

Article 10 (SFDR) Website disclosure

Triodos Energy Transition Europe Fund

A sub-fund of Triodos Impact Strategies II N.V.
SFDR product category: Article 9

Version October 2024

This document constitutes the website product disclosure for financial products that have sustainable investments as their objective. Under the EU Sustainable Finance Disclosure Regulation (SFDR), all article 9 SFDR funds are required to publish sustainability-related information document on their website.

Sustainability-related information is also available in the Sustainability Annex to the Prospectus and the Sustainability-related disclosures in the Annual report of the fund, which can be found on the website of Triodos Investment Management (triodos-im.com).

Triodos  Investment Management

A. Summary

B. No significant harm to the sustainable investment objective:

To select only those investments that do not cause significant harm to any environmental sustainable investment objective, every new investment is assessed in line with the Triodos Bank Minimum Standards. If an investee is found to cause significant harm, it is excluded from investment. All applicable principal adverse impact indicators on sustainability factors are taken into account in the investment process. The Triodos Bank Minimum Standards, that are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, also set out the minimum standards for employee relations, remuneration, taxes and other corporate governance topics that Investees must meet in order to be eligible for investment.

C. Sustainable investment objective of the financial product:

The overall objective of the 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 reduction of Co2 emissions.

The sustainable investment objectives of the fund are:

- Increase proportion of zero emission energy
- Enable a 24/7 reliable zero emission energy system
- Support entrepreneurs to accelerate the energy transition

The fund contributes to climate change mitigation as environmental objective set out in article 9 of the Taxonomy Regulation.

D. Investment strategy: Triodos IM adopts an impact management approach into the investment process in order to attain the sustainable investment objectives of the fund:

- Positive selection:

The fund actively looks for projects and companies in Europe that provide significant contributions to the energy transition.

- Analyse transformative potential: Each Investee that is selected for the fund's portfolio should positively contribute to at least one of the sustainability objectives of the fund. The fund therefore primarily invests, either directly or indirectly, in renewable power generation projects, comprising onshore wind, ground-mounted and roof-top solar photovoltaic assets, and in addition in other renewable energy segments, including storage and energy efficiency.

- Mitigate negative impact: Investees are screened against negative impact on people and planet (inside-out lens) that could jeopardise the sustainable transition that is envisioned. This includes the Triodos Bank Minimum Standards, do-no-significant-harm principle under the SFDR Delegated Regulation and any relevant sector-specific negative impacts to ensure they do not cause any significant harm.

- Monitoring, measuring and managing impact: An extensive review is performed annually, addressing financial and sustainability performance of the investee to make sure they do continue to contribute to the fund's sustainability objectives and that they do not significantly harm the sustainability objectives. In case of concerns, dialogue will be initiated and if this is deemed unsuccessful the relationship may be discontinued.

- Accelerate transitions: Triodos IM is an active and involved investor and

integrates active stewardship in every aspect of the investment management process to promote sustainable long-term value creation for all its stakeholders and to accelerate sustainable transitions.

E. Proportion of investments: The fund invests at least 75% of its net assets in sustainable investments. The remaining (maximum 25%) will be cash or cash equivalents held as ancillary liquidity purposes. Due to the neutral nature of these investments, they will not qualify as sustainable investments.

The investments of the fund will be sustainable investments that contribute to an environmental objective. Information related to the taxonomy-alignment of an investment/project is obtained through independent experts such as environmental and technical consultants.

F. Monitoring of sustainable investment objective: The fund uses multiple indicators to measure, monitor and report its sustainability performance, regarding its sustainable investment objectives. Investees report on these indicators on a periodic basis through uploading their data to our online Investee Portal. The data is reviewed by our Portfolio Analyst and Investment Manager. If there are any inconsistencies, the Investment Manager checks with the investee before final approval. On an annual basis, we assess the extent to which the sustainable investment objective has been achieved.

G. Methodologies: We use the Triodos Impact Management Cycle as an overarching tool to manage our impact. Impact management is about actively steering our means to optimise our positive impact and minimise our negative impact. In order to do so, we develop a Theory of Change, which

serves as a basis to set impact objectives and set and measure sustainability indicators. We verify that the outcomes meet our targets and expectations and if not, why not, and we define what actions should be taken (i.e. capital allocation decisions, engagement or thought leadership) to optimise our contribution to impact.

H. Data sources and processing: To determine alignment with the sustainability objective, several data sources are used. The first and most extensive data source is the collection of a standardised quarterly sustainability questionnaire. Once the investment officer got confirmation that the data is of good quality, (s)he gives approval. The data delivered is further enriched with the use of proxies on data points where the data quality is poor or missing.

I. Limitations to methodologies and data: The fund is dependent on the data collection abilities of the investees. To collect the appropriate information to screen for the positive impact of the funds' assets, the investment team performs an extensive due diligence. Information resulting from the due diligence and/or questionnaires will be inserted via the internal Investee Monitoring Portal. After an investment is made, it is intensively monitored. Each quarter financial- and impact performance are reported. Besides, an extensive review is conducted annually.

J. Due diligence: The due diligence carried out on the underlying assets consists of a positive screening in which the transformative potential is assessed, followed by a negative impact assessment to screen the impact on people and planet (inside out). The impact of external sustainability factors on our investments (outside in) is assessed which results in potential sustainability risks, such as physical / societal and transition risk. A Due Diligence policy and process is in place

to ensure that all the necessary stages and steps of due diligence are followed before the decision to invest is taken.

K. Engagement policies: A focus on impact includes the careful selection of investees, as well as proactively supporting or advocating for investees to increase their positive and reduce or avoid negative impact. To do so, we frequently engage on environmental,

social and governance topics that are relevant to each investee's business models, funds or sector context as well as on general corporate development and business strategy issues. This is done through 1) company engagement, 2) active ownership and 3) advocacy - Influencing decisions within political, economic, and social institutions.

B. No significant harm to the sustainable investment objective

To select only those investments that do not cause significant harm to any environmental or social sustainable investment objective, every new investment is assessed on its compliance with the Triodos Minimum Standards policy. If an Investee is found to cause significant harm, it is excluded from investment. All applicable principal adverse impact indicators on sustainability factors are taken into account in the investment process. The Minimum Standards, that are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, also sets out the minimum standards for employee relations, remuneration, taxes and other corporate governance topics that Investees must meet in order to be eligible for investment.

Principal adverse impact indicators

The mandatory indicators for adverse impact on sustainability factors and two selected optional indicators on sustainability factors are analysed and assessed as part of the overall investment process. Triodos IM selected one environmental optional principal adverse impact (PAI) indicator from Table 2 and one social optional PAI indicator from Table 3 of Annex I of the SFDR Delegated Regulation, in particular no. 4. Investments in companies without carbon emission reduction initiatives and no. 15. Lack of anti-corruption and anti-bribery policies respectively.

The data for the mandatory and optional PAI indicators is collected during the due diligence on investees and is based either on information obtained directly from the Investee, a third party expert, or on information from public sources. In case information is not (yet) available or not feasible to obtain, Triodos IM uses proxy indicators supplied by reputable institutions with experience in the relevant industry. Both the assessment and the conclusions of the potential adverse impacts on sustainability factors as well as the positive impact of the fund's investments are recorded and translated into monitoring and reporting items in line with the Triodos IM Due Diligence Policy.

For the selection of the optional PAI indicators, Triodos IM has assessed the degree of relevance and data availability from an entity perspective. The level of harm is assessed within the context of the fund and the Investee. The PAI indicators are classified as low, medium or high level of (potential) harm. In case a medium or high level of harm is assessed

for a certain PAI indicator, the investment team provides further clarification and to what extent this can be mitigated and managed by the Investee and/or by Triodos IM. In case no satisfactory clarification nor mitigatory measures are possible, the Investee is not deemed suitable for investment. When proxy data is the only data available (country and sector level data), a qualitative assessment of the Investee exposure is discussed in the investment proposal for medium and high levels of harm. When PAI indicators are not applicable (for example the availability of certain policies for small enterprises), the investment team can apply qualitative assumptions as per the Triodos IM Due Diligence Policy.

Alignment with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Prior to being selected for investment and for the entire duration of the investment, (potential) Investees are screened in line with the Triodos Bank Minimum Standards that sets out the products, processes and activities that Triodos IM excludes from investments. The Triodos Bank Minimum Standards cover the OECD guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Such due diligence screening takes place according to the Triodos IM Due Diligence Policy and includes both desk research and, where applicable, on-site due diligence. An integral part of this process constitutes the assessment of governance, employee relations, customer treatment, tax arrangements and sustainability risks, as well as checks of policies and mechanisms to ensure alignment with the above-mentioned standards depending on the nature of the investment in question. Should a breach take place after investing, Triodos IM engages with the Investee to remediate the breach or assesses whether divestment is required.

C. Sustainable investment objective of the financial product

The overall objective of the 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 reduction of Co2 emissions.

The sustainable investment objectives of the fund are:

- Increase proportion of zero emission energy
- Enable a 24/7 reliable zero emission energy system
- Support entrepreneurs to accelerate the energy transition

The fund contributes to climate change mitigation as environmental objective set out in article 9 of the Taxonomy Regulation.

D. Investment Strategy

Triodos IM adopts an impact management approach into the investment process in order to attain the sustainable investment objectives of the fund:

- Positive selection:

The fund actively looks for projects and companies in Europe that provide significant contributions to the energy transition.

- Analyse transformative potential:

Each Investee that is selected for the fund's portfolio should positively contribute to at least one of the sustainability objectives of the fund. The fund therefore primarily invests, either directly or indirectly, in renewable power generation projects, comprising onshore wind, ground-mounted and roof-top solar photovoltaic assets, and in addition in other renewable energy segments, including storage and energy efficiency.

The mission and strategy of potential Investees is screened to ensure alignment with the vision and mission of the fund. All investments are assessed on an individual basis, which includes an assessment of the key stakeholders behind the projects and companies (shareholders, board, management), the Investee's mission and its ability to contribute to the reduction of CO₂ emissions and to make the energy system more suitable for the energy transition. Triodos IM evaluates whether environmental and social responsibility is reflected in the Investee's operations, embedded in its culture, and reflected in its policies and practices.

- Mitigate negative impact:

Investees are screened against negative impact on people and planet (inside-out lens) that could jeopardise the sustainable transition that is envisioned. This includes the Triodos Bank Minimum Standards, do-no-significant-harm principle under the SFDR Delegated Regulation and any relevant sector-specific negative impacts to ensure they do not cause any significant harm. Investees are excluded when they significantly harm environmental and/or do not follow good governance practices.

- Monitoring and measuring impact:

Investees frequently report on their financial, impact data and ESG performance. The impact data relate to the renewable energy produced, tonnes of Co₂ avoided, storage capacity and the number of production locations. An extensive review is performed annually, addressing environmental and sustainability performance of the Investee to make sure they do continue to contribute to the fund's sustainability objectives and that they do not significantly harm them. In case of concerns, dialogue will be initiated and if this is deemed unsuccessful the relationship, may be discontinued.

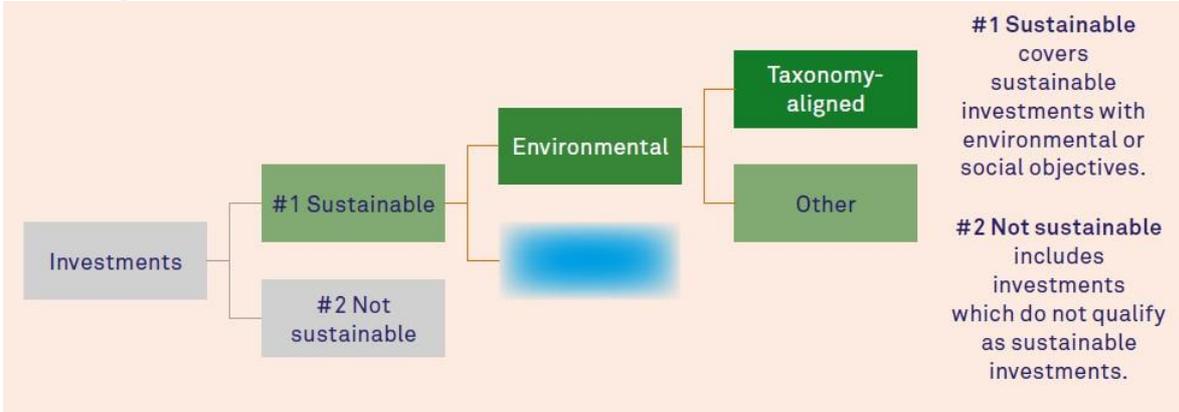
- Accelerate transitions:

Triodos IM is an active and involved investor and integrates active stewardship in every aspect of the investment management process to promote sustainable long-term value creation for all its stakeholders and to accelerate sustainable transitions. This includes all efforts of Triodos IM: besides the provision of financing to its Investees as per the other elements of Triodos IM's impact management approach described above, this includes the use of environmental action plans and engagement on the progress made by investees.

Policy to assess good governance practices of investee companies

The assessment of good governance practices of investees performed by Triodos IM looks at the structure of rules, practices, and processes used to direct and manage a company or a project and aims to balance the interests of all stakeholders. It is an integral part of the due diligence phase and may vary in depth, complexity and scope depending on the investee and context of a transaction. It covers a wide range of aspects but specifically checks for irregularities and compliance with best practices in at least the following areas: accounting, remuneration, business (mal)practices, corporate structure, disclosures, stakeholder management, anti-money and counter-terrorism financing, and taxation. At a minimum, all investments must demonstrate a sufficient level of good governance, and in case of identified controversies demonstrate an acceptable action plan for improvement in order to be considered for investment. This process is described in more detail in the Triodos IM Due Diligence Policy. The assessment of good governance practices is carried out by the investment manager or analyst and is included in the investment proposal, which is discussed and subsequently approved by Triodos IM’s investment committee. Existing investments undergo periodic review and monitoring, which includes the review and monitoring of good governance practices.

E. Proportion of investments



The fund invests at least 75% of its net assets in sustainable investments. The remaining (maximum 25%) will be cash or cash equivalents held as ancillary liquidity purposes. The remaining (maximum 25%) will be cash or cash equivalents held as ancillary liquidity purposes. Due to the neutral nature of these investments, they will not qualify as sustainable investments.

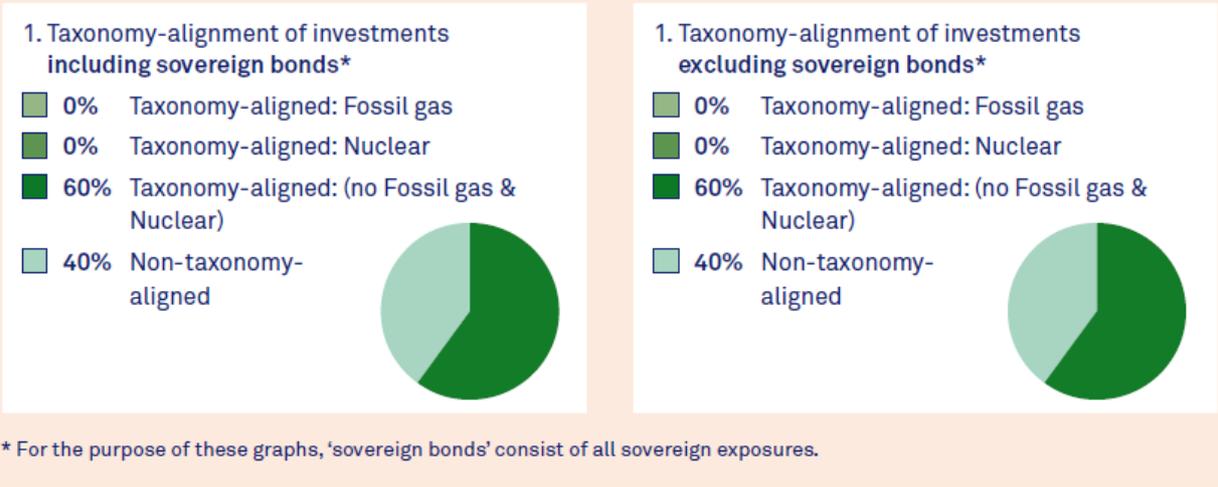
Due to the illiquid nature of the investments of the fund and the need to retain sufficient buffers in the form of cash or cash equivalents to allow for redemption requests, the actual percentage of non-sustainable investment (cash or cash equivalents) might exceed the above stated percentage for a limited period of time of maximum six months. Should such a situation arise, the fund will take reasonable actions to remedy such situation as soon as possible, taking due account of the interests of its shareholders.

Minimum share of sustainable investments with an environmental objective

The investments of the fund contribute to climate change mitigation by investing in proven technologies. Information related to the taxonomy-alignment of an investment/project is obtained through independent experts such as environmental & social and technical consultants.

Minimum share of sustainable investments with a social objective
All investments are contributing primarily to an environmental objective. Thus, 0% of the sustainable investments of the fund contribute to a social objective.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



Does the financial product invest in fossil gas/ or nuclear energy related activities that comply with the EU Taxonomy?

- Yes
 - In fossil gas
 - In nuclear energy
- No

Minimum share of investments in transitional and enabling activities

The minimum share of investments in transitional and enabling activities are expected to be 0%.

Minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

The fund does not steer on the percentage of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy; that minimum percentage is 0%. The percentage of sustainable investment with environmental objective that are not aligned with the EU Taxonomy is expected to be 40%. This percentage reflects investments in innovative deals and growth capital accelerating the energy transition, which might not be covered yet by the current criteria of the EU Taxonomy. Moreover, the Sub-Fund also invests in less mature investees (SMEs) which lack the resources and expertise to meet the rigorous technical standards of the EU Taxonomy or to provide sufficient level of proof of alignment. The Sub-fund strives to support these SMEs in their transition to complete EU Taxonomy alignment. At the same time, as the EU Taxonomy is being developed, it is expected that more economic activities will be covered by the EU Taxonomy criteria and further regulatory guidance will be provided on the taxonomy-alignment of SMEs. The Sub-Fund is actively monitoring developments related to the EU Taxonomy and will revisit its approach and disclosures following any further insights on this topic.

Investments included under “#2 Not sustainable”: purpose and minimum environmental or social safeguards

Although the fund does not plan to have other investments than sustainable investments, it can hold cash and liquid assets as ancillary liquidity.

These assets do not affect the delivery of the sustainable investment objectives of the fund on a continuous basis. Firstly, they are used – in limited proportion – to support the proper liquidity and risk management of the fund. The fund aims to retain sufficient buffers in the form of cash or cash equivalents to allow for redemption requests whilst remaining invested in relatively illiquid investments that contribute to the sustainable investment objectives of the fund. Secondly, the Triodos IM regularly assesses whether the counterparties for these assets comply with the four pillars of the UN Global Compact, using data from a third-party provider. UN Global Compact is a principle-based framework that calls companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals. Furthermore, Triodos IM assesses its counterparties' policies and sustainability performance.

F. Monitoring of sustainable investment objective

The sustainable investment objective of the fund is threefold (Section C). The fund uses among others the following indicators to measure, monitor and report its sustainability performance, with regard to its sustainable investment objectives:

Increase proportion of zero emission energy

- Tonnes of Co2 emissions avoided
- GWh production
- Number of households equivalents
- MWp under development, MWp under construction, MWp in operation

Enable a 24/7 reliable zero emission energy system

- Number of production locations (measured through grid connections)
- GWp storage capacity under development, GWp storage capacity under construction, GWp storage capacity in operation.

Support entrepreneurs to accelerate the energy transition

- % invested with partners of existing portfolio

Investees report on these indicators on a periodic basis. The data is reviewed by our Portfolio Analyst and Investment Manager. If there are any inconsistencies, the Investment Manager checks with the investee before final approval.

On an annual basis, we assess the extent to which the sustainable investment objective has been achieved. The results of this assessment are used as part of Learning and adapting phase of the Impact Management Cycle (G). The fund reports to investors on sustainability performance on a regular basis.

Furthermore the investment monitoring process has been translated into controls on the most material operational and financial risks. These controls are assessed as part of the ISAE 3402 audit, as performed by an external auditor.

G. Methodologies

We invest to generate social and environmental impact alongside a healthy financial return. We use the Triodos Impact Management Cycle as an overarching tool in our methodology to manage our impact. Impact management is about actively steering our means to optimize our positive impact and minimize our negative impact in the context of the risk/return profiles of our funds.



The impact ambition of the fund is determined, taking into account factors such as the risk/return profile, asset class, availability of investment opportunities and regional focus. The fund determines an investment strategy, following from the vision. In order to do so, we develop a Theory of Change as part of the strategy phase of our Impact Management Cycle.

The Theory of Change serves as a basis to set impact objectives and KPIs. In the monitoring phase we measure the impact of our investment activity. In the subsequent learning and adapting phase we verify if the outcomes meet our targets and expectations, why (not), and what actions can we take or adjust (i.e. capital allocation decisions, engagement or thought leadership) to optimize our contribution to impact. This leads to a repetition of the impact cycle to constantly improve our impact. The cycle of learning and adapting takes place on four levels: the investment level, the fund level, Triodos' IM and Triodos Group level. This cycle is repeated continuously as a way to steer on/manage the impact of our investments.

H. Data sources and processing

To determine alignment with the sustainability objective, several data sources and tools are used.

Firstly, the team developed a Theory of Change - a theoretical framework wherein inputs and actions result in short-term outcomes and ultimately in long-term impact (Section G). The long-term impact objectives following from the theory of change are the ones mentioned above.

To measure progress towards these long-term impact objectives, the above-mentioned indicators are established with the investee and are measured periodically. To collect the appropriate information to screen for the positive impact of the funds' assets, the investment team performs an extensive due diligence. Information resulting from the due diligence and/or questionnaires will be inserted via the internal Investee Monitoring Portal. After an investment is made, it is intensively monitored. Each quarter financial- and impact performance are reported. Besides, an extensive review is conducted annually.

Lastly, to guarantee the quality of the data, the information is processed by the analysis team to be four-eye checked and reviewed by Triodos IM. Reliability and validity of the data are checked as well as the outcomes of attribution analyses. This is done by identifying unusual fluctuations. When these are identified it is qualitatively assessed whether the fluctuations of values over time are explicable. Data on actual production figures lags a quarter. Therefore, budgeted production figures are used as substitute till actual figures are available.

I. Limitations to methodologies and data

Data is self-reported by investees. Limitations related to quality and collection of data used to attain sustainable objectives mostly relate to limited capacity of the investees, the extent to which investees disclose information and timing of delivery. Generally, information is received in a timely manner, however, not each investee delivers the same quality at the same time.

For measuring the fund's positive impact PCAF's (Partnership for Carbon Accounting

Financials) methodology is used. Unfortunately, PCAF's methodology is not tailored to capture all impact the fund is making. For example, for projects with negative equity on their balance sheet in which the fund has an equity stake, no impact will be attributed. Therefore, this methodology incentivises to invest debt in tail-end energy assets. Additionally, the methodology is not tailored to capture impact generated by investing in early-stage assets i.e., assets in the development or construction phase. For non-generating assets the PCAF methodology does not properly capture (future) impact. For these assets the team is looking into alternative ways. The indicators mentioned in Section H are a way to measure and include the impact excluded by the PCAF methodology.

J. Due diligence

The due diligence carried out on the underlying assets consist of a positive screening in which the transformative potential is assessed, followed by a negative impact assessment to screen the impact on people and planet (inside out), which includes the Triodos Bank Minimum Standards, do no significant harm principle and any sector specific negative impacts. The impact of external sustainability factors on our investments (outside in) is assessed which results in potential sustainability risks, such as physical / societal and transition risk. Companies that comply with the investment criteria undergo an integrated financial and sustainability analysis. The analysis focuses on impact, sustainability and materiality. We identify a company's financial value drivers and evaluate/model the interplay between financials and sustainability.

This is described in more detail in section D 'Investment strategy' in which is also explained how we even further accelerate transitions by integrating active stewardship in every aspect of the investment management process. A Due Diligence policy and process is in place to ensure that all the necessary stages and steps of due diligence are followed before the decision to invest is taken. Furthermore the due diligence process has been translated into controls on the most material operational and financial risks. These controls are assessed as part of the ISAE 3402 audit, as performed by an external auditor.

K. Engagement policies

A focus on impact dictates which investees we finance and how we finance them. This includes the careful selection of investees, as well as proactively supporting or advocating for investees to increase their positive and reduce or avoid negative impact. Types of engagement include requesting information and disclosure, investigating alleged shortcomings of a company's responsible management, sharing expertise, encouraging and tracking companies' performance towards pre-defined goals, voting, and board membership. We do this with the aim to create long term value for the benefit of society and for the planet whilst enhancing the long-term value creation potential of the company.

As such, we frequently engage on environmental, social and governance topics that are relevant to each investee's business models, funds or sector context as well as on general corporate development and business strategy issues. We undertake the following range of activities in our active investment approach, depending on the asset class.

1. Company engagement
2. Active ownership
3. Advocacy

Engagement procedures

As the first step in our investment selection process is a screening on positive impact potential, followed by our strict Triodos Minimum Standards screening, significant harmful activities are excluded from our portfolios ex-ante. Key opportunities for improvement and for longer term value creation are identified and provide the basis for building trusting relationships with investees. The engagement agenda is prepared by a range of department representatives and approved in the Triodos Investment Management Impact Committee. Engagement activities are monitored on a quarterly basis in the Impact Financial Risk Committee and reported upon annually.

Sustainability-related controversies

In the case of (alleged) adverse impact, the company is contacted to clarify and investigate the allegations or information, and to assess the severity of the incident as well as the responsibility and accountability of the company. Involvement in a controversy with limited corporate responsibility would lead to expressing a concern and more scrutiny on the topic, while involvement in a severe controversy highlighting clear company shortcomings would lead to a major concern and divestment.

Disclaimer

The Triodos sustainability documents are developed for proprietary use. Third parties or stakeholders have no right to rely on our documents, nor do we accept any duty of care or liability in relation to our interpretation and application of them. In particular, it is important to understand that, while Triodos IM seeks to ensure that customers / investment companies meet these documents, it has no control over the actions of its customers / investment companies. Nevertheless, if we discover that a customer/ investment company is outside our policies, we will request that it remedies the situation within reasonable time and we will close the relationship unless satisfactory action is taken. In this process, Triodos IM uses independent information where available but also uses its judgment as necessary.
