

Union Investment sustainability code

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Preamble

The Union Investment Group is part of the Volksbanken Raiffeisenbanken cooperative financial network. As a cooperative, we believe it is very important to take responsibility for our influence on society and the environment. This responsibility is defined in the overarching code for the entities in the DZ BANK Group and reflects established international and German standards.

Acting in the interests of our investors, owners and employees has always been an integral part of our trustee business model and our self-image as a responsible company.

These values are also enshrined in our corporate philosophy. Our mandate is to grow the capital entrusted to us in a responsible manner and increase our enterprise value. In so doing, we undertake to treat our investors, employees and partners in a way that is professional and partnership-driven.

Our operating activities are aligned with established industry standards – for example, the code of conduct of the Federal Association of German Fund Management Companies (BVI) and the principles of proper and fair management of companies in the real-estate industry set out by the corporate governance initiative of the German real-estate industry.

We firmly believe that society, the environment and corporate governance are fundamental factors in the commercial success of companies and the sustainability of our economic system. These three areas will be key challenges for the stability of the economy going forward. In keeping with our self-image, we endeavour to continually improve the contribution we make to overcoming these challenges rather than simply complying with the applicable legal requirements. This is what we understand by corporate social responsibility, which we intend to exercise as effectively as possible through our sustainability management system.

This sustainability code documents our understanding of how we want to fulfil this responsibility in the various areas in which we operate. It serves as guidance for us in all our dealings with investors, employees and suppliers, and on social and environmental issues. If there are conflicting objectives between this policy and other internal guidelines, this information should be passed to the sustainability management team, who will provide clarification.

The sustainability code came into force on 1 January 2016 for all entities in the Union Investment Group.

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A. Corporate governance

Good corporate governance is in the interests of all our stakeholders. The rules on governance, risk management and compliance that are established at Union Investment cover all relevant aspects of responsible conduct and are updated regularly:

- We act at all times in accordance with our cooperative remit and in compliance with our company values.
- We have undertaken to observe the BVI code of conduct, and therefore also the key elements of the German Corporate Governance Code. It also follows that we comply with the applicable governance codes of the respective international markets.
- We are continually improving how we manage risk throughout the Union Investment Group. Reputational risk is an integral part of risk management.
- We demand – and help to ensure – that all our employees know and observe our anti-corruption rules (no bribes or acceptance of personal gain, etc.) and we monitor compliance with these rules.
- Our employees do not accept gifts or any other benefits if there is a risk of a conflict of interest. The same applies to giving gifts to business partners.
- We practise professional sustainability management, taking into account the leading German and international standards. Giving consideration to aspects of sustainability in company strategies and processes, whenever it is possible and reasonable to do so, is implicit in this

B. Communication

Regular, transparent reporting and dialogue with our various stakeholders are fundamental elements of our corporate social responsibility.

- We adhere to the principles of responsible communication.
- Where applicable, we provide information on controversial issues that affect us directly or indirectly and proactively discuss them with the relevant stakeholders.
- We publish an annual sustainability report within our annual report as part of an integrated reporting approach.
- We communicate openly about the results of our business activities. Our reporting complies with German and international recognised standards and guidelines on producing transparent, easily comprehensible, consistent and comparable reports that feature all the key information.

C. Employees

Skilled and motivated employees are crucial to the future profitability and competitiveness of Union Investment. We owe our success to them. That is why their continuing professional training and development is important to us. Our HR policy, which has a focus on stability and the long term, enables us to offer individual development opportunities and thereby ensure that a sufficient number of highly motivated employees with the right qualifications are available in every division.

Union Investment has clear principles for its HR activities:

- Relations with employees are based on partnership and respect.
- We offer targeted professional development for our employees. Our professional development is aimed at making our employees even more successful in their current areas of work by offering suitable training courses. We identify employees with potential at an early stage and specifically prepare them for taking on more challenging tasks.
- We recruit staff based on their work-related and personal skills. A strong work ethic and values such as teamwork, fairness and responsibility are also important to us. Ethnicity, religion, gender, disability, sexual orientation and age do not play a role in staff recruitment. We pay our employees fairly and according to clear and transparent criteria. Our sustainable remuneration systems are structured so that they provide an appropriate reward in return for the services of our employees and do not create false performance incentives.
- We encourage a good work-life balance – for example, through flexible working-time models, childcare provision, and advice and support for employees with relatives requiring care.
- The health of our employees is important to us. That is why we offer various health and wellbeing-related initiatives free of charge, such as advice and courses on preventative healthcare.

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D. Environment

Our commitment to preserving the environment is a critical factor in the future success of our company. Using resources more efficiently not only reduces our costs, it is also part of our corporate social responsibility. Our awareness of this responsibility can be seen from our climate strategy, which we put in place so that we can play our part in helping to achieve the international target set by politicians of limiting the rise in global temperatures to two degrees by 2050.

The core business activities of banks and investment companies in their role as lenders have an indirect influence on the environment. We take this into account in the individual investment policies for the trust assets with which we have been entrusted. In addition, our offices, business trips and procurement activities have a direct impact on greenhouse gas emissions and other environmental pollutants. That is why we set up an environmental management system in accordance with DIN EN ISO 14001 that has been independently certified. We constantly refine the management system and our environmental performance in a process of continuous improvement. In doing so, we apply the following principles:

- We want to continually improve the environmental footprint of our products and services in collaboration with our investors and business partners. For that reason, we keep track of developments in the area of sustainable and environmentally responsible financial services and constantly assess their relevance to Union Investment
- We use the resources available to us responsibly, efficiently and sparingly. Our aim is to reduce the consumption of materials and energy as much as possible, and to minimise emissions and waste.

- For capital investments and construction projects, we also take account of the environmental impact right from the outset and choose the more environmentally friendly option – provided it is justifiable from an economic standpoint. If we are not in a position to make the decision ourselves, we will advise the decision-makers accordingly.
- We encourage the use of environmentally friendly means of transport for business trips and the daily commute. We assess whether business trips are necessary and use alternatives such as video conferences.
- An important criterion for us when commissioning services and sourcing goods is the environmental impact of their production, usage and disposal, and we make sure we analyse the lifecycle from start to finish.
- We believe that our responsibility to protect the environment extends to our obligation to comply with the environmental laws that apply to our company. All binding obligations, conditions and requirements imposed by environmental legislation are closely monitored and rigorously applied.

E. Products and services

General principles

In our capacity as a trustee, we are committed to giving top priority to the interests of our investors. We combine financial parameters with sustainability criteria in order to minimise economic risk while also achieving comprehensive, long-term added value for our investors and society. In addition, we attach great importance to having a product

portfolio and offering advisory services that are fair, transparent and tailored to the investor's financial situation and risk appetite.

Consequently, the following principles apply to the various stages of the value creation process in our core business for all the financial products offered by Union Investment:

- We strive to match investors' requirements as closely as possible when designing products and services.
- We aim to achieve a consistently high standard of quality in our portfolio management and real-estate management. We apply the UN Principles for Responsible Investment in all our portfolios, and also the German Property Federation's sustainability code for our real-estate products. In addition, we have established guidelines on responsible investment especially for Union Investment and apply these guidelines consistently.
- We systematically and proactively exercise our shareholder rights in order to ensure good corporate governance at the companies in which our portfolios are invested. In the process, we particularly focus on the long-term success of the company and the consideration of sustainability in the business model. The relevant guidelines are defined in our proxy voting policy.
- We support the investment-oriented and investor-focused advisory processes of our sales partners as fully as possible and serve our institutional customers in accordance with high professional standards.
- High-quality advice and customer service for our investors is important to us. This also includes a fair and partnership-based approach to business relations with our investors.

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Principles for sustainable investment

We offer a variety of competitive sustainability-related products and services to customers who specifically want to make sustainable investments. These range from SRI investment funds to customised sustainability solutions across all major asset classes. They are based on our own research and take into account customer-specific sustainability criteria. In this context, we pursue the following aims:

- We support the establishment of sustainability standards in asset management and in the real-estate business that are ambitious and represent the interests of customers.
- We take into account the specific needs and requirements of our investors in the management of their assets as best we can, thereby helping to create long-term added value in portfolio investments.
- We endeavour to combine the sustainability focus in portfolios as optimally as possible with the requirement for risk-adjusted returns.

F. Society

We want our cooperative values to be reflected in our corporate citizenship activities as well. These activities include:

Volunteering: In the mitMenschen initiative, employees help people whose lives are not always easy. Naturally, employees' involvement in these activities is voluntary, but we want to encourage them to fulfil their own responsibility to society.

Foundation: Through our Union Investment Foundation, we regularly support local projects in the areas of science, research, education, art and culture as well as charitable endeavours. The Foundation particularly focuses on activities and projects that promote education.

Charitable donations: Sometimes only money is needed to alleviate suffering. That is why, in certain situations, Union Investment donates to selected institutions so that urgently required aid can be provided. We have maintained this tradition even in difficult periods and will continue to engage in this way.

The framework of financial regulation, aimed at ensuring transparency, sustainability and stability, is also a priority for us. We believe that transparency is important when it comes to political lobbying, which is why we have joined the EU Transparency Register and in so doing have signed up to a code of conduct.

The comments that we submit to legislators and regulators in response to public consultations are publicly available and accessible.

We also actively campaign for a political and regulatory environment that is investor-friendly and promotes sustainable development. The core issues are transparency, accountability and regulation as these help to ensure the long-term stability of financial markets for the benefit of our investors.

We regard industry codes as an important way of encouraging sustainable investment and therefore support related initiatives or launch them ourselves.

We also take environmental and social aspects into consideration when making procurement decisions and selecting service providers for our group of companies. In the tendering process, we analyse standards and processes for sustainable business, review these periodically and, where there is an impact on the environment, work with our business partners to make improvements.

G. Other applicable documents

- 1.) Union Investment corporate philosophy
- 2.) Responsible investment policy
- 3.) Proxy voting policy
- 4.) Sustainability requirements for suppliers

Legal Notice

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For detailed product-specific information and indications on the risks of the funds mentioned in this document, please refer to the latest Sales Prospectus, contractual terms, Key Investor Information Document and the annual and semi-annual reports, which you can obtain, from www.union-investment.com. These documents form the sole binding basis for the purchase of Union Investment funds.

READ THE PROSPECTUS BEFORE INVESTING

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Unless otherwise stated, all information, descriptions and explanations are dated 1 January 2016.