



The European SRI Transparency Guidelines **- Guidance Document -**

This document is meant to assist the fund manager in filling out the European SRI Transparency Guidelines.

Transparency Guidelines Logo

As of April 2008, there were about 50 signatories, representing more than 140 SRI funds. Interest for the Transparency Guidelines keeps on growing and as a further step in their implementation, Eurosif wishes to improve the responding process and visibility of the Transparency Guidelines and the funds' responses. Towards this objective, the Eurosif board has approved the **creation of a logo specific to the Transparency Guidelines which can be used by signatories as of May 1st, 2008, once their responses to the Guidelines have been updated and reviewed by their national Social Investment Forum.**

Following a wide consultation with its member affiliates and the national SIFs regarding the issue of labelling and certification of SRI funds, Eurosif does not intend, at the moment, to develop a certification or verification process but wishes to encourage best practices and clarity for the Guidelines' responses as well as increase the branding and visibility of the Guidelines themselves.

The use of the logo will be strictly controlled by Eurosif and the local SIFs, as specified in the logo specification manual. In particular, a text ("disclaimer") accompanying the logo will have to appear on the funds material so that there can be no confusion about what it means.

Please refer to the Transparency logo specification manual for more details on how to use the logo and its disclaimer text.

Your Requirements to Use the Transparency Guidelines logo

Eurosif and the SIFs aim to continually improve the overall quality of the responses and promote good practices among the respondents, as well as the visibility of the Guidelines themselves.

Content

We strongly suggest signatories to systematically include in their response the following items:

- Transparency logo (**the use of Eurosif logo is no longer permitted**)
- In all fund materials, the Transparency Guidelines should be referred as the "European SRI Transparency Guidelines".
- Statement of Commitment with explicit references to compliance with the Guidelines: this should explain where and why some questions are not answered and indicate where an entire category of the Guidelines does not apply to a fund. 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.
- Already approved definitions of key terms used in the Guidelines
- Date of document

An example of statement of commitment, the definitions, as well as the exact wording of the Guidelines' questions are available in a word document for easy copying & pasting by respondents.

Accessibility of the responses

Responses to the Guidelines should be made publicly available. Eurosif strongly suggests they be easily accessible from the fund's and/or fund managers' **website**. In any case, the fund manager should make it very clear where consumers are able to find the information required by the Guidelines.

All responses will also be posted on Eurosif's website, with a link to either the fund's webpage or a pdf document containing the responses.



Quality assessment

The use of the Transparency logo on the fund's material will only be granted once the related SIF is satisfied with the quality of the response document.

In reviewing the responses, the SIFs will assess whether the response is clearly articulated rather than judging the response itself. There is not a "right answer" for each response but the response should be informative and clear.

Updating the response

Response will have to be updated on an annual basis, keeping **May 1st** as the annual revision date. Fund managers that do not renew their response and commitment will be taken off the signatory list and will no longer be granted the use of the Transparency Guidelines logo.

Content

This section attempts to clarify some of the questions in the Guidelines where explanation could be helpful.

As a reminder, 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.

Order and exact wording of the questions should be respected.

Do not hesitate to include tables or figures in the document if this helps to clarify the required information. Generally speaking, required information should be as detailed as possible.

Section 1 - Basic Details

These Guidelines only apply to a specific fund/compartment or sub-fund and never to a superstructure.

Section 2 - SRI Investment Criteria

2a – How does the fund define SRI?

We would like this answer to reflect the fund's definition of SRI as it applies to the specific fund. This should describe the main idea that is behind the fund, or in other words the fund's purpose/aim/philosophy/etc. The strategy can be discussed as well (e.g. negative screening, best in class, etc.)

2b – What are the SRI investment criteria of the fund?

This response should be as detailed as possible in terms of the criteria used to make SRI investment decisions.

Section 3 - Research Process

3a – Describe your SRI research methodology and process.

The fund manager should discuss whether it uses in-house and/or external research providers, the main features of the research methodology, and how data is acquired. This could also include company dialogue/engagement feedback into research.

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.

This refers to a system of control/verification of the research process. Explain what is meant by external, as this can often be different from fund to fund.

3d – Does the research process include stakeholder consultation? If yes, please provide details.

This response should be as detailed as possible

3g – What research findings are disclosed to the public? How?

Funds sometimes publish summaries of research that they have collected. The 'how' part refers to what mediums are employed in providing this research to the public and whether it is pro-active or reactive.



Section 4 - Evaluation and Implementation

4a - How are the results of research integrated into the investment process, including selection and approval of companies for investment?

We would like fund managers to address the following areas:

- How do research findings or data influence an investment decision?
- What is the selection principle (e.g. best in class)?
- How are those principles built into the investment/divestment process?

4c - What is the policy and procedure for divestments on SRI grounds?

The fund manager should explain the process for removing stocks from the portfolio when due to SRI grounds e.g. over what time period, working with compliance team etc.

4addl – To what extent do any results of engagement activities feed into company selection?

If the answer is no, the fund manager should explain why.

Section 5 - Engagement Approach

5d – What methods of engagement are employed?

Examples of typical engagement methods could include: letters to key personnel (specify who), telephone dialogue with key personnel (specify who), meetings with key personnel (specify who), support for certain campaigns, sponsoring/co-sponsoring shareholder resolutions related to improving a company's SEE practices, collaboration with other institutional shareholders and stakeholders (e.g. NGO's and policy makers).

Section 6 - Voting Policy

6a – Does the fund have a voting policy? If so, what is it?

The fund manager should explain the scope of the policy, indicating whether it encompasses corporate governance issues and or SRI issues.

6b – Does the fund disclose its voting practices and reasoning for decisions? If so, where can this information be found?

Case examples are sufficient.

Section 7 - Periodical Activities

7a – List the fund holdings at a specified date within the last 6 months.

The fund manager should disclose the names of the portfolio holdings at a specified date within a six month period prior to the information being released. The fund manager should feel free to comment on why a company may have remained in the portfolio while investors may have concerns about it (e.g. due to negative media attention).

7c – What voting actions occurred that were related to the SRI fund criteria?

The fund manager should disclose any material voting activities related to the SRI criteria of the fund and discuss reasons behind voting decisions.

Once your response document is ready, please send it to your local social investment forum – once they have reviewed your response document, your local SIF will send you the files for the Transparency Guidelines logo. The final document (including the Transparency logo) will be listed (or linked) on the Transparency Guidelines section of Eurosif website.