

Triodos Investment Management B.V.

Annual Report 2021

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Annual Report by the Management Board of Triodos Investment Management B.V.

- 100% subsidiary of Triodos Bank N.V.
- Global leader in impact investing
- EUR 6.4 billion total assets under management
- Managing 17 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 17 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, not least because of its own continuing growth. In 2021, 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. In addition, the company has further developed its international distribution network by adding new European markets to its network.

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 2021 this meant:

- attributing to the avoidance of over 276 KT of CO₂ emissions (2020: 288 KT) and, with an attributed generating capacity of 530 MW clean energy, producing the equivalent of the electricity needs of 259,000 households worldwide (2020: 267,000). Despite a strong increase in green power generation and energy savings from our sustainable energy portfolio, the total attributed avoided emissions decreased, which can be explained by lower shares in the financed projects (attribution factors), and to a small part by updated emission factors that take into account the increased supply of renewable energy on the market;
- over 38,000 smallholder farmers (2020: 35,000) in nine emerging market countries worldwide were paid directly and fairly upon delivery of their harvests as a result of the trade finance that Hivos-Triodos Fund provides to farmers’ cooperatives and agribusiness. A global logistical crisis causing delayed shipments due to the lack of containers, as well as exceptionally high coffee prices in the merchant market, resulted in additional liquidity needs for part of our customers in 2021. The farmers had 49,000 hectares of certified organic farmland under cultivation in 2021 (2020: 56,000). An additional 5,800 (2020: 8,000) hectares was in conversion. The harvests brought 11 different fair-trade and organic products to international markets, including coffee, cocoa, rice, fruit juices and superfoods;
- that the organically managed land on the European farms which Triodos Investment Management financed could produce the equivalent of 7.3 million meals, or enough food to provide a sustainable diet for approximately 6,600 people (2020: 6,700). Together, approximately 10,500 hectares of organic farmland was financed across Europe;
- increasing the quality and sustainability of the built environment through the management of a portfolio of sustainable buildings and renovation projects for 1,100 homes and apartments and through more than 133,000m² of office and other commercial space (2020: 80,000m²) that emit almost 33% less CO₂ than the average for buildings;
- providing finance to 111 emerging and well-established financial institutions working for inclusive finance

in Latin America, Asia, Eastern Europe and Africa. These institutions reached approximately 17.8 million customers borrowing for a better quality of life (2020: 18.2 million). Approximately 18.6 million people living on low incomes use savings services offered by these institutions (2020: 20.2 million).

- 29% of companies held in our Impact Equities & Bonds portfolios were committed to or aligned with Science Based Targets whereas 25% of them had Science Based Targets in place;
- voting at 100% of Annual General Meetings of the companies held in our Impact Equities & Bonds portfolios. 15% of votes were against management;
- 35% less greenhouse gas emissions of the companies held in our Impact Equities & Bonds portfolios compared to the benchmark;
- 73% less water consumption of the companies held in our Impact Equities & Bonds portfolios compared to the benchmark.

Funds' financial performance

The financial performance of Triodos Investment Management is mainly defined by the volumes of the managed funds. Triodos Investment Management's total assets under management grew by EUR 916 million to EUR 6.4 billion, a 17% increase (2020: 12% increase) during the year. Amidst times of global uncertainty due to the COVID-19 pandemic, this significant growth of the overall assets under management was the result of effective mitigating measures as a response to the pandemic and continued confidence among Triodos Investment Management's investor base.

The funds that invest directly in sustainable projects and companies, such as renewable energy projects, organic farming and microfinance, were able to realise stable results in the past year. This is for a large part a result of the high quality of the funds' underlying portfolios. Especially in emerging markets, the impact of the pandemic is still very substantial and as such, it is impressive to see that the portfolio companies of the financial inclusion funds have been able to withstand the challenges resulting from COVID-19 as well as they did. At the same time, these challenges underline again why our work as an impact investor is now more important than ever. The funds that invest in listed equities and bonds benefited from the stock all-time highs in the past year, resulting in strong inflows to the funds. On the performance side, the funds performed well, especially considering that they did not benefit from the outperformance of oil and gas and some big tech stocks such as Facebook and Google, since these sectors are excluded from investments due to Triodos Investment Management's investment beliefs.

The Triodos Impact Equities and Bond Funds (Triodos SICAV I), which invest in listed companies, grew by 25% to EUR 3,049.7 million. The assets under management in the discretionary portfolios of Triodos Bank Private Banking Netherlands, which are managed by Triodos Investment Management, increased by 14% to EUR 902.6 million.

Assets under management in Triodos Groenfonds, the fund that invests in green projects that promote sustainable development, increased by 10% to EUR 1,188.8 million.

Triodos Fair Share Fund and Triodos Microfinance Fund, the funds that invest in financial institutions in emerging markets, saw the assets under management increased by 8% and 9% to EUR 381.3 million and EUR 485.3 million respectively.

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, grew by 50% to EUR 72.3 million. This sharp growth of the assets under management is the result of investor inflow on the one hand and strong portfolio performance on the other hand.

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, decreased its assets under management during the year by 15% to EUR 130.2 million. This decrease is resulting from the fact that the fund was closed for new inflow in April due to a disproportionately increased liquidity position resulting from a year-on-year strong interest from investors in the fund combined with the relatively long lead-time of the type of investments of the fund.

Triodos Multi Impact Fund, the Triodos fund-of-funds, increased its fund size by 7% to EUR 34.4 million by year end. The net asset value of the SFRE Fund increased by 10% to USD 43.2 million. The SFRE Fund was launched in March 2015 by the Global Alliance for Banking on Values (GABV). It is the first global open-ended investment fund created to deploy long-term and mission aligned capital to values-based banks and is managed by Triodos Investment Management.

Organisational and operational developments

Just like the year before, 2021 continued to be dominated by the influence of the COVID-19 pandemic. While the worldwide vaccination program has made strong progress in 2021 and gradually more restrictions were being

lifted throughout the year, the last quarter of the year has shown that the COVID-pandemic continues to have an impact on people's health and on human lives. This resulted in ongoing mitigating measures to contain the virus.

In 2021, Triodos Investment Management continued an intensified monitoring of its investments in order to mitigate any potential increased risks or volatility resulting from the pandemic. In general, Triodos Investment Management navigated the COVID-19 challenges relatively well.

From an organisational perspective, Triodos Investment Management was mainly impacted by travel restrictions and the need to work remotely for a very large part of the year. The latter has, however, not only presented challenges, but also opportunities. Overall, Triodos Investment Management is very satisfied with the way in which employees have adapted to the new way of working and how they are able to guarantee the continuity of its funds under management in all circumstances. Therefore, moving forward, working remotely will continue to be part of its new normal.

Amidst these challenging circumstances, Triodos Investment Management maintained its focus on strategy execution and, more specifically, on implementing its strategic goal to be the asset manager of choice for investors seeking solutions to impact investing.

Triodos Investment Management expanded its activities in existing and new markets by, for example, increasing its exposure and sales capacity in France. It also launched the Triodos Emerging Markets Renewable Energy Fund, an alternative investment 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.

In 2021, the EU Sustainable Finance Disclosure Regulation (SFDR) came into effect. All Triodos Investment Management's funds available to investors have, as per article 9 of SFDR, sustainable investments as their objective and have as such been designated as article 9 investment products. Article 9 investment products are products that focus specifically on achieving a sustainability-related goal.

Triodos Investment Management experienced a change in leadership in 2021. Jacco Minnaar was appointed as Chief Commercial Officer and member of the Executive Board of Triodos Bank. Dick van Ommeren, Managing Director, followed in his footsteps as Chair of the Management Board of Triodos Investment Management. In addition, Hadewych Kuiper was promoted to Managing

Director as of 1 February 2022, to further strengthen the Management Board alongside Dick van Ommeren and Kor Bosscher.

Co-worker report 2021

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

Our mission is to make money work for a sustainable society that has human dignity at its core. Our co-workers are essential to achieving this mission: we work together to instil a healthy, resilient and diverse co-worker community, and a culture that inspires us to bring out the best in ourselves, live our mission and realise and execute our strategy. The year 2021 again challenged us to stay connected, on-board new co-workers, manage teams, and lead our bank predominantly from home. In doing so, Triodos and other financial institutions were among the frontrunners in adhering to government measures to mitigate the effects of the COVID-19 pandemic. Our responses to these restrictions have prepared the ground for a new post-pandemic hybrid working reality. Under new senior leadership we are reviewing our operating model and organisational design to act as One Bank by collaborating and taking a Group-wide perspective in what we do.

During the Annual General Meeting of 28 September, the Supervisory Board appointed Jacco Minnaar and Nico Kronemeijer to the Executive Board of Triodos Bank as Chief Commercial Officer (CCO) and Chief Operational Officer (COO) respectively, effective from 1 October. Both were internal appointments. The Executive Board appointed Dick van Ommeren to succeed Jacco Minnaar as Chair of the Management Board of Triodos Investment Management as per 1 November 2021. With the new composition of the Executive Board, Triodos Investment Management is now reporting to the CCO.

Learning and development have always been important to Triodos Investment Management. We emphasise that this is not just to increase our formal knowledge and skills, but also to underpin our strategic ambitions. Despite the ongoing COVID-19 measures, we have run our entire Visionary Leadership Programme, Management Development and Senior Relationship Management Programme. In 2021, our online learning management system (the Learning Hub) was rolled out across the Group. The Learning Hub contains all Triodos Academy programmes and most of the local learning programmes. The Group level Compliance and Risk curriculum is now available in the Learning Hub for all Triodos co-workers. E-learning modules such as, for example,

General Risk and Compliance, Anti-Money Laundering, Personal Data, and Anti-Bribery and Corruption are targeted to all and have received great feedback from our community. Learning is a prominent part of the regular FLOW-Dialogues between managers and their team members. Overall, 95% of all co-workers have been trained in FLOW-Dialogues, with special sessions for HR, managers, and with some co-workers acting as co-trainers. FLOW forms are digitalised and integrated in the HR Portal, and continuous FLOW-Dialogues are now replacing the traditional one-off mid-year and year-end meetings.

Co-workers at Triodos Investment Management received training on MiFID II requirements. Triodos Investment Management passed an important regulatory hurdle in 2021 following the successful assessment of its MiFID II competencies, allowing the company to now offer investment MiFID-services to institutional professional clients. In 2022, we will further embed flexible working in the organisation including our policies.

The total number of co-workers at Triodos Investment Management at the end of 2021 was 220 (compared to 207 co-workers at the end of 2020). The balance of men and women in total was 53% (52% in 2020) and 47% (48% in 2020) respectively and in management positions 33% (41% in 2020) was female. The average age of the co-worker group in 2021 was 42 years, unchanged compared to 2020. The average period of service was 4.8 years at the end of 2021, unchanged compared to 2020. Absenteeism through sickness was 1%, below the target of 3%. The attrition rate increased to 11% in 2021 (7% in 2020).

Financial results

Assets under management increased by 17% to EUR 6.4 billion at the end of 2021 (2020: 12%). The net inflow of funds was 11%. The investment funds overall gained 6% of their value following stock exchange movements in 2021. The operating income increased by 10% to EUR 51.5 million (2020: EUR 46.9 million).

Expenses in 2021 increased by 13% to EUR 42.7 million (2020: EUR 37.9 million), primarily because of higher co-worker related costs following an increase in FTE and changes in the Collective Labour Agreement, increasing costs for market data following our increase in volumes, costs related to complying with increased regulation and higher costs for Group activities. At the same time, the cost increase was dampened due to lower than anticipated travel expenses following COVID-19 restrictions, just like in 2020.

Taking corporate income tax, financial income and costs into consideration, the net result over 2021 amounted to EUR 6.5 million (2020: EUR 6.7 million). Due to a likely tax obligation, a provision for the amount of EUR 2.2 million has been made for the carried interest amount received in 2019.

Triodos Investment Management's balance sheet consists mainly of seed capital in the Triodos Emerging Markets Renewable Energy Fund, cash, short-term debtors on managed entities and short-term liabilities to Triodos Bank.

Key financial figures Triodos Investment Management

Amounts in EUR	Relative change	31-12-2021	31-12-2020
Turnover	9.7%	51,485,415	46,939,263
Operating expenses	12.7%	42,743,361	37,917,202
Profit after tax	-1.7%	6,535,956	6,650,987
Shareholders' equity	36.7%	24,331,750	17,795,794

Capital position from ICAAP requirements

Amounts in EUR x million	Year-end 2021 excluding result 2021	Forecasted: End of 2022, including audited result 2021
Available equity, including mandatory corrections*	17.8	24.3
Required capital	8.7	11.5
Surplus capital	9.1	12.8

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

Shareholders' equity and capital requirements

The shareholders' equity increased by EUR 6.5 million to EUR 24.3 million (2020: EUR 17.8 million). The increase is the positive result over 2021 of EUR 6.5 million.

Based on actual figures, the required minimum capital requirements are continuously monitored in accordance with laws and regulations. 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 8.7 million at the end of 2021, where the available capital, including the audited result over 2021, amounts to EUR 17.8 million. The available capital differs from the equity position in the balance sheet due to mandatory corrections in unaudited results. The surplus of available capital can significantly change with the adoption of the annual accounts or in case of dividend distributions. The table above (page 6) shows the forecasted equity position after adopting the annual report of 2022.

With the surplus of EUR 9.1 million at year-end 2021, the equity position of Triodos Investment Management can be considered as solid. Due to a positive financial forecast for the year 2022, 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 6.5 million to the general reserve (retained earnings) without a dividend distribution.

Outlook

The Covid-19 crisis has sparked a clear and undeniable demand among investors to invest with positive impact. This is an encouraging development given the fact that the pandemic was a major setback for the global sustainability agenda as articulated in the UN Sustainable Development Goals (SDGs). Private investors are needed more than ever in order to help realise those goals.

Within this context, Triodos Investment Management will continue to build on over 25 years' experience in bringing together values, vision, and financial returns

on investment, helping to meet the European demand for values-based investment solutions that are key in the transition to a more sustainable society. Through its funds, Triodos Investment Management aims to further increase its impact in key areas related to its mission and the SDG's.

In 2022, 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. Since preparatory work ensuring that all preconditions are in place was carried out in 2021, mandates accommodating institutional investors seeking impact investment opportunities will have a stronger focus in 2022.

At the same time, the world is closely watching the developments in Ukraine following the Russian invasion in February 2022. It goes without saying that this war is a great concern for Triodos Investment Management, both from a humanitarian and an economic perspective.

Global tensions surrounding the Ukraine crisis, coupled with macroeconomic conditions, are reflected in increased uncertainty in financial markets and are impacting investor sentiment. While Triodos Investment Management will continue to pursue development and growth, both through expansion and further development of existing funds as well as by creating new impact investment products, its ambitions may potentially be impacted because of these increased uncertainties.

Remuneration policy

Key elements of Triodos Bank's International Remuneration and Nomination policy are:

- Triodos Bank and Triodos Investment Management do not offer bonus or share option schemes to members of the Executive Board, the Supervisory Board, the Board of SAAT or co-workers. Financial incentives are not considered an appropriate way to motivate and reward co-workers in a values-based bank. In addition, sustainability is by its very nature the result of a combined effort by team members aimed at both the short and long-term.
- Triodos Bank may provide individual tokens of appreciation. These are limited and decided discretionally. They are restricted to a maximum of one month's salary with a maximum of EUR 10,000 gross per 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 pre-set targets and are always offered post factum. The tokens of appreciation

are subject to clawback regulations. Members of the Executive Board are excluded from these awards. More information on the conditions regarding granting of tokens of appreciation can be found in the extract of the International Nomination and Remuneration Policy as available on the website.

- 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. Members of the Executive Board refrain from this award. For 2021, no collective end-of-year token of appreciation was awarded.
- Triodos Bank provides a pension plan. Each country has a Collective Pension policy for all its co-workers if that is appropriate for the local circumstances. If there is no local policy, individual arrangements are made in the context of the labour contract. Under no circumstances are pension rights used to award specific achievements.

In both 2021 and 2020, there were no co-workers at Triodos Investment Management with a total remuneration of EUR 1 million or more.

In 2021, the total remuneration of the 220 co-workers working for Triodos Investment Management amounted to EUR 21,858,777(2020: 207 co-workers, EUR 19,570,937). The increase in remuneration in 2021 versus 2020 can be entirely explained by a combination of a yearly increase in wages, a Collective Labour Agreement (CLA) impact and an increase of co-workers.

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 safe way. Risk management provides the structural means to identify, prioritise and manage the risks inherent in its business activities. The intention is to embed risk management in such a way that it fits the complexity and size of the organisation and is designed to also allow it to grow. In order to ensure that such an environment can exist and prosper, a Risk Governance Framework has been put into place which underpins the risk processes.

Three Lines 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 of Triodos Bank's corporate governance, internal controls, compliance and risk management systems. This includes the effectiveness and efficiency of the internal controls in the first and second lines of defence.

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	
	2021	2020	2021	2020	2021	2020	2021	2020
<i>Number of staff involved</i>	220	207	7	6	18	18	195	183
<i>Average FTEs</i>	204.4	180.1	6.4	6.7	17.3	16.3	180.7	157.1
Fixed remuneration	21,766,174	19,546,066	1,279,480	1,365,032	2,596,700	2,467,729	17,889,994	15,713,305
Variable remuneration	92,603	24,871	–	–	22,454	12,361	70,149	12,511
Total remuneration	21,858,777	19,570,937	1,279,480	1,365,032	2,619,154	2,480,090	17,960,143	15,725,815

Risk organisation

In light of Triodos Investment Management's growth in recent years, the impact of new regulations and the increased attention of supervisory authorities, Triodos Investment Management has made an important step up in its risk management 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.

Risk management and compliance functions

The Management Board is responsible for the risk management and compliance function. The risk management function works together with business line management to develop and execute risk policies and procedures involving 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 our integral risk management system, our 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 recorded, as are the translation of the results of these sessions, into the integrated risk management system. The application provides a central capture ('audit trail') for all of the above. Knowledge sessions and awareness training sessions are organised for new employees.

Risk taxonomy

To categorise the various risks Triodos Investment Management is exposed to, 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 risk type covers a number of risk categories:

- The enterprise risk discipline synthesises all the risks using input from all risk areas and performs analyses to determine at a strategic level which larger trends can potentially influence Triodos Investment Management's risk profile.
- Non-financial risk includes all of the risks related to operational and compliance risks. These are core risks that Triodos Investment Management is exposed to. Monitoring these risks is particularly important to ensure Triodos Investment Management can continue to offer quality investment services to its stakeholders.

- Financial risk is an umbrella term for multiple types of risks associated with the potential for financial losses. Taking financial risks is not core to Triodos Investment Management as a service provider.

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. This results in a session whereby an assessment is made per risk faced by Triodos Investment Management and whereby it is decided whether the individual risks are acceptable or need (additional) mitigating measures.

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

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 as a buffer for potential unexpected losses (solvency). The overall identified, expected and unexpected risks amounted to a maximum of EUR 9.5 million for 2021 (2020: 8.9 million).

Significant risks in 2021

The top 5 significant risks in 2021 were:

- business risk - resulting from among other things, a low interest rate environment and increasing competitive pressure as Sustainable Investments are becoming more mainstream (pressure on AuM growth and cost/income ratio);
- strategic risk - resulting from not being able to execute the strategy;
- operational risk - resulting from failing (entity level) controls;
- compliance risk - resulting from failing to comply with laws and regulations; and
- reputational risk - resulting from other risks, e.g., the materialisation of operational or compliance risks.

During 2021, three significant incidents occurred (actual loss EUR 111,000) and smaller incidents did not result in substantial losses (mainly internal costs). In 2021

Triodos Investment Management further prepared the implementation of the new tool for the management of operational and compliance risks.

Enterprise risk

Business risk: Triodos Investment Management defines business risk as the risk caused by changes in external factors such as competitive relationships, stakeholders, reputation and business climate.

Triodos Investment Management anticipated a strong growth of assets under management with, potentially, a slight pressure on prices. Based on this base scenario, a risk that would lead to an operational loss is expected to be high on impact however with a very low chance of occurrence.

Mitigation is implemented by income and cost control and strategic initiatives to support further growth of assets under management and ensuring our acknowledgement in the market of being an acknowledged Impact Investor.

Reputational risk: Triodos Investment Management defines reputational risk as the risk that its market position deteriorates due to a negative perception among customers, counterparties, shareholders and/or regulatory authorities. Triodos Investment Management safeguards reputational risk in other risk disciplines, such as compliance and operational risk, as in most cases it is a consequence of other risk events¹ occurring. It also works with a transparent and stable business model. Furthermore, the exposure of Triodos Investment Management to reputational risk depends on the ability of management and co-workers to act consciously in accordance with the mission and values. For this reason, Triodos Investment Management has a very proactive human resources approach aimed to ensure the connection of all co-workers with the mission and values. In addition, Triodos Investment Management actively manages its engagement with the public and its clients, for example, via an online social media policy and management of complaints. For this risk a similar analysis can be made as for business risk, which leads to the same outcome.

Strategic risk: Strategic risks are those that potentially have the most impact on an organisation's ability to execute its strategies and achieve its business objectives. Therefore, strategic risk assessments are performed at Management Board level for Triodos Investment Management as a whole every three years, with an annual update.

¹ A situation whereby the organisation becomes exposed to a financial loss or reputational damage. Risk events are monitored by Triodos Investment Management and risk events are used to implement better procedures and controls in order to prevent the situation from occurring again.

As Triodos Investment Management has defined its three-year strategy and closely monitors the execution of it, this risk is expected to be high on impact however with a very low chance of occurrence.

Non-financial risk

Operational risk: This risk relates to losses Triodos Investment Management could incur as a result of inadequate or failing internal processes, systems, human behaviour or external events. Various initiatives were deployed to limit the operational risks in the organisation.

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 programme.

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

Compliance risk: Triodos Investment Management defines compliance risk as the risk of not complying with laws, regulations, rules, related self-regulatory standards and codes of conduct applicable to its investment management activities. This may result in sanctions, material losses and reputational damage. The risk appetite is low for this risk. 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. 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. Potential losses related to compliance risks were assessed as having a high impact with low chance of occurrence.

Financial risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its interest and/or payment obligations, therefore having a negative impact on Triodos Investment Management's profits and net assets. Triodos Investment Management is exposed to credit risk on cash held at

banks, as well as on debtors and other receivables which primarily relate to the funds under management.

The risk regarding bank accounts is partly mitigated by using only banks with high creditworthiness. At year-end 2021, 73% of the cash was held at Triodos Bank (2020: 93%). Fitch Ratings affirmed Triodos Bank's Long-Term Issuer Default Rating (IDR) of 'BBB' with a Stable Outlook on the 4th of February 2022. The bank's sound capitalisation was considered a rating strength. The credit risk related to bank accounts is thus considered to be very low.

The credit risk regarding outstanding amounts at debtors is also considered to be very low, since the company performs the management of these funds which amongst others entails management of its liquidity and solvency in accordance with the relevant prospectus' guidelines.

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 a stable and positive financial result 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 resulting liquidity risk is considered to be very low.

At 31 December 2021, Triodos Investment Management held EUR 16 million (2020: EUR 12.2 million) of cash.

Market risk is the risk of losses in positions arising from movements in market prices (valuation) and foreign currencies. Triodos Investment Management holds limited cash in foreign currency, hence this risk is limited. In October 2021, Triodos Investment Management provided seed capital to Triodos Emerging Markets Renewable Energy Fund (refer to note 3 of the financial statements). 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 exposed to foreign exchange risk. Specific MB approval is given for this investment. The investment is monitored on a regular basis, with the intention ultimately to exit from the fund responsibly in the future.

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

Development of losses during 2021

There were three significant risk events resulting in losses outside of our risk appetite in 2021. Actual losses of EUR 111,000 (2020: EUR 12,861) were caused by 3 risk events, mainly concerning errors in the operational processes.

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.

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.

ISAE 3402 Report

The objective of an ISAE 3402 report is to provide assurance to external parties on the quality of the internal control measures relating to the services provided by the Fund Manager. There are two types of ISAE 3402 reports. A type I ISAE 3402 report assesses the design and implementation of control measures. A type II ISAE 3402 report not only assesses the design and implementation of control measures, but also the operational effective functioning of these control measures during the period audited.

Triodos Investment Management obtained an unqualified assurance report on 7 March 2022 on its ISAE 3402 type II report, covering the period from 1 January 2021 up to 31 December 2021.

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 2021. For more information in relation to the management of operational risks, we refer to the annual report of Triodos Investment Management.

Zeist, the Netherlands, 16 June 2022

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

Balance sheet as at 31 December 2021

Before appropriation of result (amounts in euros)	Note	31-12-2021	31-12-2020
Assets			
Non-current assets			
Intangible fixed assets	1	–	17,602
Equipment	2	4,586	15,697
Participating interests	3	4,285,470	2,769,263
Total non-current assets		4,290,056	2,802,562
Current assets			
Debtors	4	2,400,719	2,698,130
Other receivables, accruals and prepayments	5	15,529,189	12,640,339
Cash at banks	6	16,028,685	12,230,293
Total current assets		33,958,593	27,568,762
Total assets		38,248,649	30,371,324
Equity and liabilities			
Equity			
	7		
Issued and paid-up capital		18,500	18,500
Share premium reserve		327,550	327,550
Legal reserves		–	–
General reserve		17,449,744	10,798,757
Result for the financial year		6,535,956	6,650,987
		24,331,750	17,795,794
Provisions			
Provisions	8	2,623,666	407,306
Current liabilities			
Creditors		657,391	1,362,898
Payable company tax		4,389,674	6,218,910
Payable VAT		52,454	131,776
Other short-term liabilities, accruals and deferred income	9	6,193,714	4,454,640
Total liabilities		13,916,899	12,575,530
Total equity and liabilities		38,248,649	30,371,324

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the year ended 31 December 2021

(amounts in euros)	Note	2021	2020
Net turnover	10	51,485,415	46,939,263
Operating expenses	11	-42,743,361	-37,917,202
Operating profit		8,742,054	9,022,061
Financial income	12	10,747	–
Financial expenses	13	-109,557	-148,477
Result before tax		8,643,244	8,873,584
Corporate income taxes	14	-2,173,483	-2,223,096
Result from participating interests	3	66,195	499
Result for the financial year		6,535,956	6,650,987

The accompanying notes form an integral part of these annual accounts.

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 license is registered with the Autoriteit Financiële Markten with number 15.000.171. The company is therefore also under supervision of the Autoriteit Financiële Markten.

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 Zeist. 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 Zeist, 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 annual accounts 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 annual accounts.

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.

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 annual accounts.

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'. No impairment was recognised in 2021 or in 2020.

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 2021 or in 2020.

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.

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. The estimated settlement period for the provision is less than one year.

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 2021. In Belgium, legislation prescribes a minimum yield 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	3,428.00	6.90%	8.55%
Sécu. Soc Déplafonnée	gross salary total	0.40%	1.90%
Complémentaire Tranche 1	3,428.00	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.

Other operating income

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.

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 11.

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% (2020: 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

Currency risk

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.

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.

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 2021, 73% of cash was held at Triodos Bank (2020: 93%). Fitch Ratings affirmed Triodos Bank's Long-Term Issuer Default Rating (IDR) of 'BBB' with a Stable Outlook on the 4th of February 2022. The bank's sound capitalisation was considered a rating strength. 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 (valuation) and foreign currencies. Triodos Investment Management holds limited cash in foreign currency, hence this risk is limited. In October 2021, Triodos Investment Management provided seed capital to Triodos Emerging Markets Renewable Energy Fund (refer to note 3 of the financial statements). 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. Specific MB approval is given for this investment. The investment is monitored on a regular basis, with the intention ultimately to exit from the fund responsibly in the future.

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

Notes to the balance sheet as at 31 December 2021

1. Intangible fixed assets software development

This relates to the costs for the development of software for the administration of investments. Development costs will be 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.

	2021	2020
Purchase/cost value	2,681,884	2,681,884
Cumulative amortisation	-2,681,884	-2,664,282
Balance as at 31 December	–	17,602

The movement in the software development costs is as follows:

	2021	2020
Balance as at 1 January	17,602	155,723
Amortisation	-17,602	-138,121
Balance as at 31 December	–	17,602

2. Equipment

Equipment consists of telephones, monitors and computers.

The cumulative financial position of the equipment is as follows:

	2021	2020
Purchase/ cost value	33,334	33,334
Cumulative depreciation	-28,748	-17,637
Balance as at 31 December	4,586	15,697

The movement in the equipment balance is as follows:

	2021	2020
Balance as at 1 January	15,697	26,809
Depreciation	-11,111	-11,112
Balance as at 31 December	4,586	15,697

3. Participating interests

The movement in participating interests is as follows:

	2021	2020
Balance as at 1 January	2,769,263	–
Purchase of investment	4,320,030	2,768,764
Sale of investment	-2,870,018	–
Value adjustments through profit and loss	66,195	499
Balance as at 31 December	4,285,470	2,769,263

Triodos Investment Management may provide seed capital to new investment funds in order to improve the product offering. 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 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 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.

The cumulative revaluation as per 31 December 2021 amounts to EUR -34,560 (related to Triodos Emerging Markets Renewable Energy Fund) (2020: EUR 499 related to Triodos Sterling Bond Impact Fund).

4. Debtors

	2021	2020
Management contracts	1,972,229	1,683,551
Board fees	2,000	37,739
Other debtors	–	83,262
Recharged expenses: funds under management	298,285	421,762
Recharged formation expenses: newly established funds	128,205	471,816
Balance as at 31 December	2,400,719	2,698,130

Debtors are due in less than one year. There were no provisions for debtors in 2021 or in 2020.

5. Other receivables, accruals and prepayments

	2021	2020
Accrued management fees	14,013,882	10,693,206
Prepaid company profile information	283,207	317,241
Pension premiums	249,384	234,240
Prepaid maintenance, portfolio monitoring and compliance fee FIA	235,070	258,696
Prepaid ICT license and maintenance	193,251	203,921
Insurance premiums	82,568	88,908
Cash in transit	63,077	259,621
Current account Triodos Impact Strategies	40,225	–
Current account Stichting Triodos Sustainable Finance Foundation	39,292	500
Current account Triodos Groenfonds	20,824	106,621
Current account Sustainability - Finance - Real Economics	13,075	3,267
Prepaid education costs	10,384	67,083
Current account Triodos Fair Share Fund	5,551	46,698
Current account Triodos Impact Strategies II	2,927	18,083
Current account Triodos Multi Impact Fund	1,648	4,508
Current account Triodos Sterling Bond Impact Fund	–	40,544
Current account Empower	–	38,037
Current account Stichting Hivos-Triodos Fonds	–	2,439
Other receivables	274,824	256,726
Balance as at 31 December	15,529,189	12,640,339

Other receivables are expected to be received in less than one year. No interest is charged on the current accounts.

6. Cash at banks

	2021	2020
Triodos Bank current accounts	11,727,285	10,827,837
Triodos Bank savings account	–	501,264
BNP Paribas current accounts	3,339,534	22,132
Rabobank current accounts	960,741	878,189
ING Bank current account	1,125	871
Balance as at 31 December	16,028,685	12,230,293

The cash in bank accounts is at free disposal of the company. The interest rate on the current and savings accounts at Triodos Bank is 0.00% (2020: 0.00%) for the total bank balance up to EUR 100,000 (2020: EUR 100,000) and -0.70% (2020: -0.70%) for a bank balance above EUR 100,000 (2020: EUR 100,000).

The interest rate on the bank account at BNP Paribas is -0.76% (2020: -0.00%).

The interest rate on the bank accounts at Rabobank is -0.70% (2020: -0.67%).

The interest rate on the bank account at ING Bank is -0.00% (2020: -0.72%).

One of the Rabobank current accounts is a US dollar account with a balance at year-end of USD 304,837 (2020: USD 216,008). For the conversion to Euros an exchange rate of 1.1315 (2020: 1.2289) was used. One of the BNP Paribas current accounts is a GBP account with a balance at year-end of GBP 1,230.38 (2020: GBP 20,000). For the conversion to Euros an exchange rate of 0.839 was used (2020: 0.9037).

7. Equity

The movement in the equity for 2021 is as follows:

	Issued and paid-up capital	Share premium reserve	Legal reserves	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 movement in the equity for 2020 is as follows:

	Issued and paid-up capital	Share premium reserve	Legal reserves	General reserve	Result for the financial year	Total
Balance as at 1 January 2020	18,500	327,550	66,300	9,742,931	11,989,526	22,144,807
Transfer to general reserve	–	–	–	989,526	-989,526	–
Transfer to statutory reserve for development cost	–	–	-66,300	66,300	–	–
Dividend payout to shareholders	–	–	–	–	-11,000,000	-11,000,000
Result for the financial year	–	–	–	–	6,650,987	6,650,987
Balance as at 31 December 2020	18,500	327,550	–	10,798,757	6,650,987	17,795,794

The issued and paid-up capital consists of 185 ordinary shares (2020: 185) of EUR 100 each (2020: 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. The legal reserve relates to capitalised internal costs triggered by development of new software for internal use.

8. Provisions

	2021	2020
Provision for carried interest	2,387,174	137,174
Provision for vitality leave and other personnel costs	171,707	174,331
Provision for project costs	64,786	95,801
Balance as at 31 December	2,623,666	407,306

Due to a likely tax obligation, a provision has been made for part of the carried interest amount received in 2019 in relation to the sale of an investment by Stichting Hivos- Triodos Fonds.

Provision for vitality leave relates to leave arrangements for personnel based on collective labour agreements. An amount of EUR 128,900 (2020: EUR 100,266) of the provision is classified as non-current.

A provision has been made 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:

	2021	2020
Balance as at 1 January	407,306	487,623
Addition	2,341,124	100,587
Withdrawal or release	-124,764	-180,904
Balance as at 31 December	2,623,666	407,306

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

	2021	2020
Current accounts Triodos Group	4,322,724	1,850,523
Payable vacation hours	609,030	547,607
Payable costs advisors	479,518	169,289
Payable costs	444,763	338,895
Payable company profile information	94,156	256,703
Payable costs on behalf of related parties	67,183	68,563
Payable external audit costs	49,605	27,204
Payroll tax	31,000	1,023,327
Payable termination fees	10,057	744
Payable interest bank accounts	9,378	9,890
Payable rent office building	-	43,801
Other liabilities	76,300	118,094
Balance as at 31 December	6,193,714	4,454,640

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	0.1 million
Between one and five years	0.1 million
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 2.2 million a year.

During the year, total minimum lease payments of EUR 2,212,368 (2020: EUR 2,157,721) were recognised in the income statement.

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 2021

10. Net turnover

The breakdown of revenue by category is as follows:

	2021	2020
Management contracts	49,424,576	45,044,283
Asset management services	1,553,752	1,413,416
Research services	376,004	374,322
Commercial services	92,390	101,722
Other income	38,693	5,520
	51,485,415	46,939,263

10.1 Management contracts

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

	2021	2020
Triodos SICAV I	20,008,524	14,604,328
Triodos Groenfonds	9,370,195	8,290,467
Triodos Fair Share Fund	8,091,543	7,911,421
Triodos SICAV II – Triodos Microfinance Fund	7,815,462	7,916,969
TIS II – Triodos Energy Transition Europe Fund	2,626,246	2,753,952
Stichting Hivos- Triodos fonds	1.488.124	1,573,362
TIS II – Triodos Food Transition Europe Fund	1,219,505	861,867
Sustainability – Finance- Real Economies SICAV- SIF	712,875	633,538
WWB Capital Partners*	242,389	411,452
Triodos Multi Impact Fund	99,713	101,273
Stichting Renewable Energy for Development Fund**	–	-743
Triodos Vastgoedfondsen**	–	-13,603
Provision for carried interest Stichting Hivos-Triodos fonds ***	-2.250,000	–
	49,424,576	45,044,283

* As of 1 January 2020, Triodos Investment Management has taken over the management activities for WWB Capital Partners from Triodos Investment Advisory & Services B.V.

** The management activities for Stichting Renewable Energy for Development Fund and Triodos Vastgoedfondsen ended during 2019. The amounts in 2020 are final settlements of 2019.

*** Due to a likely tax obligation, an additional provision for the amount of EUR 2,250,000 has been made 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. Please also refer to note 8.

Triodos Investment Management also conducts management activities for SICAV II –Triodos Emerging Markets Renewable Energy Fund. Triodos Investment Management has waived its management fee 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 II – Triodos Microfinance Fund, Triodos Emerging Markets Renewable Energy Fund, Sustainability-Finance-Real Economies SICAV-SIF and Triodos SICAV I 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 2021, the proportion of turnover generated from Luxembourg was 58% (2020: 51%), the United States of America was 0% (2020: 1%) and the Netherlands was 42% (2020: 48%).

10.2 Asset management services

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

10.3 Research services

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

	2021	2020
Within Triodos Group	26,004	26,001
Third-party suppliers	350,000	348,321
	376,004	374,322

10.4 Commercial services

	2021	2020
Consulting fee and board fee staff working for Triodos Investment Management	92,390	101,722
	92,390	101,722

The consulting fee and board fee relates to investment management activities in relation to the management of assets of managed funds.

11. Operating expenses

	2021	2020
Wages and salaries	16,685,946	14,505,895
ICT costs	4,449,030	3,906,919
Housing costs	3,504,518	3,450,420
Outsourced activities Triodos Bank NL	3,288,831	2,892,193
Pension contributions	2,660,388	2,350,420
Charge of general overhead costs Triodos Bank	2,489,748	1,898,280
Other personnel costs	2,262,320	3,115,964
Social security charges	2,190,428	1,709,014
Research- market data	1,774,126	936,946
Advisory fees	1,048,148	551,629
Publicity	675,075	528,965
Hired co-workers Triodos Group	323,301	503,695
Other charge of costs Triodos Bank	531,736	482,736
Travelling and accommodation expenses	327,717	394,655
External audit	157,008	138,621
Contributions	142,138	109,755
Liability insurance	85,816	78,031
Banking costs	18,302	36,794
Amortisation of intangible fixed assets	17,602	138,121
Depreciation of equipment	11,112	11,112
Other operating expenses	100,071	177,037
	42,743,361	37,917,202

The total number of co-workers at Triodos Investment Management is 220 at year-end 2021 (2020: 207). The number of employees working outside of the Netherlands is 4 (2020: 4).

The average number of employees over 2021 was 204.4 (2020: 180.1). Over 2021, the average number of employees allocated to Impact Private Debt & Equity was 147.1 (2020: 125.9), to Impact Equity & Bonds was 55.2 (2020: 53.0) and to other departments was 2.1 (2020: 1.2).

The main drivers behind the increase in personnel costs are periodic wage increases, collective labour agreement increases and an increase of co-workers.

The remuneration paid to the managing directors of the company, including salary expenses, pension, use of company car and social expenses, was EUR 624,619 (2020: EUR 672,307). The main reason for the decrease 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 112,189 (2020: EUR 110,111). 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:

	2021	2020
Audit of the financial statements	85,941	87,382
Other assurance services: ISAE	31,628	48,389
Other assurance services	39,439	2,850
Tax services	–	–
Other non-assurance services	–	–
	157,008	138,621

The audit fees concerning the audit of the financial statements amount to EUR 85,941 (2020: EUR 87,382). Of these fees, EUR 77,951 relates to the audit of the financial statements for the financial year 2021 (2020: EUR 68,011) and EUR 7,990 for 2020 (2019: EUR 10,810), 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 2020 external audits of certain Triodos funds under management. The other assurance services in 2020 concerns further work done on the asset management report of HIVOS for 2018.

The independent auditor has not rendered any consultancy services.

12. Financial Income

	2021	2020
Exchange rate differences	10,243	–
Other interest expenditure	504	–
	10,747	–

13. Financial expenses

	2021	2020
Paid interest on bank accounts	106,361	123,319
Exchange rate differences	–	24,210
Other interest expenditure	3,196	948
	109,557	148,477

14. Corporate income taxes

	2021	2020
Corporate income tax expense for the year	-2,173,483	-2,223,096
	-2,173,483	-2,223,096

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% (2020: 25%) and with an effective tax rate equal to 25% (2020: 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 11.4 million (2020: EUR 9.8 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 and savings accounts with Triodos Bank at market standard rates.
 - Triodos Investment Management conducts asset management activities for Triodos Bank Private Banking for which it receives a fee of EUR 1,553,752 (2020: EUR 1,403,416).
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 (2020: 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, Stichting Hivos- Triodos fonds, Triodos Fair Share Fund, TIS II – Triodos Energy Transition Europe Fund, TIS II – Triodos Food Transition Europe Fund, Triodos Multi Impact Fund and WWB Capital Partners.

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 26.
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: ACLEDA Bank Plc., Accion Frontier Inclusion Fund, LLC Microcredit Deposit-Taking Organization, Arvand, Aavishkaar Venture Management Company, Caspian SME Impact Fund, Centenary Bank, MFO Credo LLC, Dawn Myanmar Microfinance Pte. Ltd., Enda Tamweel SA, Financiers FAMA SA, Farmy Ltd., Ashv Finance Ltd., Kompanion Bank CJSC, Groupe Natimpact SAS, Sonata Finance Pvt Ltd. and Tipa Corp Ltd. Board fees received in 2021 amount to EUR 92,390 (2020: EUR 101,722).

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.
 - Triodos Investment Management is the Fund Manager (AIFM) of Sustainability – Finance- Real Economies SICAV-SIF (Sapphire) and received a management fee amounting to EUR 712,875 (2020: EUR 633,538).
6. SICAV I - Triodos Sterling Bond Impact Fund

Triodos Investment Management provided seed capital to SICAV I - Triodos Sterling Bond Impact Fund. 125,000 KI-Cap shares were purchased at the inception value of GBP 20. The shares were subsequently sold at GBP 19.45 per share in November 2021. Triodos Investment Management also receives a management fee from SICAV I – Triodos Sterling Bond Impact Fund- see item 3 related parties.
7. 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 the value of the investment is EUR 4,285,470, being 17% 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 has waived its management fee as of the day of launching this sub-fund (29 October 2021), until 31 July 2022.

Subsequent events

Triodos Investment Management considers the crisis in Ukraine a significant event after balance sheet date. The company's approach is to be prudent as it is yet unclear how the crisis will unfold. Triodos Investment Management will continue to closely monitor the geographical situation and the developments on the financial markets moving forward.

The proposed appropriation of the profit is as follows:

The Management Board of Triodos Investment Management proposes to add EUR 6,535,956 to the general reserve (retained earnings).

Zeist, the Netherlands, 16 June 2022

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

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 annual accounts 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 annual accounts 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 general meeting of Triodos Investment Management B.V.

Report on the financial statements 2021

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 2021, 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 2021 of Triodos Investment Management B.V., Zeist.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- 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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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;
- contains all the information regarding the annual report by the management board 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 annual report by the management board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

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

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, 16 June 2022
PricewaterhouseCoopers Accountants N.V.

J. IJspeert RA



Appendix to our auditor's report on the financial statements 2021 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 bases its fund governance code on the Principles of Fund Governance which are drafted and published by the Dutch Fund and Asset Management Association (DUFAS). Triodos Investment Management is a member of DUFAS. Triodos Investment Management is a member of the United Nations Principles on Responsible Investment and fulfils the transparency code as set by EUROSIF.

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.

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, physical 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.