2. Contents

- VIGEO indices
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- About VIGEO
Vigeo: 2 complementary approaches to CSR

- **An Ethical approach to CSR**, based notably on the identification of controversial activities and exclusion criteria:
  - Armament
  - gambling,
  - nuclear energy,
  - Tobacco

- **CSR as**:
  - A commitment from the company management to take into account stakeholders’ legitimate interests, expectations and fundamental rights
  - A mean to mitigate CSR risks (reputation, efficiency, legal, etc.)
4. VIGEO : 2 complementary indices families

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**The ASPI Eurozone© Index**

- **A positive approach** - companies are selected on good and best practices in Social Responsibility risk management - no activities exclusion (nuclear, tobacco...)

- **Customers**: Axa France (ETF, commercialised by Carrefour), Netik (ex-Capco) (US)

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**The Ethibel Sustainability Indices (ESI)**

- **An Exclusion Index** for reason of societal controversies on products and services - sustainability performance always precedes index construction as a criterion

- **Customers**: Degroof Fund Management Company, Dexia AM, Vlaams Zorgfonds
Performances de l'indice ASPI et du DJ Euro STOXX 5
6. Ethibel – invest in another way (1)

- Responsibility of the committee index: The Board of Directors of Forum Ethibel

- Sectorial representation: Not all sectors (nuclear energy, weapons, gambling and tobacco) are represented with a consideration identical to that of S&P Global 1200

- Particular attention to companies whose activities are linked to: alcohol, chemicals, genetic engineering, pornography and animal
Goal: select, for each sector, the most liquid shares meeting Ethibel’s own methodological criteria

Stocks with limited float may be included if they are actively traded, suitably liquid and if the market is large enough

Investable Weight Factor (IWF) or Float Shares
Revisions to organisations’ IWFs are done every year by S&P in order to avoid frequent
Financial performance of SRI Indices

- Comparison with a financial benchmark: general interpretation bias
  - Lack of historical data: short term comparison when SRI is best evaluated on the long run
  - Relative small size of SRI indices => low diversification => higher risk

- SRI indexes based on an exclusion approach
  - Is appraisal of financial performance relevant?
  - Definition of CSR based on ethics which does not provide a comprehensive approach to CSR risks management
  - Sector bias resulting from the exclusion of certain activities

- SRI indexes based on a CSR risks management approach
  - Bias linked to weighting system (e.g. stock-exchange capitalization penalizes small companies)
The **ASPI Eurozone**© tends to minimise these bias

- **High level of risks management security** linked to CSR
- **Solid financial** performance on long run (see next graphic)
- **Historical data**
  - 31/12/2000
- **No sectorial Bias**
  - Rating sector per sector – no under or over weighting
- **No bias linked to the size**
  - 120 companies
- **No change risk**
  - Calculation in € - Euro zone
- **Transparency**
  - Anticipation of ASPI index evolution
- **Calculation and Methodology Robustness**
  - David Davydoff (Dow Jones Euros STOXX)
La gestion ISR suit les performances du marché

Sources La Vie Financière OCT/NOV2007
VIGEO Methodology respects the 2 approaches

VIGEO Corporate Sustainability Ratings per criterion

Three-step methodology which assesses a company’s commitment.

Companies selection for inclusion in the ASPI Eurozone® and the Ethibel
Selection Domains
- Community Involvement
- Corporate governance
- Business Behaviour
- Environment
- Human resources
- Human rights

Visibility
- Types of policies in place?
- Content of these policies?

Ownership
- Responsibility for these policies?

Leadership
- Means and Resources
- Scope
- Coverage

Implementation
- Indicators
- Controversies
- Stakeholder information?

Results

Three step methodology which assesses a company’s commitment.

VIGEO Corporate Sustainability Ratings per criterion

- For the Ethibel Index, Vigeo analyses direct or indirect (through participations) involvements of the companies in the following controversial business activities:
  - Armament
  - Nuclear energy
  - Hazardous chemicals
  - GMO in food
  - Alcohol
  - Tobacco
  - Gambling
  - Sex industry
  - Animal maltreatment

Vigeo rejects these companies of its rating

Company ranked as the least performing in the sector
Company ranked as a below average performer in the sector
Company ranked as an average performer in the sector
Company ranked as an active performer in the sector
Company ranked as a leading performer in the sector
About VIGEO

**Corporate structure**
- Founded in 2002, by Nicole Notat
- Paid-up capital of €17.7 million
- 75 employees and 14 different nationalities, in 4 locations: Paris, Brussels, Milan and Casablanca

**Business activities**
- For investors and asset managers (SRI Department)
- For companies and local governments (CSR Audit Department)

**Key numbers**
- 600 European companies evaluated (SRI Research)
- 60 investors and asset managers in Europe
- More than 90 CSR audits carried out
- More than 200 speeches, conferences, seminars, trainings, etc., since 2002

**Evolution of the operating income (€ K)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
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<tbody>
<tr>
<td>2002</td>
<td>1100</td>
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<tr>
<td>2003</td>
<td>2500</td>
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<td>2004</td>
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<td>2005</td>
<td>5200</td>
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<tr>
<td>2006</td>
<td>6500</td>
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<td>2007</td>
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