevant for our audit tested the effectiveness of these controls. Furthermore, we evaluated the design and implementation of the controls in the processes for generating and processing journal entries and making of estimates. We performed our audit procedures primarily substantively.</p> <p>We have selected journal entries based on risk criteria and performed specific audit procedures on these, also paying attention to significant transactions outside the normal business operations.</p> <p>We performed substantive audit procedures on significant transactions outside the normal course of business.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>
<p><b>Risk of fraud in revenue recognition</b> As part of our risk assessment and based on a presumption that there is a risk of fraud in revenue recognition, we evaluated which types of revenue are subject to a risk of fraudulent financial reporting. The risk of fraud in revenue recognition is identified in management fees earned for assets under management (AUM).</p> <p>Revenue is considered an important key financial indicator for the Company and consequently there is an inherent risk that the Company might feel pressure to present higher revenue.</p>	<p>We evaluated the design and implementation of the internal control measures that are intended to mitigate the risk of fraud in revenue recognition of the asset management fees. This involved obtaining an ISAE 3402 report for Triodos Investment Management B.V. and evaluating the effective operation of controls over the calculation of management fees and AuM's.</p> <p>Additionally, we have performed a combination of substantive and analytical audit procedures over the calculation of the management fees and the AuM's for the purpose of gaining comfort over the accuracy and completeness of the revenue stream.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the accuracy and completeness of the reported revenue.</p>

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

#### Audit approach going concern

As disclosed in section 'Continuity' in the management board report, the management board performed their assessment of the Company's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether the management board's going-concern assessment included all relevant information of which we were aware as a result of our audit by inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment;
- evaluating the management board's current budget for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.

Based on our procedures performed, we concluded that the management board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## **Report on the other information included in the annual report**

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the management board**

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

## **Our responsibilities for the audit of the financial statements**

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 30 April 2024  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs M.P.A. Corver RA

## Appendix to our auditor's report on the financial statements 2023 of Triodos Investment Management B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### **The auditor's responsibilities for the audit of the financial statements**

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Annex A

## Responsible Investing

Triodos Investment Management is a member of the Stichting Klachteninstituut Financiële Dienstverlening (KiFiD).

Triodos Investment Management is a member of the Dutch Fund and Asset Management Association (DUFAS). Triodos Investment Management has defined Fund Governance Principles. Triodos Investment Management is a member of the United Nations Principles on Responsible Investment and fulfils the transparency code as set by EUROSIF.

Triodos co-workers are not allowed to take part on such investment decisions in order to prevent a conflict of interest. In relation to financed companies, Triodos Investment Management has provisions in place which prevent Triodos co-workers to use confidential information for any other purpose than for which it has been acquired.

## Conflicts of Interest Policy

Triodos Investment Management takes measures to mitigate conflicts of interest which may occur from the different roles and responsibilities it has towards the managed funds, the funds investors and the companies in which we invest. We have clear procedures in place containing rules covering situations where (potential) conflict of interests could occur. The mentioned procedures are described in our 'Triodos Policy on Confidential Information, Chinese walls, and Conflicts of Interest'.

Furthermore Triodos Investment Management commits itself to the DUFAS Principles of Fund Governance, which principles include several provisions on Conflicts of Interest. In line with these provisions and as far as appropriate, a segmentation between investment decisions, settlement of transactions, administration of transactions and control is in place to prevent (potential) conflicts of interests. Triodos Investment Management has installed "Chinese walls" in order to manage the flow of price-sensitive information and other confidential market information. There is an organisational and personnel segregation between the business units to the extent that this is reasonably necessary, relative to their activities. Appropriate information-sharing barriers are in place to prevent dissemination of sensitive market information. No price-sensitive or confidential market information is exchanged between business units other than is required to effectively carry out their work.

Triodos co-workers can be appointed to a management or supervisory position of a company which is financed by one of our funds, except in case of Triodos SICAV I. In case of an appointment, the appointed co-workers is not allowed to deliberate or participate on any decision where there is a conflict of interest.

It is possible that companies and projects which are financed by our funds also invest in a Triodos fund.