

Triodos Sustainable Finance Foundation

Annual report

2022

Report by the Board of Management

This is the 29th annual report of Stichting Triodos Sustainable Finance Foundation (Triodos Sustainable Finance Foundation). During the year 2022 the foundation continued to fulfil its mission, which is to finance initiatives that accelerate sustainable development worldwide.

Strategic goals

Triodos Sustainable Finance Foundation is an innovative player in the rapidly evolving impact investment industry. Through its investment and lending activities, the foundation supports initiatives that aim to realize a transformative positive impact on society. Triodos Sustainable Finance Foundation therefore focuses on supporting initiatives which are scalable, replicable and/or highly inspirational but are not (yet) bankable or investable according to criteria in the current banking and investment industry. The foundation focuses in the field of food & nature, resources, energy, wellbeing and society.

For quite some years, the foundation focused on the inclusive finance sector in developing countries, in which it played a pioneering role. As the inclusive finance sector has reached a certain scale and the sector has gained access to a broader investor base, the foundation decided a few years ago, within its mission as laid down in the Articles of Association, to change its focus. The foundation now directs its investments to projects and initiatives that accelerate sustainable development worldwide and regenerate earth, society, and economy.

With this new (regenerative) strategy, the foundation reinforces its pioneer role, thereby serving its mission optimally. For this reason, the foundation has significantly reduced its portfolio in the inclusive finance sector and continued to build up a portfolio of catalytic / regenerative investments and loans that accelerate sustainable development worldwide.

To bring this new strategy to life, two case studies are included in this annual report which describe in more detail initiatives that were financed by Triodos Sustainable Finance Foundation during the course of 2022. With the new layout of this report, we aim to visualise the transformative impact of initiatives supported by the foundation.

Portfolio developments

Equity portfolio

At year-end 2022 the value of the equity portfolio amounted to EUR 5.6 million (year-end 2021: EUR 20.0 million). This decrease of EUR 14.4 million is the balance of EUR 0.2 million investments, EUR – 16.8 million divestments and EUR - 2.2 million revaluations (including currency results).

In 2022, Triodos Sustainable Finance Foundation made an additional equity investment in Agriplace Holding BV, Bettervest GmbH and, paid up capital into Fondo Bolsa Social.

In 2022 Triodos Sustainable Finance Foundation sold its shares in Acleda Bank and MFX Solutions (both inclusive finance portfolio).

Debt portfolio

At year-end 2022 the value of the debt portfolio stood at EUR 7.7 million (year-end 2021: EUR 3.9 million).

In line with its broader investment focus to include impact investments that accelerate sustainable development, the foundation invested in Stichting Herenboeren (see page 6), The Weather Makers BV and Wilder-Land (see page 9) and made an additional investment in Volta Energy BV.

In 2022, Triodos Sustainable Finance Foundation made an additional investment in Ecosystem Value Association for which it will receive carbon credits as repayment and return.

In addition, it should be noted that no investees repaid their outstanding loan amounts although some partial repayments were made.

In line with the renewed strategy, the foundation reduced its portfolio in the inclusive finance sector and no microfinance institutions received debt funding and no new microfinance institutions were added to the debt portfolio in 2022.

Financial results

The total invested portfolio of Triodos Sustainable Finance Foundation decreased from EUR 23.9 million as per year-end 2021 to EUR 13.3 million during 2022. This was mainly driven by the above-mentioned decrease of the foundation's equity portfolio, as well as the impact of the decreased valuation of the financial inclusion portfolio, as well as repayment of loans.

The revenues from investments were less than in 2021. This was mainly caused due to the fact no dividends on equity investments were received in 2022. The revenues from (subordinated) loans issued and interest on income bonds slightly increase compared to 2021. After deducting the (un)realized result of investments, other revenues, expenses and operating result, the net financial profit amounted to EUR 3.0 million (2021: EUR -2.1 million). As a result, the foundation's net asset value increased to EUR 46.6 million by year-end 2022 (year-end 2021: EUR 43.6 million).

Split into direct and indirect result

The direct result from investments, consisting of interest income from loans and dividend income from participations, amounted to EUR 0.3 million in 2022 (2021: EUR 0.9 million). The interest income from loans amounted to EUR 0.3 million (2021: EUR 0.3 million).

The indirect result (realized and unrealized value adjustments and operating result) from investments amounted to EUR 1.3 million (2021: EUR -1.5 million) and was mainly caused by the increase in unrealized value adjustments of the equity investments portfolio.

Outlook and policy for 2023 and beyond

Since 2019, Triodos Regenerative Money Centre manages the activities of Triodos Sustainable Finance Foundation. The Centre aims to further accelerate the roll out of this investment strategy in 2023 and seek catalytic, regenerative investments that accelerate the transition to a more regenerative earth, society, and economy. As was the case in the past, both debt and equity investments and both direct and fund-of-fund investments can be considered, as well as new instruments. In the coming years, Triodos Regenerative Money Centre will further refine this investment strategy together with its Board, always in line with the mission as laid down in the articles of association of Triodos Sustainable Finance Foundation.

To maintain the net asset value of the foundation in real terms, Triodos Sustainable Finance Foundation aims at generating a net financial return on average on its portfolio which equals the inflation rate and covers the fund related costs. Expected net financial returns remain dependent on revaluations of equity participations and possible losses on the debt portfolio. In addition, financial returns remain to some extent exposed to capital markets, including interest rate and currency fluctuations.

Remuneration

The Board of Management of Triodos Sustainable Finance Foundation did not receive any remuneration in 2022.

Driebergen-Rijsenburg, The Netherlands, 22 June 2023

Board of Management

Jacco Minnaar
Thomas van Craen
Mikel Garcia-Prieto Arrabal

Activity report

New clients in 2022

Stichting Herenboeren

Loan

The Weather Makers BV

Loan

Wilder Land BV

Loan

Disbursements to existing clients

Ecosystem Value Association Service gmbhU; (EVA or DWKS)

Loan

Agriplace Holding BV and/or Agriplace BV

Equity and Loan

Bettervest GmbH

Equity

Bolso Social Impact FESE or Fondo Bolsa Social

Fund in Fund Investment

Volta Energy BV

Loan

Remainder of the existing portfolio

Impact Institute

Loan

Akiba

Emerging Markets: Equity

Ardi Beheer

Loan

Caspian Impact Investments

Emerging Markets: Equity

Bettervest

Equity

Dawn

Emerging Markets: Equity

Kixi Crédito

Emerging Markets: Loan

Leapfrog

Emerging Markets: Equity

Paper on the Rocks

Loan

Rhea Holding

Equity, sold January 2023

Aardpeer (Stg Grondbeheer)

Bond

Triodos Food Transition Europe Fund

Fund in Fund Investment

Exits in 2022

Acleda Bank

Emerging Markets: Equity

MFX Solutions

Emerging Markets: Equity



Stichting Herenboeren

Supporting citizens to develop nature-driven cooperative Farming Communities

Interview with Geert van der Veer, founder of Herenboeren

What inspired you to start Herenboeren?

The inspiration came from the realisation that many consumers know very little about their food. Most of us, when in the supermarket, see Brussels sprouts simply as little green balls in a plastic bag. But how many of us know that those sprouts grew on a stem?

The Herenboeren concept brings people in direct contact with the production of their food. And at the same time, with our nature-driven mixed community farms, we are working every day to increase biodiversity, restore farmland to health, and preserve nature for generations to come. We see that the current agricultural crisis is also linked to our biodiversity crisis, water challenges in the Netherlands, environmental and climate issues, and even our health crisis. We need to work together to tackle this holistically, and it all starts with the soil.

“The Herenboeren concept brings people in direct contact with the production of their food. And at the same time, with our nature-driven mixed community farms, we are working every day to increase biodiversity, restore farmland to health, and preserve nature for generations to come. “

What is Herenboeren’s approach and what makes it innovative?

A community farm according to the concept that we started developing in 2013 is a mixed farm owned by a cooperative of 200-270 households. These households are the direct buyers of the products and, through the cooperative, jointly employ a farmer (m/f) who runs the farm as an agricultural foreman. This foreman often works alongside a part-time supporting farmer and also with the necessary voluntary work of active cooperative members.

A community farm is nature-driven, with organic being the base line. However, we are not officially Skal-certified because we do not produce for the market. They are mixed farms: the emphasis is on vegetable cultivation, but they also grow fruit, and keep small-scale livestock.

As of January 2023, there are 15 Herenboeren community farms in the Netherlands, each covering about 20 hectares, of which an average of 4 hectares is vegetable cultivation and 2 hectares is fruit cultivation. The farms usually have around 12 pigs, 200 chickens and some cattle. Besides these 15 running farms, more than 40 citizens’ initiative groups, spread across the country, are already starting their own community farms. As a ‘Herenboeren’ farmer, you are an owner, entrepreneur, producer and consumer in one!

The Herenboeren Nederland foundation supports citizens in developing their community farms. The national team of process directors works closely with agricultural experts such as (organic) crop consultants and stewards. But to make a real success of this is actually a much bigger, deeper and broader task. We see Herenboeren and other similar initiatives as a growing alternative to the current food system.

What impact has Triodos Sustainable Finance Foundation had on Herenboeren?

The impact of the funding that Herenboeren has received from Triodos Sustainable Finance Foundation allows us to increase the support for the existing 15 farms, enabling them to grow to their full potential. We can now further expand the digital infrastructure and staffing to properly support all newly planned Herenboeren community farms. This will bring us ever closer to our ambition of 350 farms by 2030!

What impact does Herenboeren have on the sector in which you operate?

Herenboeren Nederland, with all its ‘community farmers’, is a growing group within the relatively small niche of ‘green’ and CSA farmers. Herenboeren Nederland is actively engaged in building an ecosystem of partner organisations to accelerate the transition of the Dutch food chain. Initiatives co-initiated by Herenboeren Nederland are:

- Land fund Aardpeer, for affordable access to (rental) land.
- Boerenraad and Caring Farmers, networks of farmers and gardeners working together on system change in agriculture. Note: Caring Farmers was last year’s winner of the Trouw Sustainable Top 100.
- De Plaatsen and the first physical ‘place’ De Kleine Aarde in Boxtel: a knowledge and innovation centre that for example, will provide communities and farmers with tools for a (personal) transition to a regenerative food system.

Together with its partner initiatives, Herenboeren Nederland brings sustainable food production closer. We initiate and conduct research, train farmers and propose amendments to laws and regulations. Through Caring Farmers and Boerenraad, Herenboeren Nederland also actively engages with the Ministry of Agriculture, Nature and Food Quality about the sustainable transition of the food chain. It is important to stress that we do not do this alone, but we work together with numerous partners.

What impact does Herenboeren have on the community?

The Herenboeren community farm is essentially a community of cooperative members. The members don't actually live on the farm, but they do all visit it at least once a week to collect their share of the harvest and help out on the farm in various ways. The farm also has the explicit goal of connecting with the local environment. For example, schools, entrepreneurs, researchers, NGOs and the voluntary sector can also contribute to and collaborate with our socially connected communities. One of the Herenboeren community farms near Apeldoorn, for example, won the 2022 Apeldoorn Business Awards in the 'start-ups' category. A great example of how our community farms are being recognised in the local business community.

Joining a local Herenboeren community farm also ensures that communities become more aware of food production, thanks to their active participation in decisions affecting the farm and seeing what happens there. For example, during a summer heat wave with peaks to 40 degrees, in some places the red cabbage literally burned in the fields. This startled many members, and was the catalyst for new conversations about climate, soil and the environment at home around the kitchen table. Some members, after joining a community farm, even started looking for more sustainable work, because they also wanted to make a greater contribution to these issues in society via this route. Cooking at home with seasonal farm produce is also something people are experimenting with and gaining a new understanding of. Consequently, recipes are exchanged in abundance on many Herenboeren community farms. Finally, people meet on the farm, at (cooking) workshops, (harvest) celebrations, excursions and children's activities, creating new connections and friendships based on shared ideals and motivations.

“Some members, after joining a community farm, even started looking for more sustainable work, because they also wanted to make a greater contribution to these issues in society via this route.”



[Read the press release](#)



Wilder Land

Tea that helps both farmers and biodiversity

Wilder Land offers herbal teas & other products that help farmers to restore Dutch biodiversity. The more people choose their herbal tea, the more flowers and plants can be planted at farms in The Netherlands, the more farmers can integrate nature in their business model. Wilder Land delivers proof of how regenerative businesses could be supportive of landscape restoration and at the same time build a profitable business case.

Wilder Land offers farmers a revenue model for biodiversity. Their model puts the restoration of biodiversity at the center and rewards the farmer for working with nature. Wilder Land started the initiative by setting up a tea business, using the strong and increasing appetite for (herbal/specialty) teas in the market.

Most of the herbal tea that is sold in The Netherlands, is grown abroad, often even from outside Europe. The herbs that are used for Wilder Land teas are sowed (and harvested) on the edges of the fields of the farmers and meadows. By doing this, they create new opportunities for life, such as bees and butterflies. The herbs they harvest for their blends are natural (no pesticides). By stepping into this market, Wilder Land makes it more interesting for farmers to work toward more nature-inclusive practices. In their dialogues with farmers, they support them to look at their business in a new way. Their experience has shown that once a farmer understands this potential, they can see more opportunities in other parts of their business, thereby supporting regenerative agricultural practices to spread to other parts of their business model as well.

Some (max 50%) of the herbs are harvested to make tea blends. The other 50% is left at the field, so the insects can enjoy it. After the flowering period, the wind makes sure that the seeds are distributed over the land, ensuring that next spring, herbs will appear in even more places. Slowly nature takes over again.

The herbal tea concept is attracting a striking number of young farmers who want to do things differently from their parents. Ivar van Dorst of Ekoto farm is one of them: “My parents used to grow three crops here, now I have 30 different crops, including 15 varieties of beans. They think I’m crazy.” Ivar wanted to plant a flower strip but couldn’t get the funding. Through various channels, Wilder Land approached him. He points to his strips of beans and yarrow, next to a mobile pig pen. “I am making interesting discoveries about crop combinations. Broad beans suffer from aphids, but the yarrow for the tea appears to attract their natural enemy. It is full of ladybirds.”

Matthijs Westerwoudt (one of the founders of Wilder Land): “Ultimately, we want to become a regenerative Unilever. The bigger we grow, the better it is for nature! What company can say that?”

“Ultimately, we want to become a regenerative Unilever. The bigger we grow, the better it is for nature! What company can say that?”



Read the full article

General information

History

Stichting Triodos Sustainable Finance Foundation was formerly known as Triodos-Doen Foundation. On 22 January 1994, the DOEN Foundation and Triodos Bank joined to form Triodos-Doen Foundation to enable innovation that would accelerate sustainable development world-wide.

On 10 December 2013, the Articles of Association were amended, and its name was changed to Triodos Sustainable Finance Foundation. Under this name, Triodos Sustainable Finance Foundation maintains its aim to finance initiatives that accelerate sustainable development world-wide.

Triodos Sustainable Finance Foundation

Annual account
2022

Financial Statements 2022

Balance sheet at 31 December 2022

before appropriation of results
(amounts in EUR)

	Note*	31-12-2022	31-12-2021
Fixed assets			
Financial fixed assets			
Participations	1	5.638.495	19.928.046
Loans and other instruments (ERPA)	1	6.685.115	2.991.001
Impact bond	1	1.000.000	1.000.000
Total financial fixed assets		13.323.610	23.919.047
Current assets			
Receivables and deferred assets			
Taxes	2	505.181	230.263
Other receivables	2	364.559	593.979
Total receivables and deferred assets		869.740	824.242
Cash and cash equivalents	3	33.512.691	19.835.450
Total of assets		47.706.041	43.626.168
Equity			
Capital	4	32.128.869	32.128.869
Revaluation reserves	5	325.807	2.306.332
Other reserves	6	11.171.492	11.270.391
Unappropriated result	7	2.982.859	-2.079.424
Total equity		46.609.027	43.626.168
Current liabilities			
Trade creditors	8	27.376	-
Payable to associated parties		1.023.911	910.860
Accruals and deferred income	8	45.727	41.710
Total current liabilities		1.097.014	952.571
Total equity and liabilities		47.706.041	43.626.168

Profit and loss account for the year ended 31 December 2022

(amounts in EUR)

	Note*	2022	2021
Revenues from investments			
Participations	10	-	596.301
(Subordinated) loans issued	11	308.910	272.880
Impact Bonds		12.000	7.000
Total revenues from investments		320.910	876.181
Realised result of investments			
Participations		-1.143.003	361.483
Total realised result of investments		-1.143.003	361.483
Unrealised result of investments			
Participations		2.393.373	-1.915.057
(Subordinated) loans issued		57.358	113.624
Currency hedging instruments		-	-35.562
Total Unrealised result of investments		2.450.731	-1.836.995
Total revenues		1.628.638	-599.331
Expenses			
Other expenses	12	-536.177	-1.453.667
Total expenses		-536.177	-1.453.667
Financial income and expenses			
Financial income and expenses	13	1.890.398	-26.426
Total financial income and expenses		1.890.398	-26.426
Net result	14	2.982.859	-2.079.424

Cash flow statement for the year ended 31 December 2022

(amounts in EUR)

	2022	20221
Cash flow from investment activities		
Receipt revenues from participations	515.351	72.942
Receipt revenues from (subordinated) loans	158.497	120.280
Paid settlements from currency hedging instruments	57.364	22.224
Investments in participations	-152.697	-166.546
Sales of participations	17.309.665	743.355
Disbursement of (subordinated) loans	-2.925.000	-1.625.000
Repayment of (subordinated) loans	175.240	3.448.610
Payment of management fees, interest and income tax	-1.354.936	-1.767.660
Other payments and receipts	-26.467	-236.570
Total cash flow from investment activities		
Net Cash Flow	13.757.017	611.637
Exchange differences on cash and cash equivalents	-79.776	16.041
Cash Flow	13.677.241	627.678
Cash and cash equivalents at 1 January	19.835.450	19.207.772
Cash flow	13.677.241	627.678
Cash and cash equivalents at 31 December	33.512.691	19.835.450

Notes to the statements

Activities

The activities are characterized as not-for profit-activities. Stichting Triodos Sustainable Finance Foundation invests in (very) early stage initiatives which have a mission and strategy that is in line with the objective of Stichting Triodos Sustainable Finance Foundation.

There is no personnel employed by the foundation (2021: 0 FTE).

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of Stichting Triodos Sustainable Finance Foundation is Hoofdstraat 10 in Driebergen-Rijsenburg. Stichting Triodos Sustainable Finance Foundation is registered at the Chamber of Commerce under number 41186686.

Estimates

In applying the principles and policies for drawing up the financial statements, management makes different estimates, judgments and assumptions that may be essential to the amounts disclosed in the financial statements. If it is necessary to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the note to the relevant financial statement item.

The actual outcomes may differ from the estimates made. If this is the case, the estimates and assumptions are reconsidered. If an estimate is reviewed, it will be adjusted for in the relevant period.

Estimates, judgements and assumptions are used in the valuation of the investment portfolio. In order to ensure that the estimates, judgements and assumptions are as reliable as possible, a Valuation Committee monitors the valuation methods used.

Accounting policies for the cash flow statement

The cash flow statement has been prepared using the direct method based on incoming and outgoing cash flows, and categorised based on investment activities by nature.

General accounting principles for the preparation of the financial statements

General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost or at fair value. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, profit and loss account (and cash flow statement) references are made to the notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Foreign currency

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the respective entity operates (the functional currency). The financial statements are presented in euros, which is the functional and presentation currency of Stichting Triodos Finance Foundation.

Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Financial instruments

Monetary assets and liabilities (such as receivables and liabilities) and financial derivatives are included under financial instruments. For a description of the accounting principles of monetary assets and liabilities, reference is made to the notes per balance sheet item.

Financial derivatives are initially recognised at fair value on the date on which a financial contract is entered into and are subsequently remeasured at fair value at each balance sheet date. Financial derivatives that do not have a quoted market price in an active market are valued at the lower of cost and fair value. Any gains or losses arising from changes in fair value on financial instruments that do not qualify for hedge accounting, are taken directly to the income statement.

Assets and liabilities are only offset in the financial statements if and to the extent that: - An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; and - There is a positive intention to settle the assets and liabilities on a net basis or simultaneously.

Accounting policies applied to the valuation of assets and liabilities

Financial fixed assets

Participations

Participations are valued at fair value. The fair value of participations that concern securities with a listing on an active stock exchange are valued at the last-known stock price.

The fair value of participations that do not concern securities with a listing on an active stock exchange or without a regular market listing can be determined in various ways: firstly, on the basis of the most recent market quotation, taking into account market developments that have already occurred; secondly, on the basis of the profitability value, return value and / or net asset value, which may or may not be considered in combination, and that may be considered relevant in relation to the purpose for which the investment is held; thirdly, based on the market value of comparable investments for which there is an active market with a regular market quotation. The first valuation of a participation consists of the cost price including transaction costs. After initial processing, participations are valued at fair value. Value changes are processed through the profit and loss account. When selling, transaction costs are deducted from the sales proceeds.

Loans

Loans are valued at amortised cost after deduction of specific provisions for debts in anticipation of non-recovery. Both loans and provisions are valued at the applicable exchange rate at the balance sheet date. This method can be considered the best estimate for the fair value of the loans.

Currency hedging instruments

The accounting policy for currency forward contracts is the fair value at initial recognition in the balance sheet, whereby all assets and liabilities arising from currency hedging instruments are calculated using market-based present value models. This calculation is made at the balance sheet date by discounting the future cash flows per contract using the interest rate curve of the relevant currency. In the absence of objective interest rate curves, the manager can use the valuations resulting from the reconciliations with counterparties. The outcome of this valuation is also used for the exchange of collateral in accordance with contractual provisions. Currency hedge instruments are also valued at fair value for subsequent valuations. Value adjustments are taken to the profit and loss account.

Other instruments (ERPA)

Other instruments are initially valued at the acquisition price, including transaction costs. After initial processing, participations are valued at fair value.

The fair value of other instruments can be determined based on the market value of comparable instruments for which there is an active market with a regular market quotation. Value changes are processed through the profit and loss account. When selling, transaction costs are deducted from the sales proceeds.

Bonds (non-listed)

Non-listed bonds are valued at amortised cost. Bonds are valued at the applicable exchange rate at the balance sheet date. This method can be considered as the best estimate for the fair value of the non-listed bonds.

Impairment of non-current assets

On each balance sheet date, the team 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 realisable value 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.

Other receivables

Other receivables are recognised initially at the fair value and are subsequently measured at amortised cost. The maturity is less than one year.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value and are at free disposal of the foundation. Cash at banks is carried at nominal value. The maturity is less than one year.

Revaluation reserve

If revaluations have been recognised in the revaluation reserve after the deduction of relevant (deferred) tax liabilities, the gross result of the realised revaluations is recognised in the profit and loss account. The corresponding release of the (deferred) tax liabilities is charged to the operating result as tax on the result.

Current liabilities

On initial recognition, current liabilities are recognised at fair value. After initial recognition, current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value. The maturity is less than one year.

Accounting principles for determining the result

General

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The principle for determining profit is based on the attribution of income and expenses to the relevant period of realisation. The income from payments of profit on investments is accounted for in the year when payment is made available. The conversion of income and expenses into euros occurs at the exchange rate applying on the transaction date. Unrealised value adjustments of investments, currency hedging instruments, exchange rate differences and additions to and reversals of specific provisions are separately debited or credited to the profit and loss account. Unrealised positive revaluation results as unrealised value adjustments of investments are added to the revaluation reserve.

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 reliably measured.

Financial income and expenses

Expenses

Expenses are attributed to the corresponding period. When determining the accruals, expenditure paid in advance is also taken into consideration.

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking into account the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration

Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised unless hedge accounting is applied.

Taxes

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 (if applicable and to the extent that they have not been included in the deferred tax assets), exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Financial instruments and risk management

The foundation is exposed several financial risks. The policy of Triodos Sustainable Finance Foundation regarding these risks is as listed below.

Market risk

Market risk concerns the risk that the value of an investment fluctuates as a result of fluctuations of the following external factors:

- I. Exchange rate (currency risk)
- II. Interest rate (interest rate risk)
- III. Market price (market price risk)

Ad I: The reference currency for Triodos Sustainable Finance Foundation is EUR, while its investments are also made in USD or other (local) currencies. In 2020 the Board decided that the foreign currency exposure of equity Investments are no longer hedged. Any open hedge contracts remained active upon expiration. Since the end of 2021, no hedges were applicable anymore.

Ad II: The result of Triodos Sustainable Finance Foundation is partly dependent on developments in the capital market. Depending on the composition of the portfolio, a change in the interest rate on the capital market may have a positive or negative effect on the results of Triodos Sustainable Finance Foundation. Given the nature of the loans, the fact that there is no active market for these loans, the subjective assumptions regarding the interest rate determination and the relatively short interest rate periods, the interest rate changes have a limited effect on the valuation. As a result, the interest rate risk experienced by Triodos Sustainable Finance Foundation is also limited.

Ad III: Investments in participations involve market price risk. The value of these investments is influenced by external factors, such as the prospects of economic growth and inflation. The more fluctuation, the greater the market risk. The foundation cannot defend itself from macroeconomic factors that affect for example the value of agricultural land and other financial investments.

Concentration risk

Ultimo 2021, Triodos Sustainable Finance Foundation had a material exposure to one investee in the portfolio, being ACLEDA Bank in Cambodia. The position in ACLEDA BANK per year end 2021 was sold in full during the 2022 financial year.

Valuation risk

Valuation risk refers to the risk that the values of the participations do not reflect the fair market value because valuations are based on infrequent market-based data, assumptions and peer group comparisons. As Triodos Sustainable Finance Foundation invests almost exclusively in assets that are not traded on a regulated market and are not listed on any stock exchange, its investments may not have readily available prices and may be difficult to value. To determine the value of these investments, the foundation employs a consistent, transparent and appropriate valuation methodology, based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV) as published by the IPEV Board and endorsed by the European Private Equity and Venture Capital Association (EVCA). To the extent that this methodology relies on periodic market-based data and peer group comparisons, the valuation of the assets may fluctuate with the variations in such data.

Credit risk

Credit risk is the risk that borrowers of Triodos Sustainable Finance Foundation cannot fulfil their debt service obligations. Most of the foundation's investees are characterised by a relatively high credit risk profile. This is mitigated by the strategy to diversify the portfolio, limiting the exposure to one single investee. In addition, the investments are subject to a strict approval and monitoring process.

Liquidity risk

The investment portfolio of Triodos Sustainable Finance Foundation is relatively illiquid: it consists of participations in privately owned businesses or loans for which there is no active secondary market. Recurrent financial obligations are mainly management fees.

Notes to the balance sheet as at 31 December 2022

Assets

1. Financial fixed assets

Movements in the investments during 2022:

	Parti- cipations	Convertible loans	Sub- ordinated loans	Senior loans	Impact Bonds on Carbon Credits	ERPA Investments	Total
Position at 1 January	19.928.046	200.000	1.125.000	1.666.001	1.000.000	-	23.919.047
Investments/ disbursements/ additions	152.845	-	1.500.000	1.050.000	-	750.000	3.452.845
Sales/repayments /releases	-16.835.769	-	-375.000	-130.024	-	-	17.340.793
Provision	-	-40.000	-	881.780	-	-	841.780
Revaluations	2.597.214	-	-	-	-	-	2.597.214
Exchange rate differences	-203.841	-	-	57.358	-	-	-146.483
Position at 31 December	5.638.495	160.000	2.250.000	3.525.115	1.000.000	750.000	13.323.610

The revaluations shown in the tables above, show the net amounts of positive and negative revaluations of all participations during the year. In case there is a cumulative positive revaluation of an individual participation, the revaluation is shown in the revaluation reserve and therefore no direct reconciliation can be made. The fair value of the investments is materially in line with the carrying value of these investments.

The remaining terms of the loans vary from 0 to 48 months, which is detailed in the table below. The loans are mainly risk-bearing loans without mortgage security or other collateral. The interest charged on the loans outstanding at balance date vary from 3% to 8,25%.

Senior loans	2022	2021
Maturing < 1 year	941.337	-
Maturing > 1 year	2.583.778	1.666.001
Total	3.525.115	1.666.001

Provision for senior loans	2022	2021
Balance as at 1 January	1.324.829	1.274.013
Additional provisions	-	-
Write-off	-	-
Reversal	-991.836	-57.820
Exchange rate differences	110.056	108.636
Balance as at 31 December	443.048	1.324.829

2. Receivables and deferred assets	31-12-2022	31-12-2021
Interest on loans and bonds	278.630	527.891
Corporate Income Tax	505.181	230.263
Interest on cash and cash equivalents	62.345	-
Other	23.584	66.088
	869.740	824.242

Receivables are expected to be received in less than one year.

3. Cash and cash equivalents	31-12-2022	31-12-2021
Triodos Bank current account EUR	7.395.640	9.237.842
Triodos Bank savings account EUR	22	444
Triodos Bank term deposits EUR	10.000.000	-
Rabobank current account EUR	14.793.878	10.483.849
Rabobank current account USD	1.323.151	113.315
	33.512.691	19.835.450

The cash and cash equivalents item comprises the balances on current accounts, savings accounts and deposits held at Triodos Bank and Rabobank. At the end of 2022, the outstanding balance on demand amounts to EUR 23,512,691 (2021: EUR 19,835,450). At year-end 2022, the balance placed on term deposits amounted to EUR 10,000,000 and was not at free disposal at balance date. The term of the deposits is shorter than one year. The summary of the term deposits at balance date is:

	Amount	Expiry date	Interest rate
Triodos Bank term deposit EUR	5.000.000	14-06-2023	2.00%
Triodos Bank term deposit EUR	5.000.000	14-12-2023	2.20%

The balances on current and savings accounts are immediately available. No interest is paid on the balance per account held at Triodos Bank at year-end 2022 (year-end 2021: -0.70% above the EUR 100,000). Interest on the balance of the current account at Rabobank is 1.73% at year-end 2022 (year-end 2021: -0.70%).

4. Capital	2022	2021
Position at 1 January	32.128.869	32.128.869
Result previous year	-	-
Position at 31 December	32.128.869	32.128.869

The total equity is on a going concern basis at free disposal of Triodos Sustainable Finance Foundation, as long as it does not decide to wind up the Foundation, or amend the articles (see 'other Information' section).

5. Revaluation reserves	2022	2021
Position at 1 January	2.306.332	1.676.734
Movement positive revaluations	-1.980.525	629.598
Position at 31 December	325.807	2.306.332

6. Other reserves	2022	2021
Position at 1 January	11.270.391	19.405.020
Movement positive revaluations	1.980.525	-629.598
Result previous year	-2.079.424	-7.505.031
Position at 31 December	11.171.492	11.270.391

7. Unappropriated result	2022	2021
Position at 1 January	-2.079.424	-7.505.031
Movement to other reserves	-2.079.424	7.505.031
Unappropriated result current year	2.982.859	-2.079.424
Position at 31 December	2.982.859	-2.079.424

8. Accruals and deferred income	31.12.2022	31.12.2021
Accounts payable	27.376	-
Independent auditor's and consultancy fees	31.921	11.500
Sales tax (VAT)	5.749	-
Principal repayments received in advance	725	-
Interest payable	-	23.393
Miscellaneous	7.332	6.817
	73.103	41.710

The amounts payable are expected to be paid within one year.

Off-balance sheet items

9. Off-balance sheet commitments	2022	2021
Participations: Bolsa Social Impacto FESE	200.000	300.000
Participations: LeapFrog Financial Inclusion Fund	-	164.278
Senior loan: See Ranger Ships BV	371.844	-
Senior loan: Stichting Herenboeren	625.000	-
ERPA: Ecosystem Value Association Service GmbH.	-	375.000

The commitment periods are uncertain as they depend on capital calls by the client and/or client development targets that must be realised before a new commitment will be disbursed.

Notes to the profit and loss account for the year ended 31 December 2022

Income

10. Revenues from investments: participations

This item comprises cash dividends of EUR nil (2021: EUR 596.300) of no company (2021: one company) in which a participation is held.

11. Revenues from investments: (convertible, subordinated) loans issued

This includes interest income on convertible, subordinated and senior loans provided.

Expenses

12. Other expenses

	2022	2021
Management fee	1.356.181	1.230.647
Independent auditor's fees	16.969	6.963
Office expenses	2.247	3.059
Advisory costs	33.125	-
Legal fees	35.970	23.517
Movement in loan provision	-908.315	189.481
Total management expenses	536.177	1.453.667

Triodos Bank N.V. (Triodos Regenerative Money Centre) performed management activities and received the following fee:

- 2.25% (annually) of the value of the balance sheet total at the end of each quarter.
- Carried interest over cash dividends after hurdle rate.
- Carried interest over equity sales after hurdle rate.

13. Financial income and expenses

	2022	2021
Interest income	-62.345	-
Interest expense	109.271	134.576
Exchange rate differences	-1.937.324	-108.524
Results currency hedging instruments	-	374
Total financial income and expenses	-1.890.398	26.426

The interest expense relates to the interest costs on current accounts.

Exchange rate differences on current assets, accounts payable, provisions, deferred liabilities and forward currency hedging instruments are reported here.

'Results currency hedging instruments' relates to the transaction costs on currency hedging instruments.

14. (Appropriation of the) net result

The positive result for 2022 of EUR 2.982.859 million (2021: EUR -2.079.424 million) will be added to the other reserves.

Subsequent events

After end of the financial year, the sales process of the fund's investment in Rhea Holding came to an end and the proceeds were received on the accounts in February 2023.

Related parties

Triodos Sustainable Finance Foundation is related to other legal entities. The relevant related parties and corresponding transactions over 2022 and / or positions as at 31 December 2022 are:

1. Triodos Bank N.V.:
 - Triodos Bank N.V., via its business unit Triodos Regenerative Money Centre, carries out management activities for Triodos Sustainable Finance Foundation and receives a competitive management fee and carried interest for these activities from the profit (after deduction of a hurdle rate) realised from sales of participations and over received dividends (amounting to EUR 1.341.866 management fee and 14.315 carried interest for 2022).
 - Triodos Sustainable Finance Foundation has deposited part of its cash and cash equivalents (52%) with Triodos Bank at arm's-length rates.
2. Triodos Bank NV is the sole shareholder of Triodos Investment Management B.V. Triodos Impact Strategies II: Triodos Food Transition Europe Fund (formerly known as Triodos Organic Growth Fund) is managed by Triodos Investment Management B.V.. Triodos Sustainable Finance Foundation has made a (historical cost) EUR 3.000.000 investment in Triodos Food Transition Europe Fund.
3. Triodos Sustainable Finance Foundation participated in investments in shares together with Triodos Fair Share Fund, Stichting Hivos-Triodos Fund and Triodos SICAV II-Triodos Microfinance Fund, financing a total of EUR 2.332.734 at year-end 2022 (2021: EUR 14.397.588). Triodos Investment Management acts as syndicate leader and carries out the management of these entities.

Driebergen-Rijsenburg, 22 June 2023

Board of Management

Jacco Minnaar
Thomas van Craen
Mikel Garcia-Prieto Arrabal

Other information

Governance

During 2022, the Board of Management of Triodos Sustainable Finance Foundation consisted of Jacco Minnaar, Thomas van Craen and Mikel Garcia-Prieto Arrabal.

The management of the foundation is done by Triodos Regenerative Money Centre, a business unit of Triodos Bank NV. Riella Hollander is Managing Director of the business unit and reports to Jacco Minnaar, member (CCO) of the Executive Board of Triodos Bank N.V.

Agreement with DOEN Foundation

As described in the articles of Triodos Sustainable Finance Foundation and referring to the agreement with DOEN Foundation dated 22 December 2011, the foundation has the right to change the destination of any credit balance on dissolution and to amend the articles subject to the condition that the foundation makes a supplement donation to DOEN-Postcodeloterij Foundation of EUR 10.000.000, which amount will be corrected with a fixed inflation percentage of 2% on an annual basis commencing per 2014 and that any credit balance that remains can only be applied in favour of general utility institutions who pursue the original objects of the foundation as described in article 2.1.

ANBI-status

Stichting Triodos Sustainable Finance Foundation has a charitable status in the Netherlands (ANBI-status). Stichting Triodos Sustainable Finance Foundation is registered under RSIN: 802577313. At the beginning of 2020, the foundation requested to cancel its registration since the use of this status was deemed limited, however this request is now reconsidered (the cancellation was not effectuated yet).

Independent auditor's review report

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

Independent auditor's review report

To: the Board of Stichting Triodos Sustainable Finance Foundation

Our conclusion

We have reviewed the financial statements 2022 of Stichting Triodos Sustainable Finance Foundation based in Zeist.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Stichting Triodos Sustainable Finance Foundation as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

- The financial statements comprise:
- The balance sheet as at 31 December 2022;
- The profit and loss account for 2022;
- The cash flow statement for 2022; and
- The notes comprising of a summary of the accounting policies 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.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2400 'Opdrachten tot het beoordelen van financiële overzichten' (Engagements to review financial statements). A review of financial statements in accordance with the Dutch Standard 2400 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the financial statements' section of our report.

We are independent of Stichting Triodos Sustainable Finance Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (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).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management for the financial statements

Management 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. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2400.

Our review included among others:

- Obtaining an understanding of the entity and its environment and the applicable financial reporting framework, in order to identify areas in the financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of the entity's accounting systems and accounting records and consider whether these generate data that is adequate for the purpose of performing the analytical procedures;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the financial statements;
- Obtaining assurance evidence that the financial statements agree with, or reconcile to, the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering the appropriateness of accounting policies used and considering whether the accounting estimates and related disclosures made by management appear reasonable;
- Considering the overall presentation, structure and content of the financial statements, including the disclosures; and
- Considering whether the financial statements and the related disclosures represent the underlying transactions and events in a manner that gives a true and fair view.

Rotterdam, 23 June 2022

Grant Thornton Accountants en Adviseurs B.V.

W.A. van Es RA

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This report can be downloaded from: www.triodos.com/trmc