



Sustainable Investment Guideline

Version 014

Contents

1	Introduction.....	1
2	Application of negative and positiv criteria/Best-In-Class	3
	A. Direct investments	3
	B. Mandates (fair-finance funds).....	3
	C. Mutual funds (foreign funds)	3
	D. Quarterly examination of the portfolios	3
3	Negative criteria	4
	A. Negative criteria for companies and instituions	4
	B. Negative criteria for countries	7
	C. Negative criteria for real estate	9
	D. Negative criteria for microfinancial investments	10
4	Best-In-Class-criteria	11
	A. Best-In-Class-criteria for companies and institutions	11
	B. Best-In-Class-criteria for countries.....	13
5	Impact.....	14
	A. Real estates	14
	B. Microfinancial investments.....	14
	C. Factors for companies	15
6	Engagement.....	17
	A. Violations of exclusion criteria and poor sustainability performance	17
	B. Engagement focus on behalf of the customer advisory board	17
	C. Support of third-party engagement activities.....	17
	D. Exerce of voting rights.....	18
	E. Engagement report	18
7	Appendix.....	19
	A. Versions.....	19
	B. Explanations fair-finance rating sustainable real estate in its current version.....	19

1 Introduction

Our actions shall retain the life chances of today's and future generations and to participate in their improvement. Sustainable wealth investments are an essential instrument for promoting economic change, eco-friendly innovations and socially responsible measures.

In the centre of investment decisions also stand security, profitability and the demand of liquid means. On an appropriate mixture and dispersion of assets and on the risk load-carrying capacity of the fortune consideration is taken. We are convinced of the fact that sustainable acting of enterprises, institutions and countries positively affects itself. Our sustainability approach should not lead to additional costs or to higher risks nor to performance disadvantages compared to conventional investment.

The purpose of this directive is to remove the anonymity of asset investments in favour of a transparent investment strategy based on a comprehensible ethical-ecological catalogue of criteria. The superordinate people, reason, work and environment laws, as far as this appears possible and meaningful, are concretized. All asset investments must be on a long-term basis ecologically portable, ethically and socially fair as well as economically feasible. Asset investments that fail to recognize these objectives are excluded.

The investment concept is based on a multi-level selection and investment process: In a first step, investment opportunities are examined to what extent they violate the defined exclusion or negative criteria. If controversial business fields or controversy business practices are concerned, an investment is not permissible. In order to minimize systematic income risks, such as those arising from the exclusion of entire industries, negative criteria are only applied where, on the one hand, the definition of the criteria and, on the other hand, the data base on the investment options is clear. If a criterion definition has not yet been made, or if no valid and meaningful database is available, an investment decision in line with this guideline and the fair-finance values expressed therein are made.

In the second step, those investment opportunities are selected on the basis of positive criteria (best-in-class approach) which make a significant contribution to sustainable economic activity and achieve their economic success taking into account social, ethical and ecological aspects. Environmental, social, and government criteria (ESG) are used to identify exemplary companies, institutions, and countries that are at the forefront of the various dimensions of sustainability and excel in ecological, social, and economic action. The selection degree after the first and the second step must amount to less than 50% of the general investment possibilities.

Following the restriction of investment opportunities on the basis of the negative and best-in-class criteria, where appropriate, in a third step, the identification of opportunities is based on qualitative and quantitative financial and extra-financial factors relevant to performance.

In addition, Engagement is an essential part of our strategy. By means of a defined procedure, a positive change of individual emitters in particular and the capital market in general should be achieved in addition to our investment activities. By engagement we mean the concrete dialogue with emitters with the aim to demand and strengthen their ecological, ethical and social responsibility.



2 Application of negative and positive criteria/Best-In-Class

A. Direct investments

Direct investments (especially in the bond sector) will be selected according to the criteria listed above. In addition to the risk / return analysis, special efforts are made to finance countries, institutions and companies that take account of the positive criteria. The selection of emitters by asset management is generally based on analyses and assessments of suitable research partners and specialized sustainability rating agencies. Securities may only be used for HtM valuation if non-compliance with the exclusion criteria has been confirmed and it can be assumed that the relevant emitter will not fall within the exclusion criteria over the remaining term of the security.

If a failure to comply with the criteria set out in this directive is identified as a result of a portfolio review pursuant to point D, the emitter must be removed from the portfolio within a period to be determined in the light of the market situation. For HtM-related securities, a disuse resolution must be submitted to the financial market authority. If the disuse action is prohibited by official decision, remedies must be taken, provided that they have the prospect of success.

B. Mandates (fair-finance funds)

fair-finance pursues the objective of assigning mandates (fair-finance funds) for the respective asset classes for an economically justifiable investment volume. When assigning a mandate, attention is paid not only to the positive and negative criteria but also to the fundamentally sustainable attitude and corporate philosophy of the partner. An opening of the fair-finance funds for the public is planned.

C. Mutual funds (foreign funds)

For diversification, for tactical admixture or for individual smaller asset classes, fair-finance will also invest in mutual funds. In this case, the mutual funds available on the market are analysed and selected according to the following criteria:

- Degree of agreement with the positive and negative criteria according to chapter 3 and 4 (Divestment with bad result of an examination in accordance with point D.)
- Volume and inventory duration of the funds
- Track Record (Risk / Return Analysis)
- Costs (Total Expense Ratio)
- Awards and certificates esp. Austrian ecolabel

D. Quarterly examination of the portfolios

Four times a year, an audit of the overall portfolio is commissioned by a sustainability research agency. On the one hand, the analysis result shows the sustainability performance of all emitters listed in the portfolio individually and at fund level, and on the other hand, it forms the basis for divestment and commitment measures according to chapter 6.

3 Negative criteria

A. Negative criteria for companies and institutions

fair-finance does not invest in companies and institutions (equities, equity investments and corporate bonds) that operate or have a significant share of sales in the following areas. A company or an institution is also excluded if it knowingly and willingly supports another company or an institution that violates these criteria or is the property of such a company or such an institution:

Alcohol

A breach is the production and marketing of high-percentage alcoholic beverages, provided that their share of sales exceeds 5%.

Industrial laws

There is a violation if there is a massive violation of at least one of the four fundamental principles of the ILO Declaration on Fundamental Principles and Rights at Work (freedom of assembly and association, forced labour, child labour, discrimination). In addition, it is a violation to systematically circumvent minimum labour standards (for example in the areas of safety & health, pay, working time), even if these do not directly relate to the four core ILO principles.

Atomic energy

Infringement is the construction or production of basic components of nuclear power plants, the extraction of uranium and the production of nuclear power. Not excluded are "dual use-products".

Exploitative child labour

Exploitative child labour is infringement as defined by UNICEF or ILO by the company itself or by its suppliers / subcontractors.

False accounting

A breach is the proven balance sheet forgery as well as the aiding to the accounting fraud. The assessment of the infringement depends on the measures taken by the company (e.g. transparency, organizational or personnel changes).

Biocides

The infringement is considered to be the production of biocides classified by the WHO as "extremely or highly hazardous".

Consuming embryo research

An infringement exists when a company demonstrably relies on consumptive research on the human embryo and/or is specialized in relevant embryonic stem cells or is likely to specialize in this technology (e.g. certain biotech companies).

Gambling

Excluded are providers of gambling activities and products (such as casinos, betting shops, slot machines), provided that their share of turnover exceeds 5 %. Not affected are operators of lotteries or sweepstakes.

Green genetic engineering

Suppliers who make genetic modifications to the genetic material and produce corresponding seeds or animals, as well as users and distributors, provided that their share of sales exceeds 5% are excluded.

Coal

Excluded are coal producers and companies that generate energy from coal, provided that their share of sales is more than 5%.

Corruption

A breach is the proven acceptance or claim of bribes or equivalent monetary benefits and bribery or attempted bribery of third parties. The assessment of the infringement depends on the measures taken by the company (e.g. transparency, organizational or personnel changes).

Human rights

A violation is the massive breach of internationally recognized standards, such as the UN Universal Declaration of Human Rights, by the company itself or by its suppliers/subcontractors. This includes, in particular, actions in which the massive endangerment of the health / life of employees, the population, customers, etc. are deliberately accepted, slavery, massive physical violence against employees or third parties and the commissioning or active support of such violence, actions which massively violate the rights of self-determination and the freedom of organization of workers or third parties, actions that massively violate cultural rights of self-determination or cultural dignity.

Pornography

To be excluded producers from reviling and degrading representations of individuals and/or sexual actions. Furthermore as offence the trade with reviling and degrading representations of individuals and/or sexual actions is considered as violation if their portion of the conversion lies over 5 %.

Controversial raw material extraction methods

Excluded are companies that use the technological process of hydraulic fracturing (fracking) or extract petroleum from oil/tar sands if their share of sales exceeds 5 % in the extraction of natural gas and crude oil. Equally excluded are suppliers (technology producers) whose technology is used exclusively for fracking.

Tobacco

Excluded are producers of all types of tobacco products. Also the trade in all types of tobacco products is considered infringement, if their share is over 5 % of sales. Not excluded are the production and trade in components and accessories (e.g. cigarette boxes or paper).

Animal testing

Such research-related testing of consumer products (e.g., cosmetics, detergents) with live animals that involve the risk of causing harm to the animals, if not required by law, is considered a violation animal testing in the context of biomedical research (for example for the development of pharmaceuticals) as well as legally prescribed animal tests in the context of chemical safety tests do not constitute a violation. Furthermore, tests that are usually associated with no negative consequences for the animals do not lead to the violation.

Controversial environmental behaviour

Infringements include cases of gross neglect of environmental laws or generally accepted minimum environmental standards by the company itself or its suppliers / sub-contractors. This includes, in particular, installers, operators and specialized finance companies of controversial projects (e.g. pipelines, mines, power plants, dams) which have a particularly damaging effect on the ecosystems in the affected region.

UN-Global Compact

Infringements include companies who are excluded from UN Global Compact (Expelled Participants as well as Non-Communication-Participants).

Weapons and armament

As offence apply production weapons outlawed of and the trade also after the Roman statute of the international criminal court (- systems) as well as other armaments in accordance with SIPRI Stockholm internationally Peace Research of institutes, United nation, NGO's. It covers ABC weapons, cluster munitions, anti-personnel landmines, mines and laying systems, uranium munitions, rifles, tanks, fighters, warships, radars, control software and military transports. Not to be excluded "dual use-products".

Providing their share of turnover exceeds 5%, the production of customized components for these weapons/ weapon systems (as well as for other armaments), constitutes a negative criterion as well.

B. Negative criteria for countries

fair-finance does not invest in countries (government bonds, bonds issued by federal states) that have the following criteria:

Industrial laws

A violation is deemed to be the case when a country's unpunished violations of at least one of the four fundamental principles of the ILO Declaration on Fundamental Principles and Rights at Work (freedom of assembly and association, forced labour, child labour, discrimination) are determined. It is also a violation where minimum standards of work (for example in the areas of safety & health, pay, working time) are absent or systematically circumvented unpunished, even if these do not directly relate to the four core ILO principles.

Atomic energy

An infringement applies if the share of nuclear energy according to IAEA, Country Nuclear Profiles in the total energy production of a country exceeds 10% or if there is no decision to phase out nuclear energy. Excluded are countries with a share of nuclear energy in the total energy production of a country of max. 30%, if a lowering of the portion of at least 1% per annum during one period of 3 years is present.

Exploitative child labour

An infringement exists when in a country unpunished child labour is identified as defined by UNICEF or ILO.

Money laundering

A violation is deemed to be the case if a country does not have sufficient standards against money laundering, according to the Financial Action Task Force on Money Laundering (FATF).

Climate protection

A violation is deemed to be the case when a country has not ratified the Kyoto Protocol to the United Nations Convention on Climate Change Convention.

Conflicts and wars

A violation is deemed to be the case when a country is in "war" or "restricted war". (definition according to Heidelberg Institute for International Conflict Research (HIIC) Stockholm International Peace Research Institute (SIPRI)).

Corruption

A violation is deemed to be the case when a country has an index value less than 60 based on Transparency International's Corruption Perception Index. For HtM dedications an index value of less than 70 is valid as of 1 May 2017 as exclusion reason. Excluded are countries with an index value of at least 50, provided that the index value has improved over a period of 3 years in total.

Human rights

Infringement is considered to be the massive unpunished violation of internationally recognized standards, such as the UN Universal Declaration of Human Rights. These include, in particular, actions in which the massive endangerment of the health / life of employees, the population, customers etc. is deliberately accepted, slavery, massive physical violence against employees or third parties and the unpunished commissioning or active support of such use of force, actions which massively violate the rights of self-determination and the freedom of organization of workers or third parties, acts that massively disregard cultural rights of self-determination or cultural dignity.

Freedom of religion

A violation is deemed to be the case when religious freedom is significantly restricted (US Department of State definition: Annual Report on International Religious Freedom).

Arms budget

A violation is deemed to be the case when a country has an armaments budget > 2.5% of GDP.

Death penalty

A violation is deemed to be the case if the imposition or exercise of capital punishment is lawful in a country (according to Amnesty International, United Nations, NGOs)

Totalitarian regimes

A violation is deemed to be the case when Freedom House's rates the freedom status of a country worse than 1 (best grade).

Suppression

A violation is deemed to be the case when a country is classified as "not free" according to Freedom House.

C. Negative criteria for real estate

The operationalization of the negative criteria for real estates is effected in accordance with appendix B “explanations fair-finance rating lasting real estates“ in its current version, whereby fair-finance does not invest in real estates which fulfil the following criteria:

Asbestos

The reorganization and/or disposal of containing asbestos materials is not feasible or only at untenable high expenditure.

Execution of construction, airtightness and room quality

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled. (Concerns new building objects and comprehensively refurbished objects). The minimum requirements as per climate-active basis criteria 2014 are not fulfilled. (Concerns only new building objects)

Building ecology

An index value $OI3_{BGF} > 200$ of the existing or planned building construction of the total building on the basis the ecological index 3 which represents the greenhouse potential, the sour potential and the need of not renewable energetic resources.

Lead pipes

The rehabilitation or disposal of lead-containing materials is not feasible or only at unreasonably high costs.

Energy efficiency

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled. (Concerns new buildings and comprehensively refurbished objects)

Recording energy consumption

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled. (Concerns new buildings and comprehensively refurbished objects)

Wood preservatives indoors

The refurbishment or disposal if wood preservatives are identified indoors cannot be performed or only with unacceptably high costs.

Infrastructure in closer area

None and/or less than 2 facilities for covering the needs of daily life in closer area (periphery 1.000m) available.

Climate-damaging substances (avoidance of HFCs)

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled.
(Concerns new buildings and comprehensively refurbished objects)

Contaminating in the soil

The clean-up or disposal of contaminants in the soil is not or only with unreasonable effort feasible.

Noise pollution

The noise emission level at the location is > 25dB above the emissions planning guidelines as per ÖNORM S 5021 (concerns only new building objects).

Tenant

The share of total rental income of the total building of companies or institutions that are excluded from investment according to the negative criteria in chapter 3 point A. is more than 10 % and the duration of these leases is more than 5 years. Furthermore, fair-finance will not conclude leases with companies or institutions or extend leases that are excluded from investment in accordance with the negative criteria in chapter 3 point A and do not meet the legal requirements.

Summer fitness

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled.
(Concerns new buildings and comprehensively refurbished objects)

Feasibility studies

The minimum requirements as per climate-active basis criteria 2014 are not fulfilled.
(Concerns new buildings and comprehensively refurbished objects)

D. Negative criteria for microfinancial investments

fair-finance does not invest in microfinance funds whose business practices are not transparent and comprehensible, which provide for undue high billing by operators and management or which in any way show socially harmful or at least questionable behaviour.

4 Best-In-Class-criteria

A. Best-In-Class-criteria for companies and institutions

fair-finance invests primarily in companies and institutions (equities, equity investments and corporate bonds) that make a significant contribution to sustainable business both inside and outside the company and achieve their economic success taking into account social, ethical and ecological aspects. The best-in-class rating aims to identify the most sustainable companies in the industry. The rating assesses how a company is positioned relative to its competitors on its path to sustainability. The following categories are evaluated:

Environmental protection

- Ecological assessment and/or preparation of an environmental report
- Contributions to the protection of endangered species and ecosystems, as well as for the conservation of biodiversity
- Energy-efficient, ecologically sound energy supply systems that feed on wind, sun, water, biomass or other renewable energy sources
- Promoting the production and distribution of energy derived from renewable sources.
- Services to reduce energy consumption and increase energy efficiency
- The company is particularly committed to climate protection
- Use of energy-efficient office and production buildings
- The company received certificates for environmentally friendly production or distribution processes during the period under review
- The company voluntarily provides information about the environmental impact of its business activities
- Services to reduce the consumption of non-renewable, natural resources, minimize harmful emissions, extend the life of products and improve efficiency of use and recyclability
- Significant contributions to active climate protection
- Products, services, technologies and processes that promote sustainable development, in particular environmentally and socially responsible economies, and energy-efficient, ecologically sound transport routes
- Production of agricultural products and healthy food without the use of mineral fertilizers, pesticides and genetically modified animal and plant species, according to the criteria of organic farming or species-appropriate animal-rearing.
- Forest management and wood use under preservation of biodiversity and age variety (FSC standard)
- Renewal of the global water infrastructure, all types and methods of water production (e.g. production drinking water from seawater by seawater desalination plants), water technology (production, monitoring and control of irrigation systems) and water treatment - not only by treatment plants, but rather the treatment of chemical, biologically, atomically or bacterially contaminated water.

Social issues

- Production and provision of affordable care, support and assistance services
- Produce or provide services that are specifically tailored to the needs of women, thus improving their socio-economic position
- Special promotion of ethnic or social minorities
- Preservation of livelihoods and rights of indigenous peoples
- Financial promotion of social and cultural projects
- The enterprise creates in particular training and jobs in its region
- The company is committed to promoting the safety and health of its stakeholders
- Social or ecological commitment beyond the corporate purpose
- Continuous improvement of the product and service offer beyond the legal requirements and the respective standards of the branch, the region or the country
- Establishment of social, environmental and sustainability management systems in the mission statement and strategy as well as internal and external communication of the same with clearly defined responsibility in the company (e.g. environmental or CSR commissioners)
- Support of social and environmental protection organizations
- Research, development, production and distribution of recognized natural remedies and procedures of special therapeutic directions anthroposophic medicine, homoeopathy, plant and natural medicine
- Insurance coverage for minorities and the socially weak

Governance

- Transparent handling and complete clarification of allegations in connection with corruption, accounting fraud, anticompetitive practices (e.g. price agreements, antitrust law) and other legally relevant suspects (e.g. fraud, *insider dealing*, *money laundering*, *environmental crime*, *massive labour law violations*)
- Measures to prevent corruption
- Personnel stability, as well as long-term leadership and industry experience in top management
- Supervisory and control bodies can at any time gain insight into all relevant processes and influence them
- The majority of the supervisory board is independent in its decisions
- The remuneration policy of the management board and supervisory board is designed for the long-term success of a company
- The most important owners are engaged long-term and are actively involved in the corporate policy

B. Best-In-Class-criteria for countries

fair-finance invests primarily in countries (government bonds, bonds of federal states) whose policies and influence make a significant contribution to the achievement of sustainable goals both nationally and internationally and in whose society social, ecological and cultural aspects have a high priority in international comparison. The assessment is made on the basis of the following examples:

Commitment of countries to solving global problems

Financing of support programs and cooperation in the following international problems (exemplary list):

- Primary education for all people
- Gender equality and empowerment of women
- Reduction of child mortality
- Maternal health
- Sustainability in environmental policy
- Containment and reduction of environmental pollution, climate protection
- Poverty reduction through support for health and education
- Food security and sustainable rural development
- Building institutional capacity for good governance and the rule of law

Community engagement

See: Best-In-Class-criteria for companies and institutions – Social issues

Social justice

- Equal opportunities: Politics is oriented towards giving people equal opportunities, participating in economic and social life and realizing themselves.
- Procedural Justice: The state procedures used do not create any injustice on account of the equal treatment of all.
- Distribution rights: The distribution (especially the income and wealth distribution) should be fair in the result. This concerns above all the granting of social benefits, economic redistribution through taxes (tax progression) and transfer payments.

Sustainable economizing of the countries (authorities and associates)

Green Public Procurement

Broad anchoring of the objective of the negative criteria in the national legislation

5 Impact

A. Real estates

fair-finance invests primarily in real estate that meets high environmental and social standards. The preservation and refurbishment of existing construction units is preferred over new construction, whereby the focus is on residential real estate. In addition, fair-finance seeks to continuously improve the sustainability of property in its possession.

The assessment is based on the following criteria whose operationalization and valuation is documented in appendix B "Explanations fair-finance rating sustainable real estate" in its current version:

- Good infrastructure in the vicinity
- High overall energy efficiency and low global warming potential
- High energy quality of the building envelope and opportunities for sustainable renovation
- High share of renewable energy
- Good ecological assessment of building materials and constructions
- Good quality and low pollution of indoor air
- Avoidance of critical or problematic substances or contaminated sites
- Low or no hazards due to natural hazards and emissions
- Minimal noise pollution
- High mobility for the residents (bicycle parking, infrastructure in the vicinity)
- Barrier-free access to the apartments
- Good third-party ability
- Assisting the residents in avoiding negative environmental influences (reduction of energy and water consumption, waste separation and the subsequent recycling of waste)
- Compliance with ethical principles (corporate governance) and high transparency

B. Microfinancial investments

fair-finance invests primarily in microfinance funds that meet high transparency standards.

The assessment is made on the basis of the following examples:

- Investing for the benefit of poor households in developing and transitional countries
- Sustainable business model and sustainable legal form / regulation
- Targeted lending for real financing needs
- Adequate customer analysis with a share of female customers <50%
- Fair dealings with customers
- Reasonable remuneration of owners, operators and management

C. Factors for companies

Human capital

- Commitment to employees to reconcile work and family
- Special promotion of women
- Responsible for the creation of training and employment
- Special measures for safety and health at work
- Anchoring of co-determination possibilities
- Above-average range of further education opportunities
- Beyond statutory requirements, special social benefits
- Democratic corporate structures, social or emancipatory working conditions and targeted reduction of discrimination
- Long-term commitment of the staff to the company
- Above average employee satisfaction
- Long-term investment in improving human capital

External stakeholder

- Products or services that contribute to poverty reduction and to the economic and social development of developing countries in particular
- "Fair" prices for producers, socially acceptable alternatives to child labour, payment of reasonable wages, reinvestment of profits on the ground, filling management with people from the respective region and avoiding the substitution of local products
- Compliance with human rights throughout the value chain is ensured
- Cooperation with undemocratic governments is minimized
- The company can retain its customers in the long term
- Low dependence on suppliers
- High quality and liquidity of customers

Image & brand

- Focus on the long-term development of the company's reputation
- Investing in sporting and cultural events
- Above average communications with end users to improve product and service quality
- Awards for high product and service quality, for sustainability and social commitment
- Creation and publication of standardized sustainability reporting

Risk management

- Key performance indicators such as price / earnings ratio, price / book value ratio, price / cash flow, ratio or enterprise value / EBIT ratio, which indicate stability and achievement of return targets
- Business assets are adequately funded with equity capital and business growth can be financed in the long term
- The repayment of due liabilities is ensured at all times
- The company pays a stable dividend that does not jeopardize the long-term internal financing power
- Independent regulatory bodies monitor compliance with investment guidelines and business practices
- The company is diversified and its presence in high-risk business areas and markets is low
- Much of the income generated is in the form of actual cash payments rather than receivables from customers
- Transparency, as well as conservative financing policy for the investment of employee pensions

Innovation Capital

- The company is willing to invest in internal and/or external research and development of environmentally sustainable technologies
- Steadily high number of patent registrations in the field of sustainability

6 Engagement

A. Violations of exclusion criteria and poor sustainability performance

If, in the course of a portfolio audit pursuant to chapter 2 point D, violations of exclusion criteria for direct investments and mandates are identified and this finding is confirmed after verification, the divestment process must be initiated.

If the emitter is a company, it will be informed about the divestment and its reasons. The issuer is requested to take appropriate measures to remove the exclusion ground and invited to report on the implementation of these measures. A renewed investment in case of successful elimination of the exclusion reasons is promised.

If, in the context of a portfolio audit pursuant to chapter 2 point D, breaches of the exclusion criteria for third-party funds are identified, the fund manager is requested to comment and improve the portfolio and is invited to report on the implementation of any measures. If, in addition, the sustainability performance of the third-party fund is poor, a possible divestment is announced and, in the event of a subsequent improvement in the sustainability performance, a renewed investment is promised.

B. Engagement focus on behalf of the customer advisory board

The customer advisory board of fair-finance as a rule determines its commitment focus on a yearly basis. Focus of engagement may be topics or specific sustainability criteria such as child labour or coal. However, it is also possible that those emitters for which the worst sustainability performance was determined in the course of the portfolio review, or emitters who are not investable due to lack of sustainability, but which would make sense on the basis of financial ratios, are defined as the focus of engagement.

The companies defined in accordance with the defined focus of engagement are contacted in writing and are invited to take appropriate measures to improve the sustainability performance or to eliminate any grounds for exclusion, and to report on the implementation of these measures. An enhanced investment is contemplated as a result of improving the sustainability performance or investing for the first time on successful elimination of the exclusion or grounds.

C. Support of third-party engagement activities

fair-finance is an active member of the "Shareholders for Change" network (SFC) and basically participates in the joint engagement activities of this network. If abuses or conflicts regarding ecological, ethical and social values are pointed out by organizations such as CRIC (Corporate Responsibility Interface Centre - a platform for the promotion of ethics and sustainability in financial investments) or other sustainable investors and fair-finance are invited to joint engagement activities, then fair-finance takes an open and positive stance on it.

If in doubt, the customer advisory board may be consulted regarding support for third-party engagement activities.

The support includes the publication of the identified problem and engagement activity in fair-finance media and the establishment of a dialogue to bring about the company, the country or the institution to initiate and improve the sustainability situation. In addition, the members of the customer advisory board are invited by fair-finance to participate in the engagement activities or to set up engagement activities themselves.

The dialogue is supported by the participation of the members of the advisory board via signature and logo on the dialogue.

D. Exerce of voting rights

Voting securities (shares) are not held directly by fair-finance. Such securities are in the fiduciary property of capital investment companies, thus legally exercising voting rights. As a rule, voting rights can only be exercised in person in the form of participation in the scheduled shareholder meetings held at the issuer's registered office. Although it is basically possible to transfer voting rights to investors such as fair-finance, this is only rarely granted by investment companies and, in addition, is very complex and difficult to organize. A selective exercise of voting rights, for example in the case of emitters in the physical environment of fair-finance, does not appear to be fair or expedient. Another transfer of voting rights to a NGO (proxy voting) is usually excluded. For these reasons, fair-finance will for the time being waive the exercise of voting rights.

E. Engagement report

Engagement activities and any feedback are regularly reported to the customer advisory board.

The engagement activities are summarized annually in a report and published on the homepage www.fair-finance.at.



Dr. Markus Schlagnitweit
Chairman Customer Advisory Board



Mag. Markus Zeilinger
Chairman of the Management Board

7 Appendix

A. Versions

Version 001	Developed by experts and customers as part of a workshop on March 1, 2011 and noted by the Supervisory Board of fair-finance Vorsorgekasse AG on March 15, 2011; Version 002 Changes noted on 18.5.2011
Version 003	Changes developed at the meeting of the Customer Advisory Council on 8 November 2011 and noted on 28 November 2011
Version 004	Changes developed in the meeting of the Advisory Board on May 23, 2012 and noted on September 29, 2012
Version 005	Changes developed in the meetings of the Customer Advisory Board on 19 November 2012 and on 4 March 2013 and brought to the attention of the Supervisory Board on 19 March 2013
Version 006	Changes developed in the meeting of the Customer Advisory Council on 19 November 2013 and brought to the attention of the Supervisory Board on 21 November 2011
Version 007	Changes developed in the meeting of the Customer Advisory Board on 16 October 2014 and brought to the attention of the Supervisory Board on 28 October 2014
Version 008	Changes developed in the meeting of the Customer Advisory Council on 21 September 2015 and brought to the attention of the Supervisory Board on 18 November 2015
Version 009	Changes developed in the meeting of the Customer Advisory Council on 4 April 2016 and brought to the attention of the Supervisory Board on 29 April 2016
Version 010	Changes developed in the meeting of the Customer Advisory Council on 27 June 2016 and brought to the attention of the Supervisory Board on 12 September 2016
Version 011	Changes developed in the meeting of the Customer Advisory Council on 14 November 2016 and brought to the attention of the Supervisory Board on 12 January 2017
Version 012	Changes developed in the meeting of the Customer Advisory Council on 03 April 2017 and brought to the attention of the Supervisory Board on 21 June 2017
Version 013	Changes developed in the meeting of the Customer Advisory Council on 2 October 2017 and brought to the attention of the Supervisory Board on 30 November 2017
Version 014	Changes developed in the meeting of the Customer Advisory Council on 23 April 2018 and will be brought to the attention of the Supervisory Board on 19 June 2018

B. Explanations fair-finance rating sustainable real estate in its current version