



## European SRI Transparency Code

### Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of ERSTE-SPARINVEST. We have been involved in SRI since 2001 and welcome the European SRI Transparency Code.

This is our fourth statement of commitment and covers the period September 2010 to September 2011. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our web site.

### Compliance with the Transparency Code

ERSTE-SPARINVEST KAG 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.

ERSTE-SPARINVEST KAG meets the full recommendations of the European SRI Transparency Guidelines with the exception of questions 6a and 6b – compliance with the questions is expected to be achieved in the near future.

Date: 01.09.2010

### Code Categories

<b>Section 1. Basic Details</b>	
<b>1</b>	<b>Signatories should be clear about who they are and provide precise background information on the fund management company and the fund(s)</b>
	<b>The fund management company</b>
1a	<p>Provide the name of the fund management company managing the fund(s) to which this code apply.</p> <p>ERSTE-SPARINVEST KAPITALANLAGEGESELLSCHAFT was founded in 1965 and is backed by the financial strength of Erste Group Bank AG and the Austrian Sparkassen Group. The Company has around 150 employees who serve customers and sales partners in Austria and other markets throughout Europe. (see also <a href="http://int.sparinvest.com/sparinvest/faces/content/unternehmen/INT/unternehmensprofil">http://int.sparinvest.com/sparinvest/faces/content/unternehmen/INT/unternehmensprofil</a>)</p> <p>ERSTE-SPARINVEST KAG  Habsburgergasse 1a  1010 Vienna, Austria  Tel : +43 (0) 50100 - 19881  Fax: +43 (0) 50100 - 19987  Email: <a href="mailto:erste@sparinvest.com">erste@sparinvest.com</a>  Web: <a href="http://www.sparinvest.com">www.sparinvest.com</a>  HQ: Vienna  Registered: Handelsgericht Wien  (Vienna Commercial Court)  FB-NR.: 81876g  DVR: 0468703  VAT no.: ATU15361506</p>

1b	<p>Describe, in a general way, the SRI philosophy of the fund management company and the way it is implemented concretely.</p> <p>Being a long-term oriented investor for retail and institutional clients, ERSTE-SPARINVEST KAG has developed an investment team which is purely focused on SRI/ESG-related investments. Sustainable investments have been of increasing importance for the Company over recent years.</p> <p><a href="http://int.sparinvest.com/sparinvest/faces/content/unternehmen/INT/nachhaltigkeit.jsp">http://int.sparinvest.com/sparinvest/faces/content/unternehmen/INT/nachhaltigkeit.jsp</a></p>
	<p><b>The SRI fund(s)</b></p>
1c	<p>Provide the name of the fund(s) to which this code apply, and its (their) main characteristics.</p> <p>The guidelines apply to the funds of the 'ESPA VINIS' product range, these being</p> <ul style="list-style-type: none"> <li>- 'ESPA VINIS BOND' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74201.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74201.0</a> ,</li> <li>- 'ESPA VINIS CASH' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=95501.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=95501.0</a> ,</li> <li>- 'ESPA VINIS STOCK AUSTRIA' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0</a> ,</li> <li>- 'ESPA VINIS STOCK EUROPE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=51801.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=51801.0</a> ,</li> <li>- 'ESPA VINIS STOCK EUROPE EMERGING' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=106201.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=106201.0</a></li> <li>- 'ESPA VINIS STOCK GLOBAL' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=54101.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=54101.0</a></li> <li>- 'ESPA VINIS MICROFINANCE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=114401.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=114401.0</a></li> </ul> <p>In addition to that they apply to the</p> <ul style="list-style-type: none"> <li>- 'ESPA WWF STOCK CLIMATE CHANGE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=98701">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=98701</a></li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>- 'ESPA WWF STOCK UMWELT'. <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=22701.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=22701.0</a></li> </ul> <p>The portfolio holdings of each individual fund are available via the links above (semi annual &amp; annual reports).</p> <p>Changes to the Investment Universe are published in the ESPA VINIS Bulletin on a monthly basis (<a href="http://www.vinis.at/">http://www.vinis.at/</a> → News).</p> <p>The responsible fund managers are</p> <ul style="list-style-type: none"> <li>- Martin Cech ('ESPA VINIS BOND', 'ESPA VINIS CASH', ESPA VINIS MICROFINANCE'),</li> <li>- Wolfgang Pinner ('ESPA VINIS STOCK AUSTRIA', 'ESPA VINIS STOCK GLOBAL' and 'ESPA WWF STOCK UMWELT'),</li> <li>- Robert Heidinger ('ESPA VINIS STOCK EUROPE') and</li> <li>- Thomas Motsch ('ESPA VINIS STOCK EUROPE EMERGING' and 'ESPA WWF STOCK CLIMATE CHANGE').</li> </ul> <p>Fund assets per 31.08.2010 were</p>

	<ul style="list-style-type: none"> <li>- EUR 136.2m ('ESPA VINIS BOND'),</li> <li>- EUR 43.9m ('ESPA VINIS CASH'),</li> <li>- EUR 28.1m ('ESPA VINIS STOCK AUSTRIA'),</li> <li>- EUR 20.1m ('ESPA VINIS STOCK EUROPE'),</li> <li>- EUR 7.8m ('ESPA VINIS STOCK EUROPE EMERGING')</li> <li>- EUR 193.3m ('ESPA VINIS STOCK GLOBAL')</li> <li>- EUR 23.7m ('ESPA VINIS MICROFINANCE')</li> <li>- EUR 47.0m ('ESPA WWF STOCK CLIMATE CHANGE')</li> <li>- EUR 45.3m ('ESPA WWF STOCK UMWELT')</li> <li>-</li> </ul> <p>Details on historical data regarding fund sizes are available on the website of ERSTE-SPARINVEST (<a href="http://www.sparinvest.com">www.sparinvest.com</a>).</p>
1d	<p>Provide details on how to find further information regarding the funds.</p> <p>Additional information on the funds is available on the websites of VINIS (<a href="http://www.vinis.at">www.vinis.at</a>) and ERSTE-SPARINVEST (<a href="http://www.sparinvest.com">www.sparinvest.com</a>).</p> <p>The sales team of ERSTE-SPARINVEST is managed by Achim Arnhof (050100-19830, <a href="mailto:achim.arnhof@sparinvest.com">achim.arnhof@sparinvest.com</a>). For detailed information please contact Martin Cech (fixed income products, 050100-19931, <a href="mailto:martin.cech@vinis.at">martin.cech@vinis.at</a>) and Wolfgang Pinner (equity products, 050100-19930, <a href="mailto:wolfgang.pinner@vinis.at">wolfgang.pinner@vinis.at</a>).</p> <p>The asset manager's address is: ERSTE-SPARINVEST KAG, Habsburgergasse 1a, A- 1010 Vienna.</p>
1e	<p>Provide details of the content, frequency and means of communicating information to investors.</p> <p>Factsheets on the funds mentioned above ('ESPA VINIS' and 'ESPA WWF STOCK CLIMATE CHANGE' resp. 'ESPA WWF STOCK UMWELT') are available on a monthly basis. They are distributed via the branch network of Erste Bank and Sparkassen (savings banks). There is a monthly update of the factsheet available on the VINIS website (<a href="http://www.vinis.at">www.vinis.at</a> → News / VINIS in a nutshell). The semi-annual and the annual report of the funds can be found on the website of ERSTE-SPARINVEST (<a href="http://www.sparinvest.com">www.sparinvest.com</a>).</p> <p>'ESPA VINIS BOND' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74201.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74201.0</a> ,</p> <p>'ESPA VINIS CASH' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=95501.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=95501.0</a> ,</p> <p>'ESPA VINIS STOCK AUSTRIA' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0</a> ,</p> <p>'ESPA VINIS STOCK EUROPE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=51801.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=51801.0</a> ,</p> <p>'ESPA VINIS STOCK EUROPE EMERGING' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=106201.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=106201.0</a></p> <p>'ESPA VINIS STOCK GLOBAL' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=54101.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=54101.0</a></p> <p>'ESPA VINIS MICROFINANCE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=114401.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=114401.0</a></p> <p>'ESPA WWF STOCK CLIMATE CHANGE' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=98701">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=98701</a> and</p> <p>'ESPA WWF STOCK UMWELT'. <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=22701.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=22701.0</a></p>

<b>Section 2. ESG Investment Criteria in SRI fund</b>	
<b>2</b>	<p><b>Signatories should be clear about the fund(s) purpose and its (their) ESG investment criteria.</b></p>
2a	<p>How does the fund define SRI?</p> <p>We are convinced that the application of sustainable criteria does not reduce financial performance prospects, there might even be a positive SRI-premium versus traditional fund products and benchmarks in the long term. Socially responsible investment is defined as 'future-oriented, anticipatory and volatility-reducing'.</p> <p>The 'ESPA VINIS' funds' policies are based on a combination of the following strategies:</p> <ul style="list-style-type: none"> <li>I) Exclusionary criteria – discussed and defined by the in-house ethics committee</li> <li>II) Best-in-class</li> <li>III) Engagement</li> </ul> <p><a href="http://www.vinis.at/downloads/ausschreibungen/vinis_folder_ENGL_Druckfassung.pdf">http://www.vinis.at/downloads/ausschreibungen/vinis_folder_ENGL_Druckfassung.pdf</a></p> <p>The ESPA WWF funds' policies are based on a combination of the following strategies:</p> <ul style="list-style-type: none"> <li>I) Exclusionary criteria – discussed and defined by the WWF environmental committee</li> <li>II) Engagement</li> </ul>
2b	<p>What are the ESG investment criteria of the fund?</p> <p>a) For the funds 'ESPA VINIS BOND', 'ESPA VINIS CASH', 'ESPA VINIS STOCK EUROPE' and 'ESPA VINIS STOCK GLOBAL' the following system of criteria is applied:</p> <p><b>Positive criteria:</b></p> <ul style="list-style-type: none"> <li><i>Work place conditions and environment</i></li> <li><i>Corporate governance</i></li> <li><i>Energy and water consumption</i></li> <li><i>Prioritisation of renewable energies</i></li> <li><i>Leading position in the avoidance of environmental pollution</i></li> <li><i>Medical care and healthcare</i></li> <li><i>Eco-efficiency</i></li> <li><i>Leadership in environmental technology</i></li> <li><i>Water treatment</i></li> </ul> <p><b>Exclusionary criteria:</b></p> <ul style="list-style-type: none"> <li><i>Nuclear power</i></li> <li><i>Green gene technology</i></li> <li><i>Child labour</i></li> <li><i>Business malpractice (manipulation),</i></li> <li><i>Pornography</i></li> <li><i>Military devices/weapons</i></li> <li><i>Tobacco,</i></li> <li><i>(avoidable) Animal testing</i></li> <li><i>Death penalty (for bond issuers)</i></li> <li><i>Violation of ILO-protocol (for bond issuers)</i></li> </ul> <p><b>Negative criteria:</b></p> <ul style="list-style-type: none"> <li><i>Abortion</i></li> <li><i>Exploitation of environment, employees and society</i></li> <li><i>Authoritarian regimes</i></li> <li><i>Discrimination of women and minorities</i></li> </ul>

*Infringements on the freedom of the press and of individuals*

*Red gene technology*

*Petroleum industry*

*Furs*

b) The ‚ESPA VINIS STOCK AUSTRIA‘ is closely tied to the VÖNIX index, for this fund and for the ‚ESPA VINIS STOCK EUROPE EMERGING‘ investment is based on the following criteria:

**Exclusionary criteria:**

*Those companies are excluded which have significant activities in relative terms (% of sales) or absolute terms (technological or market leader) in the fields of*

**Armaments** - *ABC-weapons & conventional military weapons/ systems incl. core components, specific military materials and services*

**Nuclear Energy** - *Electricity from nuclear power plants, nuclear power plants incl. core components & specific services, nuclear fuels*

**Addictive Drugs** - *Tobacco, tobacco products & ingredients, alcoholic beverages with over >20% by volume*

**Gene Technology** - *From an ethical or social angle problematic human genome technology and genetic engineering with regards to farming and livestock farming*

**Gaming** - *Operation, specific facilities & services*

**Others** - *Activities and practices with highly negative ethical, social or ecological effects and risks*

*The relevance comprises R&D, production, service, sales & financing (regarding non sector-related criteria) practices. For all criteria there is a scope of tolerance for not significant activity (in % of sales, between 0% for ABC weapons, and 10% for the distribution of alcoholic beverages).*

c) The ‚ESPA WWF STOCK CLIMATE CHANGE‘ and the ‚ESPA WWF STOCK UMWELT‘ invest according to the following criteria:

I. Exclusionary criteria based on products and technology

*Nuclear power*

*Green gene technology*

*Animal testing*

*CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora*

*FCKW-producing products (Refrigerators, air-conditioning facilities etc.)*

*PVC products*

II. Exclusionary criteria based on sectors

*Petroleum industry*

*Mining industry*

*Military devices/weapons*

*Airline industry*

*Automobile industry (exception: hybrid- & alternative technology)*

*Gaming*

*Pornography*

III. Human rights and corruption clause

*Companies are excluded in case of violations of the ILO-protocol or in case of corruption*

2c	<p>How are the ESG criteria defined?</p> <p>Conformity with the concept and primarily with regards to the criteria set was verified by an external body in January 2010, when all ‚ESPA VINIS‘ products in existence then (the ‚ESPA VINIS STOCK EUROPE EMERGING‘ was set up later) were awarded the ‚Austrian Ecolabel‘ (Österreichisches Umweltzeichen).</p> <p><u>External sources of information:</u> There are additional committees respectively partners that support fund management in the screening of their universe:</p> <ol style="list-style-type: none"> <li>1) VBV ethics/sustainability committee</li> <li>2) WWF environmental committee</li> <li>3) VÖNIX-committee for the VÖNIX-index</li> <li>4) Co-operations with SRI-rating agencies (for links see 3b)</li> </ol> <p>„oekom“: monthly assessments and categorisation into „prime“/“not prime“ according to a best-in-class concept, furthermore negative screening on the basis of the VINIS exclusionary and negative criteria for stocks respectively corporates, financials und sovereign issuers</p> <p>„MSCI“ for CG (former ISS, then RiskMetrics): assessment according to corporate governance criteria on a monthly basis</p> <p>„MSCI“ for risk-based ESG research (former Innovest, then RiskMetrics): sector research on the basis of continuous updates</p> <p>„RFU-Reinhard Friesenbichler Unternehmensberatung“: research for the VÖNIX-index.</p>
2d	<p>How are criteria changes communicated to investors?</p> <p>Changes of criteria are made public on the website of VINIS (<a href="http://www.vinis.at">www.vinis.at</a>).</p>

<b>Section 3. ESG Research Process</b>	
<b>3</b>	<b>Signatories should provide clear information on the ESG research process of their investments.</b>
3a	<p>Describe your ESG research methodology and process.</p> <p>The SRI methodology of ERSTE-SPARINVEST is based on an interlinked ‘four-layer’ system. The first level comprises the ‘SRI knowledge-base’ of the process. It includes SRI research provided both externally and in-house, an academic co-operation and, the contributions of an ethics-committee including NGOs and the WWF environmental committee.</p> <p>The ‘Investment Board’, being the second step and the link between SRI knowledge plus the SRI universe created (Layer I) and the process of investment and portfolio optimisation (Layer III). Layer II contains the final discussion of the research inputs and the appraisal of additional investment inputs (like IPOs). The responsibility for the reconciliation lies with this investment committee, wherein investment and research expertise are pooled.</p> <p>The third level of the process is focused on portfolio construction on the basis of the ERSTE-SPARINVEST methodology and know-how.</p> <p>Layer IV is characterised by the measurement of portfolio return and the calculation of performance attribution. The portfolio level is also the basis for the structured engagement and voting process.</p> <p>From a portfolio management point of view, fund managers aim to anticipate market</p>

	<p>movements and act in a 'contrarian' way. For the ESPA VINIS products optimization of the portfolio is based on a combination of sustainability leaders and pioneering companies within sustainability issues (like climate change, water etc.). Risk of a portfolio that is constructed on rather defensive stocks on the one hand and growth stocks on the other hand is expected below that of the average market.</p> <p>For the ESPA WWF products there is a diversity of sectors resp. investment themes defined. As those themes focus mainly on pioneering companies, the volatility of the ESPA WWF products tends to be higher than that of the ESPA VINIS products.</p>
3b	<p>Does the fund manager use an in-house ESG research team and/or does he delegate this research to one or several external specialised providers?</p> <p>With regards to 'classical' research (financial research on the macro, sector and company level) the fund management uses both in-house and external sources.</p> <p>For ESG research there are co-operations with SRI-rating agencies</p> <p>„oekom“: monthly assessments and categorisation into „prime“/“not prime“ according to a best-in-class concept, furthermore negative screening on the basis of the VINIS exclusionary and negative criteria for stocks respectively corporates, financials und sovereign issuers  <a href="http://www.oekom-research.com/">http://www.oekom-research.com/</a></p> <p>„MSCI“ for CG (former ISS, then RiskMetrics): assessment according to corporate governance criteria on a monthly basis  <a href="http://www.riskmetrics.com/">http://www.riskmetrics.com/</a></p> <p>„MSCI“ for risk-based ESG research (former Innovest, then RiskMetrics): sector research on the basis of continuous updates  <a href="http://www.riskmetrics.com/">http://www.riskmetrics.com/</a></p> <p>„RFU-Reinhard Friesenbichler Unternehmensberatung“: research for the VÖNIX-index.  <a href="http://www.rfu.at/">http://www.rfu.at/</a></p> <p>The universe covered is in principle based on the capacities of the research partners, for Austria and CEE the universe is reconciled between RFU and ESPA.</p>
3c	<p>Is there an external control or external verification process in place for the ESG research process?</p> <p>Concept and criteria have been verified during the Austrian Ecolabel audit that was done in January 2010.</p> <p>The ethics/sustainability committee does support fund management in case of critical questions regarding single stocks but does also check criteria and the best-in-class system in place on an ongoing basis.</p>
3d	<p>Does the ESG research process include stakeholder consultation?</p> <p>Dialogue with stakeholders is ensured via the ethics committee, the members of which represent the most important stakeholder groups.</p> <p>Members of the committee are:</p> <p><b>Matthias Beck – Medical ethics</b>  <b>Reinhard Friesenbichler – Ethical investments</b>  <b>Leonhard Gregotsch – Religious ethics</b>  <b>Sultana Gruber- Environmental issues</b>  <b>David Mum – Social ethics</b>  <b>Martin Weishäupl – Environmental NGO</b>  <b>Klaus Stöger – Business ethics</b></p>



3e	<p>Do companies/issuers have the opportunity to see their profile or analysis?</p> <p>Companies have the opportunity to receive them at any time, however, the profiles are not actively distributed. Feedback from companies is fed into the research process via the research agencies.</p>
3f	<p>How frequently is the ESG research process reviewed?</p> <p>Reviews are carried out both internally – concerning the employed research agencies – and externally via the Austrian Ecolabel audits.</p>
3g	<p>What research findings are disclosed to the public?</p> <p>The results of research done by 'oekom', 'MSCI for risk-based research (Innovest)' and 'MSCI for CG (ISS)' is not made public. The constituents of the 'VÖNIX' index are reviewed on an annual basis, the index structure is made public on the VÖNIX website (<a href="http://www.voenix.at">www.voenix.at</a> → Aktuelles) and via the fact sheets of the fund 'ESPA VINIS STOCK AUSTRIA' <a href="http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0">http://at.sparinvest.com/sparinvest/faces/portal/factsheets/fondsblatt.jsp?fid=74301.0</a>.</p>

<b>Section 4. Evaluation and Implementation</b>	
4	<p><b>Signatories should provide information on how the ESG research is used to build and maintain their portfolio.</b></p>
4a	<p>How are the results of ESG research integrated into the investment process, including selection and approval of companies/issuers for investment?</p> <p>The results of the research agencies employed are reconciled in order to set up the investment universe for the funds, which is updated on a monthly basis and from which the fund manager can 'pick' his stocks. In order to build an investment universe for the ESPA WWF funds, the WWF environmental committee approves or rejects companies suggested by the fund management on a regular basis. Those companies that were already approved by the committee are reviewed on an annual basis.</p>
4b	<p>What internal and/or external measures are in place to ensure portfolio holdings comply (or not comply) with ESG investment criteria?</p> <p>At the beginning of the investment process for equities there is quantitative screening, which is based both on exclusionary criteria and a 'best-in-class' concept. This 'sustainability filter' is complemented by the VINIS network, which includes sustainability fora (ÖGUT, Forum Nachhaltige Geldanlagen, Eurosif), the ethics committee and selected NGOs. The remaining universe is screened via a top-down approach on the basis of the sector allocation of the benchmark, with the focus on fundamental criteria. The four elements of growth – market position – management – structure of balance sheet are of paramount importance. Applied methods for fundamental analysis are: a) multiples (primary and secondary research) Enterprise value multiples like EV/ sales, EV/ EBITDA, EV/ EBIT and market value multiples like MV/ earnings (PER), MV/ cash-flow, MV/ book value b) DCF (secondary research)</p> <p>The universe for fixed income investments is based on the approved list provided by 'oekom research'. Sub-asset classes include 'sovereign issuers', 'supranational issuers', 'financials', 'covered bonds', 'corporates' and issuers with a particular SRI-focus. Portfolio construction is based on fair-value analyses, spreads and volatilities. In case of corporate</p>



	bonds there is a top-down process for the allocation in sectors and single holdings. In addition to that there is an optimisation with regards to maturity and the yield curve. Further criteria include fundamentals of the issuer, the size of the issue, liquidity and tier.
4c	<p>What is the policy and procedure for divestments on ESG grounds?</p> <p>In case of downratings on the CSR/sustainability scale the fund manager has to sell the holding within one month's time. There are exceptions in case of companies where ESPA/VINIS is involved in an active engagement process and where changes in company policies are to be expected.</p> <p>For the ESPA WWF products any violation of exclusionary criteria leads to an exclusion from the investment universe and a divestment when already invested in the funds. Additionally any major downrating in the annual review of each company leads to a divestment.</p>
4d	<p>What divestments occurred in the past year related to the SRI fund criteria?</p> <p>Within the last year some two companies fell out of the SRI universe on a monthly average. Not all of them had been invested, therefore about one holding had to be sold on a monthly average.</p> <p>Changes to the Investment Universe are published in the ESPA VINIS Bulletin on a monthly basis (<a href="http://www.vinis.at/">http://www.vinis.at/</a> → News).</p>
4e	<p>Are investors informed about divestments on ESG grounds?</p> <p>Most of these changes are reported via the monthly ESPA VINIS Bulletin (<a href="http://www.vinis.at/">http://www.vinis.at/</a> → News).</p>
4f	<p>Does the fund manager inform companies/issuers of portfolio movements due to non-compliance with its ESG policy and criteria?</p> <p>A respective scheme will be implemented. In some cases information flow is made sure via the engagement process.</p>
4g	<p>To what extent do any results of engagement activities feed into companies/issuers selection?</p> <p>Positive results out of the engagement process are increasing the number of shares/issuers in the SRI universe after having been discussed with the ethics committee.</p>

<b>Section 5. Engagement Approach</b>	
<b>5</b>	<b>Signatories should explain their approach to engagement if the fund has such a policy.</b>
5a	<p>What are the aims of the engagement policy?</p> <p>The ethics committee has drawn up an 'engagement directive'.</p> <p><i>Engagement is the active use of voting rights based on equity holdings with the goal of an encouragement of sustainable developments and the discouragement of unwanted practices within companies.</i></p> <p><i>The directive is relevant for the administration of shareholder interests.</i></p> <ol style="list-style-type: none"> <li><i>I. Engagement is based on the sustainability criteria defined by VINIS (exclusionary, negative and positive criteria), which are set up by the VBV ethics committee.</i></li> <li><i>II. Administration of interests may be either direct (via using voting rights) or indirect (via a dialogue with the respective company).</i></li> </ol>

	<p>III. <i>A direct and indirect dialogue, especially with companies in the domestic market, is intended. Indirect dialogue can be based on the co-operation with sustainability research-agencies.</i></p> <p>IV. <i>a) The use of voting rights in the domestic market is of particular importance in the case of a violation of criteria given in point I.</i>  <i>b) Voting rights on the basis of holdings in VINIS portfolios shall also be used in an international context. In order to achieve this goal, co-operations with international partners, which bundle the interests of several investors, appear to be necessary and sensible. The participation in an SRI-related platform for proxy voting is intended.</i>  <i>c) The VINIS group is interested in a bundling of interests of investors also in the domestic market.</i></p> <p><i>The VINIS group is committed to give feedback to companies in case of changes in their sustainability rating. This is even more the case if the change in rating leads to a divestment in the holding (equity or bond). Positive changes should be acknowledged via appropriate feedback.</i></p>
5b	<p>How does the fund prioritise which companies/issuers it will engage with?</p> <p>The start of an engagement process is based on decisions of the ethics committee or on market considerations.</p>
5c	<p>Who undertakes engagement on behalf of the fund?</p> <p>Engagement is done by fund management (Martin Cech, Thomas Motsch, Wolfgang Pinner) in Austria. On an international basis there is a co-operation with F&amp;C (UK). <a href="http://www.fandc.com/">http://www.fandc.com/</a></p>
5d	<p>What methods of engagement are employed?</p> <p>See engagement directive point 5a.</p>
5e	<p>How is the effectiveness of engagement activity monitored/addressed?</p> <p>Supervision of activities in Austria is performed by the ethics committee. On the international level, there are quarterly reviews provided by F&amp;C. <a href="http://www.fandc.com/">http://www.fandc.com/</a></p>
5f	<p>What further steps, if any, are taken if engagement is considered unsuccessful?</p> <p>In case of unsuccessful engagement the holding (equity or bond) is divested.</p>
5g	<p>How, and how frequently, are engagement activities communicated to investors and other stakeholders?</p> <p>This information is made public via the monthly ESPA VINIS Bulletin. (<a href="http://www.vinis.at/">http://www.vinis.at/</a> → News).</p>
5h	<p>What engagement activity has been carried out on behalf of the fund during the past year?</p> <p>For the Austrian market engagement covered five companies, on an international level (done by F&amp;C) the number of engaged companies totalled some 55 companies</p>

### **Section 6. Voting Policy**

<b>6</b>	<b>Signatories should make clear their policies on voting.</b>
6a	<p>Does the fund have a voting policy?</p> <p>Apart from the 'engagement directive' there is no other procedure for the usage of voting rights at the moment.</p>



6b	Does the fund disclose its voting practices and reasoning for decisions? See point 6a.
6c	Does the fund sponsor/co-sponsor shareholder resolutions? In the case that proposals are submitted they are checked (in co-operation with the ethics committee) and – based on the result - supported or rejected.
6d	What voting actions occurred that were related to the SRI fund ESG criteria? See point 6a.

### **Definitions of key terms used in the Code**

<b>Term</b>	<b>Definition</b>
Divestments	Companies that are sold from the fund portfolio.
ESG	Environment, Social and Governance
Engagement	A long-term process of dialogue with companies by investors which seeks to positively influence company behaviour in relation to their social, ethical, governance and environmental practices. This includes vote at AGM, filing or co-filing shareholder proposals, asking questions at AGM, collaborative engagement initiatives, individual company contact and dialogue with policy makers and industry organisations.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific ESG criteria.
Fund manager	The entity responsible for overall management of the fund.
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund Purpose	The spirit and overall focus of the fund, but not the investment criteria employed.
Holdings	Equities and/or bonds of companies that collectively comprise the fund portfolio.
Portfolio	A collection of investments managed by the fund manager.
Signatories	Fund(s) and/or fund manager that commits to disclose SRI information in line with the Code.
SRI	SRI, a generic term covering sustainable, responsible, ethical, environmental, social investments and any other investment process that integrates financial analysis with the influence of environmental, social and governance (ESG) issues. It includes an explicit written policy to make use of ESG criteria.
Voting Policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.

### **About Eurosif**

**EUROSIF**, the European Sustainable Investment Forum, is the pan-European network whose mission is to address sustainability through the financial markets. Eurosif works as a partnership of the national Sustainable Investment Forums (SIFs) within the EU and with the support and involvement of Member Affiliates. Recognised as the premier European forum for sustainable investment, Eurosif's Member Affiliates are drawn from leading pension funds, asset managers, NGO's, trade unions, academic institutes and research providers, together representing assets totalling over €1 trillion. Eurosif's work includes a focus across asset classes - equity and fixed income markets, microfinance, renewable energy, property, private equity and hedge funds - all centred around the industry trends and future



legislation affecting this space. The key benefits that Eurosif affiliate members receive include EU interfacing, SRI information and European wide initiatives that integrate Environmental, Social and Governance (ESG) issues into the financial services sector. For the full list of Eurosif Member Affiliates, please see [www.eurosif.org](http://www.eurosif.org).

National social/sustainable investment forum to date include:

- Belsif, Belgium
- Dansif, Denmark
- FNG – The German, Austrian and Swiss Sustainable Investment Forum
- Forum per la Finanza Sostenibile, Italy
- Forum pour l'Investissement Responsable, France
- Norsif, Norway
- Spainsif, Spain
- Swesif, Sweden
- UKSIF, UK
- VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling), The Netherlands

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