

## Company Engagement Report 2013 Triodos Sustainability Research

Triodos Sustainability Research provides the research for the Triodos sustainable investment funds (Triodos SICAV I) and Triodos Bank Private Banking, engaging with stock-listed companies during selection and during the period of share ownership. Triodos Sustainability Research is part of Triodos Investment Management, a full subsidiary of Triodos Bank.

### Introduction

Dialogue with companies is an important part of the Triodos investment strategy and one of the ways we encourage sustainable business performance in stock listed companies. We raise issues regarding social, environmental and corporate governance performance in order to increase awareness, motivate change and ensure long-term shareholder value. Companies usually welcome engagement with Triodos and it often stimulates positive change.

This report covers our engagement in 2013. Key engagement with companies occurs during the selection and monitoring of companies, through responsible share ownership activities, and during the maintenance and development of our minimum standards. In 2013, we engaged 554 (445 in 2012) times with, in total 250 (219 in 2012) companies.

### Top engagement themes of 2013

The top engagement themes in 2013 were human rights, arms, animal testing, climate change and nuclear power. The thematic focus in engagement during a year is guided by company assessments and by the industries that the assessed companies operate in. For example, in the pharmaceutical industry animal testing is an important issue, while conflict minerals are relevant for wireless equipment manufacturers. Each selected company is reassessed once every three years.

#### Human rights

During 2013, we engaged 34 times with 33 different companies about human rights. These activities included a letter to thirteen companies inviting them to take part in a workgroup on responsible sourcing of Tin. This letter, initiated by Triodos Investment Management and co-signed by other Dutch institutional investors, resulted from a meeting with Philips earlier in 2013 in which the social and environmental concerns related to the sourcing of Tin from Indonesia were discussed. One-third of global tin production takes place in this country.

Recently, contacts between companies, industry associations, Friends of the Earth, the Sustainable Trade Initiative IDH (Netherlands) and investors, led to the establishment of the IDH Indonesian Tin Working Group. This working group brings together relevant stakeholders to evaluate whether the downstream supply chain can positively influence the circumstances of tin production in Indonesia, while taking into account the views and actions of local stakeholders. We continue to encourage companies to become a member of this working group in order to achieve maximum improvement in social and environmental conditions of tin sourcing in Indonesia.

Of the 33 companies contacted about human rights issues, 27 are selected and 4 are not selected for sustainable investment. For 2 companies the assessment was not yet completed at year-end 2013.

#### Arms

During 2013, we engaged 33 times with 30 different companies, on arms. The use of arms contradicts Triodos Bank's mission and we do not finance companies that make, sell or transfer arms. While we acknowledge the right of democratic governments to defend their citizens and to safeguard internal security, as a point of principle we do not want to be involved in the arms industry. Our strict requirements regarding involvement with weapons manufacturers also extend to financial relationships with such companies.

Of the 30 companies contacted, 18 are selected (among which one company is placed under review) and 7 are not selected for sustainable investment. For 5 companies the assessment was pending at year-end 2013.

#### Animal testing

During 2013, we engaged 31 times with 30 different companies about animal testing. All contacts took place during the analysis stage prior to the decision for selection. The Triodos minimum requirements on animal testing focus on the activities of the company. All companies that have any involvement in animal testing are required to have a policy that refers to the '3Rs' (Replace, Reduce and Refine). From pharmaceutical companies, we demand more than a policy: they must perform ethical reviews for all animal tests conducted, report on the number of animals used, have a policy to use the lowest number of animals possible and ensure that these standards are applied to all company entities. Because these requirements are so detailed we usually have to contact the companies in the assessment

process. Of the 30 companies contacted, 17 are selected and 12 are not selected. For 1 company the assessment was pending at year-end 2013.

### Climate change

Even without breaking any laws or regulations, companies may cause damage to the environment. Triodos believes that companies have a responsibility to actively reduce their greenhouse gas emissions and stimulate a transition to low carbon technologies. Companies that continue to emit large amounts of greenhouse gas emissions are exposed to higher regulatory requirements and increasing costs to compensate these emissions and are therefore not considered a sustainable investment opportunity. On the topic of climate change, we engaged 29 times with 27 different companies. 17 companies are eligible for investment (of which one is placed under review), 8 companies are not eligible for investment and with 2 companies dialogue was pending at year-end 2013.

### Nuclear power

Nuclear power remains on the political and popular agenda. Despite its relatively low carbon emissions it remains an inherently dangerous technology, for which in addition no adequate solution exists to safely dispose its waste. Given these safety and environmental concerns, Triodos Bank does not invest in companies that are involved in the nuclear industry. As with arms, our strict requirements also extend to financial relationships with such companies. In 2013, we engaged 28 times with 26 companies on the topic of nuclear power. Most engagement took place with financial companies. 14 companies are selected for sustainable investment (of which one is placed under review). 6 companies are not selected for sustainable investment and for 6 companies the assessment was pending at year-end 2013.

### Top 10 engagement themes 2013 and 2012

Theme	2013	2012	Rank in 2012
Human rights	34	5	13
Arms	33	21	3
Animal testing	31	11	7
Climate change	29	16	4
Nuclear power	28	15	5
Genetic engineering	22	5	13
Conflict minerals	21	36	1
Basic labour rights	19	22	2
Contamination	13	4	18
Hazardous substances	11	0	–

## Engagement during selection phase

During the assessment of a company in the selection phase, we often question policies, programmes and performance. By engaging with companies throughout the assessment process, we give them an opportunity to share their perspective on particular issues, and to provide additional information that is not in the public domain.

In 2013, we engaged with 103 (88 in 2012) companies during the selection phase. When Triodos considers a company for investment, it assesses 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 of company activities and policies, and/or an in depth meeting about the company's strategy, providing information about Triodos requirements and suggestions for solutions to meet our requirements. As with all engagement activities, Triodos uses the selection phase to push the sustainability agenda within companies. 83 companies (79% of total – 74% in 2012) responded to our questions.

For a full overview of engagement activities during the selection phase see annex 1.

### Highlights

In response to our enquiries, Canadian organic food products company Sunopta recently amended its food safety policy to include a statement regarding the strict use of animal testing and added the issue of deforestation to its environmental principles.

Because of our questions on potential involvement in controversial arms, Dutch insurance company Achmea decided to sell its holding in a producer of anti-personnel mines.

Elekta from Sweden, in response to our questions, is considering writing a policy on animal testing.

American solar power company Sunedison is considering adding general human rights principles to its Code of Conduct, based on our comments on the absence of such principles.

In the past, Triodos Sustainability Research has challenged Belgian food retail company Colruyt to increase its transparency on sustainability policies and practices. In 2013, Triodos Sustainability Research noted that, partly in response to its challenges, the company made significant progress in improving its transparency. The company has published multiple reports and policies over the past few years.

## Monitoring our sustainable investment universe

Triodos Sustainability Research actively monitors companies that have been selected for the Triodos Sustainable Investment Universe. When Triodos notes a potential violation of the minimum standards it starts an investigation into the controversy and often enters into dialogue with the company.

During 2013, Triodos engaged with 24 companies that were already selected in the Triodos Sustainable Investment Universe. In four cases this resulted in exclusion from the Triodos Sustainable Investment Universe. These companies are Italian Banca Monte dei Paschi di Siena, due to lack of adequate corporate governance practices, American Cree for insufficient progress on conflict mineral management and American Ecolab and Belgian Solvay because of their dedicated and tailor-made services for unconventional oil and gas activities. The minimum standard regarding this latter issue was added in 2012. Dutch Rabobank and Spanish Telefónica were both under review at year-end 2013: Rabobank for involvement in the libor fraud and Telefónica for frequent and serious involvement in anti-trust issues.

For a full overview of monitoring activities see annex 2.

### Highlights

#### Royal Ahold

Already for some years, Triodos has engaged with Royal Ahold on several topics. Ahold is a major food retailer, with substantial activities in the Netherlands and the US. The issues discussed with Ahold included Human Rights and Basic Labour Rights, Animal Welfare, Animal testing, Remuneration and Genetic Engineering. The main message in our engagement efforts is to encourage Ahold to improve its policies and standards in the US, as the company standards in this country fall behind the European practices of Ahold. For example, in the Netherlands, Ahold's product range contains more healthy, organic and/or fair trade products and more products with better animal welfare standards than in the US. Another topic is Basic Labour Rights. In the US, Labour Unions are organized differently and Ahold faced some controversies on union rights in the US. Triodos engaged with Ahold on improving its relationship with unions in the US.

Triodos also challenged Ahold to phase out the retail of factory-farmed chicken and to improve animal welfare standards further. Ahold is making good progress on this. The company has indicated that it will stop selling factory-farmed chicken by 2017 and is in the meantime

partnering with the industry and other supermarkets to improve the animal welfare conditions for regular chickens. Ahold has also introduced a corporate policy on animal welfare that includes housing, transport, slaughter and the use of antibiotics and hormones. Triodos again asked the company to develop a concrete action plan that includes steps taken, targets and deadlines to provide the opportunity to monitor progress. Another important engagement topic that is still ongoing is the use of genetically modified plants in food, particularly in the US, and improving animal welfare standards. We discussed the current position of Ahold on the use of genetically modified plants in more detail. As a result, the company is reviewing its position. We are awaiting feedback from the company.

#### Philips Electronics

Triodos initiated a meeting with Philips, together with other investors, to discuss concerns about anti-trust issues, corruption and responsible sourcing of tin. The formulated recommendations were noted by the company and Philips took action with other electronics companies to investigate the problems with tin sourcing in Indonesia. Together with other investors Triodos Investment Management closely monitors these developments.

#### Clothing

A major issue in 2013 was worker safety in Bangladesh. In response to several disasters in Bangladesh clothing factories, two initiatives focused on improving the situation saw the light of day: the – mostly – European Accord and the North-American Alliance. Triodos Investment Management engaged with both GAP and Nike about the choices they made. GAP is a founding member of the Alliance and, although criticised for not joining the Accord, were convincing that they have been fully focused on their responsibility in Bangladesh since a 2010 accident at one of their suppliers. This was long before the Accord and the Alliance were established. Nike has not joined either initiative, but in a conversation with a group of investors explained that the larger part of their supply chain is in other countries and that is where their main efforts for improvement of working conditions are aimed at. This does not mean that Nike does nothing to improve conditions in Bangladesh: according to the company, their supplier standards cover more issues than either initiative and Nike considers signing them to be taking a step down.

#### Holcim

Early 2013, concerns were raised by NGO Multiwatch about labour rights at cement manufacturer Holcim. In a letter to the company, reference was made to a Manifesto that was handed to the company at the Annual General Shareholder meeting in April 2012. The Manifesto called

upon the company to comply with the core labour standards of the International Labor Organization. One year after the Manifesto, Multiwatch concluded that labour concerns in different countries were still ongoing at Holcim. One of the concerns raised was a tragic accident in India whereby serious mistakes were made by the company and five employees were killed. Triodos Investment Management contacted the company to address the concerns raised. The company replied extensively to our questions, showing awareness of the concerns and informing us in detail about steps taken to address them. These steps include the introduction of a contractor safety and contract workers directive. The company also launched a sustainable procurement initiative and a human rights management system. The management system is based on a global risk mapping and pilot assessments that were conducted between 2010 and 2012. On health and safety Holcim has strengthened its vision of zero harm to people by launching a 'Design Safety and Construction Quality Program' and a program on road safety. A full three-year reassessment of the company will be conducted by Triodos Investment Management in 2014 and we will then carefully assess whether notable progress has been made by the company to address these concerns.

## Performance and reporting feedback

The results of our assessment 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. Some companies seek further dialogue based on our assessments.

In 2013, Triodos informed 138 (85 in 2012) companies of their assessment results. On 26 occasions the company responded to our feedback letter.

### Highlights

Dutch insurance company Delta Lloyd is currently reviewing its investment status in three companies that, according to Triodos Sustainability Research, should be added to its controversial arm list.

As a result of our feedback letter to Dutch Nederlandse Waterschapsbank, Triodos Investment Management was invited to discuss our feedback and areas for improvement in more detail. The company responded positively and wanted to learn from the feedback provided.

The same applies to French Naturex. Also this company contacted Triodos Investment Management to discuss our feedback and expectations in more detail.

In 2012 we asked Volkswagen to address the potential use of conflict minerals in its products. This is a topic that is hardly addressed by automobile companies. In 2013 the company published a statement on conflict minerals. This is an important first step in addressing this issue. We will continue to engage with Volkswagen on this topic.

## Responsible share ownership

By voting at and attending Annual General Meetings of shareholders (AGMs), we are able to challenge the companies we invest in to constantly improve their sustainability performance.

### Proxy voting

As a responsible shareholder, Triodos votes at all AGMs for companies in which we hold shares via the Triodos Sustainable Equity Fund, the Triodos Sustainable Mixed Fund, and the Triodos Sustainable Pioneer Fund.

#### Proxy voting behaviour 2013

Number of meetings at which we voted	114
Number of agenda items we voted on	1,426
Number of agenda items we voted for management	929
Number of agenda items we voted against management	316
Number of agenda items we abstained on	181

Proxy ballots are usually proposals from company management on issues of corporate governance, such as strategy, auditing, board composition and executive compensation. Shareholders can also make proposals at AGMs. Triodos uses proxy voting to influence company behaviour, aiming to improve their environmental, social and governance performance. Triodos voted at 114 (119 in 2012) shareholder meetings in 2013. All investee companies are informed through a feedback letter about voting decisions in order to stimulate awareness of our vision and sustainable investment criteria, and to help the companies improve their sustainability performance. Ten companies responded to our 2013 feedback letter.

In 2013, Triodos voted in line with company management on 65% of the agenda items, but withheld its vote for 13% and opposed 22% of the agenda items. Most of the resolutions that we did not support were related to remuneration and director

independence. Resolutions on remuneration topics were found at 98 meetings. Since the introduction of the US Dodd Frank act in the United States, more companies ask shareholders for an advisory vote on executive remuneration policies. We see this as a positive trend. Triodos continued to oppose most of the executive compensation policies and incentive plans based on excessiveness, lack of disclosure, and insufficiently challenging performance indicators.

#### **Tax transparency**

In 2013 for the third time, we sent a letter to each investee company before their Annual General Shareholders meetings, explaining our main voting principles and especially raising awareness for tax transparency. Companies generally do not violate any legislation, but the methods that they use to optimize their tax-requirements have met with criticism. Triodos Bank's view is that companies have a responsibility to pay their fair share of taxes and that multinational companies should pay taxes in the countries where their economic activities occur. To gain a better understanding of this issue, Triodos sent a questionnaire on tax transparency to 125 investee companies. The response to the questionnaire was encouraging but also told us that tax transparency is still not high on the agenda for the majority of companies. Excluding companies for using tax planning or optimization will not do justice to the complexity of the issue. Instead, we will continue our engagement efforts by encouraging companies to increase transparency on tax policy, effective tax rates and risks related to tax. Once the overall international opinion on generally acceptable and responsible tax planning has becoming more clearly defined, Triodos will consider introducing minimum standards for selection.

In 2013, Triodos voted on 38 shareholder resolutions at 22 meetings. These are agenda items that are brought forward by shareholders. Company management often recommends to vote against such resolutions. Triodos voted in favour of 33 of the shareholder resolutions. Most resolutions were related to political donations such as a call for more transparency on political donations and a call to prohibit political donations. Such resolutions were found at the meetings of American companies EMC, Waste Management, Dentsply, Wellpoint, Nike, Starbucks and Aetna. Another topic put forward was Chairman independence. Such resolutions were found at the meetings of American companies Walt Disney, Whole Foods Market and Aetna.

Triodos Investment Management abstained on five resolutions because insufficient explanation was provided by the proponent to make a well-informed decision.

#### **Highlights**

##### **American Whole Foods Market**

At the Annual General Meeting of American Whole Foods Market, shareholders requested that the company issues a report assessing the feasibility of adopting a policy of Extended Producer Responsibility for post-consumer product packaging. Such policy could help increase rates of packaging recycling, and reduce carbon emissions and air and water pollution that result from the company's business activities. The company argued that compliance with this proposal would result in unnecessary costs and expenses. Triodos Investment Management is of the opinion that the proposed feasibility study will provide the company with a better understanding of the advantages and disadvantages of such a policy as well as reveal environmental risks associated with climate change.

##### **eBay**

At the Annual General Meeting of American eBay, Triodos Investment Management supported two shareholder resolutions. The first resolution asked for greater transparency and accountability in the use of staff time and corporate funds for the Company's procedures and expenditures related to lobbying. The proponent argued that not all lobbying activity by the company had been disclosed. Triodos Investment Management is of the opinion that all material shareholder funds should be accounted for and may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition. We therefore supported this resolution. In the second resolution, shareholders proposed that the Board of Directors publishes a report explaining how the Board is overseeing privacy and data security risks. There are concerns regarding the Board's response in opposition of this proposal in view of its statements that it is committed to promoting free speech and consumer privacy. Triodos Investment Management voted in favour of the proposal.

##### **Annual General Meetings**

As an active shareholder, Triodos attends annual general meetings (AGMs) to raise questions and encourage continuous improvement in sustainability performance. Whilst the companies we invest in are already top corporate responsibility performers, we aim to challenge companies to further improve their sustainability performance, in a way that benefits not only shareholders, but all stakeholders.

Triodos SICAV I attended the shareholder meeting of publishing company Reed Elsevier. Also on behalf of other investors we asked the company to provide more information on ratio's and results for its bank covenants and to bring the remuneration report to an annual vote

at the Dutch annual meeting, as it does for its shareholders in the UK (Reed Elsevier is listed in both countries). Furthermore, we expressed our concern about the high level of non-audit fees, which may affect the auditor's independence, about the disproportional remuneration of the executive directors and about the absence of a link between sustainability targets and remuneration.

At the meetings of Ahold, DSM, ING and Philips (all four based in the Netherlands) questions were raised by other institutional investors but also on our behalf. These questions concerned remuneration policies (all companies), the high level of non-audit fees (DSM), the lack of opportunity for shareholders to vote about the appointment of the auditor (DSM and Ahold), embedding corporate sustainability practices in newly acquired companies (DSM), labour rights (Ahold), the progress of the restructuring programme and government support (ING) and anti-trust concerns (Philips).

## Partnerships

Both within and in addition to our Advisory Panel, Triodos Sustainability Research often engages with experts and companies in order to improve and develop our minimum standards. In 2013 we engaged with several non-governmental organisations and experts, including Quality Scheme for Food to learn about the animal welfare requirements of its certification scheme and VNCI to discuss sustainable sourcing of commodities/minerals, the use of renewable energy and the combination of responsible care and sustainability reporting.

Triodos Sustainability Research provided input to VBDO on the 'Action Plan: European company law and corporate governance - a modern legal framework for more engaged shareholders and sustainable companies'. We also gave input for frequently asked questions that are suggested by DUFAS / Eumedion for publication on the website of the Dutch Authority Financial Markets regarding the prohibition of investments in cluster ammunition.

We had in-depth discussions with companies in order to ensure that our minimum standards reflect industry best practice. For example, we discussed with financial companies their exposure to and guidelines for the financing of new coal plants.

Triodos also has a number of partnerships that help us to remain on the cutting edge of socially responsible investment and contribute to thought leadership on a range of sustainability issues. In 2013, our partners included corporate governance representative Eumedion, the European Sustainable Investment Forum

(Eurosif and national SIFs), and the United Nations Principles for Responsible Investment (UNPRI).

## Collaborative activities

In addition to its individual dialogue with companies, Triodos Sustainability Research also regularly joins in collaborative initiatives organized by members of the United Principles for Responsible Investment.

In 2013 Triodos Investment Management co-signed a number of collaborative initiatives. These are:

- The Access to Nutrition Index (ATNI): by supporting the Access to Nutrition Index initiative, Triodos Investment Management calls on food and beverages companies to provide information about their policies, practices and performance regarding nutrition; to review their policies, practices and product portfolios against best practices; and to proactively collaborate with all stakeholders in order to find solutions for nutrition challenges.
- The Investor Statement on Bangladesh: in an immediate reaction to the Rana Plaza tragedy in Bangladesh, Triodos Investment Management joined an initiative calling on companies to join the multi-stakeholder Accord on Fire and Building Safety. The Accord aims to implement plans with measurable goals to address all aspects of fire and building safety in garment factories in Bangladesh, but also to improve other working conditions in Bangladesh and to increase the transparency of participating companies about their supply chain. As a result of this collaborative investor initiative adidas signed the Accord.
- Investor working group on sustainable palm oil: this initiative focuses on improving the sustainability of the palm oil value chain.
- Human trafficking: The American Interfaith Center on Corporate Responsibility has published a guidance document entitled 'Statement of Principles and Recommended Practices for Confronting Human Trafficking and Modern Slavery.' Triodos Investment Management has endorsed this statement and we will utilize it in our work.
- Amazon.com and guns: American Domini Social Investments has started collaborative engagement with Amazon.com trying to convince the company to stop selling accessories for semi-automatic weapons. As Triodos Investment Management is currently researching Amazon.com for sustainable investing and we have adopted a zero tolerance for involvement in weapons-related sales, we co-signed the letter that was sent to the company. We are carefully monitoring the response from the company and only if the answer provided is satisfactory we will consider selecting the company for sustainable investment.

Other collaborative initiatives include Carbon Disclosure Project, CDP Water Disclosure, Forest Footprint Disclosure and Carbon action. These initiatives aim to increase awareness and transparency of company exposure to risks associated with carbon emissions, water use and deforestation. Carbon Action aims to accelerate cost effective company action on energy efficiency and carbon reduction activities.

## Further information

Triodos Investment Management produces an engagement report yearly. You can find more up to date information about our engagement activities at [www.triodos.com/sri](http://www.triodos.com/sri). If you would like to provide feedback on this report or other engagement activities, please contact Triodos Sustainability Research.

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## Annex 1: Companies engaged with during selection phase

Company	Eligible for investment	Engagement topic
ABB Group Ltd	Not Selected	Arms, Nuclear power
ABN AMRO Bank NV	Not Selected	Arms, Climate change, Nuclear power
Achmea BV	Selected	Arms, Climate change, Nuclear power
Adobe Systems Inc	Selected	Conflict minerals
Aegion Corp	Selected	Human rights
Agence Française de Développement	Selected	Arms, Black list projects, Climate change, Nuclear power
AGL Energy Ltd	Not Selected	Climate change
Ahold (Koninklijke Ahold, Royal Ahold) NV	Selected	Animal testing, Factory farming, Genetic engineering, Human rights, Basic labour rights
AkzoNobel NV	Selected	Unconventional oil & gas
Amazon.com Inc	Pending	Tax evasion, Conflict minerals, Basic labour rights
Auchan Groupe SA	Not Selected	Biodiversity, Factory farming, Genetic engineering, Basic labour rights
Bank of Montreal	Not Selected	Arms, Environmental damage
Bendigo and Adelaide Bank Ltd	Selected	Arms, Environmental damage, Nuclear power
Bristol-Myers Squibb Company	Not Selected	Animal testing, Genetic engineering, Hazardous substances
Bureau Veritas	Not Selected	Nuclear power
Canadian Solar Inc	Selected	Conflict minerals, Human rights
Carrefour SA	Selected	Animal testing, Factory farming, Genetic engineering, Financial misconduct
China Singyes Solar Technologies Holdings Ltd	Not Selected	Conflict minerals, Human rights
Chipotle Mexican Grill Inc	Selected	Biodiversity, Factory farming, Genetic engineering, Basic labour rights
Cognizant Technology Solutions	Selected	Conflict Minerals
Colruyt	Selected	Animal testing, Biodiversity, Factory farming, Basic labour rights, Anti-trust
Council of Europe Development Bank (CEB)	Selected	Arms, Climate change, Nuclear power
Covidien Plc	Not Selected	Animal testing
Crédit Foncier	Selected	Arms, Environmental damage, Nuclear power
Croda International plc	Selected	Animal testing, Climate change, Genetic engineering, Hazardous substances
Delta Lloyd NV	Selected	Arms
Denso Corp	Selected	Anti-trust
Deutsche Post AG	Selected	Human rights
DirectTV Group Inc, The	Selected	Pornography
DS Smith Plc	Selected	Deforestation
DSM NV (Koninklijke DSM, Royal DSM)	Selected	Animal testing, Climate change, Genetic engineering, Hazardous substances
EBRD (European Bank for Reconstruction and Development)	Selected	Arms, Black list projects, Climate change, Nuclear power
Ecolab Inc	Not Selected	Animal testing, Climate change, Genetic engineering, Hazardous substances
Elekta	Selected	Animal testing
Eli Lilly & Company	Not Selected	Animal testing, Genetic engineering

Company	Eligible for investment	Engagement topic
EnerNOC Inc	Selected	Conflict minerals
Equinix Inc	Not Selected	Human rights
Equity Residential	Pending	Products and services
Essilor SA	Not Selected	Animal testing
European Investment Bank (EIB)	Selected	Arms, Black list projects, Climate change, Nuclear power
FMO (Nederlandse Financierings- Maatschappij voor Ontwikkelingslanden NV)	Selected	Arms, Black list projects, Climate change, Nuclear power
Genomic Health Inc	Not Selected	Animal testing, Genetic engineering
Getinge	Selected	Animal testing
Hain Celestial	Selected	Animal testing, Biodiversity, Environmental damage, Basic labour rights
Halma Plc	Pending	Arms, Climate change, Nuclear power
HeartWare International Inc	Not Selected	Animal testing
Hospira Inc	Not Selected	Animal testing, Genetic engineering
Huhtamäki Oyj	Selected	Deforestation, Environmental damage, Basic labour rights
Hydrogenics Corp	Selected	Conflict minerals, Human rights
IADB (Inter-American Development Bank)	Selected	Arms, Climate change, Nuclear power
IBA (Ion Beam Applications SA)	Selected	Animal testing
Intertek Group Plc	Not Selected	Nuclear power
Intuit Inc	Selected	Conflict minerals, Human rights
Itron Inc	Selected	Conflict minerals, Human rights, Basic labour rights
Johnson Matthey Public Ltd Plc	Selected	Animal testing, Genetic engineering, Hazardous substances
Kingspan Group Plc	Selected	Deforestation, Basic labour rights
Kredietanstalt für Wiederaufbau (KfW)	Selected	Arms, Climate change, Nuclear power
Kubota Corporation	Pending	Arms, Hazardous substances, Cooperation with repressive regimes, Nuclear power, Health and safety regulation, Products and services
l'Occitane International SA	Selected	Basic labour rights, Genetic engineering
Landesbank Baden-Wuerttemberg	Not Selected	Arms, Climate change, Nuclear power, Violation of legislation
LKQ Corp	Selected	Basic labour rights
Marrone Bio Innovations Inc	Pending	Animal testing
Merck KGaA	Not Selected	Animal testing, Genetic engineering, Hazardous substances
Metro AG	Selected	Animal testing, Factory farming, Genetic engineering, Basic labour rights
Michelin	Not Selected	Biodiversity, Human rights, Basic labour rights
Mueller Water Products Inc	Pending	Arms, Environmental damage, Human rights, Nuclear power
National Australia Bank Ltd	Pending	Arms, Black list projects, Climate change, Nuclear power, Violation of legislation
National Grid Plc	Not Selected	Climate change, Nuclear power
Nationwide Building Society	Selected	Arms
Natura Cosméticos SA	Selected	Genetic engineering
NIKE Inc	Selected	Basic labour rights
Nordic Investment Bank (NIB)	Selected	Arms, Climate change, Nuclear power

Company	Eligible for investment	Engagement topic
Norsk Hydro ASA	Not Selected	Absence of precautionary principle
Novo Nordisk	Selected	Animal testing, Genetic engineering
NxStage Medical Inc	Selected	Animal testing
Old Mutual	Not Selected	Arms, Human rights
Owens Corning	Pending	Arms
PerkinElmer Inc	Selected	Animal testing, Arms, Genetic engineering
Pirelli & C. Spa	Selected	Biodiversity, Basic labour rights
Plant Health Care Plc	Selected	Animal testing, Environmental damage, Genetic engineering, Hazardous substances
Praxair Inc	Not Selected	Animal testing, Arms, Climate change, Genetic engineering, Hazardous substances, Violation of legislation
Rabobank	Under Review	Remuneration, Climate change, Nuclear power, Financial misconduct
Rautaruukki Oyj	Selected	Climate change, Nuclear power
Rentokil Initial Plc	Selected	Animal testing, Hazardous substances
Roche Holding Ltd	Selected	Animal testing, Genetic engineering, Human rights
Sanofi	Not Selected	Animal testing, Genetic engineering, Hazardous substances
SCA (Svenska Cellulosa AB)	Selected	Animal testing
Schiphol (N.V. Luchthaven Schiphol)	Selected	Climate change
Schneider Electric SA	Not Selected	Nuclear power
Shire Plc	Not Selected	Animal testing, Genetic engineering
Silver Spring Networks	Selected	Conflict minerals
Statkraft AS	Pending	Black list projects, Nuclear power
SunEdison Inc	Selected	Conflict minerals, Human rights
Teradata Corp	Not Selected	Arms, Climate change, Conflict minerals
Tox Free Solutions	Selected	Climate change
Universal Display Corporation	Selected	Arms, Conflict minerals, Human rights
Vestas Wind Systems A/S	Selected	Conflict minerals
Wasion Group Holdings Ltd	Selected	Arms, Conflict minerals, Human rights, Nuclear power, Violation of legislation
WaterFurnace Renewable Energy Inc	Selected	Conflict minerals, Human rights
WhiteWave Foods	Pending	Animal testing, Environmental damage
Yahoo! Inc	Not Selected	Gambling, Human rights, Pornography
Yingli Green Energy Hld Co, Ltd	Selected	Conflict minerals, Human rights
Ziggo BV	Not Selected	Climate change, Basic needs, Conflict minerals, Pornography

## Annex 2: Companies engaged with during monitoring

Company	Topic	Eligible for investment	Engagement outcome
Ahold	Remuneration, Factory farming, Human rights, Basic labour rights	Yes	See the paragraph Monitoring our Sustainable Investment Universe.
Akzo Nobel	Environmental damage	Yes	Questions raised on possible involvement in unconventional gas. Response received indicated that the company has some activities in this field, but does not provide tailor-made products or services.
BMW	Political donations	Yes	Triodos raised questions about political donations made by major shareholders of BMW in a telephone call with the company.
Cree	Conflict mineral	No	The company was contacted to check progress on conflict mineral management. As no progress was noticed, the company is excluded for sustainable investment.
Croda International	Environmental damage	Yes	Triodos recently introduced a zero percent tolerance for involvement in unconventional oil and gas activities. Croda is high risk for delivering tailor made services for fracking activities. The response received from the company indicated that such services are not provided.
Ecolab	Environmental damage	No	The company recently took over two companies that were suspected to be involved in tailor-made services for fracking activities. In reaction to our questions, the company confirmed that these services are indeed provided. In light of our zero percent tolerance for involvement in unconventional oil and gas, the company is excluded for investment.
Ford Motor Company	Human rights	Yes	Triodos contacted the company to ask about its operations in Myanmar. The company explained the nature and conditions of its activities and remains selected for investment.
Gamesa Corporación Tecnológica	Arms, Nuclear power	Yes	One of the company's subsidiaries builds propulsion motors for military submarines and motors for nuclear power plants. As both activities may conflict our investment criteria, we contacted the company for further information. The weapons related contract was a one-off contract that ends in 2014. No new involvement is foreseen. The involvement with nuclear power is not considered tailor-made. The company remains selected for investment.
GAP	Basic labour rights, Hazardous substances	Yes	For Basic labour rights see the paragraph Monitoring our Sustainable Investment Universe above. On Hazardous substances, the company informed us that it thoroughly monitors the quantity of substances in its products to make sure that the impact on customers' health and safety is negligible. The company also takes credible steps to further reduce the impact of used substances on the environment.
Holcim	Basic labour rights	Yes	See the paragraph Monitoring our Sustainable Investment Universe..

Company	Topic	Eligible for investment	Engagement outcome
ING Group	Arms	Yes	Triodos has carefully monitored the progress made by the company to fully meet our arms criterion for indirect involvement. Due to the expiration date of the temporary approval of compliance with the arms criterion, the company was contacted again this year. Helped by the divestment of ING US, the company now fully meets our requirement and remains selected for investment.
Johnson Matthey	Climate change	Yes	Questions were asked on possible involvement in unconventional oil and gas activities through the delivery of tailor-made chemicals for fracking. Based on the company response, it was concluded that no such chemicals are provided.
Medtronic	Products and services	Yes	The company was contacted due to ongoing concerns about its Infuse product and about stimulation of off-label use of products. Regarding Infuse the company commissioned independent research by Yale which showed that the product is not inferior and provided more clarity for physicians about where best to use the product for. Regarding off-label promotion, the company informed us that sales people are trained on this aspect and no incentives are provided for selling the product.
MPS	Corporate governance	No	The company was contacted to address our concerns about flaws in its internal control mechanisms and its wilful intent to mask these failures. Despite the extensive reply by the company we concluded that the problems are structural and require a culture change in the company. Such a change will take time. For the time being the company is excluded for sustainable investment.
Nike	Basic labour rights	Yes	See the paragraph Monitoring our Sustainable Investment Universe.
Philips Electronics	Remuneration, Corruption, Contamination, Conflict minerals, Anti-trust	Yes	See the paragraph Monitoring our Sustainable Investment Universe.
Rabobank	Arms, Corporate governance	Under review	The company was contacted to ask questions about its involvement in the Libor fraud. The company has taken multiple measures to improve its performance. In order to give the company some time to show that these measures are taking effect, the company is for the time being put under review.
Sims Metal Management	Accounting	Yes	The company faced fraud concerns at its UK operations. Based on the answers provided we concluded that the company has taken sufficient measures to prevent similar cases from happening in the future.
Solvay	Climate change, Environmental damage	No	The company recently acquired US company Chemlogics. This company provides dedicated products and services to unconventional oil and gas activities. The company confirmed that this is the case and is excluded for investment.
Sonova Holding	Products and services	Yes	Discussed the high provisions made for product defaults.

Company	Topic	Eligible for investment	Engagement outcome
Telefónica	Anti-trust	Under review	The company has been involved in anti-trust controversies, including a series of fines in the last decade. The company informed us that they are working on a Competition Compliance Program. However, the scope, implementation trajectory and details of the program are not disclosed. Additional questions raised by us after a surprise raid at the offices of the company by the European Commission have not yet been answered. Due to the seriousness and frequency of concerns the company is put under review. If no answers are received the company will be excluded for investment.
Telenor	Human rights	Yes	The company was contacted about a potential new contract for mobile phone services in Myanmar. The company showed awareness for potential human rights issues and is addressing these with the help from NGO's. Further details of the contract will be provided once final. Triodos continues to monitor progress on this issue.
Tomra Systems	Tobacco	Yes	Triodos Investment Management supported dialogue with the company initiated by Australian Ethical about involvement in Tobacco. The company took over a company that holds around 50% of the world market of tobacco ordering machines. This means that Tomra now has 3% of revenues from Tobacco, which is below our threshold.
Zimmer Holding	Products and services	Yes	The company was contacted to raise concerns about the quality of its knee implant products. The company answered satisfactory and remains selected for sustainable investment.