

A woman in traditional colorful Guatemalan embroidery is shown working on a textile. She is wearing a vibrant, multi-colored blouse with intricate patterns and a purple skirt. She is holding a large, dark, woven fabric piece. In the background, another woman is also working on a textile. The scene is set outdoors, possibly in a market or a community center.

# Stichting Hivos-Triodos Fonds

Annual Report 2023

Stichting Hivos-Triodos Fonds is a joint initiative of Stichting Hivos and Triodos Bank.



**Triodos  Bank**

Triodos Investment Management is a 100% subsidiary of Triodos Bank and is the manager and forms the board of directors of Stichting Hivos-Triodos Fonds.

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# Key Figures

Amounts in euro	2023	2022
Participations value at the end of the year	28,863,749	28,767,552
<i>Number of contracts</i>	17	17
Loans provided	23,900,563	29,947,762
<i>Number of borrowers</i>	22	26
Subordinated loans provided	398,230	400,949
<i>Number of subordinated borrowers</i>	1	1
Total portfolio before deduction of specific provisions including loan claims and assets managed by third parties	55,258,198	61,188,869
Committed investments	7,791,053	7,391,141
Gross amount subordinated loan from Hivos	31,842,465	31,842,465
Net amount subordinated loan	31,842,465	31,842,465
Equity	16,296,896	17,869,271
<b>Result</b>	<b>Over 2023</b>	<b>Over 2022</b>
Income	1,355,496	4,390,829
Operating expenses	-3,290,915	-3,323,075
<b>Operating result</b>	<b>-1,935,419</b>	<b>1,067,754</b>
Movement in general provision	421,269	-23,567
Exchange rate result	-58,225	455,887
Corporate income tax	-	141,108
<b>Result</b>	<b>-1,572,375</b>	<b>1,358,966</b>

# General Information

Stichting Hivos-Triodos Fonds (the Fund or the Foundation) was founded on 22 December 1994 by Stichting Hivos (Hivos) and Stichting Triodos Fonds.

The objective of the Foundation is defined in the articles of association as follows: 'The Foundation's aim is to contribute to the sustainable development of countries that have lagged behind in terms of prosperity and welfare, in the broadest sense of the word'. Stichting Hivos-Triodos Fonds has its registered office in Driebergen-Rijsenburg.

## Board of Directors

Triodos Investment Management B.V. forms the board of directors of Stichting Hivos-Triodos Fonds. Until November 2023, the board of directors consisted of Jacco Minnaar and Dick van Ommeren.

## Manager

Stichting Hivos-Triodos Fonds is managed by Triodos Investment Management B.V.. Triodos Investment Management is licensed under the Financial Supervision Act. The board of Triodos Investment Management consists of:

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

For the practical implementation of the investment management mandate, Stichting Hivos, Triodos Bank, Triodos Investment Management and Stichting Hivos-Triodos Fonds have concluded a cooperation agreement. Stichting Hivos-Triodos Fonds and Triodos IM have concluded an investment management agreement for this purpose.

## Fund Manager

Triodos Investment Management has appointed a fund manager. Judith Santbergen has been fund manager of Stichting Hivos-Triodos Fonds since November 2021.

## Supervisory Board

The members of Supervisory Board are:

Michel Farkas  
Diane Griffioen  
Ylse van der Schoot  
Johan van de Ven (chair)

Bernedine Bos resigned from the Supervisory Board in November 2023. Since June 2024, Pat Pillai is no longer a member of the Supervisory Board.

# Report of the Board of Directors

Stichting Hivos-Triodos Fonds (the Foundation) was set up in 1994 with the aim of contributing to sustainable socio-economic development in developing countries. Because access to financial services is an essential aspect of this, the initial focus of Stichting Hivos-Triodos Fonds was to finance microfinance institutions that provide financial services to people in the lower income strata of society. Those who have access to credit, savings products, payment services and micro-insurance can build a livelihood, use talents, and create jobs.

An accessible and well-functioning financial sector thus forms an important foundation for building a solid local economy.

Since 2011, Stichting Hivos-Triodos Fonds has been committed to promoting access to renewable energy and contributing to the development of sustainable agricultural value chains in developing countries. In doing so, Stichting Hivos-Triodos Fonds builds on knowledge and experience of Stichting Hivos (Hivos) and Triodos Bank in these sectors. Stichting Hivos-Triodos Fonds invests directly in companies and organisations active in sustainable agriculture and/or renewable energy. In addition, investments are made in local financial institutions and specialised funds through which financing is provided to end-customers that cannot be reached via a direct investment strategy.

The formation of the United Nations Sustainable Development Goals and the 2015 Paris Climate Agreement reflect an increasing global awareness that sustainable change is needed. Access to finance, access to renewable energy and the greater sustainability of agricultural value chains are recurring themes that contribute to achieving the Sustainable Development Goals.

In this context, at the end of 2020, the Supervisory Board endorsed the Strategic Plan of Stichting Hivos-Triodos Fonds for the period 2021-2025. This strategy was jointly developed by Hivos and Triodos Investment Management (the Manager) and builds on the experience of recent years. Climate change and population growth are among the biggest challenges facing developing countries in the coming decades. Stichting Hivos-Triodos Fonds sees the transition to a green economy as crucial for sustainable development; inclusive economic progress, employment and poverty reduction while maintaining healthy ecosystems. In developing countries, energy and agricultural sectors are crucial in this respect, given their role in climate change and their socio-economic importance. Small and medium-sized enterprises (SMEs) play an important role globally as drivers of the economy and innovation; they generate 7 out of 10 formal jobs and 40% of the gross national product in developing

countries. At the same time, SMEs in these countries suffer from a chronic lack of access to finance.

Stichting Hivos-Triodos Fonds' strategy therefore focuses on financing green, inclusive SMEs in developing countries, particularly in the sustainable agricultural value chain and renewable energy sector. With this, Stichting Hivos-Triodos Fonds aims to provide resilience to the effects of climate change and achieve socio-economic progress, especially for vulnerable groups such as women, youth, and rural communities. And, by proving that investments in this space can be successful, Stichting Hivos-Triodos Fonds can also inspire change: for investees, investors and the broader public. In its strategic plan 2021-2025, Stichting Hivos-Triodos Fonds also expresses its ambition for growth by attracting new funding from third parties.

There were no research and development activities during the year.

## Special event

In 2023, the longrunning discussion with the Uganda Revenue Authority (URA) with respect to the tax treatment of the sale of shares in Centenary Bank by Stichting Hivos-Triodos Fonds in 2019 has been concluded. The URA issued an amended private ruling stating that the Foundation should not be liable for taxes in Uganda, as the gains are taxable in the Netherlands. This marks the end of the process of a private ruling and discussion on the tax treatment of the sale of shares. Consequently, the provision for legal costs has been released.

## Market developments

The year 2023 unfolded as a year marked by extraordinary events and challenges. It stood out as the warmest on record, with the influence of the El Niño climate phenomenon amplifying the overall warming trend. This led to a series of extreme weather events worldwide, significantly impacting human lives. Natural disasters shook the global landscape, with notable earthquakes leaving profound impacts, like in Turkey, Syria and Morocco.

In addition to the environmental upheavals, geopolitical tensions and conflicts added to the year's complexity. The Ukraine-Russia war entered its second year, with persistent heavy fighting and minimal territorial gains for either side. In the latter part of the year the Israel-Gaza war started, following the Hamas attack of October 7 on Israel.

Beyond humanitarian and environmental crises, the focus of the year centred on combatting inflation. Following the surge in 2022, inflation remained elevated in the first half of 2023. Multiple central banks responded by substantially raising interest rates, even if it risked triggering a recession, which successfully contributed to reducing inflation in the second half of the year. Encouraged by this success, major central banks like the Federal Reserve (Fed) and the European Central Bank (ECB) decided to halt further rate hikes for the time being.

The global economic activity expanded 3.1% in 2023, below the historic average of this century but surpassing earlier expectations. The re-opening of the Chinese economy provided some stimulus at an early stage, while the Eurozone avoided an energy related recession. The US economy and several large emerging market and developing economies held up well throughout the year.

The Hivos-Triodos Fonds' portfolio is highly diversified in terms of geographies. India, the largest country exposure in the portfolio, has seen strong growth of 7.3% GDP for third year in a row. However, adverse weather conditions affected food production, causing upward pressure on food prices. For Sub-Saharan Africa, a key focus region for the Foundation, the year 2023 posed challenges to many countries; the regional growth rate was 3.3% in 2023, falling for second year in a row. Kenya, the largest country exposure in the region, saw its growth strengthened due to a rebound in agriculture and moderate growth in services (tourism), while challenges to sustain growth persist.

## Currency movements

In the first nine months of the year the Fed and ECB continued their restrictive monetary policies that were started in 2022 to reduce the high inflation. This policy led to significantly lower inflation in 2023 compared to its peak in 2022. As the major central banks followed the same restrictive policy, the euro only marginally gained in value compared to the US dollar. Overall, the US dollar depreciated by 3.5% against the euro in 2023.

Generally speaking, the euro demonstrated a strengthening against various emerging market currencies. The Indian rupee depreciated by 4.8% against the euro in 2023.

## Sector developments

### Ecologically and socially resilient food & agri-systems

Stichting Hivos-Triodos Fonds focuses on investments to make agricultural value chains sustainable, inclusive and resilient from production to consumption. Key themes are: improving the welfare and prosperity of smallholder farmers, stimulating sustainable agricultural practices, promoting climate adaptation & mitigation measures, strengthening efficiency in the value chain and increasing local value creation and distribution.

The year 2023 was a challenging one for the food and agricultural sector. The ongoing impact of the war in Ukraine has been causing supply chain disruptions, shortage of staple foods in Africa, shortage of (organic) fertilizer and consequent increases of prices of inputs worldwide. El Niño caused severe droughts in Asia and Africa, causing a fallback in production of staple foods such as rice and soft commodities such as cocoa, leading to export bans and high prices, and creating pressure on the international market for these crops. Globally, demand for premium products like coffee, cocoa, and tree nuts has dropped, as consumer demand eroded in response to affordability.

Agricultural SMEs with strong capital buffers are more resilient to deal with these consecutive challenges, whereas others have taken more debt to finance investments to diversify and expand, reducing the capital buffers and increasing the risks. For companies that required equity, the year 2023 posed serious challenges, due to downturn in private equity markets. Stichting Hivos-Triodos Fonds carefully navigated these challenges by providing flexible working capital facilities, sometimes including minor capex financing, while preventing overfinancing of its clients.

Amidst these challenges, an interesting trend is the growing agri-tech space. Agri-tech, ag-tech or digital agriculture, is the application of technology and digital tools to farming. It encompasses a wide range of technologies, including automation, biotechnology, information monitoring and data analysis. Agri-tech can be used to improve efficiency, increase yields, reduce costs and boost sustainability. It has become increasingly important in recent years as demand for food increases and climate change becomes an ever present threat to food security. During the year, Stichting Hivos-Triodos Fonds onboarded Farmerline in Ghana, a company that provides a digital traceability solution which meets the growing demand for ethical sourcing, and new regulations like the European Union Deforestation Free Regulation.

### **Decentralised renewable energy solutions**

Stichting Hivos-Triodos Fonds contributes to enabling access to clean, affordable and reliable energy and (productive use) appliances for low-income households, farmers and SMEs. Access to energy contributes to households' prosperity and wellbeing, and income generation for businesses with minimal greenhouse gas emissions, to minimise the impact of climate change.

Recent data and analysis from the International Energy Agency (IEA) suggest that in 2023 progress on expanding access to energy has resumed, with solar home systems playing a major role. In Sub-Saharan Africa the number of people without access is on track to stabilise in 2023 after rising for three consecutive years. Significant growth is, however, still needed to catch up to where the sector was forecast to be before the effects of the COVID-19 pandemic.

As in many industries, the off-grid solar sector was affected by the prolonged period of uncertainty driven by global events. In addition, extreme weather events in key markets in Africa and South Asia as well as greater insecurity and political instability in West Africa posed additional challenges to the industry. Affordability also remains a key challenge in markets with high inflation. In this context, access to finance plays a critical role, as well as continuing to invest in product affordability.

In its recent report, GOGLA (the global association for off-grid solar) highlighted that sales figures for 2023 were below 2022, yet above pre-pandemic levels. However, companies focusing on household solar saw a decrease in investment in 2023 compared to 2021 and 2022. This is a worrying signal that the sector is not receiving the capital it needs.

Not only access to energy, but also energy poverty – the lack of access to modern energy services – needs to be addressed. The wellbeing of large numbers of people is negatively affected by very low consumption of energy, use of dirty or polluting fuels, and excessive time spent collecting fuel to meet basic needs. Finally, technological innovation is a crucial factor. This is particularly important in regions with limited or unreliable traditional grid infrastructure, allowing for more flexible, resilient and scalable energy solutions.

Two inspiring examples from the portfolio of Stichting Hivos-Triodos Fonds that provide much needed solutions; WeLight Madagascar, added to the portfolio in 2023, provides access to energy for 45,000 households and businesses by developing and building mini-grids in Madagascar. And, Ecozen Solutions in India, a portfolio company since 2019, that has started to export its innovative clean technology for cold storage and solar

irrigation to Africa, thereby helping to shape the broader sector.

### **Access to financial services**

Stichting Hivos-Triodos Fonds invests in local financial institutions or specialised funds through which financing is provided to end-customers that cannot be reached via a direct investment strategy. Examples are funds that provide seed capital to early-stage companies, tech-enabled lenders, or microfinance institutions that finance farmers or small businesses.

The impactful events of 2023 cast a profound influence on access to basic necessities. In this challenging landscape, microfinance institutions had an important role to play in providing vital access to financing, thereby helping individuals and businesses regain access to essential resources.

In the past years, the Fintech industry has been assuming an increasingly significant role in banking the unbanked. The rise of mobile and digital banking has, for instance, helped millions of Africans gain access to finance in areas where traditional banking networks are unavailable. This trend is poised to intensify with the rapid ascent of artificial intelligence in 2023.

Stichting Hivos-Triodos Fonds invests in fintech firms targeting un(der)served SMEs. For example, FinAktiva in Colombia, a lending platform for high-impact underserved SMEs. The Foundation also invests in embedded finance companies that use financial technology to better deliver their products or services. For example, SunCulture in Kenya, that offers solar irrigation systems to smallholder farmers via a Pay-As-You-Grow model that allows farmers to pay in affordable instalments. This intersection of financial inclusion and climate resilience solutions is a relevant area for Stichting Hivos-Triodos Fonds.

## **Portfolio developments**

The total portfolio size of Stichting Hivos-Triodos Fonds reduced to EUR 53,162,542 as per 31 December 2023 compared to EUR 59,116,263 as per 31 December 2022. For a further explanation, please refer to the section headed 'participations' and 'loans'.

### **Regional spread**

Stichting Hivos-Triodos Fonds has a highly diversified portfolio, distinguishing it from other investors in the sector by its relatively large 33.8% share in Africa and the Middle East.



### Risk classification

Stichting Hivos-Triodos Fonds applies a risk classification system in which credit risks are systematically assessed. An in-house credit risk scoring model for SMEs is used to assess counterparty risk. Various factors such as country risk, the degree of maturity and the profitability of the organisation are assessed. The Foundation focuses on medium to higher risk classes.

### Participations

The size of the participation portfolio on the Foundation's balance sheet stayed more or less stable with EUR 28.9 million, a small increase. No new participations were added during the year. Only EUR 0.7 million was drawn from outstanding commitments to existing participations, and EUR 0.6 million was received from distributions. The portfolio showed, however, some stark contrast in terms of performance of the underlying assets during 2023.

The Foundation incurred significant valuation losses in two holdings in funds in Africa, and one co-investment with a fund in India. Looking into the underlying companies, it concerns early-stage investments in agri (tech) companies. The movement in valuation reflects the challenges in the agricultural sector, as discussed in the sector developments, compounded by the challenges in venture capital markets in 2023. The participations portfolio also showed two positive outliers, both holdings concern co-investments alongside a fund in India with a climate & green tech profile. The companies have shown strong performance during the year and have a positive outlook. The valuation gains from these holdings have offset the losses in the portfolio.

For all participations, Stichting Hivos-Triodos Fonds as shareholder actively supervises, inter alia, the institution's social mission, by, for example, serving on the participation's supervisory body.

### Portfolio by region

	2023	2022
Africa and the Middle East	33.8%	36.9%
East Asia and the Pacific	3.4%	6.5%
Eastern Europe and Central Asia	0.0%	0.0%
Latin America	23.4%	25.8%
South Asia	33.2%	24.0%
United States	6.3%	6.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

### Loans

In 2023, Stichting Hivos-Triodos Fonds' loan portfolio decreased by 20% from EUR 30.3 million to EUR 24.3 million.

During 2023, Stichting Hivos-Triodos Fonds provided new loans to 11 companies, of which 8 trade finance loans (further discussed below). During the year, three new companies entered the portfolio: Gorilla Summit in Uganda (trade finance), WeLight in Madagascar and Farnerline in Ghana. The Foundation also provided a new loan to its existing client FinAktiva in Colombia in supports of its growth.

Two organisations completely repaid their loans in 2023 as they had outgrown the Foundation's portfolio, like M-Kopa in Kenya, which company's revenues had grown significantly, since the Foundation's initial investment in 2015. A fintech in Peru also repaid its loan, as part of the redeployment of funding towards opportunities in Africa region.

### Trade finance

Since August 2018, Stichting Hivos-Triodos Fonds has been providing trade finance to producers of organic and/or fair trade products in developing countries. Thanks to this trade financing from the Stichting Hivos-Triodos Fonds, farmers can be paid directly upon delivery of their harvest.

At the end of 2023, Stichting Hivos-Triodos Fonds had 11 agri processors in its portfolio and provided new trade finance facilities to 8 portfolio companies during the year. Through its portfolio, the Foundation supported the export of 7 different sustainably produced products, of which coffee constituted a significant part (45%). During 2023, the volume of trade finance reduced significantly (-41%) compared to previous year(s): new facilities to existing clients were reduced and, in some cases, put on hold, due to increased risk profile, decreased production levels or decreased consumer demand. During the year one new trade finance client was onboarded, Gorilla Summit in Uganda.

### Bad debt provisions

In 2023, Stichting Hivos-Triodos Fonds increased the total provisions to EUR 1.4 million (year-end 2022: EUR 1.2 million). There was a write-off (EUR 151,685) of a fully provisioned loan. During the year, Stichting Hivos-Triodos Fonds increased loan provisions in Myanmar and took a small new loan provision in Thailand. The provision in Myanmar has been increased due to continued political uncertainty. The Foundation is pursuing an exit strategy for its investment in Myanmar. The provision in Thailand was related to company-specific circumstances. Stichting Hivos-Triodos Fonds is closely monitoring the situation with these investees and maintains close contact. Overall, the performance of the loan portfolio remained stable.

## Result

### Financial result

In 2023, there was no dividend income on equity investments (2022: no dividend income), while the proceeds on (subordinated) loans decreased by EUR 1,034,832 to EUR 2,586,804 (2022: EUR 3,621,636). The unrealised results from changes in the value of participations (including exchange rate differences) was EUR 11,813. The income from (subordinated) loans amounted to EUR 2,586,804. This combined with realised and unrealised results in Investments and other income, resulted in a total profit of EUR 1,355,496.

Stichting Hivos-Triodos Fonds realised a negative operating result of EUR 1,935,419 (2022: EUR 1,067,754 positive operating result) and achieved a negative pre-tax result of EUR 1,572,375 (2022: EUR 1,500,074).

The equity decreased to EUR 16,296,896. The equity is fully freely disposable and is used to contribute to the foundation's objectives.

### Costs

Stichting Hivos-Triodos Fonds pays a management fee to Triodos Investment Management and other third parties. The total management fee including non-deductible value added tax amounts to EUR 1,869,918 (2022: EUR 1,911,745) and is the largest cost item and concerns in particular personnel costs. Of the total amount EUR 1,738,753 is attributable to Triodos Investment Management (2022: EUR 1,824,251).

In addition, all efforts related to administration and reporting obligations are met from the management fee. In addition to the management fee, Stichting Hivos-Triodos Fonds pays interest and other expenses. The total interest cost, driven by the cooperation agreement with Stichting Hivos which came into effect as per 1 January 2021, decreased to EUR 1,252,859 (2022: EUR 1,271,916). The total operating expenses in 2023 amounted to EUR 3,290,915 (2022: EUR 3,323,075).

## Financial risks

In 2023, the Foundation faced a number of financial risks. The main ones were:

- Market risk, including interest rate risk;
- Country risk ;
- Credit risk; and
- Sustainability risk.

Detailed information on the management of the financial risks in 2023 can be found under 'Managing financial risks' in the financial statements on page 19 and beyond.

## Non-financial risks

As manager of Stichting Hivos-Triodos Fonds, Triodos Investment Management ensures adequate management of the relevant risks. To this end, the manager has set up an integrated risk management system. This includes the Foundation's risk management policy and the manager's integrated risk management framework.

Risk management has been set up in accordance with the three-lines-of-defence model. The first line (the manager's executive function), the second line (the risk management function) and the third line (the internal audit function) operate independently of each other. The risk management function in the second line and the internal audit function in the third line are functionally and hierarchically separated from the sub-fund's management.

For the financial risks, please refer to the section Financial risks. The non-financial risks consist of 'operational risks' and 'compliance risks'. Operational risks include the risks that arise from human error, process, or system failure and external events. It includes the improper handling of confidential information and the so-called compliance risk of regulatory requirements not being met. Compliance risks are risks related to failure to comply with applicable laws and regulations. These risks are identified, assessed, managed and monitored on an ongoing basis through appropriate procedures and reports. These risks are assessed on the basis of a pre-defined and quantified risk appetite based on the risk appetite at Triodos group level.

### Risk management function

Triodos Investment Management has a risk & compliance application that enables integrated management of all risk related issues. This includes an integral risk management system, internal 'Control Testing' and its outcomes, and procedures relating to risk event management. In addition, the results of risk and control self-assessments are recorded, as well as 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.

## 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.

## Outlook

Although central banks in advanced economies are likely done with hiking interest rates given the recent decline in inflation, we expect global growth to slow down in 2024 because prolonged elevated interest rates will eventually weigh on the global economy. Despite the less benign global environment, emerging markets are expected to weather the storm as in many cases the stronger fundamentals will provide some relief. There is still uncertainty though from the ongoing war in Ukraine and the Israel-Gaza war. Without visibility on their containment, the conflicts will continue to have a devastating effect on human lives, and fuel global instability.

In 2024, the debt portfolio is expected to increase, as there is a strong pipeline expected to be converted into portfolio, deploying available liquidity. The debt portfolio is expected to continue generating a stable cash flow. In terms of interest rate risk, the relatively short duration of the portfolio allows Stichting Hivos-Triodos Fonds to follow global interest rate trends.

The participation portfolio is expected to contribute positively to the results, with potential opportunities arising for (partial) exit of some of the equity holdings throughout the year.

The structural drivers behind Stichting Hivos-Triodos Fonds - to invest in inclusive economic progress, employment and poverty reduction while maintaining healthy ecosystems - have not changed. Climate change and population growth remain among the biggest challenges facing developing countries in the coming decades.

Stichting Hivos-Triodos Fonds expects to deploy available liquidity with an emphasis on growing its loan portfolio. There is a healthy investment pipeline with demand for financing coming from existing and new clients with a primary focus on Sub-Saharan Africa.

Stichting Hivos-Triodos Fonds investments remain as important in 2024 as ever.

Driebergen-Rijsenburg, 5 July 2024

Fund Manager Stichting Hivos-Triodos Fonds  
Judith Santbergen

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

# Report by the Supervisory Board

The Supervisory Board convened five times in 2023, down from seven in the previous year.

In its meetings in the first half of 2023, following up on what was the focus of its activities in 2022, the Supervisory Board monitored the situation with respect to the dispute with the Uganda Revenue Authorities (URA). Several scenarios to ensure the continuity of the fund were reviewed.

In February 2023, after clearing all relevant outstanding issues and uncertainties notably relating to the URA discussions, the Supervisory Board adopted the Annual Accounts 2021. In June 2023, the Supervisory Board adopted the Annual Accounts 2022.

The URA issue was resolved and further abandoned as major topic on the agenda after the positive ruling of the URA in favor of Stichting Hivos-Triodos Fonds in the third quarter of 2023.

In 2023, an evaluation of Hivos-Triodos Fonds governance was initiated. An external professional was consulted to provide recommendations to align the governance framework with enhanced legal requirements for the supervision of a foundation and governance best practices, also taking into account the possible expansion of Stichting Hivos-Triodos Fonds and onboarding of possible new investors. For that reason, the Supervisory Board invested significant efforts to support the design of such a more future-proof and robust governance structure. This resulted in a stepped plan with several lines of action, the execution of which was initiated in the second part of 2023.

Also in the second half of 2023, the Supervisory Board agendized the future of Stichting Hivos-Triodos Fonds, looking beyond 2025, which marks the end of the current strategic plan, and especially regarding the form of continued engagement of its founders and its possible expansion with new investors. The Supervisory Board supports the Board of Stichting Hivos-Triodos Fonds in its strategy to strengthen the foundations and grow the impact of Stichting Hivos-Triodos Fonds in 2024.

In the course of 2023, one Supervisory Board member, Johan van de Ven, reached the end of his first term and his appointment has been extended for another 4-year term. Bernedine Bos resigned as a member from the Supervisory Board in 2023, having served on the Supervisory Board for six years. Since June 2024 Pat Pilai is no longer a member of the Supervisory Board.

In its meeting of 28 June 2024, the Supervisory Board discussed the annual report and annual accounts for 2023. The result for 2023 was EUR -1,572,375 (2022: EUR 1,358,966). This amount comprises of operating loss of EUR -1,935,419 (2022: profit EUR 1,067,754), a change in general provision of EUR 421,269 (2022: EUR -23,567), EUR -58,225 (2022: 455,887) of exchange rate results and a corporate income tax expense of nil (2022: EUR 141,108).

The Supervisory Board extends its thanks to Triodos Investment Management, the Manager of Stichting Hivos-Triodos Fonds, for its diligent efforts over the financial year 2023.

Driebergen-Rijsenburg, 5 July 2024

Johan van de Ven (chair)  
Michel Farkas  
Diane Griffioen  
Ylse van der Schoot

# Annual accounts 2023

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# Balance sheet as at 31 December 2023

(amount in EUR)	Note*	31-12-2023	31-12-2022
<b>Assets</b>			
<b>Non-current assets</b>			
Participations	1	28,863,749	28,767,552
Loans provided	1	23,900,563	29,947,762
Subordinated loans provided	1	398,230	400,949
Derivatives (positive)	2	44,734	215,436
Paid Collateral	2	–	220,000
		<b>53,207,276</b>	<b>59,551,699</b>
<b>Current assets</b>			
Taxes and social securities	3	71,737	74,720
Receivables, prepayments and accrued income	4	538,718	544,962
Derivatives (positive)	2	345,189	304,817
Cash and cash equivalents	5	8,145,876	2,281,062
		<b>9,101,520</b>	<b>3,205,561</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	6	–	421,269
<b>Long-term liabilities</b>			
Loans	7	11,600,000	10,000,000
Subordinated Loans	8	31,842,465	31,842,465
Derivatives (negative)	2	151,023	200,314
<b>Current liabilities</b>			
Corporate Income Tax		–	70,877
Current liabilities, accruals and deferred income	9	2,256,205	1,700,600
Amounts owed to lenders	9	–	401,681
Derivatives (negative)	2	162,207	250,783
<b>Total liabilities</b>		<b>46,011,900</b>	<b>44,887,989</b>
<b>Result total assets and liabilities</b>		<b>16,296,896</b>	<b>17,869,271</b>
<b>Equity</b>			
General reserve	10	10,372,812	16,510,305
Revaluation reserve	10	7,496,459	–
Unappropriated result	10	-1,572,375	1,358,966
		<b>16,296,896</b>	<b>17,869,271</b>

\* See notes to balance sheet

# Profit and loss account for the year end 31 December 2023

(amounts in euros)	Note*	2023	Budget 2023	2022
<b>Direct results from investments</b>				
Income from (subordinated) loans provided	12	2,586,804	3,080,394	3,621,636
		<b>2,586,804</b>	<b>3,080,394</b>	<b>3,621,636</b>
<b>Indirect results from investments</b>				
<b>Realised results of investments</b>				
in participations	13	22,266	–	-2,095
in (subordinated) loans provided	13	-333,173	–	1,768,103
in derivatives	13	-316,629	–	-1,701,482
		<b>-627,536</b>	<b>–</b>	<b>64,526</b>
<b>Unrealised results of investments</b>				
in participations	14	11,813	1,726,053	1,414,729
in (subordinated) loans provided	14	-659,286	–	-1,382,780
in derivatives	14	7,537	–	662,537
		<b>-639,936</b>	<b>1,726,053</b>	<b>694,486</b>
<b>Other income</b>				
Interest income	15	33,710	–	6,417
Other Income	16	2,454	–	3,764
		<b>36,164</b>	<b>–</b>	<b>10,181</b>
<b>Total (expense)/income</b>		<b>1,355,496</b>	<b>4,806,447</b>	<b>4,390,829</b>
<b>Operating expenses</b>				
Management fee	17	1,869,918	1,820,671	1,911,745
Audit Fees and consultancy fees	18	135,808	100,000	116,646
Interest expense	19	1,252,859	1,169,766	1,271,916
Other expenses	20	32,330	151,627	22,768
<b>Total operating expenses</b>		<b>3,290,915</b>	<b>3,242,064</b>	<b>3,323,075</b>
<b>Operating Results*</b>		<b>-1,935,419</b>	<b>1,564,383</b>	<b>1,067,754</b>
Change in general provision	6	421,269	-312,073	-23,567
Exchange rate result	21	-58,225	–	455,887
<b>Results before tax</b>		<b>-1,572,375</b>	<b>1,252,310</b>	<b>1,500,074</b>
Corporate income tax	22	–	–	141,108
<b>Net result for the year</b>		<b>-1,572,375</b>	<b>1,252,310</b>	<b>1,358,966</b>

\* See notes to profit and loss account

# Notes to balance sheet and profit and loss accounts

(amounts in EUR)

## General notes to the financial statements

Stichting Hivos-Triodos Fonds (the Foundation) was established on 22 December 1994. The annual report for 2023 has been prepared in accordance with the statutory provisions of Title 9 Book 2 of the Dutch Civil Code and the Guideline for Annual Reporting 640 (RJ 640) for non-profit organizations and the going concern assumption. The Foundation has its registered office in Driebergen-Rijsenburg and is registered in the trade register with the number 41.158.899.

The Foundation does not employ any staff.

## Criteria for recognition in the balance sheet

The Foundation recognizes financial instruments in the balance sheet as soon as it irrevocably becomes a party to the contractual provisions of the financial instrument. The basis for the initial valuation of the financial instruments is fair value. A financial instrument is no longer recognized in the balance sheet if it is transferred to a third party. In that case, all or almost all beneficial rights and all or almost all risks regarding the financial instruments are then vested in that third party.

## General notes to the principles of valuation and determination of the result

### Reporting period

The Foundation's financial year is the same as the calendar year. The current year reporting period of the Foundation is 1 January 2023 to 31 December 2023.

### Comparison with previous year

The accounting policies have been applied consistently throughout the reporting period and have remained unchanged compared to the previous year reporting period. The realized and unrealized results of all investments have been made explicit in the profit and loss accounts.

## Accounting policies

### Use of estimates, assumptions and judgments

The preparation of the annual accounts requires management to make judgments, estimates and assumptions. These help determine the way in which principles are applied and the value of the assets and liabilities is reported. The same applies to the reporting of income and expenses. The actual outcome may differ from the estimates made by the management. The estimates and assumptions are therefore re-assessed regularly. Whenever an estimate is revised, it is included in the relevant period.

According to management, the following aspects require estimates and assumptions:

- Valuation methods chosen for investments;
- The classification of loans according to risk categories and project-related variables;
- Valuations of other receivables, prepayments and accrued income and current liabilities;
- Creation of provisions;
- Duration of settlement and likelihood of (Uganda) provision.

The Manager uses multidisciplinary credit and valuation committees that operate independently from the operational departments. They monitor the valuation methodology and make the most prudent management estimates.



## Valuation of investments

The investments are measured at fair value or amortized cost. Acquisition costs of investments are recognized in the profit and loss account. All changes in the fair value of investments are taken to the profit and loss account. The valuation of the investments is as follows:

### Participations

Participations, which are equity interests that do not serve the Foundation's long-term operations, are valued at the last known stock exchange quotation in the financial year if the participations involve securities quoted on an active stock exchange. The fair value of participations that do not involve securities quoted on an active stock exchange or that do not have a regular market quotation can be determined in various ways: firstly, on the basis of the most recent market quotation, taking new market developments into account; secondly, by using the profitability value, return value and/or net asset value, individually or in combination, which may be considered relevant in relation to the purpose for which the investment is maintained; and thirdly, by using the market value of comparable investments for which there is an active market with regular market quotations. The first valuation consists of the cost price. Participations are valued at fair value after initial recognition. Subsequent value adjustments are recognized through the profit and loss account. Upon sale, the transaction costs are deducted from the sales proceeds.

### Loans provided and subordinated loans provided

Loans and subordinated loans provided are, taking into account exchange rates as at the balance sheet date, carried at the amortized cost price net of specific provisions for doubtful debts. This valuation method is also an approximation of the fair value. Due to the nature of the loans, interest rate risk has a limited impact on valuations. Projects financed with loans are by nature high-risk. Consequently, losses on the original investment must be taken into account. A specific provision is made for anticipated loan losses and the associated interest payable in case a project has to be discontinued. Making provisions are based on estimates by Triodos Investment Management (the Manager). The Manager will use multidisciplinary credit and valuation committees acting independently from the operational matters to make the estimates in the most objective way possible. The existence of objective evidence of impairment is assessed at each balance sheet date.

### Derivatives

Derivatives contracts are concluded to hedge the currency risk and interest rate risk. The valuation of derivatives is, on initial recognition in the balance sheet, based on fair value, with all assets and liabilities arising from currency hedging instruments being 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. Derivatives are valued at market value when first recognized. Subsequent to initial recognition, derivatives are measured at fair value. Value adjustments are taken to the profit and loss account. Derivatives with a negative fair value are recognized in the item derivatives on the liability side of the balance sheet.

### Collateral

Collateral is exchanged with counterparties as a result of provisions in agreed currency forward contracts. This exchange can be either a payable or a receivable collateral and is recognized in the balance sheet at nominal value upon initial recognition and per subsequent valuation.

### Current assets and liabilities

Assets and liabilities are valued at fair value when first recognized and are subsequently valued at amortized cost, being the amount to be received or paid, taking into account share premium or discount and transaction cost. The fair value of liabilities will be approximately equal to the nominal value. Current liabilities have a term of less than one year.

### Cash and cash equivalents

Liquid assets (funds) consist of cash, bank balances and deposits with a maturity of less than one year, at free disposal of the legal entity. Current account liabilities at banks are recognised under debts to credit institutions, under current liabilities. Liquid assets are valued at nominal value.

## **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.

## **Functional currency**

The annual accounts have been drawn up in euros; this is both the functional and the presentation currency of the Foundation.

## **Foreign Currency**

Transactions in foreign currency during the period under review are recognized in the annual accounts at the exchange rate applicable at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate applicable at balance sheet date. The exchange differences resulting from settlement and conversion are captured in the profit and loss accounts.

Non-monetary assets that are valued at current value in a foreign currency are translated at the exchange rate applicable on the date of the current value.

Non-monetary assets that are valued at current value in a foreign currency are translated at the exchange rate applicable on the date of the current value. Currency hedging instruments are arranged, as described in note 2, to hedge foreign exchange differences on loans.

## **Principles for determining the results**

The result is the difference between the realizable value of the services provided and the costs and other charges during the year. The results of transactions are recognized in the year in which they are realized.

### **Direct results from investments**

Interest income and other income is credited to the financial year to which it relates on a time-proportionate basis. The proceeds from dividend distributions on participations shall be recognised in the year in which dividends are announced.

### **Indirect results from investments (revaluations)**

All movements as a result of realized/unrealized revaluations of investments are taken to the profit and loss account. To determine the realized results for partial sales of investments, average historical cost per share is used.

### **Transaction costs for investments**

Transaction costs may include broker's fees, transfer charges and notaries' fees. Transaction costs are charged directly to the profit and loss account. The cost of selling investments is recognized as part of the realised change in value upon sale. Where financial investments are subsequently valued, the cost of selling is disregarded. Subsequent valuations of financial investments do not take into account any selling costs.

### **Operating expenses**

Expenses are allocated to the period to which the activities relate on the basis of the accrual principle. If the reservations are determined for costs, the costs still to be paid and prepaid will also be taken into account.

### **Other income and expenses**

Other income and expenses are allocated to the period to which the activities relate on the accrual basis of accounting.

### **Exchange rate results**

Results arising from the conversion of foreign currencies into the presentation currency in euros are taken to the profit and loss account. The result is determined by means of the conversion as described under 'Foreign currency'.

### **Transactions with related parties**

Significant transactions with affiliates are explained in the notes, insofar as they have not been entered into at arm's length. The nature and scope of the transaction and any other information necessary to obtain an understanding are specified in the notes.

## **Managing financial risks**

Stichting Hivos-Triodos Fonds is exposed to various financial risks. The manager's policy on these risks is set out below:

- Market risk
- Credit risk
- Liquidity risk
- Cash flow risk

The objective of Stichting Hivos-Triodos Fonds is to invest in companies and organisations active in sustainable agriculture and/or renewable energy in emerging markets. Typically, these are direct investments with a medium to high-risk profile. This is an inherent part of Stichting Hivos-Triodos Fonds' characteristics.

### **Market risk**

Market risk is to the risk that the value of an investment fluctuates as a result of variation in the following external factors:

- I. exchange rate (currency risk)
- II. interest rate level (interest rate risk)
- III. market price (market price risk)

The policy pursued by the Manager of Stichting Hivos-Triodos Fonds with regard to these risks is set out below.

### **Participations**

Investments in participations mainly involve currency risk and market price risk. The participations in Stichting Hivos-Triodos Fonds are listed in euros. Investments in participations by the Foundation and payments to the Foundation by the institutions in which it invests that are subject to currency risk are in US Dollars and local currency.

Exposure to volatile exchange rates may affect the value of the investments and thus the value of the capital of the Foundation. As a result, the Foundation runs a currency risk.

The market price risk affects the valuation of the participations. The value of these investments is affected by external factors, including prospects for economic growth and the rate of inflation. The more fluctuation there is, the greater the market risk, and the Foundation cannot defend itself against macro-economic factors that influence the value development. The Foundation values these participations at fair value, choosing an appropriate valuation method for each type of investment. An important aspect of the chosen valuation method is whether the participations are listed on an active stock exchange and/or have a regular market quotation.

If the company is not listed on an active stock exchange and/or has a regular market quotation, the valuation method is determined internally as described in the accounting policies for the valuation of participations.

In determining the fair value based on this internal valuation method, the Manager uses a number of elements to determine the valuation. Below is an overview of elements used in determining the fair value as at 31-12-2023:

- current financial situation of the institution;
- the chosen valuation method and the possible use of a market multiple;
- cash flows.

An inherent risk in the above method of valuation is the valuation risk. The valuation risk refers to the risk that the value of the investment is not a correct reflection of the fair market value. The reason for this is that the valuation is based on data from a non-regulated market, assumptions and peer group comparisons. The Foundation invests almost exclusively in investments that are not traded on a regular market and that are not listed. The investments do not have directly callable prices and, therefore, are possibly difficult to value. In order to determine the value of the investments, the Foundation applies a consistent, transparent and appropriate valuation method.

### Loans

The main risks that have been identified for the valuation of the loans are the credit and currency risks. Credit risk plays an important role in determining the provision for loans. Given the nature of the loans - the fact that there is no active market for these loans - the subjective assumptions with respect to determining the interest rate and the relatively short fixed interest rate periods, an interest rate risk has only a limited effect on their valuation.

Credit risk is the risk that a borrower will be unable to meet his interest and/or repayment obligations. The Foundation limits the risk of losses due to credit risk by spreading the investments in the fixed-income securities. The Foundation issues finance facilities that are almost exclusively risk-bearing and are generally not backed by mortgage or other collateral.

The loan portfolio is partly sensitive to currency risk. The currency risk associated with investments in US dollars is largely hedged through currency forward contracts. The currency risk associated with investments in local currency is hedged, where possible, unless the costs are excessive. Interest payments are usually not hedged due to the high costs. Loans are valued at amortized cost. In general, there is no active market for the Foundation's loans and the Manager periodically determines the fair value on the basis of internal valuation methods.

Below is an overview of elements that have been used in determining the amortized cost as at 31-12-2023:

- future cash flows;
- discount rate used: market interest rate for comparable financing with a maturity corresponding to the fixed-interest period;
- fixed-interest periods: the fixed-interest period for the loans issued is relatively short;
- project-related variables;
- subjective assumptions regarding the determination of interest rates.

If, in the opinion of the Manager, the market rate changes significantly during the reporting period, the fair value will be recalculated.

In view of the above variables (actuarial interest rate and short-term fixed-interest periods), the fair value will be virtually equal to the nominal value. This is after deduction of any provisions, and taking account of exchange rates.

The provision is determined on a quarterly basis by the Manager at loan level, taking into account the following aspects:

- developments in both the regular and special management portfolio;
- debtors arrears.

An inherent risk in the above method of valuation is the valuation risk. The valuation risk refers to the risk that the value of the investment is not a correct reflection of the fair market value. The reason for this is that the valuation is based on data from a non-regulated market, assumptions and peer group comparisons. The Foundation invests almost exclusively in investments that are not traded on a regular market and that are not listed. The investments do not have directly callable prices and, therefore, are possibly difficult to value. In order to determine the value of the investments, the Foundation applies a consistent, transparent and appropriate valuation method.

### Other receivables and Accruals

The main risk identified for these annual accounts items is credit risk, which plays a role at debtor and country level. The receivables consist of interest receivables and repayments on loans. The determination of the provision for these receivables is carried out in close connection with the provisions on the loans, with the same elements playing a role.

## Distribution of currency for the participation and loan portfolio as per year end 2023

Volume (amounts in euros)	Investments	Hedged (or no exposure)	Unhedged	Percentage of the portfolio
Colombia, Colombian peso (COP)	2,293,226	1,888,239	404,987	4.3%
India, Indian rupee (INR)	17,747,596	1,544,902	16,202,694	33.4%
Myanmar, Myanmar kyat (MMK)	104,904	104,904	-	0.2%
Peru, Peruvian sol (PEN)	398,230	-	398,230	0.7%
Tanzania, Tanzanian shilling (TZS)	30,636	-	30,636	0.1%
<b>Total in local currency</b>	<b>20,574,592</b>	<b>3,538,045</b>	<b>17,036,547</b>	<b>38.7%</b>
Total investments in US dollars	27,871,297	8,487,373	19,383,924	52.4%
Total investments in euros	4,716,653	-	4,716,653	8.9%
<b>Total of portfolio excl. value of currency forward contracts</b>	<b>53,162,542</b>	<b>12,025,418</b>	<b>41,137,124</b>	<b>100.0%</b>

## Distribution of currency for the participation and loan portfolio as per year end 2022

Volume (amounts in euros)	Investments	Hedged (or no exposure)	Unhedged	Percentage of the portfolio
Colombia, Colombian peso (COP)	1,122,511	-	1,122,511	1.9%
India, Indian rupee (INR)	14,401,232	1,525,252	12,875,980	24.4%
Myanmar, Myanmar kyat (MMK)	361,960	361,960	-	0.6%
Peru, Peruvian sol (PEN)	905,110	482,725	422,385	1.5%
Tanzania, Tanzanian shilling (TZS)	34,330	-	34,330	0.1%
South Africa, South African rand (ZAR)	805,132	-	805,132	1.4%
<b>Total in local currency</b>	<b>17,630,275</b>	<b>2,369,937</b>	<b>15,260,338</b>	<b>29.9%</b>
Total investments in US dollars	38,861,124	9,896,956	28,964,168	65.7%
Total investments in euros	2,624,864	-	2,624,864	4.4%
<b>Total of portfolio excl. value of currency forward contracts</b>	<b>59,116,263</b>	<b>12,266,893</b>	<b>46,849,370</b>	<b>100.0%</b>

### Credit risk

Credit risk is the risk that a creditor or counterparty cannot or will not fulfil its obligations. The Foundation issues finance facilities that are almost exclusively risk-bearing and are generally not backed by mortgage or other collateral.

Bad debt risk is based on the definition of reporting requirements for the entire balance sheet. From an economic perspective, credit risk is primarily present on the loan portfolio of EUR 24,298,793 (2022 EUR 30,348,711). The loan portfolio is diversified in such a way that there is no material concentration risk.

The Foundation selects its debtors carefully, among other things on the basis of management and governance, financial results, and social and sustainable impact. Based on an internally developed model, the organisations are assigned a risk classification whereby the Foundation invests in principle in medium to high-risk institutions. The Foundation maintains good relations with these institutions and carries out periodic reviews of individual debtors. In this way, the Foundation mitigates the risk that a debtor will not be able to meet its payment obligations to the Foundation on time. In addition, the Foundation closely monitors relevant financial indicators such as solvency, profitability and payment capacity and thus the ultimate credit risk associated with the Foundation's financings.

Below is the internal risk rating of loans as a percentage of the loan portfolio.

Risk rating*	31-12-2023	31-12-2022
0-5	0%	0%
6	7%	0%
7	24%	9%
8	34%	41%
9	32%	11%
10	2%	6%
11	1%	3%
12	0%	0%
13	1%	0%
14	0%	9%
blank**	0%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

\* The scale of 1-14 is from low to high. A risk rating of 1-2 is considered a low risk level. A risk rating of 3-5 is considered low-medium risk. A risk rating of 6-9 is considered medium risk. A risk rating of 10-11 is considered medium-high risk and 12-14 is considered high risk. HTF has a medium-high risk appetite.

\*\* After introduction of the risk rating tool for SMEs, there was a transition period; until the rating was completed, an investment would be assigned a "blank" risk rating.

In order to mitigate credit risk, the loan portfolio is diversified in such a way that there is no high concentration risk.

In 2023, Stichting Hivos-Triodos Fonds provided finance facilities to a total of 37 customers (2022: 40).

#### Five largest holdings 2023\*

GPS Renewables Private Limited, India	10.2%
AlphaJiri Investment Fund, Mauritius	7.3%
Ecozen Solutions, India	7.0%
Caspian Impact Investments, India	6.2%
Caspian SME Impact Fund IV, India	5.2%

#### Five largest holdings 2022\*

AlphaJiri Investment Fund, Mauritius	10.3%
Aldea Global, Nicaragua	7.9%
Caspian Impact Investments, India	5.3%
Caspian SME Impact Fund IV, India	4.9%
Novastar, Mauritius	4.4%

\* as a percentage of the outstanding portfolio based on market value

#### Country risk

Country risk is the risk that political, fiscal or economic changes will adversely affect the Foundation's profit and assets.

Country risk is inherent in the objectives of the Foundation. Stichting Hivos-Triodos Fonds invests, inter alia, in countries which have high political risks, countries that may be in an economic recession and countries with a poorly developed judicial system. These may also be countries that due to a limited number of sources of income and a dependence on external financing, have a dependent economic structure. Price developments in the world markets and changes in international political policy may thus have a significant impact on the macroeconomic development of such a country. In addition, policy changes may lead to political measures with a significant impact on investment, such as restrictions on the tradability of currencies. Inflation and devaluation of a currency can be the result of such influences.

Country risk is monitored internally on an ongoing basis and is mitigated by geographical spread over a large number of countries. At the end of 2023, there is investment in 20 countries. As at 31 December 2023, Stichting Hivos-Triodos Fonds has the largest position in India with 28.7% of total assets.

#### Five largest countries 2023\*

India	28.7%
Mauritius	6.3%
Nicaragua	6.2%
Kenya	5.1%
United States	4.0%

#### Five largest countries 2022\*

India	23.0%
Mauritius	9.8%
Kenya	9.2%
Nicaragua	7.5%
Peru	5.0%

\* as a percentage of total assets including assets managed for third parties

### **Liquidity risk**

Liquidity risk is the risk that Stichting Hivos-Triodos Fonds has no possibility of obtaining the financial means it needs to be able to fulfil its financial obligations at a certain moment. This scenario does not currently apply in the short term because the operating result from operating activities and the periodic repayments on loans granted are considered sufficient for the time being to cover short-term liabilities. Please see note 1 for a detailed overview of the loan maturity repayment schedule. more than 50% of the loan portfolio has a maturity date within one year. In addition, the Foundation has a current credit facility with a limit of EUR 7,400,00. Although investments made by the Foundation are illiquid, they could be sold if there is a need for resources in the short term. The loan agreements contain a standard assignment right for Stichting Hivos-Triodos Fonds.

This is the lender's right to transfer (sell) the loan to another party without the borrower's consent being required and without the borrower being able to stop it.

In addition, the Foundation can negotiate early repayment. The Manager did not want to and did not have to make use of the option to sell loans in 2023. Stichting Hivos-Triodos Fonds also has a 'hold' strategy for its investments.

The investment policy of the Foundation is aimed at maintaining the financing for the entire term of the loan and not selling it, unless this is explicitly necessary due to the management of the Foundation (liquidity risk).

### **Cash flow risk**

Cash flow risk is the risk that future cash flows associated with a financial instrument will fluctuate in volume. Future income from participations is difficult to predict and can fluctuate. This cash flow risk for the Foundation is very limited and this risk is accepted.

Future cash flows from loans are primarily affected by currency exchange rates and market rates. Currency risk on the outstanding loan portfolio, however, is in principle hedged by currency derivatives. For insights into the degree of hedging of the investment portfolio see page 21.

### **Sustainability risks**

The financial and non-financial performance of the portfolio depends on the financial and non-financial performance of its investments, which could be adversely affected by sustainability risks. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investments of the portfolio.

Triodos IM distinguishes the following sustainability risks: physical and transitional environmental risks, social risks and governance risks. Physical environmental risks refer to sustainability risks due to e.g. ecological damage, social disruption, depletion of resources, extreme weather events or gradual climate change. Transitional environmental risks refer to sustainability risks resulting from required or desired changes from a societal perspective, e.g. due to policy or legal changes (including litigation claims), technological developments, market shifts, reputation issues, changing customer or community perception. Social risks arise when acute or chronic social disruption occur, related to for example human rights, labour practices, (data) privacy, diversity & inclusion, inequality and health & safety. To conclude, governance risks relate to business ethics, corruption & political instability and fair taxes.

To identify relevant sustainability risks of an investment, the Manager assesses sustainability (ESG) factors that could result in sustainability risks, in its investment decisions both before investing and during investment. All investments made by the Manager are carefully screened against the Triodos Bank Minimum Standards to minimise adverse impact.

The Manager considers sustainability factors that could lead to sustainability risks, such as:

- Natural resources as an environmental factor: the portfolio's assets are sensitive to variations in weather and climate. For example, droughts, extreme weather events, flooding and landslides can affect generation capacity, damage the asset or disrupt the service;
- Human rights as a social factor: the portfolio invests in emerging markets, often characterised by fragile governance structures with weak or inadequate legislation. This can lead to challenges related to human rights;
- Labour conditions as a social factor: unfair labour practices and principles might lead to a decrease in productivity, health, well-being and commitment of employees in the value chain;

- Corruption and instability as a governance factor: there is a risk that the emerging market economies in which the portfolio invests have high levels of corruption, which can lead to an uneven distribution of wealth, political instability, and other societal risks; and
- Fair taxes as a governance risk: companies with aggressive tax planning can face increased risks of investigations and penalties and increased legal and compliance costs. This could lead to reputational damage and affect profitability.

Furthermore, all investments are carefully screened against relevant sustainability factors and include an assessment of the relevant physical and transitional environmental risks. In contrast to the screening on Triodos Bank Minimum Standards, the aim is not to minimise the risk but to assess and manage it. The risk appetite of the portfolio determines the allowed level of exposure to sustainability risks and other types of risks.

In general, sustainability risks are complex and may occur in a manner that cannot reasonably be anticipated, resulting in potential negative impact on the value of an investment. However, the Manager considers the likely impact of sustainability risks on the returns of the portfolio to be limited as a result of the portfolio's approach to select investments for positive impact, which is a mitigating factor for transitional risks and the screening against the Triodos Bank Minimum Standard to avoid adverse impact.

For the assessment of sustainability risks, the Manager relies on information made available by investees and other third parties. The Manager has no guarantee that the information provided by these parties is at all times complete, accurate and up to date.

## Assets

### 1. Participations, loans provided and subordinated loans provided

#### Participations

Movements of participations	2023	2022
Opening balance as at 1 January	28,767,552	21,886,161
Purchases	704,154	5,620,413
Distributions	-642,036	-151,656
Unrealised revaluation	11,813	1,414,729
Realised revaluation	22,266	-2,095
<b>Balance as at 31 December</b>	<b>28,863,749</b>	<b>28,767,552</b>

The cost price of the participations per balance date was EUR 25,497,450 (2022: EUR 25,413,068).

The revaluation of the investments consists of the positive and negative revaluations for the financial year

#### Loans provided

Movement on loans provided	2023	2022
Opening balance as at 1 January	29,947,762	36,913,586
Disbursements	19,879,231	27,953,276
Repayments	-25,814,527	-34,651,589
Discount premium	118,008	-590,361
Unrealised revaluation	-406,566	-475,065
Realised revaluation	333,173	1,768,700
<b>Subtotal</b>	<b>24,057,081</b>	<b>30,918,547</b>
Loans provision	-156,518	-970,785
<b>Balance as at 31 December</b>	<b>23,900,563</b>	<b>29,947,762</b>



<b>Movement schedule of loan provision</b>	<b>2023</b>	<b>2022</b>
Opening balance as at 1 January	-1,212,976	-242,191
Additions	-351,464	-286,892
Write-offs	151,685	-
Exchange rate differences	43,262	-683,893
<b>Balance as at 31 December</b>	<b>-1,369,494</b>	<b>-1,212,976</b>

### *Subordinated loans provided*

<b>Movement schedule of subordinated loans</b>	<b>2023</b>	<b>2022</b>
Opening balance as at 1 January	400,949	723,747
Repayments	-	-422,968
Unrealised revaluation	-2,719	100,767
Realised revaluation	-	-597
<b>Balance as at 31 December</b>	<b>398,230</b>	<b>400,949</b>

<b>Residual maturity of loans (including subordinated loans), overdue (repayable on demand)</b>	<b>31-12- 2023</b>	<b>31-12- 2022</b>
- < 1 year	14,043,481	15,387,162
- > 1 year and < 2 years	1,680,603	10,377,256
- > 2 year and < 3 years	4,834,739	2,668,844
- > 3 year and < 4 years	159,540	230,369
- > 4 years	3,580,430	1,685,080
	<b>24,298,793</b>	<b>30,348,711</b>

The fair value of the (subordinated) loans approximates the carrying amount.

## **2. Derivatives**

<b>Currency forward contracts</b>	<b>31-12- 2023</b>	<b>31-12- 2022</b>
To receive	389,923	520,253
To pay	-313,230	-451,097
<b>Total</b>	<b>76,693</b>	<b>69,156</b>

The terms are divided as follows:

	<b>31-12- 2023</b>	<b>31-12- 2022</b>
Less than 1 year	182,981	54,033
From 1 to 5 years	-106,288	15,123
	<b>76,693</b>	<b>69,156</b>
	<b>2023</b>	<b>2022</b>
As at 1 January	69,156	-585,733
Expiration	316,629	1,693,836
Fair value revaluations	-309,091	-1,038,947
<b>As at 31 December</b>	<b>76,693</b>	<b>69,156</b>

The Foundation uses currency forward contracts with a value at year-end 2023 of EUR 76,693 (2022: EUR 69,156) in the form of currency forward contracts to hedge the currency risk of the investments. This concerns contracts in which Stichting Hivos-Triodos Fonds has made a commitment to buy or sell the agreed foreign currency amounts on the agreed dates.

During 2023, based on notional amounts, USD 14,735,163, COP 15,623,978,799 and EUR 10,410,856 contracts relating to (subordinated) loans were concluded (2022: USD 27,189,435).

#### *Paid collateral*

With regard to the foreign exchange forward contracts concluded with Rabobank, agreements have been made with regard to mutual collateral exchange, i.e. liquidity deposited as security in connection with the fair value of derivative positions.

At the balance sheet date, no collateral payment to Rabobank amounting in connection with the negative fair value of the forward currency contracts was made (2022: EUR 220,000 paid in connection with the negative fair value of the forward value contracts).

### **Current assets**

#### **3. Taxes and social securities**

	31-12- 2023	31-12- 2022
Corporate Income Tax	46,797	-
VAT receivable	24,940	74,720
	<b>71,737</b>	<b>74,720</b>

The fair value of taxes and social securities approaches the carrying amount.

#### **4. Receivables, prepayments and accrued income**

	31-12- 2023	31-12- 2022
Interest due on loans	394,634	438,544
Principal repayments due on loans	108,990	79,568
Pre-paid project costs	22,349	22,349
Interest receivable on cash and cash equivalents	12,745	4,501
<b>Total</b>	<b>538,718</b>	<b>544,962</b>

#### **5. Cash and cash equivalents**

	31-12- 2023	31-12- 2022
Triodos Bank, collateral account	167,061	88
Rabobank, current account (EUR)	2,438,670	367,852
Rabobank, current account (USD)	5,030,684	1,471,983
Kotak Mahindra Bank, rekening-courant (INR)	509,461	441,139
	<b>8,145,876</b>	<b>2,281,062</b>

At balance sheet date all cash and cash equivalents are at free disposal of the Foundation (2022: all cash and cash equivalents were at free disposal) are freely available to Stichting Hivos-Triodos Fonds.

No interest is received on the balance of the current accounts with Triodos Bank. (year-end 2022: 0.00% above EUR 100,000). The interest rate on the current account with Rabobank is 3.72% at year-end 2023 (2022: 1.73%).

The balances on the Rabobank USD current accounts amounted to USD 5,570,979 at year-end 2023 (2022: USD 1,572,372). The balances on the Kotak Mahindra Bank INR current account amounted to INR 47,129,551 at the end of 2023 (2022: INR 38,869,966). Rabobank's current accounts in USD and Kotak Mahindra Bank's INR have no interest rate.

## Liabilities

### 6. Provision

In 2023, the Uganda Revenue Authorities issued an amended private ruling. This marked the end of the discussion on the tax treatment of the sale of shares in Centenary Bank by Stichting Hivos-Triodos Fonds in 2019.

The provision related to an estimate of the legal costs including VAT that may have been incurred in the case the appeal would have been unsuccessful has been released during 2023.

Provisions	2023	2022
Opening balance as at 1 January	421,269	397,702
Provisions for legal proceedings	-421,269	–
Increase as a result of exchange rate difference	–	23,567
<b>Balance as per 31 December</b>	<b>–</b>	<b>421,269</b>

### Long term liabilities

### 7. Loans

	Interest rate	Interest rate fixed until	31-12-2023	31-12-2022
Triodos Bank, loan 04.382, maturity 1 January 2027	3.15%	1 January 2027	10,000,000	10,000,000
Triodos Impact Strategies N.V on behalf of Triodos Impact Strategy Fund – Dynamic, maturity 21 December 2033	3.00%	21 December 2033	100,000	–
Triodos Impact Strategies N.V on behalf of Triodos Impact Strategy Fund – Balanced, maturity 21 December 2033	3.00%	21 December 2033	680,000	–
Triodos Impact Strategies N.V on behalf of Triodos Impact Strategy Fund – Defensive, maturity 21 December 2033	3.00%	21 December 2033	100,000	–
Triodos Impact Strategies N.V on behalf of Triodos Impact Strategy Fund – Offensive, maturity 21 December 2033	3.00%	21 December 2033	720,000	–
			<b>11,600,000</b>	<b>10,000,000</b>

The principal amounts outstanding at the balance sheet date will be repaid in full at the end of the term. Loans and debts to credit institutions are measured at fair value upon initial recognition. After initial recognition, they are measured at amortised cost.

### 8. Subordinated loans

	Interest rate	31-12-2023	31-12-2022
Stichting Hivos duration to end cooperation	2.6%	31,842,465	31,842,465
		<b>31,842,465</b>	<b>31,842,465</b>

#### Schedule of subordinated loans

	2023	2022
Balance as at 1 January	31,842,465	31,842,465
Finance provided	–	–
<b>Balance as at 31 December</b>	<b>31,842,465</b>	<b>31,842,465</b>

In accordance with the framework agreement signed on 18 December 2020, the current subordinated loans, the Hivos financing received in advance and the balance of the sold 'off balance' participations as of 1 October 2020 have been incorporated into one subordinated loan amounting to EUR 31,842,465. The interest rate per year is 2.6%, starting from 1 January 2021. The duration is equal to the duration of the collaboration between Hivos and Stichting Hivos-Triodos Fonds. The loan is subordinated to other debts. This loan was granted by Hivos to enable the Foundation to pursue its objective as a foundation through investments. Stichting Hivos-Triodos Fonds thus uses a blended finance construction that enables the Foundation to pursue its objective with a combination of different types of financing and non-profit financiers.

## Current liabilities

### 9. Current liabilities, accruals and deferred income

	31-12-2023	31-12-2022
Amounts received on behalf of third parties	1,107,120	980,055
Management fee	958,002	533,020
Independent auditor's fees	67,909	34,582
Amount to be paid regarding the sale of investments	65,173	65,173
Interest payable on (subordinated) loans	47,613	46,360
Publicity cost	4,946	5,000
Bank charges	1,160	998
Legal fees	1,065	35,381
Miscellaneous	3,217	31
	<b>2,256,205</b>	<b>1,700,600</b>

Due to the nature of the trade finance, amounts due for products supplied by borrowers of Stichting Hivos-Triodos Fonds to their customers are transferred to Stichting Hivos Triodos Fonds by the customer based on invoices issued by the borrowers. Stichting Hivos-Triodos Fonds will deduct any interest and / or principal repayment amounts from the funds received. Any remaining amount will be transferred to the borrower. Per year end, a total amount of EUR 1,107,120 (2022: EUR 980,055) was received on behalf of the borrowerst. This amount was transferred to the borrowers early January 2024.

#### Amounts owed to lenders

This concerns the negative cash balance at Triodos Bank. At year-end 2023, there was no overdrawn bank balance (year-end 2022: EUR - 401,681). At balance date, the debit interest rate on this account was 6.40% (2022: 5.25%).

At balance sheet date, the available credit facility amounts to EUR 7,400,000 (2022: EUR 7,400,000). An extension of the credit facility was granted until 1st January 2027.

### 10. Equity

#### General reserve

	2023	2022
Balance as at 1 January	16,510,305	12,678,098
Transfer to revaluation reserve	- 7,496,459	-
Results of previous financial year	1,358,966	3,832,207
<b>Balance as at 31 December</b>	<b>10,372,812</b>	<b>16,510,305</b>

#### Revaluation reserve

The revaluation reserves relate to positive unrealized changes in the value of individual investments with a valuation at balance date that is higher than the initial cost price.

	2023	2022
Balance as at 1 January	-	-
<b>Dotations</b>		
Related to participations	7,399,115	-
Related to senior loans	97,344	-
<b>Balance as at 31 December</b>	<b>7,496,459</b>	<b>-</b>

The positive revaluations of individual investments above initial cost are added to the revaluation reserves in equity. This only applies to investments without frequent market listings. The negative revaluations below the initial cost of individual investments are charged directly to the results. As a result, there is no direct connection between the revaluation reserve in equity and the revaluations of the investments.

## Unappropriated result

	2023	2022
Balance as at 1 January	1,358,966	3,832,207
Movement in general reserve	-1,358,966	-3,832,207
Results of the financial year	-1,572,375	1,358,966
<b>Balance as at 31 December</b>	<b>-1,572,375</b>	<b>1,358,966</b>

## 11. Off-balance sheet liabilities

### Committed investments

Committed investments concerns loans and participations that have been approved and/or committed by Stichting Hivos-Triodos Fonds, but have not yet been (fully) drawn by the organization in which it has invested.

Committed participations	31-12-2023	31-12-2022
AlphaJiri Investment Fund, Africa	2,977,335	–
Caspian SME Impact Fund, South Asia	854,640	1,147,515
Eco Enterprises III, South America	514,757	916,171
Accion Venture Labs, Worldwide	88,557	165,050
Novastar Ventures, East Africa	8,499	8,811
	<b>4,443,788</b>	<b>2,237,547</b>
<b>Committed loans</b>	<b>31-12-2023</b>	<b>31-12-2022</b>
Aldea Global, Central America	2,565,559	1,664,950
SunCulture, Africa	284,299	82,427
Sistema.bio, South America	451,508	–
Gorilla Summit Coffee Development Limited, Africa	45,899	–
Capitol Foods, Africa	–	1,986
Caravela, South America	–	1,404,231
WeLight Madagascar, Africa	–	2,000,000
	<b>3,347,265</b>	<b>5,153,594</b>

### Others

In 2018, the Tax And Customs Administration registered Stichting Hivos-Triodos Fonds for corporate income tax with effect from 1 January 2018. Until 2017, Stichting Hivos-Triodos Fonds was not a corporate tax entity.

The tax result for the financial year 2023 will be negative. Stichting Hivos-Triodos Fonds does not owe corporate income tax for the financial year 2023 (2022: EUR nil).

## Income

### 12. Income from (subordinated) loans provided

Interest received on loans provided and subordinated loans provided, as well as arrangement fees charged to borrowers when loans are granted and the release of any discount premiums during the year under review are recognised here. Any costs directly attributable to the revenues have been deducted from the revenue.

### 13. Realised results of investments

The realised results are calculated on the basis of the actual sales transaction compared to the historical cost. In the case of incomplete sale of investments, the average cost is used.

### 14. Unrealised results of investments

The unrealised results are calculated as the difference between the value at year-end and the value at the start of the financial year. In the case of a sales transaction, the cumulative unrealised results are adjusted in the profit and loss account.

### 15. Interest Income

This includes interest income received from Triodos Bank and Rabobank as a result of positive interest on the current account balances.

### 16. Other income

This includes the interest intended by Triodos Bank clients for Stichting Hivos-Triodos Fonds, other miscellaneous income as well as donations received from third parties.

## Expenses

### 17. Management fee

The management fee charged by Triodos Investment Management B.V. consists of a fee of 3.00% per annum on the outstanding investment portfolio of the Foundation, calculated on a quarterly basis. Management fees paid to other third parties include 1% to 2% per annum on the outstanding investment portfolio and 10% performance fee on net income generated.

### 18. Audit fees and consultancy fees

	2023	2022
Audit fees	97,556	65,668
Consultancy fees	38,252	50,978
	<b>135,808</b>	<b>116,646</b>

## Independent auditor's remuneration

Audit fees	2023	2022
	Pricewaterhouse- Coopers N.V.	Pricewaterhouse- Coopers N.V.
Audit of the annual report	97,556	65,668
Other assurance services	–	–
Tax advisory services	–	–
Other services	–	–
<b>Total</b>	<b>97,556</b>	<b>65,668</b>

The audit fees amounted to EUR 97,556 (2022: EUR 65,668). These fees amounting to EUR 72,072 related to the audit of the financial statements for the financial year 2023 and EUR 25,484 for 2022 and 2021 (2022: 9,994 related to 2021), regardless of whether the work has already been carried out during the financial year.

The independent auditor did not render any consultancy services.

The consultancy costs consist of legal advice costs, tax advice costs and project costs.

### 19. Interest expense

This includes (penalty) interest charges on the loans received from Triodos Bank, Triodos Impact Strategies Fund – Dynamic, Triodos Impact Strategies Fund – Balanced, Triodos Impact Strategies Fund – Defensive, Triodos Impact Strategies Fund – Offensive as well as interest charged by Stichting Hivos (Hivos) on the subordinated loan.

It also includes the interest expenses charged by Triodos Bank and Rabobank as a result of the negative interest on current account balances.

## 20. Other expenses

	2023	2022
Bank charges	15,331	9,624
Contribution and levies	5,943	5,744
Publicity costs	3,577	4,158
Office costs	3,212	3,242
Other	4,267	–
	<b>32,330</b>	<b>22,768</b>

Stichting Hivos-Triodos Fonds does not pay remuneration to (former) directors and/or (former) supervisors. Stichting Hivos-Triodos Fonds has also not provided loans, advances and guarantees to (former) directors and (former) supervisors.

## 21. Exchange rate results

This includes exchange rate differences in cash, other receivables and provision for legal fees.

## 22. Corporate income tax

	2023	2022
Corporate income tax for the financial year	–	141,108
Corporate income tax in previous years	–	–
	<b>–</b>	<b>141,108</b>

As of 1 January 2018, Stichting Hivos-Triodos Fonds is liable to tax for the corporate income tax within the meaning of the Corporation Tax Act 1969. The provisional fiscal result for the financial year 2023 is negative, therefore no corporate income tax expense for 2023 (2022: provisional EUR 712,280).

## 23. Subsequent events

Stichting Hivos-Triodos Fonds and Hivos entered into a new subordinated loan agreement, effective 1 May 2024. As per the new agreement, the principal loan amount of EUR 31,842,465 will be split in two tranches: Tranche A of EUR 7,000,000 and Tranche B of EUR 24,842,465. Tranche A has an interest rate of 2.6% per year, and a final maturity at 31 December 2030. Repayment of Tranche A will take place in 10 equal semi-annual installments of EUR 700,000 starting as of 30 June 2026. Tranche B has an interest rate of 3.0% per year and no repayments will take place until 1 May 2034 (10 years after the effective date), after which date the terms will be renegotiated. The loan is subordinated to other debts. This loan was granted by Hivos to enable the Foundation to pursue its objective as a foundation through investments. Stichting Hivos-Triodos Fonds uses a blended finance construction that enables the Foundation to pursue its objective with a combination of different types of financing and non-profit financiers.

## Comparison of operating result with budget

The Supervisory Board approved the budget for 2023 at the end of 2022, which showed a budgeted operating profit of EUR 1,564,383. The actual operating loss is EUR -1,935,419.

The operating profit 2023 includes unrealised changes in the value of investments, including FX revaluations, which were not included in the budget. When excluding these, the operating profit is below budget.

## Appropriation of result

The articles of association of Stichting Hivos-Triodos Fonds do not give any indication of the appropriation of result. The result for 2023 was EUR -1,572,375 (2022: EUR 1,358,966). This amount comprises of an operating result of EUR -1,935,419 (2022: EUR 1,067,754) plus an exchange result on cash and other receivables of EUR -58,225 (2022: EUR 455,887), corporation tax of nil (2022: EUR 141,108) and a movement in the general provision of EUR 421,269 (2022: EUR -23,567).

The operating result and the balance of the changes in the general provision, totalling EUR -1,572,375 will be deducted from the general reserve.

## Related parties

Stichting Hivos-Triodos Fonds has relationships with the following legal entities:

1. Triodos Investment Management B.V. manages Stichting Hivos-Triodos Fonds for which it receives a competitive management fee. Triodos Investment Management B.V. is also entitled to a carried interest fee on the sale of participations if the conditions for this are met. The parties have agreed that no carried interest fee will be charged to the sale of the Hivos participations to Stichting Hivos-Triodos Fonds.
2. Triodos Bank N.V. is the sole shareholder of Triodos Investment Management B.V..
3. Triodos Bank N.V. has provided a credit facility at market rates. The used part of the credit facility at year end date is EUR nil.
4. Triodos Bank N.V. has made one loan available at market rates. The outstanding amount at balance sheet date is EUR 10,000,000.
5. Stichting Hivos-Triodos Fonds, together with Triodos Groenfonds and Triodos SICAV II - Triodos Emerging Markets Renewable Energy Fund provides capital (syndicated equity) managed by Triodos Investment Management B.V.. At year-end 2023, the value of the syndicate equity was EUR 1,416,006 (2022: 1,467,969).
6. Stichting Hivos-Triodos Fonds, together with Triodos Fair Share Fund, Triodos SICAV II - Triodos Microfinance Fund and Triodos SICAV II - Triodos Emerging Markets Renewable Energy Fund provides financing (syndicated loans) managed by Triodos Investment Management B.V.. At year-end 2023, the value of the syndicate loans was EUR 7,738,570 (2022: EUR 5,463,687).
7. Triodos Impact Strategies N.V. has made four loans available at market rates on behalf of its sub-funds. The outstanding amounts at balance sheet date are as follows:
  - Triodos Impact Strategies N.V. for the benefit and on behalf of its sub-fund Triodos Impact Strategy Fund – Dynamic, EUR 100,000.
  - Triodos Impact Strategies N.V. for the benefit and on behalf of its sub-fund Triodos Impact Strategy Fund – Balanced, EUR 680,000.
  - Triodos Impact Strategies N.V. for the benefit and on behalf of its sub-fund Triodos Impact Strategy Fund – Defensive, EUR 100,000.
  - Triodos Impact Strategies N.V. for the benefit and on behalf of its sub-fund Triodos Impact Strategy Fund – Offensive, EUR 720,000.
8. MFX Solutions LLC is a financial institution with a focus on trading currency instruments. Triodos Investment Management performs a supervisory function on this entity. During 2023 Stichting Hivos-Triodos Fonds was a shareholder of MFX Solutions and had a minority stake. In September 2022, Triodos Sustainable Finance Foundation, at that time also a shareholder disposed it's minority stake in full. Stichting Hivos-Triodos Fonds remains shareholder and concludes currency forward contracts with MFX Solutions. The balance sheet value of all contracts concluded at year-end 2023 was EUR 149,620 (2022: EUR 292,936). With regards to the concluded contracts, no collateral has been paid at the end of 2023.

Driebergen-Rijsenburg, the Netherlands, 5 July 2024

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



# Other information

## Appropriation of results

The articles of association of Stichting Hivos-Triodos Fonds do not give any indication for the appropriation of the results.

# Independent auditor's report



To: the board of directors and the supervisory board of Stichting Hivos-Triodos Fonds

## Report on the audit of the annual accounts 2023

### Our opinion

In our opinion, the annual accounts of Stichting Hivos-Triodos Fonds ('the Foundation') give a true and fair view of the financial position of the Foundation as at 31 December 2023, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

### What we have audited

We have audited the accompanying annual accounts 2023 of Stichting Hivos-Triodos Fonds, Driebergen-Rijsenburg.

The annual accounts comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for the year ended 31 December 2023; 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 annual accounts is the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

### 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 annual accounts' 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 Stichting Hivos-Triodos Fonds in accordance with 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).

## 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 annual accounts 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 annual accounts and does not contain material misstatements; and
- contains all the information regarding the directors' report that is required by the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

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

By performing our procedures, we comply with the requirements of the Dutch Standard 720.

The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the annual accounts.

The board of directors is responsible for the preparation of the other information, including the directors' report pursuant to the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board.

## Responsibilities for the annual accounts and the audit

### Responsibilities of the board of directors and the supervisory board for the annual accounts

The board of directors is responsible for:

- the preparation and fair presentation of the annual accounts in accordance with the Guideline for annual reporting 640 'Not-for-profit organisations' of the Dutch Accounting Standards Board; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the annual accounts using the going-concern basis of accounting unless the board of directors either intends to liquidate the Foundation or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the annual accounts any event and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Foundation's financial reporting process.

### Our responsibilities for the audit of the annual accounts

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 annual accounts as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts.

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, 5 July 2024

PricewaterhouseCoopers Accountants N.V.

M.P.A. Corver RA

## **Appendix to our auditor's report on the annual accounts 2023 of Stichting Hivos-Triodos Fonds**

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 annual accounts and explained what an audit involves.

### **The auditor's responsibilities for the audit of the annual accounts**

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 annual accounts, 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 Foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' 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 Foundation'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 annual accounts 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 annual accounts as a whole. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the annual accounts, including the disclosures, and evaluating whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory 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.

# Personal details

Reference date: 5 July 2024

## Supervisory Board

### J. van de Ven

Johan van de Ven is Chair of the Supervisory Board of Stichting Hivos-Triodos Fonds. Johan currently acts as an independent innovation consultant and executive. In addition to his role as chair of the supervisory board to HTF, he is CEO of i-Med Technology and industrial partner at Oraxys. Previously, he held different international board positions at Bosal and Royal Philips Electronics and was supervisory board member to Hivos Foundation. He is a Dutch national.

### M. Farkas

Michel Farkas is Chief Operations Officer of Stichting Hivos. Michel is also chair of the Board of Hivos Impact Investment B.V. and a member of the Board of Trustees of the Indonesian Foundation Humanis. Prior to joining Stichting Hivos, Michel was CFO/COO at SNV and before that Director Resources at Médecins sans Frontières. He is a Dutch national.

### D. Griffioen

Diane Griffioen is the head of private equity at PGGM Investments. She is also a member of the supervisory board of Stichting Buurtgezinnen, and member of the supervisory board of Stichting Natuur en Milieu. Previously, she was head of investments at ABP, a director at ASN Investment Funds and a director at Triodos Investment Management. She is a Dutch national.

### Y.C. van der Schoot

Ylse van der Schoot has been recently the Chief Operations Officer at Cordaid. Previously she held a variety of (board) management positions, amongst others executive director of North Star Alliance, and director investor relations at Oikocredit International. She is a Dutch national.

## Fund manager

### J. Santbergen

Judith Santbergen has been the fund manager of Stichting Hivos-Triodos Fonds since November 2021. She joined Triodos Investment Management in May 2014 as an Investment Officer for Africa and subsequently worked as a Senior Investment Officer since July 2016. Prior to joining Triodos, Judith worked in various roles for Rabobank. Judith is a Dutch national.

## Management Board Triodos Investment Management

Stichting Hivos-Triodos Fonds is managed by Triodos Investment Management B.V. The Board of Triodos Investment Management B.V. consists of:

### D.J. van Ommeren

Dick van Ommeren is a Managing Director of Triodos Investment Management B.V. since 1 February 2016 and Chair since 1 November 2021. In addition, Dick van Ommeren is a member of the Board of Directors of Triodos SICAV I, and a member of the Board of Directors of Triodos SICAV II. Dick van Ommeren is a Dutch national.

### H. Kuiper

Hadewych Kuiper is a Managing Director of Triodos Investment Management B.V. since 1 February 2022. Within the Management Board, Hadewych is responsible for Triodos Investment Management B.V.'s investment activities. In addition, Hadewych is a member of the Board of Directors of Stichting Netherlands Advisory Board on impact investing (NAB). Hadewych Kuiper is a Dutch national.

### K. Bosscher

Kor Bosscher is Managing Director Finance, Risk & Operations of Triodos Investment Management B.V. since 1 March 2018. In addition, Kor is member of the Supervisory Board of Woningcorporatie De Sleutels. Kor Bosscher is a Dutch national.

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If you have any comments or questions about this report, please contact Triodos Investment Management.

This report is also available and can be downloaded from [www.triodos-im.com](http://www.triodos-im.com)

Stichting Hivos-Triodos Fonds is a joint initiative of Hivos and Triodos Bank.