



Communication on Progress

UN Global Compact

2016/2017



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Message from our CEO



Nicole Notat
Vigeo Eiris President

Vigeo Eiris joined the United Nations Global Compact (UNGC) in 2005, and has applied and promoted its principles and objectives ever since. Our commitment to the UNGC is natural, given that Vigeo Eiris' *raison d'être* is the assessment and development of social responsibility. Our industry-leading ESG (Environmental, Social and Governance) research agency assesses and rates issuers' on their sustainability factors, including States, companies and local authorities.

The ten principles of the Global Compact form part of the Vigeo Eiris research framework from which we rate issuers. Since 2005 Vigeo Eiris has specifically provided a dedicated service to monitor how companies comply with the ten principles of Global Compact, known as the 'Equi-Global Compact'.

Vigeo Eiris has built its own social responsibility approach with the belief that social responsibility not only represents a duty, but also constitutes a measure of success. This approach shapes our behaviour towards both ourselves and our stakeholders. Our research framework is built upon the six domains of social responsibility against which we assess organisations: environment, community involvement, business behaviour, human rights, governance and human resources.

Our unique shareholding structure is intentionally diverse and includes NGOs and trade unions, companies and investors. This varied structure contributes to the independence of the agency and creates a strong, positive and inclusive approach to social responsibility.

Beyond its role as an independent provider of research and analysis, Vigeo Eiris positions itself as a key player and active partner in dialogue with civil society organisations including NGO, unions, international and European institutions.

With our methodology, products and services, publications and contribution to international conferences, and through our active membership to a number of organisations in the countries where we operate, Vigeo Eiris contributes in a meaningful way to raising awareness of sustainable finance and to integrating ESG issues and initiatives in mainstream finance. Thanks to our international presence, we are particularly proud to promote the dissemination of Sustainable Responsible Investment practices throughout the world.

We are also pleased to support scientific research and improve high level understanding of social responsibility and its multifaceted links with risk and value creation factors, providing access to our databases through long term academic partnerships with research centres and postgraduates.

This report highlights our commitment to the ten Global Compact principles; it has been designed to match advanced level standards.

Nicole Notat,
Vigeo Eiris President

Vigeo Eiris at a glance

Vigeo Eiris is an independent global provider of environmental, social and governance (ESG) research to investors and public and private corporates. We evaluate the level of integration of sustainability factors in the strategy and operations of organisations and undertake risk assessments to assist investors and companies in decision making.

Vigeo Eiris offers two types of services through separate business units:

- ▶ **Vigeo Eiris Rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening to support all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris Enterprise** assesses organisations of all sizes, listed and unlisted companies, helping them to integrate ESG criteria into their business functions and strategic operations.

Our methodology and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® research standard. Vigeo Eiris is also a CBI (Climate Bond Initiative) Verifier.



vigeo eiris
Rating

Empowering Responsible Investment

Large range of products and services (analysis, opinion, rating and ranking, risk reviews, portfolio reviews etc) for investors and asset managers willing to integrate social responsibility factors into their operations:

- ▶ More than **4,000 issuers** covered: corporates, regions, states.
- ▶ More than **350 partners worldwide**: investors and asset managers, civil society organisations and international institutions and universities.



vigeo eiris
Enterprise

Empowering Responsible Management

Audit and ESG integration services for companies from all sectors, local authorities and NGOs, in order to help them assess and develop their social responsibility strategies:

- ▶ Second Party Opinion for Green and Sustainable Bond issuances (CBI verifier).
- ▶ Independent third-party opinion for **social responsibility labels and certifications**: LUCIE, CGEM, Diversity Label.
- ▶ More than **600 projects** in **41 countries** since 2002.

A global presence

The team is composed of more than 200 experts of 23 nationalities with diverse and complementary skills. Vigeo Eiris has developed the “Vigeo Eiris Global Network” made of 7 research providers, who work as closed partners of the agency (Australia, Brazil, Germany, Israel, Japan, Mexico and Spain).

12
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7
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Our commitment to the 10 principles of the UN Global Compact, the UN Sustainable Development Goals (SDGs) and other international standards

Vigeo Eiris is the result of a 2015 merger between two historic leaders in the ESG research and rating field. Rooted in Europe, the agency is now positioned as a global player and key actor in the process of increasing ESG awareness internationally. Stakeholder dialogue and innovation are at the very heart of our methods, practice and culture, as are the 10 principles of the Global Compact.

Respecting and Promoting the Principles of the Global Compact

The assessment and promotion of social and environmental responsibility are at the core of Vigeo Eiris' business lines and activities and are the foundation of its raison d'être. Vigeo Eiris has built its own social responsibility approach with the firm belief that it constitutes a performance factor and a driver of brand promotion and attractiveness.

Equi-Global Compact : a product dedicated to the Global Compact Principles

We share the belief that by incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies not only uphold their basic responsibilities to people and planet, but also set the stage for long-term success.

To encourage companies' implementation and adherence to the Global Compact, Vigeo Eiris has developed "Equi-Global Compact", a product which measures companies' level of compliance with Global Compact principles.

We rate companies' behaviour by analysing their policies, methods and results against each aspect of the Global Compact:

- ▶ Human Rights: we screen companies on their respect of fundamental human rights
- ▶ Labour: we focus on work-related rights including in the supply chain
- ▶ Environment: we evaluate the key issues relevant to a given company
- ▶ Anti-corruption: we analyse the principle of corruption prevention

We also analyze controversies related to the above themes in order to identify companies that are considered non-compliant with Global Compact Principles.

Our Equi-Global Compact product provides investors with portfolio assessments of companies within the framework of the UN Global Compact. It can therefore help investors to assess their investments against the Global Compact framework. Investors can use this product in different ways according to their needs, including negative screening, positive screening, performance measurement, index construction etc.

As part of our own UNGC adherence, we monitor key indicators and achievements related to the ten UNGC principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. As described in the Advanced COP requirements, we are also committed to having efficient governance and board management, to describing our value chain and our role in shaping sustainable finance as well as our commitments to UN goals and issues, advocacy, collective action and stakeholder engagement. This shows our commitment to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Key Indicators and Achievements: 2016-2017

Human Rights

- ▶ The Executive Committee is gender-balanced: 4 out of 9 members are women
- ▶ Women make up 68% of the middle management and in 2016, 60% of the agency's employees as a whole were women.
- ▶ 8.95% of our staff are considered senior (over 50 years old), representing 17 people in total.
- ▶ In 2016 the average age of staff across the whole agency was 36 years old, and the average length of employee service is 5.6 years
- ▶ Publication of two key human rights reports: Responsible Supply Chain Management in 2016, and The Human Rights Responsibilities of Business in a Changing World in 2017.
- ▶ In 2016, Vigeo Eiris issued 17 alerts in total, affecting the Human Rights domain score of several companies. By the end of September 2017, 66 alerts were issued, affecting the score of the Human rights domain.

Human Resources

- ▶ 23 nationalities are represented in our teams.
- ▶ 27% of staff received training in 2016, accounting for 907 hours of training (both internal and external). 1% of Vigeo Eiris' payroll expenditure has been spent on external training.
- ▶ 40 internal promotions were agreed in 2016, following the merger between Vigeo and Eiris.
- ▶ More than 75% of current staff (with at least two years' service) have been promoted since they have joined the company.
- ▶ Annual competence and performance reviews are offered to all staff members on a yearly basis.
- ▶ Agreements on salary policy, teleworking and working hours are currently being negotiated for all sites. Profit-sharing plans for the whole Vigeo Eiris group and gender equality agreements for the Paris office have already been signed.
- ▶ 21 people worked part-time in 2016, representing 11.5% of the total workforce.
- ▶ 1 work accident was recorded in 2016. None in 2017.
- ▶ 99 employees took one or several days' sick leave in 2016, representing a total of 704 days not worked across the company as a whole.

Environment

- ▶ 132 tons of CO₂ were offset in 2016 through carbon reduction projects.
- ▶ All office supplies have environmental certifications (for example paper / notebooks etc.)
- ▶ Vigeo Eiris issued 40 alerts affecting the Environment domain score of several companies in 2016, whilst by the end of September 2017, 96 alerts had been issued.
- ▶ Among those alerts, some are positive and led to the increase of scores, for example the American companies that pledged continued support of the Paris agreement.

Corruption

- ▶ Code of conduct signed by all employees.
- ▶ Code of conduct available online.

Governance and Quality Management

- ▶ Monthly Executive Committee meetings
- ▶ Annual Scientific committee meetings
- ▶ Pluralistic governance and shareholder structure
- ▶ Arista certification renewed in 2016
- ▶ A dedicated complaints procedure for rated companies:
 - 8 complaints received in total in 2016 and 2017, during the delivery of more than 3,900 company profiles.
 - No appeals to the Scientific Council were recorded in 2016 and 2017.

Support to SDGs, advocacy, engagement and partnerships

- ▶ New products developed in 2016 on the SDGs and Sustainable Goods and Services.
- ▶ Since COP21, Vigeo Eiris has issued 41 second party opinions on green or social bonds and loans, released by 28 issuers (including corporates, banks and sovereign) from across 13 countries.
- ▶ Vigeo Eiris is an active member of more than 15 organisations (NGOs, CSR networks, Sustainable Investment Fora)
- ▶ Vigeo Eiris signed or renewed 5 academic partnerships in 2016 and 8 in 2017.
- ▶ Vigeo Eiris' executives are present on the Board of several committees and organisations, including the French SRI Label, PRI and ARISTA.
- ▶ Vigeo Eiris has provided continuous support to RIODD since 2012 (the French International Research Network on Organisations and Sustainable Development). Each year, RIODD rewards the best PhD Thesis in social sciences related to Corporate Social Responsibility and/or Sustainable Development.
- ▶ Vigeo Eiris has provided ongoing support to Dauphine University (Paris). Our experts provide regular lectures to students on the Sustainable Development and Organisations MA.
- ▶ Dissemination of 7 publications in 2016 and 6 publications by the end of October 2017 (Tribunes, Thematic Studies and Sustainability Focus).
- ▶ Frequent contribution to international fora, such as the UN Forum on Business and Human Rights.

Contributing to the SDGs via an advanced and exclusive assessment service

The UN Sustainable Development Goals (SDGs) adopted in 2015 build on the Millennium Development Goals, broadening their scope to include a range of economic and environmental objectives alongside social objectives. Achievement of the goals will require a global partnership of all stakeholders, including business and investors.

We translated the SDGs into a framework for impact investment by identifying areas where businesses can and should contribute. This enables investors to identify, evaluate, and benchmark the impact of their assets (namely equities and bonds) on the SDGs. We identified two clear avenues through which companies can positively contribute to the SDGs: acting responsibly and providing sustainable solutions.

Acting responsibly means listening to expectations, respecting the interests and rights of workers, suppliers, communities and the environment in the way that companies conduct their business. Vigeo Eiris' analysts measure these aspects by examining the policies, targets, tools and KPIs of companies for all material SDG topics. For example the prevention of discrimination and the promotion of diversity (Goals 5 & 10), fair labour standards (Goal 8), and the protection of ecosystems (Goals 15 & 16). The assessment produces a score ranging from 0 to 100 on up to 38 separate topics, depending on the exposure and risks of a given company.

Providing sustainable solutions means putting products and services on the market that address sustainability challenges. Vigeo Eiris measures this aspect by examining the level of involvement of companies in products such as clean technology (Goal 7), SME development tools (Goals 8 & 10), and educational services (Goal 4). The involvement is classified on a 4-level scale, ranging from no involvement to major involvement.

By focusing both on behaviour and products, this dual approach provides investors with a comprehensive picture of companies' contribution towards the SDGs, allowing them to design their portfolio accordingly.

United Nations Financial Solutions for the Sustainable Development Goals Conference – October 10 & 11th 2016, New York

On the 10th October 2016, Vigeo Eiris participated in the high-level conference: Financial Solutions for the SDGs, organised by the Executive Office of the Secretary-General in collaboration with the Permanent Missions of Canada, France and Jamaica and with the presence of representatives from several governments and leaders from major financial institutions. The UN Secretary-General Ban Ki-moon announced the launch of a new platform for scaling up innovative finance solutions to support the achievement of the SDGs by 2030.

Offering a strong methodology promoting international frameworks

Our framework of analysis is built on international norms, principles and recommendations addressed to states and/or companies. This includes the conventions, statements and guiding principles of the UN, ILO, PNUE, Global Compact, OECD and European Union etc.

These principles have universal reach and are therefore applicable to every company. Taking them into consideration and effectively promoting them is not just desirable, but necessary for the concrete implementation of social responsibility at global level. These principles are supported by stakeholders all over the world.

These guiding principles are at the heart of our methodology and assessment framework to measure companies' commitment, implementation and performance in terms of corporate social responsibility. Companies are therefore invited to respect key international norms and guiding principles through our assessment.

Domain of analysis in Vigeo Eiris' assessment framework

Human Rights

International Norms & Standards

UN: Universal Declaration Of Human Rights, 1948	UN: Convention on the Elimination of All Forms of Racial Discrimination, 1968	ILO: C169 Indigenous and Tribal Peoples Convention, 1989	OECD: Guidelines for Multinational Enterprises, updated 2011
UN: International Covenant on Civil and Political rights, 1966	UN: Declaration on the Elimination of Intolerance and of Discrimination Based on Religion or Belief, 1991	ILO Declaration on Fundamental Principles and Rights at Work, 1998	ISO 26000 Guidance Standard on Social Responsibility
UN: International Covenant on Economic, Social and Cultural Rights, 1966	UN Guiding Principles on Business and Human Rights, 2011	ILO C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	EU: Charter of Fundamental Rights, 2009
UN: Declaration on the Rights of Indigenous Peoples, 2007	UN: Sustainable Development Goals, 2015	ILO C 98 Right to Organize and Collective Bargaining Convention, 1949	French Due Diligence law (law 2017-399, March 2017)
UN: Convention on the Elimination of All Forms of Discrimination against Women, 1979	ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, updated 2017	ILO C135 Worker's Representatives Convention, 1971	UK Modern Slavery Act
		ILO: R190 Worst Forms of Child Labour recommendation, 1999	

Domain of analysis
in Vigeo Eiris'
assessment framework

Environment

International Norms & Standards

OECD Guidelines for Multinational Enterprises, updated 2011

OECD Council Recommendation on the Control of Air Pollution from Fossil Fuel Combustion (adopted 20th June, 1985)

Council and OECD Recommendation on Water Management Policies and Instruments

Paris Agreement on Climate Change – 2015

Task Force on Climate-Related Financial Disclosures Recommendations – June 2017

United Nations - Agenda 21 - 1992

United Nations Framework Convention on Climate Change

The Kyoto Protocol to the United Nations Framework Convention on Climate Change

United Nations Environmental Programme - Rio declaration on environment and development, principle 21-1992

United Nations Convention on Biological Diversity 31 I.L.M. 818 (1992)

UN Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), 12 ILM 1085 (1973)

UN Convention on Wetlands (RAMSAR), 11 ILM 963 (1971)

The 2001 Stockholm Convention on Persistent Organic Pollutants (POPs)

WHO Air Quality Guidelines for Europe (1998)

Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal, 28 I.L.M. 657 (1989)

ISO 14001 (update 2015)

EU Eco Management and Audit Scheme - EMAS

Responsible Business Behaviour and Ethics

EU Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety

EU Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products

EU Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts

EU Directive 2011/7/EU of 16 February 2011 on combating late payment in commercial transactions

OECD Guidelines for Multinational Enterprises, Chapter VIII – Consumer Interests (updated 2011)

OECD Guidelines for multinational enterprises, updated 2011

OECD Guidelines for protection of privacy and transborder flows of personal data, 1980

OECD 10 Principles for Transparency and Integrity in Lobbying, February 18th, 2010

United Nations General Assembly Resolution on Consumer Protection - A/RES/39/248 1985

United Nations Convention against corruption (Merida Convention), 2004

United Nations declaration against corruption and bribery in international commercial transactions, 1997

ICC Guidelines on Advertising and Marketing on the Internet, 1998

ICC International Code of Direct Selling, 1999

ICC International Code of Direct Marketing, 1998

ICC International Code on Sponsorship, 1992

ISO 14001

ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, update 2017

Domain of analysis
in Vigeo Eiris'
assessment framework

Corporate Governance

International Norms & Standards

OECD Guidelines for multinational enterprises, updated 2011	European Commission Recommendation 2004/913/EC	AFEP-MEDEF, Corporate Governance Code of Listed Corporation (2010, France)	OECD, Guidelines on Corporate Governance of State-owned enterprises, 2005 (and its 2014-15 revision)
OECD Principles of corporate governance, updated 2004	Norwegian Code of Practice for Corporate Governance (Dec 2005)	EU Green Paper on Corporate Governance (European Commission, 2011)	United Nations Development Programs (UNEP), Integrated Governance: a new model of governance for sustainability, 2014
OECD Corporate Governance Factbook, 2017	Italian Corporate Governance Code, December 2011		
G20/OECD Principles of Corporate Governance, 2015			

Human Resources

ILO C14 Weekly Rest (Industry) Convention, 1921	ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, update 2017	ILO Convention 98, Right to Organise and Collective Bargaining, 1949	ILO Occupational Safety and Health Convention, 1981 (No. 155)
Declaration on Fundamental Principles and Rights at Work 1998	ILO Convention 87, Freedom of Association and Protection of the Right to Organise Convention, 1948	ILO Convention 144, Tripartite Consultation, 1976	ILO C95 Protection of Wages Convention, 1949
ILO C135 Workers' Representatives Convention, 1971		ILO Convention 154, Collective Bargaining, 1981	ILOR85 Protection of Wages Recommendation, 1949
ILO R94 Co-operation at the Level of the Undertaking Recommendation, 1952		ILO C14 Weekly Rest (Industry) Convention, 1921	ILO C131 Minimum Wage Fixing Convention, 1970

Community Involvement

United Nations Sustainable Development Goals, 2015	New European Consensus on development, 2017	ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, updated 2017	UE Commission proposal for a Directive on Corporate Tax transparency (country-by- country reporting) – (12 April 2016)
OECD Guidelines for Multinational Enterprises, updated 2011	United Nations Development Programme Strategic Plans 2014 -2017 and 2018-2021	OECD Base Erosion Shifting Project	
Green Paper Promoting a European framework for Corporate Social Responsibility, 2001	The United Nations Economic Commission for Europe (UNECE) Convention on Access to Information	OECD Guidance on the Implementation of Country-by-Country Reporting: BEPS Action 13 (updated September 2017)	
A renewed EU Strategy 2011-2014 for Corporate Social Responsibility, 2011	ILO Recommendation for the Post 2015 Development Agenda - 6 point strategy		

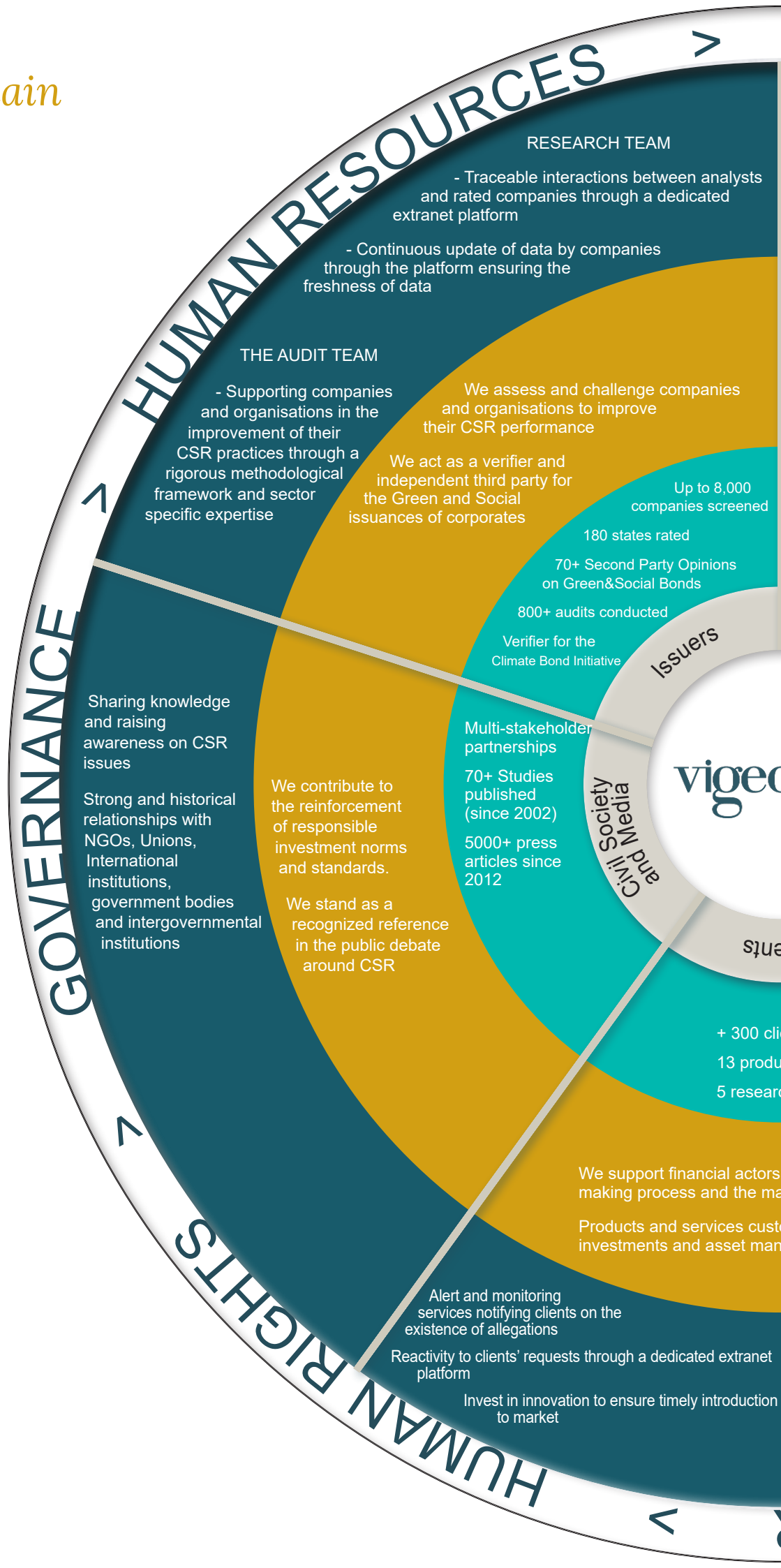
A key actor in sustainable and responsible finance

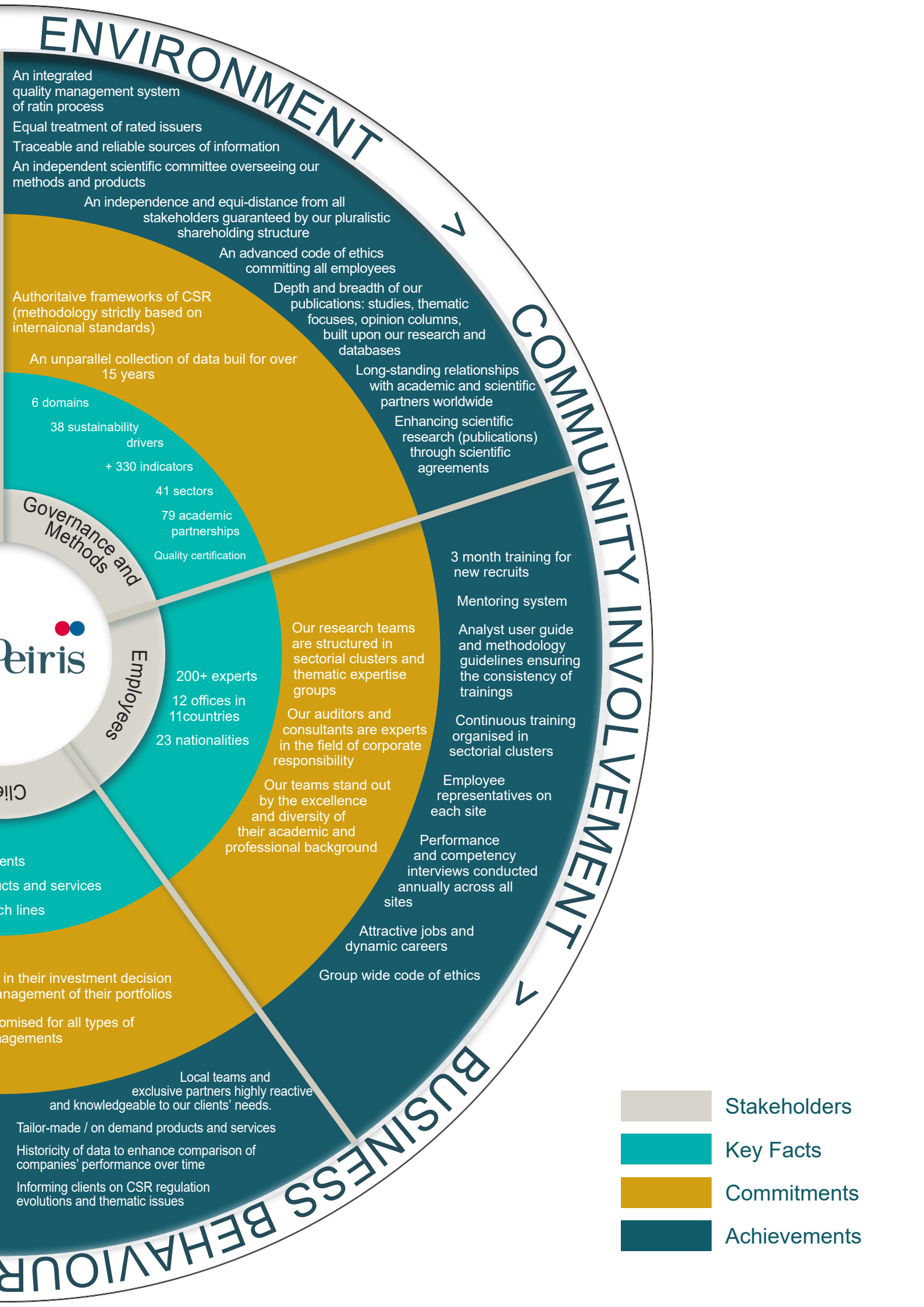
By the very nature of our organisational aim, we are committed to serve sustainable and responsible finance in line with the PRI. We strongly believe that ESG analysis represents a fiduciary duty for asset owners and managers; ESG rating agencies such as Vigeo Eiris have historically been the first interface between investors and companies on such issues.

As an independent and specialist ESG research agency, we contribute to the value chain of responsible investment and asset management by providing investors with frameworks and measurement metrics fully dedicated to sustainability-related risks. Collecting and analysing information on companies' ESG risks (human capital, human rights, business behaviour, environment, governance and community involvement), opportunities, and performances are essential to ensure market efficiency, an optimal allocation of capital and the reduction of information asymmetry.

We assess sustainability risks and the future capacity of issuers to create and share value. Therefore, we play a unique, independent and crucial role in identifying ESG factors as sustainability levers, and enabling financial institutions to integrate and take material sustainability-related risks into account.

Our Value Chain





Our Indices incorporate Global Compact Principles

Vigeo Eiris Rating manages two types of ESG indices, which are published on financial platforms such as Bloomberg and Datastream. These indices are particularly useful in helping investors identify the most successful companies in terms of corporate social responsibility performance. Indices enable investors to select companies which have achieved the highest ratings in their reference universe. Ratings are weighted and reflect the company's performance with regards to the set of risks and 38 sustainability drivers that Vigeo Eiris defines and evaluates to assess and measure corporate responsibility.

Depending on criteria activation rules, decided according to their materiality for a given sector, approximately 40% of our sustainability criteria are directly linked to Global Compact Principles (such as anti-corruption processes, respect of fundamental human rights, efficient environmental strategy, integration of social factors within the supply chain etc.). This means that Global Compact principles are deeply embedded in our indices and impact companies' scores and ranking.

Euronext - Vigeo Eiris Indices:

Euronext Vigeo Eiris indices are composed of the highest-ranking listed companies in term of their corporate responsibility performance, as analysed by Vigeo Eiris.

Companies are excluded if:

- ▶ Their overall score or their score in one of six key areas reviewed by Vigeo Eiris is insufficient.
- ▶ They are subject to serious, proven or recurring controversies; they are seriously implicated in recent allegations which remain unresolved; or they face recent accusation, to which the company either fails to provide corrective measures or denies the allegations.

These indices are available for several ranges and are updated every six months: Euronext Vigeo® World 120, Euronext Vigeo® Europe 120, Euronext Vigeo® Eurozone 120, Euronext Vigeo® US 50, Euronext Vigeo® France 20, Euronext Vigeo® United Kingdom 20, Euronext Vigeo® Benelux 20

CAC 40® Governance index

The CAC 40® Governance index assesses CAC 40 companies' performance in terms of Responsible Corporate Governance. This thematic index is based on the constituents of Euronext's CAC 40 index and the scores obtained by companies in terms of Responsible Corporate Governance as determined by Vigeo Eiris' Equitics methodology. According to their score, CAC 40 companies are ranked in four groups of 10, giving them a weight in the index.

Vigeo Eiris Best EM Performers

The Best EM Performers index is comprised of the best performing companies from a reference universe of 800 companies from 31 emerging countries. This ranking is based on the analysis of companies using the Vigeo Eiris Equitics methodology which was developed in 2004. The selected companies are listed in 15 countries, belong to 29 sectors and employ more than 2 million people. Their global scores are the highest of their universe in the fields of human rights, decent employment practice, environmental protection, corporate governance, business ethics and contribution to social and economic development in the areas in which they operate.

A variety of
indices and
products:
7 indices
with
Euronext

Green Bonds and Vigeo Eiris Second Party Opinions

Vigeo Eiris has created a set of solutions to assist issuers throughout and beyond the issuance of Green or Social Bonds. The increase in the issuance of green bonds demonstrates issuers' and investors' growing interest in being part of sustainable development initiatives. Yet, these operations are highly monitored and success will be defined by the validity of and compliance with stated objectives; rigorous management of the projects during implementation; and the capacity to report on them transparently. Vigeo Eiris has a Climate Bond Initiative Verifier status and significant experience as a trusted provider of second party opinion.

We provide an opinion on the green bond issuer's credibility in terms of social responsibility policies and practices. We provide the market with an independent third party opinion on the consistence of the selected projects' responsible aims, as promised by the issuer. This includes:

- ▶ Evaluating the company's exposure to ESG risks and its level of risk mitigation,
- ▶ Reviewing the selection process of projects, to secure the allocation of resources and the transparency of funding,
- ▶ Evaluating the quality of reporting mechanisms prior to the issuance,
- ▶ Formulating opinion on the management of social and environmental impacts in the implementation of projects,
- ▶ Providing second party opinion that offers a level of insurance on the responsible nature of the issuance in line with Green Bond Principles.

41 second
party
opinions
issued since
COP21,
representing
€24 billion

Since COP21, Vigeo Eiris has issued 41 second party opinions on green or social bonds and loans, released by 28 issuers (including corporates, banks and sovereign states) from across 13 countries. This represents around €24 billion aimed at financing climate mitigation and adaptation. Numerous bonds have focused on the transition to low carbon emissions, through renewable energy or green construction projects. Vigeo Eiris' exclusive and integrated due diligence enables us to assess both issuer and issuance, providing a level of insurance on the responsible nature of the bond.

Involving diverse stakeholders in our governance

President Nicole Notat leads the Executive Committee. A Board of Directors guides the agency's strategy, determines budgets and elects the Nominations and Remunerations Committee members. A Scientific Council composed of independent individual advisors reports on its activities before the Board and the General Assembly.

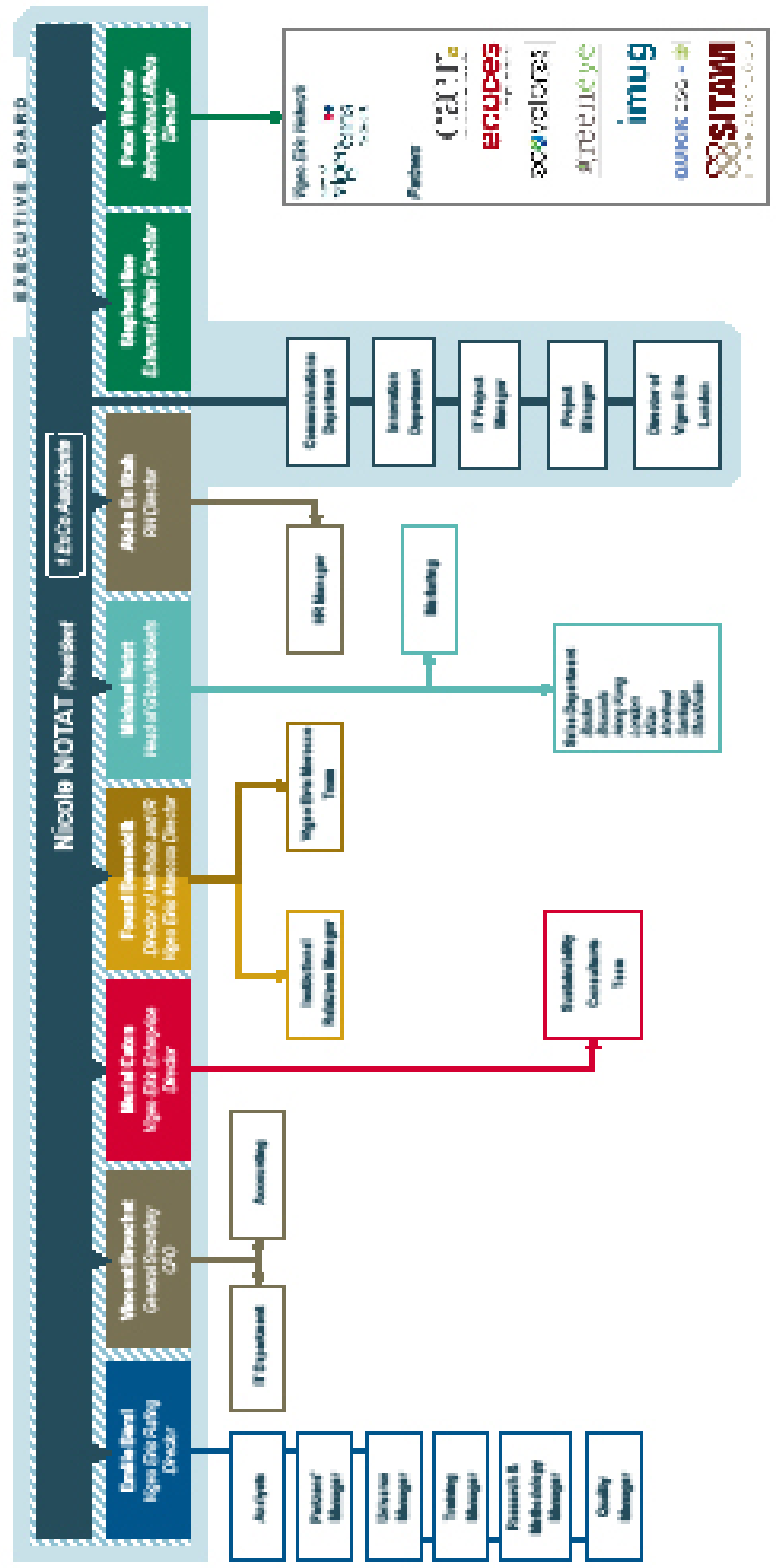
Executive Committee

The Executive Committee is responsible for the implementation of the agency's strategy. It steers all strategic projects, decides on priorities, mobilises the necessary means to achieve the agency's aims and objectives and oversees their effective delivery.

The Executive Committee meets once a month and is responsible for:

- ▶ Implementing the strategy and direction decided upon by the Board of Directors,
- ▶ Preparing and finalising the agency's budget,
- ▶ Overseeing Vigeo Eiris' operational activities, including compliance with pre-established budgets and agreed action plans,
- ▶ Fostering best practice exchanges amongst all sites and departments,
- ▶ Providing opinion and recommendations on all projects, operations and measures that are presented for its consideration.

Vigeo Eiris Organisational Chart



3 main
shareholder
groups:
investors,
civil
society and
companies

Shareholder Structure

Vigeo Eiris' share capital is divided into 3 subgroups: investors and financial actors (62.3% - 5 Board members), civil society organisations (24% - 3 board members) and companies (13.7% - 3 board members).

The nature of Vigeo Eiris' shareholding structure guarantees the agency's independence. The decision to have companies acting as shareholders alongside investors and organisations of civil society was motivated by our desire for a shareholder body that reflects the multifaceted interests and expectations of the agency, and includes companies, trade unions, NGOs and traders.

By renewing the capital agreement in 2015, our shareholders showed their support for the creation of a global ESG research agency that promotes market standards and combines professionalism, high quality and continuous R&D.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Jerome Barré, Head of HR at Orange and comprises 3 to 5 representatives of the Board. Its role is to oversee and decide on remuneration levels and criteria for Vigeo Eiris' President, the Executive Directors, members of the Board and members of the Scientific Committee. Specific rules have been devised internally to define the aims and responsibilities of this committee.

Scientific Committee

The Scientific Committee is an independent body that oversees the agency's methodology and reports to the Annual General Assembly.

The Scientific Committee ensures Vigeo Eiris' independence and professional excellence. Composed of independent members, the committee oversees the quality of the agency's methodological approach and products, and reviews conclusions from academic research conducted using Vigeo Eiris databases.

Vigeo Eiris' Scientific Committee consists of four independent members that meet once a year. The Committee is responsible for the following objectives:

1. Examining the methodological principles and rules applied to Vigeo Eiris products before they are launched,
2. Scientific monitoring of rating activity, ensuring compliance with the methodology, and
3. Providing opinion in case of a dispute between a rated company and Vigeo Eiris concerning methodology issues.

4
independant
members of
Scientific
Committee

Promoting Human Rights

The protection and promotion of human rights issues is an essential part of Vigeo Eiris' performance analysis and methodology. Vigeo Eiris was one of the first ESG rating agencies to include human rights issues in its methodological framework. We believe human rights constitute an essential part of the social issues within ESG assessments and are continuously working on ways to improve our assessment, to integrate specific human right issues such as modern slavery or human rights along the supply chain. We also strive to respect fundamental human rights within the agency and to practise non-discrimination.

Respecting the fundamental human rights within the agency

Vigeo Eiris has a group-wide social policy and a formalised commitment to respect the freedom of association and right to collective bargaining. Employee representatives are elected on each site, even when this is not required by local legislation. Vigeo Eiris provides information on employee union rights through a dedicated intranet platform. Every month, employee representatives meet with their respective site managers and each quarter the agency employee representative across all sites gather at agency headquarters in the presence of the Human Resources Director and the President. Every year Vigeo Eiris negotiates collective agreements with its employee representatives on topics such as the remuneration policy, working hours, training plans and annual performance reviews etc.

Enforcing non-discrimination

Vigeo Eiris operates a policy to prevent all kinds of discrimination. At the French headquarters for example, an agreement has been signed with employee representatives to ensure equal treatment between genders. Today the Executive Committee is composed of 57% women; women comprise 68% of the middle management; and in 2016, 60% of the agency's employees as a whole were women. 8.95% of our staff are considered senior (over 50 years old), representing 17 people in total.

In addition, all Vigeo Eiris' job opportunities are shared with dedicated external partners who promote our opportunities to disabled people and help us reach legal obligations in France regarding the minimum mandatory requirements for employing disabled staff. We have also worked with several external providers from the Social and Solidarity Economy (SSE) to employ disabled staff.

Vigeo Eiris is vigilant against salary inequality and strives for equal opportunities for promotion between men and women. To do so, an internal salary scale has been defined which considers employees' experience and competencies with no differentiation between men and women.

Vigeo Eiris has employee representatives in most of its sites, and the HR process for recruitment and mobility are the same on every site.

Data confidentiality

Vigeo Eiris is committed to respecting data confidentiality and protecting its clients and employees. Vigeo Eiris Enterprise has a strict and formalised confidentiality policy with regard to client data. Auditors and consultants are required to comply with the confidentiality terms required by clients. Vigeo Eiris Enterprise ensures that its confidentiality and non-disclosure policies do not undermine the quality, independence and integrity of its assessments and research. Vigeo Eiris is also committed to complying with regulations concerning the processing of personal data in the countries in which it operates.

60% of the
agency's
employees are
women

Our focus on Human Rights

Vigeo Eiris actively contributes to the promotion of human rights: we assess companies on the level of integration of human rights issues into their managerial systems, measure their ability to manage human rights related risks and evaluate their performance.

We measure company performance on various criteria related to the protection and promotion of human rights issues, such as:

1. Respect for fundamental human rights in society
2. Respect for freedom of association and the right to collective bargaining
3. Non-discrimination at work and the promotion of equal opportunity and diversity
4. Elimination of child labour and forced labour
5. Human rights in the supply chain
6. Quality of remuneration systems
7. Improvement of health and safety conditions
8. Respect and management of working hours
9. Review of those criteria at board level
10. Audit committee review

Key Human Rights publications and alerts

In February 2017, Vigeo Eiris published a study on the human rights responsibilities of business, aimed at assessing companies' ability to address human rights issues in a changing context. The assessment revolves around four social responsibility factors: fundamental human rights in society; freedom of association and the right to collective bargaining; non-discrimination at work and the promotion of diversity; human rights in the supply chain.

Looking at more than 3,000 companies listed in 35 countries, the latest report reveals striking findings, including:

- ▶ Companies report more on their commitment to human rights than on environmental protection
- ▶ However, only a small percentage of companies comprehensively commit on all human rights areas for which they are responsible

To launch this publication Vigeo Eiris organised a conference in Paris in partnership with EDH (Entreprise pour les Droits de l'Homme – Businesses for Human Rights), bringing together numerous NGOs, trade unions, companies, civil society representatives and investors. All agreed with the importance of integrating and respecting human rights in corporate policy and practice.

[Further information can be found here](#)

As part of its monitoring mechanisms, Vigeo Eiris also issues alerts to clients to inform them of significant events related to rated companies. Alerts can positively affect the score of a company that proactively addresses human rights; negatively affect the score of a company that breaches human rights or is complicit in human rights abuses; and confirm the score of a company already committed to respecting internationally agreed human rights policy. On the next pages are some examples of alerts related to Human Rights issues.

Vigeo Eiris severely downgrades Mitsubishi Motors' rating

On 21st April 2016, Vigeo Eiris severely downgraded its Equitics© Rating scores for Mitsubishi Motors following its false claims on the fuel efficiency of its vehicles, which it admitted to. In a press conference held by its President on 20th April 2016, Mitsubishi Motors admitted the manipulation of test data to make false claims on fuel efficiency for 625,000 cars, some of which were manufactured for Nissan. Mitsubishi Motors admitted that publicly-released fuel-economy levels were higher than stated in test results.

[Click here for further information](#)

Vigeo Eiris issues a positive alert for three US companies taking legal action against President Trump's anti-immigration decree (the "Muslim Ban")

On 2nd February 2017 Vigeo Eiris issued a positive alert upgrading the scores of three US companies – Amazon, Expedia and Microsoft – in the Human Rights domain, following their decision to take legal action against President Donald Trump's decree banning people from seven countries (Iran, Iraq, Libya, Somalia, Sudan, Syria, Yemen) from entering America, known as the 'immigration ban' and/or "Muslim ban".

Fouad Benseddik, Director of Methods and Institutional Affairs stated: "Amazon, Expedia and Microsoft have shown the proactive approach that companies can take when exercising their social responsibility, by taking a concrete stand against discrimination and acting in favour of Human Rights, not only within their own organisation but also towards their government. It is a strong and positive signal to all investors and markets engaged in the responsible management of the risks related to breaches of international conventions protecting fundamental Human Rights."

[Click here for further information](#)

Vigeo Eiris downgrades the scores of tobacco sector companies

After a review of tobacco companies' social responsibility risks, Vigeo Eiris downgraded the sector average score by more than 7 points, from 46/100 to 38.3/100. The scores and rankings of these companies make them therefore ineligible for inclusion in the reference indices developed by the agency.

Vigeo Eiris has significantly downgraded the scores of European listed tobacco sector companies. The average score of this sector fell from 46/100 in 2015 to 38.3/100 at the end of April 2017. The score now reflects the low ESG performance Vigeo Eiris accords to these companies in terms of their capacity to adapt their economic model to reduce their negative impacts on health, the environment and on society particularly in developing countries, and on their capacity to manage reputational and legal security risks in particular. As a consequence, these companies are ineligible for inclusion in Vigeo Eiris' indices of excellence ("Best-in-class").

This reduction in tobacco sector companies' scores reflects the increasingly negative social perception of the health impact of consuming tobacco and the impact of its production on soils.

Dr Bronwyn King, CEO of Tobacco Free Portfolios warmly welcomed the news: "It's pleasing to see an ESG rating agency reflect on and revise methodologies for assessing tobacco companies. 'Best of sector' is a nonsense concept for tobacco companies as they all make products that kill their own customers. I applaud Vigeo Eiris for enhancing their analyses to ensure that tobacco companies are clearly categorised as ineligible for inclusion in lists of companies scoring well on environmental, social or governance metrics."

[Click here for further information](#)

Investing in Human Capital

Vigeo Eiris' employees are the backbone of the agency and true foundation of its expertise, guaranteeing the quality of all client products and services. The development, strengthening and promotion of professional competencies is amongst Vigeo Eiris' top priorities and forms an important part of the agency's commitment to its employees. In 2016 the average age of staff across the whole agency was 36 years old and the average length of services was 5.6 years.

Vigeo Eiris' Key HR Commitments

- ▶ Ensuring an in-depth and regular dialogue in terms of information, consultation and negotiation. Employee representatives are elected on each Vigeo Eiris site and are also represented at the Board.
- ▶ Guaranteeing equal treatment to all employees during the recruitment process and skills and career development, and with regards to remuneration and work-life balance.
- ▶ Promoting equal opportunities between men and women in the workplace, and developing cultural diversity.
- ▶ Ensuring that skills development, as well as individual and collective performance, are key factors contributing to career development and remuneration.
- ▶ Promoting internal mobility to enable skills development.
- ▶ Building an annual training plan to increase the level of internal expertise and competence.

Remuneration policy, profit sharing and career management

As part of the HR department, the Remuneration Committee is responsible for deciding on all salary increases, bonuses and changes of position once a year. Each manager has the opportunity to request and explain the salary increases they ask for their teams to the Committee. The Remuneration Committee is composed of the members of the Executive Committee and the HR Director is responsible for reviewing the salary scale.

The total amount allocated to salary increases is decided by the Executive Committee after it has been presented with the HR policy.

A grievance procedure is in place in case of disagreement with one's level of remuneration, allowing an employee to contest to their line manager and senior manager the decision of the Remuneration Committee.

A profit-sharing agreement is also in place and available to all Vigeo Eiris employees with at least 3 months experience within the company. Each year, the amount to be distributed is equal to 2% of gross annual Vigeo Eiris employee salaries and is released upon on the achievement of 3 business objectives.

40 internal promotions were agreed in 2016, following the merger between Vigeo and Eiris. More than 75% of current staff (with at least two years' service) have been promoted since they have joined the company.

75% of current staff (with at least two years' service) have been promoted since they have joined the company.

Health and Safety at work

In most Vigeo Eiris sites, internal policies have been implemented to ensure employee security.

Once a year, annual interviews are conducted with all Vigeo Eiris employees, allowing managers to assess team workloads and to discuss employees' needs.

A health and safety alert process is in place throughout the Vigeo Eiris group. For the majority of these alerts, the HR team are informed and specific support is offered to the employee facing issues. The HR team discusses the most appropriate solutions or modifications needed to ensure the well-being of the employee at work with the HR manager. Ad-hoc follow ups are implemented to monitor developments and ensure that the solutions provided are effective.

Employees are trained on health and safety measures in all offices where this is required by local law.

1 work accident was recorded in 2016. Vigeo Eiris also monitors several indicators regarding absenteeism: in 2016, 99 employees took one or several days' sick leave, representing a total of 704 days not worked across the company.

Training

Each year, the Group defines a training plan based on employee requests and the needs of the agency. A dedicated budget is defined. All employees from all sites can request specific training. Senior management then balance these requests with Group needs and the allocated budget.

When necessary, Group-wide training with external or internal experts are also organised for all teams.

Vigeo Eiris also organises regular internal conferences, providing new insights and knowledge on specific topics for all teams.

27% of staff received training in 2016, accounting for 907 hours of training (external and internal) in total. 1% of Vigeo Eiris' payroll expenditure was spent on external training.

Working Remotely and Part Time

Staff are allowed to work from home on a regular basis to avoid long commutes, and also benefit from flexible working hours which has a positive impact on work/life balance.

Vigeo Eiris also allows staff to work part-time (50 or 80%). In 2016, 21 people worked part-time, accounting for 11.5% of the total workforce.

27%
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total

Leading environmental awareness

As a global ESG agency, Vigeo Eiris has formal objectives to reduce its environmental impact by closely managing its energy consumption. Vigeo Eiris seeks to respect its local environments, and to encourage its staff to adopt environmentally-friendly practices in the workplace.

Vigeo Eiris' main environmental impact is linked to transport (staff travel by plane for business trips) and office management (printing, computers, energy consumption in office buildings). Vigeo Eiris has therefore adopted several internal measures to better manage its environmental impact.

The agency has committed to measuring its average carbon footprint for all sites and at group level in 2018, to better monitor environmental impact and to improve site management and reporting.

Reducing emissions linked to staff transport

Sustainable Travel Policy: Vigeo Eiris tries to limit international business trips: local staff and members of our partner network will attend local events or client meetings, based on a subsidiarity model. Since January 2017 we have opened three new offices in Hong Kong, Rabat and Stockholm. We are also committed to selecting our office locations based on accessibility of sites by public transport.

CO2-related emissions compensation: When business trips are required, we offset the associated CO2 emissions. We require staff to travel by train for small distance trips, especially between our main European offices (London – Paris – Brussels). When travels must be done by airplane, we – compensate our emissions through an offsetting mechanism: CCO2 logic. In 2016, conscious of our carbon dioxide emissions, we offset 132 tons of CO2 by supporting carbon reduction projects. The finance team is responsible for overseeing this policy.

Teleconferencing systems: We use a teleconferencing system for calls and working meetings across Vigeo Eiris sites.

Reducing emissions linked to energy consumption and waste

Printing: We encourage staff to limit the use of paper for printing. When printing is required, we try to use recto-verso, black and white printing and recycled paper.

Switch off: At all sites, we encourage staff to switch off computers and lights at night.

Recycling and waste management: We have a sorting system for office waste and the recycling of redundant objects and documents (mainly paper, cardboard, printing cartridges and plastic bottles from staff lunches).

Sustainable procurement: We are committed to sustainable procurement and try to choose our suppliers of office furniture and other products (occasional food and drinks for staff events) based on environmental certifications.



Of particular note is our Paris headquarters in Bagnolet which has approximately 60 staff. All emissions are managed by the building administration of the Mercurial Towers. Energy and water consumption and CO₂ emissions are monitored daily.

The building had its BREEAM In-Use certification renewed on 17th July 2017.

We offset
132 tons
of CO₂ by
supporting
carbon
reduction
projects in
2016

Key publications and alerts on environmental issues

Vigeo Eiris published a paper entitled “From COP21 to COP23: Developments in business and investments since the 2015 Paris Agreement” – November 2017

After more than two decades of failed attempts to reach global consensus on climate change, a historic agreement was reached in Paris on 12 December 2015 at the 21st Conference of the Parties of the United Nations Framework Convention on Change (UNFCCC - COP21).

197 countries signed the agreement which became legally binding about a year later, after countries responsible for 55% of global greenhouse gas emissions ratified it. 169 UNFCCC members have ratified the agreement to date. Signatories agreed to keep the overall increase in global temperatures to below 2°C (beyond which, the impact of climate change is expected to be catastrophic), to try to limit the increase to 1.5°C, and to achieve zero net emissions in the second half of this century.

While the Nationally Determined Contribution (NDCs) to reduce greenhouse gas emission are not legally binding, signatories are legally subject to expert review to ensure their progress towards achieving NDC goals. Both developed and developing nations must report on their mitigation efforts every two years, and all signatories will be subject to both technical and peer review.

However most countries' NDCs are not as robust as they need to be, and scientists have confirmed that even if all countries acted on everything they have pledged, global warming of 2.7 to 3.7°C would still occur.

[Click here for further information](#)

Vigeo Eiris issues positive alerts for listed companies who signed public joint statement in support of the Paris Climate Agreement

On 26th June 2017, Vigeo Eiris issued a positive alert upgrading the scores of seven companies in the Environment domain – Facebook, Google, International Business Machines, Netflix, Discovery Communications, Under Armour and Western Union.

This follows their decision to sign a joint statement publicly pledging support of the Paris Climate Agreement. By doing so, Vigeo Eiris increases the commitment at executive-level of these seven companies in tackling climate change. The scores of Facebook, Google, International Business Machines, Netflix, Discovery Communications, Under Armour and Western Union have been upgraded by 5 points on average on the 'Environmental Strategy' and 'Minimising environmental impacts from energy use' sustainability criteria.

For the 53 other companies that signed this joint statement, Vigeo Eiris already had a positive opinion and a reasonable level of assurance on their executive-level engagement to tackle climate change. Therefore, for these 53 companies Vigeo Eiris had its opinion confirmed and the scores remain unchanged.

[Click here for further information](#)

Strengthening Business Ethics

Independence, transparency, quality and integrity – these requirements are formalised in a Code of Conduct available on the Vigeo Eiris website and are translated into the agency's professional practice. The Code of Conduct is signed by all employees. Vigeo Eiris is therefore committed to preventing any strategy of influence exerted against the agency or its employees. Vigeo Eiris has adopted an ethics alert procedure, through which a key contact can be accessed by any employees whenever the need arises.

Our Code of Conduct – General principles

Vigeo Eiris' Code of Conduct sets out the principles of responsibility that Vigeo Eiris adheres to in the course of its relationships with clients, companies, peers and the general public. The Code also describes the general standards of conduct and safeguarding measures that Vigeo Eiris has in place, in order to ensure the professionalism and quality of its services.

Code of
Conduct
available
online and
signed by all
employees

- ▶ The Compliance Officer for Vigeo Eiris' Code of Conduct is the Director of Methodology and Institutional Relations, who is responsible for its implementation, awareness raising, monitoring and training requirements.
- ▶ The presentation of the Code is incorporated into recruitment procedures. New employees receive the Code of Conduct on their first day and commit to respecting its principles by signing it. It is also in the responsibility of managers to ensure that employees are aware of the Code of Conduct. Managers can report training requirements to the Compliance Officer.
- ▶ Any enquiry regarding the implementation of the Code of Conduct should be raised with a staff member's line manager, or if the manager is not able to respond, with the Compliance Officer.
- ▶ Compliance and monitoring are discussed at least once a year with the Management Committee. The Compliance Officer asks Vigeo Eiris' staff to update the Independence Report annually. Employees voluntarily declare any new potential conflicts of interest when they arise.

Managing conflicts of interest and corruption

Vigeo Eiris applies strict guidelines on work ethics and integrity to strengthen its independence. The agency's research is independent from any financial or economic interest. Vigeo Eiris follows rules of impartiality in the formulation of its opinion in order to prevent potential conflicts of interest or strategies of influence. Vigeo Eiris has a rule that an analyst/researcher or any other employee should not participate in the rating process or other assessment and evaluation if they:

1. Directly own securities or derivatives of the assessed entity or any related entity. Where such ownership has been declared, this must be discussed with the employee's line manager and the Compliance Officer, who will decide on the appropriate action to take. This decision is recorded by the Compliance Officer.
2. Have been employed or had another significant business relationship with the assessed entity within the previous 6 months.
3. Have an immediate relation (i.e. spouse, partner, parent, child or sibling) who currently works or has worked for the assessed entity within the previous 6 months.

Any personal relationship with a company creating the potential for any real or apparent conflict of interest should be disclosed to the appropriate manager or the Compliance Officer.

Our code of conduct includes a chapter on responsible business conduct when working with clients and suppliers, including specific measure to prevent corruption. It states that: "bribes, gifts, gratuities etc. must not be given or accepted in order to secure new business. From time to time Vigeo Eiris staff may reasonably entertain clients or potential clients, such as paying for lunch/ dinner. Price should be reasonable. If an employee is in doubt about an invitation, or an offer made by a client or potential client, they must speak to their line manager first, and if there is still a doubt, to the Compliance Officer". Accepting gifts or cash from anyone who does business with Vigeo Eiris is strictly forbidden.

Employees can report breaches of the Code of Conduct directly to line managers or to the Compliance Officer (Director of Methodology and Institutional Relations), in complete confidence by sending an email to compliance@vigeo.com.

Respect and responsibility towards our suppliers and competitors

Vigeo Eiris ensures its behaviour towards competitors is respectful to guarantee fair competition and practises the following commitments:

- ▶ New businesses and new markets must be competed for vigorously but fairly.
- ▶ No attempts should be made to mislead clients, potential clients, business partners or competitors.
- ▶ Bribes, gifts, gratuities (etc.) must not be given or accepted in order to secure new business. From time to time Vigeo Eiris staff may reasonably entertain clients or potential clients, such as paying for lunch/ dinner; price should be reasonable.

Finally, Vigeo Eiris pays close attention to its payment deadlines, which vary from 30 days to 2 months depending on location.

Key publications on business ethics

Press Release: Panama Papers – fiscal responsibility, a critical social responsibility issue for banks

On 7th April 2016, Vigeo Eiris sent a series of alerts to its clients (investors and asset managers) on the 24 companies linked to the Panama Papers affair.

These banks are listed as having created offshore companies in Panama for their clients through the law firm Mossack Fonseca. In the wake of these revelations, several banks were questioned by their national authorities: Société Générale, Nordea, Vorarlberger Landes and Hypothekenbank and Raiffeisen Bank International.

As part of its corporate social responsibility rating framework, Vigeo Eiris has been assessing the tax strategy of listed banks since 2007.

[Click here for further information](#)

Ensuring Quality Management

Vigeo Eiris' exclusive methodology guarantees the impartiality of our analyses and ratings, equal treatment for all companies under review and the traceability of information collected. It measures the relevance of companies and organisations' commitments, the efficiency of their managerial systems, their ability to manage risks, and their performance on all environmental, governance, social and societal responsibility factors.

A dedicated grievance procedure

Vigeo Eiris has a dedicated complaints procedure for rated companies. Companies are informed of the different options they have if they disagree with Vigeo Eiris Rating analysis in our dedicated extranet tool.

Any complaint from companies about information contained in evaluation frameworks or about scores and rankings is to be addressed to the sector lead whose name and address appears in letters and other relevant documents to companies. Complaints are monitored internally and Vigeo Eiris is committed to respond to complaints within 3 working days. If not possible to fully respond within this timeframe, companies are contacted with a progress report and Vigeo Eiris will propose a new deadline for completing the response.

If dissatisfied, companies may appeal to Mr. Fouad Benseddik, Head of Methodology and Institutional Relations.

A further appeal to Vigeo Eiris' Scientific Council is also possible in the event of serious disagreement over the agency's methodology or its conclusions.

Only 8 complaints were received during 2016 and 2017 through the delivery of more than 3900 company profiles. No appeals were made to the Scientific Council during 2016 and 2017.

Only 8
complaints
received in
total in 2016
and 2017,
during the
delivery of
more than
3,900
company
profiles

Answering complaints from other stakeholders

From November 2016 to March 2017, Vigeo Eiris received letters of protest from Western Sahara Resource Watch (WSRW), regarding the second opinion provided to a green bond issued by Masen, the Moroccan Agency for Sustainable Energy in November 2016.

WSRW considered that solar and green projects developed by Masen in the Western side of Sahara were of "illegal nature" and constituted a "violation of the right of the Saharawi people".

Vigeo Eiris responded publicly to WSRW with 3 letters explaining our position and why we believe there was no reason to withdraw or modify our assessment. WSRW campaigned and called on the UN Global Compact office in New York to mediate. Vigeo Eiris were not found to have breached any of the 10 Principles of the United Nations Global Compact.

All our correspondence were made public and are available on Business & Human Rights Resource Centre website.

Arista Certification



Vigeo Eiris has been certified to ARISTA 3.0 since 2009: an external certification imposing high-level quality and transparency standards on research agencies.

As part of the external ARISTA audit, Vigeo Eiris produces several annual reports demonstrating how the agency meets core principles from its Code of Conduct. They include both an independent report and a stakeholder report, which are available on our website.

Vigeo Eiris reports any real or potential conflicts of interest in a timely, clear, complete, concise and specific manner in its yearly Independence Report to its external ARISTA auditor.

Engaging with our stakeholders and contributing to the public debate on SRI

Beyond research and analysis, Vigeo Eiris positions itself as an actor open to dialogue and keen to promote social responsibility and responsible investment to civil society organisations, including NGOs, trade unions and international organisations.

Vigeo Eiris is devoted to:

- ▶ Developing and maintaining relationships with key institutional players, including the investment community, asset managers, professional federations, labour unions, civil society and intergovernmental networks,
- ▶ Contributing to the promotion and growth of corporate responsibility and responsible investment,
- ▶ Contributing to informed decision-making,
- ▶ Taking part in the activities and governance of multi-stakeholder structures in our sphere of influence and activity,
- ▶ Promoting best practice in ESG reporting by investors and companies,
- ▶ Supporting the adoption of extra-financial legislation and regulations.

Active stakeholder engagement

Vigeo Eiris interacts with stakeholders in the following ways:

1. During the information collection processes (systematic consultation of the information published by stakeholders and trade unions about their views on company behaviour and relevant responsibility issues for sectors; direct consultation in the case of specific controversies related to a company under review). In this respect, Vigeo Eiris has information exchanges and partnership agreements with international trade unions (UITA and Uni Global Union) and is subscribed to the most important newsletters of trade unions, environmental groups, consumer organisations etc.
2. In Vigeo Eiris' company structures and institutional relations: several trade unions and NGOs are represented in Vigeo Eiris' shareholding structure and Board of Directors. There is regular contact between Vigeo Eiris and specialist NGOs in the fields of human rights, environment, business ethics and corporate governance.

Vigeo Eiris is member of various organisation such as:

- ▶ International CSR and SRI networks: signatory of the PRI, Global Compact, GRI, GISR etc.
- ▶ SRI initiatives: Finance for tomorrow, Friend of UNEP-Fi initiative.
- ▶ Local forums on sustainable investment: EUROSIF, FIR, US SIF, RIA (Canada), UKSIF, VBDO, JapanSIF, SpainSif, Belsif, Italian Forum for Sustainable Finance.
- ▶ French CSR Networks: Orée, Comité 21, IFA.

Moreover, Vigeo Eiris' executives are present in the Board of several committees and organisations:

- ▶ Nicole Notat, President of Vigeo Eiris, is also President of the French SRI Label Committee. She was appointed on September 2016 by the former French minister of Economy and Finance.
- ▶ Peter Webster, Director of International Affairs, is also a member of the PRI Board.
- ▶ Our Senior Executives Fouad Benseddik and Stephen Hine sit on the Board of ARISE, which administers the ARISTA 3.0 research quality standard.
- ▶ Our Senior Executive Stephen Hine is on the Board of GISR – Global Initiative on Sustainability Ratings.

Contributing to the public debate on SRI and sustainable finance

Vigeo Eiris regularly contributes to the public debate and conferences on sustainable finance.

Below are a few examples of direct contributions to the public debate on sustainable finance and social responsibility.

Example of additional publications in 2016-2017

In September 2017, Vigeo Eiris released a publication on “Responsibility and ethical culture in banking and finance”.

Ongoing serious cases of misconduct in banking and finance since the financial crisis of 2008-2009 undermine trust in financial markets and threaten banks' license to operate. A strong ethical culture is therefore considered essential to make banks less prone to misconduct. Financial regulators and industry bodies have launched several initiatives to reduce the risk of further misconduct, by launching culture reform initiatives and improving accountability and controls.

Only a minority of global banks have taken concrete steps to support, promote and communicate a responsible business culture.

[Click here for further information](#)

In June 2017, Vigeo Eiris published a paper on “Companies' neglect of the challenges posed by growing use of nanomaterials”.

The paper recognises that the nanomaterials revolution continues without considerable regulation by authorities, whilst CSR challenges are virtually ignored by the companies concerned. The paper seeks to explore the issue of nanomaterials' impact on human health and the environment, with a focus on sectors where there is evidence of applications in the market. In the paper, Vigeo Eiris assesses companies' behaviour concerning the risks associated with the use of nanotechnologies and their level of engagement regarding the respect of the fundamental right to health.

[Click here for further information](#)

In September 2017, a few weeks before the Paradise Papers affair, Vigeo Eiris published its study “To what extent do companies report on their tax payments?”

Analysing 1,139 multinational companies, this study revealed that only a small minority of listed companies report comprehensively on their tax payments, providing a country-by-country breakdown and information on their number of employees, operational activities, turnover and profits. Furthermore, only a small number justify their physical presence or the presence of their assets in tax havens or offshore centres.

[Click here for further information](#)

Contribution to international forums

- ▶ In Latin America, Vigeo Eiris Chile is partner of GovernArt and organises ALAS20 every year: an exclusive Latin American survey that identifies and awards a prize to the company and investor with the strongest commitment to sustainable development.
- ▶ PRI in Person: For several years, Vigeo Eiris has sponsored PRI in Person events all over the world. This annual event represents a key moment for the SRI market, gathering hundreds of key players (institutional, asset managers and investors, companies) to promote ESG strategies.
- ▶ RI – ASIA: Tokyo 25 & 26 April 2017: RI Asia, organised by Responsible Investor, covered a wide range of areas like fiduciary duty, asset allocation, risk, returns and the delivery of sustainable long-term value for owner beneficiaries, integrated reporting, reputational risk management, board diversity and the delivery of sustainable long-term value for shareholders. Vigeo Eiris had the opportunity to present its approach to SDGs during this 2-day conference.
- ▶ “Green, Social and Ethical Funds in Europe” report: for several years, Vigeo Eiris has been working with Morning Star on the ‘Green, Social and Ethical Funds in Europe’ report. This annual report highlights new trends and the progress of SRI funds throughout Europe. The findings are regularly presented during conferences such as the one in Madrid, hosted by Cecabank and organised by SpainSif.

Media Coverage

In 2016 and 2017, Vigeo Eiris was featured in the media 1312 and 1361 times respectively (up to the end of October 2017). Our international coverage is increasing each year meaning Vigeo Eiris is receiving good international recognition. New territories have been gained thanks to the partnerships and diversity of publications the agency produces.

Supporting Academic Research and Philanthropy

Vigeo Eiris also supports scientific research on social responsibility. We build partnerships with academics through research agreements and enable them to access and benefit from our database.

Our partnerships aim to:

- ▶ Contribute to scientific knowledge and research on CSR and SRI,
- ▶ Develop research protocols and enhance the agency’s scientific knowledge to improve the ratings and research methodology;
- ▶ Share research outcomes with financial operators, companies, academics and the general public;
- ▶ Strengthen the expertise of Vigeo Eiris teams on relevant issues.

Vigeo Eiris
was
featured in
the media
around
2700 times
in the last
two years

KEY RESULTS



6 academic partnerships signed per year on average since 2002



87 universities partner from 14 countries



23 partnerships over 87 have led to publications in a research journal or other



More than 60 universities publications released based on our dataset (articles, working papers, PhD theses, reports), an average of 4 articles per year



Numerous publications in top 50 universities academic journals, as ranked by the FT

Supporting RIODD: Awarding the best PHD thesis on CSR

Since 2012, Vigeo Eiris has supported the French International Research Network on Organisations and Sustainable Development (RIODD – *Réseau International de Recherche sur les organisations et le développement durable*), which reward the best PhD Thesis in social sciences related to Corporate Social Responsibility and/or Sustainable Development.



Vigeo Eiris contributes to the best PhD thesis award, offering EUR 1,500 to the successful candidate.

Vigeo Eiris organises support for individuals and families in need through its philanthropic activity. This work is financed through donations from Vigeo Eiris' employees and management. For instance, Vigeo Eiris Morocco offered a financial support to an association defending children's rights.

In the Paris office, a day was devoted to recycling old equipment including computers, machines, office furniture and paper archives. Old paper documents were donated to an association (Recyclage Ecocitoyen), which recycles paper and turns it into school notebooks for children. Our office furniture was given to another association promoting the arts in France (Nouvelle Laurentine).

Conclusion: Next Steps

Looking back, we are incredibly proud, and at the same time very humble, of what Vigeo Eiris has achieved so far – especially in the field of Human Rights. In 2002 we were one of the first ESG rating agencies to incorporate Human Rights issues as a dedicated part of our company ESG assessments. Fast forward 15 years to 2017, and our latest Human Rights report was presented to the 6th UN Forum on Business and Human Rights in Geneva.

Many challenges remain ahead of us to further develop Sustainable Finance and Socially Responsible Investment practice, and to align the investment community with long-term sustainability considerations. But as our industry shifts towards increasing involvement and understanding from governments, businesses and investors, we will adapt to respond to market developments and meet the new responsibilities associated with these challenges. We are aware of those numerous and tremendous challenges and will do our part to answer stakeholders' demands regarding sustainable finance.

The increasing recognition of the material relevance of ESG factors (Environmental, Social and Governance) is precisely why Vigeo Eiris recently supported an initiative calling for all issuers to publish their ESG rating on all financial instruments as standard, in addition to their financial rating. 22 major European investors signed their support of this significant new move, which would scale up existing best practice and has the potential to harmonise how issuers communicate their extra-financial rating.

We also believe that the value and essential role of independent ESG rating agencies such as Vigeo Eiris should be acknowledged by the main actors in our industry, in recognition of our unique position as an interface between issuers and ESG investors and our ability to support informed, evidence-based financial and investment decisions.

In addition to measuring the key indicators highlighted in this report, we will continue to develop our methodology and evaluation frameworks to make sustainability metrics more comprehensive and effective for investors and issuers. We will continue promoting and integrating key international standards and principles in our work, such as the SDGs and other regulatory frameworks that help measure company extra-financial performance.

As a company, Vigeo Eiris will continue to monitor and improve our own impact, to develop products that make a significant impact towards Sustainable Finance, and to improve our reporting and accountability to our stakeholders.

Building on our unique position as a leading independent ESG rating agency in Europe, the quality of our research, the professionalism of our teams, and our longstanding relationships with companies and investors, we intend to continue to meet the challenges of Sustainable Finance with our industry-leading research, both in Europe and internationally.



Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors in the strategy and the operations of organizations and undertakes a risk assessment to assist investors and companies in decision-making.

Vigeo Eiris offers two types of services through separate business units:

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** assesses organizations of all sizes, listed and not listed companies in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is CBI (Climate Bond Initiative) Verifier.

Vigeo Eiris is represented in Paris, London, Boston, Brussels, Casablanca, Hong Kong, Milan, Montreal, Rabat, Santiago, Stockholm and Tokyo. The team is composed of more than 200 experts of 28 nationalities with diversified and complementary skills. Vigeo Eiris has developed the “Vigeo Eiris Global Network” made of 6 research providers (Australia, Brazil, Germany, Japan, Spain and Mexico).

For more information: www.vigeo-eiris.com

