



ETHIBEL

ADVANCING SOCIALLY RESPONSIBLE INVESTING

The Ethibel **Research Methodology**

*Integrating Sustainable
Development and Stakeholder
Involvement*

ETHIBEL



Ethibel is a leading European advisory agency in the field of Socially Responsible Investing (SRI). Ethibel, based in Brussels, Belgium, was established in 1992 as a not-for-profit SRI screening agency. During the 1990s Ethibel developed the European Quality Label for SRI Funds. The Ethibel Label offers the investor a visible and reliable quality guarantee. Based upon an extensive sustainability analysis, Ethibel selects companies that demonstrate their Corporate Social Responsibility at every level.

According to data jointly compiled by CSR Europe and the SiRi Group, out of 33 Belgian SRI funds, 23 SRI funds use products and/or services from Ethibel. The majority of these funds have the Ethibel Label. The funds were estimated to hold assets of around 1.25 billion euros on December 31, 2001. This accounts for more than 85% of the market share of SRI funds in Belgium.



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STOCK AT STAKE



In June 2000, Ethibel founded the limited company Stock at Stake. Stock at Stake operates as an independent CSR screening company. Since 2001, Ethibel outsourced all its research activities to Stock at Stake.

Stock at Stake focuses on the CSR screening of companies. Clients range from financial institutions, and other screening companies, to individual companies, stakeholder groups, governments and many others (both nationally and internationally).

Stock at Stake is the Belgian representative of SiRi Group (Sustainable Investment Research International), which groups the main European, American and Australian SRI and CSR screening organisations. In this group, Stock at Stake is responsible for examining companies in Belgium, France, Luxembourg, Japan, Hong Kong and Singapore, on the basis of SiRi's methodology and criteria.



The Ethibel Research Methodology

Integrating Sustainable Development and Stakeholder Involvement

In the last decade, sustainable investing or socially responsible investing has received increased attention, both from financial institutions, investors and authorities, as well as from the general public. This led to an enlargement of scale and the professionalisation of the management of sustainable investment portfolios. Consequently, sustainable investing also makes heavy demands on research organizations and the way they evaluate companies. The credibility of sustainable investing can be guaranteed only if research organizations demonstrate their ability to select those companies that – within their sector – are the best with regard to corporate social responsibility.

This is what Ethibel's methodology tries to do. Its distinctive characteristics are the result of the integration of two of the strongest concepts in the social debate on corporate responsibility: sustainable development and stakeholder involvement.

“Sustainable development” is reflected in the content of the research: all aspects of corporate social responsibility are taken into account.

“Stakeholder involvement” stresses the importance of the permanent dialogue with all stakeholders at all the stages of the research and evaluation process.

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All aspects of corporate social responsibility

The core of Ethibel's research methodology is the analysis of companies' policies and performances in the four fields of corporate social responsibility.

Internal social policy. Researchers analyse the quality of the working environment, the employees' expectations and the way they are met by the management. Themes which are screened are the company's human resources policies and management, the evolution and quality of the employment, the job content, the working conditions, the terms of employment and the industrial relations.

Environmental policy. The following themes are analysed: the company's environmental strategy and management, the environmental impacts of production and products and the measures that are taken to reduce the negative impact.

External social policy. The analysis covers the company's policies and performance in the field of the impact of its core activities on society, human rights, communication with stakeholders, social investments and relations with developing countries.

Economic policy. Researchers screen the company's economic and innovative potential and the way in which it monitors and manages internal and external economic risks. Relationships with clients, shareholders, suppliers and authorities are analysed thoroughly.

Government Bonds Research

The Ethibel Methodology is specifically designed to screen and select companies for the Ethibel Investment Register. In addition, Ethibel developed a methodology to select government bonds.

Ethibel determines the different political, social, cultural, economic and environmental responsibilities of a government, and its responsibility for international development. For each field of governmental responsibility, a number of indicators are selected. The global score awarded to a country is calculated by adding up the scores for each of these fields.

For more details on government bonds, please consult the brochure "The Ethibel Label".

How about controversial Activities?

Apart from the analysis of companies with respect to the fields described above, Ethibel has developed specific procedures for identifying and addressing the involvement of companies in technologies and practices which are subject to public controversy, such as nuclear energy programmes, the production and trade in alcohol, the production and trade in tobacco, the manufacture and trade of arms, violations of animal welfare, the gambling industry, pornography, the genetic modification of organisms and the development and spread of pesticides. Each procedure makes it possible to determine the degree of involvement of a company: none, minor, major. The involvement in technologies and practices subject to public controversy will play an important role in the evaluation process.

Major involvement in the manufacture and trade of arms, nuclear energy and/or animal testing leads to the exclusion of the company. Minor involvement in these activities and/or involvement in any of the other controversial activities are the subject of evaluation by the Register Committee.

The list is not exhaustive. The Ethibel methodology is a dynamic instrument to evaluate the global impact of a company on society. Ethibel will apply the same approach when new practices and technologies raise public concern.

The Ethibel Research Model

The table below describes the domains, the themes and the topics of the Ethibel research model.

INTERNAL SOCIAL POLICY		
THEMES AND TOPICS	APPRECIATION (What is appreciated?)	INDICATOR (What is assessed?)
Strategy Principles Organization Reporting	The degree to which a company's personnel policy is formalized and the scope and quality of the principles The degree to which principles are organizationally supported The degree to which a company releases information on its social policy	Comprehensiveness and quality of the policy statement Hierarchical level of the personnel (H.R.) director and the presence of policy supporting instruments Frequency, quantity and quality of information
Employment Evolution Permanent nature of employment: contracts Permanent nature of employment: stability	The degree to which a company creates/maintains employment The degree to which a company offers qualitatively good employment The degree to which a company offers stable employment	Evolution of employment compared to the industry Quality of contracts (temporary contracts, systematic use of overtime and temporary unemployment...) Measures to avoid dismissals
Job Content Training and education Job enrichment and career development Teamwork and autonomy Communication and consultation Equal opportunities - Principles Equal opportunities - Management Equal opportunities - Initiatives Equal opportunities - Realisations	The degree to which a company demonstrates efforts to broaden the skills of its workforce The efforts demonstrated by a company for the personal development of its employees The degree to which a company delegates responsibility to its employees The degree to which a company supports open and two-way communication with its employees The degree to which a company has formalised its equal opportunities policy and to which it integrates the policy in its business principles. The degree to which the equal opportunities policy is integrated in the hierarchical structure of the company. The degree to which a company demonstrates efforts to promote equal opportunities. The degree to which a company realises a reduction of inequalities (in comparison to the community where it is active).	Quantitative (% of employees involved, training hours per employee) and qualitative training efforts (functional, multifunctional, employability) Presence of systems of internal promotion, evaluation talks, individual career plans Presence of instruments which stimulate delegation of responsibility Presence of (formal) communication channels and consultative bodies Absence or presence of a formalised policy, its quality in terms of scope, depth (non- or anti-discrimination) and area of application. Hierarchical level of the highest placed person(s) with equal opportunities responsibilities and supporting instruments. Presence of equal opportunities initiatives and involvement of employees The average employment rate of disadvantaged groups and its evolution (as provided by trade unions, industry associations etc.).
Terms of Employment Remuneration policy Labour costs Flexibility	The degree to which a company's remuneration policy is considered as internally fair and equitable The degree to which the remuneration system is considered as externally equitable The degree to which the organization of flexibility takes into account the needs and expectations of the employees	The presence of systems of job classification and performance appraisal The average labour cost, evolution Systems of flexible organization, involvement of employees when organizing flexibility

Financial participation	The degree to which employees share in the company's profits	Presence and organization of systems of financial participation (profit sharing, employee ownership)
Other benefits	The degree to which a company offers other (fringe) benefits	The amount of financial benefits and the impact of other benefits
Working Conditions Health & Safety - Policy	The degree to which a company emphasizes the importance of its H&S policy	Presence of a formal policy concerning health and safety, and its quality
Physical Health and Safety - Initiatives	The degree to which a company demonstrates efforts to create good physical working conditions	Presence of H&S initiatives, safety measures, and involvement of employees
Mental Health and Safety - Initiatives	The degree to which a company demonstrates efforts to cope proactively with work pressure Or to create a supportive working environment (climate)	Presence of initiatives related to mental health and stress: stress management, reduction of work pressure, employee lifestyle counselling, psychological assistance, prevention of harassment...
Physical Health & Safety - Achievements: labour accidents and incidents	The degree to which a company realizes a reduction of industrial accidents and incidents	Frequency and evolution of industrial accidents and incidents
Mental Health & Safety - Achievements: absenteeism	The degree to which a company achieves a reduction of absenteeism due to illness	The average absenteeism and its evolution
Mental Health & Safety - Achievements: work pressure	The degree to which a company achieved a reduction of work pressure	The average work pressure and its evolution
Industrial relations Consultation and negotiation	The degree to which employee/trade union(s) representatives are recognized as a partner in the dialogue	Presence of formal consultation bodies and the evaluation of the social dialogue by trade unions
Conflicts	The way in which a company handles conflicts	Number, content and nature of conflicts

ENVIRONMENTAL POLICY		
THEMES AND TOPICS	APPRECIATION (What is appreciated?)	INDICATOR (What is assessed?)
Strategy Principles	The degree to which a company has formalised its environmental policy and the quality of the official environmental principles	Comprehensiveness and quality of the (public) environmental policy
Hierarchical level of responsibility	The degree to which the environmental policy is integrated in the hierarchical structure of the company	Hierarchical level of the most senior person(s) with environmental responsibilities
Scope of the environmental policy	The degree to which the environmental policy is integrated in the entire company activities	Scope of the official environmental responsibility
Public commitment	The degree to which the company enters into the dialogue with environmental stakeholders and/or cooperates with environmental initiatives that transcend the company level, the nature of this cooperation.	Memberships of activist or campaign groups, membership of cooperation platforms (qualitative and quantitative), quantity and quality of the stakeholders communication
Publications in the field of environment: form	The means used by the company to inform the public about its environmental responsibility	Frequency and scope of the publications
Publications in the field of environment: content	The extent to which the public is informed about the company's environmental responsibility	Quality of the publications
Management Environmental management system (EMS)	The existence and the quality of an EMS	Comprehensiveness (environmental impacts that are dealt with), completeness (presence of the elements of inventory, target and objectives, programmes and feedback), field of application (part of the company where the system is implemented)
Certification	Degree to which the EMS is externally certified	Number of ISO14001 or EMAS or equivalent certified plants Certification projects
Involvement of employees	The degree to which the employees are involved in the development and the implementation of the environmental policy	Attention paid to environmental matters in training and communication Passive/active involvement

Attitude towards legislation	Degree to which the company follows, anticipates, goes beyond or opposes legal requirements	Lobbying, infringements, anticipation of future legislation as an environmental policy principle
Complaint management	Degree to which complaints are used as a management tool	Presence and quality of a complaint handling system
Production Environmental impact	Degree to which the production activities have adverse environmental impacts or involve serious environmental risks	Contribution to environmental problems, degree to which the production activities are subject to public controversy
Measures to reduce the environmental impact: input	Degree to which a company makes efforts to reduce the use of energy and raw materials	Measures are evaluated against the background of the state of the technology (BAT), the situation in the industry and the achieved results
Measures to reduce the environmental impact: output	Degree to which a company makes efforts to reduce emissions into air, water and soil	Measures are evaluated against the background of the state of the technology (BAT), the situation in the industry and the results achieved
Measures to reduce the environmental impact: waste	Degree to which a company makes efforts to reduce the quantity and the harmfulness of the waste produced and to guarantee the use of environmentally-friendly waste treatment methods	Measures are evaluated against the background of the state of the technology (BAT), the situation in the industry and the results achieved
Environmental conditions imposed on suppliers and subcontractors	Degree to which a company makes efforts to reduce the environmental impact of the supply chain	Conditions imposed on suppliers and subcontractors
Products Environmental impact	Degree and nature of the environmental impact of products	Environmental impact during the entire lifecycle
Measures to reduce the environmental impact of products	Degree to which a company makes efforts to reduce the adverse environmental impact of its products	Environmentally-inspired adaptation of product design (eco-design), research aimed at the development of environmentally friendlier products, elements of product stewardship management
Advice and information	Degree to which a company informs its customers about the environmental aspects of its products and about possibilities to reduce or avoid adverse environmental effects connected to the use and end of life of the products	Information for customers (publicity, manuals, labels, brochures...)

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EXTERNAL SOCIAL POLICY		
THEMES AND TOPICS	APPRECIATION (What is appreciated?)	INDICATOR (What is assessed?)
Societal impact Impact of the company's core activities, products and services on society	Impact on the quality of society	Positive or negative impact of the company's activities on the quality of the development of society Measures to reduce the negative/improve the positive impact
Stakeholder relations Communication with stakeholders	The degree to which the company is transparent for stakeholders about its impact on society and is freely engaged in stakeholder dialogue	Extent and quality of the stakeholders' communication and the responsiveness to stakeholders' requests for information
Human rights Strategy	Degree to which a company has a formal policy on human rights and the scope and quality of the principles	Global issue: Quality of the policy framework addressing human rights Human Resources issue: Completeness of the Human Rights and/or Human Resources policy
Management	Degree to which a company makes concrete efforts to implement and monitor the policy principles	Company's structures in sensitive regions: Responsibilities for and support systems for human rights (reporting, monitoring...) Effective instruments to implement the policy

Achievements	Degree to which a company distinguishes itself (in a positive or negative sense) in the field of respect for human rights	Non-compliance, criticisms, achievements, initiatives
Sourcing principles and practices	Degree to which a company makes efforts to avoid violations of international conventions on human and labour rights by its suppliers and subcontractors	Sensitive sourcing from developing countries (e.g., toys, footwear, textiles). Formal conditions imposed on suppliers addressing human rights, Presence of monitoring and verification systems
Community involvement Social investments	Degree to which a company supports external societal initiatives with money, people or logistic support, impact of supported projects on society (social investment in developing countries is not included)	Nature of the supported initiatives Value of the support
Developing countries Socio-economic relations	Degree to which company activities contribute to the realisation of sustainable trade relations and to local socio-economic development	Negative reports (e.g., pricing policy, bio-piracy), Positive impact (e.g., fair trade involvement, joint ventures, local market development, local workforce, transfer of knowledge)
Community involvement in developing countries	Degree to which a company supports external social initiatives in developing countries with money, people or logistic support Impact of supported projects on society	Nature of the supported initiatives, Value of the support

ECONOMIC POLICY THEMES AND TOPICS	APPRECIATION (What is appreciated?)	INDICATOR (What is assessed?)
Economic Potential Value creating Potential	The degree to which a company guarantees its growth and existence by creating value	EBITDA/EBIT/Operational profit as % of turnover and share of net profit retained by the company (average over last 3 years)
Innovative potential	The degree to which a company guarantees its growth and existence by its innovative potential	Presence of an innovation strategy and investments in R&D
Economic Risks Internal control procedures	The degree to which a company has internal procedures to cope with internal and external risks, to safeguard its assets	Presence of a policy, organisation and action plans
Clients Quality control	The degree to which a company is able to offer quality products	The presence of quality certificates (ISO 9000, EFQM, TQM), awards and quality management systems
Customers: communication	The degree to which a company pays attention to customer relations	Presence of instruments to establish a dialogue with customers: complaint management, satisfaction, surveys...
Customers: information	The degree to which a company provides its customers with product information	Quality of product information provided to customers
Shareholders Corporate Governance: Board of Directors	The degree to which the Board of Directors safeguards the interests of all shareholders	Composition and organisation of the Board of Directors
Corporate Governance: General Annual Meeting	The degree to which all shareholders can express their points of view at the AGM	The organisation of the AGM
Corporate Governance: Reporting	The degree to which all the shareholders receive all the relevant information in good time	Quality of financial information and reporting on Corporate Governance
Authorities Attitude towards legislation	The degree to which a company complies with economic legislation	Seriousness/absence of infringements (fraud, money laundering, tax evasion, competition...), attitude towards authorities
Suppliers Relations with suppliers	The degree to which a company respects the rights of its suppliers	Absence of abuse and the engagement in cooperative relationships

The main features of Ethibel's screening methodology

1. A clear distinction between research and evaluation responsibilities.
 2. An integrated approach to sustainability.
 3. A multi-stakeholder approach at the level of methodology, information gathering and evaluation.
 4. Strong internal quality procedures.
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1 • The distinction between research and evaluation. In order to avoid conflicts of interest, the research activities have been separated from the evaluation procedure. Research is carried out by Stock at Stake, strictly applying the research methodology developed by Ethibel. The evaluation process, based on the results of the research, is organized by Ethibel.

2 • The sustainability approach. The research takes a global approach, aimed at creating a broad, comprehensive and balanced picture of the way a company takes responsibility vis-à-vis society.

1. Covering all the issues related to corporate social responsibility (internal and external social policy, environmental policy, economic policy).
2. Covering all the activities of the company (also peripheral activities, activities outside the home country and activities of

subsidiaries). The activities of suppliers and subcontractors are taken into account.

3. Covering the actual and the future situation, taking into account long- and mid-term investments of the company, which will influence the next generations.
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3 • The multi-stakeholder approach. The responsibility of companies vis-à-vis society cannot be viewed separately from the values and expectations of society and the numerous stakeholder groups.

The Ethibel methodology takes into account the expectations of stakeholders at three levels:

- **Methodology.** To make sure that the research model is up to date, Ethibel closely follows the debates between supporters and challengers of certain technologies or trade practices. New concerns are systematically integrated into the research methodology. Ethibel has regular contacts with scientific institutions, trade unions, international organizations and NGOs that are active in the third world, environmental, consumer and peace movements.

The equal opportunities policy of a company has been included in the research methodology for some time. Because of the increasing importance of this aspect in society, and following discussions with some women's organisations, Ethibel decided to devote more attention to this. The notion of "positive action" was incorporated as a factor for a high score. Other topical themes recently integrated in the research methodology include the pressure of work, GMOs and the human rights policy of suppliers and subcontractors.

In the elaboration of evaluation criteria, stakeholders' interests and opinions are used as instruments for indicating relevant topics and defining benchmarks and controversial practices.

To determine the extent of involvement in arms production and the arms trade, Ethibel contacted two peace movements. This feedback showed that one used stricter criteria than the other. On the basis of an evaluation of the two views, Ethibel drew up its own procedure to assess the involvement of a company.

- **Data collecting.** During the research, Ethibel not only concentrates on information disclosed by the company, but also enters into an active dialogue with the company and all its key stakeholders.

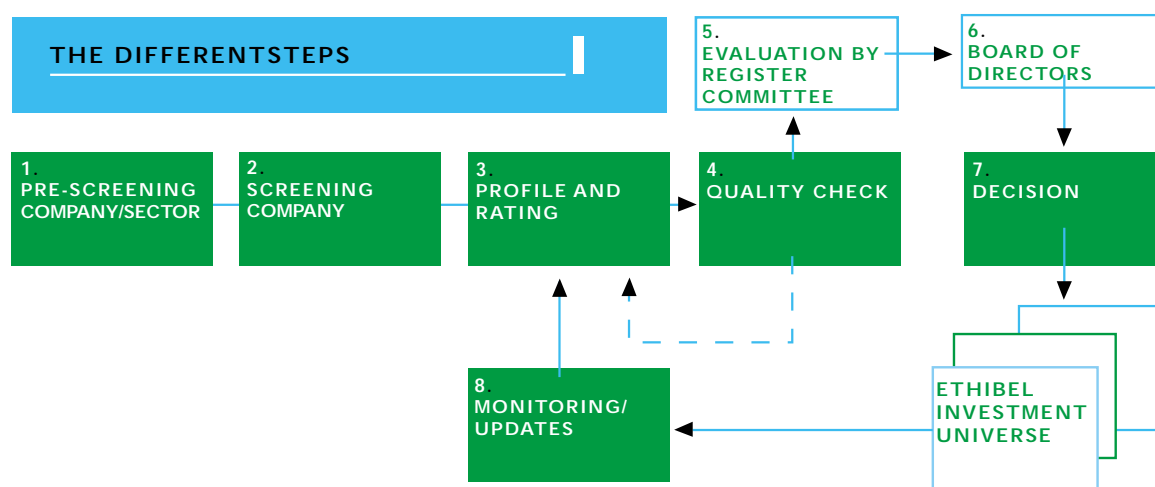
For example, some time ago Stock at Stake carried out a sectoral study of American utilities companies. A number of promising companies were included in the preliminary selection. These were promising, inter alia, because of their well-developed environmental management system, their extensive consumer information on the website, and their inclusion in a number of ethical indexes and funds. The picture changed thoroughly as a result of a number of contacts with local trade unions. Some of these companies turned out to have serious problems in the field of health and safety, or had an extremely negative attitude towards employees who were members of trade unions. Obviously this information was included in the description and rating of the internal social policy of the company profiles concerned.

- **Evaluation.** The final decision on whether companies should be included in the Investment Register is taken by Ethibel's Board of Directors. A committee of experts in the fields of corporate ethics, environment, human resources, labour relations, economics, human rights and international relations advises the Board on the acceptability of companies. This procedure guarantees a balanced and independent evaluation.

4 • Internal quality procedures. Guaranteeing a high and constant quality of research is an important element of Stock at Stake and Ethibel's responsibility towards our clients, the companies and the public. The research process is defined by detailed procedures. The standards of these procedures describe the research steps, beginning with the pre-screening of all companies within a sector, and ending with the production of the final profile of some selected companies. The research procedures cover, amongst other things, how to involve companies and stakeholders, how to check the quality and completeness of every profile internally, and the follow-up system for approved companies.

Sectoral studies are always carried out by an ad hoc team with about three researchers. This team identifies the most critical factors for the sector concerned, carries out a prior investigation of all the companies in the sector, and draws up complete profiles of the best companies and brief profiles of the others. The researchers exchange reports within the team for feedback. The ratings are harmonized. The progress of the research is regularly relayed back to the whole research team.

The Research and Evaluation Process



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Information gathering

Information is gathered from different types of sources:

Company information. Company information is collected in two main ways. Researchers screen all the company documents available to the public, such as annual reports, environmental reports and websites. They also start a dialogue with the company's executives. Dialogues with companies take different forms: preference is given to company visits or telephone interviews, but companies are also contacted by letter or e-mail. In addition, information can be obtained from questionnaires.

A dialogue with every company that is screened is essential to understand the company's position and policy and to take into account its point of view regarding areas of conflict with stakeholders. For companies outside Belgium and Luxembourg, which cannot systematically be visited by the researchers themselves, Stock at Stake relies as much as possible on information from local partner organizations. In this respect, the membership of the SiRi group plays a key role. However, cooperation with a partner organization never replaces the dialogue between Stock at Stake and the screened company.

Information systems. Apart from the company sources, information is gathered from the news media, specialized databases, a study of the literature and the internet. Stock at Stake has an internal source management system that allows for the indexing of a great number of periodicals and other documents, and the rapid tracking of references for thousands of companies.

Stakeholder input. The stakeholder dialogue is a very important element of the Ethibel research methodology. Stock at Stake identifies the relevant stakeholder groups for each company and actively seeks their opinion on the company's policy and performance. Relevant trade unions, environmental groups, consumer groups and human rights organizations are contacted wherever possible. Finding the "right" stakeholders is a specialist task which requires a thorough familiarity with the NGO sector. Stakeholders must be relevant. Amongst other things, this means that in addition to the necessary level of representation, they must have the specific knowledge and expertise to evaluate the company's policy in a critical way. Stakeholders are often concerned with a particular problem in a particular region. Stock at Stake contacts these local stakeholders.

If we examine a Scandinavian constructor of hydropower dams, we contact a Norwegian environmental organization. The human rights policy of a large multinational company is checked with local NGOs, which are part of an international network. A Belgian health care organization is asked for its opinion on the price policy of the European pharmaceutical industry.

Analysis

The collected information is checked and analysed according to detailed procedures and serves as the basis for editing a company profile, which covers the company's performance in detail in each of the sectors, themes and topics.

An internal quality control of the profile is carried out within the context of the Stock at Stake quality management system.

Rating

For each of the domains, themes and topics, the research team has agreed upon a rating based on an extensive list of criteria.

The ratings are attributed according to detailed rating guidelines, defining criteria for each individual topic. Three kinds of rating criteria are employed:

1. Ratings based on absolute criteria (e.g., the presence or absence of a certain policy or characteristic).
2. Ratings based on relative criteria (e.g., comparison with the industry or regional average).
3. Ratings based on expert or stakeholder assessments (e.g., the trade union opinion on industrial relations).

The rating consists of a score ranging from 0 to 6. When a sectoral approach is appropriate, e.g., for evolution of employment, industrial accidents or environmental impact, policies and performances are compared to those of other companies in the industry:

- 0 = well below average or with serious shortcomings
- 2 = below average, a weak point for the company
- 3 = average, normal for the industry
- 4 = above average, a strong point for the company
- 6 = exceptional, the company is a pioneer with regard to this specific topic

This asymmetric rating system is intended to give more weight to the best and worst practices.

However, some topics transcend the sectoral context. Attributing scores exclusively on the basis of a sectoral comparison could lead to serious biases, which undermine the reliability of the rating system. Respect for human rights, for example, is an ethical imperative and cannot be rated on a sectoral comparison only.

For all the topics, the Ethibel methodology describes clearly what level of performance corresponds to which score. This is demonstrated in the example below.

EXAMPLE OF THE RATING FOR BLOCK "INTERNAL SOCIAL POLICY", THEME "STRATEGY", TOPIC "ORGANIZATION"

THEMES AND TOPICS	APPRECIATION (What is appreciated?)	INDICATOR (What is assessed?)	CALIBRATION
11) Organization	The degree to which principles are organizationally supported	Hierarchical level of the personnel (H.R.) director and the presence of policy supporting instruments	0=no responsible person at the group level and no responsible persons in the major subsidiaries 2= no responsible person at the group level, but responsible persons present in the major subsidiaries 3= personnel/HR director is a member of the executive committee or reports directly to this committee 4= 3 + the company uses supporting instruments (attitude surveys, evaluation talks...) 6= 4 + there is a formal personnel management system in place (balanced scorecard, intellectual capital accounts...)

The arithmetical average is calculated for each topic, theme and domain, but Ethibel intentionally rejects the calculation of a global company score for all four fields together. It is also important to note that the scores do not lead to a ranking of companies, in which companies with a score above a reference value are automatically accepted, and excluded if they do not reach this value. The scores are a valuable instrument, but in the first instance, they provide a basis for comparison and discussion in the evaluation by the Register Committee.

Evaluation

The researchers themselves do not carry out the evaluation of companies. The detailed company profile combined with the rating is submitted to the Register Committee, an external and independent committee of experts. This committee evaluates the company's performance and advises the Board of Directors on the possible inclusion in the Ethibel Investment Register.

The Register Committee has a right to ask the research team for a list of all the stakeholders contacted and sources consulted. The Committee can always request additional research on certain topics.

Ratings attributed by the research team can be questioned. This segregation of roles and responsibilities guarantees that the evaluation is performed by an external and independent body, and not by the researchers.

The Board of Directors of Ethibel can only approve companies for inclusion in the Ethibel Investment Register on the basis of the positive advice of the Register Committee. SRI funds with the Ethibel Label may only invest in companies that are included in this Register.

Monitoring

Companies included in the Ethibel Investment Register are monitored on a permanent basis. The company profiles are updated on a yearly basis.

Whenever a problem arises that might question the presence in the Ethibel Investment Register, the company is screened again and a report is submitted to the Register Committee for re-evaluation. This can lead to the exclusion of the company from the Ethibel Investment Register. Every company in the Register is completely re-evaluated at least every three years.

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Integrating Sustainable Development and Stakeholder Involvement

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For more background information about Ethibel, please visit our website (available in English, French, Dutch, German and a summary in Japanese):

www.ethibel.org

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