

European SRI Transparency Code

F&C Management Statement of Commitment

Transparency: It cuts both ways. We expect transparency of our investee companies, but also of ourselves.

F&C considers the European SRI Transparency Code a step towards helping investors to understand what they are buying when they select an investment in a retail sustainability fund. We welcome the format of the template for providing our response to the code as a means by which product providers such as ourselves can express the approaches we have adopted and which have evolved over the last 25 years alongside the ever changing needs of our investors – which we recognise may be different from those of other product providers.

We are delighted to implement industry good practice and provide a response on how we implement the Eurosif SRI Transparency Code. Our full response to the European SRI Transparency Code is provided below and posted on our web site www.fandc.com. This is our fourth statement of commitment to transparency following the guidelines laid out by Eurosif for our main retail sustainability funds, and covers our practices in 2010. We will next update our response in 2011.

In addition to providing a response to the Code here, F&C also publishes:

- An annual Committee of Reference Report
- An annual Responsible Investment Report detailing our engagement and voting activities and results.
- An annual CSR Report
- A quarterly report on our voting record
- A quarter report on our engagement

These documents are available on our website www.fandc.com.

F&C Implementation of the Transparency Code

F&C 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. F&C believes that we have achieved an exemplary standard of transparency, given the regulatory and competitive constraints we face in the countries in which we operate. Our full 2010 response to the Eurosif Transparency Code for our retail sustainability funds is provided below.

F&C meets the full recommendations of the Code, with the exception of recommendations made by Eurosif in previous years requesting disclosure of all holdings at a specific date in the last 6 months. We disclose our Top 10 holdings to the general public, but we are unable to disclose all our holdings as this may place the value of our intellectual property at risk. The Top 10 holdings provide a representative sample of the companies in which our retail sustainability funds invest. If requested, we are happy to respond to additional queries regarding where our funds invest. If you would like to know if we invest in a specific company, please contact us either via your financial adviser or directly.

Code Categories

Section 1. Basic Details	
1	Signatories should be clear about who they are and provide precise background information on the fund management company and the fund(s)
	The fund management company
1a	Provide the name of the fund management company managing the fund(s) to which this code apply.

	<p>F&C</p> <p>F&C is an independent, European-based firm focused entirely on investment management. With over £100 billion* of assets, we are listed on the London Stock Exchange.</p> <p>We provide a full range of products in traditional asset classes as well as specialist areas such as hedge funds, private equity, asset allocation, sustainability and thematic funds. In addition we also provide expertise in liability driven investment strategies, fiduciary management and sustainable investment.</p> <p>Our multi-specialist model ensures our funds are run by small, focused teams of specialist investment professionals, supported by the resources of a large, successful firm. We have a strong heritage in managing pension and insurance assets, now worth more than £74 billion.</p> <p>Our reputation for providing investment solutions tailored to meet the needs of our clients, is something we have nurtured and developed since we pioneered the concept of collective investments more than 140 years ago.</p> <p>*as at 31/03/10</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>Sustainable Investment</p> <p>F&C is a world leader within responsible investing in the European asset management arena. F&C's institutional and retail clients collectively represent over £80 billion* (€90 billion / US\$130 billion) of assets invested across over 50 national markets. We manage funds on behalf of insurance companies, institutional investors, pension funds and private individuals. In addition, we have been mandated to engage and/or vote on behalf of a number of insurers, pension funds and banks whose money is managed by other parties.</p> <p>F&C has developed a range of products over the last 25 years to suit a broad spectrum of clients, from pension funds and insurance clients to private individuals. This originally began with the launch of the UK's first sustainability fund in 1984, and since then has rapidly grown, to incorporate a range of screened funds and thematic funds, as well as market-leading engagement services.</p> <p>*As at 31 December 2009</p> <p>See : http://www.fandc.com/new/Institutional/Default.aspx?id=80513</p> <p>Corporate Social Responsibility</p> <p>As a major asset management company and provider of sustainability funds, F&C is committed to social responsibility in its own operations. F&C has defined four key categories supporting our approach to corporate responsibility, which are:</p> <ol style="list-style-type: none"> 1. Marketplace - F&C uses the influence of its customers' assets to engage with companies on all relevant corporate responsibility matters, where this will improve business performance: a) Shareholder engagement; and b) Voting - F&C votes on its global holdings in line with its Corporate Governance Operational Guidelines as well as voting on behalf of external clients. 2. Environment - F&C is committed to achieving carbon neutrality in its operations. 3. Workplace - F&C's approach is to ensure that good management practices are

	<p>engaged in all aspects of our workplace issues.</p> <p>4. Community - F&C will, over the next three years, introduce financial support and wherever practicable offer time off work to support employees involved in Charitable Activities.</p> <p>Our website outlines the F&C approach towards corporate social responsibility, including our CSR Report: http://www.fandc.com/new/aboutus/Default.aspx?id=78799</p>
	The SRI fund(s)
1c	<p>Provide the name of the fund(s) to which this code apply, and its (their) main characteristics.</p> <p>The code applies to F&C, a London-based investment firm. Provide the name of the fund(s) and fund manager to which these guidelines apply.</p> <p>The “Stewardship” family of funds. F&C offers the following:</p> <ul style="list-style-type: none"> ▪ Stewardship Growth OEIC – Fund manager: Catherine Stanley ▪ Stewardship Income OEIC - Fund managers: Catherine Stanley and Rebecca Seabrook ▪ Stewardship International OEIC – Fund managers: Sophie Horsfall and Terry Coles ▪ F&C Ethical Bond Fund – Fund manager: Rebecca Seabrook <p>F&C also manages other funds on behalf of Friends Provident Life and Pensions Ltd.¹</p> <p>See: http://www.fandc.com/new/Institutional/Default.aspx?id=80513</p>
1d	<p>Provide details on how to find further information regarding the funds.</p> <p>For a list of all of our sustainability funds, please see: http://www.fandc.com/new/Institutional/Default.aspx?id=80513</p> <p>Please see Fund Factsheets available on our website, which cover performance of the:</p> <ul style="list-style-type: none"> ▪ Stewardship Growth Fund ▪ Stewardship Income Fund ▪ Stewardship International Fund ▪ F&C Ethical Bond Fund <p>http://www.fandc.com/new/Advisor/Default.aspx?id=79012</p> <p>You can contact us about these funds in a number of ways if you need further information:</p> <p>If you are an investor, please contact your financial advisor or see below for details of how to contact us directly.</p> <p>Contacting us directly Are you a Private Investor? Please contact our Customer Support desk: Telephone: 0800 136 420 Email: investor.enquiries@fandc.com</p>

¹ Funds F&C also manages are: a) **Life**: Stewardship, Stewardship Managed, Stewardship International, Stewardship Safeguard Optimiser, Stewardship Corporate Bond, Stewardship Income, and b) **Pension**: Stewardship, Stewardship Managed, Stewardship Income.

	<p>Are you an OEIC Private Investor? Telephone: 0800 085 2752 Fax: 0131 243 1330 Email: invest@fandc.com</p> <p>Are you a Financial Adviser? We offer a dedicated Adviser Helpdesk. Telephone: 0845 799 2299 Email: adviser.enquiries@fandc.com</p>
1e	<p>Provide details of the content, frequency and means of communicating information to investors.</p> <p>Communication with our investors is two-way and we respond to individual investor queries. The Stewardship Committee of Reference welcomes and is committed to responding to any investor who writes to them about the sustainability criteria or held companies. Please write to The Chair, the Committee of Reference, c/o Shelley Keep, Governance & Sustainable Investment, F&C Management Limited, Exchange House, Primrose Street, London, EC2A 2NY</p> <p>Communication on performance and holdings: The Fund Factsheet and Short Form Annual Reports are available on the website. The Short Form Annual Report is sent to OEIC investors. A detailed Long Form Annual Report is available to all clients on request. In addition life and pension investors receive standard annual statements.</p> <p>Communication on sustainability: We communicate on the sustainability criteria through our website, and also through a Committee of Reference annual report, an investor newsletter and quarterly public reports, as well as by publishing our voting report on a quarterly basis. In addition, some of our clients receive F&C's Governance and Sustainable Investment (GSI) monthly bulletin.</p>

Section 2. ESG Investment Criteria in SRI fund	
2	Signatories should be clear about the fund(s) purpose and its (their) ESG investment criteria.
2a	<p>How does the fund define SRI?</p> <p>Our Stewardship range of funds and the F&C Ethical Bond Fund offer a stringently screened investment choice.</p> <p>These funds define sustainable investment as investment in companies that make a positive contribution to society, while avoiding those whose activities can harm society or the natural environment. In addition the funds are covered by our responsible engagement overlay service called reo®.</p>
2b	<p>What are the ESG investment criteria of the fund?</p> <p>Stewardship and the F&C Ethical Bond Fund seek out companies involved in the following:</p> <ul style="list-style-type: none"> ▪ Supplying the basic necessities of life such as food, housing, and clothing ▪ Offering product choices for ethical and sustainable lifestyles e.g. fair trade ▪ Improving quality of life through the responsible use of new technologies ▪ Good environmental management ▪ Actively addressing climate change e.g. renewable energy, energy efficiency

	<ul style="list-style-type: none"> ▪ Promotion and protection of human rights ▪ Good employment practices ▪ Positive impact on local communities ▪ Good relations with customers and suppliers ▪ Effective anti-corruption controls ▪ Transparent communication <p>Stewardship and the F&C Ethical Bond Fund aim to avoid companies involved in the following:</p> <ul style="list-style-type: none"> ▪ Tobacco production ▪ Alcohol production ▪ Gambling ▪ Pornography or violent material ▪ Manufacture and sale of weapons ▪ Unnecessary exploitation of animals ▪ Nuclear power generation ▪ Poor environmental practices ▪ Human rights abuses ▪ Poor relations with employees, customers or suppliers <p>We recognise that for these funds, their core aim of investing only in those companies which, in what they do and the way they do it, on balance make a positive contribution to society cannot be fully captured in the policies described here. Accordingly, we may on rare occasions exclude companies which we judge conflict with that aim even when they do not fall foul of any of the negative criteria set out in this document.</p> <p>We have detailed policies underlying our criteria described above. Detailed policy information is available on the F&C website. See http://www.fundnets.net/fn_filelibrary//file/Stewardship_Criteria_and_Policies.pdf</p>
2c	<p>How are the ESG criteria defined?</p> <p>The Stewardship screening criteria and that of the F&C Ethical Bond Fund are formulated, periodically reviewed and approved by an external panel of experts the Stewardship 'Committee of Reference', who are supported by F&C's Governance and Sustainable Investment (GSI) team.</p> <p>Before any significant changes are made to the sustainability criteria, we undertake extensive research of the particular policy area and consider our investors requirements.</p> <p>This process is on-going and includes dialogue with advisers as well as formal investor research projects. An example of such research includes a questionnaire on investor attitudes to energy including nuclear which informed our revised policy.</p> <p>Please see the attached link to the Committee of Reference: http://www.fandc.com/new/Institutional/Default.aspx?id=94409</p>
2d	<p>How are criteria changes communicated to investors?</p> <p>Through the F&C website, where all criteria are published, with criteria changes highlighted in the Committee of Reference's Annual Report.</p> <p>Please see this link to this report: http://www.fundnets.net/fn_filelibrary//file/COR_Annual_report_2009.pdf</p>

Section 3. ESG Research Process	
3	<p>Signatories should provide clear information on the ESG research process of their investments.</p> <p>Describe your ESG research methodology and process.</p> <p>Ethical Policies - Policy decisions are made by an external panel of experts, the Committee of Reference (the COR). The COR are supported by research provided by the F&C Governance and Sustainable Investment (GSI) team.</p> <p>Company Selection - the fund managers select companies for investment from the 'Approved list'. When fund managers find new stocks they wish to invest in, these are put to the GSI team for initial assessment, and if likely to be appropriate are researched in detail and put forward to the Investment Sub Committee for approval prior to any investment being made.</p> <p>Company Research F&C's in-house GSI team assess the company using independent research commissioned from specialist research agencies, supplemented by detailed proprietary research. This includes a review of publicly available documents and press, direct contact with the company and other research tools. Analysts compile a detailed profile of each company and a recommendation as to whether it meets the sustainability criteria. A Director from the GSI team oversees the recommendation.</p> <p>3a Company Approval - a Sub Committee of the Committee of Reference (the ISC), who meet quarterly, consider the GSI team's profile and recommendation, then decide which companies are acceptable for the funds. The ISC compares what a company does and 'how they do it' with the sustainability policies of the fund in order to decide which companies should be acceptable for the funds. Companies deemed by the ISC to be appropriate for the funds are added to the 'Approved Companies' list.</p> <p>Company Monitoring The ISC regularly monitors companies that are held in the sustainability funds to ensure they continue to meet the sustainability criteria. This is through support by the GSI team, including monitoring through research providers, news services and company press releases. In addition, as an extra safeguard, all companies held in Stewardship undergo a full periodic review – typically every three to four years. If there is a significant change, the ISC may decide that a previously acceptable company should become unacceptable. Companies which become 'unacceptable' must be sold by the fund managers within six months.</p> <p>Our research process is described on our website: http://www.fandc.com/FundNets_FileLibrary/File/co_gsri_research_process.pdf</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>We use both. Fund managers use in-house equity and bond research to select companies based on their financial performance. The F&C in-house GSI team assesses whether companies meet the sustainability criteria. The GSI team uses independent research commissioned from specialist research agencies, supplemented by detailed proprietary research. Company approval decisions however sit with the Investment Sub Committee of the Committee of Reference.</p>
3c	<p>Is there an external control or external verification process in place for the ESG research process?</p>

	<p>Yes, there is both external control and external verification process from our Committee of Reference. The Committee of Reference is an independent body of people that meets on a quarterly basis to set, review and keep up to date the sustainability policies of Stewardship and the F&C Ethical Bond Fund.</p> <p>A sub-committee of this group, the Investment Sub-Committee (ISC), also meet quarterly to consider how companies compare against these policies. The ISC reviews companies brought to their attention by the F&C fund managers and the Governance & Sustainable Investment (GSI) team which may be appropriate for future inclusion, or may need to be removed from the fund. The final decisions are made by the ISC and form the approved list of companies from which the fund managers select Stewardship stocks.</p> <p>The Committee reviews the holdings and the source data used by the GSI team to confirm this is accurate and correct. For example, this may include reviewing press articles, EIRiS research and company websites.</p>
3d	<p>Does the ESG research process include stakeholder consultation?</p> <p>Yes, in developing the research process we take into account the views of stakeholders. For example, in the past year the Committee of Reference has revisited the sustainability policy on nuclear involvement, weighing up its contribution to combating climate change against public concerns over the environmental and safety impacts of nuclear power stations. The Committee has also reviewed the policy on financials, introducing an additional emphasis of research for companies affected by the credit crunch. In addition, our key research provider, EIRiS, uses stakeholder consultation. See their website for more information: www.eiris.org/.</p>
3e	<p>Do companies/issuers have the opportunity to see their profile or analysis?</p> <p>Not normally, although prior to making an overall assessment of a company on the sustainability criteria, the GSI team checks that its research is accurate with companies. This research (which is in addition to information received from research providers) focuses on contentious areas mainly relating to negative screens.</p> <p>We do not systematically send our research reports of companies to them for review before making our decision, although some of our research providers do undertake this. The main reason for this is that this information is commercially valuable. The sheer volume of stocks that are assessed (roughly 60 each quarter) means that the time needed for consulting with companies on their profiles would create a time lag before the fund manager could purchase a stock, with potential performance implications.</p> <p>If a company asks us to outline and explain our rating of them for Stewardship or the F&c Ethical Bond Fund, we aim to provide this. In exceptional circumstances, if a company requests a copy of our company profile report for a particular reason, we may share it on a confidential basis.</p>
3f	<p>How frequently is the ESG research process reviewed?</p> <p>We seek continuous improvement in our research process and so update this on an ongoing basis. The research process is formally considered on a quarterly basis, with the independent Committee having the opportunity to advise on improvements needed.</p>
3g	<p>What research findings are disclosed to the public?</p> <p>We disclose our top 10 holdings and performance in the Fund Factsheets and Short Form Annual Reports. Example of holdings are spotlighted in our investor newsletter, and we respond to investor queries individually. We will however respond in detail to any investor query with regard to whether or not a particular holding is held and the Committee of Reference welcomes the views of investors and will always take the time to respond to any enquiry put to them.</p>

	We do not disclose our company profile reports to the public as this is commercially sensitive information.
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Section 4. Evaluation and Implementation	
4	Signatories should provide information on how the ESG research is used to build and maintain their portfolio.
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 request to screen a stock against the sustainability criteria is initiated by a fund manager. When a fund manager requests a company it is put forward for research by the GSI team and then put to the ISC for approval. Fund managers can only invest in companies that have been approved by the ISC and are given a list that informs them of approved stocks.</p> <p>The GSI team meets regularly with the Fund Managers to highlight and discuss the reasons why particular companies are acceptable or unacceptable. In addition the fund managers are also part of specific investment desks and receive standard financial company information via the normal channels. The GSI team is integrated into the F&C investment process and communication mechanisms are in place to alert Fund Managers, as well as in-house equity and bond research analysts, to significant social, environmental and ethical risks of companies being considered for investment or already held.</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><u>Internal Measures:</u> Internal measures include our “Dealing Ban” system, which means that Fund Managers are physically unable to purchase or trade stocks that are Unacceptable for Stewardship or the F&C Ethical Bond Fund. Internal processes also include reviewing companies on an ongoing and three-year basis to check held companies continue to comply with the SRI investment criteria. The GSI team regularly monitors companies that are held in our sustainability funds to ensure they continue to meet the sustainability criteria, through our research providers, news services and company press releases. Held companies are typically fully reviewed every three years. We also commission an independent research provider to check holdings comply with the SRI investment criteria on a quarterly basis.</p> <p><u>External measures</u> include the independent Committee of Reference, operating through the Investment Sub-Committee, viewing the acceptable universe of stocks and reviewing portfolio exceptions noted by the independent research provider. The Committee takes into account external sources, including NGOs, campaign groups and press articles.</p>
4c	<p>What is the policy and procedure for divestments on ESG grounds?</p> <p>Our policy is that if there is a significant change, a previously acceptable company may become unacceptable and we dispose of the stock. This may arise from new information coming to light, including a change in the company’s strategy, operations, disclosure or performance. In such cases, the GSI team first conducts research to ascertain whether the company no longer meets the sustainability criteria. The GSI team’s research findings are reported to the independent Investment Sub-Committee, which decides whether the company breaches the sustainability criteria. If the rating of the company is changed from Acceptable to Unacceptable for Stewardship or the F&C Ethical Bond Fund, the Fund Manager is informed. The Fund Manager is required to dispose of the holding within six months. The GSI team checks that the Unacceptable company has been disposed of.</p>
4d	<p>What divestments occurred in the past year related to the SRI fund criteria?</p> <p>From the period 31st April 2009 to 31st April 2010, the following divestments occurred due to changes in ratings from Acceptable to Unacceptable:</p>

	<p>Barclays Alliance Boots Renishaw Enel Alliance & Leicester UBS Centrica Pactiv</p>
4e	<p>Are investors informed about divestments on ESG grounds?</p> <p>Existing investors are informed about significant divestments in the short form Annual Report.</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>If a company asks whether it is Acceptable for Stewardship or the F&C Ethical Bond Fund, or requests further information regarding divestments, then we provide this. We do not systematically inform all companies of divestment due to non-compliance with the sustainability criteria or “name and shame” companies, as we do not believe that this benefits either the company or F&C as an asset manager. If a company does not comply with the sustainability criteria, we consider prioritising it for engagement through our reo® programme, to encourage better practices. At times though, a company’s core business activity may mean that it remains Unacceptable for Stewardship or the F&C Ethical Bond Fund, even if its practices are good, as may be the case for some tobacco manufacturers.</p>
4g	<p>To what extent do any results of engagement activities feed into companies/issuers selection?</p> <p>The findings and results of engagement activities are taken into account during company selection, but this is considered one of many sources of information. If a company clearly breaches an explicit negative screen it is rated as Unacceptable for Stewardship or the F&C Ethical Bond Fund, regardless of prior or planned engagement activity. The F&C reo® engagement programme is applied to all F&C equity assets under management and corporate bonds.</p>

Section 5. Engagement Approach	
5	Signatories should explain their approach to engagement if the fund has such a policy.
5a	<p>What are the aims of the engagement policy?</p> <p>Our engagement policy reo® (responsible engagement overlay) covers all our in-house equity assets and corporate bonds. reo® is carried out on our behalf by our fund managers F&C.</p> <p>F&C’s ultimate aim is the creation and protection of long-term capital value for investors. The objective of reo® is to use the influence we have as a large global asset manager and the investments of our clients, to promote the adoption of better environmental, social and governance practices, where it benefits long-term performance. http://www.fandc.com/new/aboutus/Default.aspx?ID=80961</p>
5b	<p>How does the fund prioritise which companies/issuers it will engage with?</p> <p>F&C considers a number of factors when prioritising companies including size of the holding (both F&C and client holdings), the sector, the issue and client concerns.</p>

5c	<p>Who undertakes engagement on behalf of the fund? F&C's GSI team conducts any engagement that is undertaken with regard to F&C equity assets and corporate bonds – which include the Stewardship and F&C Ethical Bond funds and our non-screened (standard) funds.</p>
5d	<p>What methods of engagement are employed? Engagement is carried out largely through one-to-one contacts with companies. The GSI team also operates a policy of considered voting across the whole of F&C and its clients' global holdings. The team engages companies both before and after the vote, to explain the standards we expect, and afterwards, to explain the reasons for any votes against management. In addition to direct dialogue with companies, F&C publishes and circulates proprietary research on a range of ESG themes with a view to prompting industry-wide debate on emerging standards of best practice. We also draw on the research and knowledge of leading research organisations, government agencies, trade associations and leading companies.</p> <p>Please see the F&C website and quarterly <i>reo</i>® reports section on engagement for further information.</p>
5e	<p>How is the effectiveness of engagement activity monitored/addressed? The effectiveness of our engagement activities are measured by recording each event – called a Milestone – in which a company has improved its policies, performance or practices after intervention by F&C. F&C's engagement programmes are actively designed to achieve improvements in ESG risk management, linked to company performance. F&C tracks and records each occasion on which a company has changed its policy, performance or practices after engagement by F&C. Each Milestone is rated on a scale, in a process requiring sign-off from one of F&C's senior investment professionals. The rating reflects both the influence of F&C and the potential impact on value. F&C has recorded over 1,000 milestones in the course of the past four years, demonstrating a commitment to ensuring that successful outcomes and investment performance are achieved from engagement and voting.</p>
5f	<p>What further steps, if any, are taken if engagement is considered unsuccessful? F&C will not divest if a company fails to respond to engagement. However, we do not invest in companies unless they meet strict criteria.</p>
5g	<p>How, and how frequently, are engagement activities communicated to investors and other stakeholders?</p> <ul style="list-style-type: none"> - Every quarter F&C publishes a report on its engagement activities – the public <i>reo</i>® report - Each quarter F&C publishes a report on how it voted at global company's annual general meetings - Every year F&C also publishes an annual report to summarise our engagement and voting over the year – the annual responsible investment report <p>All of the above are available on our website. In addition, F&C provides tailored reporting to clients through its confidential <i>reo</i>® reports.</p>
5h	<p>What engagement activity has been carried out on behalf of the fund during the past year? Please see our annual responsible investment report, which lists all our engagement activities for 2009. The Fund FactSheets also detail our engagement.</p>
Section 6. Voting Policy	
6	Signatories should make clear their policies on voting.

6a	<p>Does the fund have a voting policy?</p> <p>Yes, F&C has a Responsible Ownership policy which reflects best practice. It can be found at: http://www.fandc.com/FN_FileLibrary/file/GSI_RIR_Responsible%20Owenship%20Guidelines.pdf</p> <p>This is supplemented by our Corporate Governance General Guidelines, available at: http://www.fandc.com/FN_FileLibrary/file/GSI_RIR_CGOG_General.pdf</p> <p>In addition, we have additional, region-specific corporate governance voting policies, which are sent to all companies in our portfolios ahead of voting season. These guidelines are proprietary to F&C.</p>
6b	<p>Does the fund disclose its voting practices and reasoning for decisions?</p> <p>Yes. We have pioneered disclosure in this area. See our website, which details our voting practices and the reasons for our decisions. This includes quarterly and annual reporting.</p>
6c	<p>Does the fund sponsor/co-sponsor shareholder resolutions?</p> <p>F&C generally prefers to build consensus with companies through discreet, long-term dialogue. However, when this does not achieve the desired results, the next step is to file shareholder proposals. In 2008, F&C co-filed a shareholder proposal with the New York Common Employees Retirement System, asking ExxonMobil to expand its non-discrimination policy to protect gay and lesbian employees. F&C also lead-filed a proposal at Walmart Stores, asking the company to address the implementation of its domestic labour policies across its global operations, but withdrew the proposal after the company agreed to open a serious dialogue with investors on this issue. Please see our website, which details our approach towards shareholder resolutions.</p>
6d	<p>What voting actions occurred that were related to the SRI fund ESG criteria?</p> <p>The policies of the funds include a commitment to encourage a good corporate governance culture and to implementing the F&C responsible ownership policy, meaning that all voting actions follow the ESG criteria of the fund.</p> <p>Generally, our experience is that US shareholder resolutions are where Environmental and Social Issues are most commonly raised. Our voting report, which is published on a quarterly basis, indicates how we have voted on such shareholder resolutions.</p>

Definitions of key terms used in the Code

Term	Definition
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

Term	Definition
	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.

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

For further information contact Eurosif at +33 1 40 20 43 38 or by email at contact@eurosif.org. Additionally, feel free to see the most updated information on the Transparency Code at www.eurosif.org.

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