

Triodos Investment Management B.V.

Annual Report 2022

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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 5.5 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 2022, 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 2022 this meant:

- that we co-financed 185 projects in the sustainable energy sector, with a total generating capacity of 5,500 MW producing the equivalent of the electricity needs of 5.4 million households worldwide (2021: 3.7 million), or 347,600 households (2021: 259,000) based on our share in these projects. These projects were attributing to the avoidance of over 358 KT of CO₂ emissions (2021: 276 KT);
- over 42,800 smallholder farmers (2021: 38,000) in nine emerging market countries worldwide were paid directly and fairly upon delivery of their harvests as a result of trade finance provided to farmers’ cooperatives and agribusiness. The farmers had 57,100 hectares of certified organic farmland under cultivation in 2022 (2021: 49,000). An additional 6,000 (2021: 5,800) hectares was in conversion;
- that the organically managed land on the European farms which Triodos Investment Management financed could produce the equivalent of 7.2 million meals,
- or enough food to provide a sustainable diet for approximately 6,600 people (2021: 6,600). Together, approximately 10,800 hectares of organic farmland was financed across Europe;
- providing finance to 113 (2021: 111) emerging and well-established financial institutions working for inclusive finance in Latin America, Asia, Eastern Europe and Africa. These institutions reached approximately 20.3 million customers borrowing for a better quality of life (2021: 17.8 million). Approximately 19.9 million people living on low incomes use savings services offered by these institutions (2021: 18.6 million);
- that as of the end of 2022, 45% of our Impact Equities and Bonds’ portfolio by net asset value were aligned with or committed to Science-Based Targets to reduce greenhouse gas emissions. Targets are considered to be science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Climate Agreement.

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 2022 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 2022 online impact reports are available at www.triodos-im.com.

Funds' financial performance

Triodos Investment Management's total assets under management decreased by 13% to EUR 5.5 billion (2021: 17% increase) during the year. This decline in assets under management can mainly be explained by negative market movements as the investment funds overall lost 11% of their value following market developments in 2022¹. For a part it can also be attributed to cautious investor sentiment following the war in Ukraine, high inflation and rising interest rates.

The combined assets under management of the Triodos Impact Equities and Bonds Funds (Triodos SICAV I), which invest in listed companies, decreased by 12.9% to EUR 2,656.0 million as a result of negative market movements. The assets under management in the discretionary portfolios of Triodos Bank Private Banking Netherlands, which are managed by Triodos Investment Management, decreased by 16.6% to EUR 752.8 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, grew its assets under management during the year by 41.3% to EUR 184.0 million. This increase is for a large part a result of the fact that the fund benefited from sharply rising energy prices in 2022.

Triodos Microfinance Fund, the fund that invests in financial institutions in emerging markets, saw its asset under management increase by 8.7% to EUR 527.4 million. Triodos Fair Share Fund, the sister fund of Triodos Microfinance Fund tailored to retail investors specifically, saw its assets under management decrease by 4.7% to EUR 363.3 million.

Assets under management of the Dutch Triodos Green Fund, the fund that invests in green projects that promote sustainable development, decreased by 25.3% to EUR 888.0 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 12.2% to EUR 63.5 million. This decrease is mainly the result of market dynamics 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 35.0% to EUR 34.5 million.

Triodos Multi Impact Fund, one of the Triodos fund-of-funds, decreased its fund size by 9.7% to EUR 31.0 million by the year end.

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, were launched in January of 2022 and closed the year at a combined AUM of EUR 149.5 million.

Organisational and operational developments

After having just recovered from a period that was dominated by the global COVID-19 pandemic, 2022 turned out to be yet another year filled with challenges. The horrific war in Ukraine has resulted in uncertainties in financial and energy markets worldwide. In addition, both Western and emerging economies have been hit by higher-than-expected inflation and central banks have responded by (in general) increasing base interest rates at an aggressive pace. This has led to a unique situation in 2022, where both stocks and bonds showed a decline in value due to respectively downward moving stock markets and rising capital rates.

The combination of these developments has also clearly impacted investor sentiment. Investors are more reluctant to invest than usual, which was reflected in a more limited influx of new capital throughout the wider investment market in 2022. At the same time, we see that there continues to be a difference in investment appetite between sustainable investing and mainstream investing. While Article 6 and Article 8 funds in general experienced outflow in 2022, this wasn't necessarily the case for Article 9 funds.

Triodos Investment Management only manages Article 9 funds, and although the majority of these funds continued to see inflow in 2022, the overall assets under management decreased by 13% compared to the

¹ The performance figures of the investment funds are subject to changes with subsequent event information received after balance sheet date of 31 December 2022.

year-end of 2021 (EUR 6.4 billion) to EUR 5.5 billion. This was mainly the result of negative market movements impacting the value of the underlying investments despite the high quality of the funds' portfolios. The investment funds overall lost 11% of their value following market developments in 2022.

Amidst these challenging circumstances Triodos Investment Management remained 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.

In 2022, Triodos Investment Management launched Triodos Future Generations Fund, a thematic fund aimed at improving the wellbeing and development of children worldwide. The fund invests in companies that contribute to the basic needs of children around the world, as well as to their development and to help them reach their full potential as adults.

In addition, Triodos Investment Management launched the Triodos Impact Strategy Funds (TISF) in 2022. The Triodos Impact Strategy Funds are four Fund-of-Funds that invest in eight Triodos funds and across all of Triodos Investment Management's impact themes. As such, the funds invest in the energy transition both in Europe and Emerging Markets, food transition and sustainable agriculture, financial inclusion and in listed equity & bonds. The funds have replaced Triodos Bank's managed account solution and have been created to make it easier and more efficient for clients to manage a diversified investment portfolio across different impact themes.

Also in 2022, Triodos Investment Management merged Sustainability – Finance – Real Economies SICAV-SIF (SFRE Fund) into Triodos Microfinance Fund, based on the decision made by the shareholders and Board of Directors of SFRE Fund. As a result, SFRE Fund has ceased to exist as per 16 September 2022.

In 2022, Triodos Investment Management continued to work on preparing for the implementation of level 2 of the EU Sustainable Finance Disclosure Regulation (SFDR), which comes in to force on 1 January 2023. All Triodos IM funds available for investors have sustainable investments as their objective as set out in article 9 of SFDR and have as such been designated as article 9 investment products. Article 9 investment products are products that focus specifically on achieving a sustainability goal. All prospectuses have been updated in line with the SFDR by including amongst others sustainability risks and -indicators.

Hadewych Kuiper was appointed as Managing Director per 1 February 2022, to further strengthen the Management Board alongside Dick van Ommeren and Kor Bosscher after the transfer of Jacco Minnaar to the Executive Board of Triodos Bank in October 2021.

To ensure robustness for future growth, Triodos Investment Management has started preparations in 2022 to implement changes to its operating model. By doing so, Triodos Investment Management aims to improve its efficiency levels and increase cost efficiency, making the organisation more future-proof and well equipped to respond to external developments. To this end, Triodos Investment Management submitted in 2022 a Request for Advice to the Works Council on the proposed organisational changes.

Co-worker report 2022

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 216 co-workers, it is generally not only 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 has been the underlying driver for our co-workers.

On 1 February 2022, the Executive Board appointed Hadewych Kuiper as Managing Director of Triodos Investment Management and member of the Management Board of Triodos Investment Management B.V. Before this appointment Hadewych Kuiper was Commercial Director of Triodos Investment Management.

In May 2022, the Executive Board of Triodos Bank N.V. announced its intention to implement a new organisational structure, the Triodos Operating Model (TOM) to maximise Triodos Bank's resources, create efficiencies and, when fully implemented, help to support the delivery of impact for the organisation's customers and investors. The overarching remit of the TOM is to ensure greater alignment of the whole group, avoiding duplication of tasks and responsibilities.

In line with the efficiency improvement activities of Triodos Bank, Triodos Investment Management is in a process to implement changes to its operating model as well. Triodos Investment management's strategy is

aimed at remaining at the forefront of impact investing in the years to come. By improving its operating model, Triodos Investment Management aims to improve its efficiency levels and increase cost efficiency, making the organisation more future-proof and well equipped to respond to external developments. Increasing internal efficiency is also a wish that repeatedly emerged from recent employee surveys. Implementing the proposed changes will as such ultimately also contribute to the improvement of co-worker satisfaction.

Following an operational model scan, conducted in cooperation with Deloitte, potential improvement areas were identified within the operational set up. During 2022, these improvement areas were further investigated, leading to proposed organisational changes, which have been submitted to the Works Council through a Request for Advice.

As part of the process of implementing the intended changes to Triodos Bank's organisational structure, a social plan for Netherlands based co-workers was negotiated with the trade unions. This social plan is also applicable for co-workers potentially impacted by the organisational changes at Triodos Investment Management. We provide support to our co-workers and managers through a Transformation Journey empowering all co-workers to be part of the change. The Transformation Journey supports co-workers in developing the change capabilities needed to successfully realise the envisioned organisational transformation.

Using a new platform, we launched the first of a total of three Group-wide co-worker surveys in the first half of February. The 84.4% response rate of Triodos Investment Management was well above the financial services benchmark of 74.4%. Also, in light of the implementation of the organisational changes, we closely monitor and further stimulate our co-worker engagement by adding two pulse surveys to our regular engagement survey. To further improve our co-workers' mid- and long- term personal development opportunities a talent management strategy was developed. We started to implement diverse elements of this framework for specific target groups (the Management Board of Triodos Investment Management, direct reports to the Management Board and all co-workers).

In 2022, the Equity, Diversity and Inclusion (EDI) year plan 'From Green to Colourful' was rolled out. Dialogue session workshops were held in all countries where Triodos is active. An EDI ambassadors' network has been established, with a specific Triodos Investment Management ambassador that co-facilitated these workshops. The aim was to increase awareness on the topic of EDI.

In line with our core values, Triodos Investment Management supports the principles of equal pay for work of equal value. Our Group remuneration policy is set up to be neutral for all co-workers, regardless of aspects such as gender, ethnic background, age, sexual orientation or distance to the labour market. In 2022, we engaged with an external party, AnalitiQs, to carry out an in-depth gender pay gap analysis. The total number of co-workers for Triodos Group working in the Netherlands allowed for a correction for pay gaps that are caused by differences in age, job level, job family, contract type, service years and FTE. The outcome showed a gender pay gap below the Statistics Netherlands (CBS) which led to the conclusion that an overall correction is not needed. Where we identify an unexplainable gap, we will adjust this if needed as part of our regular compensation process. Triodos Investment Management will further intensify this EDI learning journey over the coming years to become more inclusive and diverse and to embed EDI into policies and processes.

With our teams increasingly made up of international colleagues, hybrid working becomes even more important. Physical meetings remain essential for team cohesion. Following the end of the COVID-19 lockdown in January and February we actively invited co-workers to return to the office more often to strengthen the connection with each other and to provide space for innovation and learning. Hybrid working is now fully implemented, and Triodos Investment Management adopted a principles-based approach balancing business needs with individual preferences and enabling all co-workers to be their best at work. In many cases teams have adopted their own weekly rhythm in planning their presence at the office. To increase flexibility where possible, Triodos Investment Management has made arrangements to enable hybrid working from abroad for a limited number of days per year.

The total number of co-workers at Triodos Investment Management at the end of 2022 was 216 (compared to 220 co-workers at the end of 2021). The balance of men and women in total was 54% (53% in 2021) and 46% (47% in 2021) respectively and in management positions 20% (33% in 2021) was female. The average age of the co-worker group in 2022 was 42 years, unchanged compared to 2021. The average period of service was 5 years at the end of 2022, compared to 4.8 years in 2021. Absenteeism through sickness was 4%, compared to 1% in 2021. The attrition rate increased to 14% in 2022 (11% in 2021).

Financial results

Assets under management decreased by 13% to EUR 5.5 billion at the end of 2022 (2021: 17%). The net outflow of funds was 2% (2021: inflow of funds 11%). The investment funds overall lost 11% (2021 gained 6%) of their value following market developments in 2022. The turnover increased by 7% to EUR 55.0 million (2021: EUR 51.5 million), which is an increase despite the decreased assets under management. A significant part of the increase is attributable to the release of a provision of EUR 2.3 million which was recorded in 2021 for part of the carried interest amount received in 2019 in relation to the sale of an investment by Stichting Hivos-Triodos Fonds. In 2022 the provision was reversed in full and contributed to the net turnover.

The expenses for 2022 increased to EUR 42.9 million, up by 0.3% from EUR 42.7 million in 2021. The rise can be attributed to several key factors. Personnel costs increased due to more employees, higher personnel expenses from salary increases as per the collective labor agreement, and increased usage of external co-workers. Additionally, there is a provision for organizational structure changes (see note 9 in the financial statements). The implementation of a structural working from home policy has resulted in a decrease in internal services such as facility, workstations, ICT, etc, and reduced consumption of housing services. There was also a reduction in charges for the origination and management of outsourced front office activities due to lower volumes of the relevant fund. Lastly, there was an increase in investments in market data systems.

Taking corporate income tax, financial income and costs into consideration, the net result over 2022 amounted to EUR 8.7 million (2021: EUR 6.5 million).

Key financial figures Triodos Investment Management

Amounts in EUR	Relative change	31-12-2022	31-12-2021
Net turnover	6.8%	55,002,799	51,485,415
Operating expenses	0.3%	42,861,767	42,743,361
Profit after tax	33.5%	8,723,149	6,535,956
Shareholders' equity	35.9%	33,054,899	24,331,750

Capital position from ICLAAP requirements

Amounts in EUR x million	Year-end 2022 excluding result 2022	Forecasted: End of 2023, including audited result 2022
Available equity, including mandatory corrections*	24.3	33.1
Required capital	11.5	24.4
Surplus capital	12.8	8.7

* available capital differs from the equity position in the balance sheet due to mandatory corrections in unaudited results.

Triodos Investment Management's balance sheet consists mainly of seed capital in the SICAV I – Triodos Future Generations Fund and 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 8.7 million to EUR 33.1 million (2021: EUR 24.3 million). The increase is the positive result over 2022 of EUR 8.7 million.

The required minimum capital requirements are continuously monitored in accordance with laws and regulations on actual and forecasted developments. The calculations of the available capital are compared with the Internal Capital Adequacy Assessment Process (ICAAP). 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 11.5 million at the end of 2022, where the available capital, excluding the audited result over 2022, amounts to EUR 24.3 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 below shows the forecasted equity position after adoption of the annual report of 2022.

With the surplus of EUR 12.8 million at year-end 2022, the equity position of Triodos Investment Management can be considered as solid. Due to a positive financial forecast for the year 2023, the forecasted capital position of Triodos Investment Management is expected to stay stable and higher than the required capital.

From a conservative solvency approach, Triodos Investment Management proposes to the Annual General Meeting to add the total profit of EUR 8.7 million to the general reserve (retained earnings) without a dividend distribution.

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. 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 in a values-based bank. 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. These are limited and decided discretionally. 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 of appreciation are not based on preset targets 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. 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 2022, no collective end-of-year token of appreciation was awarded.

In 2022, the total remuneration of the 216 co-workers working for Triodos Investment Management amounted to EUR 23.2 million (2021: 220 co-workers, EUR 21.9 million). The increase in remuneration in 2022 versus 2021 can be entirely explained by a combination of a yearly increase in wages and the Collective Labour Agreement (CLA) impact.

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

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	
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Number of staff involved</i>	216	220	7	7	21	18	188	195
<i>Average FTEs</i>	209.1	204.4	6.8	6.4	19.3	17.3	183	180.7
Fixed remuneration	23,070,415	21,766,174	1,590,780	1,279,480	2,941,391	2,596,700	18,538,244	17,889,994
Variable remuneration	116,119	92,603	–	–	21,621	22,454	94,498	70,149
Total remuneration	23,186,534	21,858,777	1,590,780	1,279,480	2,963,012	2,619,154	18,632,742	17,960,143

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 of Defence

Triodos Investment Management manages its business using a Three Lines of Defence 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 of defence is the Internal Audit function, providing independent and objective assurance on Triodos Bank N.V. 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 of defence.

Risk organisation

The risk management and compliance function is positioned independently in the organisation. The Managing Director Risk & Finance 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. 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 both enterprise, financial and non-financial risks.

The risk dashboard below shows, in simplified form, the materialised risks in 2022.

	Year end 2021	Year end 2022	Outlook 2023
Enterprise risk			
Strategic	●	●	●
Reputational	●	●	●
Non-financial risk			
Operational	●	●	●
Compliance	●	●	●
Financial risk			
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.

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. The materialized strategic risk in the dashboard above (amber colour) relate to need to improve the new organisation structure (TOM), which is mentioned earlier in this annual report. The new organisational structure is expected to be implemented in 2023.

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 organisations' 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. The materialized operational risk in the dashboard (amber colour) relate to non-material operational incidents which have been solved in 2022.

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. Co-worker training and involvement support these improvements because, as a learning organisation, people are key to successfully managing operational risks.

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 organizational culture, behaviour and management style, creates a climate where 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 organization. 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.

The materialized compliance risk in the dashboard above (amber colour) relates to the maturity of the compliance organization. Due to increasing demands from both laws and regulations, as well as internal drivers, Triodos IM is building towards the further strengthening of its compliance organization. The desired growth in maturity is expected to be reached towards the end of 2023.

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.

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 of the managed funds. Since Triodos Investment Management manages funds with sustainability goals, sustainability risk can indirectly have impact on Triodos Investment Management via reputational damage or decreased volumes under management. In this context, sustainability risk has not been materialized in 2022.

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 Capacity & 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 solvency rate of over 200% and liquidity rate of over 300%, 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.

Important risk themes

The Management Board of Triodos Investment Management performs a strategic risk assessments 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 risk 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 will be performing a large change project with regards to the organizational structure, see page 5 and 6 for more information on the TOM programme of Triodos Investment Management.

Future proof asset manager

The revised operational foundation of the organization 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 focussed 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 Risk & Finance 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 2023 on its ISAE 3402 type II report, covering the period from 1 January 2022 up to 31 December 2022.

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 2022.

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>

Outlook

If the past years have made one thing clear, it is that many of our global economic systems are vulnerable and not resilient enough. Both the COVID-19 pandemic as the energy crisis resulting from the war in Ukraine, have shown us that there is an urgent need for sustainable transitions on multiple levels: energy transition, food transition, wellbeing transition, to name a few. 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 SDGs.

In 2023, 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.

Although market conditions will likely remain challenging in 2023, 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.

Following the Works Council response to the Request for Advice on the proposed organisational changes submitted in 2022, Triodos Investment Management will implement changes to its operating model in 2023. With these changes Triodos Investment Management will improve its efficiency levels and increase cost efficiency, making the organisation more future-proof and well equipped to respond to future external developments.

Driebergen-Rijsenburg, the Netherlands, 31 May 2023

Management Board of Triodos Investment Management B.V.
Dick van Ommeren (chair)
Hadewych Kuiper
Kor Bosscher

Balance sheet as at 31 December 2022

Before appropriation of result (amounts in euros)	Note	31-12-2022	31-12-2021
Assets			
Non-current assets			
Intangible fixed assets	1	–	–
Equipment	2	–	4,586
Participating interests	3	5,043,565	4,285,470
Deferred tax asset	4	24,053	–
Total non-current assets		5,067,618	4,290,056
Current assets			
Debtors	5	2,317,386	2,400,719
Other receivables, accruals and prepayments	6	15,273,986	15,529,189
Cash at banks	7	25,583,317	16,028,685
Deferred tax asset	4	9,064	–
Total current assets		43,183,753	33,958,593
Total assets		48,251,371	38,248,649
Equity, liabilities and provisions			
Equity			
	8		
Issued and paid-up capital		18,500	18,500
Share premium reserve		327,550	327,550
General reserve		23,985,700	17,449,744
Result for the financial year		8,723,149	6,535,956
		33,054,899	24,331,750
Provisions			
Provisions	9	863,148	2,623,666
Current liabilities			
Creditors		825,534	657,391
Corporate income tax		7,478,170	4,389,674
Payable VAT		165,422	52,454
Other short-term liabilities, accruals and deferred income	10	5,864,198	6,193,714
Total liabilities and provisions		15,196,472	13,916,899
Total equity, liabilities and provisions		48,251,371	38,248,649

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

Profit and loss account for the year ended 31 December 2022

(amounts in euros)	Note	2022	2021
Net turnover	11	55,002,799	51,485,415
Operating expenses	12	-42,861,767	-42,743,361
Operating profit		12,141,032	8,742,054
Financial income	13	6,379	10,747
Financial expenses	14	-101,779	-109,557
Result before tax		12,045,632	8,643,244
Corporate income taxes	15	-3,069,378	-2,173,483
Result from participating interests	3	-253,105	66,195
Result for the financial year		8,723,149	6,535,956

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.

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 summarized 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. Recognize revenue when the performance obligation is satisfied: Revenue is recognized 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 recognized proportionally as time elapses. The revenue recognized 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 income statement for the duration of the contract.

Intangible fixed assets - development costs

The development of an intangible fixed asset is considered commercially profitable if the following conditions are met: the completion of the asset is technically feasible, the company has the intention of completing the asset and then of using or selling it (including the availability of adequate technical, financial and other resources to achieve this), the company has the ability to use or sell the asset, it is probable that the asset will generate future economic benefits and the costs during the development phase can be determined reliably. Development costs are stated at production cost, less accumulated amortisation and impairment losses. These costs mainly comprise out of pocket software license costs and the cost of direct internal costs. Upon termination of the development phase, the capitalised costs are amortised over their expected useful life, which is 5 years. Amortisation takes place on a straight-line basis. The book value approximates the fair value. A legal reserve is formed for the capitalised development costs that have not yet been amortised.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to 'Impairment of fixed assets'. Intangible assets were fully amortised in 2021.

Equipment

Equipment is stated at acquisition price less straight-line depreciation on the basis of estimated useful economic life. The depreciation period is 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 in 2022 or in 2021.

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 2022. 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 2021. 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 2021 retirement pension contributions are as follows:

	Base per month	Employee's contribution	Employer's contribution
Sécu. Soc Plafonnée	3,428	6.90%	8.55%
Sécu. Soc Déplafonnée	gross salary total	0.40%	1.90%
Complémentaire Tranche 1	3,428	4.15%	6.22%
Complémentaire Tranche 2	27,424	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 recognized 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 recognized 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 (P&L) treatment of results from participating interests are as follows:
Initial recognition: Initially, the investment in the participating interest is recognized 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 as income in the investor's P&L statement 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 recognized in the P&L statement. These changes are usually accounted for as fair value gains or losses via the profit and losses accounts.

Employee costs (employee benefits)

Employee costs (wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement. These costs are included in the other expenses of the income statement. For a specification, reference is made to the note 12.

Short-term employee costs

Salaries, wages and social security contributions are charged to the income statement 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 or loss. 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 or loss.

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.

Amortisation of intangible fixed assets

Upon termination of the development phase, capitalised costs are amortised over their expected useful life, which is 5 years. Amortisation takes place on a straight-line basis.

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 income statement with a rate of 25.8% (2021: 25%). 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.

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 2022, 87% of cash was held at Triodos Bank (2021: 73%). Fitch Ratings reaffirmed Triodos Bank's Long-Term Issuer Default Rating (IDR) of 'BBB' on the 9th of December 2022. Fitch has revised the outlook from stable to negative. The bank's sound capitalisation, adequate asset quality and healthy funding and liquidity profile support the rating. The adjustment of the outlook is due to legal disputes with some of the bank's depository receipt holders regarding the suspension of trade of its depository receipts. On 16th March 2023 the Enterprise Chamber has rejected the request for a further investigation. The bank is committed to restoring tradability through an MTF listing, which will ease the risks identified by Fitch. More information on the legal disputes can be found in the Triodos Bank Annual Report ([Integrated Annual Report 2022 \(annual-report-triodos.com\)](https://www.triodos.com/annual-report-2022)). 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 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. In March 2022, Triodos Investment Management provided seed capital to Triodos Future Generations Fund. Through this fund, the company invests in listed equity and as such is exposed to valuation risk. The investments are monitored on a regular basis, with the intention ultimately to exit from the fund responsibly in the future. Please refer to note 3 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. During 2021, Triodos Investment Management sold its seed capital investment held in Triodos Sterling Bond Impact Fund (GBP). 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 2022

1. Intangible fixed assets software development

This relates to the costs for the development of software for the administration of investments. Development costs were amortised, starting at the moment of use, based on the valued economic life span. The software was introduced in 2014 and the original estimated life span was 5 years. There was no need for an impairment on intangible fixed assets in 2020 because Triodos Investment Management intended to use the software up until at least 2021, which was longer than the original amortisation period. The software was fully amortised during 2021.

	2022	2021
Purchase/ cost value	–	2,681,884
Cumulative amortisation	–	-2,681,884
Balance as at 31 December	–	–

The movement in the software development costs is as follows:

	2022	2021
Balance as at 1 January	–	17,602
Amortisation	–	-17,602
Balance as at 31 December	–	–

2. Equipment

Equipment consists of telephones, monitors and computers.

The cumulative financial position of the equipment is as follows:

	2022	2021
Purchase/ cost value	33,334	33,334
Cumulative depreciation	-33,334	-28,748
Balance as at 31 December	–	4,586

The movement in the equipment balance is as follows:

	2022	2021
Balance as at 1 January	4,586	15,697
Depreciation	-4,586	-11,111
Balance as at 31 December	–	4,586

3. Participating interests

The movement in participating interests is as follows:

	2022	2021
Balance as at 1 January	4,285,470	2,769,263
Purchase of investment	1,100,000	4,320,030
Sale of investment	-88,800	-2,870,018
Value adjustments through profit and loss	-253,105	66,195
Balance as at 31 December	5,043,565	4,285,470

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 November 2020, Triodos Investment Management provided seed capital to Triodos Sterling Bond Impact Fund (a sub-fund of Triodos SICAV I, registered and domiciled in Luxembourg) with the intention to exit within a year. The sub-fund is denominated in the British Pound. The shares were purchased at the Inception value of GBP 20 per share for a total amount of GBP 2,500,000. The shares were subsequently sold at GBP 19.45 per share for a total amount of GBP 2,431,250 in November 2021. Upon sale, the total cumulative net unrealised gain of EUR 101,254 was reclassified from unrealised to realised in the profit and loss account.

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% (2021: 17%) 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.

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 seed capital consists of 3% of the total share capital of Triodos Future Generations Fund. The shares were purchased at the Inception value of EUR 25 per share for a total amount of EUR 1,000,000.

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.

4. Deferred tax asset

	2022	2021
Provision for vitality leave- non-current portion	24,053	–
Provision for vitality leave- current portion	9,064	–
Balance as at 31 December	33,117	–

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.

5. Debtors

	2022	2021
Management contracts	2,128,576	1,972,229
Recharged formation expenses: newly established funds	91,621	128,205
Recharged expenses: funds under management	60,132	298,285
Other debtors	25,875	–
Board fees	11,182	2,000
Balance as at 31 December	2,317,386	2,400,719

Debtors are due in less than one year. There were no provisions for debtors in 2022 or in 2021.

6. Other receivables, accruals and prepayments

	2022	2021
Accrued management fees	13,573,187	14,013,882
Prepaid company profile information	452,554	283,207
Prepaid maintenance, portfolio monitoring and compliance fee FIA	244,167	235,070
Pension premiums	224,343	249,384
Prepaid ICT license and maintenance	220,053	193,251
Cash in transit	113,297	63,077
Current account Triodos Groenfonds	84,127	20,824
Current account Triodos Microfinance Fund	30,712	13,075
Current account Triodos Impact Strategies II	30,022	2,927
Prepaid education costs	16,342	10,384
Current account Triodos Impact Strategies	14,972	40,225
Current account Stichting Hivos-Triodos Fonds	3,334	–
Current account Triodos Fair Share Fund	2,752	5,551
Current account Triodos Emerging Markets Renewable Energy Fund	1,780	–
Current account Stichting Triodos Sustainable Finance Foundation	1,083	39,292
Insurance premiums	–	82,568
Other receivables	261,261	276,472
Balance as at 31 December	15,273,986	15,529,189

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

7. Cash at banks

	2022	2021
Triodos Bank current accounts	22,241,233	11,727,285
BNP Paribas current accounts	2,319,779	3,339,534
Rabobank current accounts	1,021,147	960,741
ING Bank current account	1,158	1,125
Balance as at 31 December	25,583,317	16,028,685

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% (2021: 0.00% for a bank balance up to EUR 100,000 and -0.70% for a bank balance above EUR 100,000).

The interest rate on the bank accounts at Rabobank is 1.69% (2021: -0.70%).

The interest rate on the bank account at BNP Paribas is 1.725% (2021: -0.76%).

The interest rate on the bank account at ING Bank is 1.79% (2021: 0.00%) for a bank balance up to EUR 10.000.000 and 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 385,165 (2021: USD 304,837). For the conversion to Euros an exchange rate of 1.0682 (2021: 1.1315) 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 736 (2021: GBP 1,230.38) and USD 547 (2021: USD 0) respectively. For the conversion to Euros exchange rates of EUR/GBP 0.88513 (2021: 0.839) and EUR/USD 1.0682 were used.

8. Equity

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
Balance as at 31 December 2022	18,500	327,550	23,985,700	8,723,149	33,054,899

The movement in the equity for 2021 is as follows:

	Issued and paid-up capital	Share premium reserve	General reserve	Result for the financial year	Total
Balance as at 1 January 2021	18,500	327,550	10,798,757	6,650,987	17,795,794
Transfer to general reserve	–	–	6,650,987	-6,650,987	–
Result for the financial year	–	–	–	6,535,956	6,535,956
Balance as at 31 December 2021	18,500	327,550	17,449,744	6,535,956	24,331,750

The issued and paid-up capital consists of 185 ordinary shares (2021: 185) of EUR 100 each (2021: 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.

9. Provisions

	2022	2021
Provision for TIM-TOM	734,786	–
Provision for vitality leave and other personnel costs	128,362	171,707
Provision for carried interest	–	2,387,173
Provision for project costs	–	64,786
Balance as at 31 December	863,148	2,623,666

A restructuring provision has been recorded for the organisational changes due to the Triodos Investment Management TOM project (refer to Board Report for details). The restructuring provision is intended to cover costs related to restructuring in progress. This provision has been recognized at the moment a detailed plan to restructure the Company is formalized and presented to the Works Counsel as a request for advice. The restructuring cost representing the restructuring cost related to redundancies. Any costs related to ongoing business such as retraining or relocating employees and consulting fees are not provided for.

In 2021, due to a likely tax obligation, a provision of EUR 2,3 million was recorded for part of the carried interest amount received in 2019 in relation to the sale of an investment by Stichting Hivos-Triodos Fonds.

On 3rd December 2021, Stichting Hivos Triodos Fonds was served with a private ruling from The Uganda Revenue Authorities (URA), stating that capital gains tax was applicable on the gains arising from the transaction above. As a result, part of the amount of carried interest received in 2019 may have to be repaid based on the available information as at year end 2021. During the 2022 financial year, an additional independent opinion was requested from a local legal advice company on the matter and simultaneously a second legal advice company was requested to provide their opinion on the maximum financial exposure and the chances of success in case of entering into legal proceedings up to the highest Court of law in Uganda. The advice obtained from both legal advisors confirmed that the basis of the URA's position is neither in accordance with the Double Tax Agreement (DTA) between the Netherlands and Uganda nor with the Uganda national law. Hence in the case of entering into legal proceedings it is estimated that the chances of success in the case this matter is brought before Court are likely.

Based on the above and after consultation with its legal council in 2022, Triodos Investment Management concluded that due to developments the probability of future payment is highly unlikely and therefore there is in fact minimal substance to this claim and thus reversed the provision in full accordingly.

A provision was made in in 2021 in regard to the exceeding of project costs for the account of Triodos Investment Management and therefore not chargeable as establishment costs to newly established funds.

The movement in the provisions is as follows:

	2022	2021
Balance as at 1 January	2,623,666	407,306
Addition	2,110,888	2,341,124
Withdrawal or release	-3,871,406	-124,764
Balance as at 31 December	863,148	2,623,666

10. Other short-term liabilities, accruals and deferred income

	2022	2021
Current accounts Triodos Group	4,327,865	4,322,724
Payable vacation hours	575,532	609,030
Payable costs	525,289	444,763
Payable costs advisors	129,815	479,518
Payable company profile information	122,031	94,156
Payable external audit costs	47,638	49,605
Payroll tax	37,881	31,000
Marketing	15,000	–
Insurance premiums	8,687	–
Payable termination fees	8,121	10,057
Payable costs on behalf of related parties	–	67,183
Payable interest bank accounts	–	9,378
Other liabilities	66,339	76,300
Balance as at 31 December	5,864,198	6,193,714

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	46,000
Between one and five years	37,000
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 (2021: EUR 2,212,368) were recognised in the income statement. The reason for the decrease is that from the end of October 2021, co-workers from Triodos Bank Head Office are also occupying the building, which resulted in a lower occupation of the total available floor area by Triodos Investment Management compared to the previous year.

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 2022

11. Net turnover

The breakdown of revenue by category is as follows:

	2022	2021
Management contracts	53,027,405	49,424,576
Asset management services	1,466,781	1,553,752
Research services	354,163	376,004
Commercial services	104,030	92,390
Other income	50,420	38,693
	55,002,799	51,485,415

11.1 Management contracts

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

	2022	2021
Triodos SICAV I	18,688,350	20,008,524
Triodos SICAV II – Triodos Microfinance Fund	8,657,474	7,815,462
Triodos Groenfonds	8,165,706	9,370,195
Triodos Fair Share Fund	8,037,547	8,091,543
Stichting Hivos- Triodos fonds	1,750,683	1,488,124
TIS II – Triodos Energy Transition Europe Fund	3,113,055	2,626,246
TIS II – Triodos Food Transition Europe Fund	1,344,764	1,219,505
Sustainability – Finance- Real Economies SICAV- SIF*	569,262	712,875
Triodos SICAV II – Triodos Emerging Markets Renewable Energy Fund	231,347	–
TIS – Triodos Multi Impact Fund	97,965	99,713
TIS – Triodos Impact Strategy Funds	1,308	–
Provision for carried interest Stichting Hivos-Triodos fonds **	2,387,173	-2,250,000
WWB Capital Partners***	-17,229	242,389
	53,027,405	49,424,576

* 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.

** 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. Please also refer to note 9.

*** 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 also conducts management activities for SICAV II –Triodos Emerging Markets Renewable Energy Fund. 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. The management fee of SICAV I – Triodos Sterling Bond Impact Fund was waived as of the day of launching (30 October 2020), until 31 January 2021.

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 2022, the proportion of turnover generated from Luxembourg was 53% (2021: 58%) and the Netherlands was 47% (2021: 42%).

11.2 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.

11.3 Research services

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

	2022	2021
Within Triodos Group	26,004	26,004
Third-party suppliers	328,159	350,000
	354,163	376,004

11.4 Commercial services

	2022	2021
Consulting fee and board fee staff working for Triodos Investment Management	89,630	92,390
Advisory fee	14,400	–
	104,030	92,390

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 a stock portfolio.

12. Operating expenses

	2022	2021
Wages and salaries	17,450,215	16,685,946
ICT costs	4,171,266	4,449,030
Outsourced activities Triodos Bank NL	2,863,233	3,288,831
Charge of general overhead costs Triodos Bank	2,791,699	2,489,748
Pension contributions	2,751,595	2,660,388
Other personnel costs	2,685,688	2,262,320
Social security charges	2,343,804	2,190,428
Research- market data	2,210,343	1,774,126
Housing costs	2,055,275	3,504,518
Advisory fees	745,215	1,048,148
Provision for TOM	734,786	–
Other charge of costs Triodos Bank	491,306	531,736
Travelling and accommodation expenses	476,875	327,717
Hired co-workers Triodos Group	305,366	323,301
Publicity	249,999	675,075
Contributions	166,942	142,138
Liability insurance	110,618	85,816
External audit	109,764	157,008
Banking costs	18,244	18,302
Depreciation of equipment	4,586	11,112
Amortisation of intangible fixed assets	–	17,602
Other operating expenses	124,948	100,071
	42,861,767	42,743,361

The total number of co-workers at Triodos Investment Management is 216 at year-end 2022 (2021: 220). The number of employees working outside of the Netherlands is 5 (2021: 4).

The average number of employees over 2022 was 209.1 (2021: 204.4). Over 2022, the average number of employees allocated to Impact Private Debt & Equity was 148.4 (2021: 147.1), to Impact Equity & Bonds was 56.5 (2021: 55.2) and to other departments was 4.2 (2021: 2.1).

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 688,815 (2021: EUR 624,619). The main reason for the increase is that Jacco Minnaar accepted a position on the Executive Board of Triodos Bank as per 1 October 2021. The Management Board thus temporarily consisted of two directors between 1 October 2021 and 31 December 2021. Hadewych Kuiper was promoted to managing director of Triodos Investment Management as per 1 February 2022.

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 114,886 (2021: EUR 112,189). 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:

	2022	2021
Audit of the financial statements	80,954	85,941
Other assurance services: ISAE	16,710	31,628
Other assurance services	12,100	39,439
	109,764	157,008

The audit fees concerning the audit of the financial statements amount to EUR 80,954 (2021: EUR 85,941). Of these fees, EUR 83,308 relates to the audit of the financial statements for the financial year 2022 (2021: EUR 77,951) and EUR -2,354 for 2021 (release of accrual) (2020: EUR 7,990), 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 2021 (/2020) 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.

13. Financial Income

	2022	2021
Interest received on bank accounts	6,379	–
Exchange rate differences	–	10,243
Other interest expenditure	–	504
	6,379	10,747

14. Financial expenses

	2022	2021
Interest paid on bank accounts	85,304	106,361
Exchange rate differences	16,370	–
Other interest expenditure	105	3,196
	101,779	109,557

15. Corporate income taxes

	2022	2021
Corporate income tax expense for the year	3,069,378	2,173,483
	3,069,378	2,173,483

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 % (2021: 25%) and with an effective tax rate equal to 25.8% (2021: 25%). 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 9.3 million (2021: EUR 11.4 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 1,466,781 (2021: EUR 1,553,752).

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 (2021: 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 29.

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, Caspian Impact Investments Private Ltd, Centenary Bank, MFO Credo LLC, Dawn Myanmar Microfinance Pte. Ltd., Enda Tamweel SA, Financiera Fama SA, Groupe Natimpact SAS, ICI&LA, Kompanion Bank CJSC and Sonata Finance Pvt Ltd. Board fees received in 2022 amount to EUR 89,630 (2021: EUR 92,390).

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. 172,801.20 EUR-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 4,211,165, being 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.

7. SICAV I - Triodos Future Generations Fund

Triodos Investment Management provided seed capital to 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. Triodos Investment Management exercises 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. 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.

The proposed appropriation of the profit is as follows:

The Management Board of Triodos Investment Management proposes to add EUR 8,723,149 to the general reserve (retained earnings).

Driebergen-Rijsenburg, the Netherlands, 31 May 2023

Management Board of Triodos Investment Management B.V.
Dick van Ommeren (chair)
Hadewych Kuiper
Kor Bosscher

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.

Independent auditor's report

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



Independent auditor's report

To: the management board of Triodos Investment Management B.V.

Report on the financial statements 2022

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 2022, 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 2022 of Triodos Investment Management B.V., Driebergen-Rijsenburg.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- 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 accountantsorganisaties' (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).

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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 on fraud risk and the audit approach on 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 the '*Fraud*' section 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 risk and performed the following specific procedures:

<i>Identified fraud risk</i>	<i>Our audit work and observations</i>
<p><i>The risk of management override of controls</i></p> <p>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 override of controls in:</p> <ul style="list-style-type: none">• the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;• estimates;• significant transactions, if any, outside the normal course of business for the entity. <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. 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 violations of the internal controls.</p>

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in the 'Continuity' section in the management board report, the management board performed their assessment of the entity'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 entity'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 includes all relevant information of which we are 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 including cash flows for at least twelve months after balance sheet date of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of the management board's assessment.

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 entity'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 for the financial statements

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.

As part of the preparation of 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, which makes it possible that we may not detect all material misstatements. 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, 31 May 2023
PricewaterhouseCoopers Accountants N.V.

A. van der Spek RA



Appendix to our auditor's report on the financial statements 2022 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 organizational 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.