



Occupational pensions and sustainable investments in Germany

An empirical full-population study relating to section 115 (4) of the German Insurance Supervision Act (Versicherungsaufsichtsgesetz - VAG) and expert interviews by Dr. Axel Hesse (SD-M)

commissioned by Fortis Investments and the Federal Environmental Ministry of Germany.

As at: December 2008



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Summary

Funded occupational pension scheme volumes in Germany will increase tenfold from EUR 416 billion in 2006 to roughly EUR 4 trillion on 2030, which will have a major influence on the global economy. As providers of occupational pensions are oriented on the long-term, they are increasingly pursuing sustainable investment strategies, based on ethical, social and ecological criteria. In 2002, an obligation to report on sustainable investment activities was added to the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz – VAG*). The present study, which enjoyed a very high response rate, is the first full-population study to analyse the effects of this on the three external occupational pension vehicles: *Pensionskassen* (a traditional German insurance-linked pension fund) and pension funds (*Pensionsfonds*) and direct insurance (*Direktversicherung*). Additionally, supplementary expert interviews were conducted and analysed. The reporting requirement under the VAG does not apply to book reserve schemes (*Direktzusage*) and support funds (*Unterstützungskasse*). Consequently, these have been omitted from the study, as have providers of private (e.g. “Riester” products) or statutory (e.g. professional pension associations or statutory pension insurance) pensions.

Sustainability aspects are observed in the investments of as many as 50 percent of the analysed pension schemes, but in some cases only in specific rate or asset classes. In 2009, a conference of occupational pension providers should add impetus to this trend. Sustainable investment has so far focussed mainly on investment funds, followed by bearer and registered bonds.

This study details for the first time how occupational pension providers inform their beneficiaries about the use of ethical, social and ecological criteria in investment in accordance with the reporting requirement of the VAG. Reporting standardisation and a systematic audit by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) is recommended.

The results of the expert interviews with occupational pension providers, representatives of insurance associations and insurance intermediaries are provided below:

Based on the very long-term investment horizon of roughly 27 years for occupational pension schemes, the experts appraised the inflation-adjusted return expectations of various asset classes of the scheme, and determined that fixed-income investments were far too highly weighted, although the financial market crisis currently seems to suggest otherwise. (Very) good long-term returns are expected from equities, equity funds (including climate protection and water funds), private equity funds (including clean tech funds) and commodity funds. Adjusted for inflation, most of the asset classes that are particularly well-suited for sustainable investments also promise high long-term returns. The combination of sustainability and high returns can be ideal for pension investments in particular.

However, the traditional options of direct insurance, Pensionskassen and pension funds, which dominate the scene today, are seen as delivering inadequate inflation-adjusted returns. Particularly (the time after) the financial market crisis should therefore be used to strengthen the market for fund-based products offering higher returns. The performance enhancing potential of integrating sustainability aspects is highest for fund-linked products. And, this is the area in which sustainable investment options have so far been most prevalent. Although the performance-enhancing impact of sustainability criteria on occupational pension investments are generally seen as minimal so far, their importance increases significantly upon closer scrutiny. As early as 2006, for instance, “subprime” was defined as a core challenge (SD-KPI) for banks, which was the basis for the current financial crisis. In the future, a high degree of influence will also come from international trading in greenhouse gas emissions.

Although the Germans are seen internationally to be leaders in the area of environmental protection and 86 percent of occupational pension clients request that their pension schemes not invest in companies making environmentally damaging products, German occupational pension schemes are deemed unprogressive when it comes to comprehensive integration of sustainability aspects. The largest barrier cited was the lack of active, sustainability leaders among institutional investors. The fiduciary duties in Germany do not represent a barrier.

Through cooperation, occupational pension providers could promote the accumulation of know-how in particular and conduct joint educational campaigns on sustainable investment. But, given that the sustainability experts often have no personal relationships with other pension providers, the occupational pension conference planned for 2009 is meant to pave the way for increased collaboration. Moreover, tax incentives for sustainable insurance products or asset classes could serve to as a unifying target towards a political framework, especially since this would help to prevent future financial, environmental and social crises. Realistically, the very high average proportion of fixed income investments (roughly 85 percent) held by German occupational pension schemes will remain high for quite a while. Thus, consideration should be given to the use of instruments such as return-enhancing tax incentives or subsidies for loans to projects with a significant direct sustainability impact – e.g. financing of global energy efficiency or renewable energy products.

In the long term, integration of ethical, social and ecological criteria will improve the risk-adjusted performance of occupational pensions and promote overall sustainable development. This is also very important to occupational pension clients, who want to enjoy a high quality of life and intact natural environment when they retire.

1 Introduction: basis, objective and design of the study

The proportion of funded occupational pension schemes in Germany is steadily rising. The cover assets of the pension schemes will increase from approximately EUR 416 billion in 2006 to roughly ten times that in 2030. Such high volumes of investment have a considerable impact on the global economy. Occupational pension schemes are institutional investors with a long-term investment horizon, and are increasingly looking to invest in sustainable development, i.e. taking into account ethical, social and ecological interests (see 1.1). In 2002, an obligation for occupational pension providers to report on sustainable investment activities was added to the German Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) (see 1.2). This is the first full-population study relating to the effects of this reporting obligation on the three external occupational pension vehicles. A high proportion of occupational pension providers were evaluated: 71.5 percent of direct insurance providers, 48.7 percent of Pensionskassen and 90.8 percent of pension funds (based on investment volumes). Additionally, supplementary expert interviews were conducted and analysed (see 1.3).

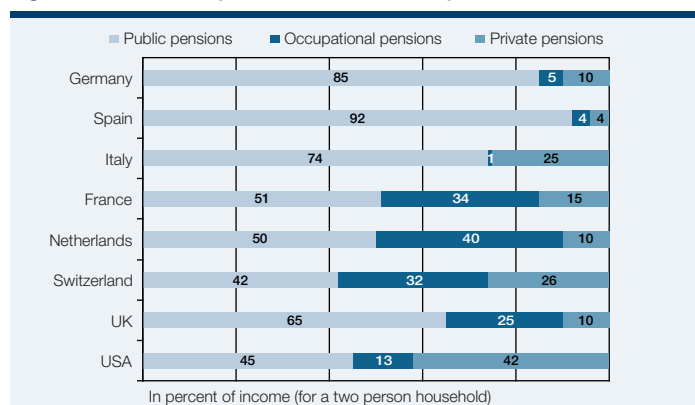


1.1 Structure and development of pension business in Germany

The current structure of pension income in Germany can be broken down as follows:

- 85% from pay-as-you-go, unfunded public pensions,
- 10% from funded, private pension schemes and
- 5% from funded, occupational pension schemes.

Figure 1: Structure of pension income in Europe and the US 2005¹



In particular demographic developments will make greater funding necessary in the future, as a growing number of retirees cannot be funded by a declining number of workers in a pay-as-you-go system. Thus, in Germany over the past several years, a number of reforms have been introduced towards increased aggregate funding through private and occupational pension schemes. It is expected that the German retirement system will end up at a ratio of 60 percent unfunded and 40 percent funded². Thus, Germany will catch up with the trend towards greater funding of pensions that other European countries and the US have already accomplished (see Figure 1).

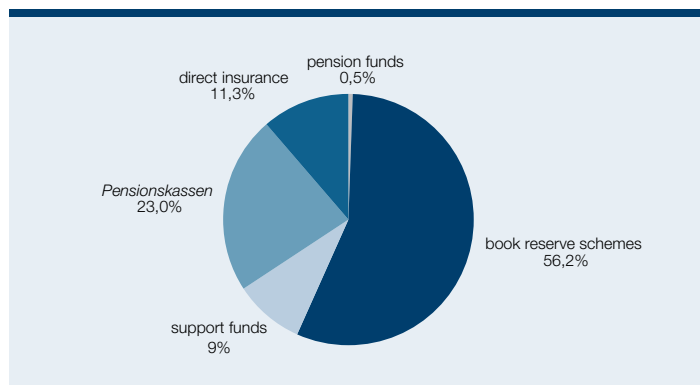
At the end of 2006, the assets of occupational pension schemes in Germany totalled EUR 416.3 billion, broken down as follows between the five occupational pension vehicles – book reserve schemes, Pensionskassen,³ direct insurance, pension funds and support funds³:

¹Source: FAZ dated 3 May 2005/Allianz Global Investors.

²Raffelhüschchen, B.: Altersvorsorge in Deutschland: Besser als ihr Ruf?, in: dpn, July/August 2008, p. 45.

³Arbeitsgemeinschaft für betriebliche Altersvorsorge e.V. (aba), Internet URL: http://www.aba-online.de/seiten/betriebsrente/daten_fakten/1_Deckungsmittel_bav/Aktualisierungen_0608/1a-Deckungsmittel-_Aufteilung2006_13.06.08.pdf (As at: 26 November 2008).

Figure 2: Percentage breakdown of assets in occupational pension business 2006 – by vehicle



Source: Schwind, J. (2008): Die Deckungsmittel der betrieblichen Altersversorgung in 2006, in: Betriebliche Altersversorgung, Issue 4, pp. 401-403.

For the end of 2007, investments by *Pensionskassen* totalled EUR 98.7 billion (2006: EUR 92.5 billion) and those by pension funds EUR 14.1 billion (2006: EUR 2.1 billion) according to the Federal Financial Supervisory Authority (BaFin)⁴. This appreciable increase among pension funds is largely the result of the transfer of existing book reserve/direct pension obligations (*Direktusage*) by employers to pension funds. Two other companies represented in the DAX have founded their own pension funds for this purpose. Going forward as well, new business for pension funds is expected to come primarily from the transfer of existing direct pension obligations, which has fiscal benefits and advantages on the balance sheet for the companies⁵. No up-to-date figures are available for investments by direct insurance providers. Direct insurance refers to life insurance policies concluded by the employer as policyholder and premium payor for the employee as beneficiary. The investments of all life insurers – including direct insurance – totalled EUR 725.7 billion at the end of 2007 (2006: EUR 703.3 billion)⁶. Assuming an equivalent rate of 3.18 percent growth for direct insurance as well, assets in this pension vehicle can be projected to total 48.5 billion at the end of 2007 (2006: EUR 47.0 billion). In its 2008 pension report, the German Federal Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Soziales, BMAS*) emphasises that occupational pension schemes have overcome their decades-long stagnation, and have been growing since introduction of the fundamental reforms in 2002. The number of employees entitled to a company pension has increased drastically since then. At the end of 2007, roughly 17.5 million employees had a company pension entitlement.



At the start of 2002, the number was only 14.5 million. In total, approximately 64 percent of employees subject to membership in the German social insurance scheme have accrued entitlements to supplementary occupational pension benefits⁷. According to a study by Allianz Global Investors, demand for private and occupational pensions will continue to grow rapidly in the coming years. Within the European Union, projections point to an increase of the amount invested in retirement products from 7.4 trillion in 2004 to 16.4 trillion in 2015. In this context, reform latecomer Germany is likely to see a particularly substantial rise: The total amount of money invested in occupational and private pensions are estimated to rise from EUR 980 billion in 2004 to EUR 1,987 billion in 2015, a doubling in just 10 years⁸. The consulting firm A.T. Kearney even makes a forecast until 2030: The company is expecting the largest increase to come in occupational pensions, for which a tenfold rise in cover assets from EUR 416 billion currently to roughly 4 trillion is assumed⁹. Institutional investors with such high volumes of investment are a major force in the international capital markets. Moreover, investors are now seen as the most important factor influencing the companies in which they invest. More and more, institutional investors from the pension insurance market are integrating sustainability criteria, such as environmental protection as well as economic and social development criteria into their investment decisions¹⁰. This is particularly true of countries in which funded pension products are already more established than currently in Germany.

⁴see BaFin: Statistik der BaFin – Erstversicherungsunternehmen 2007, Bonn 2008, tables 200 and 700.

⁵see BaFin: Annual Report 2007, Bonn 2008, pp. 104-106.

⁶see BaFin: Statistik der BaFin – Erstversicherungsunternehmen 2007, Bonn 2008, table 100.

⁷see Bundesministerium für Arbeit und Soziales (BMAS): Alterssicherungsbericht 2008, pp. 125-127.

⁸see BBE Retail Experts – Branchenreport "Versicherungswirtschaft 2015", 2008 edition, p. 456.

⁹see A.T. Kearney: Sorgenfrei ins Alter, München 2006, p. 1.

¹⁰see Hesse, A.: Sustainable investments in pension funds - international comparison, Zürich, May 2007 and Hesse, A.: Long-term and sustainable pension investments – a study of leading European pension funds, Zug, May 2008. Download: www.SD-M.de under "Publications".

1.2 Obligation to report on sustainability criteria for investments by occupational pension providers in accordance with the Insurance Supervision Act (VAG)

Achieving sustainable development globally, e.g. conserving the environment, ending global warming and fighting poverty, is also of great importance to occupational pension providers, which have a cross-generational orientation, so that beneficiaries can spend their twilight years in a worthy manner. Thus, it was consistent and proper that, together with the reforms relating to pension investments in Germany for pension funds in 2002 and Pensionskassen and direct insurance in 2005,

a reporting obligation was introduced into the Insurance Supervision Act (VAG). These three external occupational pension vehicles are required to inform their beneficiaries upon contract formation of the policy and each year in writing as to whether ethical, social and ecological aspects are taken into account for the investment of their premiums (see Figure 3). For the two remaining vehicles: book reserve schemes (company pension provisions) and support funds (Unterstützungskassen), this reporting obligation does not apply.

Figure 3: Reporting obligations in accordance with sections 10a (2), 115 (4), 118b (1), Annex D no. 2 b) and cc) VAG [in the version dated 28 May 2008]

§ 10a Multiple applications; information by providers of occupation pension schemes [...]

(2) To the extent that life insurance undertakings and Pensionskassen are active in occupational retirement provision business, **they must also provide information in accordance with Annex D** to beneficiaries who are not themselves policyholders.

§ 115 Investments [...]

(4) The pension fund **must inform its beneficiaries in writing of whether, and, if so, how, it takes ethical, social and ecological interests into account in the way it invests the contributions paid.**

§ 118b Applicable provisions

(1) Sections 58 and 59 of this law and section 341k of the Commercial Code apply to Pensionskassen. Section 113 (2) nos. 4b, 5 and 7, section 113 (4) as well as **section 115 (3) and (4) apply accordingly to Pensionskassen**; section 5 (3) no. 2 applies, subject to the proviso that the general policy conditions are to be submitted together with the application for authorisation.

Annex D: Information by providers of occupation pension schemes

Beneficiaries have to be supplied with the following information; this information must be comprehensive and concise: [...]

2. During the term of the contract [...]

b) Annually, beginning with the start of contract [...]

cc) **The information pursuant to section 115 (4); [...]**



1.3 Objective and design of the study

For purposes of this study, a survey was first conducted with all providers of the three external vehicles (with business operations and subject to supervision by BaFin; according to BaFin lists as at 16 June 2008). This included:

- 101 life insurers/direct insurance providers based in Germany,
- 154 Pensionskassen based in Germany and
- 27 pension funds based in Germany.

In the period from September to December 2008, the companies were contacted with a letter asking whether or not they were already taking into account ethical, social and ecological criteria in their investment, and what methods they were using to inform their beneficiaries.

The high rate of response for such a study is depicted in Figure 4. Details can be taken from the lists in the Appendix.

Figure 4: Response rates to the full-population study by vehicle

	direct insurers	<i>Pensionskassen</i>	pension funds
no response	30 (29,7%)	71 (46,1%)	8 (29,6%)
request denied	30 (29,7%)	32 (20,8%)	2 (7,4%)
number of responses	41 (40,6%)	51 (33,1%)	17 (63,0%)
investment of respondents	EUR 34.7 billion ¹¹	EUR 48.1 billion	EUR 12.8 billion
response rate in percent of investments	71,54%	48,7%	90,8%

In the period from November to December 2008, personal expert interviews were conducted with representatives of the following selected

occupational pension providers, insurance associations and insurance intermediaries, who have already gathered experience in the area of sustainable investment. We would like to thank all of our interview partners for their support:

- AachenMünchener Lebensversicherung
- Allianz Pensionsfonds
- Allianz Pensionskasse
- Allianz Lebensversicherung
- AMB Generali Pensionskasse
- AMB Generali Pensionsfonds
- BVV Versicherungsverein des Bankgewerbes
- Cosmos Lebensversicherung
- Dialog Lebensversicherung
- Generali Lebensversicherung
- Hamburg-Mannheimer Versicherung
- Hamburg-Mannheimer Pensionskasse
- MetallRente-Direktversicherung
- MetallRente-Pensionskasse
- MetallRente-Pensionsfonds
- oeco capital Lebensversicherung
- Skandia Lebensversicherung
- Victoria Lebensversicherung
- Victoria Pensionskasse
- Volksfürsorge Deutsche Lebensversicherung
- Volksfürsorge Pensionskasse
- Arbeitsgemeinschaft kommunale und kirchliche Altersversorgung (AKA)¹²
- Gesamtverband der Deutschen Versicherungswirtschaft (GDV)
- ÖKORENTA
- PROVITA
- versiko

¹¹Estimated based on the available data on the amount of total investments by life insurers in 2007. See also Schlüter, Rolf: Lebensversicherungen 2007, in: versicherungsmagazin 11/2008, pp. 50-52. – The amount of investment by direct insurers was estimated for each company as 6.7% of total investments by life insurers (EUR 48.5 billion / EUR 725.7 billion * 100 = 6.7%).

¹²In this case, only the relevant questions were discussed. The positions of the Arbeitsgemeinschaft für betriebliche Altersversorgung e.V. (aba) were incorporated indirectly through aba board member, Heribert Karch, managing director of MetallRente.



2 Results of the survey

Of the occupational pension products analysed, roughly 50 percent already take into account sustainability aspects with actual effects on investment activities. In the course of 2009, a conference is to be held for providers of occupational pensions, in order to add even greater impetus to this positive development (see 2.1). Broken down by asset class, sustainability criteria are being used most for investments in fund units (especially equity funds), followed by bearer and registered bonds (see 2.2). Section 2.3 of this study details for the first time how occupational pension providers inform their beneficiaries about the (non-)use of ethical, social and ecological criteria in investment annually or at contract formation of the policy in accordance with the reporting requirement of the VAG (details only in the German version of this study). The most important findings are to be analysed and recommendations made for a standardisation of reporting and systematic audit by BaFin.

2.1 Application of ethical, social and ecological criteria

Question 1 of the survey is: "Are ethical, social and ecological criteria taken into account in investments made for the occupational pension products of [your direct insurance company / your *Pensionskasse* / your pension fund]?" Responses to this question, broken down into each of the three vehicles, were as follows:

Figure 5: Are ethical, social and ecological criteria taken into account in investments made for the occupational pension products of your DIRECT INSURANCE?

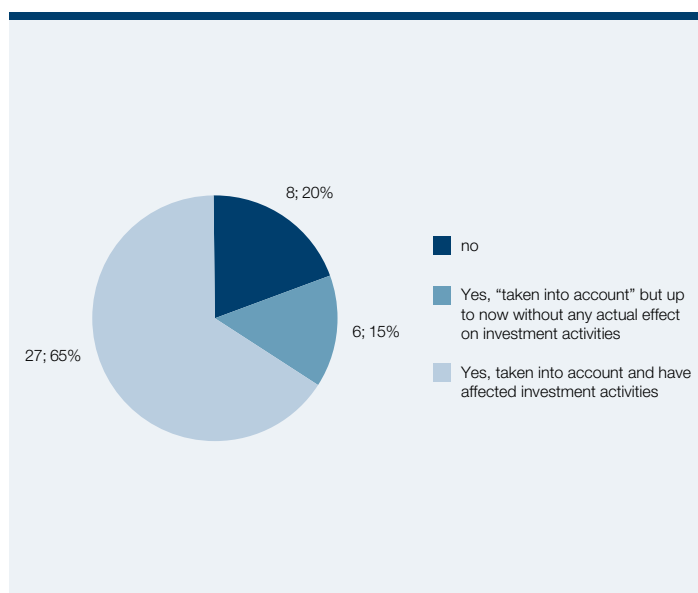


Figure 6: Are ethical, social and ecological criteria taken into account in investments made for the occupational pension products of your PENSIONS KASSE?

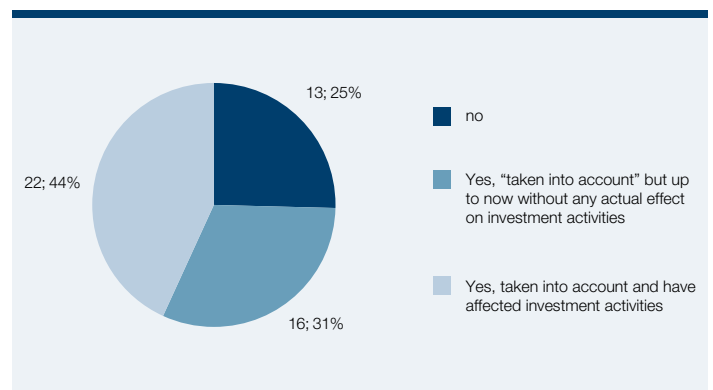
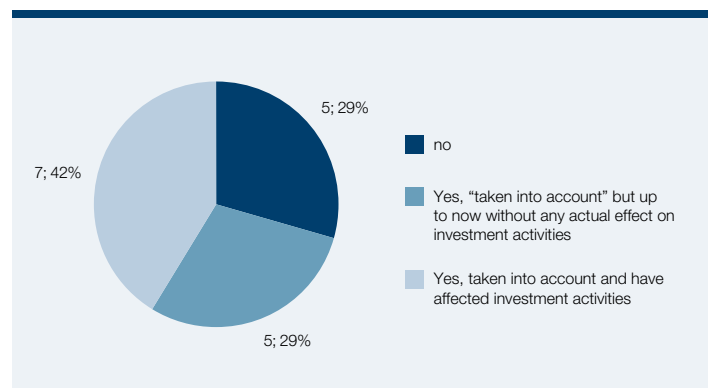


Figure 7: Are ethical, social and ecological criteria taken into account in investments made for the occupational pension products of your PENSION FUND?



What at first glance appears to be a high rate of use must be put into perspective in the following two ways:

- For one, taking these aspects into account even in a single asset class of a single product is enough for a positive response (e.g. the common option for customers to select one or more sustainable funds as part of a unit-linked policy).
- Secondly, the thesis could be floated that an above average number of providers already active in sustainable investment took part in the study.

Yet, the result are promising. On the basis of 282 total providers of occupational pensions, with 56 providers (27 direct insurers, 22 Pensionskassen and 7 pension funds) 19.9 percent of the total number already invest sustainably in some form. But, it is also clear that there is an abundant amount of room for more sustainable orientation in the occupational pension landscape. To this end, a conference of providers is already in planning for 2009.

An indication of the unrealized potential for sustainable investments in this segment is also provided by the second option for answering question 1, according to which ethical, social and ecological criteria are „taken into account“ for some investments, but have not yet had actual effects on investment activities. This “taking into account” is derived from the text of the VAG, which was influenced from English regulation for pensions from 1999, where the den broad term “consideration” is used. Providers of occupational pensions can thus “take into account” sustainability issues by considering the topic or thinking about the implications, without any actual effect on investment assets. A further 27 occupational pension providers (6 direct insurers, 16 Pensionskassen and 5 pension funds) or 9.6 percent of all respondents gave this answer, indicating that a process of gathering know-how in the area of sustainable investment has begun, which could lead to actual sustainable investments in the future. 26 occupational pension providers (8 direct insurers, 13 Pensionskassen and 5 pension funds) or 9.2 percent of respondents answered that sustainability criteria were currently not being taken into account.



2.2 Sustainable investment by asset class

Those providers of occupational pensions which already take into account sustainability criteria were also asked in question 1 to cite the asset classes involved. Before the responses are introduced, the mix of asset classes in the three vehicles life/direct insurance, Pensionskassen and pension funds will be illustrated in Figure 8¹³:

Figure 8: Investments of the vehicles at the end of 2007 (in %)

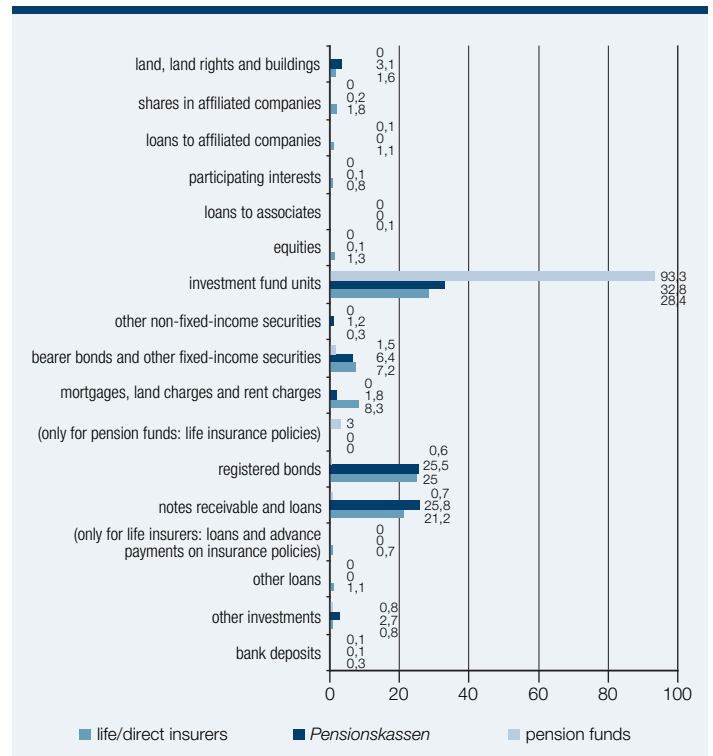


Figure 8 shows that there are currently only five asset classes of higher significance for the three vehicles studied:

- fund units,
- bearer bonds and other fixed-income securities,
- mortgages, land charges and rent charges,
- registered bonds,
- notes receivable and loans.

At more than 93 percent, investment fund units are the dominant asset class for pension funds, with a weighting similar to that of unit-linked products from direct insurers. On average, fund units comprise 28.4 percent of guarantee assets and unit-linked products at life insurers and 32.8 percent at Pensionskassen. Fund units as an asset class are not broken down further in the BaFin statistics. Thus, no exact numbers can be cited as to how large the proportion of equity funds is as compared to bond funds (for fix-income investments). All four of the remaining significant asset classes can be summarized generally under “fixed-income investments”.

¹³Figure 8 was compiled by the author on the basis of the data in tables 100, 110, 200, 210, 700, 710 and 711 of the BaFin publication: Statistik der BaFin-Erstversicherungsunternehmen 2007, Bonn 2008. This includes the EUR 682.1 billion in investments of life/direct insurers and the investments for the account and risk of life insurance policyholders (from unit-linked products) in the amount of EUR 41.2 billion. This also applied for pension funds (EUR 640.5 million in investments + EUR 13.4 billion in assets for the account and risk of employees and employers). For Pensionskassen, only the investments in the amount of EUR 98.5 billion were included in the comparison.

Figure 9: Actual use of sustainable investment for the following asset classes in % of direct insurers

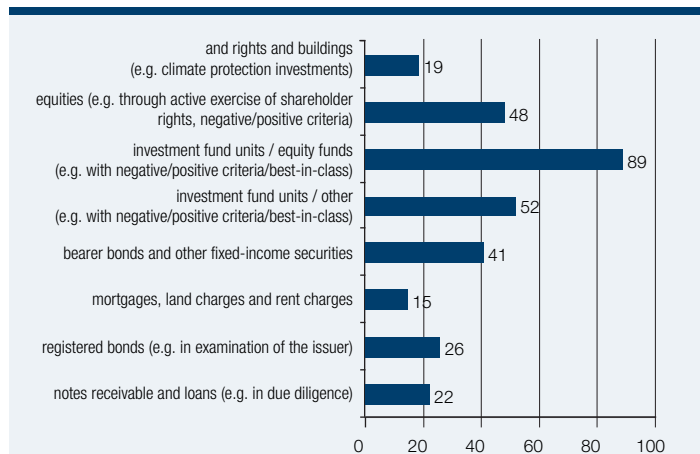


Figure 10: Actual use of sustainable investment for the following asset classes in % of Pensionskassen

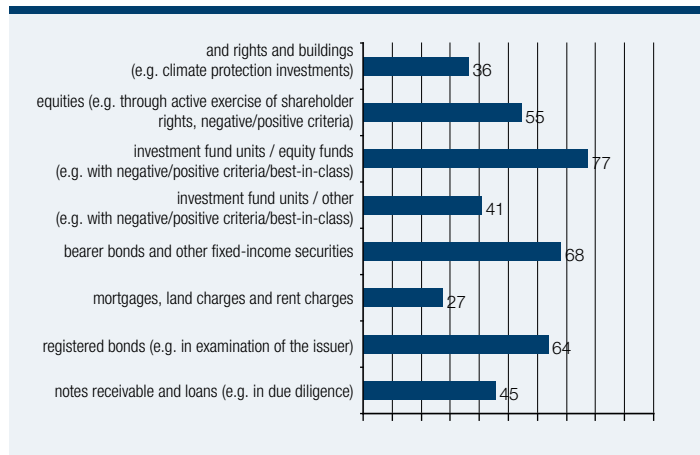
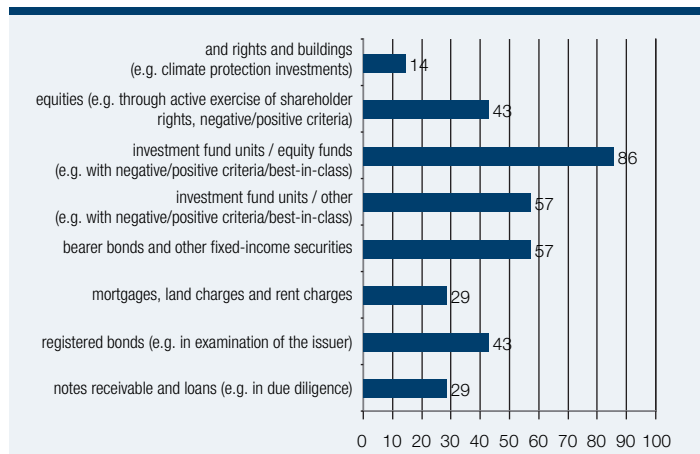


Figure 11: Actual use of sustainable investment for the following asset classes in % of pension funds



The most significant actual usage of sustainability criteria is for investment in equity fund units (89 percent of direct insurers, 77 percent of Pensionskassen and 86 percent of pension funds). This may involve, for instance, excluding or including a certain company's shares based on negative and/or positive criteria. Very often, occupational pension scheme clients are offered the option of selecting sustainable equity funds as part of unit-linked policies, which gives the client a better probability of generating higher returns. In return, however, the client bears a higher risk on the investment. Such funds are still rarely found in the classical "Deckungsstock" or "guarantee assets" (14). In the case of direct investments in equities, sustainability criteria are applied by roughly half of the providers of occupational pensions, though this direct type of investment is of minimal importance in relation to the overall investment volume (see Figure 8). Sustainable "other fund units" – meaning all fund units other than equity funds – are used by between 41 percent (*Pensionskassen*) and 57 percent (pension funds) of occupational pension providers, again with the far largest proportion in unit-linked products. In the case of the four most significant "fixed-income asset classes", sustainability is taken into account most often in relation to bearer bonds; at a rate of 41 percent by direct insurers, 68 percent by *Pensionskassen* and 57 percent by pension funds. The least consideration is given to sustainability when it comes to mortgages, land charges and rent charges. In relation to registered bonds and notes receivable/loans, which are the most significant fixed-income investments by volume, ethical, social and ecological interests are applied to a lesser degree, by between 26 and 22 percent of direct insurers and 64 to 45 percent of *Pensionskassen*. For less the important asset class by volume, land and buildings, sustainability aspects, e.g. climate protection, are applied by 14 - 36 percent of the vehicles.

2.3 Reporting on use of sustainability aspects in accordance with section 115 (4) VAG

As mentioned in the introduction (see Figure 3), there is an obligation for all three external vehicles pursuant to sections 10a (2), 115 (4), 118b (1) and Annex D no. 2 b) and cc) VAG to report to beneficiaries as to whether, and, if so, how, ethical, social and ecological interests are taken into account in the investment of contributions paid. Empirical details of the information provided to the beneficiaries can only be found in the German version of this study (see "Betriebliche Altersvorsorge und nachhaltige Investments in Deutschland", pp. 13-18).

¹⁴"Guarantee assets" refers to the portion of assets in insurance business used to guarantee the claims of policyholders in the event of insolvency. The concept was implemented into German law as a result of European legislation, though a similar concept existed in Germany formerly under the term "Deckungsstock". The guarantee assets, together with "other restricted assets", form the "gebundene Vermögen" ("restricted assets").

Important findings from the analysed sustainability reporting are:

- The VAG requirement to invest in a way that ensures “maximum security and profitability, while maintaining adequate liquidity at all times,” is very often applied (restrictively) in the context of sustainability reporting. It is thus clear that this traditional “magic triangle” should be turned into a square within the medium term through addition of sustainability criteria in the relevant provisions of the VAG (sections 54, 115 (1) VAG). A recommendation can be made in this respect that the long-term return expectations of sustainable investments be addressed in the report pursuant to section 115 (4) VAG, as described by the Pensionskasse für die Deutsche Wirtschaft (PKDW).
- Some occupational pension providers still are not reporting on the (non-)use of ethical, social and ecological criteria. Consideration could be given to whether BaFin should explicitly communicate the reporting obligation to all direct insurers, Pensionskassen and pension funds again, and include this obligation as a systematic item in its on-site audits.
- There are providers who were unaware of their reporting obligation until contacted to take part in this study, and now plan to report on this topic in the future, which is certainly a positive secondary effect.
- Although open reporting about non-use of sustainability interests is in conformity with the law, it could prove to be a competitive disadvantage in the long run, as representative customer surveys show that more than 90 percent desire at least application of the most important sustainability topics such as human rights and environmental protection to investment decisions.
- In many cases, the VAG reporting obligation was the starting point for consideration of sustainable investments. Regulation must also be viewed in a positive light. Information is assembled and reported that would otherwise unlikely be received by beneficiaries.
- The clarity of the information is less than adequate in some cases. An assessment by the clients, BaFin and/or a third party provider with respect to understandability and clarity would be advantageous. In order to increase transparency, consideration could be given to development of a uniform structure through an ordinance/circular, which would facilitate comparability of the offerings.
- The information content of the reporting increases considerably when the sustainability aspects are broken down according to the

most significant asset classes. This should be taken into account for any standardisation of reporting requirements.

- Particularly in the category “taken into account without actual effect”, reporting often leads beneficiaries to believe that the sustainability factors are already having an effect on investment. This is not in line with the clarity of information intended by the VAG.
- On the whole, policyholders and beneficiaries still lack adequate information on sustainable investment. Judicious reporting should provide background information and answer questions, rather than creating new ones.
- Inconsistencies in reporting by individual companies within a group should be more proactively avoided.

2.4 Planned changes

In question 5, the participants were asked to report planned changes in the use of ethical, social and ecological interests within the next to years. The majority of occupational pension providers (35 direct insurers, 48 *Pensionskassen* and 12 pension funds) have no changes planned. One pension fund plans to “take account of” sustainability criteria for the first time in the future. One *Pensionskasse* and two pension funds intend to actually apply them for the first time. And, at six direct insurers, two *Pensionskassen* and two pension funds, there will be changes in the actual application, e.g. change of assets manager, changes in the investment process, inclusion of sustainability aspects in further occupational pension products. None of the providers reported that they had taken sustainability into account in the past, and now planned to discontinue the practice. The responses to this question must be accepted with caution, given that the companies were asked about “planned” changes. Given the dynamic development of the overall market for sustainable investments, it is likely that the actual rate of change toward more sustainable investments will be higher.

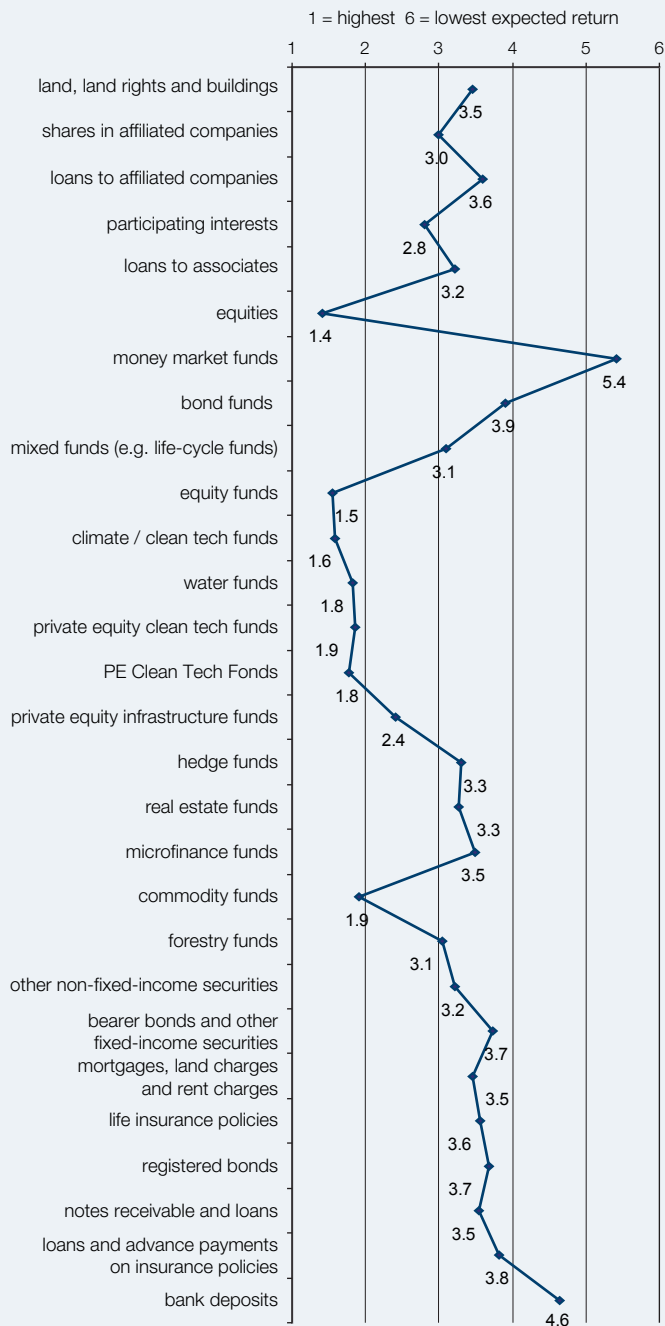


3 Results of the expert interviews

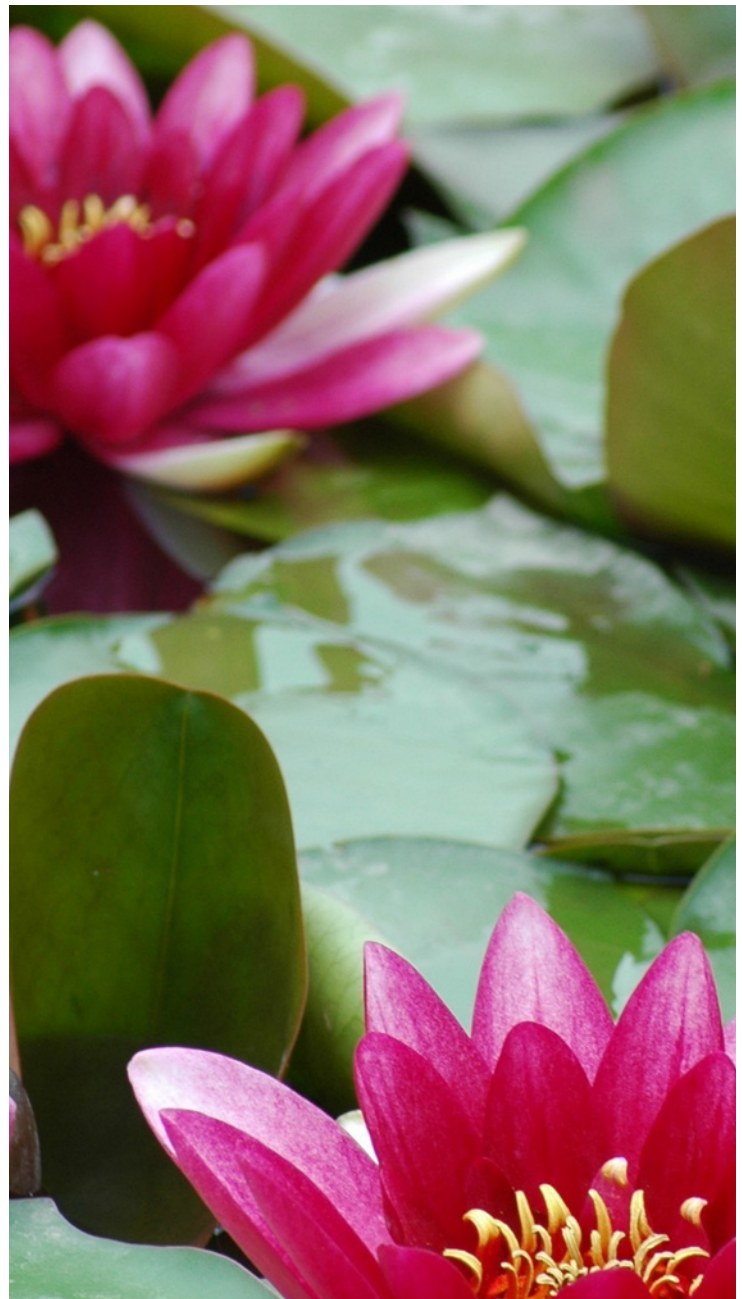
3.1 Long-term, inflation-adjusted expected returns of the asset classes

Question 1: Please state the inflation-adjusted expected return for pension investments with a long-term investment horizon of 27 years for the following asset classes, irrespective of existing investment restrictions or your current proportion of investments in them.

Figure 12:



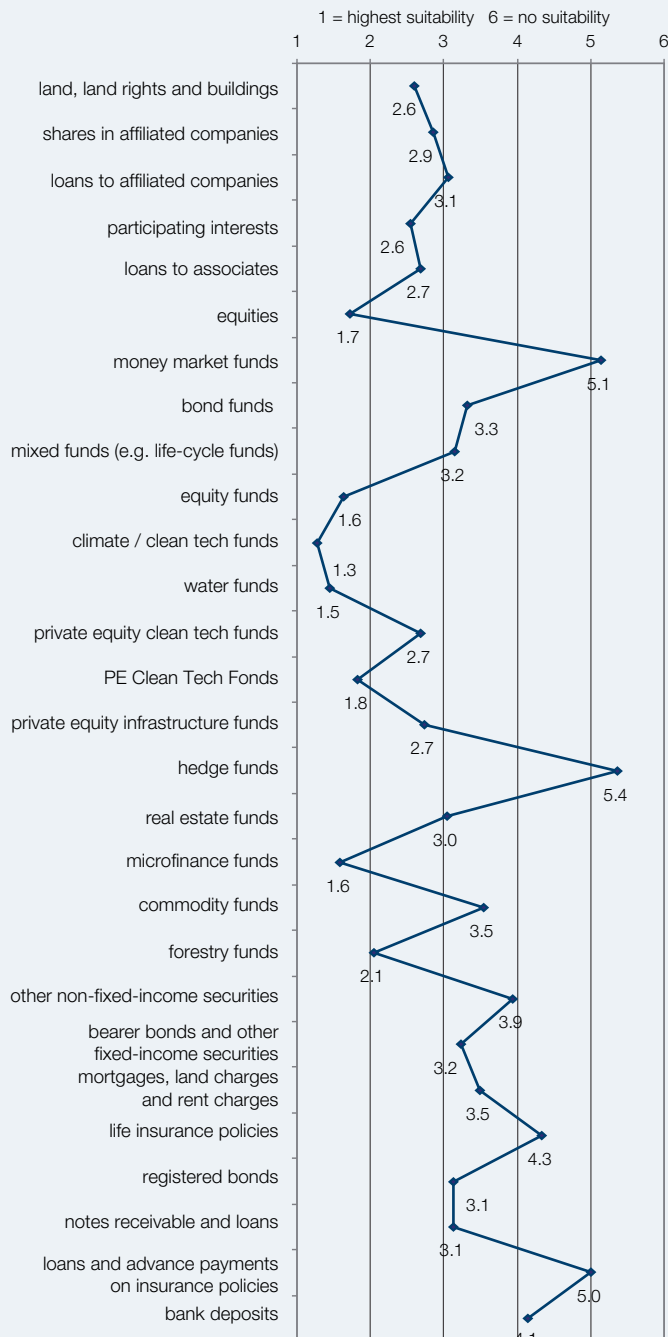
In this first question of the interviews with occupational pension providers, representatives of insurance associations and intermediaries, the long-term inflation-adjusted expected returns of various asset classes were assessed by the experts. In this context, the very long-term 27-year investment horizon of the schemes were taken into account, and it was found that fixed-income investments are substantially too heavily weighted, although the current financial crisis seems to suggest otherwise.



3.2 Suitability of the asset classes for application of ethical, social and ecological criteria

Question 2: How do you assess the general suitability of the following asset classes for actual application of ethical, social and ecological criteria (irrespective of your current proportion of investment in them)?

Figure 13:



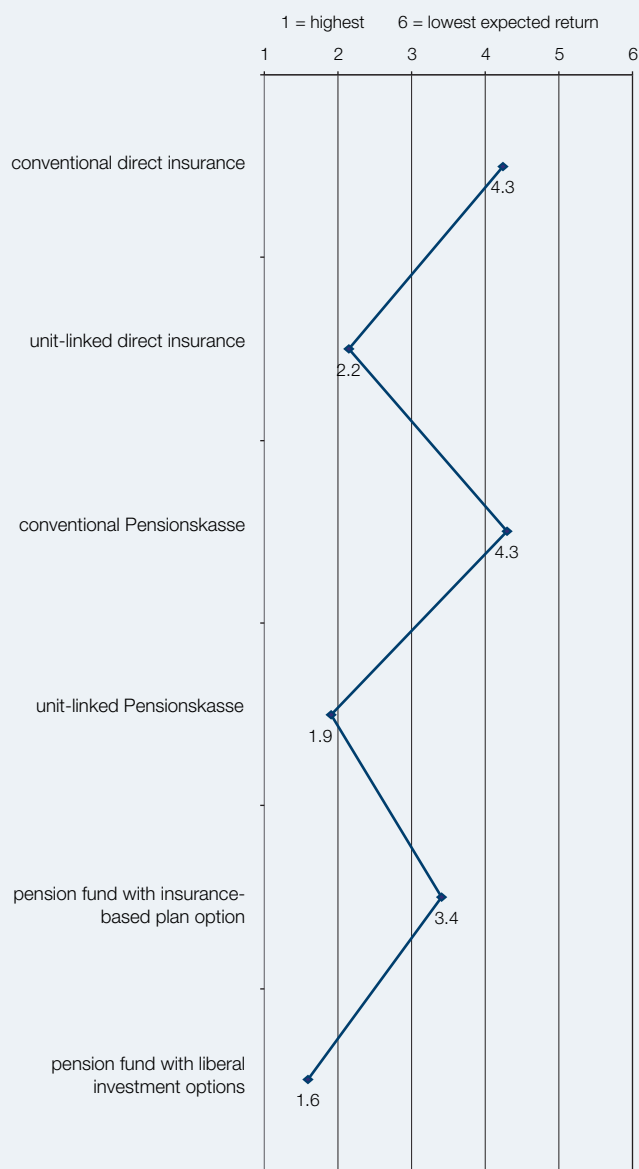
Sustainable investment today are implemented primarily through investment in fund units, e.g. equity funds. The experts were asked to state the extent to which they consider the other asset classes to be suitable for sustainable investment as well. For the most part, other asset classes were named in this context, which are also considered to offer high long-term expected returns under section 3.1.



3.3 Long-term, inflation-adjusted expected returns of the vehicles

Question 3: For pension investments with a long-term investment horizon of 27 years, please compile a ranking of inflation-adjusted expected return on premiums (incl. surplus participation/bonuses) for the following defined contribution occupational pension vehicles/products with a defined benefit underpin.

Figure 14:



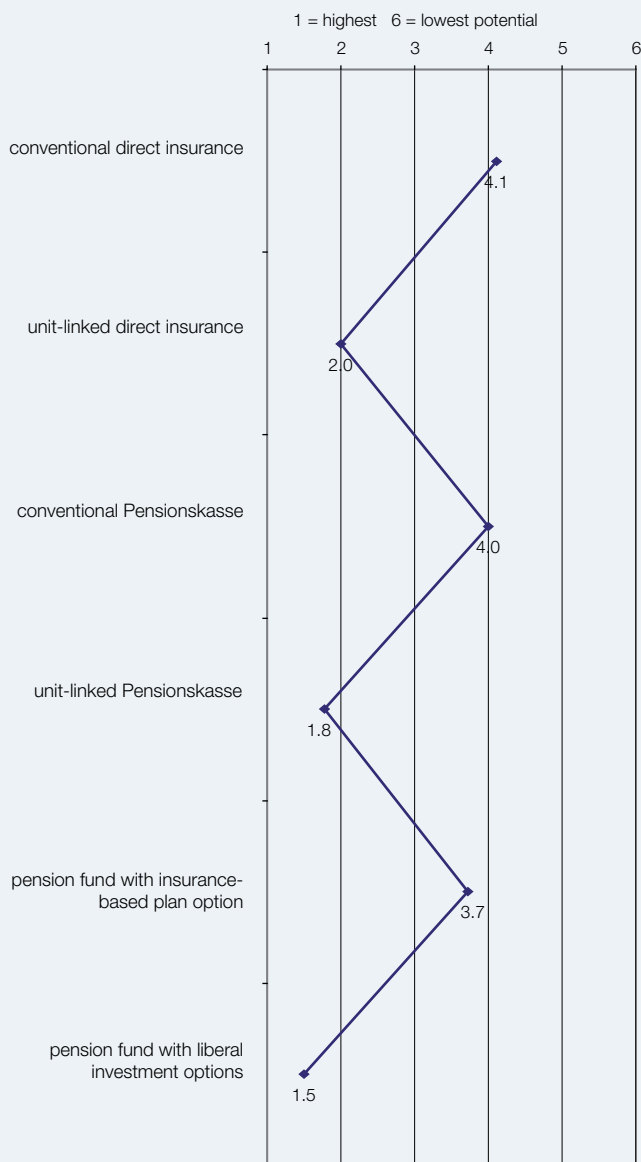
The conventional products from direct insurers, *Pensionskassen* and pension funds are viewed as having returns too weak to comprise an adequate component of retirement provision for beneficiaries long term and adjusted for inflation. Thus, particularly (the time after) the financial market crisis should be used to strengthen the market for high-return fund-based products, whose investments are only reweighted towards low-risk asset classes near the end of the savings period.



3.4 Performance-enhancing potential of sustainability for vehicles

Question 4: Please compile a ranking: Which of the following occupational pension vehicles/products currently offer high/low potential for contributing to long-term inflation-adjusted performance enhancement for investments through actual application of ethical, social and ecological criteria?

Figure 15:



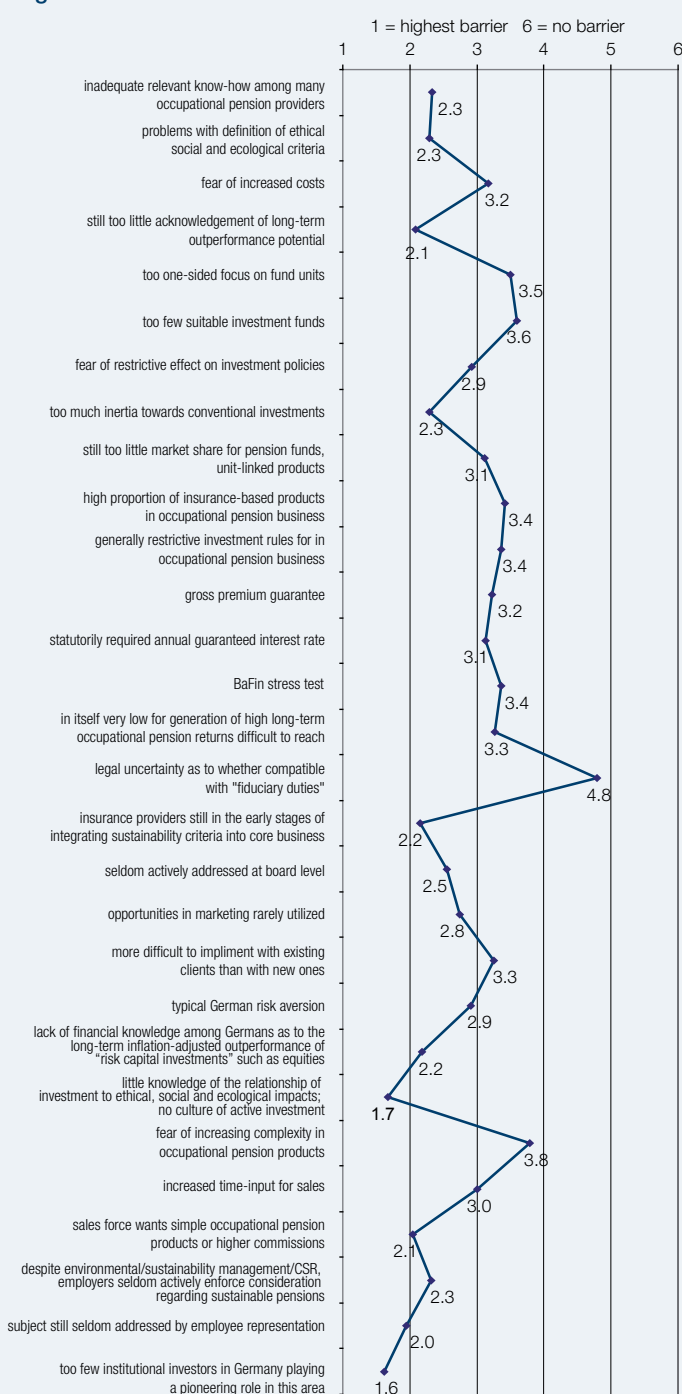
The performance enhancing influence of sustainability criteria on the occupational pension investments are generally viewed as minimal so far. However their importance increases significantly upon closer scrutiny. As early as 2006, for instance, “subprime” was defined as a core challenge (SD-KPI) for banks. Such inadequately secured loans were the basis for the current financial crisis. In the future, a high degree of influence will also come from international trading in greenhouse gas emissions. The unit-linked products of the providers will benefit most from this additional return potential through integration of important ethical, social and ecological criteria into their investment processes.



3.5 Barriers for actual application of sustainability criteria

Question 5: Please assess the potential of the following point to represent barriers for actual long-term application of ethical, social and ecological criteria.

Figure 16:



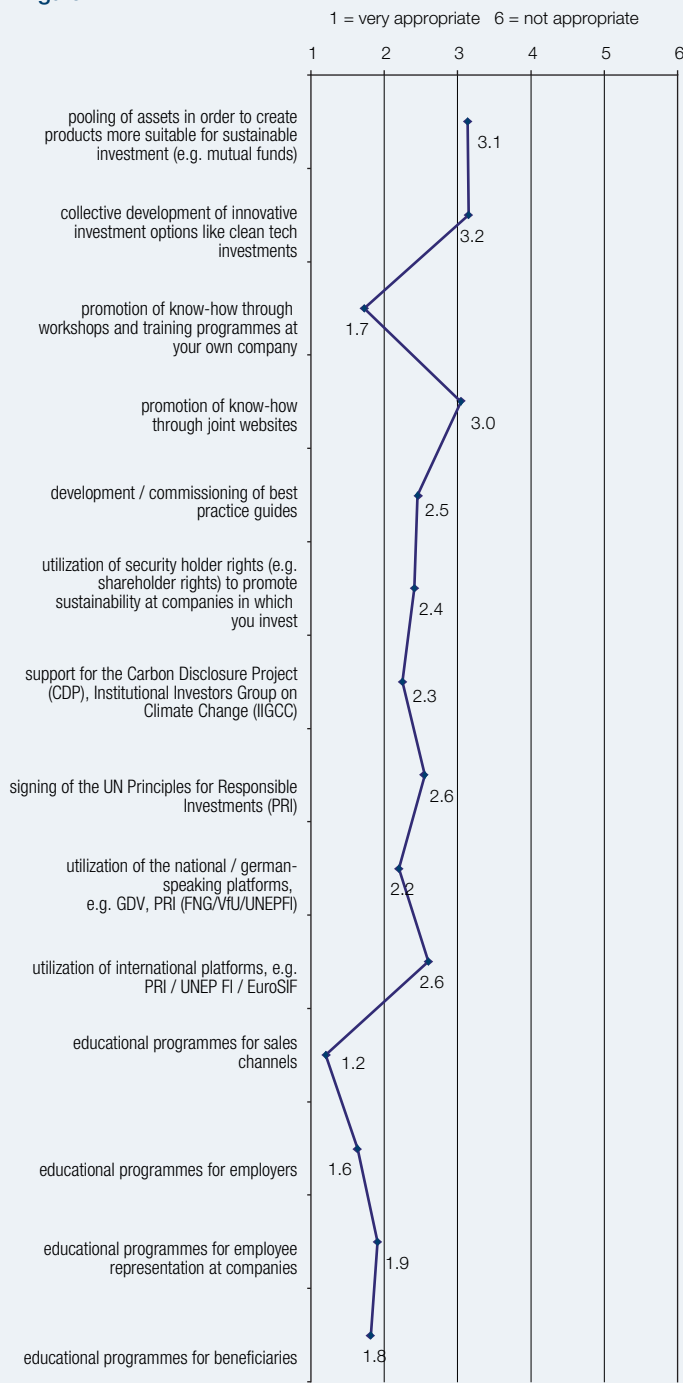
Although Germany is seen internationally as a leader in the area of environmental protection, German occupational pension schemes are deemed unprogressive when it comes to comprehensive integration of sustainability aspects. In question 5 of the expert interviews, an assessment was therefore made as to how great of an effect certain barriers were having in preventing sustainable development. The most significant barrier identified was an underdeveloped investment culture and the lack of active role models among institutional investors. Fiduciary duties, which are seen internationally as a significant barrier, are not viewed as a barrier in Germany.



3.6 Cooperation of occupational pension providers for more sustainable investments

Question 6: To what extent can you imagine cooperation between multiple occupational pension schemes/providers for increased consideration of ethical, social and ecological interests for purposes of investment in the following areas?

Figure 17:

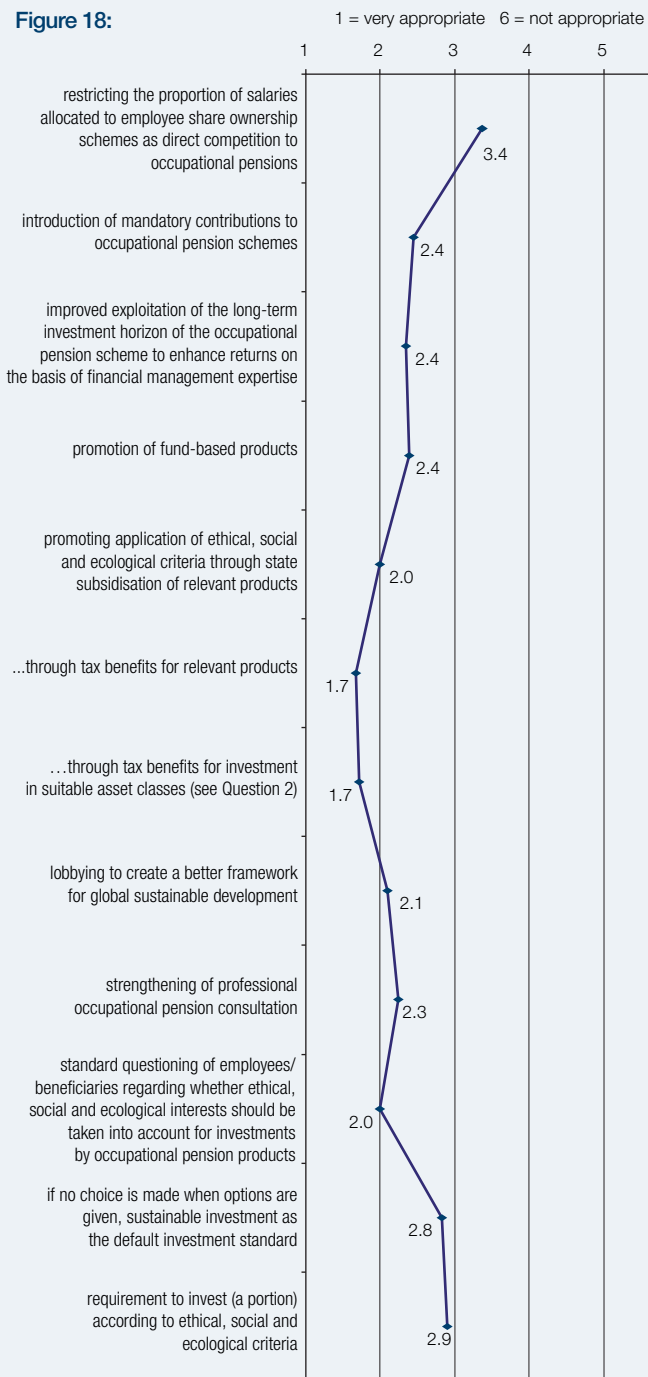


Cooperation among occupational pension providers can generate an increase in sustainability activities by all involved. In particular the development of know-how and joint educational campaigns offer good opportunities for cooperation. But, given that the sustainability experts often have no personal relationships with other pension providers, an occupational pension conference planned for 2009 is meant to pave the way for increased collaboration.



3.7 Cooperation of occupational pension providers for an improved (political) framework

Question 7: To what extent can cooperation between multiple occupational pension schemes/providers be suitable for establishing an improved (political) framework for occupational pensions and application of ethical, social and ecological criteria in investment?



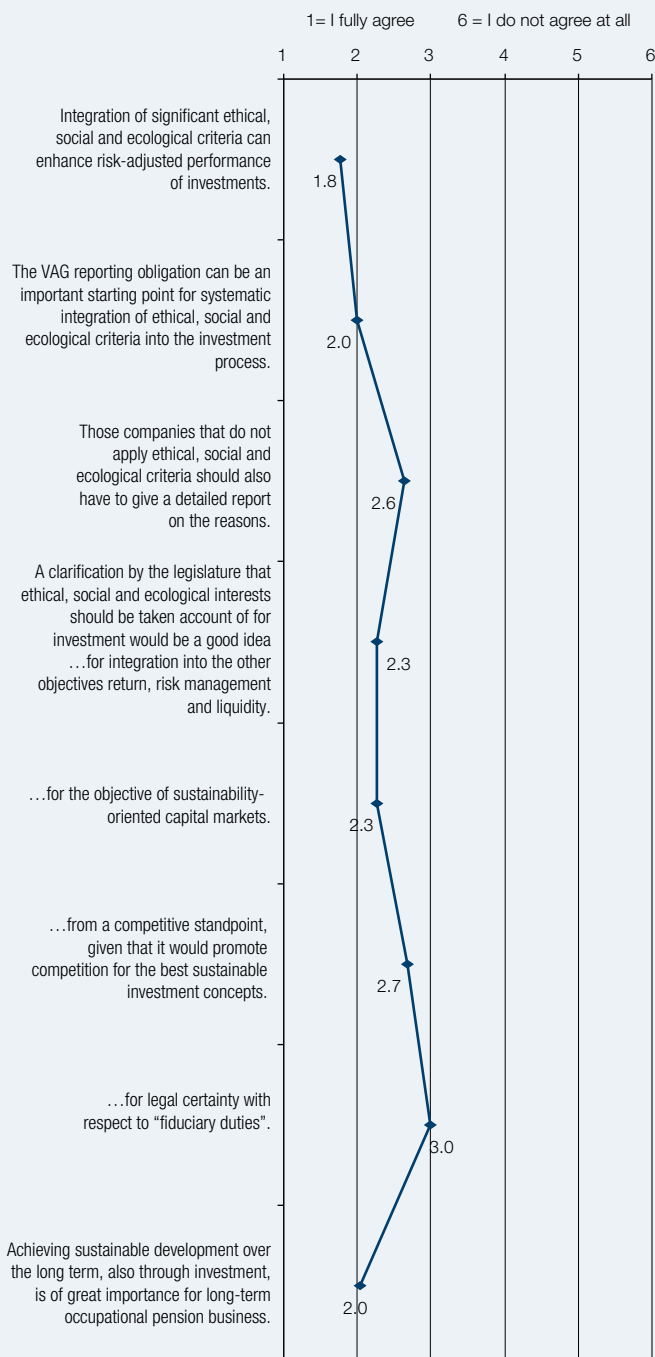
Cooperation by providers can also contribute to the establishment of a better (political) framework for more sustainability in occupational pensions. In this context, the experts view tax benefits for relevant products or asset classes as particularly effective. This topic should also be actively promoted as a way to avoid future financial, environmental and social crises.



3.8 Theses relating to sustainability reporting in accordance with section 115 (4) VAG

Question 8: Please evaluate the following theses on the VAG obligation to report on ethical, social and ecological interests taken account of for investment.

Figure 19:



The primary basis for this study was the reporting obligation for occupational pension providers introduced in 2002 and 2005 into the Insurance Supervision Act (VAG) (see 1.2). The experts made clear that this is an important starting point for increased sustainability in occupational pensions. In the long term, integration of ethical, social and ecological criteria will improve the risk-adjusted performance of occupational pensions and promote overall sustainable development. This is also very important to occupational pension clients, so that they can enjoy a high quality of life and intact natural environment when they retire.



Appendix

Life insurers	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
AachenMünchener Lebensversicherung Aktiengesellschaft *	1					1
Aioi Life Insurance of Europe Aktiengesellschaft +			1			
Allianz Lebensversicherungs Aktiengesellschaft	1					1
ALTE LEIPZIGER Lebensversicherung auf Gegenseitigkeit *	1					1
ARAG Lebensversicherungs Aktiengesellschaft	1					1
ASPECTA Lebensversicherung Aktiengesellschaft		1				
ASSTEL Lebensversicherung Aktiengesellschaft			1			
AXA Lebensversicherung Aktiengesellschaft	1					1
Barmenia Lebensversicherung a.G.			1			
Basler Lebens-Vers.-G., Basel Direktion für Deutschland	1			1		
BAYERISCHE BEAMTEN Lebensversicherung a.G.		1				
Bayern-Versicherung Lebensversicherung Aktiengesellschaft			1			
C O S M O S Lebensversicherungs Aktiengesellschaft *	1					1
CiV Lebensversicherung Aktiengesellschaft +			1			
Concordia Lebensversicherungs Aktiengesellschaft		1				
Condor Lebensversicherungs Aktiengesellschaft		1				
Continental Lebensversicherung a.G.	1					1
Darta Saving Life Assurance Ltd (Niederlassung Deutschland) +			1			
DBV-Winterthur Lebensversicherung Aktiengesellschaft	1					1
Debeka Lebensversicherungsverein auf Gegenseitigkeit	1					1
Delta Direkt Lebensversicherung Aktiengesellschaft		1				
Delta Lloyd Lebensversicherung Aktiengesellschaft			1			
Deutsche Ärzteversicherung Aktiengesellschaft	1					1
Deutsche Lebensversicherungs Aktiengesellschaft		1				
DEUTSCHER RING Lebensversicherungs Aktiengesellschaft	1			1		
DEVK Allgemeine Lebensversicherungs Aktiengesellschaft	1				1	
DEVK Deutsche Eisenbahn Versicherung Lebensversicherungsverein a.G.	1				1	
Dialog LebensversicherungsAktiengesellschaft *	1					1
Direkte Leben Versicherung AG +			1			
EUROPA Lebensversicherung Aktiengesellschaft	1			1		
FAMILIENFÜRSORGE Lebensversicherung AG im Raum der Kirchen		1				
Familienchutz Lebensversicherung AG		1				
Fortis Deutschland Lebensversicherung AG +			1			
Generali Lebensversicherung Aktiengesellschaft *	1					1
Gothaer Lebensversicherung Aktiengesellschaft °	1					
Hamburger Lebensversicherung Aktiengesellschaft			1			
Hamburg-Mannheimer Versicherung Aktiengesellschaft	1					1
Hannoversche Lebensversicherung AG	1					1
HanseMercur Lebensversicherung AG		1				
HanseMercur24 Lebensversicherung AG		1				
HDI-Gerling Lebensversicherung Aktiengesellschaft	1					1
Heidelberger Lebensversicherung AG +			1			
HELVETIA schweizerische Lebensversicherungs-Aktiengesellschaft	1					1
HUK-COBURG Lebensversicherung AG		1				
IDEAL Lebensversicherung a.G. +			1			
Iduna Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe	1				1	
INTER Lebensversicherung a.G. +			1			
InterRisk Lebensversicherungs AG Vienna Insurance Group +			1			
Itzehoer Lebensversicherungs Aktiengesellschaft			1			
Karlsruher Lebensversicherung AG		1				
KarstadtQuelle Lebensversicherung Aktiengesellschaft		1				

Life insurers	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
Landeslebenshilfe V.V.a.G.		1				
Lebensversicherung von 1871 auf Gegenseitigkeit München		1				
LVM Lebensversicherungs-AG		1				
mamax Lebensversicherung Aktiengesellschaft		1				
Mecklenburgische Lebensversicherungs Aktiengesellschaft	1			1		
MÜNCHENER VEREIN Lebensversicherung a.G.			1			
Neckermann Lebensversicherung AG *			1			
Neue Bayerische Beamten Lebensversicherung Aktiengesellschaft		1				
neue leben Lebensversicherung Aktiengesellschaft *	1					1
Nürnberger Beamten Lebensversicherung Aktiengesellschaft *	1					1
NÜRNBERGER Lebensversicherung Aktiengesellschaft *	1					1
oeco capital Lebensversicherung Aktiengesellschaft	1					1
Oeffentliche Lebensversicherung Berlin Brandenburg Aktiengesellschaft			1			
ONTOS Lebensversicherung Aktiengesellschaft *			1			
PAX Schweizerische Lebensversicherungs-Gesellschaft (Deutschland) AG			1			
PB Lebensversicherung Aktiengesellschaft *			1			
PBV Lebensversicherung Aktiengesellschaft *			1			
PLUS Lebensversicherungs Aktiengesellschaft			1			
Protektor Lebensversicherungs AG		1				
Provinzial Lebensversicherung Hannover		1				
Provinzial NordWest Lebensversicherung Aktiengesellschaft	1			1		
Provinzial Rheinland Lebensversicherung AG Versicherung der Sparkassen			1			
PRUDENTIA-Lebensversicherungs Aktiengesellschaft			1			
R+V LEBENSVERSICHERUNG a.G.		1				
R+V LEBENSVERSICHERUNG AKTIENGESELLSCHAFT		1				
RheinLand Lebensversicherung Aktiengesellschaft		1				
SAARLAND Lebensversicherung Aktiengesellschaft			1			
Schweizerische Lebensversicherungs- und Rentenanstalt, Zürich, Ndl. D. *	1					1
Schwestern-Versicherungsverein vom Roten Kreuz in Deutschland a.G.	1				1	
Skandia Lebensversicherung Aktiengesellschaft	1					1
Sparkassen-Versicherung Sachsen Lebensversicherung Aktiengesellschaft			1			
Stuttgarter Lebensversicherung a.G.		1				
Süddeutsche Lebensversicherung a.G.		1				
SV Sparkassenversicherung Lebensversicherung Aktiengesellschaft	1				1	
Swiss Life Insurance Solutions AG *			1			
Swiss Life Products (Luxembourg) S.A. Niederlassung für Deutschland *			1			
Uelzener Lebensversicherungs Aktiengesellschaft		1				
uniVersa Lebensversicherung a.G.		1				
Vereinigte Postversicherung Versicherungsverein auf Gegenseitigkeit		1				
VHV Lebensversicherung AG	1			1		
Victoria Lebensversicherung Aktiengesellschaft	1					1
Volksfürsorge Deutsche Lebensversicherung Aktiengesellschaft *	1					1
Volkswohl-Bund Lebensversicherung a.G. *	1					1
Vorsorge Lebensversicherung AG		1				
VPV Lebensversicherungs Aktiengesellschaft		1				
WGV-Schwäbische Lebensversicherung Aktiengesellschaft	1				1	
Württembergische Lebensversicherung Aktiengesellschaft			1			
WWK Lebensversicherung a.G. °	1					
Zurich Deutscher Herold Lebensversicherung AG	1					1
Zürich Lebensversicherungs Gesellschaft Niederlassung für Deutschland	1					1
total	41	30	30	8	6	27

<i>Pensionskassen</i>	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
Allgemeine Rentenanstalt Pensionskasse AG			1			
Allianz Pensionskasse Aktiengesellschaft	1					1
Allianz Versorgungskasse Versicherungsverein a.G.		1				
ALTE LEIPZIGER Pensionskasse AG *	1			1		
Alters- und Hinterbliebenenversicherung der TÜVe		1				
Altersversorgungskasse des Kaiserswerther Verbandes dt. Diakonissenhäuser	1					1
AMB Generali Pensionskasse Aktiengesellschaft *	1					1
Angest.-Pensionskasse der dt. Geschäftsbetriebe der Georg Fischer AG *			1			
Arbeiter-Pensionskasse der Firma Villeroy & Boch, AG Mettlach/Saar - VVaG		1				
Babcock Pensionskasse VVaG		1				
Baden-Badener Pensionskasse		1				
BASF Pensionskasse VVaG		1				
Bayer-Pensionskasse	1				1	
Betriebspensionskasse der Firma Carl Schenck AG VVaG		1				
BVV Versicherungsverein des Bankgewerbes a.G.	1				1	
Debeka Pensionskasse AG	1			1		
Debeka Zusatzversorgungskasse VaG	1			1		
Delta Lloyd Pensionskasse AG			1			
Deutsche Steuerberater-Versicherung VVaG	1			1		
Deutscher PensionsRing AG		1				
DPK Deutsche Pensionskasse Aktiengesellschaft		1				
Dr.Richard-Bruhn-Hilfe-Altersversorgung d. AUTO UNION GmbH VVaG *			1			
Dresdener Pensionskasse VVaG		1				
Gerling Versorgungskasse	1					1
Gothaer Pensionskasse Aktiengesellschaft °	1					
Grün + Bilfinger Wohlfahrtsund Pensionskasse a.G.			1			
Gruppen-Pensionskasse d. Swiss Re Frankona RückversicherungsAG-VVaG	1					1
HAMBURGER PENSIONSKASSE V.1905 Versicherungsverein auf Ggs.			1			
HAMBURGER PENSIONSRÜCKDECKUNGSKASSE VVaG			1			
Hamburg-Mannheimer Pensionskasse AG	1					1
Hannoversche Alterskasse VVaG *	1					1
Hannoversche Pensionskasse VVaG *	1					1
HDI-Gerling Pensionskasse Aktiengesellschaft	1					1
HEAG Pensionszuschusskasse Versicherungsverein auf Gegenseitigkeit	1			1		
Höchster Pensionskasse VVaG		1				
Hoffmann's Pensions- und Unterstützungskasse		1				
IBM Deutschland Pensionskasse Versicherungsverein auf Gegenseitigkeit			1			
Kölner Pensionskasse Versicherungsverein auf Gegenseitigkeit	1					1
MER-Pensionskasse V.V.a.G.	1				1	
Müllerei-Pensionskasse Versicherungsverein a.G. (MPK)		1				
Münchener Rück Versorgungskasse VVaG			1			
NESTLE PENSIONSKASSE	1				1	
NESTLÉ RÜCKDECKUNGSKASSE	1				1	
neue leben Pensionskasse Aktiengesellschaft		1				
NÜRNBERGER Pensionskasse Aktiengesellschaft *	1					1
Optima Pensionskasse Aktiengesellschaft		1				
PB Pensionskasse AG *			1			
Pensionär- u. HinterbliebenenUnterstützungsverband der Kruppschen Werke		1				
Pensions-, Witwen- u. Waisenkasse d. v. Bodelschwingschen Anstalten			1			
Pensionsanstalt für die Rechtsanwälte Bayerns VVaG *			1			
Pensionskasse Berolina VVaG °	1					

<i>Pensionskassen</i>	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
Pensionskasse d. Angest. der I.G. Farbenindustrie AG WolfenBitterf. VVaG		1				
Pensionskasse Degussa Versicherungsverein auf Gegenseitigkeit	1					1
Pensionskasse der Angestellten der ehem.Aschaffener Zellstoffwerke AG		1				
Pensionskasse der Angestellten der ehemaligen GASOLIN AG VVaG	1				1	
Pensionskasse der Angestellten der Matth. Hohner AG VVaG		1				
Pensionskasse der Angestellten der Thuringia Versicherungs AG			1			
Pensionskasse der badischen Genossenschaftsorganisation VVaG		1				
Pensionskasse der BERLIN-KÖLNISCHE Versicherungen		1				
Pensionskasse der Betriebsangehörigen der Elektrizitätswerk Mittelbaden +			1			
Pensionskasse der Bewag			1			
Pensionskasse der BHW Bausparkasse	1				1	
Pensionskasse der BOGESTRA Versicherungsverein auf Gegenseitigkeit	1				1	
Pensionskasse der EDEKA Organisation V.V.a.G.			1			
Pensionskasse der Firma Coca-Cola GmbH VVaG		1				
Pensionskasse der Firma Schenker & Co GmbH VVaG		1				
Pensionskasse der Frankfurter Bank			1			
Pensionskasse der Frankfurter Sparkasse		1				
Pensionskasse der Genossenschaftsorganisation VVaG		1				
Pensionskasse der Gewerkschaft Eisenhütte Westfalia c/o DBT GmbH			1			
PENSIONS KASSE der Hamburger Hochbahn Aktiengesellschaft - VVaG		1				
Pensionskasse der HELVETIA Schweizerische Versicherungsgesellschaft f. D.	1			1		
Pensionskasse der HypoVereinsbank		1				
Pensionskasse der Lotsenbrüderschaft Elbe		1				
Pensionskasse der Mitarbeiter der Hoechst-Gruppe VVaG		1				
Pensionskasse der Novartis Pharma GmbH in Nürnberg VVaG		1				
Pensionskasse der Rechtsanwälte und Notare VVaG +			1			
PENSIONS KASSE DER SAAR FERGAS AG VVaG	1				1	
Pensionskasse der Schülke & Mayr GmbH V.V.a.G. +			1			
Pensionskasse der SV SparkassenVersicherung Lebensversicherung AG VVaG	1				1	
Pensionskasse der Vereinigten Hagelversicherung VVaG		1				
Pensionskasse der VHV-Versicherungen		1				
Pensionskasse der Wacker Chemie Versicherungsverein a.G.		1				
Pensionskasse der Wasserwirtschaftlichen Verbände VVaG		1				
Pensionskasse der Württembergischen			1			
Pensionskasse des BDH BV für Rehabilitation&Interessenvertr. Behinderter		1				
Pensionskasse Deutscher Eisenbahnen und Straßenbahnen VVaG		1				
Pensionskasse Dynamit Nobel Versicherungsverein auf Gegenseitigkeit		1				
Pensionskasse f.fr.Mitarbeiterinnen u.Mitarbeiter d.dt. Rundfunkanstalten		1				
Pensionskasse für Angestellte der Continental Aktiengesellschaft VVaG			1			
Pensionskasse für die Angest. der BARMER Ersatzkasse VVaG		1				
Pensionskasse für die Arbeitnehmerinnen und Arbeitnehmer des ZDF VVaG		1				
Pensionskasse für die Deutsche Wirtschaft vormals PK der chemischen Ind.	1					1
Pensionskasse HT Troplast Versicherungsverein auf Gegenseitigkeit	1					1
Pensionskasse Konzern Versicherungskammer Bayern VVaG		1				
Pensionskasse Maxhütte VVaG		1				
PENSIONS KASSE PEUGEOT DEUTSCHLAND VVaG	1					1
Pensionskasse RaiffeisenSchulze-Delitzsch Norddeutschland VVaG		1				
Pensionskasse Schoeller & Hoesch VVaG		1				
Pensionskasse SIGNAL Versicherungen	1				1	
Pensionskasse westdeutscher Genossenschaften VVaG			1			
Philips Pensionskasse VVaG		1				

<i>Pensionskassen</i>	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
Phoenix Pensionskasse von 1925 Versicherungsverein auf Gegenseitigkeit			1			
Pro bAV Pensionskasse AG	1					1
Provincial Pensionskasse Hannover AG	1			1		
R+V PENSIONSKASSE AKTIENGESELLSCHAFT		1				
R+V PENSIONSVERSICHERUNG a.G.		1				
Rentenzuschußkasse der N-ERGIE Aktiengesellschaft Nürnberg		1				
Renten-Zuschuß-Kasse des Norddeutschen Lloyd		1				
Rheinische Pensionskasse VVaG		1				
Ruhegeld-, Witwen- und Waisenkasse d. Bergischen Elektrizitäts-Vers. VVaG		1				
Ruhegeldkasse der Bremer Straßenbahn (VWaG)		1				
Scheufelen-Versorgungskasse Versicherungsverein a.G.	1			1		
SELBSTHILFE -Pensionskasse der Caritas VVaG	1					1
SIGNAL IDUNA Pensionskasse Aktiengesellschaft	1				1	
Sparkassen Pensionskasse AG °	1					
Swiss Life Pensionskasse Aktiengesellschaft *	1			1		
Vereinigte Pensionskassen V.V.a.G.		1				
VERKA Kirchliche Pensionskasse VVaG	1			1		
Verseidag-WerksPensionskasse VVaG		1				
Versicherungskammer Bayern Pensionskasse Aktiengesellschaft		1				
Versorgungsanstalt des Bundes und der Länder		1				
Versorgungskasse der Angest. der Norddeutschen Affinerie		1				
Versorgungskasse der Angest. der Vereinigte Deutsche Metallwerke AG VVaG	1				1	
Versorgungskasse der Angestellten der Metallgesellschaft AG VVaG	1				1	
Versorgungskasse der Arbeiter&Angestellten d.ehem.Großkraftwerk Franken		1				
Versorgungskasse der Bayerischen Milchindustrie Landshut eG VVaG		1				
Versorgungskasse der Deutscher Herold Versicherungsgesellschaften VVaG +			1			
Versorgungskasse der ehemaligen Bayernwerk AG, VVaG		1				
Versorgungskasse der Firma M. DuMont Schauberg			1			
Versorgungskasse der Volksfürsorge VVaG		1				
Versorgungskasse des Norddeutschen Lloyd		1				
Versorgungskasse Deutscher Unternehmen VVaG	1			1		
Versorgungskasse Energie Versicherungsverein auf Gegenseitigkeit	1			1		
Versorgungskasse f. d. Angest. d. AMB Generali		1				
Versorgungskasse Fritz Henkel Versicherungsverein auf Gegenseitigkeit			1			
Versorgungskasse Gothaer Versicherungsbank VVaG		1				
Versorgungskasse Radio Bremen		1				
Versorgungslasten-Ausgleichskasse des Genossenschaftsverbandes Nordd. +			1			
Victoria Pensionskasse Aktiengesellschaft	1					1
Volksfürsorge Pensionskasse Aktiengesellschaft *	1					1
West Pensionskasse AG	1					1
winsecura Pensionskasse Aktiengesellschaft	1					1
Wuppertaler Pensionskasse VVaG		1				
Zentrales Versorgungswerk für das Dachdeckerhandwerk VVaG		1				
Zusatzversorgungskasse der Steine- und Erden-Industrie&Betonsteinhandw.			1			
Zusatzversorgungskasse des Baugewerbes AG		1				
Zusatzversorgungskasse des Dachdeckerhandwerks VVaG		1				
Zusatzversorgungskasse des Gerüstbaugewerbes VVaG		1				
Zusatzversorgungskasse des Maler- u. Lackiererhandwerks VVaG			1			
Zusatzversorgungskasse des Steinmetz- und Steinbildhauerhandwerks VVaG	1			1		
Zusatzversorgungskasse für die Beschäftigten der Dt. Brot-&Backwarenind.		1				
Zusatzversorgungskasse für die Beschäftigten des Dt. Bäckerhandwerks VVaG			1			
Zusatzversorgungswerk für Arbeitnehmer in der Land- und Forstwirtschaft			1			
total	51	71	32	13	14	22

Pension funds	answer	no answer	request denied	no application of sustainability criteria	"taken into account"	actually applied
Allianz Pensionsfonds Aktiengesellschaft	1					1
ALTE LEIPZIGER Pensionsfonds AG *	1			1		
AMB Generali Pensionsfonds Aktiengesellschaft *	1					1
Bosch Pensionsfonds Aktiengesellschaft	1				1	
BVW Pensionsfonds AG	1				1	
Chemie Pensionsfonds AG		1				
Deutscher Pensionsfonds AG		1				
DEVK Pensionsfonds AG	1				1	
ERGO Pensionsfonds Aktiengesellschaft	1			1		
HDI-Gerling Pensionsfonds Aktiengesellschaft	1					1
Lippische Pensionsfonds AG			1			
LVM Pensionsfonds-AG		1				
MAN Pensionsfonds Aktiengesellschaft	1				1	
Nürnberger Pensionsfonds Aktiengesellschaft *	1					1
PB Pensionsfonds Aktiengesellschaft	1					1
PENSOR Pensionsfonds AG *	1					1
R+V Gruppenpensionsfonds AG		1				
R+V Pensionsfonds Aktiengesellschaft		1				
RWE Pensionsfonds AG c/o RWE AG	1			1		
Siemens Pensionsfonds Aktiengesellschaft	1			1		
Sparkassen Pensionsfonds AG °	1					
Swiss Life Pensionsfonds AG *	1			1		
Telekom-Pensionsfonds a.G.		1				
VdW Pensionsfonds Aktiengesellschaft		1				
VIFA Pensionsfonds Aktiengesellschaft		1				
West Pensionsfonds AG	1					1
WWK Pensionsfonds Aktiengesellschaft			1			
total	17	8	2	5	4	7

Legend:

Answer = answer via completed survey questionnaire or by telephone / online / personally researched

No answer = no response at all to the questionnaire sent out by post and the reminder

Request denied = response by the occupational pension provider that it did not intend to take part

"taken into account" = the occupational pension products "take into account" ethical, social and ecological interests in that the company addresses/considers the issue, but so far without any actual effect on investment activities

actually applied = the occupational pensions have taken into account ethical, social and ecological interests for investment, and this has had an actual effect on investment activities

* = answers researched via telephone / online / personally (not using the questionnaire)

° = answers that respondents have requested be anonymously analysed

+ = no participation since no/few occupational pension products are marketed; for Pensionskassen also: negligible volume of new business or closed to new members

About the author

Dr. Axel Hesse (SD-M) has been advising institutional investors, companies and politicians since 2001 with respect to performance-enhancing management of the global core challenges to sustainable development. He has more than 15 years of experience in the area of sustainable investment, e.g. launch of the first investment product worldwide based on the Dow Jones Sustainability Index, with HypoVereinsbank in October 1999. Hesse has a graduate degree in business administration with a focus in asset management, accounting and controlling, as well as sustainability management. He was awarded his doctorate from the Leipzig Graduate School of Management for "Sustainable Development Management – Political and Business Strategies for Banks".

In 2002, Hesse developed the "Big Six" concept, describing the six most important sustainability challenges for the 21st Century, which institutional investors use for theme investments. Between 2006 and 2008, he analysed "Sustainable Development Key Performance Indicators" (SD-KPIs) for thirteen industries. In this context, "subprime" was defined already in 2006 as one of three SD-KPIs for banks, which has since been more than confirmed by the global financial crisis. For institutional investors, SD-KPIs offer the possibility to generate portfolios with long-term high outperformance. This has been estimated by leading European pension funds with EUR 460 billion of assets under management. The "Big Six" and "SD-KPIs" concept are protected by copyright.

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About Fortis Investments

Fortis Investments is the autonomous global asset management arm within Fortis Bank, which is ultimately owned by BNP Paribas group. Fortis Investments, offers a full range of investment management services to institutional and retail clients around the world. Roughly 500 investment professionals work across our network of some 40 investment centres each of which is fully accountable for the research and management of a single asset/product class. With total AuM of EUR 158 billion as of March 31 2009, Fortis Investments has established itself as one of the leading asset managers.

Fortis Investments' dedicated SRI Investment team is based in Frankfurt. 10 employees manage EUR 2,58 billion within their SRI funds range (as June 30 2009).

On May 15 BNP Paribas became the majority shareholder in Fortis Bank Belgium, our parent, and will therefore be combining Fortis Investments with BNP Paribas Investment Partners. Our numerous investment experts and our international locations are a natural and complementary fit for BNP Paribas Investment Partners, whose flexible partnership model has proven successful in integrating new expertise in the past. We are confident that together we will be able to provide our clients with an even broader range of investment solutions benefiting from the combined scale and reach of both businesses.

As at June 30 2009

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