

# SRI Research



vigeo

CORPORATE SOCIAL RESPONSIBILITY RATINGS

## VIGEO

### Oikocredit collaboration Presentation of the methodology

[www.vigeo.com](http://www.vigeo.com)



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- 1. VIGEO
- 2. ESG METHODOLOGY  
for Oikocredit



# Vigeo – Key features

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## Corporate structure

- Founded by Nicole Notat in 2002
- Paid-up capital of **€17.7 million**, owned by asset managers and pension funds (45%), trade unions and CSR organisations (28%), corporates (27%)
- **87 employees** with **14 different nationalities**, in **4 locations** : Paris, Brussels, Milan and Casablanca

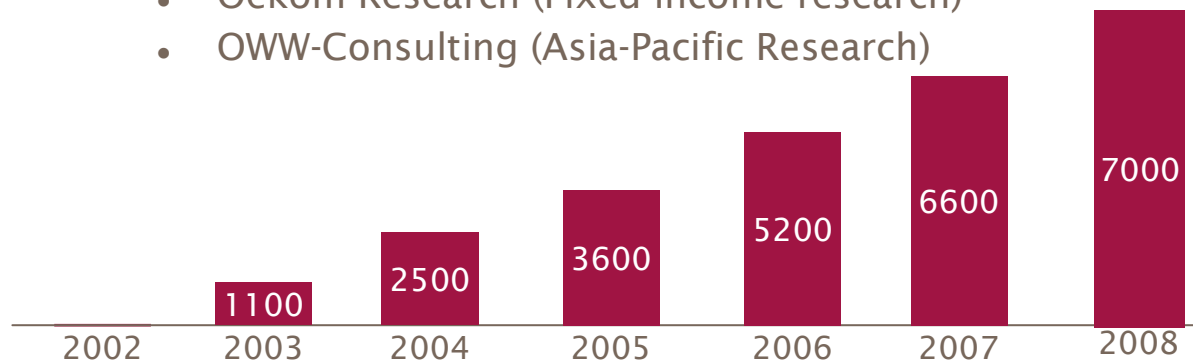
## 2 business lines

- **For investors and asset managers** (SRI Department): ESG scores and ratings and ESG portfolio management services
- **For companies and local authorities** (CSR Audit Department): CSR audits as strategic and operational CSR management tools

## Key numbers

- **+1700 issuers covered, +80 clients** (SRI Department)
- **Strong network of partners**
  - Oekom Research (Fixed income research)
  - OWW-Consulting (Asia-Pacific Research)

## Revenues (€ K)





# Vigeo SRI Research - Our activities and engagements

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## SRI RESEARCH:

**Tools for responsible investments**

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**On a variety of asset classes:  
worldwide equity & fixed income**

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**Analysis, scores and ratings based  
upon various information sources**

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**Analysis reports for every company  
or issuer & for every sector**

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**Specific portfolio services**

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## OUR ENGAGEMENT:

**Professional quality standard**

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**Team of 44 analysts, specialised  
according to sectors & themes**

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**Efficient collection and monitoring of  
CSR information**

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**A research based on recognised  
international CSR standards**

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**A qualified partner for your different  
projects (CSRR-QS certified)**

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# SRI Department : a worldwide client portfolio 5.

Vigeo provides:

Research for SRI funds worth €30 billion

Services for institutional investors representing €70 billion

Customised research for leaders in the integration of ESG criteria into mainstream financial analysis

## INSTITUTIONAL INVESTORS

- AG Insurance Belgium
- AG2R La Mondiale
- AGRICA
- ASR Netherlands
- Banca Lombarda Pension Fund
- BNP Assurances
- CDC
- Cometa Pension Fund
- Compagnia di Sanpaolo
- Dexia Insurances NV
- ERAFP
- Ethias
- European Investment Bank
- Fondazione Cariparo
- IONIS
- IRCANTEC
- Fondation Roi Baudoin
- MEDERIC
- PRO BTP
- Sogeposte
- Vlaams Zorgfonds
- ...

## NON-PROFIT

- Christian Aid UK
- Forum Ethibel
- Oikocredit
- Red Cross Belgium
- UNI Global Union
- ...



## PRIVATE BANKERS

- Bank Delen
- Credit Agricole Private Bank Luxembourg
- Degroof Institutional AM
- Petercam
- Van Moer Santerre
- ...

## ASSET MANAGERS

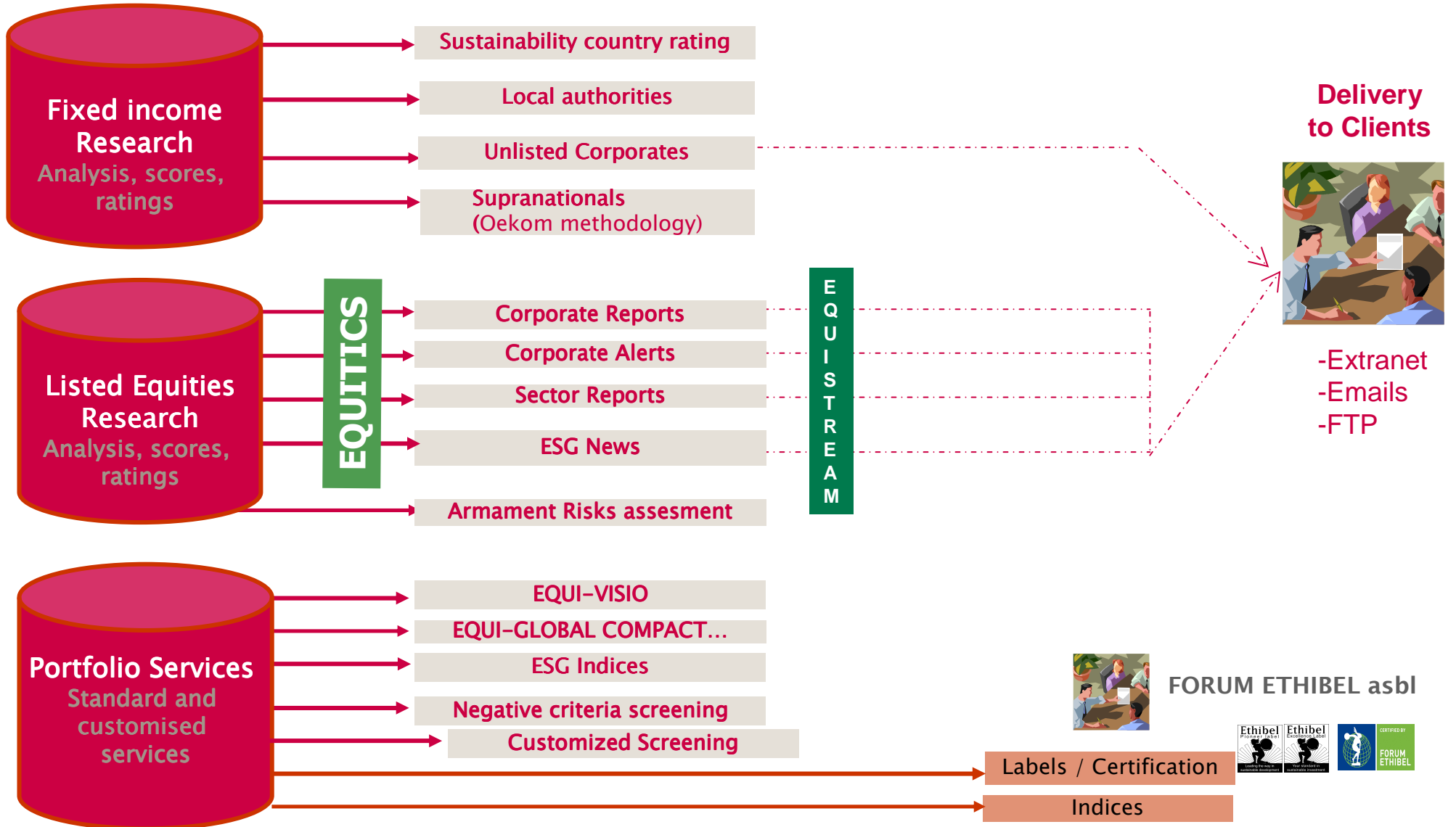
- ABN Amro UK
- AGF AM
- Asahi Life Asset Management (ALAMCO)
- Allianz Global Investors
- Argenta
- AXA IM
- Bank Sarasin
- Banque de Luxembourg
- BNP Paribas AM
- Capco
- Credit Agricole AM
- Delta Lloyd
- Dexia AM
- Diamondback AM
- EDRAM
- HSBC AM
- Natixis AM
- Nissay AM
- Société Générale AM
- SNS AM
- ...





# SRI Research Services – product range

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## — 2. ESG METHODOLOGY for Oikocredit



### — Vigeo provides Oikocredit with the following research:

#### 1. Ethibel Excellence investment universe

- Best in class universe (equities & bonds) combined with negative criteria
- Assessed by an independent Committee
- Awarded with external verification and labelling

#### 2. Specific screening of development countries

- Selection of countries based upon the sovereign research by Vigeo

#### 3. Specific screening of companies active in development countries

- Selection of listed companies (DJStoxx 600 Europe) with a good performance on their activities in the South.



**1. Ethibel Excellence investment universe**



# The Forum Ethibel Certification & Label ® : Independent guarantee of your ESG policy

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## Forum Ethibel ?

- ▶ °1992, an independent association
- ▶ objective? to make public and institutions sensitive to social responsible investments, according to its ethical values.
- ▶ a shareholder of Vigeo
- ▶ includes well known NGOs and associations as members : Hefboom, Crédal, Réseau Financement Alternatif, le Centre National de Coopération au Développement etc.

## Tasks ?

- ▶ Based upon the Vigeo research, Forum Ethibel builds up the ethical investment universe of Ethibel (the Ethibel Registers)
  - To do so, Forum Ethibel defines – amongst Vigeo’s criteria – those to be used in order to select companies from an ethical point of view.
  - An independent Committee of experts (the Forum Ethibel Register Committee) decides on inclusion / exclusion of companies.
- ▶ Providing external verification to investment products with an ESG character (FE certification & Ethibel labels).



# The Vigeo methodology is based on our definition of social responsibility...

11.

**Corporate social responsibility** is the voluntary commitment from the company management to take into account stakeholders expectations.

Managing impacts on stakeholders is a means to mitigate **risks** (reputation, efficiency, legal, ...), and ultimately is a source of **opportunities** and continuous improvement for the company.



Internationally  
recognised  
standards

Conventions, Recommendations, Statements, Guidelines from the UN, ILO, UNEP, OECD, Global Compact, European Union, etc.



*From these internationally recognised standards, action steps for companies were identified to create evaluation criteria.*

37 sustainability  
drivers

Action steps: A company should...

- prevent all forms of corruption and conflicts of interest
- effectively manage the use of natural resources
- inform and consult with employees, etc.



*Sustainability drivers are grouped into domains, each representing the interests of a category of stakeholders.*

6 domains

Stakeholders: employees, shareholders, customers & suppliers, local community, the environment, mankind

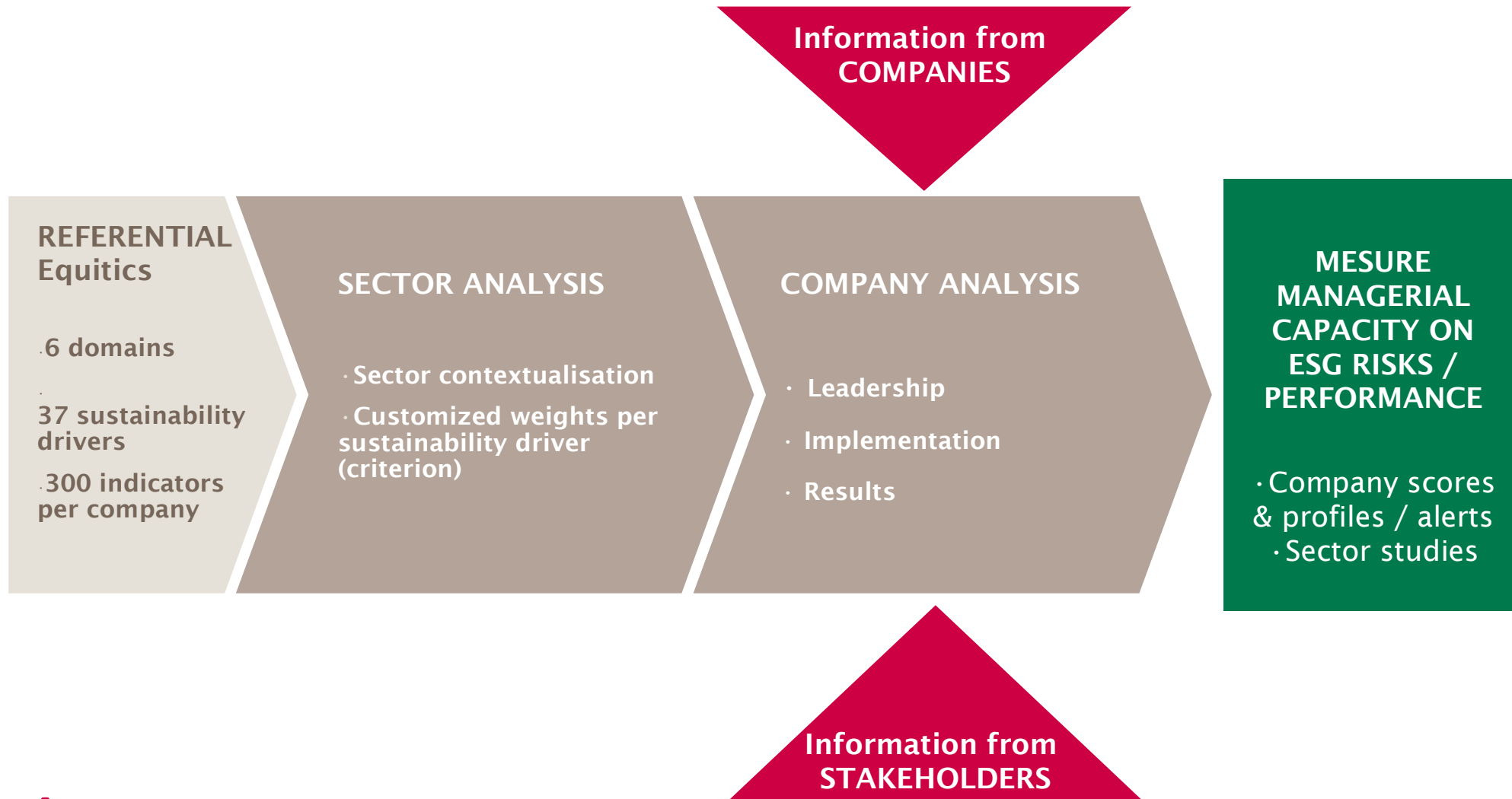
— The **6 domains** under review are:

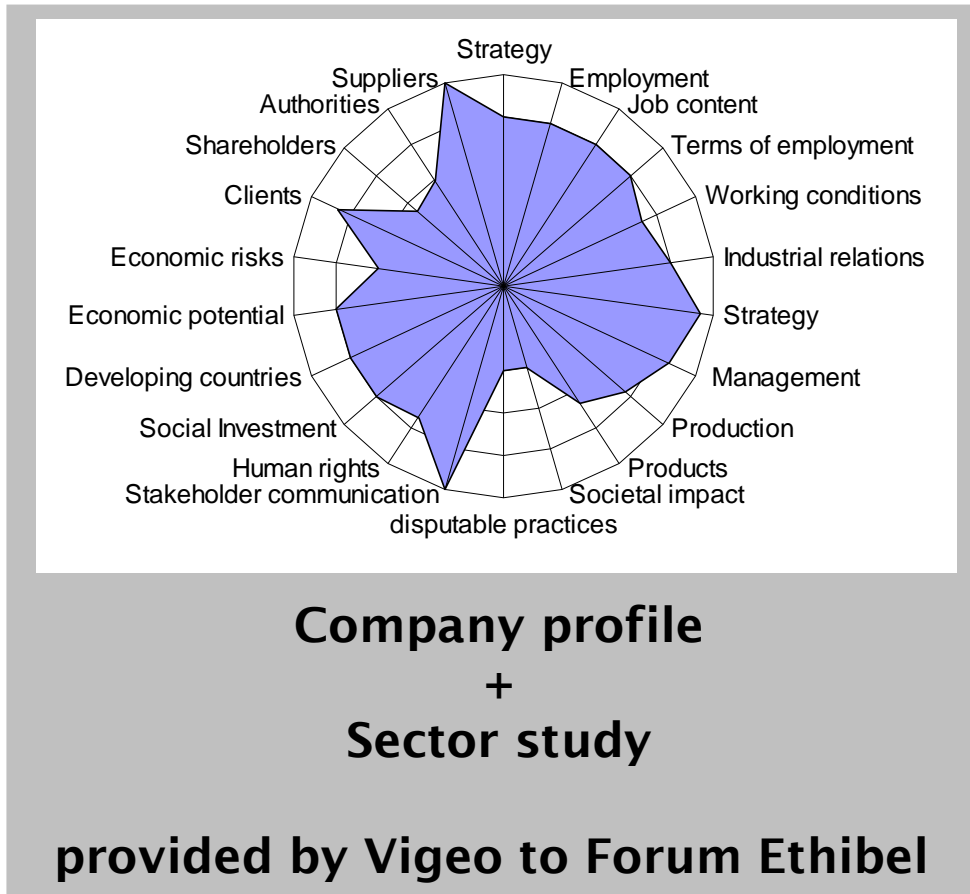




# The methodology: research process

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## FORUM ETHIBEL REGISTER COMMITTEE Ethibel Rating



**Monitoring**





## — The Forum Ethibel Register Committee

- External experts demonstrating in-depth knowledge and experiences in the respective study areas
- Are on the committee in a personal capacity and in no way represent the organisations from where they acquired their professional knowledge.
- The completely independent nature of this body guarantees an in-depth assessment of company profiles.

## — Current members of the Forum Ethibel Register Committee

- **Dirk Ameel**, Executive Officer of EUROCADRES
- **Bo Johnsson**, retired economist from the ICFTU (International Confederation of Free Trade Unions) and currently working as a consultant for ACTRAV (the ILO Bureau for Workers' Activities).
- **Luc Hens**, professor at the Free University of Brussels (VUB) in the Human Ecology department.
- **Luc Van Liedekerke**, professor in philosophy and business ethics at the Universities of Leuven and Antwerp.
- **Stephanos Anastasiadis**, presently engaged in doctoral studies at the Nottingham University Business School's International Centre for Corporate Social Responsibility. He has a professional background in environmental and social issues, notably in the European policy environment.



## Universes selected by Forum Ethibel:

- ▶ « Best in Class » approach in selection of companies in Europe, North-America and Asia Pacific.
  
- ▶ Exclusion of companies with following activities:
  - Arms
  - Nuclear energy
  - Gambling
  - Tobacco
  
- ▶ Particular attention to controversial activities: dangerous chemicals, GGO's, alcohol, sex industry, animal mistreatment
  
- ▶ Also includes bonds (sovereign & corporate)

# Ethibel ® : Invest according to Forum Ethibel's values

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## Possibilities?

### • Client main motivation

- Ethical + Best in Class
- External verification (a genuinely independent evaluation )
- 'Ready made' SRI solution

### • The Ethibel labels

- Label Ethibel Pioneer : investment universe of circa 250 companies
- Label Ethibel Excellence : investment universe of circa 450 companies



### • Forum Ethibel Certification

- Some investment or savings products do not fully comply with Ethibel's criteria, but respect SRI criteria jointly defined by the Asset Manager and Forum Ethibel. The Ethibel Certification guarantees that the Asset Manager respects the SRI criteria he/she set.





**2. Specific screening of developing countries**



# Investments in developing countries

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## — Steps in the selection process of developing countries

### — Step 1: Initial Universe Ethibel Excellence Universe

- Classification based upon HDI as medium and low human development
- Classification based upon Worldbank: middle and lower income

### — Step 2: Exclusionary criteria

- Corruption: countries with lowest rating in corruption index of Transparency International (CPI 200X, 2,5 or lower)
- Human Rights: countries with lowest rating in Freedom House index

### — Step 3: Indicators

- Use of Vigeo Sustainable Country Rating Database
- Selection based upon 33,3% best countries

### — Step 4: Application of bonus for countries in medium en low HDI zone:

- Countries with a 'commitment score' higher than 80% get a bonus according to their development level. Countries selected based upon their Worldbank classification, but not part of HDI, do not get a bonus.



**3. Specific screening of companies active in development countries**



# Investing in socially responsible companies that have in addition particular beneficial impacts on developing countries

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## — Objective?

- Construct a bond investment universe of companies that prove to be among the best of their sector in terms of social responsibility, and that in addition perform particularly well in the field of impacts on developing countries.

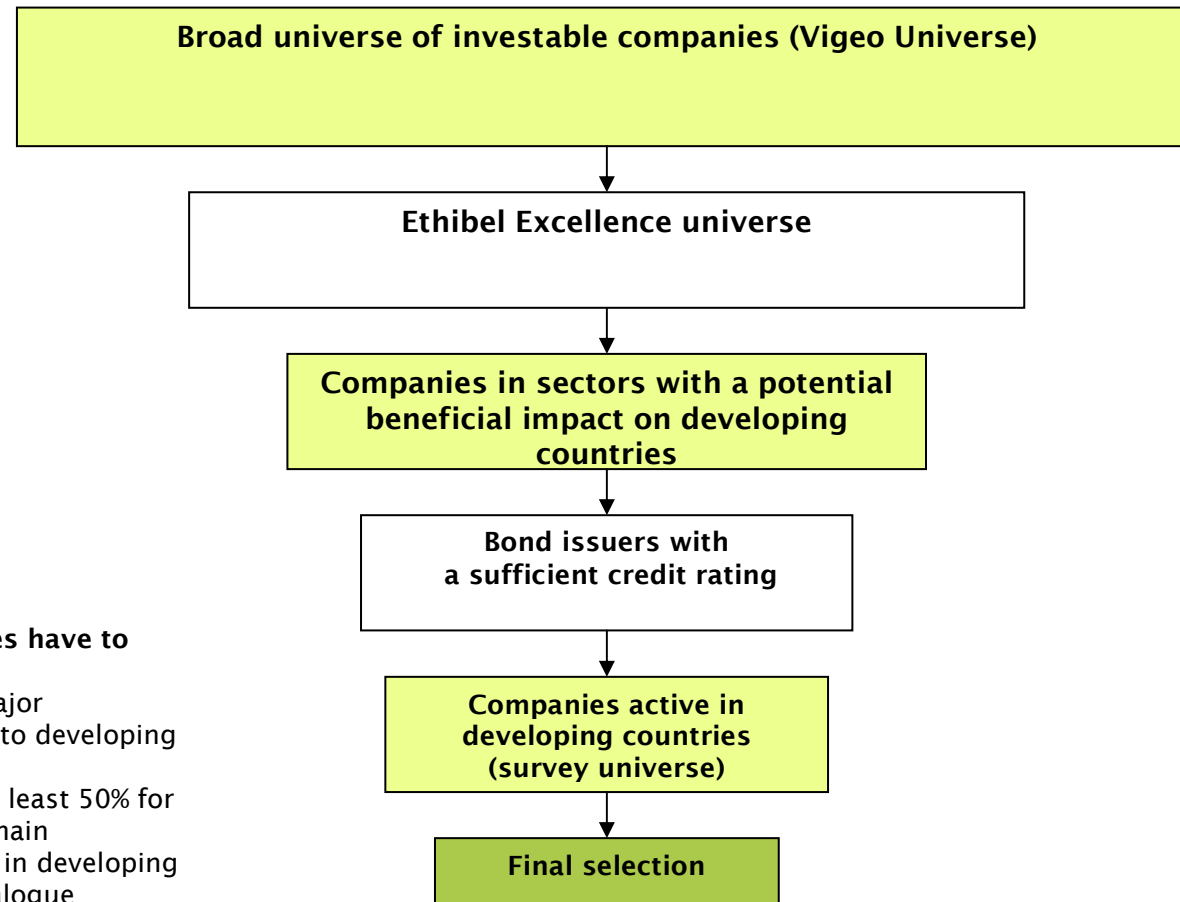
## — Criteria related to developing countries ?

- Next to the standard criteria that are used to come to the survey universe a number of specific criteria are applied to identify those companies that have a specifically beneficial impact on developing countries. These criteria are derived from the Equitics research methodology.
- Examples:
  - *a. Community development and impacts on local communities*
    - -The presence of community developing programs in developing countries
  - *b. Human resources*
    - -The inclusion of employees in developing countries in the company's social dialogue structures? (RH1.1-21)
  - *c. Human rights*
    - -Responsibilities in the field of human rights (DH1.1-13)
    - -...
  - *d. Product safety*
    - -Involvement in controversies specifically related to developing countries (CF1.1-31)
  - *e. Environment*
    - -Pollution accidents in developing countries (ENV1.2-31)

# Investing in socially responsible companies that have in addition particular beneficial impacts on developing countries

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## — Steps in the selection process?



In order to be selected companies have to meet the following criteria:

1. -no involvement in major controversies related to developing countries..
2. -an overall score of at least 50% for the human rights domain
3. -including employees in developing countries in social dialogue structures



## CORPORATE SOCIAL RESPONSIBILITY RATINGS

- PARIS
- BRUXELLES
- MILAN
- CASABLANCA



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