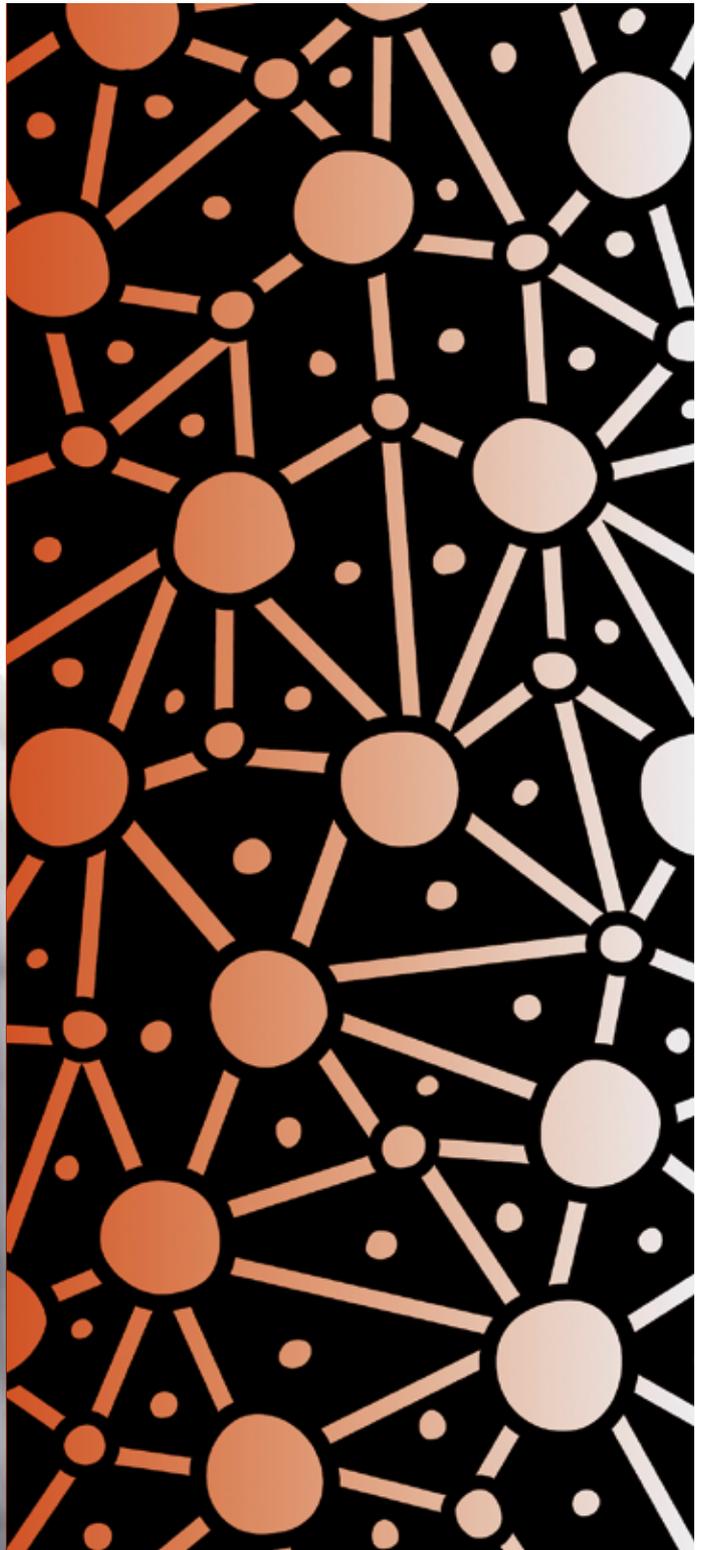


Socially Responsible Investment Report 2016

How socially responsible investing made a difference in 2016



Triodos Research
March 2017

Triodos  **Bank**

How socially responsible investing made a difference in 2016

At the heart of Triodos Investment Management's Socially Responsible Investment (SRI) philosophy is the belief that in the long-term, the most successful companies will be those that achieve the right balance between their social, environmental and financial performance.

Any company that intends to deliver long-term value must effectively manage its relations with all stakeholders and be responsive to their needs and demands. We believe companies that balance these interests will deliver the greatest value to all stakeholders, including their shareholders.

In this SRI Report, you read about our approach to investing on the stock market and our commitment to contribute to further improving the sustainability performance of companies. Socially responsible investing is too complex to be captured in a few metrics. For that reason, we present our 2016 results in a context of numbers, stories, and activities and by highlighting our approach: why we do what we do and how we have embedded this in our investment and engagement processes.



Enjoy reading.

Rosl Veltmeijer

Head of Triodos Research
Triodos Investment Management

2016 at a glance

Our investment funds

Triodos Sustainable Bond Fund invests in bonds issued by listed companies, governments and semi-public institutions.

Triodos Sustainable Equity Fund invests in global equities issued by listed large-cap companies.

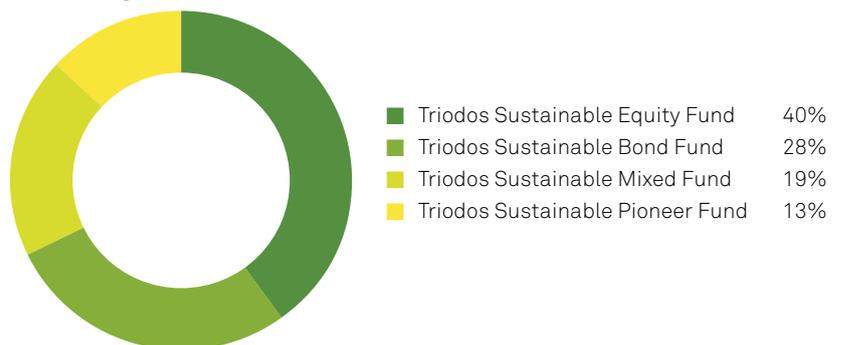
Triodos Sustainable Mixed Fund invests in global equities and an aggregated portfolio of bonds.

Triodos Sustainable Pioneer Fund invests in global equities issued by predominantly small- and medium-sized, listed companies.

Our investment portfolio

A rewarding strategy

% Assets under management per fund



Total assets under management SRI funds



Number of investee countries and regions (bonds)



Number of investee companies (bonds and equity)



Outreach highlights

Number of companies screened



Number of companies in investment universe



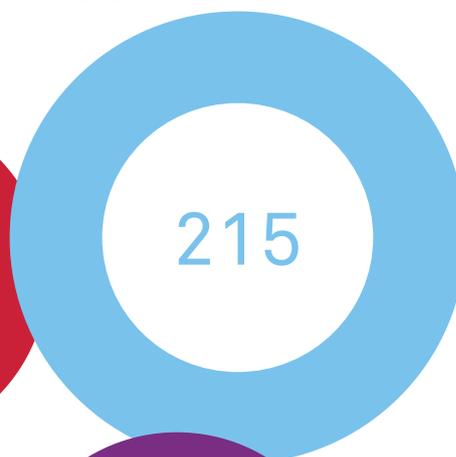
Companies selected



Number of pioneer companies in investment universe



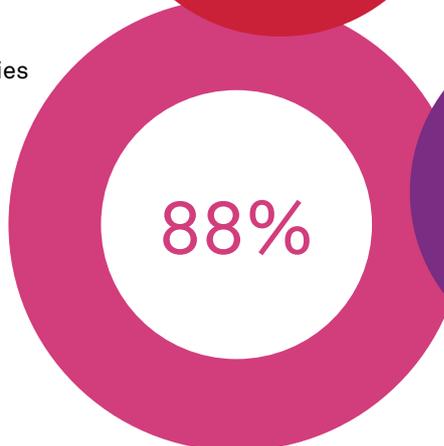
Number of companies engaged with



Number of engagement activities



Investee companies engaged with



Response rate



Why do we invest on the stock market?

Investing on the stock market offers interesting opportunities, financially as well as from a sustainability perspective. If large multinational companies begin to move in a more sustainable direction, even if only one step at a time, the wider impact will be significant.

Investing in sustainability outperformers

Triodos Research selects sustainability pioneers and best-in-class performers based on a wide range of sustainability criteria. Selected companies comply with Triodos Bank's strict minimum standards. Due to the rigorous selection process, the Triodos SRI strategies are recognised for applying environmental, social and governance (ESG) criteria that count to the strictest in the industry.

Triggering sustainability improvement

A key element in our SRI strategy is active engagement and dialogue with the companies we may invest in, aiming to raise awareness of sustainability, to stimulate action and to create lasting positive change. Where appropriate, we will seek to discuss substantial and relevant issues with regard to ESG performance, aiming to enhance the business performance of companies.

Our goal

As an investor we aim to serve as a catalyst in the transition to an economy where people and planet come first. We therefore invest only in companies that contribute to a sustainable society or clearly lead the sustainability agenda in a particular sector. Furthermore, we will not invest in companies that are associated with unsustainable services, products or business processes. This is guaranteed by our rigorous selection process.



Sustainability embedded in our investment process

The companies and countries we invest in balance their social, environmental and economic performance. Sustainability is the basis for our investment policy and is firmly anchored in our overall investment process.



Positive screening

Any company that derives over 50% of its revenues from sustainable activities that contribute to the well-being of people and planet qualifies for investment. Companies may also qualify for investment if their overall sustainability performance puts them among the best in their sector.

Negative screening

Triodos Bank's minimum standards are the bottom line: they ensure that we do not fund any business engaged in activities that are harmful to individuals, society or the environment.

Investment universe

The investment universe contains all companies that are selected for our SRI strategies. The actual investment decision is delegated to our external Asset Managers. They select equities and bonds based on fundamental financial analysis, looking at valuations and cash flows as the most important price drivers over the long-term and taking sentiment indicators into account.

Monitoring

Portfolio companies are actively monitored on a continuous basis. If a concern emerges, we start an investigation into the controversy and often enter into dialogue with the company. All companies selected for our investment universe are reassessed every three years.

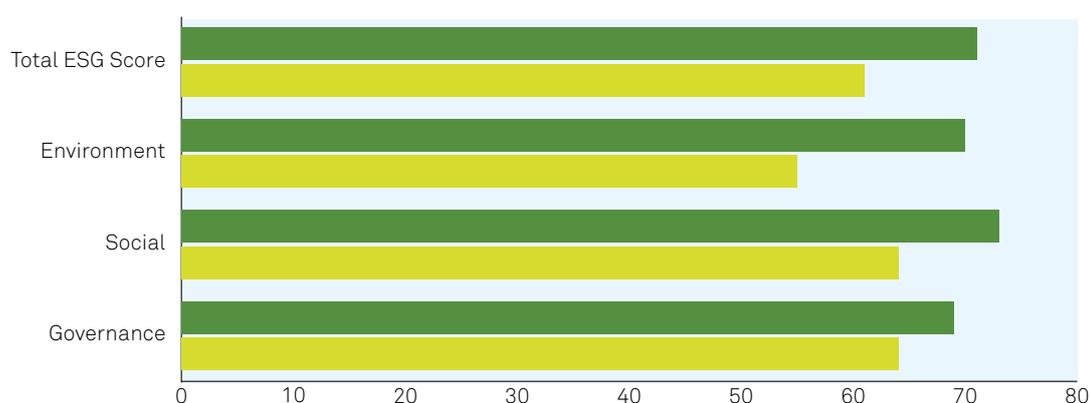
Reporting

We publish our complete and up-to-date sustainable investment universe, the investment portfolios, our voting ballots and our minimum standards online. We also publish information on our investment and engagement activities in monthly, quarterly and annual reports and our quarterly Research e-Zine.

Textiles and apparel

Our rigorous investment process helps us to select the real outperformers in any sector. The textiles and apparel (clothing) industry is a case in point. This is an industry that touches us every day, but that also raises a lot of concerns related to basic labour rights in its supply chain. At the end of 2016, the investment universe included 6 companies selected from this industry whereas the whole industry contained 24 companies. The graph below shows that the companies that we have selected in our investment universe clearly outperform their industry peers on governance, social and environmental aspects.

ESG score Textiles & Apparel



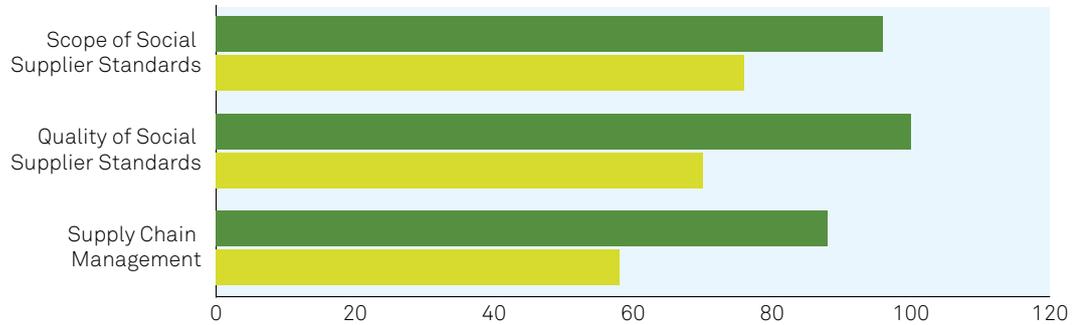
	Total ESG Score	Environment	Social	Governance
■ Investment Universe (6)*	71	70	73	69
■ Index (24)	61	55	64	64
Difference	10	15	9	6

* Companies in the Investment Universe: Adidas, Asics, Gildan Activewear, Kering, Nike, V.F. Corporation

Most textiles and apparel companies have the manufacturing of their products outsourced to a large number of different suppliers. This allows for flexibility in manufacturing capacity, skills and quality depending on brand positioning, collection requirements and market developments. It also provides companies bargaining power which often comes at the expense of the workers. The production of clothes often takes place in low-wage countries, under challenging conditions. Therefore, we require that companies working in high-risk industries like Textiles and Apparel have labour rights policies and management systems with respect to their contractors and suppliers in place. Companies that have taken the right precautionary measures run less risk of becoming involved in labour rights violations than companies that do not have the policies and programmes in place.

The graph on the next page shows that the companies we have selected have such precautionary measures and as a result score well on the sustainability indicators we apply in our selection process.

Social supply chain standards Textiles & Apparel



	Scope of social Supplier Standards	Quality of social Supplier Standards	Supply Chain Management
■ Investment Universe (6)*	96	100	88
■ Index (24)	76	70	58
Difference	20	30	30

* Companies in the Investment Universe: Adidas, Asics, Gildan Activewear, Kering, Nike, and VF Corp. Apparel retailing companies in our universe, such as H&M and Inditex showed comparable results.

The indicators focus on:

- Scope of social supplier standards: issues that are covered in a company's policy, e.g. health & safety, minimum living wages, maximum working hours, freedom of association and right to collective bargaining, prohibition of child and forced labour and anti-discrimination.
- Quality of social supplier standards: quality and level of detail of the above-mentioned supply chain topics.
- Supply chain management: monitoring programs to ensure that the standards are being addressed, training of suppliers and reach of the supply chain standards.

Despite these precautionary measures, companies may still become involved in controversies. If controversies arise, we carefully assess them and contact the company about the allegations. Whether a company remains selected for investment depends on its reaction to the allegations and the outcome of our inquiry.



Case study: Access to health care

Officially known as *Transforming our world: the 2030 Agenda for Sustainable Development*, the Sustainable Development Goals (SDGs) were established in September 2015 and signed by 195 countries in order to define worldwide sustainable development priorities that are set to be achieved by 2030. All of the 17 goals and the 169 sub-goals are interlinked and equally important and call for close and active cooperation between all stakeholders. The SDGs offer a framework that allows companies and governments to demonstrate how they help advance sustainable development both by minimising negative impacts and by maximising positive impacts on the planet and society.

In this case study, we highlight SDG3, as it plays an important part in the selection for our sustainable investment universe of companies from the healthcare sector.

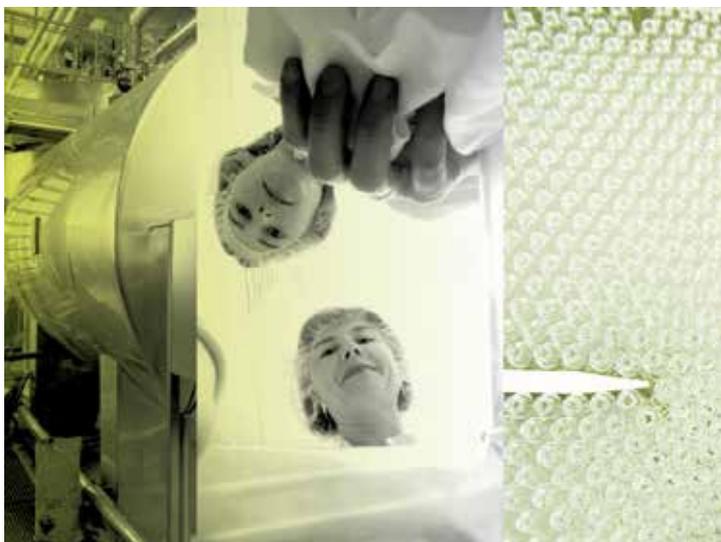
Improving access to healthcare

Universal health coverage, including access to essential health care services for all, is one of SDG 3's targets. Triodos Investment Management contributes to the achievement of this target by investing in companies whose activities are aimed at the health and wellbeing of people. A good example is American telehealth company Teladoc. Via telephone and videoconferencing technology the company provides on-demand remote medical care. The services are provided 24 hours a day, 7 days a week. The platform improves the accessibility of healthcare by being available whenever and wherever the patient chooses. It also reduces costs of healthcare, as an estimated one third of ambulatory care visits can be treated through telehealth.

Preventing non-communicable diseases

Another target of SDG 3 is to reduce pre-mature mortality from non-communicable diseases by one-third. According to the UN, estimates from 2012 indicate that 68% of total deaths worldwide were attributable to non-communicable diseases, and that 52% of premature deaths (under the age of 70) resulted from non-communicable diseases such as cancer, diabetes, cardiovascular and chronic respiratory diseases.

One of the companies in our investment universe is Novo Nordisk. This company is a world leader in diabetes care, offering a broad range of products from insulin to insulin pens. Novo Nordisk contributes by raising awareness, improving access to care and addressing the psychosocial aspects of diabetes. With its NovoHealth programme the company also inspires healthy living among its employees.



NOVO NORDISK

Novo Nordisk contributes to fulfilling the SDG 3 by raising awareness, improving access to healthcare and addressing the psychosocial aspects of diabetes.

Minimum standards

Triodos Bank's minimum standards are the bottom line: they ensure that we do not fund any business engaged in activities that are harmful to individuals, society or the environment. Companies selected for their sustainable activities or their sustainability performance must also meet these pre-determined and well-documented standards to qualify for the Triodos Sustainable Investment Universe. Triodos Research may make an exception if a company commits itself to meeting the criteria in the near future.

Zero tolerance and threshold

We apply zero tolerance to products and activities that are irreconcilable with our positive impact agenda. Companies involved in, for example, weapons or nuclear energy, are excluded from financing or investment. For products and activities that are 'undesirable', for example tobacco, we have set a threshold that maximises the level of involvement we can tolerate. Exceeding the threshold leads to exclusion from financing or investment.

Limiting negative effects

To minimise the risk of negative impact we apply so-called precautionary principles. This principle is used to set preconditions for companies that operate in industries with increased sustainability risk, such as human rights violations or high levels of greenhouse gas emissions. The precautionary principle requires companies to have policies and programmes and performance data through which they demonstrate their awareness and aim to prevent and manage involvement in controversies and to limit negative effects of their business.

Minimum standards developments

# of minimum standards changed	5
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Our minimum standards are not static. They change over time, following new insights and developments in society and progression made by companies.

In 2016, Triodos Bank changed its position on a number of minimum standards:

Genetic engineering

We have set stricter requirements for companies that use or process ingredients from genetically modified (GM) food crops. Instead of showing a passive willingness to limit the use of GM ingredients, companies now have to demonstrate a proactive attitude. They can do this by offering alternatives to foods with GM ingredients and thus giving consumers freedom of choice, or by developing and/or supporting initiatives to limit the use and production of GM food or by producing products that are entirely free of genetic modification.

Country methodology

Once every three years, we re-assess the countries in our universe and update our selection methodology. The list of conventions that countries need to have signed before they can be considered eligible for investment was updated and expanded. Conventions that were added include the Basel, Rotterdam and Stockholm Conventions on Hazardous Substances, the Convention on Migratory Species, the Ramsar Convention on Wetlands and the Convention on World Heritage.

Financial institutions and arms

As a result of the dialogue held with financial institutions currently selected for sustainable investment, we further strengthened our requirements for financial companies with regard to their involvement in controversial arms. We extended the reach of our zero tolerance to financial institutions' third-party funds and their execution-only activities for controversial weapons,

including nuclear. All currently selected financial institutions have been informed about these new requirements and have until January 1, 2019, to meet the additional demands.

Deforestation

Three industries were added to the list of industries that run a high risk of being or getting involved in deforestation, i.e. Food & Staples Retailing, Hotels, Restaurants, & Leisure, and Food Products. Together with soy, beef is the most important driver of deforestation, especially in South America. Companies that process or sell beef are required to have a policy on prevention of deforestation, or support organisations that either have or are developing deforestation standards.

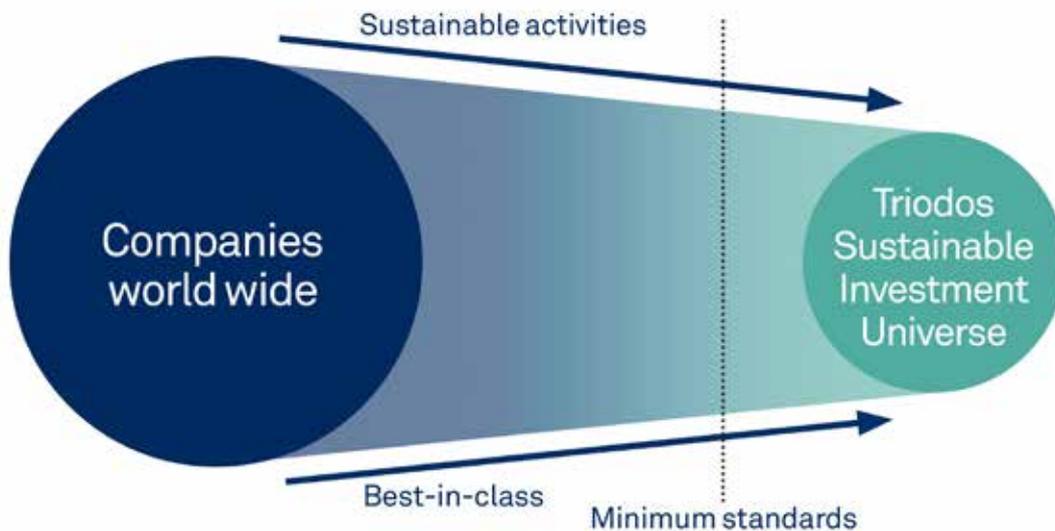
Retail of electricity from fossil fuels

Triodos Research expanded its earlier decision to exclude companies that receive more than 5% of their revenues from electricity generated from coal to include any revenues from electricity generated from all fossil fuels. This change did not result in changes to the investment universe.

“Of all the companies we assess, on average only 25% qualify for our Triodos Sustainable Investment Universe.”

Rosl Veltmeijer

Head of Triodos Research



Achievements in 2016

Engagement with companies is one of the cornerstones of our SRI strategy. Through dialogue with the companies we invest in, we aim to maximise the positive impact of our investee companies on society. We view engagement as an integral part of responsible shareholdership. We raise awareness of sustainability issues by engaging with companies throughout the initial research process and subsequent dialogues, and by providing them with a written analysis of the sustainability performance of their operations. This dialogue strengthens a company's insight into those issues that are important to shareholders and we believe it can add to a company's ability for long-term value creation.

Engagement goals

Goal	Result
Increase response rate to questions	Increase from 86% to 91%
Increase the number of in-depth engagement	Increase from 37 to 48 companies
Improve the performance of at least 2 companies on animal welfare	Significant change at Compass Group, Metro, Colruyt, Whitbread and Whole Foods Market
In-depth dialogue with at least 3 companies on their remuneration policy	Interview with Liberty Global and WPP
Start up a collaborative engagement about living wage	Collaborative engagement with 16 companies from the textiles and apparel sector

Individual engagement outreach

	# of companies
During selection phase	64
Assessment feedback	99
During monitoring	18
Season letter (on board diversity)	104

Engagement focus

The majority of our engagement activities is related to company assessments and monitoring activities. We often contact companies to discuss our investment criteria in more detail so that we can assess if a company meets our strict requirements.

We also have our own agenda for engagement. Each year we define a number of topics that we find important and on which we want to engage with companies in order to influence company performance. Change is often visible only after a few years.

The top five engagement themes in 2016 were arms, climate change, animal testing, factory farming and basic labour rights.

Arms

Triodos Bank has zero tolerance for the production and sale of arms. Financing the arms industry contradicts our mission because we consider it to be in conflict with both quality of life and human dignity. Nevertheless, the use of physical force is sometimes necessary to protect people against the violent behaviour of others. Use of arms, however, may easily deteriorate into excessive and uncontrolled aggression. We therefore believe that sanctioned physical force (both the production and use of arms) must remain the exclusive responsibility of democratic governments. Our minimum standards include zero tolerance for involvement of financial

companies with controversial weapons and a strict threshold for arms in general. In 2016, Triodos Bank further strengthened its requirements for financial companies. We no longer make an exception for financial involvement in controversial arms through third-party funds and execution-only activities. Moreover, the list of controversial arms now also includes nuclear arms.

	# of companies
Financials contacted about additional arms requirements	10

Six of these financial companies are in our investment universe - ABN AMRO Bank, Achmea, BBVA, Danske Bank, ING Group and UBI Banca - have been given until January 2019 time to meet this stricter application.

We also had contact with financial companies not selected for investment to discuss our arms requirements more in detail. Both Aegon and Legal and General are currently taking further steps towards strengthening their arms policies, but still do not meet our arms criterion and are therefore not selected for investment.

Climate change

An important focus area for Triodos Bank is climate protection. Through our finance activities we want to actively contribute to CO₂ reduction by focusing on energy saving, energy efficiency and production of renewable energy. Governments and companies play an important role in bringing about a sustainable energy transition. As an investor we include climate protection in our investment process, to encourage and support our investee companies to speed up their efforts to reduce their impact on climate change. Climate change has always been a focus area in our engagement efforts towards companies. It is encouraging to see that more and more companies are taking steps to reduce their CO₂ footprint. See also the case study on this topic on page 21.

Animal testing

Triodos Bank is a committed advocate of animal welfare. Animals contribute to a better quality of life in numerous ways. We acknowledge the need for animal testing for medical purposes, but only if reliable alternatives are unavailable. At the same time we believe that testing can only be justified if it is clear that every effort has been made to reduce both the number of animals used and the extent of their suffering. We oppose animal testing for non-medical purposes. Many products have been tested on animals in the past and are now used in food, household and personal products. We are convinced that innovation is possible without testing new ingredients on animals.

Kao publishes animal testing policy

When we contacted Japanese personal products company Kao about animal testing in February 2016, it could not provide answers to our questions. The company was therefore excluded from investment. In September 2016, the company sent us its newly published animal testing policy. The company meets our requirements and as a result is now part of our investment universe.

Kingfisher reviews use of animal testing

British home improvement company Kingfisher promised to review our requirements and we followed-up on this promise. The company is still in the process to review its sourcing policy, in which animal testing will be included.

Baxalta publishes its bioethics policy

US biopharmaceutical company Baxalta focuses on therapies for the treatment of blood and immune system disorders and cancer. The company was spun off from healthcare equipment company Baxter, selected since 2011, in July 2015. As a result of this spin-off, the new company needed time to build its ethics and corporate social responsibility policies and programmes. In February 2016, the company sent us its bioethics policy. With this policy in place, the company meets our strict requirements on animal testing and genetic engineering. During the year, however, we learned that the company has been acquired by Shire and have consequently removed it from our investment universe.

Factory farming

Evidence shows that animals in intensive farming and production systems often live in discomfort and suffer unnecessarily. Although there are also many other concerns related to factory farming, such as the impact on climate change, biodiversity and human health, the investment criteria we apply to factory farming focus on animal welfare standards. These concerns are addressed in the other minimum standards that we apply. Since 2014, Triodos Research has been engaging with food retail and restaurant companies asking them to enhance their animal welfare standards for animals raised for their products. It is very encouraging to see that a number of companies have significantly improved their practices. See also the case study on animal welfare on page 16.

Basic labour rights

Companies have the responsibility to protect the rights of workers, both in their own organisation and in their supply chain. Internationally operating companies often have complex supply and production chains. Protecting only the rights of their own employees is insufficient. Most controversies take place in the supply chain. An important area of improvement with regard to basic labour rights is wages. In many countries there is no minimum wage, or it is so low that workers and their families live in poverty. One of the topics that we are currently addressing is living wage. Together with ASN Bank and pension investor MN-Services we engage on this topic with 14 textiles and apparel companies. Two companies not targeted by this group but part of our investment universe are approached by us individually. These are VF Corp and TJX Companies. See also Outlook 2017 on page 28 for more details.

Top 10 engagement themes

		2016	2015
Arms		30	34
Climate change		23	23
Animal testing		23	21
Factory farming		21	14
Basic labour rights		21	22
Conflict minerals		19	20
Human rights		14	7
Genetic engineering		13	14
Unconventional oil & gas		9	11
Nuclear power		9	23

Case study: Animal welfare

In 2014, we started engaging for improvement of farm animal welfare practices in relation to the food retail and restaurant industries. Our goal was to improve the standards of at least five companies of the ten companies contacted. After two years of in-depth engagement with the companies contacted we were able to conclude that our goal has been achieved.

In 2016, Triodos Research followed up with companies in the food retail and restaurant industries with whom we engaged and provided recommendations in 2014. At the time of that initial dialogue, our goal was to encourage the tightening of animal welfare policies and standards. The Five Freedoms, a core concept in animal welfare that originated in a UK government report in 1965, are our leading framework. The Five Freedoms state that an animal's primary welfare needs can be met by safeguarding the following five freedoms: freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, freedom to express normal behaviour, and freedom from mental suffering.

Frontrunners

Several companies have significantly improved their practices, and have started new activities to improve farm animal welfare in their supply chain that go beyond the required legal minimum standards. Among the frontrunners are Colruyt, Whitbread and Whole Foods Market.

Colruyt – improved guidelines and monitoring

The Belgian supermarket retailer clearly addressed our recommendations and its progress is impressive. The company has implemented clear general animal welfare guidelines, and substantially improved its reporting, and developed new standards for chickens, animal ingredients in non-food products and the use of antibiotics. Its monitoring and evaluation system has also been strengthened and is an important pillar of the company's approach. Improved procurement policies and procedures concerning all animals in its supply chain are also top of the agenda. The company seeks close collaboration with its suppliers to progressively develop better standards. We would like to see Colruyt extend its commitment and publish more concrete standards, and to extend its scope beyond Belgium.

Whitbread – improved transparency

In the past, Whitbread's external communication about animal welfare lagged behind industry standards, but it has improved since we last engaged with them. As the United Kingdom's largest hotel, restaurant and coffee shop operator, Whitbread had a number of policies in place, but they were never publicly available. A new, concise animal welfare policy, including a number of clear and good standards, has been released, covering such topics as mutilation, the use of antibiotics and growth hormones, slaughter practices and transportation. The company has also set a target on farm animal welfare improvements and has committed to cease trading with suppliers that demonstrate persistent disregard for its animal welfare policy. The company's next step will be to develop specie-specific animal welfare standards.

Whole Foods Market – GAP system advocate

Animal welfare has been an important issue for US-based Whole Foods Market for more than 10 years. As the world's leader in natural and organic foods, the company first started promoting and offering vegetarian alternatives, and introduced a non-antibiotics policy. Regulation is almost non-existent in the US, the main market for Whole Foods Market. Instead of ignoring the issue, the company developed its own standards, working closely with a handful of suppliers, and differentiating itself from its competitors. It has teamed up with Global Animal Partnership (GAP), an international, non-profit, charitable organisation that brings farmers, animal welfare advocacy organisations, scientists and retailers together. The GAP developed specie-specific welfare standards, which Whole Foods Market has set as the minimum acceptable level. New standards are being developed for eggs and dairy. In the meantime, Whole Foods Market has set its own standards for the sourcing of these products. The GAP system is currently being rolled out in other countries with the support of the company.

The Global Animal Partnership 5-Step® Animal Welfare Standards

The 5-Step® Animal Welfare Rating programme assesses the welfare of animals on-farm, during transport, at collection points and at slaughter. The programme aims to promote continuous improvement in animal agriculture. It provides more detailed information about the level of welfare of farm animals, thus better informing consumers about the production systems they may choose to support. The programme provides a unique approach to farm animal welfare certification. Each set of species-specific – e.g. beef cattle, broiler chickens and pigs - welfare standards has its own requirements that must be met before a farm or ranch can receive a 5-Step certificate. Authorized, third-party certification companies perform the audits and issue Step certificates. As such, producers, consumers, and retailers alike can be confident that Step ratings are fair, accurate, and free from conflicts of interest.

Next steps

Although the companies in our universe are making good progress, they still have to deal with a number of obstacles. Making improvements in their supply chain, for example, largely depends on the financial capacity of farmers to improve their practices. Having learned about these obstacles helps us to develop our own standards further. Whilst companies in our investment universe are already leaders in farm animal welfare, particularly for fresh meat and eggs, we expect to see the leading companies develop more initiatives related to dairy and processed food. We will therefore continue our engagement efforts with companies in our investment universe.



WHITBREAD

Whitbread has published a concise animal welfare policy and has set targets on farm animal welfare improvements.

Individual dialogue

Company engagement is a distinctive part of the Triodos SRI strategy. Triodos Research discusses issues regarding social, environmental and corporate governance performance in order to increase awareness, motivate change and ensure long-term shareholder value.

Engagement during selection phase

When Triodos Research considers a company for investment, we assess all aspects of a company's sustainability performance. Engagement during the selection phase can be a simple request for more information, a more detailed discussion on a company's activities and policies, and/or an in-depth meeting about the company's strategy, providing information about our requirements and suggestions on how to meet these.

As with all engagement activities, Triodos Research uses the selection phase to push the sustainability agenda within companies. 51 companies assessed responded to our questions and eight engagement efforts were pending at the end of 2016. Only five companies did not respond to our questions.

Assessment feedback

The results of our assessments are shared with the companies researched. For companies selected for sustainable investment, this feedback includes a full overview of their performance on key sustainability themes and areas for further improvement. Several companies sought further dialogue based on our feedback.

Monitoring

Our goal is to keep the investment universe in line with our minimum standards at all times. Once selected for the Triodos Sustainable Investment Universe, Triodos Research continues to actively monitor companies, doing a full-re-assessment every three years. A potential breach of Triodos Bank's minimum standards leads to an in-depth investigation.

LafargeHolcim – Human rights in Syria

The French/Swiss cement producer is accused of having (indirectly) financed terrorist group IS through its operations in Syria. In France criminal investigation is ongoing based on a complaint filed by a French NGO and the European Center for Constitutional and Human Rights (ECCHR) and a number of former Syrian employees. The investigation can take a long time to finalise. In the meantime the company has taken measures to improve its programs. We have discussed the matter with the company and will closely monitor the effectiveness of the measures taken and the outcomes of the investigation.

Heineken – Human rights in Africa

We had in-depth dialogue with Dutch brewer Heineken about safety measures in relation to a fatal accident in Brazil. The company has strong programmes on health and safety of its employees and contractors' employees. After the accident, the company took immediate steps to further improve prevention and presented a detailed protocol on how to act when accidents occur. Another concern relates to the company's presence in Africa and more specifically in Burundi. The situation in this country has deteriorated over the past years and it has become difficult to operate there. We keep in contact with the company about its responsibility in this country and the actions it could undertake to ensure that it does not become involved in violations of human rights in the country.

ING – Environmental and social impact

With Dutch bank ING we discussed the company's involvement in the fragile Great Barrier Reef region. The company has sufficiently addressed our concerns and as a result the company remained selected for investment. Later in 2016, our concerns related to the company's involvement in the Dakota Access Pipeline in the US were also discussed. The situation is

changing constantly and we remain in contact with the company to discuss its responsibility and actions taken. ING co-finances the pipeline.

BBVA – Environmental and social impact

Spanish bank BBVA is directly involved in financing the Dakota Access Pipeline. Also with this company we are in contact to discuss the steps the company undertakes in order to address the concerns raised.

FMO – Human rights in Honduras

Dutch development bank FMO was subject to much criticism related to its financial exposure to the Aqua Zarca project in Honduras. Triodos Research had in-depth discussions with the company about the situation in Honduras and the steps taken by the company. As a result of broader criticism raised by multiple stakeholders about the project, the company decided to withdraw its finance to the project.

Akzo Nobel – Environmental impact

With Dutch chemicals company AkzoNobel we discussed the environmental concerns related to its co-operation with Israeli chemicals company ICL, which operates salt mines in Spain and has stored huge salt deposits leading to extensive pollution of soil and water in the region. AkzoNobel announced efforts to process the deposits responsibly and to assist ICL in preventing future pollution through storage near the mines. We also expressed our concerns about the environmental risks of the storage of oil in old salt mines in the Netherlands for strategic purposes. AkzoNobel stated to have taken preventive measures and to closely monitor the locations. As we still think that there is a serious risk for pollution we remain in contact.

Season letter

Board diversity

In 2017, board diversity will be the main topic of attention. Commissioned by and in cooperation with Triodos Bank, Nyenrode Business University has performed research on the relation between board diversity and company performance. One of the studies analysed the direct relation between gender diversity and ESG performance and gender diversity and financial performance. Both relations are significant and positive. Another study found a positive relationship between age diversity and ESG performance. In 2015, we also called upon companies to disclose and improve policies, programmes and targets on gender equality. Feedback on this letter resulted in a number of insights. Many companies improved board diversity or developed plans to do so. Training and education are often used to increase awareness of the importance of diversity. Few companies, however, have set concrete targets. In a letter sent in December 2016 to 104 investee companies, we call upon companies to publicly disclose their policy, programmes and targets on diversity within their organisation, to develop a target for board diversity, and to publicly disclose an evaluation of this policy and the actual achievements. In 2017, we will follow up on this letter sent in December. See chapter Outlook on page 28 for more details.



Studies show that board diversity has a positive effect on both ESG and financial performance.

Voting

As a responsible shareholder, Triodos Research votes at all Annual General Shareholders' meetings (AGM) of the companies we invest in. We obtain voting advice from Pensions & Investments Research Consultants (PIRC) Services, to which we apply our own voting guidelines, and review each recommendation before voting.

Voting outreach

# of meetings voted at	109
Total number of agenda items	1342
Votes in favour of management	59%
Votes against management	33%
Votes abstained on	8%
# of responses to our proxy voting feedback	36
# of AGM's attended	2

In 2016, we sharpened our proxy voting guidelines, particularly with regard to share repurchase. Triodos Research remains critical of board remuneration policies. As a result 79% of the resolutions related to remuneration were voted against. Smith & Nephew contacted us to seek feedback on its new remuneration policy, following the shareholder concerns raised at the 2016 AGM.

In 2016, we identified areas of concern related to remuneration policies and practices. The indicators we took into account are:

- Ratio between CEO remuneration and average employee remuneration
- Proportion of fixed CEO remuneration on total CEO remuneration
- Existence of claw-back provision
- Existence of 'reward for failure' - substantial remuneration increase that is not reflected in the company's performances.

We looked at the performance of all companies in our investment universe based on these four indicators and we ranked the companies from best to worst. From the companies that performed worst we selected three companies to engage further with, to learn more about their policies and the rationale behind them.

These three companies were Liberty Global, WPP Group and Tesla Motors. With Liberty Global and WPP we had an interview. WPP has been criticised for excessive remuneration of the CEO. In a phone call with the company we learned that it had already made considerable changes to its plan, which will become visible as of 2018. Now, the company is again reviewing its policy. We provided the company with our recommendations based on the indicators mentioned above, and we urged it to include sustainability targets in its remuneration plan. We provided Liberty Global with the same recommendations.

Triodos Research aims to inform companies in advance about how it intends to vote at their AGMs. For us it is important that companies know how we practice our voting policy. We do not want our vote to get lost in the crowd. Also, we want to give companies the opportunity to respond to our voting advice prior to the meeting. This way we are still able to change our vote if necessary.

Case study: Climate change

Climate change is one of the most pressing issues of our time. The achievement of the Sustainable Development Goals (SDGs) relies heavily on urgent action to combat climate change, the impact of which disproportionately burdens the poor and vulnerable. In December 2015, 195 Member States signed the Paris Climate Agreement and united them with the common goal of limiting the global temperature rise this century to below 2°C. This is the main international, intergovernmental forum for negotiating the global response to climate change. SDG 13, Climate Action, seeks to maximize global efforts in response to the Paris Agreement and to optimize the use of resources.

Governmental cooperation and business action

The underlying targets of SDG 13 outline the challenges that need to be addressed, and highlight the need for cooperation on an international scale. For governments that means strengthening resilience and adaptive capacity to climate-related hazards and natural disasters, and to improve education and raise awareness. They also need to integrate climate change measures into national policies, and to contribute to the UN Green Climate Fund. The business community also has an important role to play, and has been called on to anticipate, adapt and become resilient to the current and future impacts of climate change to help limit global temperature rising. Companies are seen to be the much-needed catalysts that can transform energy, transport, food and agriculture and forestry systems.

Urgent call for climate action

End 2015, we sent a letter to all our investee companies (110), calling on them to speed up their efforts to bring a halt to climate change. In our letter we stated that for us, a corporate climate protection strategy starts with full support from the board. It requires boards to develop a climate strategy policy and to monitor progress. We called upon companies to disclose their strategy on climate protection, develop targets that are in line with the COP21 Universal Agreement, to disclose their roadmap to meeting these targets and their annual progress in this regard. Finally, we also called on them to refrain from lobbying against policies aimed at meeting the Universal Agreement. During 2016, we closely monitored the progress made by companies on these targets. Twenty companies responded to our letter. We also called on companies to publicly report their CO₂ emissions, thus allowing us to monitor the total carbon footprint of our investment portfolio.

We further joined ShareAction's 'RE100 investor group' that calls on publicly-listed companies throughout Europe and the US, to commit to 100% renewable energy. The group now has 30 investors, with more than USD 1 trillion in assets under management.

Interface - CO₂ as raw material

One company we consider a prime contributor to achieving SDG 13 is Interface, the world's largest designer and maker of carpet tiles. The company is close to achieving its Mission Zero goal, a challenge it set itself to eliminate any negative impact it has on the environment by 2020. Having almost achieved this target, the company has set itself a new challenge: to become CO₂ positive in what is known as Climate Take Back. This revolutionary goal has Interface use carbon dioxide as raw material for its products. If the company succeeds in this, it would give an enormous boost to the fight against climate change. Carbon would become a product with a price, leading more companies to start taking back carbon and integrating it into their business model.

Kingspan - energy efficiency

Another prime example is Irish building products company Kingspan, whose insulation products and renewable energy systems lead the way in energy efficient buildings. Kingspan's products include insulation for roofs, walls and floors that lower the environmental impact of buildings, as well as wastewater recycling systems, and renewable energy systems such as small scale wind turbines, thermal solar power tubes and panels, and heat pumps. Its insulation products

reportedly save up to 40% of a building's energy consumption. The company integrates product lifecycle assessments (LCAs) in the design, manufacture, installation, use and disposal of its products and services, making them sustainable throughout their lifecycle.

Kingspan has made sure that its own house is in order. Kingspan aims to become a Net-Zero Energy (NZE) business, which means that by 2020 it will have all its facilities run on renewable power.

We are encouraged by the contribution Kingspan and Interface are making towards achieving SDG 13, and expect to see more companies in our sustainable investment portfolio responding proactively to the climate action targets and the other SDGs.



KINGSPAN

Kingspan's insulation products and renewable energy systems help reducing the environmental impact of buildings.

Collaborative dialogue

In addition to seeking dialogue with individual companies, Triodos Research also regularly works together with other investors to further steer sustainable performance and influence public policy. Triodos Research has a number of partnerships that facilitate and encourage such collaborate engagement.

Collaborative dialogue outreach

	# of companies
Bangladesh Investor Initiative (ICCR)	8
Greenhouse Gas Emission reporting (CDP)	9
Child labour in Cobalt supply chains (APG)	13
Access to Nutrition Index (UNPRI)	13
Access to Medicine Index (UNPRI)	1
FAIRR	16
BBFAW	69
Other stakeholder dialogue	3

Bangladesh Investor Initiative

A large group of global investors, coordinated by the Interfaith Center on Corporate Responsibility (ICCR), issued an investor statement, calling upon signatories of the Bangladesh 'Accord for Fire and Building Safety' and the 'Alliance for Bangladesh Worker Safety' to meet their obligations under the Accord and the Alliance. The statement urges the signatories to keep up the pace of implementation and to commit beyond 2018 to complete the remediation process; work with other stakeholders to support a living wage for garment workers; and create an environment where workers are able to exercise their internationally recognized rights to freely associate and bargain collectively.

Most of the textiles and apparel (retailer) companies in our investment universe, are either signatory to the 'Bangladesh Accord' or the 'Alliance'. From the Accord's quarterly progress reports it has become clear that the implementation of corrective action plans at participating factories advances much slower than planned. With the end of the Accord period – June 2018 - coming closer, this will increasingly become a pressing concern. We will therefore seek, possibly with the ICCR investor group, to support appropriate proposals for continuation of the work of the Accord, encouraging companies in our investment universe to remain committed to improving working conditions in their supply chain.

Greenhouse gas emission reporting

At the request of Carbon Disclosure Project (CDP), we signed a joint investor letter, calling upon companies to respond to the annual CDP questionnaire on greenhouse gas emissions. The letter was sent to Beijing Enterprises Water Group, Boston Properties, China Everbright International, Meyer Burger Technology, The Priceline Group, ResMed, SMA Solar Technology, Stericycle and Unibail-Rodamco. With Stericycle and The Priceline Group we had follow-up calls to discuss details.

Child labour in cobalt supply chains

We participated in a joint investor engagement project led by Dutch pension fund investor APG, with 13 electronics and automobile companies, asking the companies about allegations by Amnesty International that they use cobalt from artisanal mining in the Democratic Republic of Congo (DRC) involving child labour.

See also the case study on page 26 for more information.

Access to Nutrition Index

In 2016, we joined the ATNI Investor Group (led by Boston Common Asset Management, BNP Paribas, Hermes & NEI Investments) in engaging 13 publicly-listed food and beverage companies on the 2016 Access to Nutrition Index (ATNI) findings. ATNI focuses on good nutrition policies and practices because they are integral to food & beverage companies' overall business and financial performance and long-term sustainability. Targeted companies received a letter with company-specific recommendations, and follow-up actions were prepared by the Lead Investor Group. Although none of the companies targeted are in Triodos' investment universe, we fully support the goals of ATNI.

Access to Medicine Index

Access to medicines in developing countries is an important human right and pharmaceutical companies have an important role to play in addressing this. The Access to Medicine Foundation developed a credible, transparent and independent tool that is useful to assess a company's efforts on this topic. One of the pharmaceutical companies selected for investment by Triodos Research, Roche, has not submitted data for the 2016 Access to Medicine Index. A joint investor letter prior to the publication of the index early 2016 did not change the standpoint of the company. As a result, Roche scored poorly. We will continue to engage with the company to try and convince it to participate in the next update.

FAIRR

The livestock sector accounts for 14.5% of greenhouse gas emissions worldwide. This is more than the global transport sector. With a growing and more affluent global population, demand for meat and dairy will increase, as will the share of greenhouse gas emissions. The future sourcing of protein will play a significant role in responding to these problems and ensuring future supply chain security.

Farm Animal Investment Risk and Return (FAIRR) is an investor initiative that aims to put animal welfare on the Environmental, Social and Governance (ESG) agenda. Its members believe that a worrying knowledge gap has grown among investors in relation to the material investment risks and opportunities connected with intensive livestock farming and poor animal welfare standards. Triodos signed the investor letter initiated by FAIRR that was sent to 16 companies among which Sainsbury's and Whole Foods Market, both of which are in our investment universe. The letter calls on companies in the food industry to help reduce meat consumption by offering healthy, sustainable, affordable and appetising alternatives to animal-sourced food products.

BBFAW – Business Benchmark on Farm Animal Welfare

In May 2016, Triodos co-signed letters to the CEOs of 69 BBFAW companies. Different letters were sent on behalf of investors, either to praise the leaders and improvers, or to stimulate the laggards and non-moving companies to improve their animal welfare standards further.

Stakeholder dialogue

Companies also organise dialogue sessions with investors and sometimes also other stakeholders involved. When relevant, Triodos Research joins and actively contributes to these sessions. We attended three such sessions in 2016. One of these sessions was with Philips. The company asked for input on its materiality index, to be used for defining its priorities. One aspect we discussed more in detail was on supply chain standards. Although Philips is working on this with audits, suppliers that were present explained that the price is still too prevailing in its choice for suppliers.

Other initiatives Triodos is signatory to or member of:

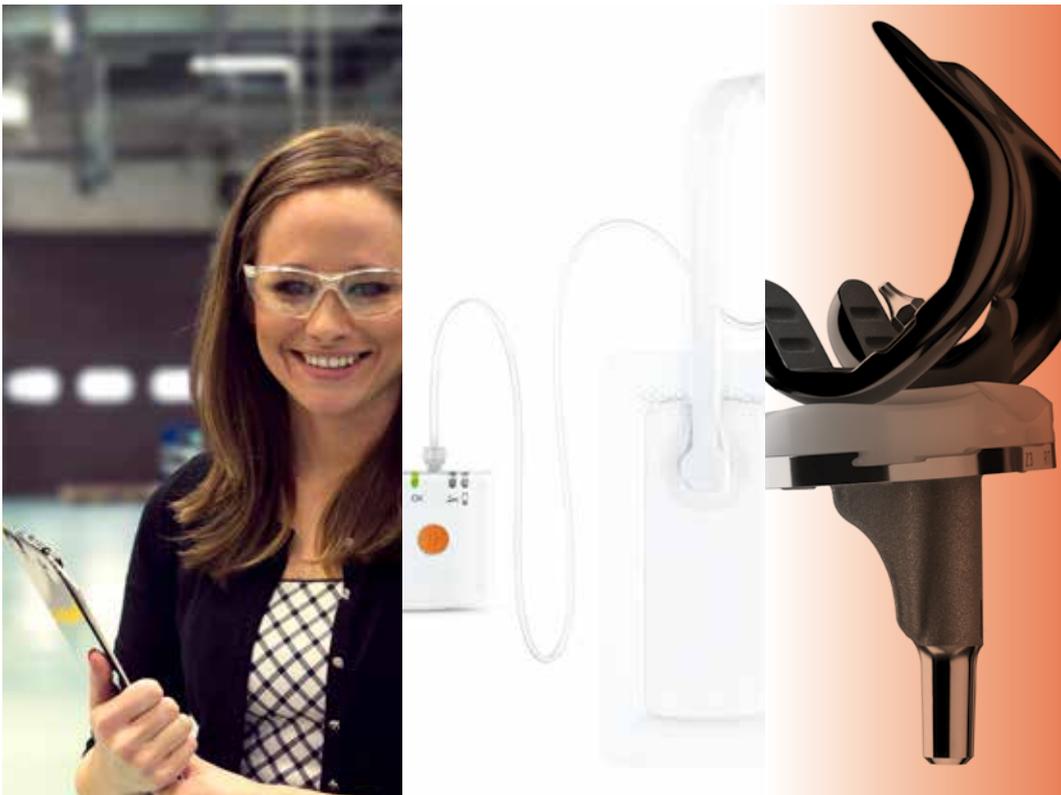
Responsible Palm Oil (UNPRI)
Tax taskforce (UNPRI)
Sustainable Stock Exchange (UNPRI)
Climate change (UNPRI)
The Access to Nutrition Index (UNPRI)
Investor letter to Tokyo Stock Exchange on corporate disclosure (Eumedion)
RE100 investor group (ShareAction)

Smith & Nephew

British medical equipment company Smith & Nephew contacted us to seek feedback on its new remuneration policy.

“We welcome the opportunity to engage with our shareholders on governance or remuneration matters. Triodos has shown a keen interest in a number of governance related topics in previous years, so it was natural for us to include them in our remuneration engagement programme leading up to our AGM in 2016 and also during the latter part of 2016, when we talked to the holders of more than 40% of our shares about our proposals for our 2017 remuneration policy.”

Suzan Swabey
Company Secretary



Case study: Responsible minerals sourcing

Responsible minerals have been an important topic of our engagement efforts since 2004. The challenges and risks relating to these minerals, essential for much of our electronic devices, remain urgent. In the US, the Dodd Frank Act has helped to improve supply chain due diligence and in Europe comparable legislation is coming into force.

Regulatory developments

A positive development is that regulation and public pressure have resulted in growing user demand for responsibly sourced minerals and pressure on smelters, refiners and miners. Early industry initiatives, such as the conflict free smelter initiative (CFSI) and the Tin Supply Chain Initiative (iTSCi), were spurred by US regulation. According to a 2015 OECD study, US regulation has helped raising the awareness of Congolese and global industry actors regarding the significance of addressing the harmful aspects of resource extraction to maintaining continued access to the world market. The report also signalled a shift in attitude regarding due diligence in the DRC from one of scepticism to growing engagement. And an impressive 75% of smelters and refiners worldwide have passed audits by the Conflict-Free Sourcing Initiative or associated programs on the four conflict minerals tin, tantalum, tungsten and gold.

At the end of 2016, final political agreement was reached on the EU conflict mineral regulation, set to come into force in January 2021. This law requires European importers and smelters to ensure they import the minerals covered by the regulation (tin, tantalum, tungsten and gold) from responsible sources only. And although companies that use these minerals in their products will not face legal obligations to do supply chain due diligence, another European regulation will strongly encourage them to do so. This is the EU 'non-financial reporting directive' that sets requirements for larger European companies to report on certain social and environmental topics, starting over fiscal year 2017. The European Commission is expected to publish guidelines for this reporting, including specific guidance for disclosure on conflict minerals due diligence. We see an increasing number of European companies acting on conflict minerals, in anticipation of these new rules.

Widening scope

Whereas both the US and the (upcoming) EU regulation cover the four minerals mentioned above, cobalt is increasingly becoming subject to concern. Recently, Amnesty International published a report about child labour in artisanal cobalt mining in the DRC. The Electronics Industry group EICC launched a new Responsible Raw Materials Initiative, which also includes Cobalt, and also from China came a 'Responsible Cobalt Initiative' launched by the Chinese Chamber of Commerce for Metals, Minerals & Chemicals (CCCCMC).

Collaborative action

Besides our regular individual engagement with companies during the selection and monitoring process, we joined a group of international investors, led by pension investor APG. The aim of this group is to engage with 13 companies on child labour in the cobalt supply chain. Sony Corporation, which is part of our investment universe, informed the group that thorough due diligence showed the company does not source cobalt from any of the suppliers mentioned in the Amnesty report. In November 2016, we learned that Sony Corporation joined the CCCMC's Responsible Cobalt Initiative, confirming its pro-active approach to conflict minerals due diligence. The investor group also informed the Electronics Industry Citizenship Coalition (EICC), about its concerns and was invited in return, to discuss EICC's new 'Responsible Raw Materials Initiative' that aims to extend the scope of due diligence mechanisms beyond tin, tungsten, tantalum and gold (currently the scope of the US Dodd Frank Act and upcoming EU regulation). Triodos welcomes this new EICC initiative and encouraged the organisation to align the new initiative with best practices in responsible mineral sourcing and, for example, the OECD guidance on this matter.

Responsible minerals sourcing remains a strict requirement. We continue trying to maximise our impact, also through dialogue with relevant stakeholders, such as EICC and OECD.

Nordex – assessing the supply chain

In 2016, we engaged with German wind turbine producer Nordex on the topic of conflict minerals. The company was newly assessed and approved for investment early 2016. The company had no detailed overview of the amount and origin of conflict materials but assured to look into this topic. In a follow-up call in the fourth quarter we learned that the company is currently assessing the types and volumes of potential conflict minerals used. We will be informed once results from this assessment are available.

“The dialogue about conflict minerals with Triodos expanded our understanding of possible human rights risks in our supply chain. Also taking into account EU regulatory developments in this field, we appreciated the dialogue with Triodos that encouraged us to assess our exposure to the minerals of concern and to consider appropriate steps to mitigate that risk.”

Angelika Bauschke

Head of Sustainability Management



Outlook

In 2017, we will again be looking at several minimum standards, following up on developments in sustainability, in companies and in society at large. On our agenda are:

- Sustainable cotton. Cotton is the most commonly grown non-food plant worldwide and is used in textiles for clothing, but also for beauty products, home furnishings and insulation. It is a renewable, natural resource, but production methods are notorious for their water intensity and high use of pesticides. That is why we started to look into the possibility to set a requirement for the use of more sustainable cotton for companies that use large quantities of this base material.
- Water scarcity. In 2014, we introduced fresh water scarcity in the minimum standards, requiring companies with water-intensive production processes to actively show awareness of the issue through their policies and programmes. Since, companies have been stepping up their efforts to reduce water use and preserve fresh water resources. Therefore, in 2017, we will see if the requirements can be strengthened.

The focus of our engagement activities in 2017 will be on the following topics:

	# of companies
Board diversity	104
Animal testing in health care equipment companies	15
Living wage	16
Climate change	10

Board diversity

In order to make our call for improved (board) diversity more effective we will identify from our investment universe the companies that are lagging behind on this topic. We will actively follow up on our letter sent with these companies and incorporate our concerns in our proxy voting advice in 2017.

Animal testing in health care equipment companies

Triodos Research applies strict requirements for high-risk companies on animal testing. We require explicit support to the 3-R approach (Reduce, Refine, Replace). In 2017, we aim to further define best practices on the 3-R approach and progress in the field of alternatives to animal testing. We will seek cooperation with experts in this field. Based on these best practices we want to further engage with the health care equipment companies that we have currently selected.

Living wage

In 2016, Triodos Research started engagement on living wages in the supply chain with Textiles and Apparel companies, VF Corp and TJX Companies. Wages in this sector remain low, in some countries they are even below the national subsistence minimum. Improving the living conditions of the workers in this industry is urgently needed. We joined a broader initiative aimed at improving the wages in the garment industry. The dialogue with VF Corp and TJX is part of this initiative. We will follow up on this topic in the years to come.

Climate change

Climate change will remain an important issue in our engagement. We will continue to call upon companies to work on energy efficiency and to shift towards the use of renewable energy. We do this as part of the ShareAction led 'RE100 investor group' (see case study climate change on page 21), in individual company contacts, as supporter of the CDP, and as participant in the DutchPlatform Carbon Accounting Financials (PCAF). This platform aims to jointly develop a method for the calculation of the carbon footprint per financial asset class, including listed equity.

Our funds

Triodos Investment Management offers four different socially responsible funds, all with their own risk-return characteristics. These funds are registered under the umbrella of the Triodos SICAV I Fund, regulated by the Luxembourg authority CSSF, and governed by the laws of the Grand Duchy of Luxembourg. The funds are available to private and institutional investors in several European countries.

All four funds are open-ended and have daily liquidity. Their investment objective is to generate long-term capital growth.



Triodos Sustainable Bond Fund

Triodos Sustainable Bond Fund invests in bonds issued by listed companies, governments and semi-public institutions. The (sub) sovereign bonds are issued by EU member states or their local or regional governments and supranational organisations. The fund also invests in impact bonds. On average, 40% of the portfolio is invested in sovereign bonds and 60% in non-sovereign bonds.

Assets under management	EUR 373 milion
No of companies in the portfolio	49
% of companies engaged with	69

Top 5 non-sovereign holdings	Top 5 sovereign holdings
Kreditanstalt fuer Wiederaufbau 2013-2018	French Government bond 2009-2020
European Investment Bank 2012-2022	German Government bond 2014-2019
Kreditanstalt fuer Wiederaufbau 2012-2022	German Government bond 2015-2025
European Investment Bank 2007-2017	French Government bond 2012-2027
Comp. de Financement Foncier 2012-2022	French Government bond 20100-2021

Breakdown by risk category



Breakdown by bond category

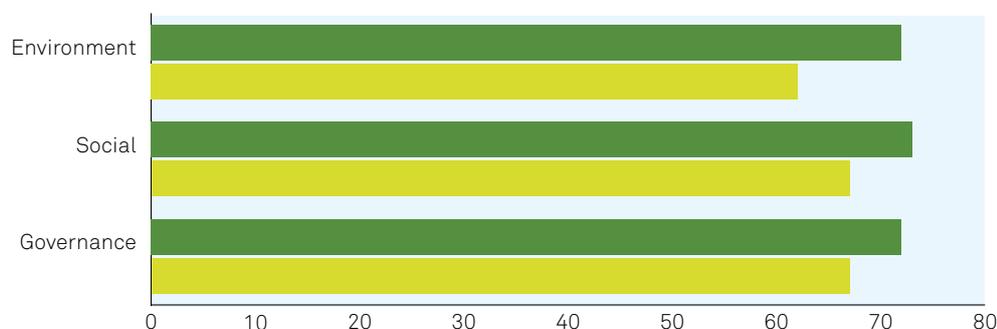


Breakdown by duration



AAA	40.5%	Sovereign bonds	36.6%	0-2 years	14,3%
AA	34.0%	Corporate bonds	33.9%	2-5 years	27,6%
A	4.5%	Sub-sovereign bonds	28.3%	5-10 years	37,5%
BBB	21.0%	Liquidity	1.2%	10-15 years	9,3%
				> 15 years	11,3%

ESG scores bond portfolio



	Environment	Social	Governance
Bond portfolio	72	73	72
Index	62	67	67

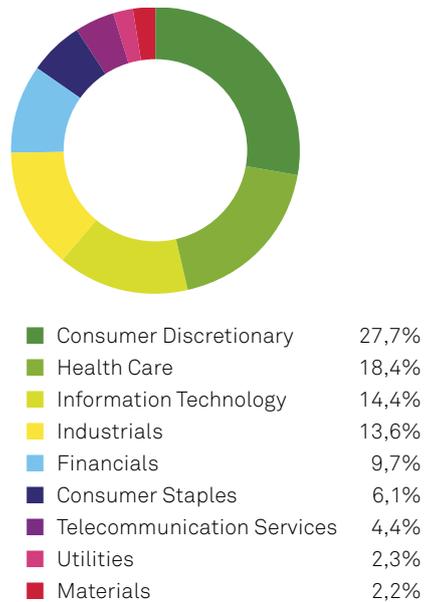
Triodos Sustainable Equity Fund

Triodos Sustainable Equity Fund invests predominantly in global equities issued by listed large-cap companies offering strong financial performance combined with high social and environmental standards. The fund's investment strategy identifies long-term innovative and sustainable trends and business models that will positively influence the valuation and cash flows of selected companies worldwide.

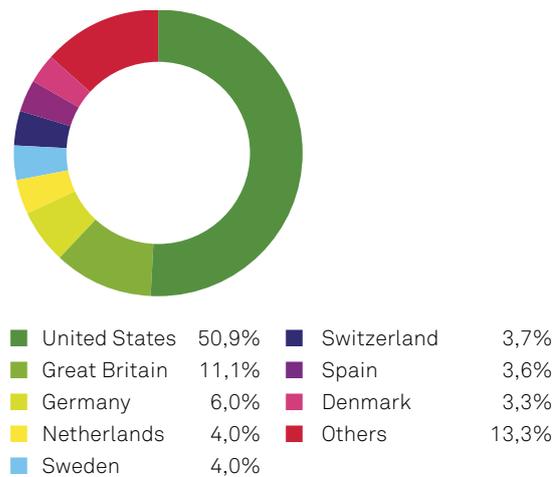
Assets under management	EUR 526 milion
No of companies in the portfolio	71
% of companies engaged with	100

- Top 5 holdings**
- Comcast
 - TimeWarner
 - Roche
 - Priceline.com
 - Walt Disney

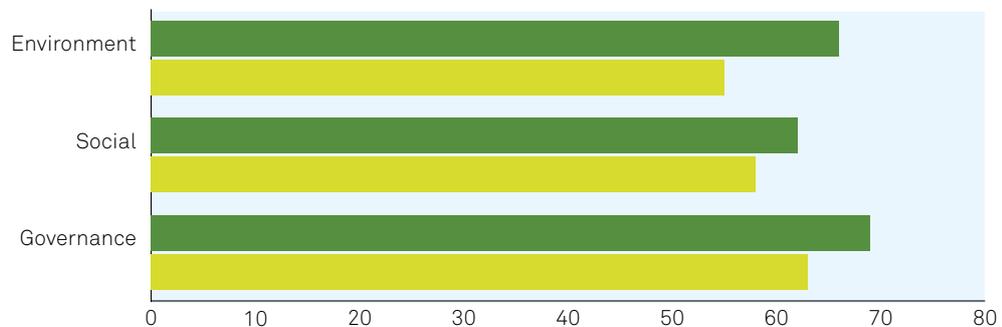
Breakdown by sector



Breakdown by country



ESG scores equity portfolio



	Environment	Social	Governance
Equity portfolio	66	62	69
Index	55	58	63

Triodos Sustainable Mixed Fund

Triodos Sustainable Mixed Fund invests in equities that offer a combination of attractive financial results (30% to 60%) and strong social and environmental performance, and an aggregated portfolio of bonds (40% to 70%).

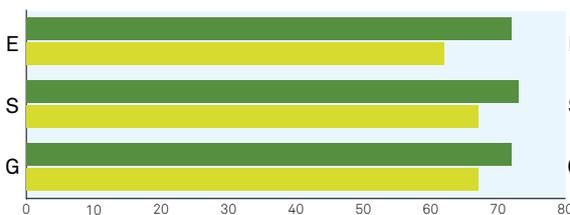
Assets under management	EUR 251 milion
No of companies in the portfolio	108
% of companies engaged with	86

Top 5 bond holdings	Top 5 equity holdings
French Government bond 2012-2022	Comcast
Priceline.com 2014-2024	TimeWarner
French Government bond 2010-2021	Roche
French Government bond 2010-2026	Priceline.com
German Government bond 2014-2019	Walt Disney

Breakdown by asset category

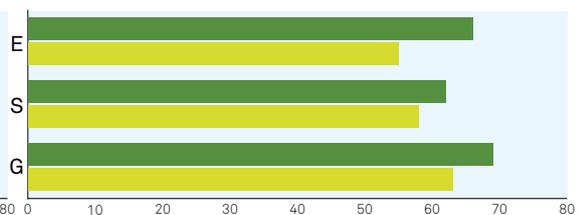


ESG scores bond portfolio



	Environment	Social	Governance
Bond portfolio	72	73	72
Index	62	67	67

ESG scores equity portfolio



	Environment	Social	Governance
Equity portfolio	66	62	69
Index	55	58	63

All data as at 31 December 2016

Triodos Sustainable Pioneer Fund

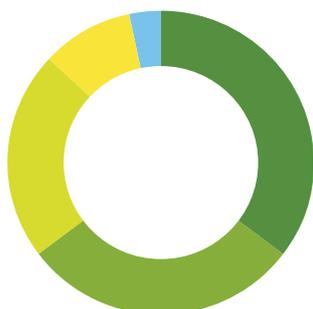
Triodos Sustainable Pioneer Fund invests in global equities issued by predominantly small- and medium-sized, listed companies that contribute to climate protection (i.e. renewable energy), healthy people (i.e. medical technology), and clean planet (i.e. electric transport). In addition, the fund invests in companies that are pioneers in terms of corporate social responsibility (CSR) within their sector.

Assets under management	EUR 175 milion
No of companies in the portfolio	48
% of companies engaged with	100

Top 5 holdings

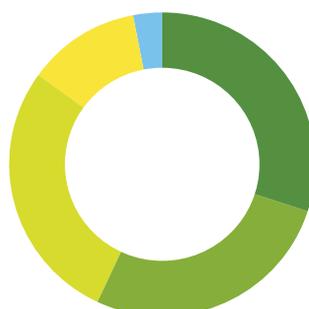
Edwards Lifesciences
 Tesla
 Vestas Wind
 Acquity Brands
 Xylem

Breakdown by theme



Healthy People	35.4%
Climate Protection	29.4%
Clean Planet	22.3%
CSR Pioneer	9.8%
Liquidities	3.1%

Breakdown by market cap



Large cap > 10bn	30%
Mid cap 5-10bn	27%
Mid cap 1-5bn	28%
Small cap 500m-1bn	12%
Small cap 300-500m	3%

All data as at 31 December 2016

Further information

Triodos Investment Management publishes this engagement report annually. You can find more up to date information about our engagement activities at www.triodos.com/sri. If you would like to provide feedback on this report or other engagement activities, please contact Triodos Research via: research@triodos.nl.

For more information about the Triodos Socially Responsible Investment Funds, and other sustainable investment opportunities, please contact our Investor Relations team via: triodosinvestmentmanagement@triodos.nl, or +31 (0)30 694 2400.

Or visit our website:

www.triodos.com/en/investment-management

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About Triodos Research & Triodos Investment Management

Triodos Research provides the research for the Triodos sustainable investment funds and for Triodos Bank Private Banking, and engages with (stock listed) companies during selection and during the period of share and bond ownership. Triodos Research is part of Triodos Investment Management. Triodos Investment Management connects a broad range of investors who want to make their money work for lasting, positive change with innovative entrepreneurs and sustainable businesses doing just that. In doing so, we serve as a catalyst in sectors that are key in the transition to a world that is fairer, more sustainable and humane.

With our highly professional investment teams, we have built up in-depth knowledge throughout our 25 years of impact investing in sectors such as Energy & Climate, Inclusive Finance, Sustainable Food & Agriculture, Arts & Culture, and Sustainable Real Estate. Triodos Investment Management also invests in listed companies with an above-average environmental, social and governance (ESG) performance. Assets under management as per 31 December 2016: EUR 3.3 billion.

Triodos Investment Management is a globally active impact investor and wholly-owned subsidiaries of Triodos Bank NV.

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