

About Eurosif

Eurosif (The European Social Investment Forum) is a pan-European group whose mission is to encourage and develop sustainable and responsible investment and better corporate governance. Current members of Eurosif include pension funds, financial service providers, academic institutes, research associations, trade unions and NGO's. The association is a not-for-profit entity that represents assets totalling over € 600bn through its membership. The key benefits members receive from Eurosif are EU lobbying, SRI information and European wide initiatives that promote and explain the SRI and Corporate Governance sectors.

Eurosif's aims are:

- To inform, educate and provide a European network for discussion about sustainable and responsible financial services.
- To initiate and publish research related to legislation, policies and practices for the integration of social, environmental and ethical issues into European financial services.
- To encourage transparency, disclosure and active ownership, with regard to corporate practice and governance on social, environmental and ethical issues.
- To actively expand the European network by supporting the development of existing SIFs and encouraging the creation of new national SIFs.

Eurosif's members to date (2004) include:

ABP, The Netherlands	I.DE.AM., France
Amnesty International, UK	Insight Investment, UK
AXA Investment Managers, France	ISIS Asset Management, UK
Calvert, USA	Jupiter Asset Management, UK
CIC Crédit Mutuel AM, France	Kinder, Lydenberg, Domini & Co., USA
CoreRatings, UK	Nextra (Grupo Intesa), Italy
Det Norske Veritas (DNV), Norway	Oikocredit, The Netherlands
Dexia Asset Management, Belgium	Pioneer Investments, Italy
Economistas sin Fronteras, Spain	SAM, Switzerland
ESADE, Spain	Bank Sarasin, Switzerland
Ethical Investment Research Service (EIRIS), UK	Standard Life Investments, UK
Ethix SRI Advisors AB, Sweden	Trade Union Advisory Committee (TUAC), International
Ethos, Switzerland	Triodos Bank, The Netherlands
Fédération des Experts Comptables Européens (FEE), Belgium	UBS AG, Switzerland
Fidelity, UK	Universiteit Nyenrode (EIBE), The Netherlands
FTSE, UK	Vigeo, France
Fundaciòn Ecología y Desarrollo (ECODES), Spain	WestLB, Germany
Henderson Global Investors, UK	WWF, UK
HSBC, International	

National social investment fora to date (2004) include:

Belsif, Belgium
Forum Nachhaltige Geldanlagen, Germany
Forum per la Finanza Sostenibile, Italy
Forum pour l'Investissement Responsable, France
Swesif, Sweden
UK Social Investment Forum, UK
VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling), The Netherlands



Eurosif Transparency Guidelines

for the **retail** SRI Fund Sector

Official Version

Eurosif

11 Avenue de l'Opéra
75001 Paris, France

Tel/Fax : +33 (0) 1 40 20 43 38

www.eurosif.org



The Eurosif Transparency Guidelines

The Eurosif Transparency Guidelines focus on retail SRI funds in order to increase accountability to consumers. The guidelines will also create greater clarity for asset managers, research providers and other stakeholders.

All information pertaining to the retail Transparency Guidelines can be found at the following website: <http://www.eurosif.org/transparency-guidelines-retail>.

In particular, two documents which may be helpful include: a document outlining the evolution and process used to develop these guidelines, entitled 'Eurosif Transparency Guidelines Background' and a guidance document for fund managers on how to best use the retail Guidelines, entitled 'Notes to Fund Managers'.

The guidelines were created due to two key drivers:

1. The opportunity for funds to proactively clarify their approach to SRI and therefore, positively reflect their transparency to stakeholders.
2. The opportunity to pre-empt potential regulation that could be enacted without the involvement of the greater SRI community.

Guiding Principle

Signatories to the Guidelines should be open and honest and disclose accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the SRI policies and practices relating to the fund.

Commitments from Signatories

- Retail SRI funds sign up to the Eurosif Transparency Guidelines on a voluntary basis. However, signatories are expected to provide a Statement of Commitment to the Transparency Guideline requirements outlining the extent to which and how they comply with the Guidelines. This should explain where and why there may be exceptions to some questions and indicate where a whole category of the Guidelines does not apply to a fund.

- Signatories should provide information in response to as many of the questions within each Guideline category as possible. However, it is acknowledged that a fund may be unable to provide detailed information on all the questions at a particular time. This may be due to reasons such as legal regulations (which vary country by country) or the stage in the fund's development. Thus, the reasons preventing the fund from providing the required information should be clearly stated. Signatories should systematically state if and when they hope to comply with the questions they cannot answer at this time.

- Answers to the questions should be made publicly available. Signatories may choose the most appropriate media and format to communicate the information required by the Guidelines (e.g. web-based and/or printed materials). However, the fund manager should make it very clear where consumers are able to find the information required by the Guidelines.

- As a minimum, information should be communicated on an annual basis.

Commitments from Eurosif

- Eurosif will be responsible for maintaining and publicising the Transparency Guidelines.

- Eurosif will highlight signatories to the guidelines on its website and in its publications relating to retail SRI.

- Eurosif will create a 'logo' that is trademarked and awarded to those institutions using the Guidelines. This logo will be updated by Eurosif and renewed by the financial institution on an annual basis.

- Eurosif commits to reviewing the Guidelines, initially once a year. The process for reviewing the Guidelines will be open and inclusive.

Currency of Reporting

Funds should report data in the currency that they use for other reporting purposes.

Guidelines Categories

Basic Details	
1	Signatories* should be clear about who they are and provide background information on the fund*, and the fund manager*.
1a	Provide the name of the fund(s) and fund manager to which these guidelines apply.
1b	Provide contact details for further information regarding the funds.
1c	What is the size of the fund? In currency at a specified date.
1d	Where can financial performance history data about the fund be found?
1e	Provide details of the content, frequency and means of communicating information to investors.
Additional	Briefly describe the corporate responsibility policies of the organisation that manages or promotes the fund(s), or give direction to where this information can be located.

SRI Investment Criteria	
2	Signatories should be clear about their purpose* and investment criteria*.
2a	How does the fund define SRI?
2b	What are the SRI investment criteria of the fund?
2c	How are the SRI criteria defined, how frequently and by whom are the criteria reviewed?
2d	How are criteria changes communicated to investors?

Research Process	
3	Signatories should provide information on their research process.
3a	Describe your SRI research methodology and process.
3b	Does the fund manager use an in-house research team and/or an external research team? Please explain.
3c	Is there an external control or external verification process in place for the research process? Where an Advisory Committee is used, please state its responsibilities.
3d	Does the research process include stakeholder consultation? If yes, please provide details.
3e	Do companies have the opportunity to see their profile or analysis? If yes, how often?
3f	How frequently is the research process reviewed?
3g	What research findings are disclosed to the public? How?

Evaluation and Implementation	
4	Signatories should provide information on how the research is used to build and maintain their portfolio*.
4a	How are the results of research integrated into the investment process, including selection and approval of companies for investment?
4b	What internal or external measures are in place to ensure portfolio holdings* comply with SRI investment criteria?
4c	What is the policy and procedure for divestments* on SRI grounds?
4d	Are investors informed about divestments on SRI grounds? If yes, how frequently and by what means?
4e	Does the fund manager inform companies of portfolio exclusions* or divestments due to non-compliance with its SRI policy and criteria?
Additional	To what extent do any results of engagement* activities feed into company selection?

* see definitions of key terms
** if applicable

Disclaimer - Eurosif can assume no responsibility or legal liability for incorrect or misleading information provided by signatories in their responses to the Eurosif Transparency Guidelines.

Engagement Approach**	
5	Signatories should explain their approach to engagement if the fund has such a policy.
5a	What are the aims of the engagement policy?
5b	How does the fund prioritise which companies it will engage with?
5c	Who undertakes engagement on behalf of the fund?
5d	What methods of engagement are employed?
5e	How is the effectiveness of engagement activity monitored/addressed?
5f	What further steps, if any, are taken if engagement is considered unsuccessful?
5g	How, and how frequently, are engagement activities communicated to investors and other stakeholders?

Voting Policy**	
6	Signatories should make clear their policies on voting*.
6a	Does the fund have a voting policy? If so, what is it?
6b	Does the fund disclose its voting practices and reasoning for decisions? If so, where can this information be found?
6c	Does the fund sponsor/co-sponsor shareholder resolutions?

Periodical Activities*	
7	Signatories should periodically disclose information about their activities. This should be done at least on an annual basis.
7a	List the fund holdings at a specified date within the last 6 months.
7b	What engagement activity has been carried out on behalf of the fund during the past year?
7c	What voting actions occurred that were related to the SRI fund criteria?
Additional	What divestments occurred in the past year related to the SRI fund criteria?
Additional	What were the amount of donations and the percentage of management fees that the fund gave to charities this past year?

Definitions of key terms used in the guidelines	
Term	Definition
Divestments	Companies that are sold from the fund portfolio.
Engagement	A long-term process of dialogue with companies which seeks to influence company behaviour in relation to their social, ethical and environmental practices.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific SRI fund criteria (e.g. no tobacco or no animal testing).
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund Manager	The entity responsible for overall management of the fund.
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 Guidelines.
SRI Investment Criteria	The principle or standard of judgement used to determine what the fund can and cannot invest in from a social, ethical or environmental (SEE) perspective.
Voting Policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.