



Triodos Impact Strategies II N.V.

- Triodos Energy Transition Europe Fund
- Triodos Food Transition Europe Fund

Annual Report 2021

Information for shareholders

General meeting of shareholders: 17 June 2022

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General information

Legal structure

Triodos Energy Transition Europe Fund (TETEF) and Triodos Food Transition Europe Fund (TFTEF) (hereafter: the sub-funds) were launched in June 2006 and January 2014 respectively, as sub-funds of Triodos SICAV II (Luxembourg). On 2 December 2019, the sub-funds changed domicile to the Netherlands and have been set-up as a sub-funds of a newly incorporated Dutch legal entity, Triodos Impact Strategies II N.V. (hereafter: the Fund).

The Fund was incorporated on 10 September 2019 under the Laws of the Netherlands as an investment company with variable capital as referred to in article 2:76a DCC (Dutch Civil Code). The Fund, which has its seat in Zeist, the Netherlands, at Hoofdstraat 10, 3972 LA, Driebergen-Rijsenburg is registered in the trade register of the Dutch Chamber of Commerce under number 75806754. The Fund is an alternative investment fund subject to the requirements of Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (AIFMD), as implemented in the Netherlands with the Dutch Financial Supervision Act (Wft). The Fund is regulated by the Dutch Authority for the Financial Markets (AFM).

The sub-funds have an open-end fund structure. Triodos Energy Transition Europe Fund has euro-denominated share classes for retail and professional investors, one of which is listed on Euronext Fund Services. Triodos Food Transition Europe Fund has euro-denominated share classes for professional and certain qualified private investors. None of its share classes are listed on any stock exchange.

Alternative Investment Fund Manager

Triodos Investment Management B.V. (Triodos Investment Management, the Fund Manager, or AIFM), a wholly owned subsidiary of Triodos Bank N.V., acts as the sole statutory director and manager of Triodos Impact Strategies II N.V. Triodos Investment Management is licensed by the AFM to manage investment companies within the meaning of Section 2:65 Wft. Triodos Investment Management is a member of the Dutch Fund and Asset Management Association (DUFAS). DUFAS has drawn up the Asset Managers Code, which contains a number of principles. In order to act in accordance with these principles, Triodos Investment Management, as a member of DUFAS, has defined the Fund Governance Principles. These Fund Governance Principles are available on www.triodos-im/governance.

The Board of Triodos Investment Management consists of:
Dick van Ommeren (Chair)
Hadewych Kuiper (Managing Director)
Kor Bosscher (Managing Director Risk & Finance)

Jacco Minnaar was Chair of Triodos Investment Management until 1 October 2021 and was succeeded by Dick van Ommeren as of 1 November 2021. Hadewych Kuiper was appointed as Managing Director as of 1 February 2022.

Fund managers

Triodos Investment Management has separate internally appointed fund managers for each of the sub-funds. Vincent van Haarlem is the fund manager of Triodos Energy Transition Europe Fund whereas Isabelle Laurencin is the fund manager of Triodos Food Transition Europe Fund.

Supervisory Board

Triodos Impact Strategies II N.V. has a Supervisory Board that is responsible for supervising the day-to-day management of the AIFM in its capacity as statutory director of the Fund. The manager will therefore provide the members of the Supervisory Board with all information that is necessary for or conducive to the execution of these tasks. The members of the Supervisory Board are independent from the Triodos Group (consisting of Triodos Bank N.V. and its subsidiaries, including Triodos Investment Management), as a further safeguard of the checks and balances within the Fund.

The Supervisory Board has the following members:
Ineke Bussemaker (Chair)
Elfrieke van Galen
Gerard Groener
Henk Raué
Jan Willem van der Velden

Jacqueline Rijdsdijk has stepped down as Chair of the Supervisory Board and was succeeded by Ineke Bussemaker as of the General meeting of shareholders on 11 June 2021. Henk Raué will step down as of the General meeting of shareholders on 17 June 2022.

Administrator, Fund Agent, Listing Agent, Paying Agent, Transfer Agent and Depositary

CACEIS Bank, Netherlands Branch (CACEIS) has been appointed as Administrator, Fund Agent, Listing Agent, Paying Agent and Transfer Agent for Triodos Impact Strategies II N.V. BNP Paribas Securities Services S.C.A. (BNP Paribas) has been appointed as Depositary for Triodos Impact Strategies II N.V.

Management Report

Objectives

Sustainable Finance Disclosure Regulation

As an impact investor, Triodos Investment Management has sustainability at the core of all its investment activities. Due to the implementation of the EU Sustainable Action Plan and in particular the Sustainable Finance Disclosure Regulation (SFDR), specific information/explanations concerning sustainability is included in this annual report. Both Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund have sustainable investment as its objective, as set out in Article 9 of the SFDR. Article 11 of SFDR requires financial products as referred to in Article 9 of the SFDR to include a description of their overall sustainability-related impact by means of relevant sustainability indicators in the annual report. The laws and regulations regarding SFDR and the quantitative calculation of the general sustainability impact and sustainability indicators are still under development. Therefore, in the 2021 annual report the sustainability-related information prescribed by the SFDR is still limited to qualitative information. More information on sustainability and the sub-fund's impact can be found in the annual impact report published on www.triodos-im.com. This annual impact report is not part of the annual report and is therefore not audited by the independent auditor.

Pursuant to the EU taxonomy regulation, the sub-funds are also obliged to report to what extent it invests in economic activities that contributes to an environmental objective. Triodos Energy Transition Europe Fund contributes to climate change mitigation by investing in renewable power generation and battery storage projects. Therefore, it is expected that 100% of its investments are taxonomy aligned. Triodos Food Transition Europe Fund also contributes to climate change mitigation by investing in companies in Europe that provide significant contributions to the transition towards ecologically and socially resilient food and agriculture systems. Further, it is expected that it also contributes to other environmental objectives. Since not all environmental objectives are yet specified in the Taxonomy Regulation it is not possible to ascertain a percentage of investments that are taxonomy aligned, therefore in accordance with current regulatory discussions a 0% taxonomy alignment is presumed until further specification of the objectives becomes available.

Triodos Energy Transition Europe Fund

The overall objective of Triodos Energy Transition Europe Fund is to offer investors an environmentally sound investment in companies that accelerate the energy transition with the prospect of an attractive financial return combined with the opportunity for the investors to

make a pro-active, measurable and lasting contribution to the reduction of CO₂ emissions.

Triodos Energy Transition Europe Fund invests in equity and/or quasi-equity, such as shareholder loans and preferred capital, and in subordinated debt in qualifying investments. The sub-fund primarily invests in project companies that generate renewable energy, reduce energy use, make the energy system more flexible or that enable electrification. The sub-fund invests in projects in the development phase or provide growth capital to privately-owned companies that are active in the abovementioned sectors with the objective of accelerating their growth.

For the attainment of its sustainable investment objective, Triodos Energy Transition Europe Fund uses the following impact indicators to steer, measure, monitor and report on its sustainability performance on its investments:

- Gigawatt hours (GWH) produced,
- CO₂ emissions avoided,
- Household equivalents.

The impact indicators CO₂ emissions avoided, and household equivalents are measured according to the PCAF (Partnership for Carbon Accounting Financials) methodology. PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas emissions associated with their loans and investments. The core principle of the PCAF methodology is to attribute emissions proportionally to the fraction of capital structure financing provided by the project. The financed emissions from a single project are calculated by multiplying the attribution factor by the emissions of the respective project. More information regarding the PCAF methodology can be found on: www.carbonaccountingfinancials.com.

The portfolio of the sub-fund has grown over 2021 and hence the impact the fund increased. Both generating assets as well as projects in development or under construction were added to the portfolio. Projects under construction or in development do not contribute to the funds' impact according to the PCAF method as they do not yet produce energy and consequently do not contribute to the avoidance of CO₂ emissions. Therefore, not all assets added to the portfolio create 'impact' as defined by PCAF i.e., in terms of added capacity, electricity generation, or CO₂ emissions avoided. However, funding these projects does create impact considering the potential of those deals to foster both the energy transition and the future energy supply.

When strictly following the PCAF method, the impact of the sub-fund decreased over 2021. The decrease can mainly be attributed to lower-than-expected wind outputs and a revision of the attribution factors reflecting that investments with negative equity bookvalues on their balance sheets receive no attribution of impact in terms of GWh produced, CO₂ emissions avoided, or household equivalents.

Overall, the impact indicators are in line with the sub-fund's sustainable investment objectives. The performance of the impact indicators is a consequence of the investment strategy of Triodos Energy Transition Europe Fund and not a result of targeting specific indicator results. The data used to calculate the performance of the impact indicators is derived by the Fund Manager from investee companies directly and/or via data providers.

Triodos Food Transition Europe Fund

Triodos Food Transition Europe Fund invests primarily in privately-owned European businesses that contribute to the food transition. It aims to offer investors a unique opportunity to invest in the long-term development of the organic and sustainable food sector in Europe and to have a positive social and environmental impact. The sub-fund aims to build a balanced portfolio of mature and profitable businesses and fast-scaling companies.

The investment focus is on selected values-based businesses with a proven business model, a strong team and recurring revenues. Through an evergreen approach, the sub-fund invests as an aligned partner, by providing succession and/or growth capital. The sub-fund typically takes significant minority or majority (quasi-)equity positions, is represented on the board of directors and/or at annual shareholders meetings and adds value through a strategic, professional ownership approach.

The sub-fund uses an impact framework to define its impact goals in a transparent and concrete way in all

stages of the investment process, from deal sourcing and due diligence to execution and portfolio management. The framework illustrates the process from identifying objectives to assessing impact results based on indicators.

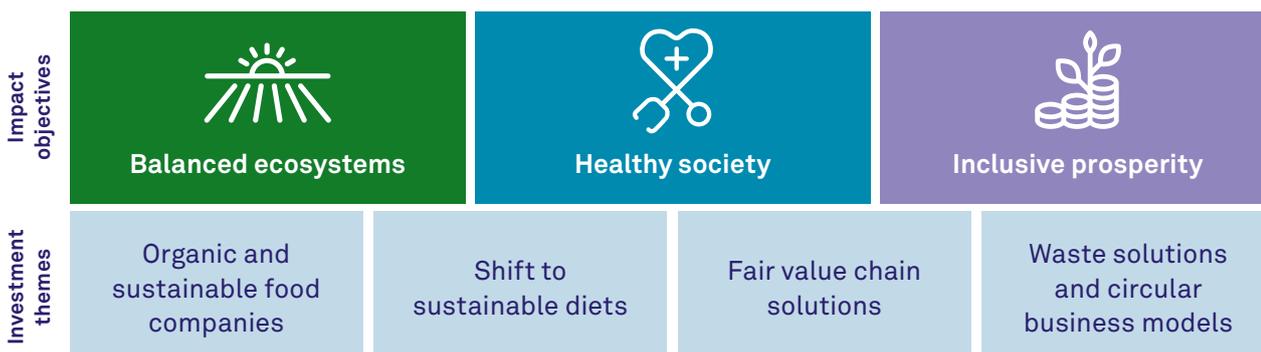
For the attainment of its sustainable investment objectives, Triodos Food Transition Europe Fund reports on impact indicators. It should be noted that the portfolio companies are active in different parts of the value chain, ranging from product developers with a business-to-business approach to retailers with a business-to-consumer approach. Due to this diversity, reporting on impact at an aggregated fund level is challenging and therefore limited to a small range of indicators reflecting the entire sub-fund portfolio such as:

- Organic food turnover,
- Number of farmers reached,
- Tonnes of resource waste avoided.

Organic food can be defined as food that is grown without the use of synthetic chemicals and does not contain genetically modified organisms. The number of farmers reached is part of the Key Performance Indicator (KPI): Inclusive prosperity. It is important that there is a fair pricing to farmers. The tonnes of resource wasted estimates the food and resources averted from going to landfills through the provision of innovative and eco-friendly products and services.

During the previous year, the organic food turnover which reflects the increasing demand and popularity of organic products grew substantially. With our increased focus on food transition, the farmers in our supply chain will continue to receive fair value for their products, which improves their social and economic position. Over 2021, this indicator remained stable. In order to maximise impact, the fund aims to impact an increasing number of farmers going forward. Finally, the tonnes of resource waste avoided showed a decrease compared to last year due to the sell of Naty AB.

Impact framework



Overall, the impact indicators are in line with the sub-fund's sustainable investment objectives. The performance of the impact indicators is a consequence of the investment strategy of Triodos Food Transition Europe Fund and not a result of targeting specific indicator results. The data used to calculate the performance of the sustainability indicators is derived by the Fund Manager from investee companies directly and/or via data providers.

For more detailed information about the investment strategy of the sub-funds we refer to the prospectus of 19 December 2020 and the supplementary statement dated 1 January 2022, which is available on our website (www.triodos-im.com), along with more information about the sub-funds' impact and developments.

Triodos Energy Transition Europe Fund

Key figures

(amounts in EUR)	2021	2020
Net assets value at year-end	128,832,116	150,817,477
<i>Number of share outstanding at year-end</i>	3,588,430	4,440,149
Income from investments	6,000,461	8,862,116
Realised changes in investments	145,624	-139,672
Exchange rate results	12,559	-23,132
Total operating expenses	-4,259,619	-4,522,802
Net operating income	1,899,025	4,176,509
Unrealised results on investments	9,436,832	-4,001,069
Unrealised results on receivables	-	-
Net result	11,335,857	175,441
Ongoing charges per share class*		
I-cap (EUR)	-	2.39%
Q-cap (EUR)	2.63%	2.62%
R-cap (EUR)	3.17%	3.00%
Z1-cap (EUR)	2.62%	2.51%
Z2-cap (EUR)	2.62%	2.49%

* The ongoing charges for the financial year ending 2021 reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges for the financial year ending 2020 are calculated over the thirteen-month period since the launch of the sub-fund and annualised to arrive at the estimated yearly ongoing charges figure.

Per outstanding share

(amounts in EUR)	2021	2020
Net assets value at year-end	35.85	33.97
Income from investments	1.67	2.00
Realised changes in investments	0.04	-0.03
Operating expenses and exchange rate results	-1.19	-1.01
Unrealised results	2.63	-0.90
Net result	3.16	0.04

Net asset value (NAV) per share

(amounts in EUR)	2021	2020
I-cap (EUR)	-	38.68
Q-cap (EUR)	42.15	38.60
R-cap (EUR)	38.54	35.51
Z1-cap (EUR)	34.33	31.45
Z2-cap (EUR)	34.33	31.45

Return based on NAV per share* **

	1-year return	3-year return p.a.	5-year return p.a.	10-year return p.a.	return p.a. since inception
Q-cap (EUR)	9.2%	4.8%	4.3%	2.5%	3.4%
R-cap (EUR)	8.5%	4.2%	3.7%	1.9%	2.8%
Z1-cap (EUR)	9.2%	4.8%	4.3%	2.3%	3.1%
Z2-cap (EUR)	9.2%	4.8%	4.3%	2.3%	3.1%

* NAV per share is based on share prices as per year end, i.e., the last price at which shares were traded in the reporting period.

** All share classes have a limited history. Triodos Impact Strategies II N.V. – Triodos Energy Transition Europe Fund is the successor of Triodos SICAV II – Triodos Renewables Europe Fund. Returns prior to the launch date of a share class are based on the returns of the comparable share class of Triodos SICAV II – Triodos Renewables Europe Fund.

For a more detailed explanation of key figures that cannot be directly derived from the financial statements, we refer to Annex A.

Retrospective review Triodos Energy Transition Europe Fund and market developments

In the reporting period, the sub-fund's net assets decreased from EUR 150.8 million as per 31 December 2020 to EUR 128.8 million as per 31 December 2021, of which 81.2% was invested (31 December 2020: 51.6%). The portfolio currently comprises 38 investments (31 December 2020: 33 investments). In the course of 2021, the size of the sub-fund's portfolio grew from EUR 77.8 million as per 31 December 2020 to EUR 104.6 million as per 31 December 2021, thanks to the addition of new investments. The sub-fund's portfolio valuation was impacted by higher power price forecasts and macro-economic factors, including the appreciation of USD and GBP. As deals in the renewable energy sector tend to have a long lead time it appeared to be difficult to keep inflow in sync with disbursements, which resulted in closing the sub-fund for investor inflow as of April 2021.

Triodos Energy Transition Europe Fund data, 31 December 2021

Net assets	EUR 128.8 million
Portfolio value	EUR 104.6 million
Number of equity investments	32
Number of subordinated loans	22
Number of investments	38*
Number of countries	8

* Some investees receive both equity and loan(s)

The Impact Report 2021 for Triodos Energy Transition Europe Fund gives insights into the impact of the projects that the sub-fund finances.

See: <https://www.triodos-im.com/impact-report/2021/triodos-energy-transition-europe-fund>

Investments

As per 31 December 2021, the net assets of Triodos Energy Transition Europe Fund totalled EUR 128.8 million (31 December 2020: EUR 150.8 million), of which 81.2% was invested (31 December 2020: 51.6%). The sub-fund has 38 investments throughout Europe (31 December 2020: 33) in renewable power generation projects, comprising onshore wind, ground-mounted and roof-top solar photovoltaic assets. In addition, the sub-fund finances an energy efficiency portfolio as well as two battery storage projects. Especially, the amount invested in battery storage projects increased during 2021. Furthermore, Triodos Energy Transition Europe Fund invests in two energy transition funds. One of these funds invests in energy transition companies across Europe, while the other one participates in renewable energy projects in emerging markets.

Triodos Energy Transition Europe Fund's portfolio grew during 2021, by investing in multiple projects ranging from innovative initiatives that function as a catalyst in their industries to 'traditional' renewables such as wind and solar. In the second quarter, a first tranche of a subordinated loan was disbursed to finance a rooftop solar portfolio. This solar investment added an additional 8 megawatt (MW) in capacity to the portfolio.

In the third quarter investments to support three large onshore wind-projects in the Republic of Ireland, executed by the experienced developer SMR, materialised. Two of these projects are in operational phase and add 6.6MW in capacity to the sub-fund. The other project is in the late-stage development phase and is expected to contribute another 30MW to the portfolio upon completion. The investments in these projects contributed to the country diversification of the sub-fund's portfolio by adding Ireland as a new country to the sub-fund.

During the last quarter of 2021, investment activity accelerated. A majority position was established in Giga Buffalo, the largest utility scale Lithium-ion energy storage system in the Netherlands. In addition, mezzanine debt was provided to this project under construction. The battery contributes 25MW storage in capacity to the portfolio and is being developed by Giga Storage BV. This is same partner that the sub-fund cooperated with in order to realise an earlier battery storage project in 2020 (Giga Rhino). Also in the fourth quarter, Triodos Energy Transition Europe Fund acquired a majority stake in the Iwell grid scale battery storage project. Construction of this project is expected to start in mid-2022. Upon completion, the project is expected to contribute another 7MW in storage capacity. The investments in batteries are anticipated to play an important role in increasing the reliability of the grid, enabling more renewable energy to be connected by managing mismatches between demand and supply. For the sub-fund, these investments contribute to technology diversification of the portfolio.

As per 31 December 2021, 52% of the sub-fund's investment portfolio consisted of solar projects (31 December 2020: 57%), 36% of wind projects, (31 December 2020: 35%), 7% of storage projects, and 5% of energy efficiency projects and other projects (31 December 2020: 8%). On an annual basis, solar assets provide more stable cash flows than wind assets. The cash flows from wind energy projects are slightly less predictable because of greater fluctuations in input, i.e., wind.

Over the reporting period, the average power production of the sub-fund's portfolio was lower than expected. This was due to lower-than-projected wind supply, resulting in less electricity production by the wind farms. Solar assets performed in line with projections.

The sub-fund's weighted average portfolio discount rate on 31 December 2021 was 7.5% for the instrument valued using a discounted cash flow method (31 December 2020: 7.6%).

Asset allocation (% of fund's net assets)

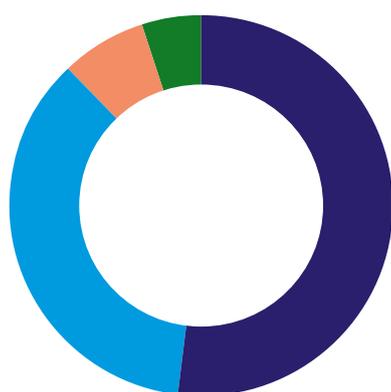
31 December 2021



Equity and quasi-equity	53%
Subordinated debt	28%
Other assets and liabilities	19%

Sector allocation (% of portfolio)

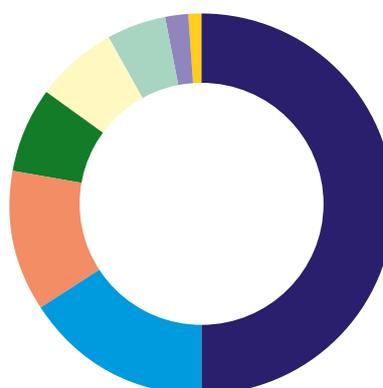
31 December 2021



Solar	52%
Wind	36%
Energy efficiency	7%
Other sectors	5%

Country allocation (% of portfolio)

31 December 2021



The Netherlands*	50%
Belgium	16%
Spain	12%
United Kingdom	7%
Ireland	7%
Germany	5%
France	2%
Italy**	1%

* Includes two fund-in-fund investments (SET Ventures III and Cooperatief Construction Equity Fund U.A), which are domiciled funds with investments in Western Europe and emerging markets respectively

** The investment in Italy was made through a Dutch parent company

Majority interest

The investments shown in the following table, where the sub-fund has a majority interest, are excluded from consolidation due to the availability of an exit strategy, in accordance with the interpretation of article 407c, Title 9, Book 2 of the DCC, which is guided by the accounting standard (RJ 217.308.b) issued by the Dutch Accounting Standards Board.

The windfarms Roompotsluis, Roggeplaat, Midlum and Zeeland I are operating in line with expectations, taking into account lower windspeeds in 2021. The Dutch windfarm Neeltje Jans also operated according to expectations despite that in early 2021 three of the four wind turbines were dismantled. Over 2021 new turbines were installed which are currently being tested. The German windpark Amonenburg underperformed in 2021. Measures to improve performance are being discussed with the operator of the windfarm. The solar assets such as GFS Veurne, Silvius Sun, SolarAccess Energy International, El Carpio and Lucentum performed more in line with budgeted figures than most wind assets. Exceptions in the solar segment are SEP and GSI. The former of those projects produced significantly more

energy than in 2020 as assets that were previously under construction entered the operational phase during the year. GSI produced less than expected compared to output from previous years.

The projects in development or under construction in which the sub-fund has a majority position comprises of two battery storage projects i.e., Giga Buffalo and Iwell and two wind projects i.e., Vluchthaven and Noordland-Buiten. For these four projects, development and construction progresses in line with expectations.

The overview below shows participating interests where Triodos Energy Transition Europe Fund exercises or can exercise significant influence. Whether the sub-fund has significant influence is determined by considering the shareholding, voting rights and board representation.

Investment (name)	Country	Ownership %	Nature
Helium	France	48.9	Solar - Operational
Haringvliet	Netherlands	48.0	Wind - Operational
Willem-Annapolder	Netherlands	43.6	Wind - Operational
Zuidbroek	Netherlands	49.0	Solar - Development
Duurkenakker	Netherlands	49.5	Solar - Construction
TR Fenpower *	UK	50.0	Wind - Operational

* The actual ownership of the sub-fund in the investment is 24.9%. The sub-fund holds half of the available shares (49.8%) in TR Fenpower. Therefore: $50\% * 49.8\% = 24.9\%$.

The overview below includes assets in which the sub-fund holds a majority stake.

Investment (name)	Residence	Ownership %	Nature	Any restrictions or agreement impacting dividends/repayments
GFS Veurne	Belgium	95.0%	Solar - Operational	no
Silvius Sun	Belgium	80.0%	Solar - Operational	no
Amoneburg	Germany	100.0%	Wind - Operational	no
Midlum	Germany	100.0%	Wind - Operational	no
SolarAccess Energy International	Italy	70.0%	Solar - Operational	no
Neetje Jans	Netherlands	50.0%	Wind - Operational	no
Roggeplaat	Netherlands	90.0%	Wind - Operational	no
Roompotsluis	Netherlands	50.0%	Wind - Operational	no
SolarAccess Energy International	Netherlands	70.0%	Solar - Operational	no
Zeeland I	Netherlands	50.0%	Wind - Operational	no
SEP	Netherlands	80.0%	Solar - Operational	no
Giga Buffalo	Netherlands	80.0%	Storage - Construction	no
Vluchthaven	Netherlands	50.0%	Wind - Construction	no
Noordland-Buiten	Netherlands	50.0%	Wind - Construction	no
Iwell	Netherlands	80.0%	Storage - Development	no
El Carpio	Spain	100.0%	Solar - Operational	no
GSI	Spain	51.0%	Solar - Operational	no
Lucentrum	Spain	100.0%	Solar - Operational	no

Liquidity

The sub-fund's liquidity ratio dropped from 47.6% of net assets per 31 December 2020 to 18.6% of net assets per December 2021. The liquidity ratio is calculated as the sub-fund's liquidity position as a percentage of its net assets. The liquidity position includes cash and cash equivalents.

The main driver behind the steep decrease in liquidity over 2021 was the decision to close the sub-fund for investor inflow from 14 April onwards. Especially during the first month after the sub-fund was closed some significant outflow was recorded. Thereafter, monthly outflow continued but at a decreasing rate towards the end of the year. Additionally, the investment team managed to disburse almost EUR 18 million of which the largest part was disbursed in the last quarter of 2021. Both the redemptions and disbursements did more than offset the total cashflows.

The downward trend of the sub-fund's liquidity is in line with the objectives set when the sub-fund was closed for inflow. Several years before the closure, the sub-fund experienced strong growth. Given the type of investments that the sub-fund makes, which require a relatively long lead time, it was hard to keep disbursements in sync with investor inflow. At this point in time, it is not yet clear when the sub-fund will reopen for new inflow, but liquidity is certainly moving in a desirable direction. When discussions on reopening the sub-fund commence, a key focus area will be, whether subscriptions can be kept in line with investment opportunities to avoid a repetition of the above-target liquidity levels experienced at the beginning of 2021.

Market developments

In 2021, most sectors experienced strong growth while recovering from the impact of COVID-19-related social and economic restrictions that were in place during large parts of 2020. The lifting of restrictions, government-led financial support programs, and postponed purchases all contributed to peak demand for both industrial and consumer goods in 2021. In several sectors limited economic expansion during 2020 and supply chain disruptions left over from COVID-19-related transport restrictions made it hard to meet the increased demand, resulting in shortages and inflationary pressures. The increased economic activity and the desire to cut down on energy production by means of coal-fired plants both contributed to rising energy prices.

Besides these more structural trends affecting the energy market, there were several events with a more temporary nature that had an impact on the market dynamics. These events included, but were not limited to, reduced gas-flows from Russia in order to support that country's case for the use of the Nord Stream2 pipeline, gas shortages in Asia, where gas tends to be bought at higher prices than in Europe, the gradual closing of the Groningen gas field in the Netherlands, and tensions between Russia and Ukraine. The combination of these structural and temporary events led to record highs in energy prices in Europe, peaking in the fourth quarter. At the end of that quarter, some of the pressure on the market was released when several liquefied natural gas-carrying tankers diverted towards Europe.

The high prices can be both a blessing and a curse for the development of renewables. Generally, high energy prices are considered to incentivize consumers and companies to opt for renewables and to reduce on its overall energy consumption. However, public support for the energy transition may become weaker, because curbing fossil-based energy production will increase the pressure on energy prices in case there are not enough renewable sources to substitute 'fossil' energy. Whereas high energy prices might affect public sentiment towards the energy transition, it does not directly affect the volume of electricity generated by renewable sources sold to the grid, as renewable energy has priority of dispatch over electricity produced by fossil fuel powered stations.

Several agreements and regulations on European and national level affected the energy market and therefore the sub-funds' portfolio. Especially on European level, as part of the green deal, several initiatives to accelerate the energy transition were put forward. One of those initiatives is legislation aimed at those who claim to support the 'green' transition and sets out a legal framework for the disclosure of impact-related

data. Next to the SFDR, the EU taxonomy system will be implemented. The system classifies which parts of the economy can be labelled as 'green'. Recently, nuclear fission and fusion as well as natural gas were earmarked as 'green' energy sources. The decision to qualify these energy-sources as 'green', enables operators in these market segments to receive more funding ultimately making it easier to compete with or complement 'traditional' segments in the renewable energy sector, such as solar, wind and hydro power. Furthermore, changes in national tax-regulations in the Netherlands and changing subsidy schemes in France affected the market in which the sub-fund operates.

This dynamic market environment affected the valuations of the sub-funds' assets during 2021. Throughout the year the appreciation of the USD and GBP had a positive impact on the assets denominated in those currencies. Conversely, the higher energy prices resulted in a revised inflation forecast for the Netherlands (IMF). The rising expected inflation had a negative impact on the portfolio in the fourth quarter as costs for operating the assets are expected to increase. However, over the whole year, macro-economic factors still had a positive effect on the portfolio's valuation.

The high energy prices driven by the structural and temporary events described above, had a net positive valuation impact over 2021 and were the largest driver behind the increase of the sub-fund's valuation. Electricity production had a negative impact on the sub-fund's assets. This was due to lower-than-expected wind output at the beginning of the year as well as changes in the measuring methodology for electricity output at some of the German assets.

The countries where the sub-fund has investments have credit ratings ranging from BBB (with positive outlook) for Italy to credit ratings of A and higher for all other countries.

Outlook

Ukraine crisis

Since February 2022, the world is watching in disbelief at news reports about the Russian invasion of Ukraine. Our thoughts go out to the people in Ukraine whose lives are gravely impacted by these developments. It goes without saying that this war is a great concern for Triodos Investment Management and the sub-funds, both from a humanitarian and economic perspective.

Triodos Investment Management's approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. With its dependence on energy from Russia,

Europe's economy is now at risk. Energy and commodity prices including wheat and other grains have surged. Price shocks will have an impact worldwide, especially on poor households for whom food and fuel are a higher proportion of expenses. The sanctions on Russia will also have a substantial impact on the global economy and financial markets, with significant spillovers to other countries. Triodos Investment Management will continue to closely monitor the geopolitical situation and its implications for its investments, as well as the developments on the financial markets moving forward.

Outlook sub-fund 2022

The strong inflow until the beginning of 2021 confirmed the relevance of the sub-fund. However, as deals in the renewable energy sector tend to have a long lead time it appeared to be difficult to keep inflow in sync with disbursements, which resulted in the closing of the sub-fund as of April 2021. Looking forward, the most relevant objective for the sub-fund is to reopen for inflow when the target liquidity level is reached. Investment-activity increased in the fourth quarter of 2021 and a solid pipeline is established, but we approach reopening of the sub-fund with utmost care. This careful approach is required, considering that most deals in the pipeline will only materialize if the potential investee successfully achieves certain development objectives.

The team progressed well on new leads and the total investment pipeline for 2022 consists of deals equally divided between Wind, Solar, Storage, and Mixed (i.e., assets that use several technologies to contribute to the energy transition). Storage is a technology that is becoming increasingly important to disperse renewable energy to the right place at the right time. Consequently, the sub-fund aims to invest part of its capital in storage.

Whilst a significant part of future investments is aimed to be outside of the Netherlands to improve diversification, the Netherlands continues to yield interesting investment opportunities. Continuous growth of the sub-fund will drive further diversification. The investees in the current pipeline are located in the Netherlands, Germany, Ireland and the United Kingdom.

Partnership is an increasing important theme in the sub-fund: developing projects with parties that the sub-fund has done or is planning to do more than one deal with. Partners may be responsible for development, construction, and operation of assets. Overall, partnerships are encouraged because it enhances the efficiency of portfolio management. For 2022 several commitments have been made to invest in projects of partners. The speed of disbursements will depend on the success of these partners to convert the respective pipelines into investments.

Triodos Food Transition Europe Fund

Key figures

(amounts in EUR)	2021	2020
Net assets value at year-end	71,973,264	51,720,021
<i>Number of share outstanding at year-end</i>	524,643	450,767
Income from investments	1,163,776	1,406,479
Realised changes in investments	5,457,190	170,583
Exchange rate results	-9.349	-24,407
Total operating expenses	1,777,687	1,906,819
Net operating income	4,833,929	-354,164
Unrealised results on investments	6,256,428	8,209,714
Unrealised results on receivables	-	-
Net result	11,090,358	7,855,550
Ongoing charges per share class*		
I-dis	2.68%	3.09%
Q-cap	2.94%	3.34%
Q-dis	2.94%	3.34%

* The ongoing charges reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the share prices is taken into account. The ongoing charges for the year ending 2020 are calculated over the thirteen-month period since the launch of the sub-fund and annualised to arrive at the estimated yearly ongoing charges figure.

Per outstanding share

(amounts in EUR)	2021	2020
Net assets value at year-end	137.19	114.74
Income from investments	2.22	3.12
Realised changes in investments	10.40	0.38
Operating expenses and exchange rate results	-3.37	-4.18
Unrealised results	11.93	18.21
Net result	21.14	17.43

* The amounts per share are based on the net asset value as presented in this annual report. There is a difference between the net asset value of the sub-fund presented in this annual report compared to the published share prices as per 31 December 2020 (i.e. the last price at which shares were traded in the reporting period). This is due to the investment values in the annual report being based on available information up to the date of publication, while the published share price as per 31 December 2020 was based on information available at the time of publication. As at 31 March 2021, the published share price takes into account the latest information available at that date, including all information used for the preparation of the annual report as applicable.

Net asset value (NAV) per share*

(amounts in EUR)	2021	2020
I-dis	137.88	106.60
Q-cap	136.85	106.39
Q-dis	137.16	106.43

* NAV per share is based on share prices as per year end, i.e., the last price at which shares were traded in the reporting period.

Return based on NAV per share* **

	1-year return	3-year return p.a.	5-year return p.a.	10-year return p.a.	return p.a. since inception
I-dis	29.3%	7.0%	4.7%	–	4.1%
Q-cap	28.6%	6.7%	4.6%	–	4.0%
Q-dis	28.9%	6.8%	4.6%	–	4.0%

* NAV per share is based on share prices as per 31 December 2021, i.e. the last price at which shares were traded in the reporting period.

** All share classes have limited history. Triodos Impact Strategies II N.V. – Triodos Food Transition Europe Fund is the successor of Triodos SICAV II – Triodos Organic Growth Fund. Returns prior to the launch date of share class are based on the returns of the comparable share class of Triodos SICAV II – Triodos Organic Growth Fund.

For a more detailed explanation of key figures that cannot be directly derived from the financial statements, we refer to Annex A.

Retrospective review Triodos Food Transition Europe Fund and market developments

In the reporting period, the sub-fund's net assets increased from EUR 51.7 million as per 31 December 2020 to EUR 72.0 million as per 31 December 2021 as a result of a positive performance and EUR 10.1 million of net inflow from investors. As per 31 December 2021, 78.8% of the net assets was invested (31 December 2020: 95.4%). Despite the high degree of uncertainty in the market due to the ongoing effects of COVID-19 crisis, the sub-fund had an exceptional year with investors receiving a remarkable financial return.

Triodos Food Transition Europe Fund data, 31 December 2021

Net assets	EUR 72.0 million
Portfolio value	EUR 56.7 million
Number of equity investments	11
Number of countries	8

The Impact Report 2021 for Triodos Food Transition Europe Fund highlights the importance and dynamics of the portfolio companies, presented by means of a description of their activities, stories, videos and numbers.

See: <https://www.triodos-im.com/impact-report/2021/triodos-food-transition-europe-fund>

Investments

At the end of December 2021, Triodos Food Transition Europe Fund was invested in 11 sustainable consumer good companies (31 December 2020: 10) in 8 different countries (31 December 2020: 7) and across all parts of the value chain. The sub-fund invests in these portfolio companies through equity participations and ideally is also represented on the board.

In March 2021, Groupe Natimpact, one of the sub-fund's three French portfolio companies, acquired Le Coq Noir, a producer of organic sauces and condiments. The sub-fund is a minority shareholder in Groupe Natimpact. With the acquisition of Naturgie, the French leading producer of organic jams (March 2019), Bovetti, a chocolate company (February 2020) and Le Coq Noir, a producer of organic sauces and condiments (March 2021), Groupe Natimpact has confirmed its ambition to create a federation of autonomous small and medium-sized enterprises in the field of organic and sustainable food, fostering their growth by reinforcing their commercial synergies.

In June 2021, Triodos Food Transition Europe Fund sold its shareholding in Naty AB to the Swedish food-tech and FMCG-group Humble Group AB through a responsible exit. Besides yielding an attractive financial return, the investment in Naty contributed to the prevention

of several tons of waste ending up in landfills in 2020 alone. Besides cash, the sub-fund also received shares in Humble Group AB as a part of the deal. Having sold this legacy investment, the sub-fund is now solely focused on the food transition.

In September 2021, Triodos Food Transition Europe Fund acquired a minority shareholding in CrowdFarming from Spain. CrowdFarming is the leading European impact platform for the direct sale of organic products. The sub-fund co-invested together with two Spanish investors, Q-Impact and Seaya Ventures. The mission of CrowdFarming is to democratise the food supply chain by enabling direct sales from producers to consumers. CrowdFarming's focus on sustainable and responsible farming practices, fair and stable prices for farmers, and a true connection between farmers and consumers fits in seamlessly with the impact thesis of the sub-fund. Embodying the mission alignment of the sub-fund, the term sheet of the deal outlines management compensation linked to achievement of impact KPIs, putting impact at the forefront of this transaction.

In October 2021, Triodos Food Transition Europe Fund made a follow-on investment in Switzerland based organic retailer Farmy through convertible loans. The investment will be used for the roll-out of Farmy Bakery and express delivery.

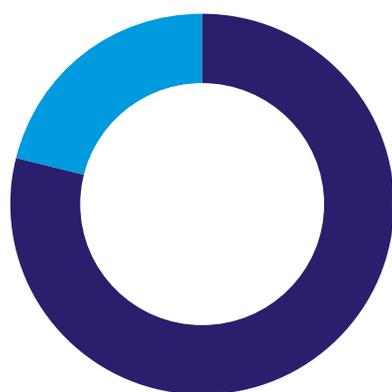
In December 2021, Israel-based compostable packaging supplier TIPA successfully raised USD 70 million in its Series C issue, led by Israeli institutional investors Millennium Food-Tech and Meitav Dash, making the total fundraising since inception USD 130 million. This round of funding has been designated for supporting the company's rapid growth, for enabling a broader response to the growing market demand and for supporting TIPA's position as a world leader in compostable packaging solutions. TIPA's products are used by a range of brands and retailers including Waitrose, Woolworths, Riverford Organic Farmers, Pangaia, and Scotch & Soda.

Despite the uncertainty related to the ongoing pandemic and the shift in consumer behaviour, the portfolio of Triodos Food Transition Europe Fund generated a strong performance and proved resilient. The portfolio companies were very pro-active in capturing opportunities arising from the pandemic, including the growing demand for sustainable products, which is reflected by the substantial increase of the portfolio's aggregate turnover. Now more than ever, companies in the food sector are working to expand their sustainable proposition, increasing the transparency of their sourcing and reducing emissions throughout their supply chain.

Even though the exceptional growth witnessed by some portfolio companies during the beginning of the COVID-19 pandemic is now normalizing, the companies have come out of the crisis stronger, while being able to grow their customer base and sales. The entrepreneurs leading the investee companies have proven their ability to steer their companies sustainably even during times of crisis, which makes Triodos Food Transition Europe Fund confident of the robustness of the portfolio companies in the future.

Asset allocation (% of fund's net assets)

31 December 2021



Equity investments	78.9%
Other assets	21.1%

Majority interest

As at 31 December 2021, the sub-fund does not hold a majority interest or controlling stake in any of its investees.

The following overview includes participating interests where Triodos Food Transition Europe Fund exercises or can exercise significant influence, with a shareholding of between 20% and 50%. In determining this significant influence, factors such as voting rights and board representation are taken into account, in addition to the size of the shareholding.

Investment (name)	Nature	Country
Aarstiderne A/S	Organic meal boxes	Denmark/Sweden
Organic Assistance	Wholesaler of organic products in Europe	The Netherlands
Beendhi SAS	Producer of organic, affordable and convenient meals	France
Groupe Natimpact SAS	Federation of organic SMEs	France

Derivatives

Triodos Food Transition Europe Fund uses forward foreign exchange contracts in order to hedge the currency risks on investments in US dollars, British pounds, Swedish kronas, Danish kroner, Swiss francs and, if possible and financially feasible, other foreign currencies. The sub-fund may not invest in or apply special techniques or instruments, other than currency hedging instruments and the sub-fund may not invest more than 50% of its net assets in un-hedged non-euro denominated investments.

In the context of currency hedging, the sub-fund may enter into forward foreign exchange contracts, call options or put options in respect of currencies, currency forwards or exchange of currencies on a mutual agreement basis, provided that these transactions are carried out either on exchanges or over-the-counter with first class financial institutions that specialize in these types of transactions and are shareholders of the relevant over-the-counter markets. The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and the assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing a substantial relation to the value of the Reference Currency (i.e. the currency of denomination) of the sub-fund - known as "Cross Hedging") - may not exceed the total valuation of such assets and liabilities, nor may they, as regards their duration, exceed the period during which such assets are held or anticipated to be acquired or during which such liabilities are incurred or anticipated to be incurred.

For more Information about the use of derivatives, we refer to note 3 of the notes to the balance sheet of Triodos Food Transition Europe Fund.

Liquidity

On 31 December 2021, the sub-fund held 21.1% of its net assets in cash and cash equivalents (31 December 2020: 4.7%). Additionally, the sub-fund may take out loans with a value of up to EUR 10 million, through a credit facility with Triodos Bank. The liquidity ratio amounted to 35.0% of the net assets (31 December 2020: 24.9%). The liquidity ratio includes cash and cash equivalents, as well as any stand-by facilities. During the reporting period, the net inflow amounted to EUR 10.14 million.

Market developments

The food sector is becoming increasingly attractive to investors in Europe. According to DealRoom, (a data platform for start-ups and growth companies in Europe), global investments in the food space reached an all-time high in 2021 with Europe being the fastest growing market. European investments more than doubled to

nearly EUR 7 billion in 2021 and 73% of the capital went to food delivery and logistics companies.

The European commission has intensified its focus on carbon farming, aiming to help private actors and public authorities start carbon farming initiatives in the EU. This is positive news for the sub-fund, as the farmers in the supply chain of several investee companies may benefit from this initiative in the future.

Furthermore, conferences such as COP26 are intensifying the discussion around climate adaptation and mitigation. There is an urgent need to keep the temperature of the planet under control – limiting global warming to 1.5 degrees Celsius. This is prompting companies to reduce the carbon intensity throughout their value chain. The food industry is responsible for more than a quarter of total greenhouse gas emissions (GHG) and almost 60% of the global damage to biodiversity. This makes it imperative for companies in the food sector to assess their supply chain and find opportunities for not only lowering GHG emissions, but also harnessing the opportunities for carbon sequestration. With its ongoing efforts in impact management and measurement, the sub-fund is poised to help its portfolio companies become more sustainable and deliver an increased positive impact in the coming years.

A study carried out by CNRS (the French National Centre for Scientific Research) indicates that organic farming could feed Europe by 2050. By changing the human diet, applying the principles of agroecology and bringing together crops and livestock, it would be possible to reinforce Europe's autonomy, feed the predicted population in 2050, continue to export cereals to countries that need them for human consumption and, above all, substantially reduce water pollution and GHG-emissions from agriculture. Organic farming has always been a key investment focus of the sub-fund. The commitment to organic food has always resided at the intersection of health and safety. It is to be expected that this commitment will further strengthen in the future.

Currency developments

The sub-fund aims to hedge all its non-EUR exposure and therefore has only a very limited exposure to currency developments. The unhedged non-EUR exposure for Triodos Food Transition Europe Fund on 31 December 2021 represented 7.2% of the sub-fund's net assets (31 December 2020: 5.7%)

Market developments by sector

After an unpredictable and turbulent 2020, the food industry became more stable in 2021. The pandemic caused shifts in consumer demand that have had a lasting impact on the food sector. These are promising trends that support transparency and innovation in the market, resulting in a positive outlook for the future.

- **Focus on health:** During the pandemic, consumers increasingly focused on staying healthy. This also filtered down into their food choices, generating interest in food that is naturally high in nutrients and boosts immune systems. From gathering more information about the nutrient content of food, to consciously making healthier choices, consumer attention for quality has intensified. This is also leading to companies in the sector innovating by expanding their product portfolio as well as highlighting the healthy qualities of their existing products, supporting the trend of healthy eating in the years to come.
- **Transparency throughout the supply chain:** Many consumers are looking for more promises of safety when it comes to food. Transparency plays a significant role in increasing consumer acceptance and understanding. This has led to a natural interest in the origin of food products, a theme that is likely to be sustained in the future. This would hugely benefit the sub-fund, since a large number of investees focus on transparency throughout their supply chain.
- **Delivery kitchens:** Despite being perceived as a niche phenomenon; delivery kitchens became an important pillar of food supply during (and after) the pandemic. The winners in the sector offer quality meals at affordable prices. Also, restaurants that have created their own delivery networks are benefitting from the customer loyalty that they gained during the pandemic.
- **Expansion of plant-based options:** Plant-based food has witnessed record growth in recent years. As the segment continues to hit its stride, both new and old players are innovating and creating exciting new products. The soy and almond milk products that used to dominate the plant-based dairy segment have been joined by dairy products sourced from a host of other plants, including oats, quinoa, hemp and macadamia nuts. The ingredients that gain the greatest acceptance in the dairy and other sectors ideally offer benefits such as being sustainable, containing vital nutrients and offering good flavour and texture, in addition to being relatively inexpensive and easy to source.
- **Move towards intelligent packaging:** Scientific advances, economic needs and regulatory changes are spurring the development of consumer- and retailer-friendly intelligent packaging. The move comes as consumers are beginning to realize that food waste is expensive and inconvenient as they are faced with

higher food prices. Retailers are realizing they can reduce logistical stress if they reduce in-store waste. Governments are increasingly concerned about the problem of mounting waste and inefficiencies, leading to regulatory changes related to single-use plastic.

- Carbon labelling for food and beverages: As the carbon crisis intensifies, growing numbers of companies are now starting to label their products with their carbon footprint. This is emerging as a way to transparently compare the climate impact of different food products, helping consumers to make more eco-efficient choices. Still nascent as a market strategy, it is expected that this trend will become standard practice in the coming years.

Outlook

Ukraine crisis

Since February 2022, the world is watching the news reports about the Russian invasion of Ukraine in disbelief. Our thoughts go out to the people in Ukraine and elsewhere whose lives are gravely impacted by these developments. It goes without saying that this war is a great concern for Triodos Investment Management and the sub-funds, both from a humanitarian and economic perspective.

Triodos Investment Management's approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. With its dependence on energy from Russia, Europe's economy is now at risk. Energy and commodity prices including wheat and other grains have surged. Price shocks will have an impact worldwide, especially on poor households for whom food and fuel are a higher proportion of expenses. The sanctions on Russia will also have a substantial impact on the global economy and financial markets, with significant spillovers to other countries. Triodos Investment Management will continue to closely monitor the geopolitical situation and its implications for its investments, as well as the developments on the financial markets moving forward.

Outlook sub-fund 2022

With the COVID-19-pandemic and the more recent Russian invasion of Ukraine, the inequities and system-wide risks in our global food systems have been more evident. In its strategic vision document outlining a roadmap towards ecologically and socially resilient food and agriculture systems, Triodos calls for a radical systemic transition from the current production-focused systems towards a system that is ecologically and socially resilient and based on balanced ecosystems, a healthy society and inclusive prosperity. This vision has become even more salient given the recent events. While the sub-fund does not expect any radical impact on its portfolio in the short-term due to the ongoing crisis, the effect on energy and commodity prices will affect all portfolio companies

With the challenge of producing in sufficient quantities being further exacerbated by the recent events, the focus on producing food of sufficient quality: food that is nutritious, safe, healthy, and that delivers fair pay for farmers, also remains particularly relevant. Triodos Food Transition Europe Fund was set up with the mission to support businesses focusing on sustainable consumption and increase the availability of organic products in Europe. Over the past 7 years we have built a strong expertise across the food value chain. In light of the urgent need to support a systemic shift, our sub-fund redefined its strategy to solely focus on a sustainable food transition. Under the revised strategy, the sub-fund

diversifies investments across maturities. While it is essential to support well-established sustainable front-runners, the urgency of the food transition requires transformative solutions offered by fast-growing companies (such as CrowdFarming, HARI & CO and Farmy). Going forward, the sub-fund will aim to build and maintain a balanced portfolio of mature and profitable businesses and fast-growing scale-ups. With our specific focus on the food transition, we are building a stronger approach to impact measurement and management that will benefit investees. Addressing all the challenges in our food and farming systems by promoting certified organic agriculture alone will not be sufficient. Feeding the world by means of organic farming, or conventional farming, will be impossible without rebalancing the proportion of animal-sourced foods in our diets or reducing food waste. Translating those challenges into priorities for our sub-fund, we have defined four main areas of focus going forward:

- Organic and sustainable food production companies
- Shift to healthy diets
- Fair chain solutions
- Food waste solutions and circular models.

Overall, the portfolio has shown both a strong performance and resilience to the adverse global events in the past two years. The portfolio companies have become increasingly agile in capturing opportunities resulting from the COVID –19 pandemic, such as increasing retail sales (especially online), developing new products and making the supply chain more transparent. Based on the ongoing events and the developments at the portfolio companies, the outlook for the sub-fund for 2022 is cautiously optimistic.

In the past few months, the investment team has focused on deal sourcing activities to find potential investment opportunities in line with the sub-fund's strategy. Now perhaps even more than ever, our investments have the potential to truly make a difference, contributing to creating an inclusive, resilient and sustainable food system. Therefore, we continue to provide capital to those companies that can support this transition. The investment team is fully staffed and there are no plans to expand the investment team in the foreseeable future.

Triodos Food Transition Europe Fund has a full pipeline and the team is actively nurturing several interesting new portfolio candidates. The sub-fund is well-positioned to finance new investments in the future.

Risk management

As manager of the sub-funds, 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 sub-fund'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 our integral risk management system, our internal 'Control Testing' and its outcomes, and our 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.

Risk appetite

Triodos Energy Transition Europe Fund

Triodos Energy Transition Europe Fund will be primarily invested in and exposed to the European energy transition. All investors should therefore be able to accept exposure to trends in this market. The sub-fund is designed to achieve long-term, steady capital growth. The sub-fund is therefore intended for investors without an immediate need for redemption of their investments (even though the sub-fund qualifies as open-end and shares may be offered for redemption on a weekly basis) and who can handle the risk of losing (part of) their investment.

Triodos Food Transition Europe Fund

Triodos Energy Transition Europe Fund will mainly be invested in and exposed to the organic and sustainable food market, mainly in Europe (including the UK). All investors should therefore be able to accept exposure to trends in this market. The sub-fund is designed to achieve long-term, steady capital growth. The sub-fund is therefore intended for investors without an immediate need for redemption of their investments and who can handle the risk of losing (part of) their investment.

ISAE 3402 report

The aim of this ISAE 3402 report is to give our institutional investors and their independent external auditors assurance on the investment management activities of Triodos Investment Management. The Assurance Report of the independent auditor (chapter 2) provides assurance that Triodos Investment Management has properly designed and operational controls to meet the control objectives regarding the investment management activities described in this report (for example related to financial reporting). The focus area for Triodos Investment Management is to be in-control of its processes, systems and services outsourced to third parties.

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

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.

Fraud

The combination of Triodos Investment Management's organizational culture, behaviour and management style create a climate where socially responsible standards and ethics are of major importance. Our organization places a high value on ethical business practices and has appropriate measures in place to prevent, detect, act upon and report on fraudulent practices, both inside and outside the organization. These measures are defined in the Financial Crime Prevention Policy. Examples of these measures include policies and procedures for preventing financial crimes, money laundering by investors and investees and financing of terrorism. Triodos Investment Management also performs customer due diligence, extensive investment due diligence during onboarding and monitoring of business relationships and outsourced parties.

Strong governance guarantees transparent decision-making processes throughout the organization. Triodos Investment Management annually performs a systematic integrity risk analysis (SIRA) of our processes, products and contract parties. The SIRA ensures that potential risks are regularly assessed with regard to all integrity-related topics, such as internal and external fraud. SIRA fraud assessments include, for example, an analysis of risks related to co-workers not reporting fraud incidents, fraud risks of an outsourced party in relation to its own business culture or in relation to the reporting's on the Triodos investment funds. Triodos Investment Management regularly assesses whether fraud risks are sufficiently mitigated by existing controls. The result of all these activities is reported by the Fraud Officer to the Triodos Investment Management Board, Triodos Bank Group Compliance and the Triodos Bank Executive Board. No significant cases of fraud risks were identified in relation to the sub-funds during the reporting period.

Investing in countries where corruption also occurs is the main fraud-related risk. Triodos Investment Management, however, undertakes all viable efforts to mitigate this risk and accepts that this exposure is inherent to fulfilling its mission of financing positive impact. When there is a fraud-related risk, this may lead to additional Customer Due Diligence (CDD) measures to be implemented, which is laid down in the CDD Risk Rating Methodology.

Going concern

This annual report has been prepared based on a going concern assumption. This assumption means that the Fund Manager expects that the activities of both sub-funds will continue for the foreseeable future. In order to reach this conclusion, the following topics were assessed, among other things.

Both sub-funds are assessed by means of a product review at least once every two years, or sooner if deemed necessary. Adjustments will be made where necessary to ensure that the sub-funds continue to meet the expectations of investors, are aligned with changed market conditions and contribute to the strategy of Triodos Investment Management. In addition, the product review confirms that the sub-funds comply with legislation and regulations, which is continuously monitored within Triodos Investment Management. The results of the product review are discussed and approved by the Product Governance Committee. The last product review for both sub-funds took place in the third quarter of 2020. As of 31 December 2021, there were no reasons that give rise to an additional product review or doubts about the continuity of the sub-funds. The next product review is scheduled for the third quarter 2022.

The continuity of the sub-funds may be jeopardized by liquidity problems. The sub-fund's liquidity is monitored at least monthly and described in a liquidity report. In this report, a number of scenarios are calculated, as well as the effect they are expected to have on the liquidity position. To ensure continuity, Triodos Food Transition Europe Fund has a EUR 10 million credit facility with Triodos Bank for liquidity purposes. For more information on liquidity, please refer to the sections on liquidity management on pages 13 & 19 and liquidity risk on page 30

Both sub-funds may borrow up to 10% of its Net Asset Value (NAV) from reputable financial institutions to cover short-term liquidity requirements. In addition, Triodos Food Transition Fund may additionally obtain temporarily bridge financing up to 10% of its net assets to finance new investments. Too much debt can create situations where the sub-funds cannot meet all its obligations. The sub-funds are cautious about taking on debt. The sub-fund's debt consists of current short-term debts related to operating activities.

Statement on business operations

Triodos Investment Management has assessed various aspects of its business operations during the past financial year. Based on this, Triodos Investment Management declares that it has a description of the set-up of the business as referred to in article 115y(5) of the BGFO (Besluit Gedragstoezicht financiële ondernemingen - Decree on Conduct of Business Supervision of Financial Undertakings under the WFT (Wet Financieel Toezicht)), which meets the requirements stipulated in Sections 3:17(2)(c) and 4:14(1) of the WFT.

Triodos Investment Management has not found that the business operations are not effective and do not function in accordance with the description. Triodos Investment Management declares with a reasonable degree of certainty that the business operations functioned effectively and in accordance with the description during the reporting year 2021. For more information about the management of operational risks, we refer to the annual report of Triodos Investment Management.

Financial risks

The sub-funds aim to achieve positive returns on investments irrespective of market movements. However, there can be no assurance that the investment policy will be successful or that the sub-funds will achieve their investment objectives. There are certain risks to be considered. Most risks are common and apply to both sub-funds. Some specific risks – project risk and interest rate risk - only apply to Triodos Energy Transition Europe Fund, since Triodos Food Transition Europe Fund does not invest in projects and only makes private equity investments. For an overview of the - common and specific - risks we refer to the table below.

	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund
Common risks of the sub-funds		
Credit risk	X	X
Counterparty risk	X	X
Concentration risk	X	X
Market risk	X	X
Valuation risk	X	X
Currency risk	X	X
Liquidity risk	X	X
Sustainability risk	X	X
Sub-fund's specific risks		
Project risk	X	
Interest rate risk	X	

Triodos Investment Management has established an Impact & Financial Risk Committee (IFRC) that is responsible for monitoring the financial risks, and compliance with limits and other restrictions, of the sub-funds. The IFRC meets on a quarterly basis and develops a vision, guidelines and advice on the risks faced by the sub-funds.

In order to provide shareholders with the best possible information, the prospectus describes all of the aforementioned risks to which the sub-funds are exposed. The prospectus also describes the risk appetite in the Risk Management section. These documents are published on www.triodos-im.com on the page of the sub-fund under 'documents'.

Credit risk

The sub-funds are exposed to credit risk. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its interest and repayment obligations, which would have a negative impact on the sub-fund's profits and net assets. Credit risk - based on the definition of reporting requirements - applies to the entire balance sheet. From an economic perspective, the main sources of credit for the sub-fund are the debt portfolio, the derivative financial assets and the cash and cash equivalents. The debt portfolio almost exclusively provides risk-bearing financing, often without a mortgage or other form of collateral. The maximum exposure to credit risk before any credit enhancements as at 31 December is the carrying amount of the financial assets as set out below:

Reporting period 2021

Amounts in euro's	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund	Combined
Debt instruments	35,638,894	1,930,222	37,569,116
Derivatives	–	–	–
Cash and cash equivalents	23,930,440	15,204,737	39,135,177
Other financial assets	–	–	–
	59,569,334	17,134,959	76,704,293

Reporting period 2020

Amounts in euro's	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund	Combined
Debt instruments	23,945,562	–	23,945,562
Derivatives	–	61,262	61,262
Cash and cash equivalents	71,813,924	2,285,599	74,099,523
Other financial assets	–	–	–
	95,759,486	2,346,861	98,106,347

The sub-funds policy for managing credit risk is based on managing both the counterparty and the concentration risk (see below) and taking cash collateral in case of derivative financial assets. The Fund Manager also manages the credit risk by monitoring, with the same frequency as the publication of the NAV, the arrears on interest and repayment obligations to ensure that adequate action is taken in response to overdue payments.

Counterparty risk

The sub-funds are susceptible to the risk that counterparties of the sub-funds will default on their obligations as a result of inter alia a moratorium of payment or involuntarily liquidation. Such counterparties include the Depositary and third parties that as part of custodial services provided have custody of assets of the sub-fund. Counterparty risk can arise from derivatives positions (Triodos Food Transition Europe Fund), bank deposits and investments in money market funds. The counterparty risk is mitigated by only allowing counterparties with a high credit rating as eligible counterparties for transactions regarding money market funds, derivatives (Triodos Food Transition Europe Fund) and deposits. The counterparty risk is monitored through both internal and external credit ratings.

The counterparty risk is also reduced by means of the restriction that the sub-funds may only invest up to the higher of EUR 15 million (Triodos Food Transition Europe Fund) or 20% (both sub-funds) of its net assets in securities and financing instruments issued by the same entity / investee. With regard to derivative financial assets, the counterparty risk is reduced by exchanging cash collateral with the counterparty. The amount of cash collateral exchanged is monitored on a daily basis.

Concentration risk

Triodos Energy Transition Europe Fund has a very specific, sector-based investment focus on renewable energy. The associated typical risks of this sector will be spread to a limited extent only. For Triodos Food Transition Europe Fund the concentration risk is managed by applying an investment limit of the higher of 15 million or 20% of its net assets for securities and financing instruments issued by the same investee. For Triodos Energy Transition Europe Fund the risk is mitigated by applying an investment limit of 20% of its net assets for securities and financing instruments issued by the same investee.

To ensure post trade compliance with the Fund prospectus, compliance with the limits on a sub-fund level as defined in the prospectus is checked ex-post by the Fund Manager, at least on the frequency of publication of the NAV. To ensure that only investments are made that are in line with the Fund prospectus and in

accordance with the investment strategy, all decisions on investment proposals are taken by the Investment Committee. The Fund Manager checks the exposures included in the proposal against the limits set out in the Fund prospectus.

The sub-funds may:

- invest up to 100% of its net assets in securities not listed on a stock exchange nor dealt on a Regulated Market;
- invest up to the higher of EUR 15 million (Triodos Food Transition Europe Fund) or 20% (both sub-funds) of its net assets in securities and financing instruments issued by the same entity / investee;
- acquire up to 100% of the securities and the financing instruments issued by the same entity / investee;
- invest up to 25% of its net assets in project development type of activities (Triodos Energy Transition Europe Fund);
- invest up to 25% of its net assets in companies active in the energy transition, with a maximum of 5% of net assets per investee (Triodos Energy Transition Europe Fund);
- invest up to the higher of EUR 7.5 million (Triodos Food Transition Europe Fund) or 10% (both sub-funds) of its net assets in entities based in non-European countries (this does not include EFTA countries and the United Kingdom which are to be considered as part of Europe);
- invest up to 40% of Triodos Energy Transition Europe Fund's net assets in non-euro denominated investments;
- invest up to 10% of Triodos Energy Transition Europe Fund's net assets in other investment institutions;
- invest up to the higher of EUR 30 million (Triodos Food Transition Europe Fund) or 40% (both sub-funds) of its net assets in one country, with the exception of the Netherlands for Triodos Energy Transition Europe Fund, where Triodos Energy Transition Europe Fund may invest up to 50% of its net assets;
- invest up to 50% in un-hedged exposures of non-euro currencies (Triodos Food Transition Europe Fund) or 20% of its net assets in un-hedged exposures of a single non-euro currency (Triodos Energy Transition Europe Fund).

In case a passive breach on any of the investment restrictions would occur, the Fund Manager will act in the best interest of the shareholder.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of fluctuations in external factors such as exchange rates (currency risk), interest rates (interest rate risk), market prices (market price risk) and

inflation. Many factors can affect the market value of the assets that the sub-funds have invested in. Not only factors inherent to the pertinent issuing company or investment institution or the sector in which it operates may influence that value; geopolitical developments and national developments may also have that effect. Investments by a sub-fund may be geared towards an expected upswing of or downswing in the value of a security. If markets move the other way, the value of a sub-fund may be negatively affected.

The sub-funds invests in risk-bearing assets, that are usually unsecured for which no collateral is provided (or offer second ranked collateral after the Senior debt lenders). It also invests in project companies that are often highly leveraged. Shares issued by the project companies (and partially owned by the sub-fund) may therefore be pledged to the bank that has provided the Senior debt to these project companies.

The return on the underlying investments may only be generated or become available after a number of years, or after the partial or total sale of those investments. In case of a major default by the project the (expected) return may never be generated at all.

Insufficient access to new funding from investors may keep the sub-funds from competitive bidding. In the event of insufficient projects to invest in, the overall return suffers as a result of holding a high proportion of cash.

The Fund Manager closely monitors the markets that are relevant to the investment portfolio. The Fund Manager will engage with co-owners and management to ensure that investees implement the most appropriate strategies for successful long-term sustainable business development and performance. In addition, the 'credit risk' restrictions as described above also mitigate the sub-fund's exposure to certain market risks (e.g. currency risk).

The 99% Value-at-Risk (VaR) is 11.09% for Triodos Energy Transition Europe Fund (31 December 2020: 13.15%) and 15.46% for Triodos Food Transition Europe Fund (31 December 2020: 13.35%). A VaR of 5%, for example, means that there is a 1% chance that the loss caused by adverse market developments over a period of 1 year will exceed 5% of the sub-fund's NAV.

Valuation risk

As the sub-funds invest almost exclusively in assets not listed on any stock exchange, or in assets not traded on a Regulated Market, its investments may not have readily available prices and may be difficult to value. In order to determine the value of these investments, the sub-funds will employ a consistent, transparent and appropriate

valuation methodology, based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"), as published by the IPEV Board and endorsed by Invest Europe. To the extent that this methodology relies on periodic market-based data and peer group comparisons, the valuation of the sub-funds' assets may fluctuate with the variations in such data. In addition, there is no guarantee that the valuations applied at the time of investment will allow for the build-up of business value or be able to provide returns to investors.

The Fund Manager has implemented an extensive framework including a valuation methodology and procedures. The Fund Manager of the sub-funds thus guarantees an independent, sound, comprehensive and consistent valuation method. The framework describes general requirements for the selection, implementation and application of the valuation methodology and techniques for all investments and ensures consistent procedures. In doing so, the varied nature of the investments and the related "market practice" for valuing these investments is taken into account. The framework also ensures a consistent approach to the valuation process, the independent valuation committees and in some cases the use of external valuation experts.

Currency risk

Currency risk is the risk that changes in exchange rates may have a negative impact on the sub-fund's results and net assets. The functional and reporting currency for the sub-funds is the euro, whereas investments may be denominated in other currencies. Exposure to volatile exchange rates can affect the value of the investments and thus the sub-fund's assets. The sub-funds are therefore exposed to currency risk. The currency risk is mitigated by restrictions on the relevant exposures and by using hedging instruments (Triodos Food Transition Europe Fund). The Investment Committee of the Fund Manager decides whether an investment needs to be hedged for non-fund currency exposure and decides on the criteria for doing so, based on a recommendation in the investment proposal.

The sub-funds may invest up to 10% of its net assets (both sub-funds) or EUR 7.5 million (Triodos Food Transition Europe Fund), whichever is higher in non-hedged, non-euro-denominated investments. Triodos Food Transition Europe Fund aims to hedge all its non-euro-denominated investments.

The exchange rates used as at 31 December 2021 are disclosed as part of the general accounting principles. The impact of currency risk is also part of the Value-at-Risk calculations, which are disclosed under market risk.

Liquidity risk

Liquidity risk is the risk that the sub-fund does not have sufficient liquid assets available to meet its obligations, particularly to investors. For an adequate management of the liquidity of the sub-funds, the Fund Manager has set up a liquidity management framework in accordance with the AIFMD Rules in order to:

- ensure that sub-funds' liquidity risk is appropriately measured, monitored and managed;
- assess the risk of insufficient liquidity by regularly conducting tests under normal and exceptional (stress test) liquidity conditions;
- have adequate escalation measures in place in case of a liquidity shortage or distressed situations (liquidity contingency plan);
- ensure compliance with the sub-funds' investment strategy, liquidity profile, and redemption policy.

The sub-funds invest almost exclusively in assets not listed on any stock exchange, or in assets not traded on a regulated market. The investments are therefore relatively illiquid. Despite the Fund Manager's best efforts to honour redemption requests, there is no guarantee that there will be sufficient funds to cover the redemption of shares of the sub-fund and there is no guarantee that the redemption can take place on the requested date. In case the Fund Manager will be required to sell assets in order to pay for the redemption of shares, there is a risk of the Fund Manager not being able to retain the most favourable price.

The following measures can be taken to mitigate the liquidity risk:

- The sub-funds aim to maintain sufficient buffers in the form of cash or cash equivalents or to offer sufficient other guarantees. The cash buffers are determined every month based on historical inflow and outflow, projections of the inflow and the results of certain stress tests;
- The sub-funds may decide to temporarily close for redemptions or subscriptions by suspending or restricting the purchase and issue of shares of the sub-funds.

In 2021, the sub-funds have periodically received dividend income. Liquidity was adequate for the sub-funds to meet its payment obligations and facilitate the subscriptions to and redemptions of its shares. Additionally, Triodos Food Transition Europe Fund has had a stand-by credit facility with Triodos Bank with a maximum amount of EUR 10 million. On 31 December 2021, Triodos Food Transition Europe Fund held 41.1% equivalents including this stand-by facility (31 December 2020: 24.7%) and Triodos Energy Transition Europe Fund held 18.6 % of its net assets in cash and cash equivalents including this stand-by facility (31 December 2020: 47.6%).

To mitigate this risk the Fund Manager closely monitors the liquidity position of the sub-fund. In addition, each sub-fund uses published cut-off times for redemption orders:

Sub-fund	Cut-off date	Valuation Date
TETEF	Every Wednesday, 16:00	Every Thursday (the day following the redemption request)
TFTEF	45 Business Days prior to the Quarterly Valuation, 16:00	The last Business Day of each calendar quarter

Sustainability risk

The performance of the shares depends on the performance of the investments of the sub-funds, which could also be adversely affected by sustainability risks. Sustainability risks consists of 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 sub-fund.

Both the positive and the negative screening criteria, as well as the sub-fund's due diligence process, minimise sustainability risks. However, sustainability risks are complex and require subjective judgement. A comprehensive assessment of sustainability risks requires a judgement call regarding the qualitative measures that a company has taken as well as its quantitative measures. To the extent that a sustainability risk occurs, or occurs in a manner that cannot reasonably be anticipated by the Fund Manager, there may be an unforeseen actual or potential material negative impact on the value of an investment and therefore on the NAV of the sub-fund.

When assessing sustainability risks, the sub-fund differentiates between different types of risk, including physical/societal risks and/or transition risks. The performance of the investments of the sub-fund may be subject to several sustainability (environmental, social and governance) factors that could lead to sustainability risks, for example:

Triodos Energy Transition Europe Fund

- Climate change as an environmental factor: the sub-fund'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;
- Health & safety as a social factor: poor occupational health & safety policies and practices can lead to severe injuries, illnesses and even fatalities. Accidents

can lead to downtime and sites may be legally required to shut down;

- Natural resources as an environmental factor: the energy transition has induced a strong increase of demand for certain commodities which in some cases are mined in poor labour conditions. Depletion of required commodities could increase prices and put further pressure on labour conditions;
- 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.

Triodos Food Transition Europe Fund

- Biodiversity as an environmental factor: loss or decrease in biodiversity may have direct impact on crop yields and soil fertility, which might affect availability and/or pricing of inputs;
- Labour conditions as a social factor: unfair labour practices and principles that might occur in certain areas of the agricultural value chain in which an Investee operates might lead to a decrease in productivity, health, well-being and commitment of employees in the value chain;
- Business ethics as a governance factor: less mature companies with unsophisticated governance structures and internal processes, which limits incorporation of business ethics, might generate a potential risk of irregularities and/or liabilities.

Both the positive and the negative screening criteria, as the sub-fund's due diligence in the investment process, minimise the risk of potential environmental, social or governance events or conditions that may cause an actual or a potential material negative impact on the value of the investments.

Project risk (TETEF)

The project risk is constituted by the fact that the amount of electricity produced is determined by various uncertain factors, such as wind speed, rainfall and sunlight, which depend on the location of each project. In addition, technology risk (e.g. the actual performance of wind turbines and solar panels) can affect the amount of electricity produced. Where the sub-fund invests in projects that are not yet operational, it is also exposed to a construction risk at the project level. In order to minimize the project risk, the sub-fund works with experienced counterparties. Before the sub-fund invests in a project, the technical design and the yield estimate are verified by an independent technical advisor. In the operational phase, the sub-fund works with experienced commercial managers who manage and report on

the performance of the project. This risk is further mitigated by geographically diversifying the portfolio, by working with multiple developers and by varying the key technology suppliers (turbines, modules, inverters). The sub-fund limits the investment in projects to a maximum of 25% of the sub-fund's net assets. The limit in consent phase type of assets is included in one development limit (25%) in companies active in the energy transition, with a maximum of 5% of the sub-fund's net assets per investee.

Interest rate risk (TETEF)

Interest rate risk is the risk that unfavourable changes in interest rate on the financial markets will have a negative impact on the profit and net asset value of the sub-fund. The performance of the sub-fund is susceptible to interest rate movements on capital markets. This is due to the valuation method, according to which the net present value of expected cash flows is calculated by incorporating a rolling average market interest rate in its discount factor. In principle, rising interest rates have a negative impact and falling interest rates have a positive impact on the valuation of underlying investments. However, the positive impact of decreasing interest rates is capped, as the valuation method is based on a minimum discount rate.

The Fund Manager closely monitors the interest rates relevant for the valuation of the sub-fund's investments by measuring, among other things, the Macaulay and modified durations of the investment portfolio.

Remuneration policy

Triodos Bank and Triodos Investment Management believe good and appropriate remuneration for all its co-workers is very important. The core elements of the international remuneration policy of Triodos Bank are set out in the Principles of Fund Governance, which can be accessed via www.triodos-im.com. The wage system used by Triodos Bank and as per 1 January 2019, also used by Triodos Investment Management does not include bonuses or share option schemes. Financial incentives are considered an inappropriate way to motivate and reward co-workers. Variable remuneration is therefore limited. The Management Board of Triodos Investment Management annually assesses the remuneration policy. Identified staff include all co-workers who may influence the risk profile of the sub-funds. Besides the members of the Management Board of Triodos Investment Management, these include the fund managers and the managers of support departments.

Triodos Investment Management may provide additional bonuses to co-workers up to a maximum of one month's salary. These so-called tokens of appreciation are for extraordinary achievements and are at the discretion of management in consultation with Human Resources. Such a token is not based on pre-set targets and is always offered in retrospect.

An annual collective token of appreciation may be paid for the overall achievements and contribution of all co-workers. In 2021 and 2020, no collective end-of-year token of appreciation were awarded. In 2021 and 2020, there were no co-workers at Triodos Investment Management with a total remuneration of EUR 1 million or more. Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund do not have any co-workers.

In 2021, the total remuneration of the 220 co-workers working for Triodos Investment Management amounted to EUR 21.9m (2020: 207 co-workers, EUR 19.6m). The increase in remuneration of 2021 versus 2020 can entirely be explained by a combination of a yearly increase in wages, a collective labour agreement impact and an increase of co-workers.

Based on Article 22(2) of the AIFMD and section XIII (Guidelines on disclosure) of the 'ESMA Guidelines on sound remuneration policies under the AIFMD', AIFMs are required to at least disclose information about their remuneration practices for co-workers whose professional activities have a material impact on its risk profile (so-called 'identified staff'). The tables below and on the next page provide an overview of the total remuneration, broken down into fixed and variable

remuneration, and the remuneration of the senior management and the identified staff.

Triodos Investment Management improved its method for the allocation of costs. As of 2021, costs are allocated using activity-based keys. By clearly identifying activities that are necessary to manage a fund and allocating the costs of each activity, it provides insight where the actual costs are made. Based on the new allocation method a larger part of the total costs is allocated to both sub-funds. As these tables are intended to show the remuneration of co-workers, all other costs incurred by the AIFM, such as housing, workplace and travel costs and the cost of outsourced activities and external consultants, are excluded. The amounts shown in the tables include income tax, social security contributions, pension contributions and tokens of appreciation.

Remuneration report under EU Directive 2017/828

As of January 1, 2020, EU Directive 2017/828 on Shareholder Involvement has been implemented in Book 2 of the DCC (Dutch Civil Code), which includes rules with regard to the remuneration policy of the management board. Article 135b, Book 2 of the DCC stipulates that an annual remuneration report must be drawn up, which also applies to investment institutions. Because Triodos Investment Management, as manager of the Fund, already complies with the remuneration rules of the Financial Supervision Act (Wft) and reports on this annually since the legal obligation, the Fund has not drawn up a remuneration report. The legislator prepared (under consultation) a legislative amendment whereby investment institutions managed by managers falling under the Wft are exempted from the legal obligation to draw up a remuneration report.

Zeist, 28 April 2022

Fund Manager Triodos Energy Transition Europe Fund
Vincent van Haarlem

Fund Manager Triodos Food Transition Europe Fund
Isabelle Laurencin

The Management Board of Triodos Investment Management
Dick van Ommeren (Chair)
Hadewych Kuiper
Kor Bosscher

Triodos Investment Management

(remuneration in EUR)	Co-workers at AIFM		'Identified staff' in senior management positions		Other 'Identified staff'	
	2021	2020	2021	2020	2021	2020
<i>Number of staff</i>	220	207	7	6	18	18
<i>Average FTEs</i>	204.4	180.1	6.4	6.7	17.3	16.3
Fixed remuneration	21,766,174	19,546,066	1,279,480	1,365,032	2,596,700	2,467,729
Variable remuneration	92,603	24,871	–	–	22,454	12,361
Total remuneration	21,858,777	19,570,937	1,279,480	1,365,032	2,619,154	2,480,090

Triodos Energy Transition Europe Fund

(remuneration in EUR)	Co-workers directly involved in Triodos Energy Transition Europe Fund		'Identified staff' in senior management positions		Other 'Identified staff'	
	2021	2020	2021	2020	2021	2020
<i>Number of staff</i>	28	26	6	6	6	6
<i>Average FTEs</i>	16.8	13.1	0.4	0.5	1.2	1.4
Fixed remuneration	1,767,579	1,487,116	72,990	94,642	186,711	209,639
Variable remuneration	4,760	802	–	–	–	3
Total remuneration	1,772,339	1,487,918	72,990	94,642	186,711	209,642

Triodos Food Transition Europe Fund

(remuneration in EUR)	Co-workers directly involved in Triodos Energy Transition Europe Fund		'Identified staff' in senior management positions		Other 'Identified staff'	
	2021	2020	2021	2020	2021	2020
<i>Number of staff</i>	21	21	6	6	6	7
<i>Average FTEs</i>	9.4	8.2	0.2	0.3	1.0	1.2
Fixed remuneration	999,923	950,588	44,470	70,051	145,928	253,849
Variable remuneration	3,151	383	–	–	108	2
Total remuneration	1,003,074	950,971	44,470	70,051	146,036	253,851

Report of the Supervisory Board

The Supervisory Board of Triodos Impact Strategies II N.V. signed these annual accounts in accordance with legislation and the articles of association of the Fund. For Triodos Energy Transition Europe Fund, the financial year 2021 closed with a net result of EUR 11.3 million. For Triodos Food Transition Europe Fund, the financial year 2021 closed with a net result of EUR 11.0 million. The Supervisory Board proposes to the General Meeting of Shareholders to grant discharge to the Management Board and the Supervisory Board for the performance of their duties in this financial year and to adopt the annual accounts of 2021.

The Supervisory Board met six times during the reporting period. The Supervisory Board discussed with the fund manager the increased uncertain macroeconomic conditions due to the COVID-19 pandemic and the impact on the investments of the sub-funds. During the meetings, the Supervisory Board was informed about the in- and outflow and the liquidity of both sub-funds and the options it has when the sub-funds' liquidity declines. In each of the meetings, the Supervisory Board discussed the development and investment results of the sub-funds with the fund manager. The Supervisory Board also obtained quarterly information on changes in legislation and the risk management of the sub-funds such as financial risks, operational risks, sustainability risks and fraud risks.

The Supervisory Board was informed about the implementation of SFDR level 1 in March 2021 and discussed the fund plans of 2021. Special attention was paid to the pipeline of Triodos Energy Transition Europe Fund and the closing of the sub-fund for inflow due to the high liquidity position and its difficulties to find projects to invest in. Furthermore, the Supervisory Board paid specific attention to the fundraising activities and the marketing campaign of Triodos Food Transition Europe Fund.

During the annual education day, the main topic was impact management and the SFDR. In addition, the Supervisory Board was involved in the search for a vacancy of a new member of the Supervisory Board. The Supervisory Board is satisfied with the policy pursued by the Fund Manager and the way the Supervisory Board has exchanged ideas with the Fund Manager during the year.

The composition of the Supervisory Board of Triodos Impact Strategies II N.V. changed in 2021. Jacqueline Rijdsdijk stepped down as Chair of the Supervisory Board as of the General Meeting in June 2021. The Supervisory Board would like to thank Jacqueline Rijdsdijk for her efforts and involvement. Ineke Bussemaker has been appointed as member of the Supervisory Board and has taken over the role of Chair.

Driebergen-Rijsenburg, 28 April 2022

Ineke Bussemaker (Chair)
Elfrieke van Galen
Gerard Groener
Henk Raué
Jan Willem van der Velden

Financial Statements (Combined)

(combined)

Balance sheet

Before profit appropriation (amounts in euro's)	Note*	31-12-2021	31-12-2020
Investments			
Equity instruments	1	123,776,912	103,157,938
Debt instruments	2	37,569,116	23,945,562
Collateral	3	530,000	–
Derivatives (positive)	3	40,885	331,230
Total investments		161,916,913	127,434,730
Receivables			
Issue of own shares	4	–	496,117
Debtors	5	92,118	1,543,712
Other receivables	6	820,069	372,012
Total receivables		912,187	2,411,841
Other assets			
Formation costs	7	1,068,702	1,434,000
Cash and cash equivalents	8	39,135,177	74,099,524
Total other assets		40,203,879	75,533,524
Current liabilities			
Redemption of own shares	4	154,448	63,560
Investment management fees payable		1,037,028	1,796,024
Accounts payable and accrued expenses	9	366,151	713,045
Derivatives (negative)	3	669,972	269,968
Total current liabilities		2,227,599	2,842,597
Receivables and other assets less current liabilities		38,888,467	75,102,768
Assets less current liabilities		200,805,380	202,537,498
Equity			
	10		
Issued and paid-up capital		4,113,073	4,890,916
Agio		166,235,393	189,615,591
Revaluation reserve		27,784,259	16,151,617
Legal reserves		1,068,702	1,434,000
Other reserves		-20,822,262	-17,585,617
Unappropriated profit		22,426,215	8,030,991
Total equity		200,805,380	202,537,498

* See the notes to the balance sheet, profit and loss account and cash flow statement.

(combined)

Profit and loss account

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ¹
Direct results from investments			
Dividend		5,651,664	7,156,755
Interest		1,302,846	2,929,408
Other income	11	209,415	80,433
		7,163,925	10,166,595
Indirect results from investments			
Realised changes in value of investments	12		
Equity instruments		5,518,015	237,770
Debt instruments		143,347	-182,640
Derivatives		-58,548	-24,219
		5,602,813	30,911
Unrealised changes in value of investments			
	13		
Equity instruments		14,778,948	4,918,297
Debt instruments		1,604,660	-770,913
Derivatives		-690,349	61,262
		15,693,260	4,208,646
Other operating income		312	101,999
Total other operating income		312	101,999
Total income		28,460,310	14,508,151
Operating expenses			
Amortisation of formation expenses	7	365,299	396,000
Investment management fees	14	4,012,603	4,050,957
Administrative and depositary fees		209,820	221,358
Audit and advisory fees		420,931	340,219
Other interest paid		403,946	486,828
Other expenses	15	624,706	934,257
Total operating expenses		6,037,305	6,429,620
Operating result		22,423,005	8,078,530
Exchange rate results		3,210	-47,539
Result before taxes		22,426,215	8,030,991
Income tax	16	–	–
Result for the year	10	22,426,215	8,030,991

* See the notes to the balance sheet, profit and loss account and cash flow statement.

¹ The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020.

(combined)

Cash flow statement

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ²
Cash flow from investment activities			
Result ex. exchange rate differences		22,423,005	8,078,530
Adjustment to reconcile the result to the cash flow generated by the investment activities:			
Realised changes in value of investments		-5,602,813	-30,911
Unrealised changes in value of investments		-15,693,260	-4,208,646
Purchases of investments		-35,465,518	-31,935,468
Sale of investments		12,739,392	10,674,501
Redemptions of debt instruments		10,470,020	16,092,099
Other changes		-292	-
Collateral		-530,000	-
Costs directly charged to equity	10	365,299	-1,434,000
Movement in assets and liabilities			
Movement in receivables from investment activities		1,490,497	670,770
Movement in liabilities arising from investment activities		-942,285	2,471,877
Net cash used in/ generated from investment activities		-10,745,955	378,752
Cash flow from financing activities			
Received from subscriptions		19,207,939	74,507,966
Paid for redemptions		-43,429,542	-39,761,777
Dividend paid		-	-
Net cash flow used in/ generated from financing activities		-24,221,603	34,746,189
Change in cash and cash equivalents		-34,967,557	35,124,941
Cash and cash equivalents at the beginning of the reporting period		74,099,524	39,022,122
Exchange rate differences		3,210	-47,539
Cash and cash equivalents at the end of the reporting period	8	39,135,177	74,099,524

* See the notes to the balance sheet, profit and loss account and cash flow statement.

² The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020.

³ The costs directly charged to equity comprise the formation costs of the Fund.

(combined)

General notes to the financial statements

Legal structure

Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund (hereafter: the sub-funds) were launched in June 2006 and January 2014 respectively, as sub-funds of Triodos SICAV II (Luxembourg). On 2 December 2019, the sub-funds changed domicile to the Netherlands and have been set-up as a sub-funds of a newly incorporated Dutch legal entity, Triodos Impact Strategies II N.V. (hereafter: the Fund).

The Fund was incorporated on 10 September 2019 under the Laws of the Netherlands as an investment company with variable capital as referred to in article 2:76a DCC (Dutch Civil Code). The Fund, which has its seat in Zeist, the Netherlands, at Hoofdstraat 10, 3972 LA, Driebergen-Rijsenburg is registered in the trade register of the Dutch Chamber of Commerce under number 75806754. The Fund is an alternative investment fund subject to the requirements of Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (AIFMD), as implemented in the Netherlands with the Dutch Financial Supervision Act (Wft). The Fund is regulated by the Dutch Authority for the Financial Markets (AFM).

The sub-funds have an open-end fund structure. Triodos Energy Transition Europe Fund has euro-denominated share classes for retail and professional investors, one of which is listed on Euronext Fund Services. Triodos Food Transition Europe Fund has euro-denominated share classes for professional and certain qualified private investors. None of its share classes are listed on any stock exchange.

Administrator, fund agent, listing agent, paying agent and transfer agent

CACEIS Bank, Netherlands Branch (CACEIS) has been appointed as Administrator, Fund Agent, Listing Agent, Paying Agent, Transfer Agent and Depository and is charged among other things with:

- calculating the Net Asset Value and conducting the financial administration of the Fund and the sub-funds;
- with assessing and accepting or rejecting sale and purchase orders in respect of shares listed on Euronext Amsterdam, as entered in the Euronext Amsterdam order book on behalf of the sub-funds;
- all activities relating to the listing of the Listed Shares on Euronext Amsterdam;
- with maintaining the Register of Shareholders and the processing of the issue (registration) and redemption orders of the off-exchange Shares and settlement arrangements thereof.

Depository

BNP Paribas Securities Services S.C.A. (BNP Paribas), acting through its Amsterdam branch, acts as the Depository of the Fund within the meaning of the AIFM Directive and is appointed by the Fund Manager. The depositary agreement between the Fund Manager, Fund and the Depository sets out the tasks and obligations of the Depository, the Fund Management and the Fund in accordance with the AIFMD rules. This agreement also states that the Depository accepts the liability described in the AIFMD rules towards the Fund and the Fund Manager. In any case, the Depository shall be liable towards the Fund Manager and the Fund for the loss of financial instruments. This liability also applies to any third party engaged by the Depository.

Transfer

Both Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund were originally set-up as sub-funds of Triodos SICAV II (Luxembourg). Developments in the national and international tax framework which would likely to negatively impact the sub-funds and their investors. After careful consideration of all options, transferring Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund from Luxembourg to the Netherlands seemed to be the most robust way of mitigating the negative impact of these measures and the most protective of shareholders' interest, while at the same time upholding our principles on tax integrity and tax transparency. On 2 December 2019, the sub-funds were transferred to the Netherlands, to be set-up as sub-funds of the newly incorporated entity Triodos

(combined)

Impact Strategies II N.V. The shareholders of Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund, while still being sub-funds of Triodos SICAV II, were offered the possibility to elect whether or not they would receive shares in Triodos Energy Transition Europe Fund and/or Triodos Food Transition Europe Fund as sub-funds of Triodos Impact Strategies II N.V. in return for their shares in Triodos SICAV II.

The transfer occurred by way of the Luxembourg sub-funds contributing its assets in kind to the new Dutch sub-funds and in exchange receiving shares in these sub-funds. The assets were initially measured at fair value and subsequently measured at fair value as described in the 'Accounting principles for the balance sheet' paragraph. In addition, the assets were recognised by the sub-funds consistently with the 'Criteria for recognition in the balance sheet' paragraph in the notes to the financial statements.

While the financial position of the sub-funds, and in turn the shareholders, remains primarily unchanged, the transfer involves 'formation costs' which are capitalised by both sub-funds. These costs are amortized over five years. Refer to Note 7 for further details.

(combined)

Accounting principles

General accounting principles

General information

The financial statements have been prepared in accordance with the regulations laid down in Title 9 of Book 2 of the DCC, the Wft and the Dutch Guidelines for Annual Reporting, in particular Guideline 615 (RJ 615) for Investment Institutions and the going concern assumption. Some of the terms used in this annual report deviate from the models for investment institutions prescribed in the Dutch Decree on the financial statements models (Besluit modellen jaarrekening), because they better reflect the content of the item.

The financial statements of the sub-funds have been added to the annual report 2021 of Triodos Impact Strategies II N.V.. The financial statements of the sub-funds are considered to be part of the notes to the financial statements of Triodos Impact Strategies II N.V..

Reporting period

The Fund and the sub-funds' financial year is the same as the calendar year, however the comparative period concerns the first financial year comprising an extended reporting period of 2 December 2019 until 31 December 2020. The current year reporting period of the Fund and the sub-funds is 1 January 2021 to 31 December 2021.

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.

Functional and reporting currency

Both the functional currency and the presentation currency are the euro.

(Monetary) Assets and liabilities in foreign currencies have been converted at the rates on the reporting date. Exchange rate differences resulting from settlement and conversion are credited or debited to the profit and loss account.

The exchange rates used per 31 December are (1 EUR =):

Currency rate	2021	2020
USD	1.1372	1.224
GBP	0.8396	0.895
SEK	10.296	10.050
DKK	7.4376	7.444
CHF	1.03615	1.082

Non-monetary assets carried at cost in a foreign currency are translated at the exchange rate on the date of the transaction. Transactions in foreign currencies during the reporting period are included in the financial statements at the exchange rate on the transaction date.

References

References are included in the balance sheet, profit and loss account and cash flow statement. They are references to the explanatory notes.

Criteria for recognition in the balance sheet

Where the Fund irrevocably becomes a party to the contractual terms of a financial instrument, it recognises that financial instrument in its balance sheet. The basis for initial measurement of the financial instruments is fair value. If a financial instrument is transferred to a third party following a transaction, it is no longer included in the balance sheet. All or virtually all rights to economic benefits and all or substantially all risks relating to the financial instrument then vest in the third party.

(combined)

Consolidation

Equity investments of Triodos Impact Strategies II's sub-funds are excluded from consolidation due to the existence of an exit strategy. The interpretation of article 407c, Title 9, Book 2 of the DCC is guided by the accounting standard (RJ 217.308.b) issued by the Dutch Accounting Standards Board. According to RJ 217.308.b, the exemption from Article 407c can be applied by investment entities that apply RJ 615 - for majority interests in investments - if an exit strategy has been formulated with regard to these majority interests at the time of acquisition, such that it is clear that these interests are only held to be alienated at a time subsequently defined within the exit strategy.

Judgements, estimates and uncertainties

The preparation of the financial statements requires the Fund Manager of the Fund and sub-funds forms to make judgements, estimates and assumptions which may be essential for the amounts included in the financial statements.

These partly determine how the principles are applied and how the value of the assets and liabilities are reported. The same applies to the reporting of revenues and expenses. The actual outcomes may differ from the estimates made by management. These estimates and assumptions are therefore periodically reviewed. If an estimate is revised, it is included in the relevant period.

If it is necessary for the purposes of providing the information required under article 362(1) of Book 2 of the DCC, the nature of these opinions, estimates and the assumptions associated with the uncertainties are included in the notes to the relevant items of the financial statements.

Accounting principles for the balance sheet

Investments

Investments of the sub-funds are initially recognised at fair value. Transaction costs directly attributable to the acquisition of investments are recognised in the profit and loss account. The subsequent measurement, is also fair value but the proxy to determine fair value depends on the type of assets. Refer to the following paragraph for details.

Disclosure of estimates

The Fund Manager makes use of multidisciplinary credit and valuation committees which are held regularly throughout the year that operate independently of operational matters. They establish, review and monitor adherence to the Triodos Investment Management Valuation Policy and Methodologies as diligently as possible. Furthermore, they verify that the appropriate Valuation Methodology is used and, if applicable, establish the value of individual investments within the Fund. In preparing the valuations, the Fund Manager may make use of external experts. However, all valuations are approved by representatives of the Fund Manager in the valuation committees.

Equity instruments, mezzanine loans and subordinated debt investments

Except fund investments, private equity investments are valued based on the application of an earnings multiple valuation methodology or on the basis of discounted cash flows for which the projected cashflows are the result of future expectations on capex, revenues, expenses, debt inflow, tax, cash inflow and cash outflows.

Mezzanine loans and subordinated debt investments are valued on the basis of discounted cash flows. Investments in investment funds (so called fund-to-fund investments) are valued at fair value for which cost price is assumed the best proxy for the period immediately after establishment of the investment fund for a maximum of three years, after three years the Fund's net asset value is considered the best proxy for fair value.

Earnings multiple valuation methodology

In relation to the earnings multiple valuation methodology, most investees will be profitable companies with stable earnings and business model. According to the IPEV guidelines, the price of a recent transaction is not a valuation method by itself. As such, each arm's length transaction triggers a valuation review. In principal, non-profitable investees will be valued based on revenue multiples. The comparables approach implies the determination of a maintainable earnings base as well as transaction multiples, or alternatively trading multiples of a peer group of companies.

At the first valuation date following the investment, the asset will be valued at purchase price when this is regarded as the best representation of fair value as defined by applicable accounting standards, unless there is a trigger event

(combined)

for which valuation at fair value is considered more appropriate. The trigger events are evaluated by the independent valuation committee. At each following valuation interval, the asset will in principle be valued using the following inputs:

1. Valuation EBITDA (profitable investees) or Valuation Revenue (non-profitable investees)
2. Valuation Multiple which is build up by:
 - a) Industry specific market multiple
 - b) Premium-discount ratio
 - c) Adjustment scale
3. Surplus assets, excess liabilities and net debt

Valuations resulting from the earnings multiple valuation methodology will be cross-checked on an annual basis by performing a discounted cash flow analysis/earnings valuation technique (DCF). This analysis may, among others, result in a recommendation to implement changes in the Multiple Market selection, adjustments to the Premium Discount Ratio and the adjustment scale.

Discounted (project) cash flows

In case the investments are valued on the basis of discounted (project) cash flows all known and project specific assumed aspects are taken into account. The assumptions used in the calculation of the expected project cash flows available are compared with realised historical project financials, other comparable projects and project budgets and adjusted in case of new insights that are likely to impact the project cash flows. A building block approach towards the required discount rate based on the sum of a risk-free rate, country risk premium, project risk premium and market premium will be applied. To avoid discrepancy between the development in the market and the building block approach, the market premium will be used to keep the total discount rate in line with return requirements observed in the market.

The following items are distinguished which result in projected cashflows: CAPEX, revenues, expenses, debt service and tax. For mezzanine loans the cashflows will be the result of the repayment schedule and interest payments for that loan. For the projected cash flows on revenue a reputable third-party specialist (the power price advisor) provides the central wholesale power curve for the Dutch and UK market, and proxies for other European countries are used where revenues are less dependent on price projections because of the greater role of subsidies.

On revenues and expenses two types of inflation are used. For inflation on power prices the projections of the power price advisor are applied. The power price advisor provides in their report Consumer Price Index inflation for the UK and an average European index. For contracts that include an inflation indexation the IMF WEO semi-annual inflation forecast per country is used. These figures are updated bi-annually. For the long term the central bank inflation target (2%) is followed.

Development phase projects

An equity investment can hold a development asset in addition to its operating activities. Due to the high uncertainty of both successful completion of the project as well as future cash flows, the development asset is valued at cost price as best proxy for its fair value. The fair value of the equity investment is then a combination of the discounted cash flow method for the operating activities and the at cost for its development activities.

Fund of fund investments

In the period immediately after establishment of an (investee) fund, the investment is valued at fair value for which cost price is the best proxy for the period immediately after establishment of the investment fund for a maximum of three years, after three years the fund net asset value is considered the best proxy for fair value. The cost price includes all costs paid by the sub-fund including investments, transaction costs and start-up costs.

Derivatives

Derivatives (currency hedging instruments) are only used for the sole purpose of hedging currency risk. The accounting policy for derivatives is fair value on initial recognition in the balance sheet, with all assets and liabilities arising from derivatives being calculated using market-based present value models. This calculation is made on the balance sheet date by discounting the future cash flows for each contract using the interest rate curve of the relevant currency. In the absence of objective interest rate curves, the valuations can be used resulting from the agreements with the counterparties. The outcome of such valuation is also used for the exchange of collateral in accordance with contractual provisions. Subsequent to initial recognition, derivatives are measured at fair value. Changes in value are accounted for through the profit and loss account.

(combined)

Collateral

Cash collateral is exchanged with counterparties as a result of provisions of agreed forward foreign exchange contracts. This exchange can be either collateral to be paid or collateral to be received and is recognised in the balance sheet at nominal value on initial recognition and per subsequent valuation.

Receivables

Receivables are initially measured at the fair value of the consideration and are subsequently measured at amortised cost. Provisions for bad debts are deducted from the carrying amount of the receivable. The carrying amount of receivables is also an approximation of their fair value. Receivables have a remaining term of less than one year, unless stated otherwise.

Formation costs

If and when a sub-fund is created, costs related to their creation will be allocated to the relevant sub-fund and, where applicable, amortised over a maximum period of five years. The formation costs incurred in connection with the organisation and start-up of the sub-funds Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund amounted to maximum EUR 1,200,000 and EUR 550,000 respectively and are capitalised in the respective sub-fund.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with a term of less than one year. Bank overdrafts are included in amounts owed to credit institutions under current liabilities. Cash and cash equivalents are measured at nominal value, which is also an approximation of the fair value of this item.

Current liabilities

Current liabilities are initially recognised at fair value. After initial recognition, current liabilities are measured at amortised cost, being the amount payable taking into account premium or discount and transaction costs. Since there are no premiums or discounts and transaction costs, the amortized cost is approximately equal to the nominal value. Current liabilities have a term of less than one year.

This balance sheet item consists mainly of management fees to be paid, repayments received in advance and costs to be paid which relate to the financial year under review. These costs incurred and expected invoices are determined annually as at the balance sheet date, taking into account the cost structure included in the prospectus. The amount of these costs is estimated; however, the amount is limited by the limits set out in the prospectus.

Equity

The total of shareholders' equity is determined by the amount that remains after all assets and liabilities have been included in the balance sheet in accordance with the applicable valuation principles.

Redemption and subscription of own shares

The amounts received or paid for the subscription or redemption of shares are almost entirely processed in the issued capital and the share premium of the relevant sub-fund. The share premium comprises the difference between the amounts paid/received on the issue/purchase of shares and the nominal value.

When Triodos Food Transition Europe Fund repurchase its own shares, the net asset value of the shares might be decreased by redemption charge of 0.50% of the net asset value. In the event of a Net Redemption in the "Z-1 Capitalisation share class" of Triodos Energy Transition Europe Fund on a Valuation Date, all transactions will be settled at net asset value minus 0.50% of the net asset value. When applicable, these charges are accounted for in the profit and loss account and accrue entirely to the relevant sub-fund. These charges serve to cover the transaction costs incurred.

Revaluation reserve

Movements as a result of realised or unrealised revaluations of investments are recognized through the profit and loss account. The change in unrealised gains/losses in the balance sheet account of investments comprises the positive and negative revaluations during the reporting period. Positive revaluations of individual investments above the initial cost price are added to the revaluation reserves in equity. Movements in the provisions for expected bad debts are also charged or credited to the result.

(combined)

The change in unrealised gains/losses comprises the positive and negative revaluations during the reporting period. Positive revaluations of individual investments above the initial cost price are added to the revaluation reserves.

Legal reserve / capitalized cost reserve

A legal reserve for the amount of the capitalized formation costs is formed.

Accounting principles for the determination of the result

General

The results of the sub-funds are determined by the direct and indirect income from investments. The results are attributed to the reporting period to which they relate and are accounted for in the profit and loss account.

Functional and reporting currency in the profit and loss account

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur.

Direct results from investments

Interest and other income are allocated on a time-proportionate basis to the financial year to which they relate. Composite average historical cost prices are used to determine the realised results on partial disposals of investments. Income from payments of profit distributions on equity investments (dividend income) is recognised when the right to receive payment is established, for example when a dividend declaration is made by an investee.

Other operating income

Other operating income includes results that are not directly related to the results from investments in the context of normal, non incidental investment activities, such as interest – or dividend income.

Indirect results from investments (Revaluations)

All movements as a result of realised/unrealised revaluations of investments are taken to the profit and loss account. The part of the profit relating to a positive unrealised revaluation is added to the revaluation reserve. This only applies to investments without a frequent market quotation. Realised increases in the value of the investments are taken from the revaluation reserve to the profit and loss account at the time of realisation.

Transaction costs for investments

Transaction costs may include brokerage costs, transfer costs and notary fees, among others. Transaction costs directly attributable to the acquisition of investments are directly charged to the profit and loss account. The exception to this treatment is for investments in projects that are under construction or development (i.e. that are not yet operational) for which all costs (including transaction costs) are capitalized. Transaction costs related to the sale of investments are recognised as part of the realised change in value. Subsequent valuations of financial investments do not take into account any selling costs. Transaction costs on purchases of derivatives are charged directly to the profit and loss account.

The total amount of identified transaction costs of investments (in addition to the transaction costs of derivatives) over the reporting period is disclosed in the notes to the financial statements of the sub-funds.

Operating expenses

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

Other income and expenditure

Other income and expenditure are allocated on an accrual basis to the period to which the activities relate.

Management fee

The alternative investment manager of the fund pursuant to article 2:65 Wft, being Triodos Investment Management B.V. will receive a management fee (free of VAT) in relation to each sub-fund. For Triodos Energy Transition Europe Fund the management fee is calculated on the relevant Share Class' net assets, accrued weekly and payable quarterly. For Triodos Food Transition Europe Fund the management fee is calculated on the relevant Share Classes' net assets, accrued and

(combined)

payable quarterly. More details about the percentages used for each Share Class reference is made to the notes to the relevant items of the financial statements.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account and exempt profit components. For Dutch corporate income tax purposes, the fund is treated as a domestic taxpayer, meaning that it is subject to the standard Dutch corporate income tax regime (in 2021 profits up to EUR 245,000 are subject to a rate of 15% (2020: 16.5% over the first EUR 200,000) and profits in excess of this amount are subject to a rate of 25% (2020: 25%)).

However, such net profits do not include dividends and capital gains that fall within the scope of the participation exemption. The fund is eligible for application of the participation exemption with respect to the benefits derived from investments in shares of the portfolio companies, provided the shareholding in each portfolio company represents at least 5% of the issued nominal share capital of such portfolio company.

Ongoing charges

The ongoing charges of a sub-fund includes all costs charged to the sub-fund in a reporting period, excluding the costs of investment transactions and interest charges. The ongoing charges factor is expressed as a percentage of the average net asset value of the relevant sub-fund. Average net asset value is calculated based on the frequency of issue of the net asset value. All net asset values issued during the reporting period are added up and divided by the number of net asset values issued.

Portfolio Turnover Rate

The Portfolio Turnover Rate is the total amount of all investment transactions less the total amount of transactions in the issued capital, related to the average net asset value. Due to the specific nature of the sub-funds, the portfolio turnover rate cannot simply be compared with other investment funds (e.g. with investments in (listed) shares and bonds).

The turnover factor is calculated as follows:

$$[(\text{Total 1} - \text{Total 2}) / X] * 100$$

- Total 1: the total amount of investment transactions (purchases + sales);
- Total 2: the total amount of transactions in own shares (issue + redemptions) of the sub-funds;
- X: the average net asset value of the sub-fund. The average net asset value is calculated based on the frequency of issue of the net asset value. All net asset values issued during the reporting period are added up and divided by the number of net asset values issued.

Related party transactions

Significant transactions with related parties are disclosed. This explains the nature, volume and scope of the transaction and other information required to provide the insight.

Accounting principles for the cash flow statement

The cash flow statement provides insight into the origin of the cash and cash equivalents that became available during the reporting period and shows how these cash and cash equivalents were used. The cash flow statement has been prepared according to the indirect method. In the cash flow statement, the result – through adjustments - has been converted into cash flows. Cash flows relating to investments, movements in provisions, formation costs, short-term receivables and short-term liabilities are included under cash flows from investment activities. Other cash flows related to the redemption and subscription of (own) shares are included under cash flows from financing activities.

(combined)

Accounting principles for the sub-funds

The financial statements of the sub-funds have been prepared in accordance with Part 9, Book 2 of the DCC, the Financial Supervision Act (Wft) and the Dutch Generally Accepted Accounting Principles (RJ), in particular RJ 615 for Investment Institutions. The principles that apply to Triodos Impact Strategies II N.V., as set out in the preceding paragraphs: i) General accounting principles; ii) Accounting principles for the balance sheet; iii) Accounting principles for determining the result; and iv) Accounting principles for the cash flow statements apply mutatis mutandis to the sub-funds.

(combined)

Financial risks

The sub-funds aim to achieve positive returns on investments irrespective of market movements. However, there can be no assurance that the investment policy will be successful or that the sub-funds will achieve their investment objectives. There are certain risks to be considered. Most risks are common and apply to both sub-funds. Some specific risks – project risk and interest rate risk – only apply to Triodos Energy Transition Europe Fund, since Triodos Food Transition Europe Fund does not invest in projects and only makes private equity investments. For an overview of the – common and specific – risks we refer to the table below.

	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund
Common risks of the sub-funds		
Credit risk	X	X
Counterparty risk	X	X
Concentration risk	X	X
Market risk	X	X
Valuation risk	X	X
Currency risk	X	X
Liquidity risk	X	X
Sustainability risk	X	X
Sub-fund's specific risks		
Project risk	X	
Interest rate risk	X	

Triodos Investment Management has established an Impact & Financial Risk Committee (IFRC) that is responsible for monitoring the financial risks, and compliance with limits and other restrictions, of the sub-funds. The IFRC meets on a quarterly basis and develops a vision, guidelines and advice on the risks faced by the sub-funds.

In order to provide shareholders with the best possible information, the prospectus describes all of the aforementioned risks to which the sub-funds are exposed. The prospectus also describes the risk appetite in the Risk and Risk Management sections. These documents are published on www.triodos-im.com on the page of the sub-fund under 'documents'.

Credit risk

The sub-funds are exposed to credit risk. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its interest and repayment obligations, which would have a negative impact on the sub-fund's profits and net assets. Credit risk – based on the definition of reporting requirements – applies to the entire balance sheet. From an economic perspective, the main sources of credit for the sub-fund are the debt portfolio, the derivative financial assets and the cash and cash equivalents. The debt portfolio almost exclusively provides risk-bearing financing, often without a mortgage or other form of collateral. The maximum exposure to credit risk before any credit enhancements as at 31 December is the carrying amount of the financial assets as set out below:

Reporting period 2021

Amounts in euro's	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund	Combined
Debt instruments	35,638,894	1,930,222	37,569,116
Derivatives	–	–	–
Cash and cash equivalents	23,930,440	15,204,737	39,135,177
Other financial assets	–	–	–
	59,569,334	17,134,959	76,704,293

(combined)

Reporting period 2020

Amounts in euro's	Triodos Energy Transition Europe Fund	Triodos Food Transition Europe Fund	Combined
Debt instruments	23,945,562	–	23,945,562
Derivatives	–	61,262	61,262
Cash and cash equivalents	71,813,924	2,285,599	74,099,523
Other financial assets	–	–	–
	95,759,486	2,346,861	98,106,347

The sub-funds policy for managing credit risk is based on managing both the counterparty and the concentration risk (see below) and taking cash collateral in case of derivative financial assets. The Fund Manager also manages the credit risk by monitoring, with the same frequency as the publication of the Net Asset Value (NAV), the arrears on interest and repayment obligations to ensure that adequate action is taken in response to overdue payments.

Counterparty risk

The sub-funds are susceptible to the risk that counterparties of the sub-funds will default on their obligations as a result of inter alia a moratorium of payment or involuntarily liquidation. Such counterparties include the Depositary and third parties that as part of custodial services provided have custody of assets of the sub-fund. Counterparty risk can arise from derivatives positions (Triodos Food Transition Europe Fund), bank deposits and investments in money market funds. The counterparty risk is mitigated by only allowing counterparties with a high credit rating as eligible counterparties for transactions regarding money market funds, derivatives (Triodos Food Transition Europe Fund) and deposits. The counterparty risk is monitored through both internal and external credit ratings.

The counterparty risk is also reduced by means of the restriction that the sub-funds may only invest up to the higher of EUR 15 million (Triodos Food Transition Europe Fund) or 20% (both sub-funds) of its net assets in securities and financing instruments issued by the same entity / investee. With regard to derivative financial assets, the counterparty risk is reduced by exchanging cash collateral with the counterparty. The amount of cash collateral exchanged is monitored on a daily basis.

Concentration risk

Triodos Energy Transition Europe Fund has a very specific, sector-based investment focus on renewable energy. The associated typical risks of this sector will be spread to a limited extent only. For Triodos Food Transition Europe Fund the concentration risk is managed by applying an investment limit of the higher of 15 million or 20% of its net assets for securities and financing instruments issued by the same investee. For Triodos Energy Transition Europe Fund the risk is mitigated by applying an investment limit of 20% of its net assets for securities and financing instruments issued by the same investee.

To ensure post trade compliance with the Fund prospectus, compliance with the limits on a sub-fund level as defined in the prospectus is checked ex-post by the Fund Manager, at least on the frequency of publication of the NAV. To ensure that only investments are made that are in line with the Fund prospectus and in accordance with the investment strategy, all decisions on investment proposals are taken by the Investment Committee. The Fund Manager checks the exposures included in the proposal against the limits set out in the Fund prospectus.

The sub-funds may:

- invest up to 100% of its net assets in securities not listed on a stock exchange nor dealt on a Regulated Market;
- invest up to the higher of EUR 15 million (Triodos Food Transition Europe Fund) or 20% (both sub-funds) of its net assets in securities and financing instruments issued by the same entity / investee;
- acquire up to 100% of the securities and the financing instruments issued by the same entity / investee;
- invest up to 25% of its net assets in project development type of activities (Triodos Energy Transition Europe Fund);
- invest up to 25% of its net assets in companies active in the energy transition, with a maximum of 5% of net assets per investee (Triodos Energy Transition Europe Fund);

(combined)

- invest up to the higher of EUR 7.5 million (Triodos Food Transition Europe Fund) or 10% (both sub-funds) of its net assets in entities based in non-European countries (this does not include EFTA countries and the United Kingdom which are to be considered as part of Europe);
- invest up to 40% of Triodos Energy Transition Europe Fund's net assets in non-euro denominated investments;
- invest up to 10% of Triodos Energy Transition Europe Fund's net assets in other investment institutions;
- invest up to the higher of EUR 30 million (Triodos Food Transition Europe Fund) or 40% (both sub-funds) of its net assets in one country, with the exception of the Netherlands for Triodos Energy Transition Europe Fund, where Triodos Energy Transition Europe Fund may invest up to 50% of its net assets;
- invest up to 50% in un-hedged exposures of non-euro currencies (Triodos Food Transition Europe Fund) or 20% of its net assets in un-hedged exposures of a single non-euro currency (Triodos Energy Transition Europe Fund).

In case a passive breach on any of the investment restrictions would occur, the Fund Manager will act in the best interest of the shareholder.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of fluctuations in external factors such as exchange rates (currency risk), interest rates (interest rate risk), market prices (market price risk) and inflation. Many factors can affect the market value of the assets that the sub-funds have invested in. Not only factors inherent to the pertinent issuing company or investment institution or the sector in which it operates may influence that value; geopolitical developments and national developments may also have that effect. Investments by a sub-fund may be geared towards an expected upswing of or downswing in the value of a security. If markets move the other way, the value of a sub-fund may be negatively affected.

The sub-funds invests in risk-bearing assets, that are usually unsecured for which no collateral is provided (or offer second ranked collateral after the Senior debt lenders). It also invests in project companies that are often highly leveraged. Shares issued by the project companies (and partially owned by the sub-fund) may therefore be pledged to the bank that has provided the Senior debt to these project companies.

The return on the underlying investments may only be generated or become available after a number of years, or after the partial or total sale of those investments. In case of a major default by the project the (expected) return may never be generated at all.

Insufficient access to new funding from investors may keep the sub-funds from competitive bidding. In the event of insufficient projects to invest in, the overall return suffers as a result of holding a high proportion of cash.

The Fund Manager closely monitors the markets that are relevant to the investment portfolio. The Fund Manager will engage with co-owners and management to ensure that investees implement the most appropriate strategies for successful long-term sustainable business development and performance. In addition, the 'credit risk' restrictions as described above also mitigate the sub-fund's exposure to certain market risks (e.g. currency risk).

The 99% Value-at-Risk (VaR) is 11.09% for Triodos Energy Transition Europe Fund (31 December 2020: 13.15%) and 15.46% for Triodos Food Transition Europe Fund (31 December 2020: 13.35%). A VaR of 5%, for example, means that there is a 1% chance that the loss caused by adverse market developments over a period of 1 year will exceed 5% of the sub-fund's net asset value.

Valuation risk

As the sub-funds invest almost exclusively in assets not listed on any stock exchange, or in assets not traded on a Regulated Market, its investments may not have readily available prices and may be difficult to value. In order to determine the value of these investments, the sub-funds will employ a consistent, transparent and appropriate valuation methodology, based on the International Private Equity and Venture Capital Valuation Guidelines ("IPEV"), as published by the IPEV Board and endorsed by Invest Europe. To the extent that this methodology relies on periodic market-based data and peer group comparisons, the valuation of the sub-funds' assets may fluctuate with the variations in such data. In

(combined)

addition, there is no guarantee that the valuations applied at the time of investment will allow for the build-up of business value or be able to provide returns to investors.

The Fund Manager has implemented an extensive framework including a valuation methodology and procedures. The Fund Manager of the sub-funds thus guarantees an independent, sound, comprehensive and consistent valuation method. The framework describes general requirements for the selection, implementation and application of the valuation methodology and techniques for all investments and ensures consistent procedures. In doing so, the varied nature of the investments and the related "market practice" for valuing these investments is taken into account. The framework also ensures a consistent approach to the valuation process, the independent valuation committees and in some cases the use of external valuation experts.

Currency risk

Currency risk is the risk that changes in exchange rates may have a negative impact on the sub-fund's results and net assets. The functional and reporting currency for the sub-funds is the euro, whereas investments may be denominated in other currencies. Exposure to volatile exchange rates can affect the value of the investments and thus the sub-fund's assets. The sub-funds are therefore exposed to currency risk. The currency risk is mitigated by restrictions on the relevant exposures and by using hedging instruments (Triodos Food Transition Europe Fund). The Investment Committee of the Fund Manager decides whether an investment needs to be hedged for non-fund currency exposure and decides on the criteria for doing so, based on a recommendation in the investment proposal.

The sub-funds may invest up to 10% of its net assets (both sub-funds) or EUR 7.5 million (Triodos Food Transition Europe Fund), whichever is higher in non-hedged, non-euro-denominated investments. Triodos Food Transition Europe Fund aims to hedge all its non-euro-denominated investments.

The exchange rates used as at 31 December 2021 are disclosed as part of the general accounting principles. The impact of currency risk is also part of the Value-at-Risk calculations, which are disclosed under market risk.

Liquidity risk

Liquidity risk is the risk that the sub-fund does not have sufficient liquid assets available to meet its obligations, particularly to investors. For an adequate management of the liquidity of the sub-funds, the Fund Manager has set up a liquidity management framework in accordance with the AIFMD Rules in order to:

- ensure that sub-funds' liquidity risk is appropriately measured, monitored and managed;
- assess the risk of insufficient liquidity by regularly conducting tests under normal and exceptional (stress test) liquidity conditions;
- have adequate escalation measures in place in case of a liquidity shortage or distressed situations (liquidity contingency plan);
- ensure compliance with the sub-funds' investment strategy, liquidity profile, and redemption policy.

The sub-funds invest almost exclusively in assets not listed on any stock exchange, or in assets not traded on a regulated market. The investments are therefore relatively illiquid. Despite the Fund Manager's best efforts to honour redemption requests, there is no guarantee that there will be sufficient funds to cover the redemption of shares of the sub-fund and there is no guarantee that the redemption can take place on the requested date. In case the Fund Manager will be required to sell assets in order to pay for the redemption of shares, there is a risk of the Fund Manager not being able to retain the most favourable price.

The following measures can be taken to mitigate the liquidity risk:

- The sub-funds aim to maintain sufficient buffers in the form of cash or cash equivalents or to offer sufficient other guarantees. The cash buffers are determined every month based on historical inflow and outflow, projections of the inflow and the results of certain stress tests;
- The sub-funds may decide to temporarily close for redemptions or subscriptions by suspending or restricting the purchase and issue of shares of the sub-funds.

(combined)

In 2021, the sub-funds have periodically received dividend income. Liquidity was adequate for the sub-funds to meet its payment obligations and facilitate the subscriptions to and redemptions of its shares. Additionally, Triodos Food Transition Europe Fund has had a stand-by credit facility with Triodos Bank with a maximum amount of EUR 10 million. On 31 December 2021, Triodos Food Transition Europe Fund held 41.1% equivalents including this stand-by facility (31 December 2020: 24.7%) and Triodos Energy Transition Europe Fund held 18.6 % of its net assets in cash and cash equivalents including this stand-by facility (31 December 2020: 47.6%).

To mitigate this risk the Fund Manager closely monitors the liquidity position of the sub-fund. In addition, each sub-fund uses published cut-off times for redemption orders:

Sub-fund	Cut-off date	Valuation Date
TETEF	Every Wednesday, 16:00	Every Thursday (the day following the redemption request)
TFTEF	45 Business Days prior to the Quarterly Valuation, 16:00	The last Business Day of each calendar quarter

Sustainability risk

The performance of the shares depends on the performance of the investments of the sub-funds, which could also be adversely affected by sustainability risks. Sustainability risks consists of 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 sub-fund.

Both the positive and the negative screening criteria, as well as the sub-fund's due diligence process, minimise sustainability risks. However, sustainability risks are complex and require subjective judgement. A comprehensive assessment of sustainability risks requires a judgement call regarding the qualitative measures that a company has taken as well as its quantitative measures. To the extent that a sustainability risk occurs, or occurs in a manner that cannot reasonably be anticipated by the Fund Manager, there may be an unforeseen actual or potential material negative impact on the value of an investment and therefore on the NAV of the sub-fund.

When assessing sustainability risks, the sub-fund differentiates between different types of risk, including physical/societal risks and/or transition risks. The performance of the investments of the sub-fund may be subject to several sustainability (environmental, social and governance) factors that could lead to sustainability risks, for example:

Triodos Energy Transition Europe Fund

- Climate change as an environmental factor: the sub-fund'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;
- Health & safety as a social factor: poor occupational health & safety policies and practices can lead to severe injuries, illnesses and even fatalities. Accidents can lead to downtime and sites may be legally required to shut down;
- Natural resources as an environmental factor: the energy transition has induced a strong increase of demand for certain commodities which in some cases are mined in poor labour conditions. Depletion of required commodities could increase prices and put further pressure on labour conditions;
- 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.

Triodos Food Transition Europe Fund

- Biodiversity as an environmental factor: loss or decrease in biodiversity may have direct impact on crop yields and soil fertility, which might affect availability and/or pricing of inputs;
- Labour conditions as a social factor: unfair labour practices and principles that might occur in certain areas of the agricultural value chain in which an Investee operates might lead to a decrease in productivity, health, well-being and commitment of employees in the value chain;

(combined)

- Business ethics as a governance factor: less mature companies with unsophisticated governance structures and internal processes, which limits incorporation of business ethics, might generate a potential risk of irregularities and / or liabilities.

Both the positive and the negative screening criteria, as the sub-fund's due diligence in the investment process, minimise the risk of potential environmental, social or governance events or conditions that may cause an actual or a potential material negative impact on the value of the investments.

Project risk (TETEF)

The project risk is constituted by the fact that the amount of electricity produced is determined by various uncertain factors, such as wind speed, rainfall and sunlight, which depend on the location of each project. In addition, technology risk (e.g. the actual performance of wind turbines and solar panels) can affect the amount of electricity produced. Where the sub-fund invests in projects that are not yet operational, it is also exposed to a construction risk at the project level. In order to minimize the project risk, the sub-fund works with experienced counterparties. Before the sub-fund invests in a project, the technical design and the yield estimate are verified by an independent technical advisor. In the operational phase, the sub-fund works with experienced commercial managers who manage and report on the performance of the project. This risk is further mitigated by geographically diversifying the portfolio, by working with multiple developers and by varying the key technology suppliers (turbines, modules, inverters). The sub-fund limits the investment in projects to a maximum of 25% of the sub-fund's net assets. The limit in consent phase type of assets is included in one development limit (25%) in companies active in the energy transition, with a maximum of 5% of the sub-fund's net assets per investee.

Interest rate risk (TETEF)

Interest rate risk is the risk that unfavourable changes in interest rate on the financial markets will have a negative impact on the profit and net asset value of the sub-fund. The performance of the sub-fund is susceptible to interest rate movements on capital markets. This is due to the valuation method, according to which the net present value of expected cash flows is calculated by incorporating a rolling average market interest rate in its discount factor. In principle, rising interest rates have a negative impact and falling interest rates have a positive impact on the valuation of underlying investments. However, the positive impact of decreasing interest rates is capped, as the valuation method is based on a minimum discount rate.

The Fund Manager closely monitors the interest rates relevant for the valuation of the sub-fund's investments by measuring, among other things, the Macaulay and modified durations of the investment portfolio.

(combined)

Leverage ratio

The leverage effect is determined by the AIFMD as being any method by which the AIFM increases the exposure of the sub-funds of Triodos Impact Strategies II N.V., whether through borrowing of cash or securities leverage embedded in derivative positions, or by any other means. Increased leverage creates risks for the sub-funds.

The leverage ratio is calculated on a frequent basis and shall not exceed such thresholds as further described in the sub-funds Supplement in the prospectus of Triodos Impact Strategies II N.V., using both the “gross method” and the “commitment method” in accordance with European regulations. The gross method gives the overall exposure of the sub-funds, whereas the commitment method gives insight in the hedging and netting techniques used by the AIFM.

The leverage ratios are calculated by means of the commitment method and are as follows:

	% 2021	% 2020
Triodos Energy Transition Europe Fund	100.42%	100.00%
Triodos Food Transition Europe Fund	100.00%	100.95%

The sub-funds may borrow up to 10% of its net assets for short-term liquidity requirements. In addition, the sub-funds may temporarily (with terms of generally up to 24 months) obtain bridge financing up to 10% of its net assets to finance new investments. Within this limit, the sub-funds will borrow money from reputable financial institutions. The sub-funds can only use leverage in the situations described above when borrowing money and then the sub-fund’s leverage will be expected at a maximum of 150% using the commitment method of calculation and 180% using the gross method of calculation. The sub-funds do not use borrowed capital (borrowed money) to finance its assets in order to increase the expected return on equity, so-called leverage. The leverage effect, or the leverage ratio, is for this reason almost equal to 100% and only deviates from 100% due to the possible presence of short-term liabilities and / or short-term receivables on the balance sheet date or in regard of the aforementioned.

(combined)

Tax aspects

Taxation of the fund

Dutch corporate income tax

For Dutch corporate income tax purposes, the fund is treated as a domestic taxpayer, meaning that it is subject to the standard Dutch corporate income tax regime (in 2021 profits up to EUR 245,000 are subject to a rate of 15% (2020: 16.5% over the first EUR 200,000) and profits in excess of this amount are subject to a rate of 25% (2020: 25%)).

However, such net profits do not include dividends and capital gains that fall within the scope of the participation exemption. It is envisaged that the fund will be eligible for application of the participation exemption with respect to the benefits derived from investments in shares of the portfolio companies, provided the shareholding in each portfolio company represents at least 5% of the issued nominal share capital of such portfolio company.

Capital tax and stamp duty

No capital tax or stamp duties will be levied on capital contributions made to the Fund.

VAT

The management of a collective investment fund is exempt from VAT when the Fund (i) has more than one investor, (ii) operates on the principle of risk-spreading, (iii) is subject to specific state supervision and (iv) the investors bear the risk of the investments. A decree was published by the Dutch Ministry of Finance stating that according to the Dutch Ministry of Finance, funds which fall within the scope of the AIFMD (like the fund) are in principle considered to be subject to specific state supervision. Also taking into account the other characteristics of the fund, the management of the fund should therefore be exempt from VAT.

Belgian savings tax

In relation to the asset test that must be applied by Belgian private investors in the context of article 19bis of the Income Tax Code 92, the following data is provided to determine which part of the income should be regarded as interest.

Name of the sub-fund	In scope of Belgian Savings Tax	Method used to determine the status	Asset ratio	Period of validity of the status
Triodos Energy Transition Europe Fund	Yes	Asset testing	63.22%	From May 1, 2021 until April 30, 2022
Triodos Food Transition Europe Fund	Yes	Asset testing	9.03%	From May 1, 2021 until April 30, 2022

(combined)

Notes to the balance sheet

1. Equity instruments

Movement schedule equity instruments	2021	2020*
Opening balance	103,157,938	91,897,540
Purchases	13,119,951	16,063,468
Sales	-12,797,940	-9,959,136
Change in realised gains/losses	5,518,015	237,770
Change in unrealised gains/losses	14,778,948	4,918,297
Balance at end of reporting period	123,776,912	103,157,938

2. Debt instruments

Movement schedule debt instruments	2021	2020*
Opening balance	23,945,562	27,492,510
Purchases	22,345,567	15,872,000
Redemptions	-10,470,020	-18,465,394
Change in realised gains/losses	144,512	-178,660
Change in unrealised gains/losses	1,604,660	-770,913
Revaluations due to exchange rate differences	-1,165	-3,981
Balance at end of reporting period	37,569,116	23,945,562

The change in unrealised gains/losses comprises the positive and negative revaluations during the reporting period. Positive revaluations of individual investments above the initial cost price are added to the revaluation reserves.

For any Information about the characteristics of the debt Instruments, e.g. interest percentages, maturity, reference is made to the notes to the balance sheet of Triodos Energy Transition Europe Fund.

Provision(s)

Per year-end 2021 none (2020 none) of the debt instruments had a provision on applied. A movement schedule in regard of the provisions has therefore not been included.

3. Derivatives

Movement schedule	2021	2020*
Opening balance	61,262	-
Expiration	-60,825	-24,219
Change in realised gains/losses	-60,825	24,219-
Change in unrealized gains/losses	-690,349	61,262
Balance at end of reporting period	-629,087	61,262

Collateral

With regard to the derivative positions with Triodos Bank and Rabobank, agreements have been made regarding the exchange of mutual collateral, i.e. liquidity deposited as security in connection with the fair value of derivative positions. As at the balance sheet date, the fund has paid a collateral payment of EUR 530,000 (2020: EUR -) in connection with the fair value positions of the derivative positions (2021: positive fair value rounded to EUR 40,000 (2020: EUR 331,000); negative fair value rounded to EUR 670,000 (2020: EUR 270,000).

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020

(combined)

For more information about the derivatives, reference is made to the notes to the specific balance sheet item of Triodos Food Transition Europe Fund.

4. Issue of own shares & Redemption of own shares

These balance sheet items do relate to the amounts receivable or payable in regard of the subscription or redemption of own shares per reporting date.

5. Debtors

Debtors	31-12-2021	31-12-2020
Triodos Energy Transition Europe Fund	92,118	1,543,712
Triodos Food Transition Europe Fund	–	–
Total	92,118	1,543,712

The subscription receivables amounting to EUR 92,118 per year-end do relate to open amounts from investment activities. The debtors mature within one year.

6. Other receivables

Other receivables	31-12-2021	31-12-2020
Interest receivable	462,915	303,269
Dividend receivable	252,527	–
Other receivables	196,745	68,743
Total other receivables	912,187	372,012

The other receivables mature within one year. For further details on other receivables we refer to the sub-fund specifics.

7. Formation costs

The total formation costs amounted to EUR 1,830,000. These formation costs will be amortised over a period of five years.

Formation costs	2021	2020*
Opening balance	1,434,000	–
Capitalized costs	–	1,830,000
Amortised capitalized costs	-365,298	-396,000
Total formation costs per end of reporting period	1,068,702	1,434,000

8. Cash and cash equivalents

Cash and cash equivalents are balances in current accounts, savings accounts and deposits held with Triodos Bank, Rabobank, CACEIS, ING and BNP Paribas. Cash and cash equivalents are at the free disposal of the entity. For more details in regard of the cash and cash equivalents (e.g. weighted interest rates) reference is made to the notes to the balance sheet of the sub-funds.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020

(combined)

9. Accounts payable and accrued expenses

The accounts payable and accrued expenses comprise the following:

Accounts payable and accrued expenses	31-12-2021	31-12-2020
Creditors	–	94,798
Interest charges on bank accounts	6,753	109
IMS fee	116,910	20,000
Bank fee	36,707	11,584
Supervisory fee	24,798	18,750
Audit fee	152,643	110,465
Formation fees to be paid	–	377,018
Advice costs	24,704	10,116
Payments in transit	–	48,218
Other accrued expenses	3,636	21,987
Total accounts payable and accrued expenses	366,151	713,045

The other accrued expenses comprise several invoices to be paid (advisory and other payments). The Accounts payable and accrued expenses mature within one year.

10. Equity

Shareholders' equity among the sub-funds	31-12-2021	31-12-2020
Triodos Energy Transition Europe Fund		
Opening Balance	150,817,477	117,274,812
Additions to capital including agio	8,665,133	60,841,446
Redemptions of capital including agio	-41,986,059	-27,474,222
Positive revaluations from investments	6,564,087	4,477,094
Change to legal reserves	-255,299	1,003,017
Change to other reserves	-6,133,638	-5,480,112
Changes in unappropriated profit	11,160,416	175,441
Balance per end of reporting period	128,832,117	150,817,477
Triodos Food Transition Europe Fund		
Opening Balance	51,720,021	42,052,949
Additions to capital including agio	10,542,808	14,162,637
Redemptions of capital including agio	-1,379,922	-12,351,115
Positive revaluations from investments	5,043,556	11,674,522
Change to legal reserves	-110,000	430,984
Change to other reserves	2,896,993	-12,105,506
Changes in unappropriated profit	3,234,808	7,855,550
Balance per end of reporting period	71,973,264	51,720,021
Total	200,805,381	202,537,498

(Registered) Capital

The fund's authorised share capital amounts to two hundred and twenty-five thousand euro (EUR 225,000) and is divided into ten (10) priority shares and three (3) series of ordinary shares, numbered 1 to 3. Each series of ordinary shares is divided into eight (8) share types, designated by the letters O, R CAP, Z-1 CAP, Z-2 CAP, Q CAP, Q DIS, I CAP and I DIS. The shares each have a nominal value of one euro (EUR 1).

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020

(combined)

Issued and paid-up capital	2021	2020*
Opening balance	4,890,916	3,863,063
Issued capital	341,868	1,920,912
Paid-up capital	-1,119,711	-893,059
Balance per end of reporting period	4,113,073	4,890,916
Agio	2021	2020*
Opening balance	189,615,591	155,464,698
Addition from shares issued	18,866,072	73,083,171
Withdrawal from shares issued	-42,246,270	-38,932,278
Balance per end of reporting period	166,235,393	189,615,591
Revaluation reserve	2021	2020*
Opening balance	16,151,617	–
Movement in positive revaluations of equity investments	11,018,633	15,459,933
Movement in positive revaluations of debt investments	944,104	320,704
Movement in positive revaluations of derivatives	-330,095	370,980
Balance per end of reporting period	27,784,259	16,151,617
Legal reserves	2021	2020*
Opening balance	1,434,000	–
Change to legal reserves	-365,298	1,434,000
Balance per end of reporting period	1,068,702	1,434,000
Other reserves	2021	2020*
Opening balance	-17,585,617	–
Appropriation of result	-3,601,944	-16,151,617
Capitalised costs	–	-1,830,000
Amortised capitalised costs	365,299	396,000
Balance per end of reporting period	-20,822,262	-17,585,617
Unappropriated profit	2021	2020*
Opening balance	8,030,991	–
Addition / withdrawal other reserves	14,395,224	8,030,991
Balance per end of reporting period	22,426,215	8,030,991

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020

(combined)

Notes to the profit and loss account

11. Other income

In the event of a net redemption in the “Z-1 Capitalisation share class” of Triodos Energy Transition Europe Fund on a Valuation Date, all transactions will be settled at net asset value minus 0.50% of the NAV for the benefit of Triodos Energy Transition Europe Fund.

12. Realised changes in value of Investments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value increases - equity	6,909,697	354,852
Realised value decreases - equity	-1,391,682	-117,082
Realised value increases - debt	148,315	99,138
Realised value decreases - debt	-4,968	-281,778
Realised value increases - derivatives	337,106	154,244
Realised value decreases - derivatives	-395,655	-178,463
Total realised changes	5,602,813	30,911

13. Unrealised changes in value of Investments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Unrealised value increases - equity	22,584,691	15,459,933
Unrealised value decreases - equity	-7,805,742	-10,541,636
Unrealised value increases - debt	1,975,024	320,704
Unrealised value decreases - debt	-370,364	-1,091,617
Unrealised value increases - derivatives	310,853	370,980
Unrealised value decreases - derivatives	-1,001,202	-309,718
Total unrealised changes	15,693,260	4,208,646

14. Investment management fees

The sub-funds of Triodos Impact Strategies II N.V. (Triodos Food Transition Europe Fund and Triodos Energy Transition Europe Fund) do pay for the provision of management services and supporting services a Management Fee to Triodos Investment Management. For more details about the management fee, reference is made to the corresponding notes to the financial statements of the sub-funds.

15. Other expenses

Reference is made to the note to the profit and loss account of the respective sub-funds for more details about the other expenses.

16. Income tax

For Dutch corporate income tax purposes, the fund is treated as a domestic taxpayer, meaning that it is subject to Dutch corporate income tax on its worldwide net profits. However, such net profits do not include dividends and capital gains that fall within the scope of the participation exemption. The worldwide net profits of the fund in the reporting period are negative resulting in no corporate income tax.

Subscription and redemption charges

In case of Triodos Food Transition Europe a subscription charge of up to a maximum of 3% of the NAV may be applied for the benefit of selling agents. The precise subscription charge can be obtained from the relevant party. In case of Triodos Food Transition Europe, a subscription charge of up to a maximum of 5% of the NAV may be applied for the benefit of a (sub) Distributor and/or other selling agents. The precise subscription charge can be obtained from the relevant party. These do not have any impact on the result of the respective sub-fund and/or current shareholders.

(combined)

When Triodos Food Transition Europe Fund repurchase its own shares, the NAV of the shares might be decreased by redemption charge of 0.50% of the NAV. In the event of a Net Redemption in the “Z-1 Capitalisation share class” of Triodos Energy Transition Europe Fund on a Valuation Date, all transactions will be settled at net asset value minus 0,50% of the net asset value. When applicable, these charges are accounted for in the profit and loss account and accrue entirely to the relevant sub-fund. These charges serve to cover the transaction costs incurred.

Ongoing charges

The ongoing charges (ratio) reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. For more details about the ongoing cost ratios, reference is made to the corresponding notes to the financial statements of the sub-funds.

Turnover ratio

Because the actual purchases and sales of investments take place via the sub-funds, the turnover ratio of the sub-funds is included in the notes to the financial statements of the sub-funds.

Identified transaction costs

The table below shows the identified transaction costs over the reporting period per sub-fund:

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Triodos Energy Transition Europe Fund	202,940	132,662
Triodos Food Transition Europe Fund	–	270,757
Total	202,940	403,419

Employees

Triodos Impact Strategies II N.V. does not employ any employees. Triodos Investment Management B.V., the alternative investment manager of Triodos Impact Strategies II N.V. performs, or is responsible for in case activities are outsourced, the activities for the fund.

Subsequent events

Triodos Investment Management considers the crisis in Ukraine as a significant event after closing the annual accounts 2021 (non-adjusted). Triodos Investment Management’s approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. Triodos Investment Management will continue to closely monitor the geopolitical situation and the developments on the financial markets moving forward.

Other disclosures

Related parties

Triodos Impact Strategies II N.V. and the sub-funds (Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund) have the following relevant relationships and transactions based on the definition of related parties from Article 2:381 and paragraph 3 of Title 9, Book 2 of the DCC.

Triodos Investment Management

Triodos Investment Management B.V. manages the sub-funds for which it receives a management fee. This excludes the unappropriated result for the current financial year, except for the unrealised changes in the value of investments. The sub-fund transactions are carried out under the management of Triodos Investment Management B.V.

Triodos Bank N.V.

Triodos Bank N.V. is the sole shareholder of Triodos Investment Management B.V.

The sub-funds hold part of their liquid assets at Triodos Bank N.V. at market rates.

(combined)

Triodos Bank N.V. administers investment positions of third-party distributors for which it receives a fee from Triodos Energy Transition Europe Fund in 2020.

Triodos Bank N.V. carries out various activities as registered carrier and received a fee for this in 2021. The amount is indexed annually.

As of October 19, 2021, Triodos Bank has renewed financing facility of EUR 10 million on market terms to replace the previous agreement of November 17, 2020.

Stichting Triodos Holding

Stichting Triodos Holding sold its shares in Triodos SICAV II and after the restructuring from Luxembourg to the Netherlands, Stichting Triodos Holding bought 10 shares in Triodos Impact Strategies II N.V. The share in Triodos Renewables Europe Fund has been sold for EUR 41.39 leading to a realised gain of EUR 16.39. The share in Triodos Organic Growth Fund has been sold for EUR 97.48 leading to a realised loss of EUR 2.52.

MFX Solutions LLC

MFX Solutions LLC is a financial institution with a focus on currency instruments trading. Triodos Investment Management fulfils a supervisory function over this entity.

Service providers

The Fund Manager can make use of service providers in order to manage the fund efficiently and insofar the Fund Manager deems the use of such service providers in the best interest of investors. Insofar the use of the service providers qualifies as delegation within the meaning of the AIFM Directive, the agreements entered into with these providers comply with the requirements as set out in the AIFMD Rules. The Fund Manager has appointed the following external service providers:

Administrator

Pursuant to an agreement dated 21 November 2019, CACEIS has been appointed by the Fund Manager as administrator of the fund. This agreement is made for an unlimited duration and may be terminated by either party giving a minimum of 60 days' notice. It may further be terminated forthwith by the Fund Manager when it is in the interest of the shareholders.

The administrator is responsible for the calculation of the NAV per Share, the maintenance of records and other general administrative functions. As these tasks qualify as one of the Annex I AIFM Directive tasks of the Fund Manager, the AIFMD Rules on delegation have been complied with.

Transfer Agent

Pursuant to an agreement dated 21 November 2019, CACEIS has been appointed by the Fund Manager as transfer agent of the fund. This agreement is made for an unlimited duration and may be terminated by either party giving a minimum of 60 days' notice. It may further be terminated forthwith by the Fund Manager when it is in the interest of the shareholders.

The transfer agent is responsible for the maintenance of the Register of Shareholders and the processing of the issue (registration) and redemption of the off-exchange Shares and settlement arrangements thereof. As these tasks qualify as one of the Annex I AIFM Directive tasks of the Fund Manager, the AIFMD Rules on delegation have been complied with.

Fund Agent and Listing Agent

Pursuant to an agreement dated 21 November 2019, CACEIS has been appointed by the Fund Manager as Fund Agent of the fund. This agreement is made for an unlimited duration and may be terminated by either party giving a minimum of 90 days' notice. It may further be terminated forthwith by the Fund Manager when it is in the interest of the shareholders.

As Fund Agent and Listing Agent CACEIS is responsible for assessing and accepting or rejecting sale and purchase orders in respect of Listed Shares, as entered in the Euronext Amsterdam order book on behalf of the fund.

ENL agent and Paying Agent

Pursuant to an agreement dated 21 November 2019, CACEIS has been appointed by the Fund Manager as both the ENL (Euroclear Netherlands) agent and the principal Paying Agent of the fund in respect of the listed shares.

(combined)

Interests of members of the supervisory board and board of directors in the fund's investments

The members of the Supervisory Board of Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund and the members of the Board of Directors of Triodos Investment Management have no personal interest in any investment made by Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund during the reporting period.

Profit appropriation

The Board of Directors of Triodos Investment Management proposes to the General Meeting of Shareholders to add the result to the reserves.

Financial Statements

Triodos Energy Transition Europe Fund

(Triodos Energy Transition Europe Fund)

Balance sheet

Before profit appropriation (amounts in euro's)	Note*	31-12-2021	31-12-2020
Investments			
Equity instruments	1	68,948,187	53,820,829
Debt instruments	2	35,638,894	23,945,562
Total investments		104,587,081	77,766,391
Receivables			
Issue of own shares	3	–	496,117
Debtors	4	92,118	1,543,712
Other receivables	5	567,543	348,938
Total receivables		659,661	2,388,767
Other assets			
Formation costs	6	747,718	1,003,017
Cash and cash equivalents	7	23,930,440	71,813,924
Total other assets		24,678,158	72,816,941
Current liabilities			
Redemption of own shares	3	154,448	63,560
Investment management fees payable		694,719	1,558,286
Accounts payable and accrued expenses	8	243,617	532,776
Total current liabilities		1,092,784	2,154,622
Receivables and other assets less current liabilities		24,245,035	73,051,086
Assets less current liabilities		128,832,116	150,817,477
Equity			
Issued and paid-up capital	9	3,588,430	4,440,149
Agio	10	113,732,680	146,201,887
Revaluation reserve	11	11,041,181	4,477,095
Legal reserves	12	747,718	1,003,017
Other reserves	13	-11,613,750	-5,480,112
Unappropriated profit	14	11,335,857	175,441
Total equity		128,832,116	150,817,477

* See the notes to the balance sheet, profit and loss account and cash flow statement.

(Triodos Energy Transition Europe Fund)

Profit and loss account

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ⁴
Direct results from investments			
Dividend		4,488,205	5,838,376
Interest and disbursement fee		1,302,841	2,929,407
Other income	15	209,415	80,433
		6,000,461	8,848,216
Indirect results from investments			
Realised changes in value of investments			
Equity instruments	16	–	-38,553
Debt instruments	17	143,347	-101,119
Derivatives		2,277	–
		145,624	-139,672
Unrealised changes in value of investments			
Equity instruments	18	7,897,245	-3,230,156
Debt instruments	19	1,539,587	-770,913
		9,436,832	-4,001,069
Other operating income		–	13,899
Total other operating income		–	13,899
Total income		15,582,917	4,721,374
Operating expenses			
Amortisation of formation expenses	6	255,299	276,983
Investment management fees	20	2,808,738	3,118,066
Administrative and depositary fees	21	139,177	150,714
Audit and advisory fees	22	322,624	244,474
Other interest paid	23	347,450	415,987
Other expenses	24	386,331	316,578
Total operating expenses		4,259,619	4,522,802
Operating result		11,323,298	198,573
Exchange rate results		12,559	-23,132
Result before taxes		11,335,857	175,441
Income tax		–	–
Result for the year		11,335,857	175,441

* See the notes to the balance sheet, profit and loss account and cash flow statement.

⁴ The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020.

Cash flow statement

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ⁵
Cash flow from investment activities			
Result ex. exchange rate differences		11,323,298	198,573
Adjustment to reconcile the result to the cash flow generated by the investment activities:			
Realised changes in value of investments		-145,624	139,672
Unrealised changes in value of investments		-9,436,832	4,001,069
Purchases of investments		-27,710,531	-25,314,786
Redemptions of debt instruments		10,472,297	16,092,099
Other cash adjustments		-292	-
Costs directly charged to equity ⁶	12	255,299	-1,003,017
Movement in assets and liabilities			
Movement in receivables from investment activities		1,731,853	549,686
Movement in liabilities arising from investment activities		-1,001,025	2,082,936
Net cash flow used in/ generated from investment activities		-14,511,556	-3,253,768
Cash flow from financing activities			
Received from subscriptions		8,665,132	60,345,329
Paid for redemptions		-42,049,620	-27,410,662
Dividend paid		-	-
Net cash flow used in/ generated from financing activities		-33,384,488	32,934,667
Change in cash and cash equivalents		-47,896,044	29,680,899
Cash and cash equivalents at the beginning of the reporting period		71,813,924	42,156,157
Exchange rate differences		12,559	-23,132
Cash and cash equivalents at the end of the reporting period	7	23,930,440	71,813,924

* See the notes to the balance sheet, profit and loss account and cash flow statement.

⁵ The reporting period of the financial statements for the comparative period of 2020 of Triodos Impact Strategies II N.V. comprises the extended period 2 December 2019 until 31 December 2020.

⁶ The costs directly charged to equity comprise the formation costs of the Fund.

Notes to the balance sheet

1. Equity instruments

Movement schedule equity instruments	2021	2020*
Opening balance	53,820,829	47,657,168
Purchases	7,230,113	9,442,786
Sales	–	-10,417
Change in realised gains/losses	–	-38,553
Change in unrealised gains/losses	7,897,245	-3,230,156
Balance at end of reporting period	68,948,187	53,820,829

The cost price of the equity instruments at year-end 2021 was EUR 64,281,098 (2020: Eur 57,050,985).

The investments, where the sub-fund has a majority interest, are excluded from consolidation due to the existence of an exit strategy, in accordance with the interpretation of article 407c, Title 9, Book 2 of the DCC which is guided by the accounting standard (RJ 217.308.b) issued by the Dutch Accounting Standards Board. An overview of the investments is included in the management report.

2. Debt instruments

Movement schedule debt instruments	2021	2020*
Opening balance	23,945,562	26,570,989
Purchases	20,480,418	15,872,000
Redemptions	-10,470,020	-17,625,394
Change in realised gains/losses	144,512	-97,158
Change in unrealised gains/losses	1,539,587	-770,913
Revaluations due to exchange rate differences	-1,165	-3,961
Balance at end of reporting period	35,638,894	23,945,562

The change in unrealised gains/losses comprise the positive and negative revaluations during the reporting period. Positive revaluations of individual investments above the initial cost price are added to the revaluation reserves. Interest and other income are allocated on a time-proportionate basis to the financial year to which they relate. Interest and disbursement fee income earned on the debt portfolio during the period was EUR 1,302,841 (2020: EUR 2,929,407).

The cost price of the debt instruments at year-end 2021 was EUR 34,870,220 (2020: EUR 24,716,475). The nominal interest rate on the debt Instruments at year-end 2021 was on average 6.4% per year (2020: 7.6%). The remaining term of these debt Instruments varies from 33 to 198 months. This mainly concerns risk-bearing financing that is not based on collateral or pledges.

The breakdown of the debt portfolio by maturity is as follows:

	31-12-2021**	31-12-2020**/**
Maturity < 1 year	2,132,268	1,079,679
Maturity 1 year until 3 years	6,158,796	2,917,529
Maturity 3 years until 5 years	7,438,749	3,637,124
Maturity > 5 years	19,087,045	17,231,213
	34,816,858	24,865,545

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

** The above figures concern the nominal amounts and therefore do not reconcile with the balance sheet.

(Triodos Energy Transition Europe Fund)

The debt portfolio consists of EUR 2,811,086 (2020: EUR 2,811,086) of profit participating loans, EUR 2,194,437 (2020: EUR: 2,285,850) of shareholder loans, EUR - (2020: EUR 3,550,000) of senior loans and EUR 29,811,334 (2020: EUR 16,218,609) of subordinated loans.

Provision(s)

Per year-end 2021, no provision on debt instruments was applicable (2020: none). A movement schedule in regard of the provisions has therefore not been included.

3. Issue of own shares & Redemption of own shares

These balance sheet items do relate to the amounts receivable or payable with regard to the subscription or redemption of own shares as per reporting date

4. Debtors

Debtors	31-12-2021	31-12-2020*
Principal receivable	–	550,285
Interest receivable	92,118	993,427
Total Debtors	92,118	1,543,712

The debtors have a maturity shorter than one year.

5. Other receivables

Receivables	31-12-2021	31-12-2020*
Interest receivable	462,916	303,269
Other receivables	104,627	45,669
Total Other receivables	567,543	348,938

The other receivables consist of Interest receivable amounting to EUR 462,916 (2020: EUR 303,269) per year-end and do relate to interest to be received the debt instruments. The other receivables have a maturity shorter than one year.

6. Formation costs

The total formation costs of the sub-fund amounted to EUR 1,280,000. These formation costs will be amortised over a period of five years.

Formation costs	2021	2020*
Opening balance	1,003,017	–
Capitalized costs	–	1,280,000
Amortised capitalized costs	-255,299	-276,983
Total formation costs per end of reporting period	747,718	1,003,017

7. Cash and cash equivalents

Cash and cash equivalents include balances in current accounts, savings accounts and deposits held with Triodos Bank, Rabobank, CACEIS and ING. Cash and cash equivalents are at the free disposal of the sub-fund.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

(Triodos Energy Transition Europe Fund)

The following interest rates are applicable as per 31 December 2021:

On the (savings or current) account(s) hold at Triodos Bank -0.70% (2020: -0.70%);

On the (savings or current) account(s) hold at Rabobank -0.70% (2020: -0.67%);

On the (savings or current) account(s) hold at CACEIS -0.70% (2020: -0.70%);

On the (savings or current) account(s) hold at ING 0.00% (2020: -0.72%).

8. Accounts payable and accrued expenses

The accounts payable and accrued expenses comprise the following:

Accounts payable and accrued expenses	31-12-2021	31-12-2020*
IMS fee	82,570	14,000
Bank fee and interest	9,521	584
Supervisory fee	17,980	12,000
Audit fee	108,370	70,815
Formation fees to be paid	–	377,018
Advice costs	24,704	10,116
Payments in transit	–	48,218
Other accrued expenses	472	24
Total accounts payable and accrued expenses	243,617	532,776

9. Issued and paid-up capital

Issued and paid-up capital	2021	2020*
Opening balance	4,440,149	3,430,464
Issued capital	256,475	1,774,240
Paid-up capital	-1,108,194	-764,555
Balance per end of reporting period	3,588,430	4,440,149

Changes in the number of shares:

	2021					
	R-cap	Z1-cap	Z2-cap	Q-cap	I-cap	Total
Number of shares as per start of the reporting period	869,926	158,945	2,380,667	743,635	286,976	4,440,149
Subscriptions	31,488	4,845	176,236	43,906	–	256,475
Redemptions	-29,043	-6,155	-231,328	-554,692	-286,976	-1,108,194
Number of shares outstanding per end of reporting period	872,371	157,635	2,325,575	232,849	–	3,588,430
	2020					
	R-cap	Z1-cap	Z2-cap	Q-cap	I-cap	Total
Number of shares as per start of reporting period	571,413	112,610	1,716,165	1,030,276	–	3,430,464
Subscriptions	328,614	55,595	945,357	157,698	286,976	1,774,240
Redemptions	-30,101	-9,260	-280,855	-444,339	–	-764,555
Number of shares outstanding per end of reporting period	869,926	158,945	2,380,667	743,635	286,976	4,440,149

Investors may subscribe for shares on each valuation date. The Net Asset Value per share will be calculated weekly on each Thursday (or, if such day is not a Business Day, on the following Business Day).

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

(Triodos Energy Transition Europe Fund)

A subscription charge of up to a maximum of 5% of the Net Asset Value may be applied for the benefit of a (sub) Distributor and/or other selling agents. The precise subscription charge can be obtained from the relevant party.

Triodos Energy Transition Europe Fund comprises of the following share classes:

Euro-denominated Class "R" Capitalisation Shares (ISIN Code: NL0013908684)

Euro-denominated Class "Z-1" Capitalisation Shares (ISIN Code: NL0013908692)

Euro-denominated Class "Z-2" Capitalisation Shares (ISIN Code: NL0013908700)

Euro-denominated Class "Q" Capitalisation Shares (ISIN Code: NL0013908718)

Euro-denominated Class "I" Capitalisation Shares (ISIN Code: NL0013908726).

For the capitalisation shares no dividends are distributed. The net realised income in these classes of shares is reinvested.

Quality requirements to obtain Shares of a specific Share Class:

Class "R" Capitalisation Shares are open to certain Retail Investors, depending on their country of residence. Class "R" Shares charge rebates or commissions which may be retained or passed on by the Distributors depending on applicable law and market practice.

Class "Z-1" Capitalisation Shares are listed and traded on Euronext Amsterdam and open to all investors who subscribe through a bank or other qualifying financial institution with access to Euronext Amsterdam. Class "Z-1" Shares do not charge any form of rebates or commissions.

Class "Z-2" Capitalisation Shares are open to designated Retail Investors who subscribe through a Distributor. Class "Z-2" Shares do not charge any form of rebates or commissions.

Class "Q" Capitalisation Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum initial subscription amount for the Class "Q" Shares is EUR 100,000. The minimum holding amount for the Class "Q" Shares is EUR 100,000.

Class "I" Capitalisation Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum initial subscription amount for the Class "I" Shares is EUR 10 million. The minimum holding amount for the Class "I" Shares is EUR 10 million.

10. Agio

Agio	2021	2020*
Opening balance	146,201,887	113,844,348
Addition from shares issued	8,408,658	59,067,206
Withdrawal from shares issued	-40,877,865	-26,709,667
Balance per end of reporting period	113,732,680	146,201,887

11. Revaluation reserve

The revaluation reserves concern the positive unrealised changes in the value of individual investments with a valuation at the balance sheet date that is higher than the initial cost. A decrease in revaluation reserves means a decrease in the cumulative positive revaluation of investments.

Revaluation reserves	2021	2020*
Opening balance	4,477,095	–
Movement in positive revaluations of equity investments	5,619,983	4,156,390
Movement in positive revaluations of debt investments	944,104	320,704
Balance per end of reporting period	11,041,181	4,477,095

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

(Triodos Energy Transition Europe Fund)

The positive revaluations of individual investments above the initial cost are added to the revaluation reserves in equity. This only applies to investments without frequent market quotations. Negative revaluations below the initial cost of individual investments are charged directly to the profit and loss account. As a result, no straightforward reconciliation is possible between the revaluation reserve in equity (note 11) and the revaluations in value of investments (notes 18 and 19).

12. Legal reserves

Legal reserves	2021	2020*
Opening balance	1,003,017	–
Changes to legal reserves	-255,299	1,003,017
Balance per end of reporting period	747,718	1,003,017

13. Other reserves

Other reserves	2021	2020*
Opening balance	-5,480,112	–
Appropriation of result	-175,441	–
Addition revaluation reserve	6,564,378	-4,477,095
Capitalised costs	–	-1,280,000
Amortised capitalised costs	255,299	276,983
Balance per end of reporting period	-11,613,750	-5,480,112

14. Unappropriated profit

This concerns the not yet distributed result for the (extended) financial year.

Unappropriated profit	2021	2020*
Opening balance	175,441	–
Addition / withdrawal other reserves	-175,441	–
Addition / withdrawal other reserves	11,335,857	175,441
Balance per end of reporting period	11,335,857	175,441

Three-year overview of the sub-fund's equity:

	2021	2020*	N/A ⁷
Fund's equity	128,832,116	150,817,477	
Number of outstanding shares	3,588,430	4,440,149	
Net asset value per share (in EUR)	35.90	33.97	

⁷ As of 2 December 2019, Triodos Energy Transition Europe Fund is a sub-fund of Triodos Impact Strategies II N.V. For historical comparative figures reference is made to the annual report of Triodos SICAV II - Triodos Renewables Energy Fund.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

Notes to the profit and loss account

15. Other income

In the event of a net redemption in the “Class Z-1 Capitalisation share” of Triodos Energy Transition Europe Fund on a Valuation Date, all transactions will be settled at net asset value minus 0.50% of the net asset value for the benefit of Triodos Energy Transition Europe Fund.

16. Realised changes in value of equity instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value increases	–	479
Realised value decreases	–	-39,032
Total realised changes	–	-38,553

The realised changes are calculated on the basis of the actual sales transaction in comparison with the historical cost. The average cost price is used in the event of partial sale of equity instruments

17. Realised changes in value of debt instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value increases	148,315	99,138
Realised value decreases	-4,968	-200,258
Total realised changes	143,347	-101,119

18. Unrealised changes in value of equity instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Unrealised value increases	10,803,666	4,156,390
Unrealised value decreases	-2,906,421	-7,386,546
Total unrealised changes	7,897,245	-3,230,156

19. Unrealised changes in value of debt instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Unrealised value increases	1,909,951	320,704
Unrealised value decreases	-370,364	-1,091,617
Total unrealised changes	1,539,587	-770,913

20. Investment management fees

For the services it provides, the Alternative Investment Fund Manager is entitled to a management fee payable quarterly and calculated as follows:

Triodos Energy Transition Europe Fund pays for the provision of management services and supporting services an annual management fee to the Alternative Investment Fund Manager of 1.70% for Class “I” Capitalisation Shares, 1.95% for Class “Q” Shares, 1.95% for Class “Z-1” Shares and for “Z-2” Shares and 2.50% for Class “R” Shares, calculated on the relevant share class’ net assets, accrued weekly and payable quarterly. Costs for marketing and distribution activities

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

(Triodos Energy Transition Europe Fund)

related to retail investors and attributable to Class “I” Shares, Class “R” Shares and Class “Z” Shares will only be borne by Class “I” Shares, Class “R” Shares and Class “Z” Shares respectively, and will be part of the management fee. The costs for marketing activities related to retail investors and attributable to Class “Z” Shares may amount to maximum 0.20% (on an annual basis) of this Share Class, net assets. The management fee is excluding VAT and when applicable will be charged to Triodos Energy Transition Europe Fund.

21. Administrative and depositary fees

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Administrative fees		
Administration fees	104,750	114,704
Registration fees	–	5,964
Total administrative fees	104,750	120,668
	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Depositary fees		
BNP depositary fees	34,427	30,046
Total depositary fees	34,427	30,046

The depositary is entitled to receive depositary and custody fees for the safekeeping of the financial instruments that are held in custody, for the record keeping and verification of ownership of the other assets, for the oversight duties and for the cash flow monitoring. These fees consist of a fixed annual fee of EUR 15,000 and a variable fee equal to a percentage of the Net Asset Value of Triodos Energy Transition Europe Fund.

22. Audit and advisory fees

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Audit and advisory fees		
Audit fees	196,705	103,485
Legal fees	20,102	45,878
Advice fees	68,647	64,797
Fiscal advice fees	35,291	21,446
Compliance advice fees	–	7,500
Notary fees	1,879	1,368
Total audit and advisory fees	322,624	244,474

The legal fees of EUR 20,103 (2020: EUR 45,878) primarily relate to due diligence and advice on investment transactions. The advice fees of EUR 103,938 (2020: EUR 86,243) and the compliance advice fees of EUR - (2020: EUR 7,500) do relate to primarily relate to advice on investment acquisitions.

The audit fees relate for EUR 163,713 (2020: EUR 95,195) to the audit of the financial statements 2021 and additional EUR 27,625 to the audit of the financial statements 2020. The costs for other audit services amounted to EUR 5,367 (2020: EUR 8,290). These other audit procedures relate to ISAE-3402 audit activities for EUR 5,367 (2020: EUR 4,242) and audit activities with regard of the prospectus for EUR - (2020: EUR 4,048). The external independent auditor has not performed any advisory activities.

Audit fees	01-01-2021 – 31-12-2021		02-12-2019 – 31-12-2020	
	Pricewaterhouse Coopers Accountants NV	Other Pricewaterhouse Coopers network	Pricewaterhouse Coopers Accountants NV	Other Pricewaterhouse Coopers network
Audit of the financial statements	191,338	–	95,195	–
Other audit assignments	5,367	–	8,290	–

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Energy Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020

Tax advisory services	–	–	–	–
Other assignments	–	–	–	–
Total	196,705	–	103,485	–

23. Other interest paid

This concerns the (negative) interest on the bank accounts held by Triodos Energy Transition Europe Fund.

24. Other expenses

The other expenses comprise the following:

Other expenses	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Supervisory Board fee	21,958	34,124
Commissions and bank charges	214,436	159,393
<i>Bank charges</i>	11,496	13,073
<i>Fundagent / ENL agent</i>	–	9,425
<i>Transaction costs</i>	202,940	132,662
<i>Other commissions</i>	–	4,234
Various other expenses	149,937	123,061
<i>DNB costs</i>	18,424	14,000
<i>Marketing fees</i>	57,582	17,021
<i>Other costs</i>	73,930	92,040
Total other expenses	386,331	316,578

Cost structure

Triodos Energy Transition Europe Fund does not employ any employees or directors. The sub-fund is managed by Triodos Investment Management for a management fee. For more details regarding the management fee reference is made to Note 20.

Remuneration of the Supervisory Board

The compensation for the external members of the Supervisory Board amounts to EUR 4,000 a year for an external member and EUR 5,500 for the chairperson. The remuneration for members of the Supervisory Board is determined by the General Meeting of Shareholders. This does not take into account market conformity. No loans, advances or guarantees have been provided to the members of the Supervisory Board. For reasons of principle, there is no option scheme for members of the Supervisory Board.

The remuneration of the members of the Supervisory Board is as follows:

(amounts in euro's)	01-01-2021 – 31-12-2021	01-01-2020 – 31-12-2020	02-12-2019 – 31-12-2020
Ineke Busemaker (chair)	3,208	–	–
Jan Willem van der Velden	4,000	4,000	5,333
Gerard Groener	4,000	4,000	5,333
Henk Raué	4,000	4,000	5,333
Elfrieke van Galen	4,000	4,000	5,333
Jacqueline Rijdsdijk	2,750	5,500	7,333
Subtotal	21,958	21,500	28,665
Non-deductible VAT	–	3,675	5,459
Total	21,958	25,175	34,124

(Triodos Energy Transition Europe Fund)

Comparison operating expenses with prospectus

The operating expenses of the sub-fund for the reporting period amount to EUR 3,709,229 (2020: EUR 3,974,153).

Cost comparison 2021	Expenses 2021	Expenses 2020	Expenses prospectus
Management fee*	2,808,738	3,118,066	2,808,738
Costs of formation	255,299	276,983	255,299
Marketing fees**	57,582	17,021	170,170
Remuneration of the Supervisory Board members	21,958	34,124	21,958
Costs legal owner***	–	–	–
Costs custodians	34,427	30,046	34,427
Costs external independent auditor****	196,705	103,485	196,705
Regulator's costs	18,424	14,000	18,424
Costs of the administration of third-party distributors' investment positions*****	104,750	114,704	104,750
Registrar's fees	–	5,964	–
Other sub-fund related expenses	211,346	259,760	1,103,071
	3,709,229	3,974,153	4,713,542

* Reference is made to Note 20 for the percentages of management fee per share class.

** The costs for marketing activities incurred by the Fund Manager related to retail investors and attributable to Class “Z-1” Shares and the Class “Z-2” Shares will only be borne by Class “Z-1” Shares and the “Z-2” Shares respectively and may amount to maximum 0.20% (on an annual basis) of each of these Share Classes’ net assets.

*** The depository and custody fees consist of a fixed annual fee of EUR 15,000 and a variable fee equal to a percentage of the Net Asset Value of the Sub-Fund. At a fund size of EUR 150 million the estimated annual fees amount to EUR 36,446.

**** The independent auditor is entitled to a fee. These costs are estimated at EUR 68,962 annually.

***** The Fund Agent is entitled to a fee. At a fund size of EUR 150 million the estimated annual fees amount to EUR 10,440. The Transfer Agent is entitled to a fee. At a fund size of EUR 150 million the estimated annual fees amount to EUR 34,739. The Administrator is entitled to a fee. At a fund size of EUR 150 million the estimated annual fees amount to EUR 94,961.

Off-balance sheet commitments

Triodos Energy Transition Europe Fund has committed itself to investments of approximately EUR 13.5 million as per 31 December 2021 consisting of the following dates of maturity:

- within 1 year: EUR 7.1 million.
- within 2 up to 5 years: EUR 6.4 million.

Related party transactions

The sub-fund has significant transactions with related parties. These are specified below.

Triodos Bank

The sub-fund holds a cash balance of EUR 135,845 (2020: EUR 3,482) at Triodos Bank (refer to Note 7).

Triodos Investment Management

The sub-fund pays a management fee to the Fund Manager as the AIFM. During 2021 management fees of EUR 3,672,310 (2020: EUR 1,559,779) were paid to the Fund Manager (refer to Note 20). As at 31 December 2021, an amount of EUR 694,719 (2020: EUR 1,549,388) is payable to the Fund Manager.

(Triodos Energy Transition Europe Fund)

Ongoing charges

The ongoing charges (ratio) is calculated by dividing all relevant costs, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges for the year end 2020 are calculated over the thirteen-month period since inception of Triodos Energy Transition Europe Fund and annualised to arrive at the estimated yearly ongoing charges figure.

Ongoing charges	2021	2020*
I-cap (EUR)	–	2.39%
Q-cap (EUR)	2.63%	2.62%
R-cap (EUR)	3.17%	3.00%
Z1-cap (EUR)	2.62%	2.51%
Z2-cap (EUR)	2.62%	2.49%

Turnover factor

The turnover factor is -9.26% in 2021 (2020: -31.90%). The turnover factor is calculated as:

The total movement in investments of EUR 38,180,551 (purchases of EUR 27,710,531; sales of EUR 10,470,020) (2020: EUR 42,950,597; purchases of EUR 25,314,786; sales of EUR 17,635,811) minus the total movement in own shares of EUR 50,651,192 (issue of own shares of EUR 8,665,133; redemption of own shares of EUR 41,986,059), (2020: EUR 88,315,668 ;issue of own shares of EUR 60,841,446; redemption of own shares of EUR 27,474,222) divided by the average net assets of EUR 134,672,633 (2020:EUR 142,199,146). Due to the specific nature of Triodos Energy Transition Europe Fund, the turnover factor cannot simply be compared with other investment funds.

Subsequent events

Triodos Investment Management considers the crisis in Ukraine as a significant event after closing the annual accounts 2021 (non-adjusted). Triodos Investment Management's approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. Triodos Investment Management will continue to closely monitor the geopolitical situation and the developments on the financial markets moving forward.

Financial Statements

Triodos Food Transition Europe Fund

(Triodos Food Transition Europe Fund)

Balance sheet

Before profit appropriation (amounts in euro's)	Note*	31-12-2021	31-12-2020
Investments			
Equity instruments	1	54,828,725	49,337,109
Debt instruments	2	1,930,222	-
Collateral	3	530,000	-
Derivatives (positive)	3	40,885	331,230
Total investments		57,329,832	49,668,339
Receivables			
Other receivables	4	252,527	23,074
Total receivables		252,527	23,074
Other assets			
Formation costs	5	320,984	430,984
Cash and cash equivalents	6	15,204,737	2,285,599
Total other assets		15,525,721	2,716,583
Current liabilities			
Investment management fees payable		342,309	237,738
Accounts payable and accrued expenses	7	122,535	180,269
Derivatives (negative)	4	669,972	269,968
Total current liabilities		1,134,816	687,975
Receivables and other assets less current liabilities		14,643,432	2,051,682
Assets less current liabilities		71,973,264	51,720,021
Equity			
Issued and paid-up capital	8	524,643	450,767
Agio	9	52,502,713	43,413,703
Revaluation reserve	10	16,743,078	11,674,522
Legal reserves	11	320,984	430,984
Other reserves	12	-9,208,512	-12,105,505
Unappropriated profit	13	11,090,358	7,855,550
Total equity		71,973,264	51,720,021

* See the notes to the balance sheet, profit and loss account and cash flow statement.

(Triodos Food Transition Europe Fund)

Profit and loss account

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ⁸
Direct results from investments			
Dividend		1,163,459	1,318,379
Interest		5	–
		1,163,464	1,318,379
Indirect results from investments			
Realised changes in value of investments			
Equity instruments	14	5,518,015	276,323
Debt instruments	15	–	-81,521
Derivatives	16	-60,825	-24,219
		5,457,190	170,583
Unrealised changes in value of investments			
Equity instruments	17	6,881,704	8,148,452
Debt instruments		65,073	–
Derivatives	18	-690,349	61,262
		6,256,428	8,209,714
Other operating income	19	312	88,099
Total other operating income		312	88,099
Total income		12,877,394	9,786,776
Operating expenses			
Amortisation of formation expenses	5	110,000	119,016
Investment management fees	20	1,203,866	932,891
Administrative and depositary fees	21	70,642	70,645
Audit and advisory fees	22	98,307	95,745
Other interest paid	23	56,497	70,842
Other expenses	24	238,375	617,680
Total operating expenses		1,777,687	1,906,819
Operating result		11,099,707	7,879,957
Exchange rate results		-9,349	-24,407
Result before taxes		11,090,358	7,855,550
Income tax		–	–
Result for the year		11,090,358	7,855,550

* See the notes to the balance sheet, profit and loss account and cash flow statement.

⁸ The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

(Triodos Food Transition Europe Fund)

Cash flow statement

(amounts in euro's)	Note*	01-01-2021 31-12-2021	02-12-2019 31-12-2020 ⁹
Cash flow from investment activities			
Result ex. exchange rate differences		11,099,706	7,879,957
Adjustment to reconcile the result to the cash flow generated by the investment activities:			
Realised changes in value of investments		-5,457,190	-170,583
Unrealised changes in value of investments		-6,256,428	-8,209,714
Purchases of investments		-7,754,987	-6,620,682
Sale of investments		12,737,115	10,674,501
Collateral		-530,000	-
Costs directly charged to equity ¹⁰	11	110,000	-430,984
Movement in assets and liabilities			
Movement in receivables from investment activities		-241,355	121,084
Movement in liabilities arising from investment activities		58,740	388,941
Net cash flow used in/ generated from investment activities		3,765,601	3,632,520
Cash flow from financing activities			
Received from subscriptions		10,542,807	14,162,637
Paid for redemptions		-1,379,922	-12,351,115
Dividend paid		-	-
Net cash flow used in/ generated from financing activities		9,162,885	1,811,522
Change in cash and cash equivalents		12,928,486	5,444,042
Cash and cash equivalents at the beginning of the reporting period		2,285,599	-3,134,035
Exchange rate differences		-9,349	-24,407
Cash and cash equivalents at the end of the reporting period	6	15,204,737	2,285,599

* See the notes to the balance sheet, profit and loss account and cash flow statement.

⁹ The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

¹⁰ The costs directly charged to equity comprise the formation costs of the sub-fund.

Notes to the balance sheet

1. Equity instruments

Movement schedule equity instruments	2021	2020*
Opening balance	49,337,109	44,240,371
Purchases	5,889,837	6,620,682
Sales	-12,797,940	-9,948,719
Change in realised gains/losses	5,518,015	276,323
Change in unrealised gains/losses	6,881,704	8,148,452
Revaluations due to exchange rate differences	–	–
Balance at end of reporting period	54,828,725	49,337,109

The cost price of the equity instruments at year-end 2021 was EUR 39,798,569 (2020: EUR 41,188,657). Income from payments of profit distributions on equity investments (dividend income) is recognised when the right to receive payment is established. During the period the sub-fund earned EUR 1,163,459 (2020: EUR 1,318,379) in dividend income.

The investments, where the sub-fund has a majority interest, are excluded from consolidation due to the existence of an exit strategy, in accordance with the interpretation of article 407c, Title 9, Book 2 of the DCC which is guided by the accounting standard (RJ 217.308.b) issued by the Dutch Accounting Standards Board. An overview of the investments is included in the management report.

2. Debt instruments

Movement schedule debt instruments	2021	2020*
Opening balance	–	921,521
Purchases	1,865,149	–
Sales	–	-840,000
Change in realised gains/losses	–	-81,521
Revaluations due to exchange rate differences	65,073	–
Balance at end of reporting period	1,930,222	–

The change in unrealised gains/losses comprise the positive and negative revaluations during the reporting period. Positive revaluations of individual investments above the initial cost price are added to the revaluation reserves.

3. Derivatives

The derivatives concern contracts in which Triodos Food Transition Europe Fund agrees to deliver the agreed foreign currency amounts on the agreed dates.

Movement schedule	2021	2020*
Opening balance	61,262	–
Expiration	-60,825	-24,219
Change in realised gains/losses	60,825	24,219
Change in unrealised gains/losses	-690,349	61,262
Total	-629,087	61,262

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

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As at December 31, 2021, outstanding forward foreign exchange contracts are composed of:

Foreign currency contracts		2021		Unrealised gain/ (loss) in EUR
	Payer	Receiver		
US dollar (USD)	5,667,546	4,745,928		-216,465
British pound (GBP)	267,888	300,783		-17,900
Swedish korna (SEK)	28,424,549	2,816,875		-22,805
Danish korone (DKK)	68,915,550	9,259,671		-5,523
Swiss francs (CHF)	9,052,797	8,379,335		-366,394
Total				-629,087

Foreign currency contracts		2020		Unrealised gain/ (loss) in EUR
	Payer	Receiver		
US dollar (USD)	4,713,771.95	-5,419,878.90		303,023.40
British pound (GBP)	354,478.66	-310,105.00		8,373.47
Swedish korna (SEK)	5,952,024.74	62,505,036.00		-254,997.82
Danish korone (DKK)	12,490,452.93	-93,061,237.00		-14,745.18
Swiss francs (CHF)	4,647,482.60	-4,999,985.00		19,608
Total				61,262

Future cash flows from Investments are mainly affected by exchange rates and market interest rates. The forward foreign exchange contracts have been concluded to hedge the exchange risk on investments in foreign currencies. At year-end 2021, 7.2% (2020: 5.7%) of the Investments of Triodos Food Transition Europe Fund were provided in local currencies that were not hedged by forward foreign exchange contracts. At year-end 2021, 14.2% (2020: 9.7%) of the investments of Triodos Food Transition Europe Fund are in US dollars, 0.5% (2020: 0.8%) in British pounds, 6.0% (2020: 13.6%) in Swedish korna, 23.4% (2020: 27.2%) in Danish korone and 15.4% (2020: 11.5%) in Swiss francs. The currency risk for the US dollar is largely hedged by means of forward foreign exchange contracts.

The sub-fund shall not invest in or apply special techniques or instruments, other than currency hedging instruments and the sub-fund may not invest more than 50% of its net assets in un-hedged non-euro denominated investments.

The derivatives are entered into with bank and financial institution counterparties (Rabobank), which is rated A+, based on S&P Global and Fitch ratings. The contracts have been concluded with Rabobank. The term of the forward foreign exchange contracts at year-end 2021 varies between 0 and 12 months.

Forward foreign exchange contracts	31-12-2021	31-12-2020*
To receive	40,885	337,985
To pay	-669,972	-276,723
Total	-629,087	61,262

The maturity is divided as follows:

	31-12-2021	31-12-2020*
Less than 1 years	-629,087	61,262
Within 1 to 5 years	-	-
Within 5 to 10 years	-	-
More than 10 years	-	-

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

Collateral

With regard to the derivative positions with Triodos Bank and Rabobank, agreements have been made regarding the exchange of mutual collateral, i.e. liquidity deposited as security in connection with the fair value of derivative positions. As at the balance sheet date, the fund has paid a collateral payment of EUR 530,000 (2020: EUR -) in connection with the fair value positions of the derivative positions (2021: positive fair value rounded to EUR 40,000 (2020: EUR 331,000); negative fair value rounded to EUR 670,000 (2020: EUR 270,000).

4. Other receivables

	31-12-2021	31-12-2020*
Dividend receivable	252,527	-
Other	-	23,074
Total Other receivables	252,527	23,074

The other receivables have a maturity shorter than one year.

5. Formation costs

The total formation costs of the sub-fund amounted to EUR 550,000. These formation costs will be amortised over a period of five years.

	2021	2020*
Opening balance	430,984	-
Capitalized costs	-	550,000
Amortised capitalized costs	-110,000	-119,016
Total formation costs per end of reporting period	320,984	430,984

6. Cash and cash equivalents

Cash and cash equivalents include balances in current accounts, savings accounts and deposits held with Triodos Bank, Rabobank, CACEIS, ING and BNP Paribas. Cash and cash equivalents are at the free disposal of the sub-fund.

The following interest rates are applicable per 31 December 2021:

On the (savings or current) account(s) hold at Triodos Bank -0.70% (2020: Eur:-0.70%);

On the (savings or current) account(s) hold at Rabobank -0.70% (2020: -0.67%);

On the (savings or current) account(s) hold at CACEIS -0.70% (2020: EUR-0.70%);

On the (savings or current) account(s) hold at ING 0.00% (2020: -0.72%);

7. Accounts payable and accrued expenses

The accounts payable and accrued expenses comprise the following:

Accounts payable and accrued expenses	2021	2020*
Creditors	-	94,798
Interest charges on bank accounts	6,753	109
IMS fee	34,340	6,000
Bank fee	27,186	11,000
Supervisory fee	6,818	6,750
Audit fee	44,273	39,650
Other accrued expenses	3,165	21,963
Total accounts payable and accrued expenses	122,535	180,269

The other accrued expenses comprise several invoices to be paid (advisory and other payments) and mature within one year. All creditors outstanding were paid as per the end of the reporting period 2021.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

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8. Issued and paid-up capital

Issued and paid-up capital	2021	2020*
Opening balance	450,767	432,599
Issued capital	85,393	146,672
Paid-up capital	-11,517	-128,504
Balance per end of reporting period	524,643	450,767

Changes in the number of shares:

	2021			Total
	Q-cap	Q-dis	I-cap	
Number of shares per January 1, 2021	140,372	211,414	98,981	450,767
Subscriptions	49,788	35,605	–	85,393
Redemptions	-3,186	-8,331	–	-11,517
Number of shares outstanding per end of reporting period	186,974	238,688	98,981	524,643

	2020			Total
	Q-cap	Q-dis	I-cap	
Number of shares per January 1, 2020	123,018	309,581	–	432,599
Subscriptions	42,560	5,131	98,981	146,672
Redemptions	-25,206	-103,298	–	-128,504
Number of shares outstanding per end of reporting period	140,372	211,414	98,981	450,767

Investors may subscribe for shares on each valuation date. The Net Asset Value per share will be determined quarterly, as of the last Business Day of each calendar quarter (the “Valuation Date”) and will be calculated at the latest five Business Days after the relevant Valuation Date.

A subscription charge of up to a maximum of 3% of the Net Asset Value may be applied for the benefit of selling agents. The precise subscription charge can be obtained from the relevant party.

Triodos Food Transition Europe Fund comprises of the following share classes:

Euro-denominated Class “Q” Capitalisation Shares (ISIN Code: NL0013908742))

Euro-denominated Class “Q” Distribution Shares (ISIN Code: NL0013908734)

Euro-denominated Class “I” Capitalisation Shares (ISIN Code: NL0013908759)

Euro-denominated Class “I” Distribution Shares (ISIN Code: NL0014115156)

For the capitalisation shares no dividends are distributed. The net realised income in these classes of shares is reinvested. For the distribution shares dividends will be distributed upon the decision of the management board of the fund. It is the fund’s intention to distribute dividends concerning the distribution shares at least annually.

Quality requirements to obtain Shares of a specific Share Class:

Class “Q” Capitalisation Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum subscription amount for the Class “Q” Capitalisation Shares is EUR 250,000. The minimum holding amount for the Class “Q” Capitalisation Shares is EUR 250,000.

Class “Q” Distribution Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum subscription amount for the Class “Q” Distribution Shares is EUR 250,000. The minimum holding amount for the Class “Q” Distribution Shares is EUR 250,000.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

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Class “I” Capitalisation Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum initial subscription amount for the Class “I” Capitalisation Shares is EUR 10 million. The minimum holding amount for the Class “I” Capitalisation Shares is EUR 10 million.

Class “I” Distribution Shares are restricted to Professional Investors and certain qualified private investors such as clients of private banks and/or high net worth individuals, depending on their country of residence. The minimum initial subscription amount for the Class “I” Distribution Shares is EUR 10 million. The minimum holding amount for the Class “I” Distribution Shares is EUR 10 million.

9. Agio

Agio	2021	2020*
Opening balance	43,413,703	41,620,350
Addition from shares issued	10,457,415	14,015,965
Withdrawal from shares issued	-1,368,405	-12,222,611
Balance per end of reporting period	52,502,713	43,413,703

10. Revaluation reserves

The revaluation reserves concern the positive unrealised changes in the value of individual investments with a valuation at the balance sheet date that is higher than the initial cost. A decrease in revaluation reserves means a decrease in the cumulative positive revaluation of investments.

Revaluation reserves	2021	2020*
Opening balance	11,674,522	–
Movement in positive revaluations of equity investments	5,398,651	11,303,542
Movement in positive revaluations of derivatives	-330,095	370,980
Balance per end of reporting period	16,743,078	11,674,522

The positive revaluations of individual investments above the initial cost are added to the revaluation reserves in equity. This only applies to investments without frequent market quotations. Negative revaluations below the initial cost of individual investments are charged directly to the profit and loss account. As a result, no straightforward reconciliation is possible between the revaluation reserve in equity (note 9) and the revaluations in value of investments (note 16).

11. Legal reserves

Legal reserves	2021	2020*
Opening balance	430,984	–
Change to legal reserves	-110,000	430,984
Balance per end of reporting period	320,984	430,984

12. Other reserves

Other reserves	2021	2020*
Opening balance	-12,105,505	–
Appropriation of result	7,855,550	–
Addition revaluation reserve	-5,068,557	-11,674,522
Capitalised costs	–	-550,000
Amortised capitalised costs	110,000	119,016
Balance per end of reporting period	-9,208,512	-12,105,505

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

(Triodos Food Transition Europe Fund)

13. Unappropriated profit

This concerns the not yet distributed result for the extended financial year.

Unappropriated profit	2021	2020 *
Opening balance	7,855,550	–
Withdrawal other reserves	-7,855,550	–
Addition other reserves	11,090,358	7,855,550
Balance per end of reporting period	11,090,358	7,855,550

Three-year overview of the sub-fund's equity**:

	2021	2020*	N/A ¹¹
Fund's equity	71,973,264	51,720,021	
Number of outstanding shares	524,643	450,767	
Net asset value per share (in EUR)	137.19	114.74	

¹¹ As of 2 December 2019, Triodos Food Transition Europe Fund is a sub-fund of Triodos Impact Strategies II N.V.

For historical comparative figures reference is made to the annual report of Triodos SICAV II - Triodos Renewables Energy Fund.

** NAV per share is based on the net asset value as presented in this annual report. There is a difference between the net asset value of the sub-fund presented in this annual report compared to the published share prices as per 31 December 2020 (i.e. the last price at which shares were traded in the reporting period). This is due to the investment values in the annual report being based on available information up to the date of publication, while the published share price as per 31 December 2020 was based on information available at the time of publication. As at 31 March 2021, the published share price takes into account the latest information available at that date, including all information used for the preparation of the annual report as applicable.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

Notes to the profit and loss account

14. Realised changes in value of equity instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value increases	6,909,697	354,373
Realised value decreases	-1,391,682	-78,050
Total realised changes	5,518,015	276,323

The realised changes are calculated on the basis of the actual sales transaction in comparison with the historical cost. The average cost price is used in the event of partial sale of equity instruments.

15. Realised changes in value of debt instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value decreases	–	-81,521
Total realised changes	–	-81,521

16. Realised changes in value of derivatives

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Realised value increases	334,519	154,244
Realised value decreases	-395,344	-178,463
Total realised changes	-60,825	-24,219

17. Unrealised changes in value of equity instruments

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Unrealised value increases	11,781,025	11,303,542
Unrealised value decreases	-4,899,321	-3,155,090
Total unrealised changes	6,881,704	8,148,452

18. Unrealised changes in value of derivatives

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Unrealised value increases	310,853	370,980
Unrealised value decreases	-1,001,202	-309,718
Total unrealised changes	-690,349	61,262

19. Other operating income

The other operating income amounting to EUR 312(2020: EUR 88,099) consists of a tax refund related to dividend income.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

(Triodos Food Transition Europe Fund)

20. Investment management fees

Triodos Food Transition Europe Fund pays for the provision of management services and supporting services an annual Management Fee to the Fund Manager of 2% for Class “Q” Capitalisation Shares and Class “Q” Distribution Shares, calculated on the relevant Classes’ net assets, accrued and payable quarterly.

Triodos Food Transition Europe Fund pays for the provision of management services and supporting services an annual Management Fee to the Fund Manager of 1,75% for Class “I” Capitalisation Shares and Class “I” Distribution Shares, calculated on the relevant Classes’ net assets, accrued and payable quarterly.

21. Administrative and depositary fees

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Administrative fees		
Administration fees	52,030	56,366
Registration fees	–	333
Financial administration	–	1,089
Total administrative fees	52,030	57,788
Depositary fees	01-01-2021 31-12-2021	02-12-2019 31-12-2020
BNP depositary fees	18,612	12,856
Total depositary fees	18,612	12,856

The depositary is entitled to receive depositary and custody fees for the safekeeping of the financial instruments that are held in custody, for the record keeping and verification of ownership of the other assets, for the oversight duties and for the cash flow monitoring. These fees consist of a fixed annual fee of EUR 15,000 and a variable fee equal to a percentage of the Net Asset Value of Triodos Food Transition Europe Fund.

22. Audit and advisory fees

	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Audit and advisory fees		
Audit fees	77,670	57,800
Legal fees	3,625	29,315
Advice fees	16,483	7,151
Compliance advice fees	–	1,120
Notary fees	529	359
Total audit and advisory fees	98,307	95,745

The legal fees of EUR 3,625 (2020: EUR 29,315) primarily relate to due diligence on investment transactions.

The advice fees of EUR 16,483 (2020: EUR 7,151) and the compliance advice fees of EUR - (2020: EUR 1,120) do relate to internal control and tax compliance advice.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

(Triodos Food Transition Europe Fund)

The audit fees relate for EUR 66,377 (2020: EUR 52,326) to the audit of the financial statements 2021 and additional EUR 9,232 to the audit of the financial statements 2020. The costs for other audit activities amounted to EUR 2,061 (2020: EUR 5,474). These other audit procedures relate to ISAE-3402 for EUR 2,061 (2020: EUR 4,047) and for EUR - (2020: EUR 1,427) to audit procedures in relation to the prospectus. The external independent auditor has not performed any advisory activities.

Audit fees	01-01-2021 – 31-12-2021		02-12-2019 – 31-12-2020	
	Pricewaterhouse Coopers Accountants NV	Other Pricewaterhouse Coopers network	Pricewaterhouse Coopers Accountants NV	Other Pricewaterhouse Coopers network
Audit of the financial statements	75,609	–	52,326	–
Other audit assignments	2,061	–	5,474	–
Tax advisory services	–	–	–	–
Other assignments	–	–	–	–
Total	77,670	–	57,800	–

23. Other interest paid

This concerns the (negative) interest on the bank accounts held by Triodos Food Transition Europe Fund.

24. Other expenses

The other expenses comprise the following:

Other expenses	01-01-2021 31-12-2021	02-12-2019 31-12-2020
Supervisory Board fee	21,958	33,844
Commissions and bank charges	149,156	402,876
<i>Bank charges</i>	149,156	128,283
<i>Fundagent / ENL agent</i>	–	3,250
<i>Transaction costs</i>	–	270,757
<i>Other commissions</i>	–	586
Various other expenses	85,920	180,960
<i>DNB costs</i>	9,957	13,743
<i>Marketing fees</i>	39,989	28,988
<i>Other costs</i>	17,315	138,229
Total other expenses	238,375	617,680

Cost structure

Triodos Food Transition Europe Fund does not employ any employees or directors. The sub-fund is managed by Triodos Investment Management for a management fee. For more details regarding the management fee reference is made to Note 19.

Remuneration of the Supervisory Board

The compensation for the external members of the Supervisory Board amounts to EUR 4,000 a year for an external member and EUR 5,500 for the chairperson. The remuneration for members of the Supervisory Board is determined by the General Meeting of Shareholders. This does not take into account market conformity. No loans, advances or guarantees have been provided to the members of the Supervisory Board. For reasons of principle, there is no option scheme for members of the Supervisory Board.

* The reporting period of the financial statements for the comparative period of 2020 of Triodos Food Transition Europe Fund comprises the extended period 2 December 2019 until 31 December 2020.

(Triodos Food Transition Europe Fund)

The remuneration of the members of the Supervisory Board is as follows:

(amounts in euro's)	01-01-2021 – 31-12-2021	01-01-2020 – 31-12-2020	02-12-2019 – 31-12-2020
Ineke Busemaker (chair)	3,208	-	-
Jan Willem van der Velden	4,000	4,000	5,333
Gerard Groener	4,000	4,000	5,333
Henk Raué	4,000	4,000	5,333
Elfrieke van Galen	4,000	4,000	5,333
Jacqueline Rijdsdijk	2,750	5,500	7,333
Subtotal	21,958	21,500	28,665
Non-deductible VAT	-	3,675	5,179
Total	21,958	25,175	33,844

Comparison operating expenses with prospectus

The operating expenses of the sub-fund for the reporting period amount to EUR 1,833,712 (2020: EUR 1,564,964).

Cost comparison 2021	Expenses 2021	Expenses 2020	Expenses prospectus
Management fee*	1,203,866	932,891	1,203,866
Costs of formation	110,000	119,016	110,000
Marketing fees**	39,989	28,988	119,342
Remuneration of the Supervisory Board members	21,958	29,844	21,958
Costs legal owner***	-	-	-
Costs custodians	18,612	12,856	18,612
Costs external independent auditor	59,011	57,800	59,011
Regulator's costs	18,612	13,743	18,612
Costs of the administration of third-party distributors' investment positions****	52,030	57,455	52,030
Registrar's fees	-	333	-
Other sub-fund related expenses	309,634	312,038	485,048
	1,833,712	1,564,964	2,088,479

* Reference is made to Note 20 for the percentages of management fee per share class.

** The costs for marketing activities may amount to maximum 0.20% (on an annual basis) of the net assets of the sub-fund.

*** The depository and custody fees consist of a fixed annual fee of EUR 15,000 and a variable fee equal to a percentage of the Net Asset Value of the Sub-Fund. At a fund size of EUR 50 million the estimated annual fees amount to EUR 15,125.

**** The Transfer Agent is entitled to a fee. At a fund size of EUR 50 million the estimated annual fees amount to EUR 8,228. The Administrator is entitled to a fee. At a fund size of EUR 50 million the estimated annual fees amount to EUR 50,094.

Off-balance sheet commitments

Triodos Food Transition Europe Fund has not committed itself to investments per 31 December 2021.

Related party transactions

The sub-fund has significant transactions with related parties. These are specified below.

Triodos Bank

The sub-fund holds a cash balance of EUR 78,736 (2020: EUR 23,356) at Triodos Bank (refer to Note 6).

As of November 17, 2020, Triodos Bank has provided financing of EUR 10 million (2020: EUR 11 million) on market terms to replace the previous agreement of November 5, 2019. This is an unused credit facility, which is off-balance sheet.

Triodos Investment Management

The sub-fund pays a management fee to the Fund Manager as the AIFM. During 2021 management fees of EUR 1,099,295 (2020: EUR 695,153) were paid to the Fund Manager (refer to Note 20). As at 31 December 2021, an amount of EUR 342,309 (2020: EUR 235,768) is payable to the Fund Manager (refer to Note 7).

(Triodos Food Transition Europe Fund)

Ongoing charges *

The ongoing charges (ratio) is calculated by dividing all relevant costs, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges are calculated over the thirteen-month period since inception of Triodos Food Transition Europe Fund and annualised to arrive at the estimated yearly ongoing charges figure.

Ongoing charges	2021	2020
I-dis (EUR)	2.68%	3.09%
Q-cap (EUR)	2.94%	3.34%
Q-dis (EUR)	2.94%	3.34%

* The ongoing charges reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the share prices is taken into account. The ongoing charges are calculated over the thirteen-month period since the launch of the sub-fund and annualised to arrive at the estimated yearly ongoing charges figure.

Turnover ratio

The turnover ratio is 14.36% (2020: -20.58%) in 2021. The turnover ratio is calculated as:

The total movement in investments of EUR 20,492,102 (purchases of EUR 7,754,987; sales of EUR 12,737,115) (2020: EUR 17,295,183; purchases of EUR 6,620,682; sales of EUR 10,674,501) minus the total movement in own shares of EUR 11,922,729 (issue of own shares of EUR 10,542,807; redemption of own shares of EUR 1,379,922) (2020: EUR 26,513,752; issue of own shares of EUR 14,162,637; redemption of own shares of EUR 12,351,115) divided by the average net assets of EUR 59,670,816 (2020: EUR 44,788,021). The average net assets takes into account the amount presented in this annual report, which differs from the published share price as at 31 December 2020. Due to the specific nature of Triodos Food Transition Europe Fund, the turnover ratio cannot simply be compared with other investment funds.

Subsequent events

Triodos Investment Management considers the crisis in Ukraine as a significant event after closing the annual accounts 2021 (non-adjusted). Triodos Investment Management's approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. Triodos Investment Management will continue to closely monitor the geopolitical situation and the developments on the financial markets moving forward.

Driebergen-Rijsenburg, 28 April 2022

Fund manager, Triodos Energy Transition Europe Fund
Vincent van Haarlem

Fund manager, Triodos Food Transition Europe Fund
Isabelle Laurencin

Board of Directors of Triodos Investment Management
Dick van Ommeren (Chair)
Hadewych Kuiper
Kor Bosscher

Statutory rules governing the appropriation of profit and loss

The rules regarding the appropriation of profit in accordance with Article 24 of the Articles of Association reads as follows:

1. A distribution of profits pursuant to the provisions of this article is made after the adoption of the annual accounts which show that the distribution is allowed.
2. The adopted annual accounts show, for each sub-fund, the amount in income attained with the capital allocated to the sub-fund concerned. The income attained by a sub-fund is allocated to the types of shares in which a sub-fund is subdivided in proportion to the most recently determined total intrinsic value of all the shares of a type not issued to the Company.

The adopted annual accounts also show for each type of ordinary share the following costs (i) the costs and taxes in respect of the amounts paid up on each type of ordinary share (ii) the other costs relating to a type of ordinary shares (including the management costs) and (iii) the share of the contribution allocated to the type concerned to the general costs and charges of the Company calculated in accordance with paragraph 4 of article 20. The holders of shares of a type are entitled to the balance of the income to be allocated to the relevant type and the costs, taxes and charges to be deducted from it in proportion to the number of shares of the relevant type issued to parties other than the Company.

3. Following approval by the supervisory board, the management board will decide for each type of share what part of the balance referred to in paragraph 2 will be allocated to the Other Reserve maintained for the relevant type of share. After the allocation referred to in the preceding sentence a dividend, in so far as possible, will be paid on the priority shares, equal to four per cent (4%) of the nominal value of these shares. No further distribution of profit will be affected on the priority shares. The remaining amount will be paid to the holders of ordinary shares of the relevant type or otherwise made available to the holders of the relevant shares in the manner referred to in the Prospectus and in line with the distribution policy per type of share set out in that Prospectus. If the abovementioned balance of income and costs is negative, the amount will be deducted from the Other Reserve that is maintained for the relevant type of shares.

Statutory rules governing distributions

The rules regarding distributions in accordance with Article 25 of the Articles of Association reads as follows:

1. Profit distributions and other payments may only be made in so far as the Company's equity is larger than the paid-up and called up part of the share capital plus the reserves that are to be maintained by law or the articles of association. If and in so far as the Company must, in any year, form or increase statutory reserves that do not relate to a specific type of shares, these statutory reserves will be formed or increased by charging the required amount equally to the reserves of the types of which shares have been issued to parties other than the Company. If and in so far as a statutory reserve is released, the released amounts will be added equally to the reserves of the types for which the statutory reserve was formed or increased.
2. All distributions relating to a specific type will be affected in proportion to the quantity of the relevant type of shares held.
3. With due observance of paragraph 1, distributions chargeable to a reserve and a complete cancellation of a reserve may be affected at any time by virtue of a resolution of the General Meeting, but only on the proposal of the management board and with the prior approval of the supervisory board.
4. Profit distributions and other payments are made payable on a date to be determined by the management board.
5. Distributions that have not been taken up within five years and one day after having been made available will fall to the Company for the benefit of the relevant type of share.

6. With due observance of paragraph 4 of article 2:105 BW the management board may decide on interim profit distributions.
7. The management board may, subject to the prior approval of the supervisory board, decide that distributions are affected in full or in part other than in money, including in participation rights in investment institutions or UCITS (i) that are managed by the same administrator as the Company (ii) that are managed by a group company of the administrator of the Company or (iii) of which the management board is a group company of the administrator. The prior approval referred to in the preceding sentence is not required if shares are granted in line with the distribution policy per type of share as set out in the Prospectus.

Voting policy and voting behaviour

If a Triodos Impact Strategies II N.V.'s sub-fund can exercise its own voting rights, it will be guided by the "business principles" of Triodos Bank and the interests of its participants and other stakeholders. In 2021, Triodos Impact Strategies II N.V.'s sub-funds were a shareholder in 37 institutions and made use of its voting rights at the various general and extraordinary shareholders' meetings of these institutions.

Composition of the supervisory board

The Supervisory Board consists of five members. Of those five members, two are of the female gender, which means that the fund complies with the balanced distribution as referred to in Article 2: 166 of the Civil Code. Despite the fact that this provision is no longer in force as of January 1, 2020, Triodos Impact Strategies II N.V. strives for diversity at the top in line with the legislative proposal Modernization of NV law and a more balanced male / female ratio.

Interests of members of the supervisory board and the manager in investments of the fund

The members of the Supervisory Board of Triodos Impact Strategies II N.V., as well as the members of the board of Triodos Investment Management and Triodos Bank N.V., have or had no personal interest in an investment of Triodos Impact Strategies II N.V.'s sub-funds at any time during the reporting period.

Participation ownership

The members of the management board of Triodos Investment Management and the members the Supervisory Board of Triodos Impact Strategies II N.V. did not hold any Triodos Impact Strategies II N.V.'s sub-fund share as at 31 December 2021.

Independent auditor's report

To: the general meeting and the supervisory board of Triodos Impact Strategies II N.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of Triodos Impact Strategies II N.V. ('the fund') give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Triodos Impact Strategies II N.V., Zeist.

The financial statements comprise:

- the (combined) balance sheet as at 31 December 2021;
- the (combined) profit and loss account for the year then ended; and
- the (combined) notes, comprising the accounting policies and other explanatory information.
- the balance sheet of Triodos Energy Transition Europe Fund as at 31 December 2021;
- the profit and loss account of Triodos Energy Transition Europe Fund for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information of Triodos Energy Transition Europe Fund.
- the balance sheet of Triodos Food Transition Europe Fund as at 31 December 2021;
- the profit and loss account of Triodos Food Transition Europe Fund for the year then ended; and
- the notes, comprising the accounting policies and other explanatory information of Triodos Food Transition Europe Fund.

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

The basis for our opinion

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

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

Independence

We are independent of Triodos Impact Strategies II N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

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

Overview and context

Triodos Impact Strategies II N.V. (the fund) has two sub-funds:

- Triodos Energy Transition Europe Fund (TETEF).
- Triodos Food Transition Europe Fund (TFTEF).

Triodos Energy Transition Europe Fund and Triodos Food Transition Europe Fund (hereafter: the sub-funds) were launched in June 2006 and January 2014 respectively, as sub-funds of Triodos SICAV II (Luxembourg). On 2 December 2020, the sub-funds changed domicile to the Netherlands, where both sub-funds have been established as sub-funds of a newly incorporated Dutch legal entity, Triodos Impact Strategies II N.V. The sub-funds have an open-end fund structure. TETEF has euro-denominated share classes for retail and professional investors, one of which is listed on Euronext Fund Services. TFTEF has euro-denominated share classes for professional and certain qualified private investors. None of its share classes are listed on a stock exchange. Shares in TFTEF can be bought through a bank or distributor connected to Euronext Fund Services.

The fund is managed by Triodos Investment Management B.V. ('the manager'). The manager is also the management of the fund. The administrator of the fund is CACEIS ('the administrator'). The depositary of the fund is BNP Paribas Securities Services S.C.A. ('the depositary'). In the paragraph 'The scope of our audit' we have outlined the organisational design of the funds with a separate manager and depositary and the consequences for our audit.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

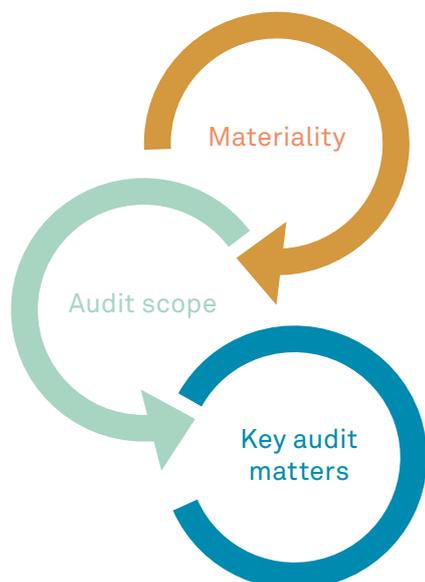
In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change. In paragraph 'Judgements, estimates and uncertainties' of the financial statements the fund describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

Given the nature of the fund and the size of the accounts, our audit focused primarily on the existence and valuation of the investments and the accuracy and completeness of the direct and indirect income from these investments. We considered these matters as key audit matters as set out in the section 'Key audit matters' of this report. As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

The fund assessed the possible effects of climate change on its financial position, refer to the sustainability risk paragraph in the management report. We discussed the funds' assessment and governance thereof with management and evaluated the potential impact on the financial position including underlying assumptions and estimates. The expected effects of climate change are not considered a key audit matter.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of an investment fund. We therefore included valuation specialists and experts in our team. Given the importance of the IT environment for the audit of the financial statements, we assessed the IT environment with the assistance of our IT specialists. Based on our procedures performed we found that we could rely on the information technology general controls (ITGCs) as far as relevant for the purpose of our audit.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: € 2,007,700

Audit scope

- The fund is managed by Triodos Investment Management B.V. The manager is also the management of the fund. The depositary of the fund is BNP Paribas Securities Services S.C.A. The administrator of the fund is CACEIS.
- For our audit we make use of the ISAE 3402 type II reports of the manager for the year 2021.

Key audit matters

- Existence and valuation of investments in debt instruments and equity instruments.
- Accuracy and completeness of direct and indirect results from investments in debt instruments and equity instruments.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section ‘Our responsibilities for the audit of the financial statements’.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall materiality	€ 2,007,700.
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of the net assets. For our audit of the information in the financial statements of each individual sub-fund, we used a specific materiality level of 1% of the net assets of each fund.
Rationale for benchmark applied	We used the fund's net assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements and the considerations to sell and buy equity instruments of the fund. On this basis, we believe that the fund's net assets are an important indicator of the fund.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above € 35,900 for Triodos Food Transition Europe Fund and € 64,400 for Triodos Energy Transition Europe Fund as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section Fraud of the management report for management's fraud risk assessment and section Report of the Supervisory Board of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment (SIRA).

We asked members of the management board as well as the internal audit department, legal affairs, compliance department and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

Our audit procedures include evaluating the design and implementation of controls designed to mitigate fraud risks (such as processing and reviewing journal entries), backtesting prior year estimates, and unexpected journal entry procedures supported by data analysis. With regard to the risk of fraud in revenue recognition, based on our risk analysis, we concluded that this risk is related to the recognition of revenue in areas that are more complex, non-systematic or manual in nature, as described in the key audit matters on the direct and indirect investment results.

Audit approach going concern

The sub-funds have an open-end fund structure and invest predominantly in illiquid assets. As at 31 December 2021, there are no material debt positions. The funds hold mainly illiquid investments, which means that there is a risk of liquidity problems in the event of a disruption in the financial markets, as explained in the liquidity risk section of the annual report, whereby the manager may temporarily close redemptions or subscriptions by suspending or restricting the purchase and issue of shares of the sub-funds. In addition, the funds have a credit facility for liquidity purposes. Inherent in the fund's structure is that any investment losses are borne by the fund's shareholders, so there is no solvency risk. The risk of discontinuity of the fund is therefore estimated to be limited.

As disclosed in section 'Going Concern' in the management report, the manager has made its assessment of the entity's ability to continue as a going concern for at least twelve months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks). Our procedures to evaluate management's going-concern assessment included, amongst others:

- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying their going-concern assessment.
- evaluating the financial position as at year end compared to the previous year, the liquidity reports and all relevant information of which we are aware as a result of our audit;
- evaluating the prospectus regarding the management's option, described under 'liquidity risk', to defer payment of redemption proceeds in the event of insufficient liquidity or in other exceptional circumstances;
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going-concern assumption.

The scope of our audit

Given our ultimate responsibility for the opinion, we are responsible for the direction, supervision and execution of the audit of the financial statements. In doing this, we take into account the involvement of the manager, the administrator and the depositary. In this respect, we have determined the nature and scope of the procedures to be performed to ensure that we perform sufficient audit procedures to be able to give an opinion on the financial statements as a whole.

We obtained an understanding of the control environment of the manager and the administrator. Based on this knowledge, we have identified internal control measures that are relevant to our audit of the financial statements. Subsequently, we received from both the manager and the administrator ISAE 3402 type II reports, certified by an independent external accountant, on the design and operating effectiveness of the internal control measures at the manager and at the administrator for the year 2021.

The management is carried out by Triodos Investment Management B.V. and the administration is carried out by CACEIS. Partly based on the results of the ISAE 3402 type II report, we have established that there is sufficient segregation between the two functions. No further findings were noted.

We have assessed the expertise, independence and objectivity of the certifying auditor. In addition, we have read and analysed the report. As part of this analysis, we have examined whether the internal control measures that are relevant for our audit of this fund were included in the report. Subsequently, we checked, based on our professional judgement whether the certifying auditor performed adequate procedures to be able to obtain sufficient and appropriate audit evidence on the design, existence and operating effectiveness of these internal control measures. Finally, we assessed the results and the reported exceptions and weighed them for the impact on our audit approach.

The ISAE 3402 type II report for 2021 for the manager included an unqualified opinion. We also made use of the ISAE 3402 type II report for 2021 of the administrator, which included a qualified opinion. The manager confirmed with the administrator that there was no relation between the control objectives with qualified opinion by external auditor and the service delivery to the manager. Therefore, this qualification did not have an impact on our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comment or observation we made on the results of our procedures should be read in this context.

Key audit matters

Existence and valuation of investments in debt instruments and equity instruments

The investments in debt and equity have been included on the balance sheet for € 161,346,028 (2020: € 127.103.500) and are based on the accounting policies as set out on page 41 and 42 of the financial statements.

The investments consist mainly of equity instruments for € 123,776,912 (2020: € 103,157,938) and debt instruments for € 37,569,116 (2020: € 23,945,562).

The equity instruments are valued based on the application of an earnings multiple valuation methodology or on the basis of discounted cash flows.

Fund investments are valued at fair value for which cost price is assumed the best proxy for the period immediately after establishment of the investment fund for a maximum of three years, after three years the fund net asset value is considered the best proxy for fair value. The debt instruments are measured at fair value. The fair value is determined based on discounted cash flows.

Our audit work and observations

We obtained audit evidence with regards to the design, the existence and the operating effectiveness of the internal control measures from the manager through the audit procedures outlined in the paragraph 'The scope of the audit'.

As part of our risk assessment and in order to determine the reliability of the estimates made by management and as determined by the valuation committee, we evaluated the estimates based on prior year audited financial statements of underlying companies.

In addition to this, we performed substantive audit procedures.

For the equity instruments of Triodos Food Transition Europe Fund that are valued based on earnings multiples, we tested whether the multiple valuation techniques used, matched with the techniques generally accepted in the market by comparing them with market standards. We evaluated whether the multiples used are appropriate for the type of company and sector and verified the reliability with observable market data. Furthermore, we evaluated the earnings with all relevant underlying investee information. No material differences were noted.

Key audit matters

The valuation and existence of the investments in debt and equity instruments is a key audit matter, as this determines to a large extent the fund's net asset value. In addition, the value estimation of equity instruments is greatly dependent on the estimates (for which a number of assumptions and techniques are being used) based on market information that is not observable.

Accuracy and completeness of the direct and indirect results from investments in debt instruments and equity instruments

The direct and indirect results from investments is included in the profit and loss account and are based on the accounting principles as clarified on page 44 of the financial statements.

The accuracy and completeness of the direct and indirect results from investments in debt and equity instruments are a key audit matter, as revenue recognition is an important element for the assessment of the performance of the fund. The Dutch auditing standards assume an inherent risk in the (accuracy of) revenue recognition given the possible pressure the manager may perceive to realise a sufficient return on the fund's net assets.

The total income from debt instruments and equity instruments of the fund in 2021 of € 28.999.480 (2020: € 14.074.677) consist of the following amounts: the direct results of € 6.954.510 (2020: € 10.086.163) and the indirect result of investments of € 22.044.970 (2020: € 4.202.514).

Direct results consists of interest income on debt instruments and dividend income on equity instruments. Indirect income consists of realised and unrealised changes in the value of investments.

Our audit work and observations



We confirmed the existence of equity, fund investments and debt instruments through sample testing by sending and receiving confirmations from the counterparties and the depositary, independent of management. No material differences were noted.

We assessed whether the valuation model of the debt instruments portfolio was in line with generally accepted market models. We assessed the projected cash flows and input parameters based on a sample and tested the automated control that calculates the net present value. Furthermore, we evaluated whether there was an indication of impairment by assessing whether there were overdue amounts or covenant breaches. No material differences were noted.

We also checked whether the explanatory notes of the investments, as included in the financial statements of the fund, are adequate and satisfactory and give the correct information on the nature, the financial results and the risk profiles of the investments in compliance with the applicable system of financial reporting. No material differences were noted.

For the equity instruments of Triodos Energy Transition Europe Fund which are valued based on discounted cash flow models, we have evaluated whether the valuation models and used valuation techniques matched with the models generally accepted in the market by comparing them with market standards. We evaluated the reasonableness of the inputs used in the valuation models, which mainly consist of

forward-looking information on expected cash flows from energy production and future energy prices, and compared them to historical performance and observable market data. Furthermore, we evaluated the contractual data inputs in the model with underlying source information. We evaluated the valuation model with support of our valuation experts. No material differences were noted.

For the fund investments, we evaluated the valuation by obtaining relevant information on the subscription prices of these funds and evaluated the valuation based on the latest available financial reports, such as monthly NAV statements, from the underlying fund managers. No material differences were noted. We obtained audit evidence with regards to the design, the existence and the operating effectiveness of the internal control measures from the manager through the audit procedures outlined in the paragraph 'The scope of the audit'.

Key audit matters

Our audit work and observations

We concluded that we, as far as relevant for the purpose of our audit, were able to rely on these internal control measures.

In addition to this, we performed substantive audit procedures on the direct as well as the indirect income of investments.

For the evaluation of the accuracy of the direct investment income, we performed testing through sample testing on the reported dividend income and interest income, which we reconciled to the dividend income and interest income as received on the bank account of the fund as well as our recalculation. The completeness of the interest income was tested by establishing whether the reported interest income matched our expectations based on recalculation of the interest on the issued debt instruments. The completeness of the dividend income was determined by establishing that for the equity instruments in which the fund holds shares, the amounts mentioned in the dividend resolutions of the investees are reported in the profit and loss account. No material differences were noted.

We tested the unrealised value changes of the debt and equity instruments through our test work of the valuation of the investments as at 31 December 2021. For further explanation of the audit of the valuation of the investment, see the previous key audit matter 'Existence and valuation of investments'. Moreover, through a total reconciliation of the movements of the investments during the year, we determined that all indirect investment income was accurately and completely reported. No material differences were noted.

Report on the other information included in the annual report

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

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

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the managers' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code;
- does not contain the information that is required by section 2:135b of the Dutch Civil Code, because a legislative amendment is being prepared whereby an investment fund managed by a manager to whom the Financial Supervision Act ('Wft') applies would already have to comply with the requirements of the remuneration regulations in the Wft and therefore section 2:135b will be disregarded altogether.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

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

Report on other legal and regulatory requirements

Our appointment

At the date of incorporation of the fund on 21 November 2019 we were appointed as auditors of Triodos Impact Strategies II N.V. by the supervisory board for the financial years 2021-2023. This followed the passing of a resolution by the shareholders at the annual general meeting held on 11 June 2021. Our appointment has been renewed by the shareholders and now represents a total period of uninterrupted engagement of two years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in Article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we provided to the fund for the period covered by our statutory audit are disclosed in note 22 to the financial statements of Triodos Energy Transition Europe Fund and note 22 of Triodos Food Transition Europe Fund.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

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

As part of the preparation of the financial statements, the management board is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the fund's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

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

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

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

Rotterdam, 28 April 2022

PricewaterhouseCoopers Accountants N.V.

J. IJspeert RA

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Appendix to our auditor's report on the financial statements 2021 of Triodos Impact Strategies II N.V.

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

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

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

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

We communicate with the 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. In this respect, we also issue an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Annex A: Notes to key figures that cannot be directly derived from the financial statements

The key figures set out in this annual report include figures and percentages that cannot be directly derived from the financial statements. The method of calculating these figures and percentages is explained below.

Illiquid investment ratio at year-end

This ratio is calculated by expressing receivables that are not liquid in the short term in a ratio of the Fund's assets.

Personal details

Reference date: 28 April 2022

Supervisory Board

I. Bussemaker

Ineke Bussemaker is Chair of the Supervisory Board of Triodos Impact Strategies II N.V.. She is also Chair of the Supervisory Board of Triodos Groenfond's and of Triodos Fair Share Fund. Ineke Bussemaker has over thirty years of experience in the banking sector. She worked at five different banks in five countries, alternating between commercial positions, product management, innovation and general management. From 2015-2019 she was CEO and member of the Board of NMB Bank in Tanzania. In February 2020, Ineke Bussemaker was appointed Dean of the Faculty of Business and Economics at Amsterdam University of Applied Sciences.

She has also been a board member of Women's World Banking since 2016. She is also a member of the Supervisory Board of Invest International BV and MasterCard Europe SA. According to the retirement schedule, her first term of office will expire in 2025. Ineke Bussemaker is a Dutch National.

E.F. van Galen

Elfrieke van Galen is a founder and partner of TheRockGroup, where she works with a wide range of organisations and industries to embed sustainability in their business strategy, operations and value chains. In addition, Ms. Van Galen is a member of the Supervisory Boards of GVB, Schiphol, Meerlanden and Holdingmaatschappij Zuid-Holland, among others. She is also a non-executive board member of SEKEM in Egypt. Moreover, she is a member of the Supervisory Boards of Triodos Fair Share Fund and Triodos Groenfond's. Elfrieke is a Dutch National.

G.H.W. Groener

Gerard Groener has worked at various companies in different positions. He is self-employed since 1 September 2021. Previously, he worked as managing director at Inka Centres, which develops and manages shopping centres worldwide and is a subsidiary of IKEA Group. He also worked at Corio N.V., which merged with Klépierre in 2015. From 2008 to 2015, he was CEO and Chair of the Management Board of Corio N.V.. Gerard Groener is a non-executive member of Ingka Centers Board and is member of the Supervisory Boards of Triodos Fair Share Fund and Triodos Groenfond's. He is a Dutch National.

H.H. Raué

Henk Raué is a retired director of Delta Lloyd Groep. He is also a member of the Supervisory Boards of Triodos Fair Share Fund and Triodos Groenfond's. In addition, he is a member of the Supervisory Boards of Verzekeringsbedrijf Groot Amsterdam en De Goudse Verzekeringen and Board member of Stichting Pensioenfonds Delta Lloyd. Henk Raué is a Dutch National. Henk Raué will step down as of the General meeting of shareholders on 17 June 2022. He is a Dutch National.

J.W.P.M. van der Velden

Jan Willem van der Velden is a professor of financial law at the University of Amsterdam and attorney at law at Keijser Van der Velden NV. He represents in particular investment institutions, asset managers, banks and insurers and any parties involved. He regularly publishes and lectures on financial law, civil law and partnership law/company law. He is a deputy judge at the Court of Appeal in Den Bosch. In addition to these legal activities, he is a board member of an NGO for development cooperation and a member of the Supervisory Boards of Triodos Fair Share Fund and Triodos Groenfond's. Jan Willem van der Velden is a Dutch National.

Fund managers

Vincent van Haarlem

Vincent van Haarlem is the fund manager of Triodos Energy Transition Europe Fund per 1 September 2015. Previously, he worked in the energy sector for over 10 years, both in the fields of project finance and private equity. He has wide experience in business development, portfolio management, asset remarketing, project finance and restructuring in this sector. Vincent van Haarlem holds an MSc in economics (corporate finance) from Erasmus University Rotterdam and an MBA from IE Business School in Madrid. Vincent van Haarlem. He is a Dutch national.

Isabelle Laurencin

Isabelle Laurencin is the fund manager of Triodos Food Transition Europe Fund per 1 November 2020 but has been part of the fund's team as Principal Investment Manager since the beginning of 2019. She is board member at five of the fund's portfolio companies. She has a track record of over 15 years in the financial industry and in private equity specifically. Prior to joining Triodos she has held various positions as senior investment manager private equity, for example at FMO and Proparco. Isabelle Laurencin holds a MSc in management and finance from the Université Paris Dauphine. She is a French national.

Management Board

Triodos Renewable Energy Fund and Triodos Food Transition Europe Fund are 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 Stichting Hivos-Triodos Fonds, a member of the Board of Directors of Triodos SICAV I, a member of the Board of Directors of Triodos SICAV II. He was also and Chair of the Board of DUFAS until 1 March 2022. 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's investment activities. Hadewych Kuiper is a Dutch national.

K. Bosscher

Kor Bosscher is Managing Director Risk & Finance of Triodos Investment Management B.V. since 1 March 2018. Kor Bosscher is a Dutch national.

Triodos Impact Strategies II N.V.
Annual Report 2021

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