



European SRI Transparency Code

Triodos Sustainable Equity Fund
Triodos Sustainable Bond Fund
Triodos Sustainable Mixed Fund
Triodos Sustainable Pioneer Fund

October 2014

Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of Triodos Investment Management, a 100% subsidiary of Triodos Bank and responsible for managing the Triodos investment funds.

We have been involved in SRI since 1996 and welcome the European SRI Transparency Code.

This is our fifth statement of commitment and covers the period October 2014 to October 2015. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the SRI funds and on our website www.triodos.com.

Compliance with the Transparency Code

Triodos Investment Management is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. Triodos Investment Management meets the full recommendations of the European SRI Transparency Code for its Triodos Sustainable Equity Fund, Triodos Sustainable Bond Fund, Triodos Sustainable Mixed Fund and Triodos Sustainable Pioneer Fund.

October 2014

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1. Basic details

The Fund Management Company

1a. Fund management company managing the fund(s) to which this code applies.

Triodos Investment Management B.V.
Nieuweroordweg 1
PO Box 55
3700 AB Zeist
The Netherlands.

Our website is www.triodos.com/en/investment-management/

1b. General approach of Triodos Investment Management with regards to how it takes environmental, social and governance (ESG) criteria into consideration.

Triodos Investment Management, a wholly owned subsidiary of Triodos Bank, manages 17 sustainable investment funds. Most of our funds are categorised as Impact Investment funds – direct investments into companies or projects that deliver social or environment benefits. This investment philosophy is very closely aligned with Triodos Bank’s mission of using money to bring about positive change. The fund portfolio also includes four Socially Responsible Investment (SRI) Funds which invest in listed companies and bonds from global markets.

Our SRI funds invest only in companies that achieve a best-in-class combination of social, environmental and economic performance.

We select these companies on the basis of strict social, environmental and governance criteria, and a rigorous research and selection process that provides a firm foundation for every investment decision.

Sustainability research and engagement are provided by Triodos Investment Advisory & Services, a wholly-owned subsidiary of Triodos Bank, referred to as Triodos Research in this document.

Approach towards ESG

Triodos Investment Management’s approach towards ESG criteria is inspired by Triodos Bank’s corporate social responsibility approach. Like Triodos Bank, our mission is to make money work for positive and sustainable change. More specifically, our aim as an investor is to serve as a catalyst in the transition to an economy where planet and people come first.

What we stand for:

- Banking and investing to make a positive impact. We believe that everyone should have equal rights and the freedom to pursue their personal development and economic interests, while taking responsibility for the consequences of their actions on society and the planet. Triodos Bank exists to help individuals, organisations and businesses achieve this sometimes difficult balance.

- People, planet and profit. Our approach is based on the fundamental belief that economic activity can and should have a positive impact on society, the environment and culture. We value people, planet and profit - and take all three into account in everything we do. We call this sustainable banking. And it explains why we only lend to and invest in organisations that contribute to a more sustainable society.

When investing on the stock market, Triodos Investment Management aims to ensure that:

- Investments are made in companies that contribute to a sustainable society or clearly lead the sustainability agenda in a particular sector. Also, Triodos Investment Management will ensure that its SRI products and services do not invest in companies that they consider to be associated with unsustainable services, products or processes.
- A constructive dialogue is conducted with companies to stimulate improved sustainability performance. Where appropriate, substantial and relevant social, environmental and governance performance issues will be discussed. The dialogue has a threefold purpose: to raise awareness, to influence company management and prompt companies to act to further sustainable business practices.
- In line with Triodos Bank's general philosophy, Triodos Investment Management offers optimum transparency about its investment approach and the implementation of this approach. This enables clients to take a well-informed decision about whether or not to invest in the products offered by Triodos Investment Management.

For more information about our investment strategy, see

<http://www.triodos.com/downloads/investment-management/research/investment-strategy.pdf>

Principles for Responsible Investment

Triodos Investment Management has signed the Principles for Responsible Investment. Our 2013 – 2014 RI report can be found at

http://d2m27378y09r06.cloudfront.net/viewer/?file=wp-content/uploads/Merged_Public_Transparency_Report_Triodos-Investment-Management-B.V..pdf

Other international and/or national initiatives supporting SRI practices

Triodos Investment Management is a signatory or a member of the following international and/or national initiatives supporting SRI practices:

UNPRI (www.unpri.org)

Eurosif (<http://www.eurosif.org/>)

National sustainable investment fora: VBDO (Netherlands), UKSIF (UK), SpainSIF (Spain) and FNG (Germany)

CDP (www.cdproject.net)

Eumedion (www.eumedion.nl)

ESG engagement policy

Triodos Investment Management has established an ESG engagement policy:

With the money entrusted to Triodos SRI funds comes the responsibility - and the power - to influence the way the companies in which we may invest do business. So, as a key element of our SRI strategy, we pursue a policy of active engagement and dialogue, with the aim of raising awareness of sustainability, stimulating action and creating lasting change.

Triodos Research engages with companies on behalf of Triodos Investment Management by means of

- contacts during analysis
- providing feedback on the results of our assessments
- monitoring our sustainable investment universe
- wider engagement about sustainability topics
- using our voting rights
- shareholder collaboration.

Our engagement report can be found on <http://www.triodos.com/en/investment-management/socially-responsible-investment/active-engagement/>

Voting policy

Triodos Investment Management has established a voting policy:

We take our responsibility as a shareholder seriously, strongly believing that by exercising our voting rights, we can exert a positive influence on a company's long term strategy. So we vote by proxy at shareholder meetings of all companies that we invest in. We also attend shareholder meetings to question the company's Board on its sustainability performance. We apply our own strict proxy voting guidelines.

The full policy is laid down in our proxy voting guidelines that can be found on http://www.triodos.com/downloads/investment-management/research/proxy_voting_guidelines.pdf

Promotion and the development of SRI

Triodos Investment Management contributes to the promotion and the development of SRI through collaboration with other shareholders towards:

- Governments, by providing input for guidelines and regulation, e.g. Investor Statement Against SEC Conflict Minerals Disclosure, Corporate Sustainability Reporting Coalition

and the Green paper on the long-term financing of the European economy published by the European Commission.

- Stock Exchanges, e.g. Sustainable Stock Exchanges Initiative
- Investors, e.g. Arms Trade Treaty, seeking commitment from investors to sign the Investor Statement on Conflict Minerals and UNPRI (providing feedback on guidelines, participation in Clearinghouse).

1c. List of SRI products and the specific resources allocated to them

Triodos Investment Management manages 17 sustainable investment funds, including four Socially Responsible Investment (SRI) Funds. The SRI Funds are SICAV I funds with domicile in Luxembourg. As of 30 June 2014, the assets under management of the four SRI funds combined came to EUR 845.6 million. The four SRI funds of Triodos Investment Management are:

1. Triodos Sustainable Equity Fund - This fund primarily invests in shares of large cap companies, listed on the worldwide markets. (Inception date 13-07-2007; ISIN codes LU0278272413 (class R-dis), LU0278271951 (class R-cap), LU0309381191 (class I-cap), LU0785617340 (class Z-cap), LU0785617423 (class Z-dis), LU0785617266 (class KR-dis), LU0785617183 (class KR-cap)).
2. Triodos Sustainable Bond Fund - This fund primarily invests in Euro denominated bonds issued by large cap companies and governments, listed on the worldwide markets. (Inception date 13 July 2007; ISIN codes LU0278272769 (class R-dis), LU0278272504 (class R-cap), LU0309381605 (class I-cap), LU0309381860 (class I-dis), LU0785617936 (class Z-dis), LU0785617852 (class Z-cap))
3. Triodos Sustainable Mixed Fund - This fund primarily invests in shares of large cap companies, listed on the worldwide markets, and Euro denominated bonds issued by large cap companies and governments, listed on the worldwide markets. (Inception date 07-10-2010; ISIN code LU0504302356 (class R-cap), LU0504302604 (class R-dis), LU0504302943 (class I-cap), LU0504303081 (class I-dis), LU0785618231 (class Z-cap), LU0785618405 (class Z-dis))
4. Triodos Sustainable Pioneer Fund - This fund primarily invests in shares of small and midcap companies listed on the worldwide markets. (Inception date 09-03-2007; ISIN code LU 0278272843 (class R-cap), LU 0278272926 (class R-dis), LU 0309382678 (class I-cap), LU0309383726 (class I-dis), LU0785618660 (class KR-dis), LU0785618587 (class KR-cap), LU0785618744 (class Z-cap), LU0785618827 (class Z-dis))

For a link to the funds' web pages see section 4b.

Triodos Investment Management SRI resources

Year inception first SRI fund: June 1997, Triodos Meerwaarde Mixfonds (now Triodos Sustainable Mixed Fund)

Year establishment internal SRI team: 1997

SRI organisation: SRI is a business line of Triodos Investment Management, which is a fully owned subsidiary of Triodos Bank.

As of July 2014, sustainability research and engagement is provided by Triodos Investment Advisory & Services (in this document referred to as Triodos Research), which is also a fully owned subsidiary of Triodos Bank. The five sustainability analysts of Triodos Research are responsible for keeping Triodos Investment Management up to date with the latest thinking on sustainability issues.

Triodos Research uses multiple sources for retaining its expertise, including regular contact with leading international experts that represent various interest and stakeholder groups. This contributes to a broader perspective on what are often very complex issues.

Triodos Research proposes changes to the SRI universe bimonthly, which is decided on by an SRI investment committee. This committee consists of representatives of Triodos Investment Management: the Managing Director, Head of SRI, Head of Triodos Research and the Manager Corporate Communications.

External resources are:

Sustainalytics, ESG data provider

PIRC, voting advice and services provider (www.pirc.co.uk)

Delta Lloyd Asset Management, financial analysis and fund management

For more details about resources see <http://www.triodos.com/en/investment-management/socially-responsible-investment/investment-approach/>

1d. Resources used by Triodos Investment Management to inform investors about the ESG criteria taken into account

Triodos Investment Management aims for optimum transparency about its investment approach and the implementation of that approach and thus enables its clients to take well-informed decisions about investing in the products offered. For instance, we publish the list of companies and countries selected for investment for the SRI funds, the current investment portfolio's, the dialogues with companies and changes in the investment criteria.

We provide investors with detailed and up-to-date information on our website, through the semi-annual and annual report and our monthly fund fact sheets. In addition, Triodos Research publishes a quarterly e-zine to which investors can subscribe. All information is available through:

<http://www.triodos.com/en/investment-management/socially-responsible-investment/>

Details about the ESG criteria can be found in the investment strategy and the minimum standards documents that are available through

<http://www.triodos.com/downloads/investment-management/research/investment-strategy.pdf> and <http://www.triodos.com/downloads/investment-management/research/minimum-standards.pdf>

The SRI Funds

1e. The funds to which this Code applies and their main characteristics

1. Triodos Sustainable Equity Fund (KIID 6). This fund primarily invests in shares of large cap companies, listed on the worldwide markets
2. Triodos Sustainable Bond Fund (KIID 3). This fund primarily invests in Euro denominated bonds of large cap companies and sovereigns, listed on the worldwide markets.
3. Triodos Sustainable Mixed Fund (KIID 4). This fund primarily invests in shares of large cap companies, listed on the worldwide markets, and Euro denominated bonds of large cap companies and sovereigns, listed on the worldwide markets.
4. Triodos Sustainable Pioneer Fund (KIID 6). This fund primarily invests in shares of small and midcap companies listed on the worldwide markets.

See also 1c.

SRI strategy used, according to Eurosif classification

- Sustainability Themed Investment (Pioneer fund: Climate Protection, Healthy People, Clean Planet, Corporate Social Responsibility)
- Best-In-Class investment Selection (Equity, Bond and Mixed funds)
- Exclusion of Holdings from Investment Universe (all funds)
- Engagement and Voting on Sustainability Matters (all funds)

1f. What the funds are trying to achieve through taking into account ESG criteria

Socially Responsible Investment is for Triodos Investment Management a strategic approach to use money for positive change. We believe that in the long term, the most successful businesses will be those that achieve the right balance between their social, environmental and economic performance. So when it comes to investing in the stock market, we think that investing in these companies makes sense from a financial perspective as well as a sustainability perspective.

2. Approach to ESG evaluation of companies

2a. Fundamental principles underlying ESG research methodology

To ensure companies meet our social and environmental requirements, they are screened against a wide range of criteria, in a three stage process:

Step 1: Sustainable activities (= Sustainability Themed Investment). We've identified certain types of products and services that contribute to the health and wellbeing of people and the planet (see for more information 2c). Any company that derives over 50% of its revenues from sustainable activities of this kind qualifies for Triodos investment, provided they also pass step 3.

Step 2: Best-in-class. Companies that don't meet the step 1 criterion above can still qualify for investment if their all-round sustainability performance puts them among the best in their sector. We assess this using over 70 generic and sector-specific criteria, relating to environmental, social and governance issues. And companies whose score puts them in the top 50% within their sector qualify for Triodos investment, provided they also pass step 3.

Step 3: Minimum standards (= Exclusion of Holdings from Investment Universe). Our minimum standards are the bottom line: the standards we apply to ensure that we do not fund any business engaged in any activities that are harmful to individuals, society or the environment.

Companies that qualify through steps 1 or 2 must also meet these requirements before we'll consider investing in them.

This screening methodology is applied to equity investments as well as to corporate bonds. Active engagement and dialogue are a key element of our SRI strategy, with the aim of raising awareness of sustainability, stimulating action and creating lasting change. (=Engagement and Voting on Sustainability Matters).



For sovereign bonds, we apply a different three stage selection process

Step 1: Countries must belong to the 50 best functioning democracies within the group of 100 largest economies.

Step 2: Countries must be free of boycotts supported by the United Nations.

Step 3: Countries must underwrite the most important, broadly supported conventions of the United Nations.

List of minimum standards used

Alcohol

Animal testing

Coal

Conflict minerals

Controversial projects

Corruption

Environmental damage

Factory farming

Fur industry

Gambling

Genetic engineering

Hazardous substances

Nuclear power

Pornography

Tobacco

Unconventional gas

Unconventional oil

Violation of corporate governance principles

Violation of labour and human rights

Violation of laws, codes of conduct or conventions

Weapons

Triodos Bank has a deliberate, positive approach to how we use the money our customers invest with us. As such, we only finance or invest in organisations that help to build a sustainable future for individuals, the community and the environment. But as well as this positive focus we also apply negative criteria, helping to provide clarity about who we will not finance. These negative criteria are particularly relevant for our SRI products. As a starting

point for defining criteria used for the screening of companies, Triodos Bank has identified seven themes that it considers most relevant for society. These themes include the responsible use of our cultural heritage, animal welfare, ecosystems, human rights, natural resources, social structures and human health. As a starting point for defining criteria used for the screening of countries, Triodos Bank is inspired by the Charter of the United Nations.

2b. Internal and external resources used to carry out research

Basic sustainability information about companies is purchased from ESG data provider Sustainalytics (see 4b). These data are analysed by Triodos Research that also conducts additional research and draws conclusions.

Triodos Research uses multiple sources in its research, including regular contact with leading international experts that represent various interest and stakeholder groups. This contributes to a broader perspective on what are often very complex issues.

2c. ESG analysis criteria used

Sustainable activities

Companies that derive over 50% of their revenues from sustainable products or services qualify for inclusion in the Triodos Investment Universe. Triodos Research first identifies companies that actively contribute to a clean planet, climate protection or healthy people through specific sustainable products or services. Because these companies make a significant contribution to sustainable development, they are not subjected to the 'best-in-class' assessment described as step 2 of the selection process.

Companies are selected on the basis of their sustainable activities if they make a positive contribution in at least one of the following areas:

- Clean planet. Triodos Investment Management wants to encourage companies to make a positive contribution to a clean planet and the development of sustainable solutions for environmental pollution. This is an urgent issue because our natural environment is under increasing pressure. Companies that are active in this field are usually involved in new environmental technology developments aimed at combating pollution, and cleaning up the earth. Companies that specialize in recording environmental pollution and energy consumption are also classified under this theme.
- Climate protection. Climate change poses a serious threat to the longterm health of the environment and therefore to the world's population and requires global action by governments, companies and citizens. Triodos Investment Management aims to encourage companies that make a positive contribution to combating climate change. Companies focusing on this theme are active in the field of sustainable energy production by using natural resources, such as the sun, wind, waves and geothermal energy. Companies involved in storing energy and enhancing energy efficiency are also classified under this theme.
- Healthy people. Triodos Investment Management aims to encourage companies that make a positive contribution to realising a healthy lifestyle for everyone. Companies focusing on this theme offer solutions for health care issues, such as medical technology,

drugs aimed at curing diseases in developing countries, clean drinking water and innovative health care. Other relevant activities include medicines based on natural ingredients and organic food production.

- CSR Pioneers. A company that does not supply typically sustainable products or services may still be eligible for sustainable investment if this company is considered a real sector leader in terms of corporate social responsibility. The relevant requirements go further than the criteria used for the identification of best-in-class companies as described below.

In addition to these sustainable activities, in specific situations or as part of new developments, other sustainable activities may also be considered. This could include activities that are focused on products or services that have particular importance from an environmental and/or social perspective.

Identification of best-in-class companies

Companies that do not supply typically sustainable products or services can be eligible for investment if they are considered to be the best-in-class within their sector in terms of sustainability performance. Best-in-class selection is only applied to mid and large cap companies. To determine if a company belongs to the best-in-class segment of their sector, its sustainability policies and performance are scored, based on at least seventy generic and sector-specific sustainability criteria. These criteria are grouped into three themes that cover Environmental, Social and Governance (ESG) issues.

- Environmental. This theme encompasses an analysis of the business process design and the nature of the products supplied. Through inefficient management or by supplying obsolete or wasteful products, enterprises needlessly exhaust natural resources and create pollution. To justify their long-term existence, enterprises must make every effort to minimize their negative impact on their natural environment.
- Social. The manner in which businesses fulfill their role in society is examined within this theme. This includes relations with the community, employees, contractors, customers and competitors. Enterprises fulfill a role within the local communities in which they operate as well as in society in the broadest sense. Good employee relations are an important condition for the long-term success of an enterprise. Therefore employment terms, working conditions and labour relations are analysed. Given the trend of outsourcing parts of the production process, the extent to which companies make use of their influence to protect the interests of employees in the supply chain is assessed. Whether companies make unreasonable demands on their suppliers is also taken in to account. Finally the relationship of companies with customers and competitors is also analysed. The analysis includes customer satisfaction, the quality and safety of products supplied by the enterprise and whether the company respects free competition and uses responsible marketing practices.
- Governance. Ethical business management is an important condition for a sustainable relationship between an enterprise and its stakeholders. The Governance theme includes an analysis of the corporate structure, a company's business ethics, and the integrity of its business practices. Tax transparency, director independence and remuneration (pay structure) are included in the theme, as well as the quality of the company's administration as a prerequisite for business continuity.

Having analysed these three themes, the total sustainability score of a company is compared with that of other companies within the same sector. The top 50% of best performing companies in a particular sector qualify for inclusion in the Triodos Investment Universe.

Identification of best-in-class governments

The effectiveness of a country's democratic process and the level of safety provided to the citizens are examined based on:

1. Voice and accountability: the right to participate in the political process, freedom of expression and free media.
2. Political stability and Absence of violence: intensity and severity of conflicts in relation to use of violent methods, frequency and severity of violent behaviour and implications for population.
3. Government effectiveness: quality of public and civil services and the degree of independence from political pressures, the quality of policy formulation and implementation and the credibility of the government's commitment to such policies.
4. Regulatory quality: the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.
5. Rule of law: the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.
6. Control of corruption: the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Minimum standards (see 2a for list)

Following the selection of companies with sustainable activities (step 1) and the identification of best-in-class companies (step 2), companies are assessed against Triodos Bank's minimum standards. None of the companies selected for inclusion in the Triodos investment universe may be involved in activities that materially prevent the long-term development of a sustainable society. The minimum requirements include product related minimum requirements (like weapons and nuclear power), process related minimum requirements (like corruption and environmental damage) and precautionary principle requirements. Enterprises that operate in sectors with an increased sustainability risk are excluded from financing unless they proactively try to prevent controversies. Examples are businesses involved in mining or oil and gas extraction, but also the manufacture of food or household products. The precautionary principle follows the development of best practices of enterprises and focuses on policies, programmes, targets and performance data.

Triodos Investment Management applies three types of minimum standards:

Product related

Enterprises are excluded from financing if they make, sell or provide one of the products or services defined as unsustainable. As a threshold for exclusion 5% of turnover from a product is used, while for the revenues from retail of tobacco 10% is used. In addition, we immediately exclude companies from financing if they realise any sales through involvement in any of the following five activities: the production of the world's most dangerous,

internationally acknowledged hazardous substances, nuclear energy, unconventional oil, unconventional gas and weapons. For the last four products a strict threshold is also applied for indirect involvement. Other product related minimum standards are Alcohol, Animal testing, Factory farming, Fur, Gambling, Genetic engineering, and Pornography.

Process related

Enterprises are excluded from financing if they are frequently and significantly involved in controversial activities and do not take steps to change such behaviour. Besides involvement in controversial activities as defined, any active contribution to the realisation of highly controversial projects also constitutes grounds for exclusion unless there are sufficient guarantees that the company uses its influence to limit any negative impact of the project as much as possible. These projects usually consist of the construction of large dams, oil and gas pipelines and mine construction projects. These projects often entail additional process related exclusionary criteria, such as violation of human rights, environmental damage and corruption. Other process related minimum standards are violation of corporate governance principles, of basic labour rights and of international codes and conventions.

Precautionary principle

Enterprises that operate in sectors with an increased sustainability risk are excluded from financing unless they proactively try to prevent controversies. Examples are businesses involved in mining or oil and gas extraction, but also the manufacture of food or household products. The precautionary principle follows the development of best practices of enterprises and focuses on policies, programmes, targets and performance data. The best practices illustrate the engagement of the businesses with the issue and allow for a continuous update of the minimum standards. The precautionary principle also applies to the following products and activities: alcohol, animal testing, factory farming, genetic engineering, pornography, controversial projects, corruption, environmental damage, violation of labour and human rights.

Sometimes products, services or business processes do not fall under one of the criteria described above, but do constitute a significant obstacle for sustainable development. In such cases an enterprise may also be excluded. If an explicit minimum requirement is available for such products, services or processes it is included the list of minimum standards.

Triodos Research may respond to new trends in specific sectors by proposing to tighten the investment criteria and will revisit the performance of listed companies in the light of these changes.

2d. ESG analysis and evaluation methodology

For our ESG analysis and evaluation methodology, see 2a and 2c. More details are available at <http://www.triodos.com/downloads/investment-management/research/investment-strategy.pdf> and <http://www.triodos.com/downloads/investment-management/research/minimum-standards.pdf>.

2e. Review frequency of ESG evaluation

Triodos Research reviews the methodology on a continuous basis. Every new analysis is an opportunity to improve the research process. Improvement areas are discussed by the sustainability analysts and with internal co-workers. Changes are proposed to the Triodos Investment Management SRI Investment committee that decides on minor adaptations. Major adaptations of the minimum standards have to be approved by the Triodos Bank Executive Board.

In 2014, we updated a number of our minimum standards:

Fresh water scarcity

Access to fresh water is expected to become an important sustainability issue. Companies from water-intensive industries have a responsibility to ensure that they continue to have access to fresh water for their own business purposes, but they also have a responsibility towards the access to fresh water for the local communities in which they operate. We demand that these companies actively show awareness through policy and programmes. This requirement is added under Environmental Damage.

Basic labour rights

We used to apply a precautionary principle for safeguarding basic labour rights of employees and suppliers' employees to all companies that operate in a high-risk industry and in high-risk countries. Experience has showed us that violations of basic labour rights occur in all countries. Moreover, it is often not clear from which countries companies source. From now on we apply the precautionary principle to all companies that operate in high-risk industries, irrespective in which countries they operate or from which countries they source. This change strengthens our approach on this topic.

Threshold global market share

For some of our product-related minimum standards we used to have a formal threshold for exclusion when a company has more than 5% of the world market share of this product. It was used in Factory farming, Fur, Gambling, Pesticides and Tobacco. In practice, this threshold has never been exceeded by companies that are assessed for sustainable investing. This threshold has been dropped.

3. Fund management process

3a. How ESG criteria are taken into account when defining the universe of eligible investments

The universe of eligible investments is composed of all companies that successfully pass our three stage selection process as described under 2a and 2c. Companies are researched in a three year cycle and companies that are selected for sustainable investment are reviewed continuously. When a company breaches a minimum standard the company is removed from the investment universe. The same rules are applied in the selection process of countries.

3b. How ESG criteria are taken into account in the portfolio construction

The SRI investment universe is established on a bi-monthly basis within Triodos Investment Management by the investment committee. This universe is subsequently communicated to Delta Lloyd Asset Management (DLAM) that is responsible for building the portfolio.

Intermediary changes in the universe are also communicated to DLAM.

Between 1 January and 31 August 2014, the following companies were removed from the investment universe on account of ESG criteria:

- Aegion (US): does not meet standards anymore on human rights (lack of policies)
- Telefonica (ES): intermediately removed due to structural involvement in anti-trust cases
- Sysmex (US): does not meet standards anymore on genetic engineering
- Google (US): does not meet standards anymore on arms
- Vivendi (FR): does not belong anymore to 50% best-in-class.

When a company is removed from the universe, DLAM has six months to divest.

This investment universe and bi-monthly changes to the investment universe are communicated on the website:

<http://www.triodos.com/en/investment-management/socially-responsible-investment/sustainable-investment-universe/recent-results/>

3c. ESG engagement policy

We contribute to positive change by actively engaging with companies we invest in. During the screening process, we send companies questionnaires and further specific questions about their strategies and plans. After investment, we use our voting rights, sometimes in the form of a coalition with other engaged investors, to further influence company behaviour.

All companies researched are potentially subject to contact during the research process and when contacted they receive information about the outcome of the research analysis. Also we make use of our voting rights at Annual General Shareholder meetings. Other topics are prioritised in terms of relevancy, potential impact and/or company demand.

In general, engagement on behalf of the fund is undertaken by Triodos Research. Sometimes the Fund Manager is involved in engagement.

All our engagement activities can be found in our annual engagement report on <http://www.triodos.com/en/investment-management/socially-responsible-investment/active-engagement>.

Triodos Investment Management does not consider it feasible or desirable to engage with governments as an investor, despite the goal to influence sustainable behaviour. Governments should be supervised and influenced only by its citizens through democratic processes.

3d. Voting policy integrating ESG criteria

The Triodos Proxy Voting Guidelines outline the broader voting philosophy for the Triodos Sustainable investment funds. The Guidelines are underpinned first and foremost by the broader mission of Triodos Bank, namely to contribute to a more people-oriented society – one which respects people, the environment and culture. Social, ethical as well as financial considerations are at the heart of Triodos' business practices. Similarly, the Guidelines are developed in the belief that longterm business success will depend on the successful integration of social, cultural, environmental and financial considerations on business decisions.

For the full policy see http://www.triodos.com/downloads/investment-management/research/proxy_voting_guidelines.pdf.

3e. Securities lending activities

The Triodos Sustainable Investment funds do not engage in securities lending activities.

3f. Derivative instruments

The Triodos Sustainable Investment funds do not use derivative instruments.

3g. Unlisted entities pursuing strong social goals

The Triodos Sustainable Investment funds only invest in listed equities and bonds.

4. Controls and ESG reporting

4a. Control procedures

Triodos Investment Management has the following control procedures in place to ensure the compliance of the portfolio with the ESG rules:

Triodos Research has its own internal quality management system and handbook that are applied to the sustainability analysis process on a daily basis. On a bi-monthly basis Triodos Research checks the actual portfolio's against the universe. Compliance breaches are reported to the asset manager immediately upon notification. In practice the asset manager brings the portfolio in line with the universe immediately upon notification. In 2014 no such incident occurred.

Adjustments to the Triodos investment universe are established on a bi-monthly basis by the investment committee. For composition of the committee, see 1c.

Public media and documents used to inform investors about the SRI approach

Triodos CSR policy: <http://www.triodos.com/en/about-triodos-bank/who-we-are/mission-principles/what-we-stand-for/>

Triodos investment strategy: <http://www.triodos.com/downloads/investment-management/research/investment-strategy.pdf>

Triodos SRI webpages: <http://www.triodos.com/en/investment-management/socially-responsible-investment/>

Triodos SRI portfolio's: <http://www.triodos.com/en/investment-management/socially-responsible-investment/portfolio-triodos-sustainable-funds/>

Triodos Sustainable Bond fund: <http://www.triodos.com/en/investment-management/our-funds/institutional-investor/sustainable-bond-fund/about-the-fund/>

Triodos Sustainable Equity fund: <http://www.triodos.com/en/investment-management/our-funds/institutional-investor/sustainable-equity-fund/about-the-fund/>

Triodos Sustainable Mix fund: <http://www.triodos.com/en/investment-management/our-funds/institutional-investor/sustainable-mixed-fund/about-the-fund/>

Triodos Sustainable Pioneer fund: <http://www.triodos.com/en/investment-management/our-funds/institutional-investor/sustainable-pioneer-fund/about-the-fund/>

Triodos proxy voting guidelines: http://www.triodos.com/downloads/investment-management/research/proxy_voting_guidelines.pdf

Triodos minimum standards: <http://www.triodos.com/downloads/investment-management/research/minimum-standards.pdf>

SRI Networks and partners: <http://www.triodos.com/en/investment-management/who-we-are/networks-and-partners/sri>

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About EUROSIF

The European Sustainable Investment Forum (Eurosif) is the leading European membership association whose mission is to develop sustainability through European financial markets.

Eurosif works as a non-for-profit partnership of the national Europe-based national Sustainable Investment Forums (SIFs) with the support and involvement of Member Affiliates.

Eurosif Member Affiliates include a range of organisations covering the value chain of the sustainable investment industry, from institutional investors, asset managers to financial services providers, ESG analysis firms, academic institutes and NGOs. Eurosif speaks authoritatively and broadly on SRI (sustainable and responsible investment) issues. The main activities of Eurosif are public policy, research and creating platforms for nurturing sustainable investing best practices. For more details, please see www.eurosif.org.

National sustainable investment forums in Europe to date include:

- Belsif*, Belgium
- Dansif, Denmark
- Finsif, Finland
- Forum Nachhaltige Geldanlagen* (FNG) e.V., Austria, Germany and Switzerland
- Forum per la Finanza Sostenibile*(FFS), Italy
- Forum pour l'Investissement Responsable* (FIR), France
- Norsif, Norway
- Spainsif*, Spain
- Swesif*, Sweden
- UK Sustainable Investment and Finance Association* (UKSIF), UK
- Vereniging van Beleggers voor Duurzame Ontwikkeling* (VBDO), the Netherlands

*Member of Eurosif

For further information on Eurosif or more details on the European SRI Transparency Code, please look at our website, www.eurosif.org and contact Eurosif at +32 (0)2 274 14 35 or by email at contact@eurosif.org.