



*Rating corporate
sustainability risks:
raising the bar with the ten
UN Global Compact Principles*

*Communication on Progress
UN Global Compact
2017/2018*



Our 2017/2018 Communication on Progress is organised into 3 main chapters:

Vigeo Eiris: Supporting responsible growth	Embedding Global Compact principles into our methodology and frameworks	Acting responsibly: how we align our operations with Global Compact principles
<p>This section provides information about Vigeo Eiris, our aims and how we define our role in the sustainable investment value chain for all stakeholders concerned with sustainability issues such as governance, investment and risk management.</p> <p>We highlight why we are a strong supporter of the UN Global Compact Principles, how we promote the principles to the issuers we rate (with a focus on our Global Compact Assessment), and how Vigeo Eiris has made progress and key achievements relating to the Global Compact Principles during 2018.</p> <p>We provide details of key evolutions to our products and services in 2018, demonstrating how we strive to improve the quality, delivery and innovation of our services. We also describe how our work is contributing towards achievement of the UN Sustainable Development Goals.</p>	<p>Our methodology and frameworks lie at the heart of our products and services – all of which embed and promote the ten Global Compact principles as well as other key international corporate social responsibility norms and standards, which we analyse through 38 sustainability criteria.</p> <p>In this section, we explain how our methodology directly relates to the 4 key pillars of the Global Compact principles: Human Rights, Labour, Environment and Anti-Corruption.</p> <p>We also explain how we promoted these 4 key issues through our 2018 publications and alerts on issuers' ESG performance.</p>	<p>In this section we detail how we align our daily operations with the UNGC principles, looking at our governance, business ethics and quality management systems, our HR, human rights and environmental policies and how we contribute to the development of the sustainable finance industry as a whole.</p> <p>We show how Vigeo Eiris is a responsible organisation, working in alignment with the values that we represent and also use to rate issuers.</p>

This report focuses on our progress during the financial year 2017/18.

Table of contents

	<i>Message from our President</i>	4
	<i>Message from our Head of Methodology</i>	5
I	<i>Vigeo Eiris: supporting responsible growth</i>	6
	<i>A. Vigeo Eiris at a glance</i>	7
	<i>B. Our commitment to the UNGC principles and our key achievement in 2018</i>	11
	<i>C. Diverse products and services to foster responsible and sustainable finance</i>	16
	<i>D. How our products and services directly contribute to key SDGs</i>	24
II	<i>Embedding Global Compact Principles in our methodology and frameworks</i>	27
	<i>A. Integrating international norms & standards</i>	28
	<i>B. Promoting respect for human rights</i>	29
	<i>C. Developing and valorising human capital</i>	32
	<i>D. Integrating environmental and climate risk awareness</i>	36
	<i>E. Evaluating corporate business ethics</i>	39
III	<i>Vigeo Eiris: acting responsibly in our governance & operations</i>	43
	<i>A. Involving diverse stakeholders in our governance</i>	44
	<i>B. Implementing our Code of Conduct and business ethics</i>	47
	<i>C. Strengthening our Quality Management System</i>	49
	<i>D. Respecting fundamental human rights and ensuring non-discrimination</i>	52
	<i>E. Investing in our human capital</i>	54
	<i>F. Protecting the environment</i>	58
	<i>G. Engaging with stakeholders and contributing to the public debate on sustainable finance</i>	60
	<i>Forward: a new era for Vigeo Eiris sustainability ratings</i>	73



Message from our President



Nicole Notat
President, Vigeo Eiris

Vigeo Eiris joined the United Nations Global Compact (UNGC) in 2003 and has applied and promoted its principles and objectives ever since.

We are naturally aligned with the UNGC principles, given that our raison d'être is to help investors and asset managers make informed investment decisions and meet their fiduciary duties regarding the ESG (Environmental, Social & Governance) risks and performance of issuers such as companies, local authorities and states that seek finance from regulated markets.

Over the past fifteen years, we have observed growing interest in the concepts of sustainability and corporate social responsibility. This awareness is redefining the nature and role of economic actors, calling for the development of innovative metrics to assess the impact of investments, products & services and global supply chains on the environment, society, human rights and corporate governance.

As a sustainability rating agency, it is our vocation and responsibility to positively contribute to the changing global situation, which at times may seem overwhelming given the immensity of the ecological, social and democratic challenges faced on the planet today. Decisive action on these issues is essential, and Vigeo Eiris is proud to be one of the most committed and dynamic stakeholders in the global movement towards a more responsible and sustainable financial system.

This report highlights our commitment to the ten UNGC principles; it has been designed to achieve the UNGC's advanced-level standard.

Nicole Notat
President, Vigeo Eiris

Message from our Head of Methodology



Fouad Benseddik
Head of Methodology
& Institutional Affairs

Our leading ESG (Environmental, Social and Governance) agency provides professional research and rating services on issuers' sustainability commitments and the impacts of their activities on society and the environment. By collecting and qualifying information disclosed by and about these issuers systematically, we measure their willingness and capacity to integrate normative and material ESG factors into their strategies and operations and to account for their impacts and performance.

The ten UNGC principles form part of the research framework we use to rate issuers. Additionally, since 2005 we have provided a dedicated service to monitor how companies comply with the ten principles, known as our 'Global Compact Assessment'.

At Vigeo Eiris, we have built our own approach to corporate social responsibility; something that we believe not only represents a fiduciary duty, but also 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 corporate social responsibility against which we assess organisations: environment, community involvement, business behaviour, human rights, governance and human resources.

Beyond our role as an independent provider of ESG research and analysis, Vigeo Eiris positions itself as an active partner in dialogue with civil society organisations including NGOs, trade unions and international and European institutions. As part of our own social responsibility, we are also committed to supporting scientific research and improving high-level understanding of corporate 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.

Fouad Benseddik

Head of Methodology and Institutional Affairs, Vigeo Eiris



I – Vigeo Eiris: supporting responsible growth

This section provides information about Vigeo Eiris, our aims and how we define our role in the sustainable investment value chain for all stakeholders concerned with sustainability issues such as governance, investment and risk management.

In this section, we highlight why we are a strong supporter of the ten UN Global Compact Principles, how we promote the principles to the issuers we rate (with a focus on our Global Compact Assessment), and how Vigeo Eiris has made progress and key achievements relating to the principles during 2018.

We provide details of key evolutions to our products and services in 2018, demonstrating how we strive to improve the quality, delivery and innovation of our services. We also describe how our work is contributing towards achievement of the UN Sustainable Development Goals.

A. Vigeo Eiris at a glance

An independent ESG rating agency

Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

Vigeo Eiris offers a wide range of services:

- ▶ For investors: decision-making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more)
- ▶ For companies & organisations: supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more)

Vigeo Eiris methodology and rating services adhere to the highest quality standards. With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, Montreal, New York, Rabat, Santiago and Stockholm. The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel, and Japan.

In 2018, Vigeo Eiris opened a new office in Hong Kong (February 2018).

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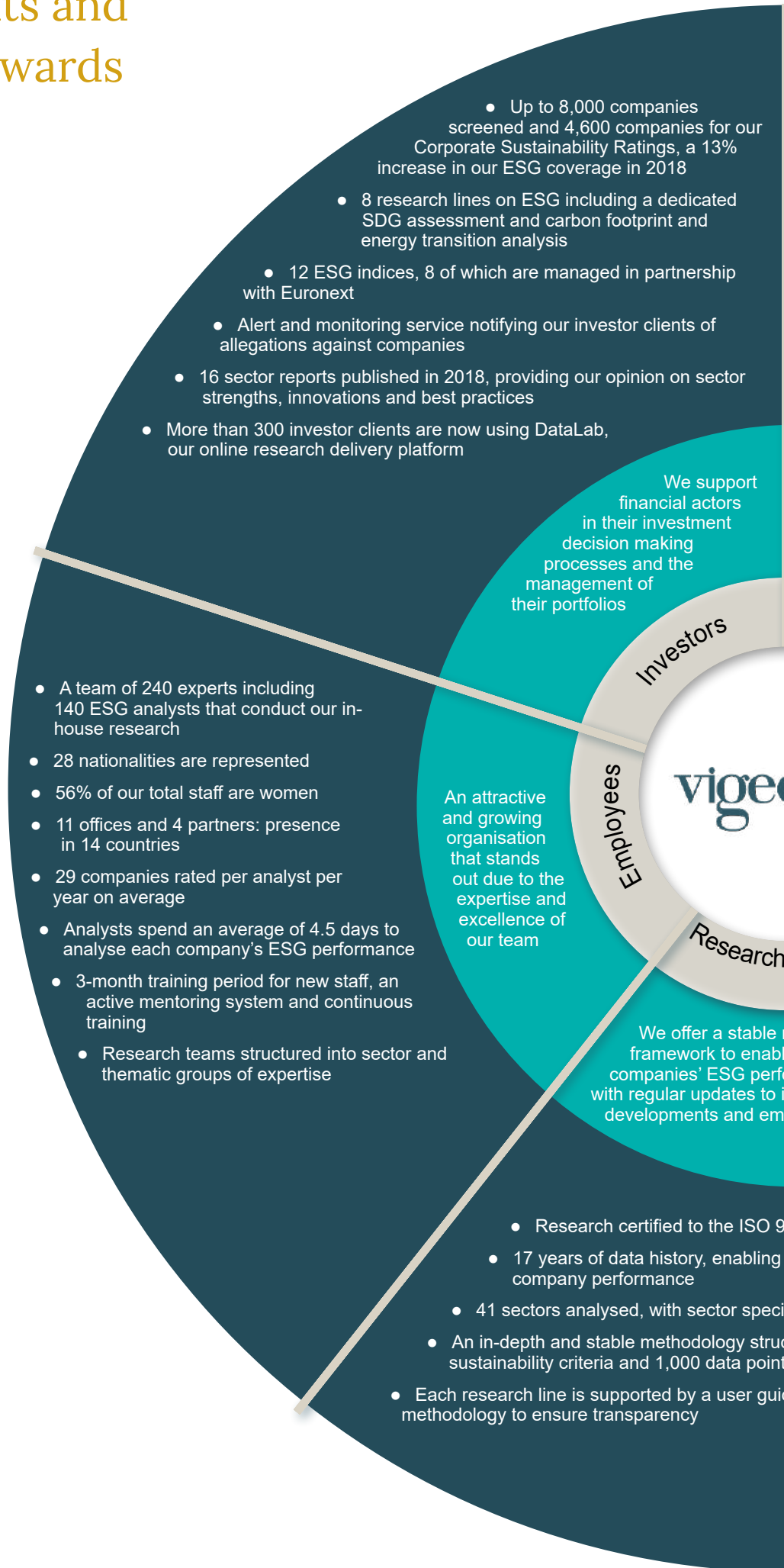
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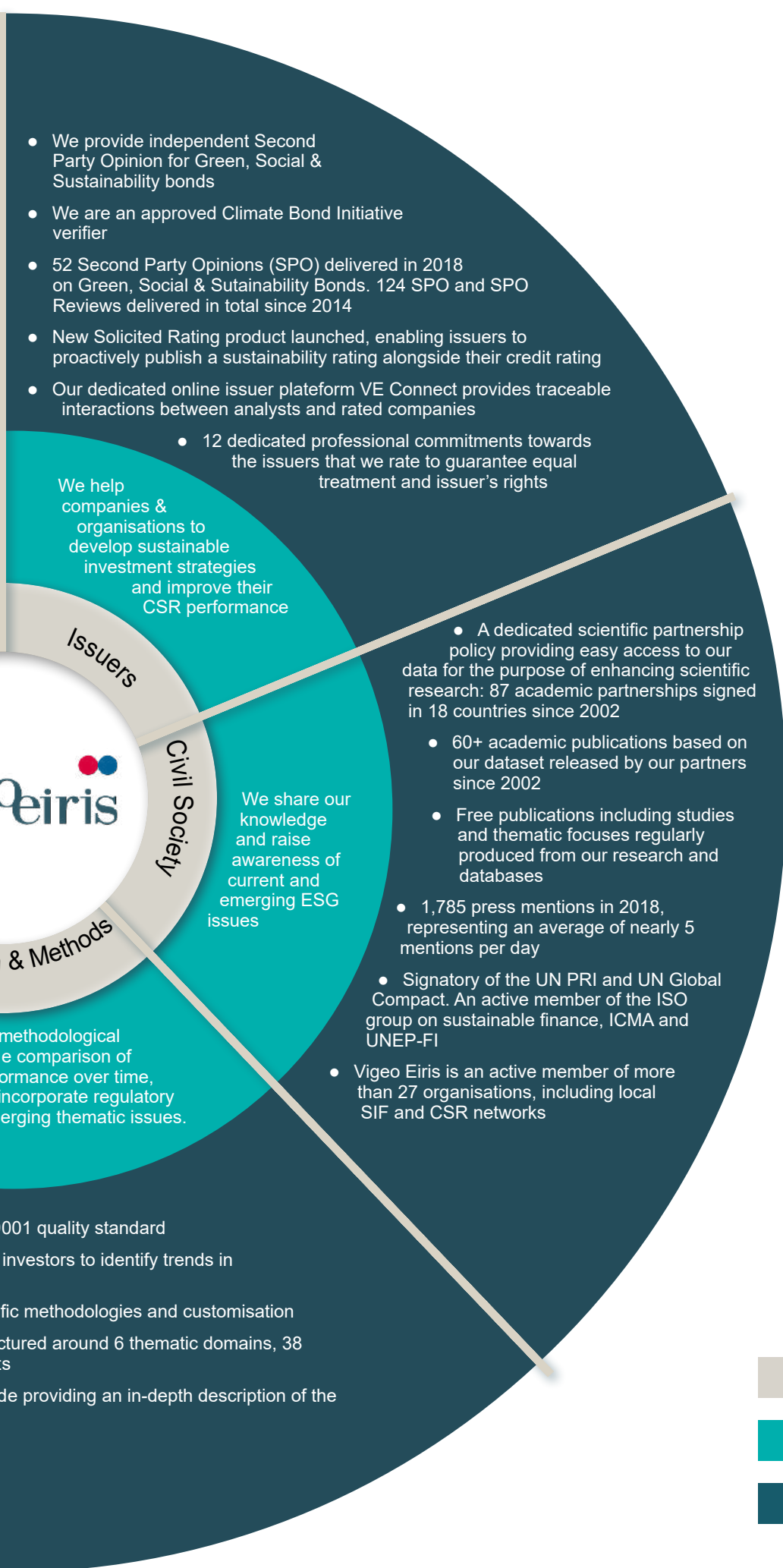
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Our commitments and achievements towards





- We provide independent Second Party Opinion for Green, Social & Sustainability bonds
- We are an approved Climate Bond Initiative verifier
- 52 Second Party Opinions (SPO) delivered in 2018 on Green, Social & Sustainability Bonds. 124 SPO and SPO Reviews delivered in total since 2014
- New Solicited Rating product launched, enabling issuers to proactively publish a sustainability rating alongside their credit rating
- Our dedicated online issuer platform VE Connect provides traceable interactions between analysts and rated companies

- 12 dedicated professional commitments towards the issuers that we rate to guarantee equal treatment and issuer's rights

We help companies & organisations to develop sustainable investment strategies and improve their CSR performance

Issuers

Civil Society

We share our knowledge and raise awareness of current and emerging ESG issues

& Methods

methodological comparison of performance over time, incorporate regulatory emerging thematic issues.

- A dedicated scientific partnership policy providing easy access to our data for the purpose of enhancing scientific research: 87 academic partnerships signed in 18 countries since 2002

- 60+ academic publications based on our dataset released by our partners since 2002

- Free publications including studies and thematic focuses regularly produced from our research and databases

- 1,785 press mentions in 2018, representing an average of nearly 5 mentions per day

- Signatory of the UN PRI and UN Global Compact. An active member of the ISO group on sustainable finance, ICMA and UNEP-FI

- Vigeo Eiris is an active member of more than 27 organisations, including local SIF and CSR networks

ISO 9001 quality standard

enables investors to identify trends in

specific methodologies and customisation

structured around 6 thematic domains, 38

issues

providing an in-depth description of the



Stakeholders



Commitments



Key Facts & Achievements

Our aim and role in the sustainable finance value chain

Vigeo Eiris helps investors and asset managers make informed investment decisions and meet their fiduciary duties towards the ESG (Environmental, Social & Governance) risks and performance of issuers such as companies, local authorities and states that seek finance from regulated markets.

We provide professional research and rating services on issuers' sustainability commitments and the impacts of their activities on society and the environment. We therefore position ourselves impartially between issuer and investor interests.

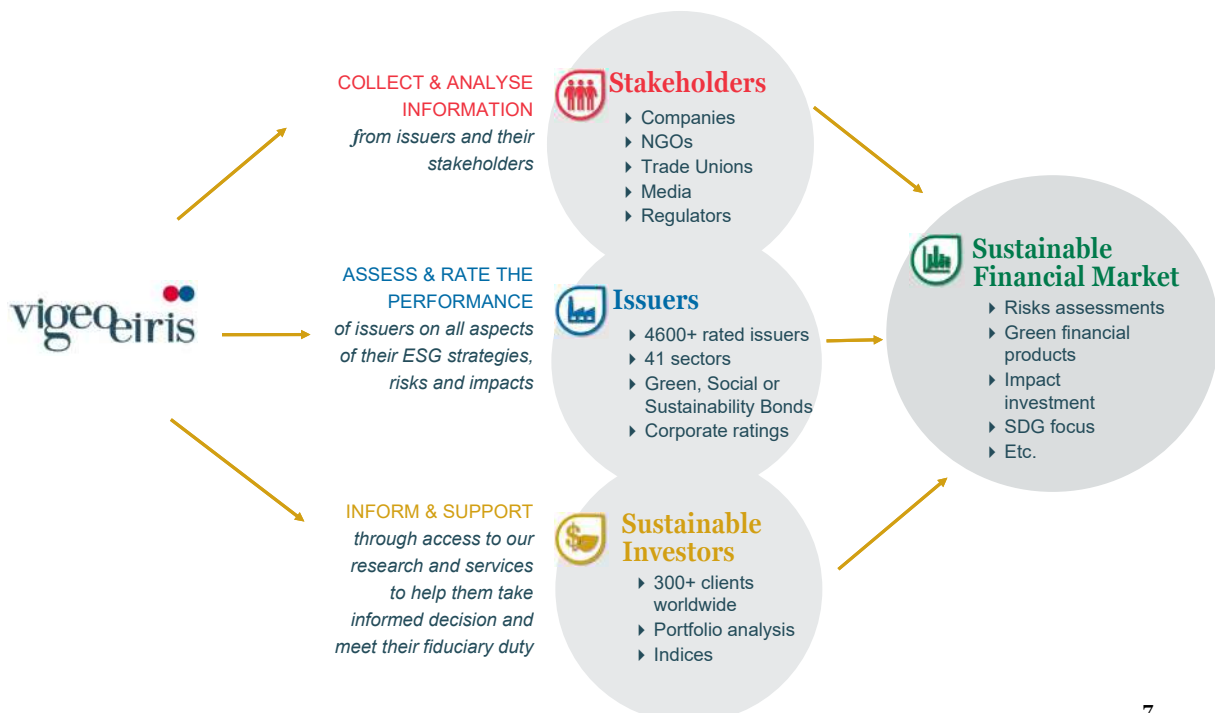
Our role consists of systematically collecting and qualifying information disclosed by and about issuers, in order to measure their willingness

and capacity to integrate normative and material ESG factors into their strategies and operations, and to account for their impacts and performance. We proactively collect the most accurate, comprehensive and up-to-date information available from issuers and their stakeholders, and use an unbiased process based on a clear methodology which includes forward-looking metrics to assess the ESG performance, impacts and risks of the issuers we rate. Our analysis specifically examines issuers' capacity to protect and enhance their strategic assets, including human capital, operational efficiency, organisational effectiveness, legal security, their capacity for innovation, the protection and development of their brand

and reputation, and social contribution and acceptability.

This rigorous methodology and process allows us to provide comprehensive analysis and meaningful indicators to our clients, in order to assess an issuers' current and future capacity to create value. This information can then be used by asset owners and managers to make fully informed investment decisions.

Our contribution towards sustainable financial markets



B. Our commitment to the UNGC principles and key achievements in 2018

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 a global player and key actor in increasing awareness of ESG internationally. Stakeholder dialogue and innovation lie at the heart of our methodology, practice and culture, as do the ten principles of the UNGC.

Respecting and promoting the UNGC principles

Assessing and promoting social and environmental responsibility is Vigeo Eiris' raison d'être and core business activity. We have built our own approach to social responsibility with the belief that it not only represents a performance measurement, but can also drive brand promotion and attractiveness.

Vigeo Eiris' Global Compact Assessment: a product dedicated to the UNGC principles

We share the belief that by incorporating the ten UNGC principles into their strategies, policies and procedures, and by 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 a 'Global Compact Assessment': a product that measures companies' level of compliance with the ten UNGC principles and also examines their commitments towards the UNGC.

We rate companies' behaviour by analysing their policies, methodology and results against each aspect of the Global Compact, providing a company score for each of the 4 core UNGC themes:

- **Human Rights:** Promotion and respect of fundamental human rights (not including labour issues).
- **Labour:** Promotion and respect of fundamental work-related rights (freedom of association and right to collective bargaining, non-discrimination, health and safety conditions etc.), including in the supply chain.
- **Environment:** Environmental strategy and eco-design. This covers companies' measures to define an environmental strategy that is appropriate for the sector and includes clear objectives, as well as eco-design objectives for the company's products.
- **Anti-corruption:** Companies' commitments, due diligence and internal control systems to prevent any kind of corruption or unethical behaviour.

We also analyse controversies related to these 4 themes to identify companies that are considered non-compliant with Global Compact principles. This screening is in addition to exclusions that we also monitor, based on the UNGC's own criteria:

1. Companies subject to UN sanctions
2. Companies on the list of suppliers not eligible for UN funding due to ethical criteria



3. Companies deriving turnover from controversial weapons (production, sale and/or transfer of anti-personnel mines and cluster bombs)
4. Companies deriving turnover from tobacco production or manufacture
5. Our Global Compact Assessment provides investors with portfolio-level company assessments within the framework of the UN Global Compact. We use a 5-level scale to qualify company performance in terms of integrating UNGC principles and grant a level of assurance on companies' ability to mitigate risks associated with the UNGC principles.

This product can therefore help investors to assess their investments against the Global Compact framework and see if their portfolios are aligned with the UNGC principles. Investors can use the research in different ways according to their needs, including positive or negative screening, performance measurement, index construction etc.

Scores	Level of integration of UNGC Principles	Level of assurance on UNGC risk mitigation
0 – 14/100	Non communicative and/or controversial	No assurance
15/100 – 29/100	Limited	Weak
30/100 – 49/100	Average	Moderate
50/100 – 59/100	High	Reasonable
60/100 – 100/100	Advanced	Strong

The table below shows how our Equitics© research criteria aligns with the ten Global Compact principles.

Global Compact Principles		Vigeo Eiris Equitics criteria Code & Name
Human Rights	<i>Principle 1:</i> Support and respect the protection of internationally proclaimed human rights	HRT1.1: Fundamental human rights HRT2.4: Non-discrimination
	<i>Principle 2:</i> Make sure that they are not complicit in human rights abuses	C&S2.4: Labour standards in the supply chain
Labour	<i>Principle 3:</i> Respect of the freedom of association and the effective recognition of the right to collective bargaining	HRT2.1: Fundamental labour rights C&S2.4: Labour standards in the supply chain
	<i>Principle 4:</i> The elimination of all forms of forced and compulsory labour	HRT2.5: Elimination of forced and child labour
	<i>Principle 5:</i> The effective abolition of child labour	C&S2.4: Labour standards in the supply chain
	<i>Principle 6:</i> The elimination of discrimination in respect of employment and occupation	HRT2.4: Non-discrimination
Environment	<i>Principle 7:</i> Support a precautionary approach to environmental challenges	ENV1.1: Environmental strategy C&S2.3: Environmental factors in the supply chain
	<i>Principle 8:</i> Undertake initiatives to promote greater environmental responsibility	
	<i>Principle 9:</i> Encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption	<i>Principle 10:</i> Work against corruption in all its forms, including extortion and bribery	C&S3.1: Corruption

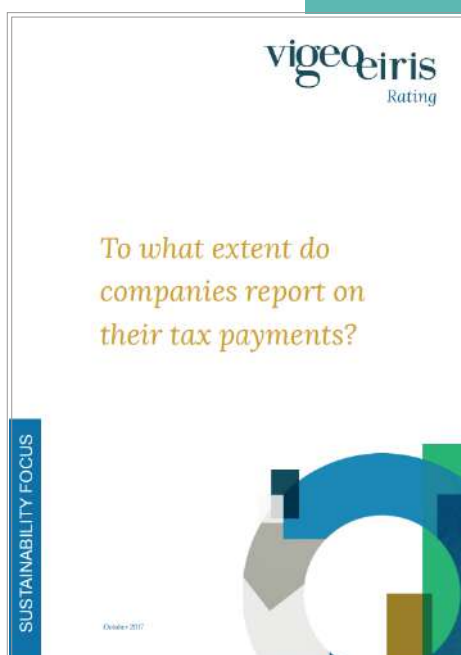
Spotlight: Contributing to the development of the UN Global Compact: promoting an 11th principle on tax transparency

Vigeo Eiris regularly contributes to working groups and debates organised by the Global Compact France Network.

On 6th December 2018, Fouad Benseddik, Head of Methodology and Institutional Affairs, presented Vigeo Eiris' views and assessment regarding companies' tax transparency levels.



The presentation provided updated data from Vigeo Eiris' 2017 study on tax, entitled "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.

Following this presentation, Vigeo Eiris encouraged the Global Compact to consider adopting an 11th principle to recognise the importance of tax transparency in companies' CSR approaches.

[Click here to read the tax study in full](#)

Key achievements relating to the main Global Compact themes

As part of our own UNGC adherence, we monitor key indicators and achievements relating 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 effective governance and board management, to describing our value chain and 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.

Issues	Key indicators, results and achievements: 2017-2018
Human Rights	<ul style="list-style-type: none"> • The Executive Committee is gender-balanced: 4 out of 8 members are women. • In 2017, 56% of all Vigeo Eiris staff were women, rising to 58.9% in 2018. • 28 nationalities are represented in our teams. • In 2017, 12.9% of all Vigeo Eiris staff were over 45 years old, rising to 16.44% in 2018, representing 30 people in 2017 and 32 in 2018 in total. • In 2017 the average age of staff across the whole agency was 32.63 years old, rising to 35.16 years in 2018. • Two new thematic studies were published in 2018: on Human Rights and on Gender Diversity. • Vigeo Eiris issued 32 alerts in 2018 affecting the Human Rights score of several companies, 20 of which were downgrading alerts. At the end of September 2017, 66 alerts had been issued, affecting the score of the Human Rights domain.
Human Resources	<ul style="list-style-type: none"> • 35% of staff received training in 2017 and 55.28% in 2018, representing 1,728 hours of training (both internal and external) in 2017 and 2,774 hours in 2018. • In 2018, 1% of Vigeo Eiris' payroll expenditure (minus the UK) was spent on external training (internal and external), compared with 1.85% in 2017. • There were 21 internal promotions in 2017 and 55 in 2018. • The average length of employee service was 4.9 years in 2017 and 4.7 years in 2018. • In 2017, more than 75% of staff (with at least two years' service) were promoted since they joined the company; in 2018 this figure was 32.5%. • Annual skills and performance reviews are offered to all staff members. • Profit-sharing plans and a remuneration policy are in place for the whole Vigeo Eiris group; gender equality and working hours agreements have already been signed for our Paris headquarters. • 17 people worked part-time in 2017, and 30 people in 2018, representing 6.4% and 19% of the total workforce respectively. • 2 work accidents were recorded in 2017 and 2 in 2018. • In 2017, 85 employees took one or several days' sick leave. In 2018, 48 employees took one or several days' sick leave. This represents a total of 636 days in 2017 and 772.5 days in 2018 not worked across the company. • Our average staff turnover was 15.4% at the end of 2017 and 16.52 % at the end of 2018. • Vigeo Eiris issued 19 alerts affecting the Human Resources score of several companies in 2018, 15 of which were downgrading alerts.

Issues	Key indicators, results and achievements: 2017-2018
Environment	<ul style="list-style-type: none"> • 108 tons of CO2 were offset in 2017 through carbon reduction projects. • All office supplies have environmental certifications (for example paper / notebooks etc.) • In 2018, Vigeo Eiris issued 33 alerts affecting the Environment score of several companies, 14 of which were downgrading alerts.
Corruption	<ul style="list-style-type: none"> • Code of conduct signed by all employees. • Code of conduct available online. • In 2018, Vigeo Eiris issued 55 alerts affecting the Corruption score of several companies, 24 of which were downgrading alerts.
Governance and quality management	<ul style="list-style-type: none"> • Monthly Executive Committee meetings. • Annual Scientific Committee meetings. • An updated governance and shareholder structure. • A dedicated complaints procedure for rated issuers: <ul style="list-style-type: none"> • The 5 complaints received from rated issuers were sent directly to our Methodology Department. • No appeals to the Scientific Committee were recorded in 2018.
Advocacy, engagement, partnerships & supporting the SDGs	<ul style="list-style-type: none"> • Our SDG assessment service was updated in 2018. • We delivered 52 Second Party Opinions (SPO) to 47 clients (including corporates, banks and sovereign states) from 21 countries in 2018. • Vigeo Eiris is an active member of 27 national and international organisations (NGOs, CSR networks, Sustainable Investment Forums, etc) • Vigeo Eiris signed or renewed 11 academic partnerships in 2017 and 7 in 2018. • Vigeo Eiris executives are present on the Board of several committees and organisations, including the French SRI Label and the PRI. • Vigeo Eiris has provided continuous support to RIODD since 2012 (the French International Research Network on Organisations and Sustainable Development). Each year, RIODD awards the best PhD Thesis in social sciences related to Corporate Social Responsibility and/or Sustainable Development. • Vigeo Eiris provides ongoing educational support: we have a longstanding partnership with Dauphine University (Paris) and a new academic partnership was signed with Sorbonne University in 2018. • Dissemination of 8 publications in 2017 and 14 in 2018 (articles, thematic studies, sustainability focuses and sector reports). • Frequent contribution to international forums, such as the UN Forum on Business and Human Rights, PRI in Person, Responsible Investor events etc.

C. Diverse products and services to foster responsible and sustainable finance

We offer a wide range of products and services that allow us to support our investor and issuer clients through all phases of their ESG strategy, from risk assessment to shareholder engagement. In 2018, we launched and improved several products, demonstrating our commitment to respond to our clients' needs and seize new market opportunities.



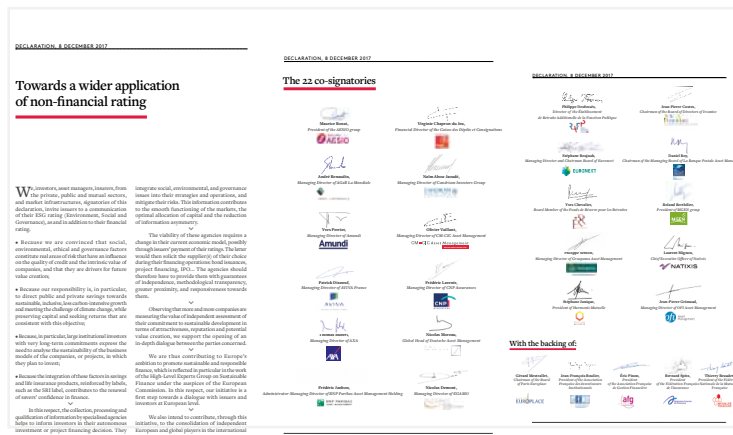
As an independent provider of ESG research and services to investors and organisations, ESG is systematically integrated as a standard service/product offering across our entire business.

Our aims are:

- To empower responsible investment by developing and offering ESG research and solutions for investors covering all ethical and responsible investment approaches. We are continuously extending our coverage of issuers rated on ESG criteria.
- To empower responsible management by offering assessments and support to integrate ESG factors into corporate finance and strategic operations, for all types of organisations.

New product launch: Solicited Sustainability Ratings

In December 2017, *an investor initiative* called for all issuers to publish their ESG ratings as standard alongside their credit ratings. The move represents a significant step towards standardising how issuers communicate their ESG rating and demonstrates signatories' recognition of the value of ESG in financial and investment decision making.



As an ESG rating agency Vigeo Eiris welcomed the initiative, which demonstrates that market operators and regulators expect to see and better understand issuers' ESG information, rating performance and risks related to these topics. It was from this context that Vigeo Eiris decided to launch its new Solicited Sustainability Ratings for issuers from 2018.

This pioneering new initiative gives issuers the opportunity to supplement their financial rating in an environment where market operators increasingly

require ESG data. As well as an ESG profile designed specifically for potential investors, issuers can obtain an independent sustainability rating with which to proactively enhance their market operations, such as bond issuances, credit applications or IPO.

Our diligence includes:

1. Impact, products, services and behaviour analysis as well as an assessment of issuers' capacity to invest in a sustainable future.
2. Material risks identification, weightings and assessment.
3. Assessment of strategic and operational management of CSR against our framework for 6 domains: Corporate governance, Environment, Human Rights, Human Resources, Community Involvement and Business Behaviour.
4. Analysis of controversy management.
5. Assessment of companies' contribution to the SDGs.

This service enables issuers to enhance and contextualise the information they provide to the market and potential investors. Our Solicited Sustainability Ratings product has been designed to feed all sustainable and ethical investment approaches and needs.

As a result, issuers benefit from an overall ESG rating, delivering Vigeo Eiris' opinion on the issuer's profile and showing its ranking within Vigeo Eiris' research universe and against its sector peers. They also benefit from a comprehensive report that can be used to support fund raising operations and presents Vigeo Eiris' level of assurance on all factors considered by socially responsible investors.

Example of company profile:

Extending our ESG data coverage

Our teams strive to provide data that is reliable, up-to-date, accessible and customisable as part of our corporate aim: promoting responsible growth through our products and services and empowering responsible investment and management.

Vigeo Eiris extended its research coverage in 2018 and for the first time, we now cover more than 4,500 issuers in Equities, representing a 13% increase in our coverage during 2018. 7,400 issuers are covered in our Controversies Database and 7,200 in our Controversial Activities analysis. We also rate 181 sovereign states.

On average, each analyst rates 29 companies per year and spends 4.5 days to fully rate a company and build its ESG profile.

ESG Research:	4,641 issuers
Controversies:	7,384 issuers
Controversial Activities Screening:	7,274 issuers
Controversial Weapons:	11,703 issuers
Sustainable Goods and Services:	4,571 issuers
Carbon Footprint & Energy Transition:	4,657 issuers
Sovereign Sustainability Rating:	181 issuers

Controversy database and alerts:

Over **3,000 controversies** were registered on our database during **2018**, involving more than **1,300 companies** from across **40 sectors**: over **a third** were rated as **high** or **critical** severity

2018: **208 ESG alerts** to our investors clients:

- **119** downgrading
- **39** confirmation
- **43** monitoring
- **7** upgrading

of companies overall score

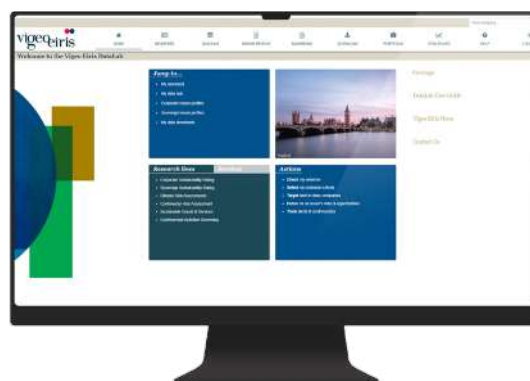
DataLab: our new online research platform for investor clients

In July 2018, Vigeo Eiris launched DataLab: a customisable online research platform for investor clients that provides access to our products, services and publications with data that updates in real time.

DataLab provides improved data delivery and supports our clients in a range of tasks, including screening, best in class investing, custom scoring, portfolio analysis, thematic investment and strategy development. The platform allows data from across our product offering to interact seamlessly and generate highly personalised results. Clients can analyse detailed qualitative reports on issuer ESG performance or crunch the numbers in their quantitative datasets.

The development of DataLab continues: clients will soon have access to the 'Portfolio Snapshot' feature and will be able to build benchmarks of their portfolios in a few clicks. The tool will allow clients to benchmark any given universe of issuers on their performance against all VE research lines.

Our IT team grew significantly in 2018 and is now composed of 16 dedicated staff (at the end of 2018). Our IT team worked extensively this year on a new internal IT system and the evolution of internal production systems towards more annualised ratings.



Enhancing our range of indices

In 2018, Vigeo Eiris partnered with the Casablanca Stock Exchange to launch a new ESG index, the 'Casablanca ESG 10', which is composed of 10 securities listed continuously on the Casablanca Stock Exchange. The index composition is reviewed annually according to Vigeo Eiris' ESG ratings. The index is designed to increase responsible investment in Morocco.

Vigeo Eiris also continued to provide existing ESG indices to the market in 2018, such as the Euronext Vigeo Eiris Indices; the CAC 40® Governance index; the Vigeo Eiris Best EM Performers Ranking and the Ethibel Sustainability Indices (ESI).

Vigeo Eiris manages two types of ESG indices that 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 ESG performance in their reference universe. Approximately 50% of our sustainability criteria are directly linked to UNGC principles (i.e. 19 of our 38 sustainability criteria such as anti-corruption processes, respect of fundamental human rights, efficient environmental strategy, integration of social factors within the supply chain etc.), meaning that UNGC principles are deeply embedded within our indices and directly affect companies' scores and ranking.

New format sector reports

In a new format for 2018, Vigeo Eiris' sector reports provide exclusive opinion on a sector's strengths, innovations and best practices as well as vulnerabilities, controversies and emerging risks. Our reports highlight sector specific ESG challenges & emerging issues, providing performance scores & advanced indicators on critical issues such as energy transition, business ethics, due diligence on social & environmental risks in the supply chain, human capital & human rights, governance, executive remuneration, transparency on taxes, integrity of lobbying practices, the level of sustainable products & services and contribution to the UN Sustainable Development Goals.



Key Features:

- Our sector reports are available to clients in full on DataLab; they present Vigeo Eiris' exclusive analysis and opinions on trends and impacts relating to the performance of each of our 39 sectors under review.
- **16 updated sector reports were released during 2018:** Beverage; Broadcasting and Advertising; Building Materials; Business Support Services; Development Banks; Electric and Gas; Energy; Financial Services General; Heavy Construction; Industrial Goods and Services; Insurance; Mechanical Components and Equipment; Software and IT; Supermarkets; Technology Hardware; Travel and Tourism
- Worldwide coverage
- Focusing on sector performance impacts and trends, including ESG, climate, controversies, SDGs and more
- Comparing sector performance with the overall research universe, across all research lines
- Perspectives on the sector's key risks and opportunities
- 40-page report including graphics and a summary of key findings

Enhancing our UN Sustainable Development Goals (SDGs) assessment

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

With more than 80 trillion USD of assets under management, **investors and asset managers have a key role to play in achieving the SDGs**. Aligning to the SDGs also represents a major source of opportunities for corporations and investors alike. Developed and emerging countries, NGOs, companies and investors are expected to contribute to the \$5-7 trillion required annually to achieve the SDGs: public spending will not exceed \$1 trillion per year. The SDGs may be viewed by the global community as a roadmap to tackle most material ESG factors facing the planet.

Our enhanced product enables investors to seize upon investment opportunities that support the SDGs and contribute to the \$5-7 trillion gap in required capital flows, to align their investment strategy with the SDGs, and to identify companies’ strengths and weaknesses towards achievement of the SDGs.

Our product provides a **holistic measurement of companies’ level of contribution** to and alignment with the SDGs, through an analysis of both behaviour and product-related impacts, combining multiple research lines. **The product covers all 17 SDGs, but issuers’ performance is classified into 8 SDG themes** that provide three clear avenues through which companies can positively contribute to the SDGs: acting responsibly (Behaviour), mitigating and remediating harm and providing sustainable solutions (Products).

This three-fold approach, that focuses on both behaviour and products and filters companies facing critical controversies or those with major involvement in controversial activities, provides investors with a **comprehensive picture of companies’ contribution towards the SDGs**, enabling them to design their portfolio accordingly. Ultimately, the product allows us to determine **a company’s overall level of alignment with or contribution towards the SDGs** on a five-level scale, ranging from ‘Highly Positive’ to ‘Highly Adverse’.

SUSTAINABLE DEVELOPMENT GOALS



Green, social & sustainability bonds & loans: our services, including Second Party Opinions

Vigeo Eiris offers a range of solutions to assist issuers throughout and beyond the issuance of green, social or sustainability bonds & loans. The increase in the issuance of sustainability bonds demonstrates issuers' and investors' growing interest in being part of sustainable finance initiatives. These operations are highly monitored and success is demonstrated 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 **significant experience** as a trusted provider of independent Second Party Opinions and is an **approved verifier for the Climate Bonds Initiative (CBI)**.

We provide the market with **independent opinions on the bond issuers' credibility** in terms of social responsibility policies and practices, as well as on the sustainability credentials and **consistency of the bond with the ICMA's Green Bond Principles** and Social Bond Principles. We also provide verification under the Climate Bonds Initiative certification scheme. Vigeo Eiris' exclusive and integrated due diligence enables us to assess both issuer and issuance, providing a **level of assurance on the sustainability credentials and management of bonds**. This includes:

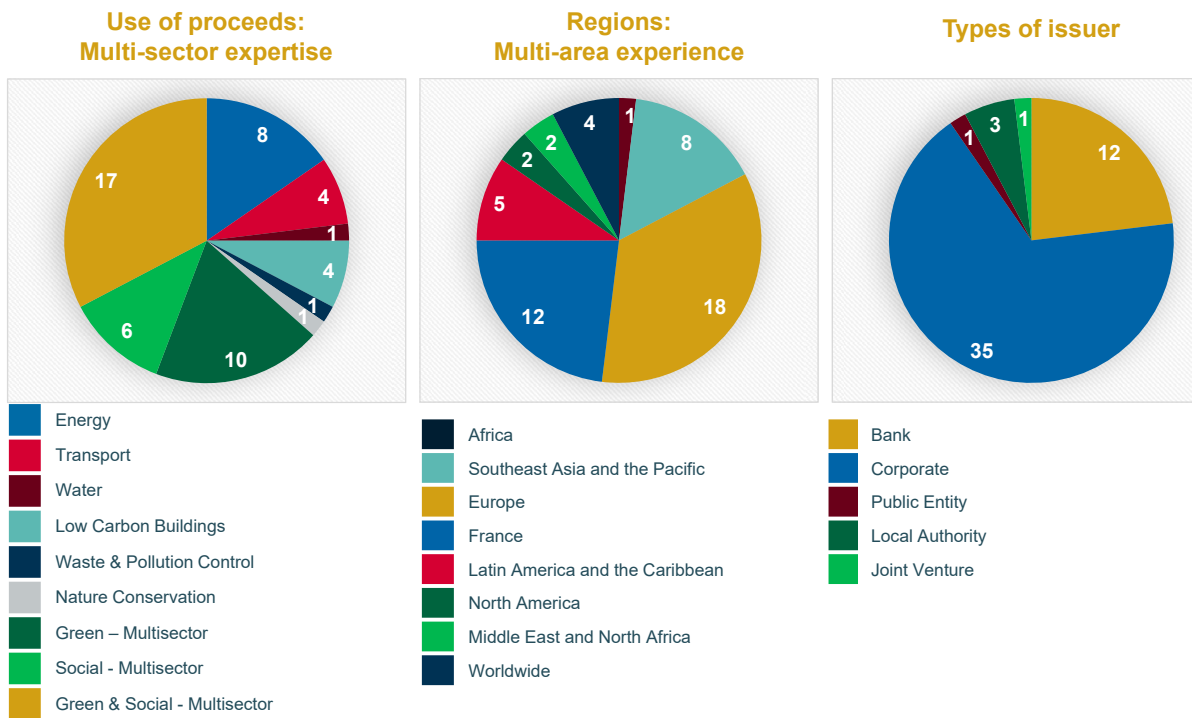
- Evaluating the company's **exposure to ESG risks** and its level of **risk mitigation**, its management of ESG controversies, and its involvement in 15 controversial activities
- Reviewing the **definition of categories of eligible projects** to be financed by the bond, its clear environmental/social objectives and its expected benefits
- Reviewing the **process for the project's evaluation and selection**, its governance, and the applied selection criteria, to secure the allocation of resources and the transparency of funding
- **Formulating opinion** on the identification and management of social and environmental factors in the implementation of projects
- **Reviewing the allocation, management and traceability** of the net proceeds of the bond, to formulate an opinion on its relevance and transparency
- Evaluating the **quality of reporting mechanisms prior to the issuance**, for the allocation of funds, the environmental/social benefits, and in case of ESG material development
- Providing second party opinion that offers a **level of assurance on the sustainable nature of the issuance**, in line with the Green and Social Bond Principles.

In 2018, Vigeo Eiris delivered **52 Second Party Opinions (SPO)** to 47 clients (including corporates, banks and sovereign states) **from 21 countries**. This represents a significant increase of 85.7% compared to 2017. Since the launch of our services in 2014, we have delivered **124 SPOs and SPO reviews in total**.

In 2018, the financed projects supported key SDGs, in particular those aimed at addressing sustainable energy, social justice, low carbon buildings and transport projects.

52 SPOs delivered to 47 clients in 21 countries, representing an increase of +85% since 2017

2018 Green Bond activity:



Spotlight: Chile's first Green and Social bond is certified by Vigeo Eiris

Chile's first green & social bond was successfully issued in April 2018 by Aguas Andinas, a subsidiary of Suez, with the support of BBVA. Vigeo Eiris provided independent Second Party Opinion (SPO).

Aguas Andinas has published all documents relating to their framework and Vigeo Eiris' SPO [on their website](#):

As this was the first green & social bond in Chile, a special event was organised by the Chilean Stock Exchange, which is in the process of producing a dedicated green and social bond platform and guidelines for issuers. Fanny Tora, our Head of South American Markets, was at the launch.



D. How our products and services directly contribute to key SDGs

SDG



How our products and services contribute to this SDG

As a dedicated ESG research and rating agency, Vigeo Eiris has a key role to play in the sustainable finance value chain. Overall as a company, our main impact is on SDG 12 since we aim to make the global financial system more responsible and sustainable by helping financial and business actors achieve sustainable and inclusive growth.

Our dedicated Sustainable Goods and Services product assesses a company's involvement in developing products, services and technologies that make a positive contribution towards sustainability. Through this product, investors can identify companies that are positively taking advantage of SDG business opportunities by creating innovative solutions.

How we measure our contribution to this SDG

- Number of global clients using our products and research lines
- Number of rated companies
- Number of clients using our Sustainable Goods and Services Product



By providing academics with access to our research and being an active member of various sustainable investment forums and networks, we are committed to contributing to the implementation of global partnerships for sustainable development.

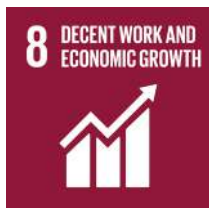
Through our questionnaires and rating of more than 4,500 companies worldwide, we contribute to improving the disclosure and transparency of reporting amongst all companies. By publishing regular reports and studies and by taking part in numerous international events, we help raise general awareness on sustainability issues, particularly in relation to the role that sustainable finance can play.

- Number of academic partnerships signed per year
- Number of companies rated per year
- Number of publications published per year
- Participation at sustainable finance events per year

SDG

How our products and services contribute to this SDG

How we measure our contribution to this SDG



We mainly contribute to these SDGs through our sustainable bonds and loans services. In 2018, we delivered numerous Second Party Opinions on projects that contributed to sustainable water management, renewable energy projects, social projects, green transportation projects, green buildings and access to some essential public services.

Below are some examples:

- **Green transport:** Vigeo Eiris provided Second Party Opinion on the first green loan signed by Quantum Pacific Shipping with BNP Paribas. This green loan will be used to finance the cost of purchasing and installing marine exhaust gas cleaning systems. [More information](#)
- **Financial inclusion:** Vigeo Eiris provided Second Party Opinion for the first social bond issued by Los Heroes, the first Chilean family allowance fund to carry out this type of operation. Worth 40 million USD and with a maturity of 6 years, this social Bond will finance or refinance social consumer credit aimed at financial inclusion. [More information](#)
- **Green buildings:** Vigeo Eiris provided Second Party Opinion on the first green bond issued by Schiphol Group. The 500 million EUR green bond will be used to finance and refinance green buildings and clean transportation projects. [More information](#)
- **Water management:** Vigeo Eiris provided Second Party Opinion for the first sustainability bond of Cassa depositi e prestiti, the Italian National Promotional Institution. This 500 million EUR operation will finance local investments in the water sector. [More information](#)
- **Sustainable forest management:** Vigeo Eiris provided Second Party Opinion on the first green convertible bond issued by Sumitomo Forestry Co. Ltd. This bond will be used to refinance the acquisition of a sustainable forest project in New Zealand. [More information](#)
- **Renewable energy:** Vigeo Eiris provided Second Party Opinion on Iberdrola's green hybrid bond. This operation will allow Iberdrola to finance renewable energy projects, smart grid projects and transmission and distribution network projects. [More information](#)
- **No poverty:** Vigeo Eiris & Imug provided Second Party Opinion for the City of Hanover, Capital of Lower Saxony, Germany. This 100 million EUR operation, arranged by Deutsche Bank and NORD/LB, will finance the modernisation of buildings in terms of energy, as well as the accommodation of refugees and homeless people in Hanover. [More information](#)

- Number of SPOs per year
- Thematic coverage of our SPOs

SDG

How our products and services contribute to this SDG

How we measure our contribution to this SDG



Our climate risk assessment products and our sustainable bonds & loans services contribute directly to this SDG by helping investors to address climate-related risks.

Our other climate-focused research lines enable investors to screen companies on topics such as their carbon footprint, fossil fuel involvement & fossil fuel reserves, and potential emissions.

- Number of issuers covered by our climate risk assessment services
- Number of clients using our climate risk assessment
- Number of SPOs delivered per year
- Thematic coverage of our SPO



Vigeo Eiris is the data provider for the Gender Diversity Exchange: an online tool which tracks the progress of 1,500 publicly-traded companies worldwide as they appoint women to their boards, executive leadership and senior management. The Gender Diversity Exchange is a free search engine where users can find information on the largest publicly-traded 500 companies in three global regions by market capitalisation. Using public data disclosed by companies, as well as Vigeo Eiris' proprietary databases, the tool reveals how these companies are implementing gender diversity measures. [More information](#)

- Dedicated partnerships to promote thematic screening on key SDG issues



Our UN Global Compact Assessment analyses corporate performance in terms of integrating the UNGC Principles, and grants a level of assurance on a company's ability to mitigate risks associated with the UNGC Principles. It directly contributes to the promotion of this international standard, and therefore contributes to SDG 16 on strong institutions.

- Number of issuers covered by our UN Global Compact Assessment
- Number of clients using our Global Compact Assessment service

A nighttime photograph of a city skyline reflected in water. In the foreground, a stone bridge with arches spans across the water. The city buildings in the background are illuminated with lights, and their reflections are visible on the water's surface. The sky is a deep blue with some clouds. A semi-transparent white box is overlaid on the image, containing text.

II - Embedding Global Compact Principles into our methodology and frameworks

Vigeo Eiris' Equitics© methodology lies at the heart of our products and services – all of which embed and promote the ten Global Compact principles as well as other key international corporate social responsibility norms and standards, which we analyse through 38 sustainability criteria.

In this section, we explain **how our methodology and frameworks directly relate to the 4 key pillars of the Global Compact principles: Human Rights, Labour, Environment and Anti-Corruption.**

We also explain how we promoted these 4 key issues through our 2018 publications and alerts on issuers' ESG performance.

A. Integrating international norms & standards

Vigeo Eiris' ESG research methodology is **built entirely around international guidelines and recommendations** of bodies such as the UN Global Compact, the OECD, ISO, the EU etc. Amongst others, these include:

- The Universal Declaration on Human Rights, 1948
- The Ten Principles of the Global Compact of the United Nations, 1999
- The ISO 26000 Standards, 2010
- The OECD Guidelines for Multinational Enterprises, 2011
- The UN Sustainable Development Goals, 2015
- The fundamental conventions of the International Labour Organisation

These principles have global reach and are therefore applicable to every company. Considering and effectively promoting these principles

is not only desirable, but also necessary to concretely implement social and environmental responsibility at global level. Stakeholders advocate these principles all over the world.

We have identified more than 1,000 data points linked to principles of action which a company can respond to, and which enable us to analyse companies on the integration of social responsibility issues into their managerial systems. **These are grouped into our 38 sustainability criteria,** which are in turn grouped into our 6 domains. Finally, we construct sector frameworks in which we select and weight the most relevant sustainability criteria for a specific sector. Companies are therefore analysed against key international norms

and standards through our assessment. We believe our methodology enables clients to **have an in-depth and granular view of companies' approach to their ESG responsibilities.**



B. Promoting respect for 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.**

All companies, regardless of their size, sector, operational context, ownership and structure, have core responsibilities for the prevention of potential human rights abuses (whether by omission, negligence or compliance) as well as the respect and active promotion of human rights as defined by international standards. This premise was affirmed by the UN Guiding Principles on Business and Human Rights which was endorsed by the Human Rights Council in its resolutions of July 2011 and 2014.

We therefore believe that **human rights are an essential part of the social aspect of ESG assessments**: respecting human rights is not optional, but a fiduciary duty for business leaders, risk managers, asset owners and managers. As a result, we are continuously working on ways to improve our assessment and integrate specific human rights issues, such as modern slavery in the supply chain.

Vigeo Eiris actively promotes human rights through its methodology: we assess companies on **the level of integration of human rights issues within their managerial systems and their ability to manage human rights related risks**. We also evaluate their performance.

Company performance is measured using various criteria relating to the protection and promotion of human rights issues, such as:

- **Respect for fundamental human rights in society**: the extent to which companies comply with their obligation to respect fundamental human rights in society as a whole (such as the right to equality and dignity; the right to life, liberty and security; the prevention of torture or other cruel, inhuman or degrading treatment or punishment; freedom of religion, opinion and expression; the right to privacy, and the rights of indigenous peoples)
- **Respect for freedom of association and the right to collective bargaining**: the extent to which companies respect trade union freedom and collective bargaining rights, and promote collective bargaining rights
- **Non-discrimination at work and the promotion of equal opportunity and diversity**: the extent to which companies prevent any form of discrimination in the workplace based on gender, ethnicity, medical conditions, age, sexual orientation, family conditions, opinions, and actively promote diversity and equality in the workplace
- **Elimination of child and forced labour**: the extent to which companies eliminate child or forced labour
- **Human rights in the supply chain**: the extent to which companies ensure the respect, promotion and prevention of human rights violations in the supply chain, including fundamental human rights, workers' labour rights and conditions, and the abolition of forced and child labour in the supply chain.

International human rights norms & standards incorporated into Vigeo Eiris' assessment framework:

- UN: Universal Declaration of Human Rights, 1948
- UN: International Covenant on Civil and Political rights, 1966
- UN: International Covenant on Economic, Social and Cultural Rights, 1966
- UN: Declaration on the Rights of Indigenous Peoples, 2007
- UN: Convention on the Elimination of All Forms of Discrimination against Women, 1979
- UN: Convention on the Elimination of All Forms of Racial Discrimination, 1968
- UN: Declaration on the Elimination of Intolerance and of Discrimination Based on Religion or Belief, 1991
- UN Guiding Principles on Business and Human Rights, 2011
- UN: Sustainable Development Goals, 2015
- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, updated 2017
- ILO: C169 Indigenous and Tribal Peoples Convention, 1989
- ILO Declaration on Fundamental Principles and Rights at Work, 1998
- EU: Charter of Fundamental Rights, 2009
- French Due Diligence law (law 2017-399, March 2017)
- UK Modern Slavery Act
- Etc.

Key human rights publications in 2018

In November 2018, Vigeo Eiris published a new study entitled '**Human rights in a globalised world: why do companies need to pay more attention?**', which assessed companies' ability to address human rights issues in the context of globalisation.

This study of **4,585 companies headquartered in 60 countries** revealed very limited overall progress in the way business is fulfilling its human rights obligations.

Seventy years after the Universal Declaration on Human Rights and seven years after the global endorsement of the United Nations Guiding Principles on Business and Human Rights, the issue remains **an under-developed area of corporate social responsibility across different business industries and geographies.**

Companies are generally non-communicative on human rights issues, **with less than 5% of those rated by Vigeo Eiris displaying comprehensive human rights commitments** that include explicit objectives and management oversight. European companies clearly lead in this area, yet even those that do report fail to include details on the existence and content of their due diligence.

[Further information can be found here.](#)

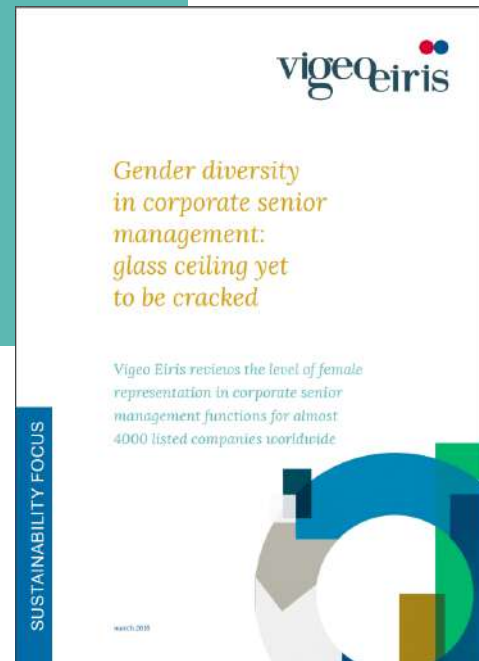


New Vigeo Eiris sustainability focus: 'Gender diversity in corporate senior management'

In March 2018, Vigeo Eiris published a report **reviewing gender diversity at Board and Executive levels** for almost 4,000 listed companies worldwide.

In this report, we analysed companies' commitments to prevent any form of gender discrimination and to promote gender diversity. **With less than 20% of women at senior management level in 2016, it appears that corporate governance is still considered men's business.** The principles of non-discrimination and gender equality are slowly progressing, mostly in Europe and North America, but progress in the rest of the world remains limited.

[Further information can be found here.](#)



Human rights alerts in 2018

As part of our monitoring mechanisms, we issue alerts to our investor clients to inform them of **significant events relating 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. Here are some examples of our 2018 alerts related to human rights issues.

Vigeo Eiris upgrades BNP Paribas' rating on human rights in the workplace

Vigeo Eiris has upgraded BNP Paribas' rating in three areas of social responsibility (human rights, human capital and governance) following the signature of the Global Agreement on Human Rights on 18 September 2018 by the French banking group and UNI Global Union (international trade union federation for the Service Sector).

[Further information can be found here.](#)

Vigeo Eiris downgrades Facebook's scores relating to privacy rights

On 26 March 2018, Vigeo Eiris issued a downgrading alert to its investor and asset manager clients following allegations against Facebook, which was accused of failing to safeguard users' private information and properly inform them that their private data was obtained and used by Cambridge Analytica. This event, which had global impact, revealed the social network's vulnerability to risks of data abuse and manipulation, leading to a breach of millions of users' privacy rights.

[Further information can be found here.](#)

C. Developing and valorising Human Capital

Vigeo Eiris' Human Resources domain assesses a company's willingness and capacity to continually improve industrial relations, career development and working conditions in order to **protect and grow its human capital**. Human capital is widely spoken of as being amongst a company's most valuable non-tangible assets. The challenge of quantifying human capital on a balance sheet remains very real, as it is closely linked with an organisation's success or failure. The factors that constitute human capital are well known and include elements like skills and qualifications, education levels, training opportunities, healthy working conditions and constructive working relationships with senior management. **Our Human Resources methodology analyses how companies manage the key factors that can either enhance or erode human capital cohesion.** We examine how companies work to improve relations with the labour force through social dialogue and employee participation, and how companies can retain critical knowledge and skills by **managing restructuring in a responsible way**. In addition, we analyse companies' approach to **career development** and to improving the quality of employee working conditions, including employee wellbeing.

Vigeo Eiris' key sustainability criteria to assess human resources performance:

- Promotion of Labour Relations
- Encouraging Employee Participation
- Responsible Management of Reorganisations
- Career Development and the Promotion of Employability
- Quality of Remuneration Systems
- Improvement of Health and Safety Conditions
- Respect and Management of Working Hours

International human resources norms & standards incorporated into Vigeo Eiris' assessment framework:

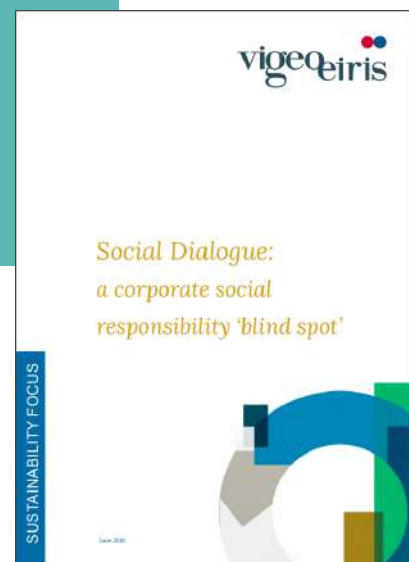
- ILO C14 Weekly Rest (Industry) Convention, 1921
- Declaration on Fundamental Principles and Rights at Work 1998
- ILO C135 Workers' Representatives Convention, 1971
- ILO R94 Co-operation at the Level of the Undertaking Recommendation, 1952
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, update 2017
- ILO Convention 87, Freedom of Association and Protection of the Right to Organise Convention, 1948
- ILO Convention 98, Right to Organise and Collective Bargaining, 1949
- ILO Convention 144, Tripartite Consultation, 1976
- ILO Convention 154, Collective Bargaining, 1981
- ILO C14 Weekly Rest (Industry) Convention, 1921
- ILO Occupational Safety and Health Convention, 1981 (No. 155)
- ILO C95 Protection of Wages Convention, 1949
- ILOR85 Protection of Wages Recommendation, 1949
- ILO C131 Minimum Wage Fixing Convention, 1970
- ILO C142 - Human Resources Development Convention, 1975

Key publications on social issues

New Vigeo Eiris report: 'Social Dialogue: a corporate social responsibility "blind spot"'

In this June 2018 report, Vigeo Eiris reviewed the commitments and mechanisms implemented by listed companies to ensure effective social dialogue: one of the least-developed themes addressed in corporate social responsibility indicators and reporting.

[Further information can be found here.](#)



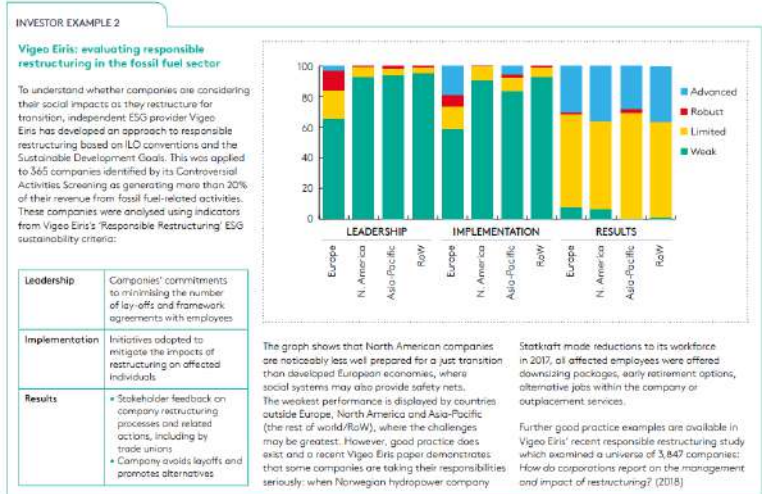
Just Transition Case Study: Responsible Restructuring

To understand whether companies are considering their social impacts as they restructure for energy transition, Vigeo Eiris has developed an approach to responsible restructuring based on ILO conventions and the UN SDGs.

In 2018, a case study based on this approach was included in new investor guidance produced by the LSE's Grantham Research Institute on Climate Change and the Environment. The case study evaluated responsible restructuring within the fossil fuel sector, examining 365 companies identified by Vigeo Eiris' Controversial Activities Screening as generating more than 20% of their revenue from fossil-fuel related activities.

The study found that North American companies are noticeably less well prepared for a Just Transition than developed European economies, where social systems may provide safety nets, and that the weakest performance is displayed by countries outside Europe, North America and Asia-Pacific, where the challenges may be greatest.

A first draft of the report, *Climate Change and the Just Transition: A Guide for Investor Action*, was launched at PRI in Person in September 2018 and the final report was launched at COP24, the United Nations' conference on climate change, in December 2018.

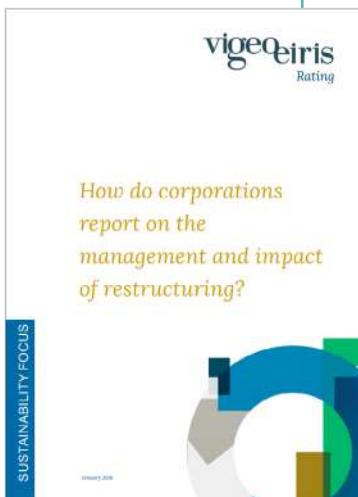


New Vigeo Eiris sustainability focus: 'How do corporations report on the management and impact of restructuring?'

This study assessed the engagement and performance of almost 4,000 companies rated by Vigeo Eiris in the 'responsible management of restructuring' domain, focusing on the commitments adopted by companies, the inclusion of employee representatives in the decision-making process, the choice of measures implemented and stakeholder feedback on outcomes.

In the age of globalisation, the **responsible management of restructuring and reorganisation** is a key engagement for companies to undertake in order to provide **decent work and employment** to their workforce and surrounding communities. The current global employment crisis represents an income security risk for millions of workers.

Further information can be found here.



Human capital alerts in 2018

Vigeo Eiris downgrades Amazon's scores relating to labour rights and working conditions

On 27 November 2018, Vigeo Eiris issued a downgrading alert to its investor and asset manager clients following allegations against Amazon.

On 25 November, workers in Germany, Spain, Italy, the United Kingdom and France protested against alleged unsafe working conditions and low pay. According to the UNI Global Union, workers demanded better working conditions and wages and protested Amazon's refusal to negotiate with them. **This event led Vigeo Eiris to downgrade its assurance on Amazon's ability to ensure decent working conditions for its employees.**

Vigeo Eiris downgrades Glencore's scores relating to labour rights and working conditions

On 1 March 2018, Vigeo Eiris issued a downgrading alert to its investor and asset manager clients following allegations against Glencore.

On 22 February 2018, IndustriALL published a fact-finding report about Glencore's copper and cobalt mines in the Democratic Republic of Congo (DRC), which reportedly uncovered **alarming mistreatment of workers and directly contradicted Glencore's claims**. Systemic human and labour rights abuses ranging from constant threats of dismissals, poor health and safety practices, occupational diseases, racism and discrimination, unfair job classifications, low remuneration, and inferior salaries for local vs foreign workers were among the grievances raised by around 80 workers from the mines in Kolwezi during a meeting. In a press release, Glencore said that IndustriALL's statement contained a number of unfounded allegations based on factual inaccuracies.

Vigeo Eiris downgrades Coal India's scores relating to employee safety

On 27 September 2018, Vigeo Eiris issued a downgrading alert to its investor and asset manager clients following allegations against Coal India.

On 12 September 2018, the press reported that Coal India planned to close 53 of its 174 underground coal mines by the end of 2018, due to safety concerns at the mines operated by the company and its subsidiaries.

According to The Hindu, a total of 65 workers died in in the first half of 2016, with 18 people killed at the Lalmatia coal mine, owned by Coal India subsidiary Eastern Coalfields. A further 122 people were reported to have suffered serious accidents during this period. The decision to close so many mines due to safety concerns **raises questions about the company's ability to manage risks related to its reputation, operational efficiency and human capital.**

D. Integrating environmental and climate risk awareness

Vigeo Eiris' Environment methodology examines **how companies manage natural or ecological capital**. All companies rely on the use of natural capital to some extent, whether in the form of energy, water, land for operational sites, or resources extracted from the earth. Whilst the specific responsibilities faced by a company depends on their activities, the issues typically revolve around the conservation and preservation of natural resources. Our Environment methodology examines corporate performance against three sets of criteria: the first examines how a company **has integrated environmental considerations within its corporate strategy**; the second set of criteria examine how **environmental impacts are managed** in manufacturing and distribution activities; and the third set of criteria provide a **downstream analysis of how the environmental impacts of products and services are managed**.

We measure company performance on various criteria related to the conservation and protection of the environment, such as:

- Environmental Strategy and Eco-Design
- Pollution Prevention and Control (soil, accident)
- Development of Green Products and Services
- Protection of Biodiversity
- Animal Testing
- Protection of Water Resources
- Minimising the Environmental Impacts from Energy Use
- Management of Atmospheric Emissions
- Waste Management
- Management of Local Pollution
- Management of Environmental Impacts from Transportation
- Management of Environmental Impacts from the Use and Disposal of Products/Services

International environmental norms & standards incorporated into Vigeo Eiris' assessment framework

- 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)
- 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

Our dedicated Climate Risk Assessment service

Climate change is a growing concern for investors and this issue led us to develop **dedicated new products** for the market.

As an agency providing ESG performance ratings and risk assessments to asset owners and managers, Vigeo Eiris acts as an interface between investors and companies, **identifying climate-related factors as sustainability criteria** and enabling financial operators to integrate and consider climate-related risks.




Vigeo Eiris' Climate Risk Assessment takes a multi-dimensional approach that provide investors with an integrated view of issuers' climate performance.





Carbon footprint data does not provide sufficient information on an issuer's strategy to reduce its carbon emissions. Vigeo Eiris supplements this information to identify whether issuers are working to reduce their GHG emissions and **adapt their business model to transition to a low-carbon economy**. We offer a range of analysis providing a 360° view on all potentially challenging climate-related investment issues.

Our evaluation incorporates specific assessments that combine impact and behaviour, covering both climate impact metrics and managerial analysis of climate-related risks and opportunities.

Our dynamic analysis **provides 15 years of historical data on issuers' climate performance and practices, plus forward-looking metrics** on issuers' strategic approach to reduce their emissions and adapt their business model to transition to a low carbon economy.

Our climate research methodology is **based on universally recognised norms and standards** emanating from international organisations such as the UN, ILO, OECD and TCFD.

Product	Summary		Client deliverable
Managerial analysis			
	Energy Transition Analysis	Forward-looking assessment of an issuers' strategic approach to reducing their emissions and adapting their business model to address the risks and opportunities linked to the transition to a low carbon economy	Energy Transition (ET) Score (0-100)
	Physical Impacts of Climate Change	Assessment of an issuer's capacity to anticipate, prevent and manage the risks associated with the physical impacts of climate change	Physical Impacts (PI) Score (0-100)
	Climate Related Controversy Risk Management	Assessment of an issuer's capacity to manage controversies based on three factors: a) The severity of the controversy b) The frequency at which the company is exposed to controversies c) The responsiveness of the company to the controversy	Risk Management (4-point scale)

Product	Summary		Client deliverable
Climate Impact Metrics			
	Carbon Footprint Assessment	Assessment of Scope 1 and 2 emissions in t CO2 eq	Carbon Footprint Grade 4-point scale and detailed emissions figures
	Fossil Fuel Involvement	Assessment of an issuer's involvement in fossil fuel activities such as tar sands, oil shale, coal etc	Level of involvement in different fossil fuel activities Multiple scales depending on the nature of issuer activities
	Fossil Fuel Reserves and Potential Emissions	Assessment of an issuer's fossil fuel reserves and embedded potential emissions	Fossil fuel reserves held by an issuer, broken down by fossil fuel type and embedded potential emissions
	Sustainable Climate Solutions	Assessment of an issuer's involvement in the development of products, services and technologies making a positive contribution towards climate change goals	Level of involvement (4-point scale)

Key Environmental publications in 2018

Vigeo Eiris published a new sustainability focus entitled 'Oil Sands: what does the future hold?' - May 2018



The oil sands industry receives international criticism because of its heavy social and environmental impacts, which can in turn generate complex legal, regulatory and social risks to shareholder value. This paper examines **161 companies from the global oil and gas sector**, including the social and environmental impact of oil sands production, insights from Vigeo Eiris' research and perspectives on future industry developments.

[Further information can be found here.](#)

E. Evaluating corporate business ethics

Our Business Behaviour methodology analyses three distinct components; customers, the supply chain and issues related to business ethics.

Customers: 'B to C' businesses cannot thrive if they fail to consider and proactively manage their responsibilities towards customers. Many of these issues (e.g. product safety, marketing and advertising) are already stringently regulated and overseen by a combination of regional, national and even industry-specific watchdogs. **Effective customer management is therefore a mandatory precursor to effective legal risk management.** On the other hand, developing a robust reputation for producing safe goods and having transparent customer relations can provide a company with a competitive advantage in terms of increasing its market share and strengthening consumer loyalty.

We therefore carefully assess how companies:

- Guarantee **product safety** (prevent product safety risks and manage product safety incidents)
- Provide **information to customers** (ensure the honesty and integrity of marketing messages and allow customers/ users to have all necessary information to make an independent decision)
- Ensure **responsible customer relations** (prevent abusive contract clauses and seek mutually beneficial relationships, respect contractual clauses and establish a means of recourse and due diligence)

Supply chain: suppliers and subcontractors: international supply chains act as both the backbone and driver of globalisation. When oriented towards principles of action defined by international labour, human rights and environmental standards, globalisation represents a real opportunity for progress. Yet if **international supply chains are influenced by low standards of environmental and social practice, globalisation can have a detrimental effect.**

Therefore, we assess how companies:

- Ensure balanced and **sustainable relationships with suppliers** (that define and respect clear and reasonable contractual clauses, and engage, cooperate and build partnerships with suppliers)
- **Integrate environmental and social standards into supply chain** (by monitoring the environmental and social performance of their suppliers and contractors, and promoting the continuous improvement of supplier and contractor performance)

Business Ethics: The third area of our Business Behaviour methodology examines how companies work to **prevent corruption, anti-competitive practices and ensure a responsible approach to lobbying** activities. Denouncing corruption and operating fairly as a market actor is a key CSR obligation. The negative impacts of unethical and unfair business practice on society are well known; such practices obstruct democracy and the rule of law and serve to deplete a country's economy. Contracts that are awarded because of kickbacks and bribes may fail to utilise robust impact assessments and other due diligence requirements. This way of conducting business can result in outcomes with lower community, client and customer value.

International related to environmental norms & standards incorporated into Vigeo Eiris' assessment framework

- 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 -Theme 4: Combating Bribery, Bribe Solicitation and Extortion (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
- UN Global Compact - Supply Chain Sustainability. A practical Guide for Continuous Improvement, 2015
- UN Global Compact - A guide to Traceability, A practical Approach to Advance Sustainability in Global Supply Chains, 2014
- The Financial Action Task Force (FATF) Recommendations 2012-Revised in October 2018
- The Markets in Financial Instruments Directive II (MiFID II) – 2014
- European Anti-Corruption Conventions
- EU General Data Protection Regulation (GDPR) - 2016

Key business ethics alerts in 2018

Vigeo Eiris downgrades Nissan Motors' ESG score due to understated remuneration figures and a business ethics controversy

In November 2018, Vigeo Eiris downgraded Nissan Motors' scores relating to the **company's internal controls to prevent unlawful behaviour and the Board's management role**.

The alert came after the arrest of Nissan's chairman Carlos Ghosn in Tokyo for understating remuneration figures. Nissan Motors announced it planned to terminate Carlos Ghosn from his chairman's post after discovering that he had used company money for personal use and committed several other serious acts of misconduct.

An investigation that was launched following a whistle-blower report found that Carlos Ghosn and Representative Director Greg Kelly "have been reporting compensation amounts in the Tokyo Stock Exchange securities report that were less than the actual amount, in order to reduce the disclosed amount of Carlos Ghosn's compensation", Nissan said in a statement. It added that "numerous other significant acts of misconduct have been uncovered, such as personal use of company assets."

Vigeo Eiris downgrades AMP's ESG score over widespread misconduct

In April 2018, Vigeo Eiris downgraded AMP's scores relating to responsible customer relations, the effectiveness of the Board's oversight role and the company's **ability to maintain and promote a responsible corporate culture**.

The alert came after the Australian Royal Commission started a second round of public hearings that lasted until late April, covering misconduct in the banking, superannuation and financial services industry. The Royal Commission was established on 14 December 2017 by the Governor-General of the Commonwealth of Australia. The first round of hearings in March 2018 involved financial services entities including AMP and focused on consumer lending practices.

The second round of hearings considered the conduct of financial services entities that provide financial advice to consumers, including "the treatment of consumers, compliance with the law and community standards and expectations, and the sufficiency of the current legal and regulatory structure", the Commission reported. In order to provide evidence during the hearings, the Commission collected consumer experiences of financial advice through public submissions via the Commission's online portal.

The Commission reported that AMP provided three submissions in which they acknowledged:

- **Misconduct in relation to fees for no service.** AMP acknowledged 196 events across 14 AMP advice licensees of advisers failing to provide customers with services for which they had paid during the period 1 July 2008 to 30 June 2015
- **Inappropriate advice.** AMP acknowledged that from 1 July 2008 to 30 June 2015, 440 advisers with potential compliance concerns were identified, defined by the Australian Securities and Investments Commission (ASIC) as including circumstances where a person has engaged in conduct that breaches internal business rules or standards, which results in adverse findings from audits conducted by or for the licensee, or which result in actual or potential financial loss to clients as a result of the advice received.

Vigeo Eiris downgrades Danske Bank's ESG score over misconduct and money laundering

In September 2018, Vigeo Eiris downgraded Danske Bank's scores **relating to the company's internal controls to prevent money laundering** and its efforts to foster an internal culture of ethical conduct.

The alert came after Danske Bank announced that its Chief Executive had resigned in connection with the company's internal investigation into matters in Estonia: while Danske said it was not able to provide an accurate estimate of the suspicious transactions through its Estonian branch, it said the bank's non-resident portfolio included customers from Russia, Azerbaijan, Ukraine and other ex-Soviet states. Its investigation covered 15,000 customers who made a total of 9.5 million payments via the branch from 2007 to 2015.

The report found that Danske Bank failed to take proper action in 2007 when it was criticised by the Estonian regulator and received information from its Danish counterpart that pointed to "criminal activity in its pure form, including money laundering" estimated at "billions of roubles monthly". When a whistleblower raised concerns at the Estonian branch in early 2014, the allegations were not properly investigated or shared with the board. Danske said that "while it took measures to get its Estonian business under control in 2014, these were insufficient".

Danske Bank also said it had decided not to migrate its Baltic banking activities onto its IT platform because it would be too expensive. Therefore the Estonian branch did not employ Danske's anti-money laundering procedures.

"The report describes serious shortcomings in the organization of Danske Bank, where risk-appetite and risk control were not in balance", said Kilvar Kessler, chairman of the Estonian Financial Supervision Authority.

Danish regulators and the financial community will scrutinise the Danske Bank report, which follows European Union calls for a new EU watchdog to **crack down on financial crime after a series of scandals involving anti-money laundering controls**.



III - Vigeo Eiris: acting responsibly in our governance & operations

In this section we detail how we align our daily operations with the UNGC principles, looking at our governance, business ethics and quality management systems, our HR, human rights and environmental policies, and how we contribute to the development of the sustainable finance industry as a whole.

We demonstrate how Vigeo Eiris is a responsible organisation, working in alignment with the values that we represent and also use to rate issuers.

A. Involving diverse stakeholders in our governance

Chaired by Vigeo Eiris President Nicole Notat, the Management Board is responsible for implementing the agency's business strategy. It steers all strategic projects, decides on priorities, mobilises the necessary resources to achieve the agency's aims and objectives and oversees their effective implementation.

The Management Board 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.



Nicole Notat
President



Fouad Benseddik
Executive Director
Methods and
Institutional Affairs



Emilie Béral
Chief Operating Officer



Vincent Brouchet
Chief administrative
Officer



Muriel Caton
Executive Director
Sustainable Finance
Strategy



Aïcha Es Stah
Executive Human
Resources Director



Michael Notat
Executive Director
of International
Markets, Marketing &
Communication



Peter Webster
Head of International
Affairs

Working with partners

imug | rating was established by the University of Hanover's Imug Institute in 1995. Today, 39 employees provide consultancy and research services in Corporate Social Responsibility (CSR), Socially Responsible Investment (SRI), market research and marketing.



imug | rating is one of the leading German sustainability rating agencies, providing tailor-made German-language sustainability research and representing Vigeo Eiris' global partner network within Germany and Austria.

imug | rating's clients include major asset managers as well as churches, sustainable banks, institutional investors and NGOs. Their solutions enable clients to make informed decisions concerning sustainable investments; provide issuers with independent & objective information about their sustainability performance; and offer NGOs benchmarks for business cooperation.

In 2018, imug | rating provided Second Party Opinion for the first green & social bond issued by the city of Hanover. The 100 million EUR operation, arranged by Deutsche Bank and NORD/LB, will be used to finance the energy-efficient modernisation of buildings, as well as the accommodation of refugees and homeless people in Hanover. Learn more at <http://www.vigeo-eiris.com/hanover-spo/>

QuickKnowledge ESG Research Center

Part of QUICK Corp., Quick ESG Research Center was launched in 2014 to provide ESG consultancy services and data to Japanese listed companies and institutional investors.

Quick ESG Research Center works with Japanese listed companies to integrate ESG into their core business strategy, and helps institutional investors improve their responsible investment performance using Vigeo Eiris' ESG data, PRI reporting and ESG theme briefings.

Quick ESG Research Center has been a signatory of the Principles for Responsible Investment since 2013.

Kazunori Nakatsuka, Quick ESG Research Center's Head of Research, regularly speaks at responsible investment events and conferences around the world, including a UNGC working group on anti-corruption and an RI Asia panel on Passive Investment. He has also spoken about ESG trends on a Nikkei CNBC TV programme.

Learn more about Quick ESG Research Center here: <https://www.esg.quick.co.jp/>

Shareholder Structure

Vigeo Eiris' shareholding structure is intentionally diverse: it includes NGOs, trade unions, companies and investors. At the end of December 2018, our share capital was divided into 3 Board subgroups: investors and financial actors (90.98% - 10 Board members), civil society organisations (5.74% - 1 board member) and companies (3.28% - 0 board members). This varied structure contributes to Vigeo Eiris' independence, creating a strong, positive and inclusive approach to social responsibility.

Vigeo Eiris changed its capital structure in 2018 as part of a 10 million EUR increase in funds:

- Financial actors now represent nearly 91% of the capital
- Seven of them own 74% of the agency

The Board of Directors has evolved in line with the new capital structure and is now composed of 16 members. Shareholders holding at least 12% are represented by two directors; those holding at least 7% by one director. In addition, the Board has three independent directors.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is chaired by Jerome Barré, Head of HR at Orange and comprises 3 - 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.

Scientific Committee

Our Scientific Committee ensures our independence and professional excellence by overseeing our methodological approach and products and reviewing academic research conducted using our data. Reporting annually to the General Assembly, the Committee consists of four independent members that meet twice a year. In 2018, the Committee met on 16th February and 11th October.

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 mediation in case of a methodological dispute between a rated company and Vigeo Eiris.



Aldo Cardoso



Professor Andrew C. Wicks



Professor Craig Smith



Professor Luc Van Liedekerke

B. Implementing our Code of Conduct and business ethics

Independence, transparency, quality and integrity: these values are formalised in our *Code of Conduct* and translate into our professional practice. Our Code of Conduct is signed by all employees; we are therefore committed to preventing any strategy of influence from being exerted against Vigeo Eiris or its employees. Vigeo Eiris has an internal alerts procedure, enabling employees to confidentially access a key compliance contact as necessary.

Code of Conduct: general principles

Our Code of Conduct sets out the principles of responsibility that we adhere to in our relationships with clients, companies and peers. It also describes the general standards of conduct and safeguarding measures that we implement to ensure the professionalism and quality of our services.



VIGEO EIRIS
CODE OF CONDUCT



- Our Compliance Officer is the Director of Methodology and Institutional Relations, who is responsible for the implementation and monitoring of the Code of Conduct, as well as identifying any training requirements.
- New employees receive the Code of Conduct on their first day and commit to its principles by signing it. Managers are responsible for ensuring employees' ongoing adherence to the Code of Conduct, and can report any training requirements to the Compliance Officer.
- Any staff enquiries regarding implementation of the Code of Conduct are raised with line managers in the first instance. If a line manager is unable to respond, the enquiry is taken to the Compliance Officer.

Managing conflicts of interest and corruption risks

Vigeo Eiris applies strict guidelines on work ethics and integrity through its Code of Conduct. In order to prevent conflicts of interest, we have a rule that an analyst/ researcher or other employee may not participate in the rating, assessment or evaluation of an issuer if they:

1. directly own securities or derivatives of the assessed entity or any related entity. Where such ownership has been declared, he / she must discuss this with his / her line manager and the Compliance Officer, who will decide what action to take. This decision will be 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 that creates the potential for any real or apparent conflict of interest must be disclosed to the appropriate manager or the Compliance Officer. Vigeo Eiris employees must also respect the applicable insider trading regulations. Employees voluntarily declare new potential conflicts of interest as they arise.

Our responsibilities towards competitors and suppliers

To ensure our behaviour towards competitors is respectful and to guarantee fair competition and practice, we make the following commitments:

- New business and new markets must be competed for openly and fairly.
- No attempt should be made to mislead clients, potential clients, business partners or competitors.
- Bribes, gifts and gratuities must not be given or accepted in order to obtain or secure new business.

If an employee is unsure about an invitation or offer made by a client or potential client, they must discuss it with their line manager or the Compliance Officer.

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

Employees, clients and rated issuers can report breaches of the Code of Conduct to the Compliance Officer in total confidence by emailing compliance@vigeo-eiris.com.

C. Strengthening our Quality Management System

Vigeo Eiris' research methodology guarantees impartial analyses and ratings, equal treatment for all companies under review and the traceability of collected information. It measures the relevance of companies and organisations' commitments, the efficacy of their managerial systems, their ability to manage risks, and their performance on all environmental, social and governance responsibilities. In January 2019, Vigeo Eiris achieved ISO 9001 certification.

Achieving ISO 9001 certification

After being certified to the ARISTA 3.0 quality standard for 8 years until March 2018, Vigeo Eiris received ISO 9001:2015 certification in January 2019 following an external audit that covered all key processes relating to the rating of organisations' sustainability risks and ESG performance.



The following processes are certified to the international ISO 9001:2015 standard:

- the internal development of methodology,
- the collection, qualification and rating of ESG and specialised data,
- the sale and delivery of ESG and specialised data,
- the production, sale and delivery of products and services derived from this ESG and specialised data.

The certificate covers all Vigeo Eiris offices: Brussels, Casablanca, London, Milan, Paris, Rabat and Santiago.

The audit was conducted by AFNOR and certification is valid until 28 January 2022.

Improving internal monitoring and our quality commitments

To support the change in our business model and continue to adapt our governance to meet new challenges (our size and number of sites), each Vigeo Eiris department has established key performance and results indicators. Teams have been equipped with dashboards enabling them to measure progress against these key objectives.

Vigeo Eiris recently updated its formal *quality commitment* and has improved its processes to enhance client satisfaction. All Vigeo Eiris processes including project management, sales operations, research activities and the delivery of products and services are documented and audited. Responsibilities are clearly established within each process, and the measurement and review of key performance indicators ensures that we continuously improve our quality management system. Our methodology is also reviewed by an independent Scientific Committee.



Monitoring client satisfaction

Innovation, trust and dialogue form the basis of our client relationships.

As part of our ISO 9001 certification process, we launched an investor client satisfaction survey in November 2018. The survey covered a wide range of topics such as the responsiveness of our products and services to market expectations and the use of our data and platforms.

We were very pleased with the level of information communicated by our clients; responses were also comprehensive in terms of client type and location. **Clients gave us an average overall score of 8 out of 10.** 95% of respondents said they were satisfied with our delivery system, and that they were very satisfied with the commercial relationship with our teams. They particularly appreciate the quality of our research and the depth of our analysis. Next year's survey will be conducted at a different time in order to increase the response rate, due to the busy year-end period.

Our clients gave us
a rating of

8/10

How our investor clients rated us in our 2018 satisfaction survey:

We are committed to responding to requests from our asset owner clients promptly: our teams make their best effort to answer all requests within a maximum of 48 hours.

Dedicated complaints procedure for rated issuers

Vigeo Eiris has a dedicated complaints procedure for rated issuers. If they disagree with our analysis, issuers are informed of the different options available to them in VE Connect, our online issuer communication platform.

We guarantee rated issuers the right to appeal their rating at three levels: firstly, to their analyst, then to our methodology department, and subsequently to our Scientific Committee. Issuers are encouraged to report any behaviour they believe to be a breach of our Code of Conduct to our Compliance Officer.

Only 5 rated issuer complaints were received in 2018 during delivery of more than 4,500 company profiles. No appeals were made to the Scientific Committee in 2018.

Continuous dialogue with rated issuers: engagement with AFEP-MEDEF

Following a survey carried out by AFEP/MEDEF (French Association for Private companies/ Movement of the Enterprises of France) on the practices of non-financial rating agencies, an internal working group was set up to meet rated issuers' expectations in terms of unsolicited ratings and to continue to improve our services.

To that end, Vigeo Eiris has established 12 commitments towards the issuers that we rate. These commitment were officially launched in April 2019.

On 11 December 2018, a Vigeo Eiris team presented these commitments, along with an internal action plan to implement them effectively, to AFEP and MEDEF representatives.

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Responsabilité et qualité de service :

Nos 12 engagements professionnels envers les entreprises et les autres émetteurs que nous notons

Notre métier :

Vigeo Eiris aide les investisseurs et les actionnaires à prendre des décisions d'investissement éclairées, et à améliorer ainsi leur responsabilité Globale en tenant compte des risques et performances ESG (Environnement, Social et Gouvernance) des émetteurs - les entreprises, les collectivités locales et les États - qui font appel aux marchés financiers pour se financer.

Nous fournissons des services professionnels de recherche et de notation sur les engagements des émetteurs en matière de développement durable et sur les impacts de leurs activités sur la société et l'environnement. Pour ce faire, nous collectons et qualifions méthodiquement les informations publiées par, et au sujet, des émetteurs.

Nous mesurons leur volonté et capacité à intégrer les objectifs normatifs et les facteurs matériels relatifs de leur responsabilité sociale dans leurs stratégies et leurs opérations, et à rendre compte des résultats de leurs engagements et des impacts de leurs produits et services.

Nous apportons à nos partenaires une analyse approfondie et des indicateurs axés sur :
- la capacité actuelle et future des émetteurs à créer de la valeur, à protéger et à développer leurs actifs stratégiques - notamment leur capital humain, leur efficacité opérationnelle, leur efficacité organisationnelle, leur sécurité juridique, leur capacité d'innovation, de production et d'amélioration de leur réputation et usage de marque ainsi que leur contribution sociale et leur degré d'acceptabilité.

Nos responsabilités :

Nous nous positionnons à l'équidistance des intérêts des émetteurs et des investisseurs. À ce titre, nous sommes engagés à collecter de façon proactive des informations fiables, exactes et à les qualifier de manière impartiale afin de mesurer les performances, les impacts et les risques des émetteurs que nous notons.

Conscient de l'importance et du rôle de notre mission (stewardship) en tant que fournisseur indépendant de services de recherche ESG, nous reconnaissons qu'il est de notre devoir de recueillir les informations les plus précises, les plus complètes et les plus à jour auprès des émetteurs comme source de nos données primaires. Nous traitons ces informations avec diligence et rigueur afin de permettre aux investisseurs et professionnels d'actifs de prendre leurs décisions d'investissement et de gestion en toute connaissance de cause.

Nous formalisons les 12 engagements professionnels suivants envers les émetteurs et les autres émetteurs que nous notons.

Contacts

Contactez directement votre analyste à travers notre plateforme VE Connect, dédiée aux émetteurs <https://veconnect.vigeo.com/sign.html> ou bien à rating.serv@vigeo.com

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Nos 12 engagements envers les entreprises et les autres émetteurs que nous notons :

1. Indépendance de notre méthodologie, de nos analyses et de nos notations à l'égard de tout intérêt, groupe d'influence, lien commercial ou participation au capital de l'émetteur.
2. Égalité de traitement dans l'application de nos méthodes à tous les émetteurs sans réserve et à toutes les étapes du processus de notation, dans la stricte séparation des activités de notation sollicitée et de notation non-sollicitée, et à l'exclusion de toute activité de consulting.
3. Prohibition de toute expression ou opinion attestatoire à la dignité des personnes.
4. Engagements à ne pas stigmatiser les émetteurs et à baser notre méthodologie d'analyse sur des principes normatifs opposables excluant tout jugement de caractère partisan ou confessionnel. L'agence peut être amenée à coopérer avec des fournisseurs d'infos, des initiatives ou ONG engagés sur la responsabilité sociale des entreprises ou d'autres types de clients qui peuvent rendre publics leurs propres évaluations au sujet des émetteurs à partir des données issues de notre recherche. Cependant, et dans tous les cas, nous préférons l'utilisation de notre recherche et de nos analyses à des fins de plaidoyer ou de campagne publicitaire à l'initiative ou en faveur d'un émetteur, d'un territoire ou d'une marque.
5. Nous sommes engagés à adresser aux émetteurs (entreprises et collectivités locales faisant partie de notre univers) un préavis de notation de deux mois avant que des informations complètes sur les méthodes de l'agence et leurs évolutions, le déroulement et le calendrier de leur notation. Les émetteurs bénéficient d'un support technique dans l'utilisation de nos outils et plateformes de dialogue et de collecte de l'information.
6. Tout émetteur dispose d'un droit d'accès à un contact qualifié au sein de l'agence et peut être interrogé à tout moment (entrevue, réponse aux questions, documents) sous l'angle de son rôle de son évaluation. Tout émetteur dispose de la possibilité d'expliquer son parti-pris par rapport aux normes et standards pris en compte par l'agence en appel sur le principe « comply or explain ».
7. Tout émetteur a le droit de ne pas interagir avec l'agence sans que ce choix porte préjudice à l'obligation pour l'agence de procéder à son évaluation de bonne foi, sur la base de l'information publique disponible.
8. Droit d'accès de l'émetteur à une information indicative sur les résultats de sa notation dans le respect des droits de propriété intellectuelle de l'agence. L'ambassadeur principal et habilité par l'émetteur recevra une information gratuite sur sa notation finale. Toutefois, l'émetteur devra s'acquiescer de droits d'usage s'il souhaite plus largement utiliser, consulter ou diffuser toute ou partie de son rapport de notation à l'interne ou à l'externe.
9. Droit de tout émetteur de faire appel de sa notation et d'exercer son droit de recours à tout moment auprès de sa/son analyste en premier lieu, puis de la Direction des Méthodes, puis auprès du Conseil Scientifique de l'agence. Les émetteurs peuvent signaler au directeur de l'agence tout comportement de son ou ses interlocuteurs qu'ils estiment inapproprié.
10. Dans le cadre de la notation non sollicitée, Vigeo Eiris ne signe pas d'accord de confidentialité avec les émetteurs, ne collecte, ne sollicite ni ne refuse d'information qu'un émetteur considérerait comme non communicable, confidentielle ou privilégié. Les émetteurs peuvent signaler à leur analyste le caractère, selon les cas, privilégié, inapproprié ou particulièrement confidentiel de leurs informations et indiquer aux fins d'en délimiter l'interprétation et les possibilités d'exploitation ou de diffusion.
11. Conscient des contraintes de reporting, auxquelles sont confrontés les émetteurs, Vigeo Eiris limite ses questionnaires et demandes d'information aux données prévues par les référentiels d'objectifs de responsabilité sociale internationaux opposables.
12. Vigeo Eiris s'engage à répondre aux demandes de chaque émetteur et à dialoguer avec l'ensemble de ses parties prenantes, dont les associations professionnelles qui représentent les émetteurs, afin d'améliorer continuellement ses méthodes et son processus de notation.

Février 2019

D. Respecting fundamental human rights and ensuring non-discrimination

Respecting fundamental human rights

Vigeo Eiris has a group-wide social policy and a formalised commitment to respect freedom of association and the right to collective bargaining. Employee representatives are elected on each of our main sites, even when this is not required by local legislation. Vigeo Eiris provides information on employee union rights through a dedicated internal platform. Employee representatives meet with their respective site managers on a monthly basis where this is a legal requirement. 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.

Ensuring non-discrimination



58.9%
of our staff
are women

Equal opportunities



35
years old
on average

Employee representatives on all sites



Vigeo Eiris operates a policy to prevent all kinds of discrimination. For example, at our French headquarters, an agreement has been signed with employee representatives to ensure equal treatment between genders. The Executive Committee is currently composed of 57% women and in 2017, 56% of all agency staff were women. This figure rose to 58.9% in 2018.

We are vigilant against salary inequality and strives for equal opportunities for promotion between men and women. To do so, an internal salary scale has been established which considers employees' experience and skills and makes no distinction between men and women.

In 2017, 12.9% of our staff were over 45 years old, representing 30 people in total. In 2018, 16.44% of our staff were over

45 years old, representing 32 in 2018 in total.

All Vigeo Eiris job opportunities are shared with dedicated external partners who promote our vacancies to disabled people and help us reach French legal obligations regarding the 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 has employee representatives on all sites, and the HR processes for recruitment and promotion are the same on every site.

Spotlight: diversity in our Belgian office

In 2018, Vigeo Eiris Belgium prepared an 'action plan on diversity' in the framework of the Brussels Region Diversity Label. The Label's standards are fundamentally consistent with both our own ethical commitments and our Code of Conduct, as well as the standards we use to assess organisations on their ability to prevent discrimination and promote equality. The diversity plan is an opportunity to make our diversity policy visible internally and externally, and to improve our social impact. The plan will involve all Vigeo Eiris Belgium employees, who fully support the initiative and see it as an important development in terms of staff motivation and well-being.

Protecting data privacy

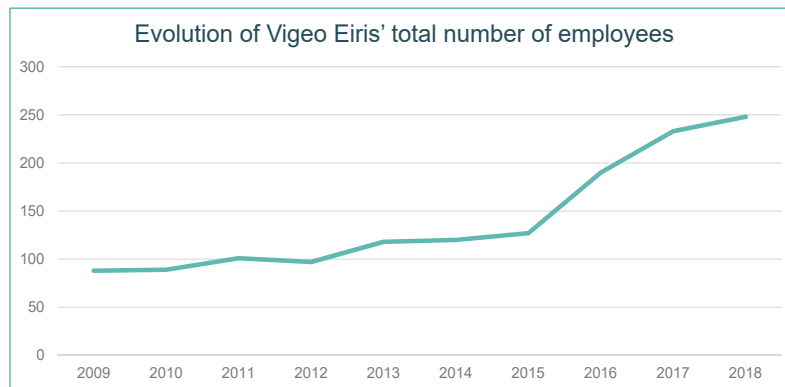
Vigeo Eiris is committed to respecting data privacy and protecting its clients and employees. From 25 May 2018, all data collected by Vigeo Eiris is held in accordance with the EU General Data Protection Regulation (GDPR). Our Privacy Policy is available to read in full on our website. Vigeo Eiris has a strict and formalised confidentiality policy regarding client data. All Vigeo Eiris auditors and consultants are required to sign a Code of Conduct and comply with the confidentiality terms required by clients. Vigeo Eiris 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 we operate, for example the implementation of GDPR requirements in our European sites.

E. Investing in our human capital

Our key human resources commitments:

- Ensuring in-depth and regular dialogue with staff 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 plans and remuneration.
- Promoting internal mobility to enable skills development.
- Building an annual training plan to increase the level of internal expertise and skills.

Vigeo Eiris employees are the backbone of the agency, providing the foundation of our expertise and guaranteeing the quality of our products and services. With a total of more than 240 staff at the end of 2018, Vigeo Eiris continues to grow. The development, strengthening and promotion of professional competencies is amongst our top priorities and forms an important part of our commitment to employees. In 2017 the average age of staff across the whole agency was 32.63 years old, rising to 35.16 years old in 2018. The average length of service was 4.9 years in 2017 and 4.77 years in 2018. Our average annual turnover rate was 15.4% at the end of 2017 and 16.52% at the end 2018.



Employee social survey

In November 2018 we launched our first global employee social survey. Its objectives were to measure the job satisfaction, quality of working life and expectations of all Vigeo Eiris employees. 68% of our staff took part in the survey, which was strictly anonymous. The survey is intended for all Vigeo Eiris employees, and the process will be reviewed regularly.

The survey results showed that Vigeo Eiris employees value the positive relationships with their line managers, and that they feel recognised, encouraged and supported to progress. Employees also appreciate the autonomy and flexibility of working hours offered within the agency.

Teamworking and the professional environment were highlighted as positive factors by employees. In terms of points for improvement, employees expressed a desire for more regular communication on the company strategy, as well as better internal systems to report potential issues or problems. Staff would also like to receive more effective training and see the implementation of a stronger staff retention strategy. Overall, 79% of our staff said they were proud to work for Vigeo Eiris.



240
employees

28
nationalities



79% of our
staff are proud
to work for
Vigeo Eiris



Remuneration policy, profit sharing and career development

All employees are offered the chance to review their performance, skills and workload through annual interviews with their line manager. This year, the Management Board conducted a Return on Experience (REX) questionnaire to assess the strengths and weaknesses of the annual interview process. The results showed that the annual interviews are an important moment for managers and their teams to communicate and evaluate the skills and performance of each employee within the group. In 2019, our human resources team will be working to make the system simpler and more effective for managers.

As part of the HR department, the Remuneration Committee is responsible for deciding on all annual salary increases, bonuses and changes of position. Managers have the opportunity to request and justify salary increases for their team to the Committee. The Remuneration Committee is composed of members of the Executive Committee.

The total amount allocated for salary increases is decided by the Executive Committee after it has received the HR policy.

A grievance procedure is in place for disagreements around remuneration, allowing employees to appeal the Remuneration Committee's decision to their line manager and senior manager.

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

21 internal promotions were agreed in 2017 and 55 in 2018. More than 75% of staff (with at least 2 years' service) in 2017 and 32.5% in 2018 were promoted since they joined the company.

Health and safety at work

Internal policies to ensure employee health and safety have been implemented at most Vigeo Eiris sites. Once a year, annual interviews are conducted with all Vigeo Eiris employees, allowing managers to assess team workloads and 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 required to ensure the well-being of the employee. Ad-hoc follow ups are implemented to monitor developments and ensure that the solutions are effective.

Employees are trained on health and safety measures in all offices where this is a legal requirement. 2 work accidents were recorded in 2017 and 2 in 2018.

We monitor several indicators regarding absenteeism: in 2017, 85 employees took one or several days' sick leave, falling to 48 employees in 2018, representing a total of 636 days in 2017 and 772.5 days in 2018 not worked across the company.

Training and development

Each year, Vigeo Eiris establishes a training plan based on employee requests and the needs of the agency, and a dedicated budget is set. Employees from all sites can request specific training: senior management will then balance these requests with group-level needs and the allocated budget. Where necessary, group-wide training with internal or external experts is organised.

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

35% of staff received training in 2017 and 55.28% in 2018, accounting for 1,728 hours of training (both internal and external) in total in 2017 and 2,774 hours in 2018. 1% of Vigeo Eiris' payroll expenditure was spent on external training in 2017 and 1.85% (minus the UK) in 2018.

Part-time and remote working

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 their work/life balance.

Vigeo Eiris also allows staff to work part-time (50 or 80%). In 2017, 18 people worked part-time, accounting for 7.3% of the total workforce. In 2018, 30 people worked part-time, accounting for 19% of the total workforce.

We monitor several indicators regarding absenteeism: in 2017, 85 employees took one or several days' sick leave, falling to 48 employees in 2018, representing a total of 636 days in 2017 and 772.5 days in 2018 not worked across the company.

Team-building and social events

Vigeo Eiris aims to be a fun and enjoyable place to work. Our teams often suggest social events to enhance employee well-being and nurture teamworking and relationships.

Rabat and Casablanca offices

Staff in our Casablanca and Rabat offices organise social activities each month. One of the activities is 'Employee of the Month' which is based on fun rather than professional criteria. The FUNIGEO Committee also organise a second monthly social event that they call 'Secret Friend': each person brings in a secret gift for a colleague whose name they pick at random out of a hat.



Santiago office

Each year, the Santiago team work together to organise their annual Christmas event. The celebration took place in early January during the Chilean summer. As is customary around Christmas, the team exchanged gifts by way of a Secret Santa draw.



Paris office

Our Paris office holds at least two social events per year. Our communications team organises an annual Christmas party, where all staff can participate in a Secret Santa draw to exchange gifts. Our employee representatives also organise a party at the end of the year, offering food and drinks to celebrate our collective achievements for the year.



F. Protecting the environment

Vigeo Eiris respects its local environments and encourages staff to adopt environmentally-friendly practices in the workplace.

Our main environmental impact is linked to transport (staff travel by plane for some business trips) and office management (printing, computers, energy consumption in office buildings). We therefore implement internal measures to manage our environmental impact as explained below.

Reducing emissions linked to staff transport:

Sustainable Travel Policy: Vigeo Eiris tries to limit international business trips: local staff or members of our partner network attend local events and client meetings, based on a subsidiary model. We also select our office locations based on the accessibility of sites by public transport.

CO2 offsetting: We require staff to travel by train for short business trips, especially between our main European offices (London – Paris – Brussels). When travel must be by plane, we offset our emissions through CO2 Logic. **In 2017 we offset 108 tons of CO2 by supporting carbon reduction projects**, covering the emissions of 4 of our sites (Casablanca, Milan, Paris and Brussels). Our finance team is responsible for overseeing this policy. In 2018, we worked to extend the coverage of our offsetting policy to other sites.

Teleconferencing systems: We use Cisco Webex and Microsoft Teams teleconferencing system for calls and meetings across all 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) in most Vigeo Eiris sites.

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

Sustainable buildings: At our Paris headquarters which has approximately 60 staff, all emissions are managed by the Mercurial Towers building in which we are based. Energy and water consumption and CO2 emissions are monitored daily. The building had its BREEAM (Building Research Establishment Environment Assessment Method) In-Use certification renewed on 17th July 2017.

Our London office is located in 'The Foundry', a RIBA (Royal Institute of British Architects) award-winning and BREEAM 'Excellent' rated building for social justice organisations. The office itself has a dedicated recycling service for documents and waste from staff lunches, and lights are turned off automatically at night to save electricity.



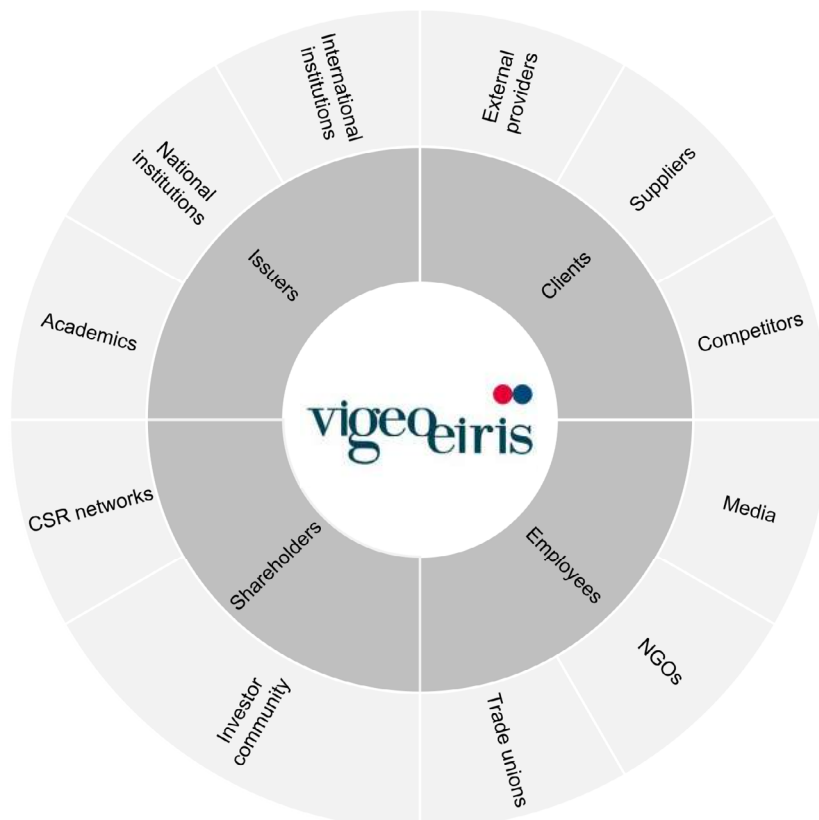
G. Engaging with stakeholders and contributing to the public debate on sustainable finance

Beyond research and analysis, we foster dialogue and promote social responsibility and responsible investment with civil society organisations, including NGOs, trade unions and international organisations.

Vigeo Eiris is committed to:

- developing and maintaining relationships with key institutional players, including the investment community, asset managers, professional associations, trade unions, civil society and intergovernmental networks,
- contributing to the promotion and growth of corporate responsibility and responsible investment,
- informing the investment decision-making process,
- 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.

Understanding stakeholder expectations



Dialogue with our main stakeholders

Our key stakeholders	Stakeholder needs & expectations	Type of engagement	Frequency	Key actions in 2018
Shareholders	<ul style="list-style-type: none"> Maintain the agency's reputation Generate sustainable and responsible revenue 	<ul style="list-style-type: none"> Annual general meeting Regular contact with our CEO and president 	<ul style="list-style-type: none"> Annually As required 	<ul style="list-style-type: none"> Discussions around our new shareholder structure
Management Board	<ul style="list-style-type: none"> Define and achieve our global strategy Design and manage an effective organisation 	<ul style="list-style-type: none"> Board meetings 	<ul style="list-style-type: none"> Monthly 	<ul style="list-style-type: none"> Reorganisation of our Investor and Issuer Business Units in 2018
Employees	<ul style="list-style-type: none"> Job security and a positive work environment Remuneration and recognition Qualifications and career development Regular communication about corporate developments 	<ul style="list-style-type: none"> Employee representative meetings Line manager meetings Individual performance interviews Team meetings Global staff meetings Training programmes 	<ul style="list-style-type: none"> Monthly for relevant sites As required Annually As required Bi-monthly As required 	<ul style="list-style-type: none"> Annual Social Survey in 2018 Update of HR processes related to training and annual performance interviews Regular information to employees through our internal "Share an Insight" programme New collective agreement in Paris
Clients	<ul style="list-style-type: none"> Reliability and accuracy of data Coverage Competitive pricing IT tools to access our services Ongoing support and effective after-sales service Transparency on our methodology Responsible contractual relationships 	<ul style="list-style-type: none"> Annual Client Survey In-person meetings Client feedback 	<ul style="list-style-type: none"> Annually Regular Regular 	<ul style="list-style-type: none"> Launch of new products and research lines to answer client needs Launch of VE DataLab (client extranet) Launch of our new format sector reports 13% extension of our ESG research coverage in 2018 Dedicated client services team New Product User Guides and Methodology Guides Updated quality commitment

Our key stakeholders	Stakeholder needs & expectations	Type of engagement	Frequency	Key actions in 2018
Rated issuers	<ul style="list-style-type: none"> Understanding our methodology & rating process Positive working relationship with their analyst Useful ESG questionnaires and stable methodology User-friendly platform to provide information Right to access certain information regarding their profile and final scores Tailored assessment frameworks according to their sector and material ESG issues 	<ul style="list-style-type: none"> Updated company profiles or new ratings for companies entering our research universe Partial updates as part of our controversy monitoring and alert system Discussion with analysts 	<ul style="list-style-type: none"> Every 24 months or annually for selected large-cap companies As required As required by issuers 	<ul style="list-style-type: none"> Transparent methodology, available on our online platform for rated issuers (VE Connect) Updated quality commitment Launch of 12 new formalised commitments regarding issuer rights Appeals procedure with the Head of Methodology Constant updates to our online platform for rated issuers (VE Connect) Regular customisation of our rating models to consider sector- and company-specific issues
Academic partners	<ul style="list-style-type: none"> Free access to our data Transparent methodology and activities Data may be used to publish research papers 	<ul style="list-style-type: none"> Academic partner meetings Academic partner training Academic partner feedback on their publications 	<ul style="list-style-type: none"> On request On request As required 	<ul style="list-style-type: none"> New academic partnerships signed, based on non-disclosure agreements Contribution to various meetings and classes to promote our research and methodology Dedicated team to deal with academic requests
NGOs / Trade Unions	<ul style="list-style-type: none"> Provide information to Vigeo Eiris on companies' behaviour Leverage Vigeo Eiris to alert investors and rated organisations on topics they advocate Receive information on companies rated by Vigeo Eiris 	<ul style="list-style-type: none"> Partner meetings External stakeholder meetings Exchange of information 	<ul style="list-style-type: none"> As required On request On request 	<ul style="list-style-type: none"> Discussion with partners Engagement and open discussion on possible joint projects / synergies Effective screening of stakeholder feedback to be integrated in our company profiles.

Active institutional stakeholder engagement

Vigeo Eiris interacts with institutional stakeholders (NGOs, Trade Unions, academics) in the following ways:

1. During the information collection process: systematic consultation of the information published by stakeholders about their views on company behaviour and relevant sector responsibilities; 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 newsletters of key trade unions, environmental groups, consumer organisations etc.

2. Through our company structure and institutional relationships: 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.

2018 stakeholder engagement

Global principles and initiatives that Vigeo Eiris supports:

- Climate Bond Initiative (CBI) verifier
- Green Bond Principles (GBP)
- Signatory of the UN Principles for Responsible Investment (PRI). Annual reporting on our commitments towards the principles and publication of our PRI Transparency Report.
- Signatory of the UN Global Compact and member of Global Compact France Network.



Active contribution to sustainable finance and responsible investment working groups:

- Finance for Tomorrow – Europlace
- Active member of ISO Commission through AFNOR/X30U working group
- Positive impact working group of UNEP-Fi
- ICMA – working group on green project eligibility and social bonds
- CBI Assurance RoundTable



Membership of industry associations and local forums on sustainable investment:

1. AIFI - Italian association of Private Equity Venture Capital (Italy)
2. Comité 21 (France)
3. EUROSIF – European Forum for Sustainable Investment (Belgium)
4. FIR – Forum pour l'investissement responsable (France)
5. GRI – Global Reporting Initiative, Gold member (Netherlands)
6. HKGFA - Hong Kong Green Finance Association (Hong Kong)



7. IFA - Institut Français des Administrateurs (France)
8. Italia CSR Manager Network (Italy)
9. Italian Forum for Sustainable Finance - Forum Finanza Sostenibile (Italy)
10. Orée (France)
11. Pensions and Lifetime Savings Association - PLSA (UK)
12. RIA - Responsible Investment Association (Canada)
13. SPAINSIF (Spain)
14. SWESIF (Sweden)
15. The Shift - Belgian Sustainability Network (Belgium)
16. UK SIF (United Kingdom)
17. US SIF (USA)
18. VBDO - Vereniging van Beleggers voor Duurzame Ontwikkeling (Netherlands)



Vigeo Eiris presents at Boards

Vigeo Eiris Executives are also present on the Board of several committees and organisations:

- **Nicole Notat**, Vigeo Eiris' President, 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 a member of the PRI Board and **Fouad Benseddik**, Director of Methodology and Institutional Relations is part of the PRI's Francophone Committee.



Contributing to the public debate on sustainable finance

Through specific research partnerships and by participating in leading conferences, Vigeo Eiris contributes to the collective public debate on sustainable finance and responsible investment.

Research Partnership with Ceres

In 2018 Vigeo Eiris entered a research partnership with Ceres, a sustainability non-profit organisation working with the most influential investors and companies to build leadership and drive solutions throughout the economy.

Vigeo Eiris data was used to produce the following Ceres reports during 2018:

Turning Point: Corporate Progress on the Ceres Roadmap for Sustainability examines the progress of over 600 companies against 20 key sustainability leadership expectations within the areas of governance, disclosure, stakeholder engagement and environmental and social performance.

Analysing 475 of the world's largest companies from the Forbes Global 2000, *Systems Rule: How Board Governance Can Drive Sustainability Performance* examines the integration of sustainability and social responsibility factors in corporate governance.

Disclose What Matters reveals the gap between what investors want and what companies disclose on sustainability issues, analysing nearly 500 of the largest companies from the Forbes Global 2000.



Research Partnership with ILO: two new articles published in 2018

In 2018, two new ILO articles were published based on Vigeo Eiris' database:

An article providing an overview of voluntary labour commitments undertaken by major listed companies worldwide, which highlights the relatively uneven practices according to different socioeconomic characteristics: companies originating in Western Europe clearly stand out as making more voluntary effort in general.

Further information can be found here

A second article entitled 'Corporate Social Responsibility: Exploring determinants and complementarities', part of a new research project conducted by the ILO with support from the French government. The study deepens academic research on the economic and institutional determinants of corporate commitments to social responsibility and considers the underlying causes of companies' disparate behaviour by examining different areas of social responsibility.

Further information can be found here

Partnership with FIR as part of its Sustainable Finance Week:

Results of the 9th Ifop survey for Vigeo Eiris and FIR

France's interest in sustainable finance is growing. This was the key finding of an Ifop (an international polling and market research firm) survey commissioned by Vigeo Eiris and FIR which was conducted online from 24 - 28 August 2018, involving 1,002 French participants.

After an initial screening, questions relating to responsible investment were asked to participants holding at least one financial product, i.e. 87% of the initial sample.

- 63% of people said that they give importance to environmental and social impacts in their investment decisions, a significant increase of 47% compared to 2017.

- Social and societal issues (employment: 78%, respect for human rights: 76%, working conditions: 72%, gender equality: 70%) remain among the issues that respondents want to see being considered as priority in their savings, alongside environmental issues on which there is growing interest (pollution: 80% compared with 70.4% in 2017; climate change: 71% compared with 66.7% in 2017).



See the full results of the survey [here](#).



2018 Integrated Thinking Study: strengthening integrated thinking: an approach that benefits both companies and their stakeholders

For the third consecutive year, Capitalcom, Cliff (the French Association of Financial Communication Professionals), C3D (College of Sustainable Development Directors), IFACI (the French Institute of Internal Audit and Control) and Vigeo Eiris joined forces to conduct a cross-analysis of corporate practices and perceptions regarding integrated thinking by companies and their stakeholders. This year, the system was strengthened by nearly 20 hours of direct interaction with company stakeholders (e.g. investors, NGOs, shareholders etc).

According to this study, the progress of integrated thinking is clear, and its benefits for companies and their stakeholders can no longer be doubted. Corporate governance bodies are increasingly involved in the process, leading and/or supporting ever more transversal operations. Integrated reports demonstrate and share this strategic evolution, while at the same time using pedagogy to explain how companies create value. And while integrated reporting embodies a company's approach to integrated thinking, it is also a powerful driver of change: according to 84% of the companies surveyed, the preparation of an integrated report triggers integrated thinking within their organisation.

Contribution to key international forums in 2018

ASIFMA China Capital Markets Conference

This conference brought together high-level regulators, ASIFMA members and their clients, issuers and treasurers, and guests from both sell-side and buy-side to discuss key China capital market developments. Vigeo Eiris' Head of Greater China & South-East Asia, Juliet Macresy, was invited to participate in a panel on green finance.

Hong-Kong,
15 May 2018



London,
5-6 June 2018



Responsible Investment Europe

RI Europe, organised by Responsible Investor, is the continent's leading sustainable business and finance conference. In 2018 a wide range of topics were covered such as TCFD, HLEG, fiduciary duty, ESG in bonds, asset ownership, controversies, impact investing, indices for change and more. During this 2-day conference Vigeo Eiris had the opportunity to join a panel session exploring why gender equality is an investment issue.

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 RI market, gathering hundreds of key players (institutions, asset managers, investors and companies) to promote ESG strategies. In 2018, Vigeo Eiris' Director of Research Nikki Gwilliam-Beeharee presented at PRI in Person as part of a panel session on ESG in fixed income investing.

San Francisco,
12-14 September 2018



Geneva,
28 November 2018



Business and Human Rights Forum

Fouad Benseddik, Director of Methodology and Institutional Affairs took part in a dedicated panel to discuss how benchmarks, rating agencies and ESG researchers can drive more and better human rights due diligence. Vigeo Eiris presented its research on human rights, highlighting the persistent disconnect between what companies commit to do and the processes they implement with regards to human rights due diligence. Vigeo Eiris' human rights research also shows that companies address certain human rights better than others, and show less clarity about the systems and means they implement to achieve the commitments they make.

RI Americas

The annual RI Americas conference was held in New York on 5-6 December 2018. This event is one of the leading ESG events in the United States and attracted more than 500 participants, including asset managers, asset owners and service providers. Vigeo Eiris participated in a panel discussion on integrating ESG into fixed income products and stressed the need for issuer-solicited ESG ratings to facilitate the issuance and rating of bonds.

New York,
5-6 December 2018



Media coverage

In 2018, Vigeo Eiris was featured in the media 1,785 times, compared with 1,687 in 2017 and 1,312 in 2016. Our international coverage is increasing each year, demonstrating our international recognition.

This year, we received large additional press coverage in France due to Nicole Notat's report published with Jean-Dominique Sénard on "*L'entreprise, objet d'intérêt collectif*" (Enterprise, object of collective interest). Vigeo Eiris' green & social bond Second Party Opinions and indices also received high press coverage, as did our thematic or sector reports, which received about 80 press mentions during 2018.

Twitter activity

During 2018 we posted nearly 250 tweets, received 650 retweets and nearly 1,000 likes. We attracted over 400 new followers, an increase of more than 5%. Overall our top 3 follower countries were the UK (26%), the USA (21%) and France (9%).



Supporting academic research

Vigeo Eiris supports academic RI research through partnerships, research agreements and providing academics with access to our database.

Our partnerships aim to:

- Contribute to academic knowledge and research on ESG, sustainable finance and RI;
- Develop research protocols and enhance our scientific knowledge to improve our 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.



87 academic partnerships
in **18** countries
since 2002.



6 academic partnerships signed
per year since 2002 on average.



7 academic partnerships signed
in 2018.



Over **60** academic publications based on our dataset (articles, working papers, PhD Theses, reports).



Research features in numerous **FT** top-ranking academic journals.

In 2018, Vigeo Eiris signed 7 new academic partnerships with the following universities:

- Yale Initiative on Sustainable Finance (USA) - Sustainability disclosure and corporate liability in France
- Monash University (Australia) - Is there a decarbonisation risk factor?
- ETUI (European Trade Union Institute) Belgium - Analysis of the correlations between financial performance and CSR performance by country
- University of Poitiers (CEREGE) - Analysis of data and information on mental health issues in the workplace and psychosocial risks
- Ecole Polytechnique (France) – PhD Research: Climate Risks and Bond Markets
- Creighton University (USA) – PhD Research: The Value Reference of CSR: evidence from the association between disagreement about CSR performance and disagreement about firm fundamentals
- Dongbei University of Finance (China) – PhD Research: How does CSR impact financial performance? Evidence from Africa

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 awards 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 1,500 EUR to the successful candidate. In 2018, Vigeo Eiris' contribution was increased to 2,500 EUR to benefit the 3 recipients of the award.



Vigeo Eiris' 3rd academic conference

On 12 October 2018, Vigeo Eiris held its 3rd academic conference at Dauphine University, Paris. Organised in partnership with RIODD and Dauphine University, this morning conference brought together researchers presenting the results of their work based on Vigeo Eiris data, members of our Scientific Committee and other high-level speakers such as Hélène Valade, President of ORSE and Philippe Desfossés, Director of ERAFP. More than 90 people attended!



Philanthropy and community involvement

Vigeo Eiris supports various social initiatives, demonstrating its commitment to community involvement. This is mainly through charitable donations of used electronics, IT equipment or office furniture, fundraising and mentoring.

<p>Rabat and Casablanca</p>	<p>Philanthropy: in 2018, Vigeo Eiris Morocco offered financial support to an association representing disabled children: 'Malaika Association for Down's Syndrome Children'.</p> <p>Charitable Donations: A new convention was also signed with Al Jisr, a local NGO which contributes to improving the performance of the Moroccan education system, protecting the environment and improving the employability of young people who have dropped out of school through training and socio-professional integration programmes. Vigeo Eiris donated 18 laptops, 4 printers, 3 flat screen monitors, 3 telephones and other IT equipment to Al Jisr as part of the Green Chip project, which consists of collecting used IT equipment from public and private companies that will either be used to equip public schools, or recycled in compliance with current environmental standards, offering young school leavers a diploma course in IT maintenance.</p>
<p>Paris</p>	<p>Charitable Donations: In 2017, our Paris team devoted a day to recycling old equipment including computers, machines, office furniture and paper archives. Old paper documents were donated to an association (Recyclage Eco-citoyen), which recycles paper and turns it into school notebooks for children.</p> <p>Mentoring: we also provide mentoring and contribute to university-level education. In 2018, we contributed to La Sorbonne's Master's degree in Sustainable Development and Economics by supervising 4 students during their master's dissertation.</p>
<p>London</p>	<p>Charitable Donations: in 2018 our London office donated 23 pieces of IT equipment to Computer Aid International, which sent 100% of our donations to a developing country. The London team also supported two local charities with donations of office furniture: the British Heart Foundation and Emmaus Lambeth, a local homelessness charity that provides homes and meaningful work to 27 formerly homeless people.</p> <p>Mentoring: our staff mentored 2 school-age young people in 2018, meeting them regularly to discuss their career aspirations and encourage them. We also provided work placements for the young people, who are sixth formers from Lambeth (the 5th most deprived borough in London and 19th most deprived borough in England. 59% of Lambeth children live in low-income households).</p> <p>Fundraising: in 2018 we supported Macmillan's biggest fundraising event for people facing cancer and held a coffee morning. Staff baked and brought in cakes, and donations from the day were made to Macmillan.</p>

Forward: a new era for Vigeo Eiris and sustainability ratings

This report covers our 2018 activities in relation to our commitments towards the UN Global Compact.

We invite readers to note our announcement of 15 April 2019 regarding the change to our shareholder structure: Vigeo Eiris is now an affiliate of Moody's Investors Service (MIS). The details surrounding this significant development will be published in our 2019 UNGC report, to be published in 2020. For more information, readers are invited to view [Moody's statement](#), [Vigeo Eiris statement](#) and our President Nicole Notat's interviews in [Novethic](#), as well as other resources and articles available online.

Looking back, we are incredibly proud, and at the same time very humble, about what Vigeo Eiris has achieved so far in contributing to a sustainable financial market globally. In 2002 we were one of the first ESG rating agencies to develop a dedicated and rigorous ESG methodology for corporates, built against international norms and standards such as the OECD guidelines for Multinational Corporations, ILO Conventions and Recommendations and international climate and biodiversity agreements. Fast-forward 17 years to 2019 and our methodology, research, production, sales and delivery systems are now certified by the ISO 9001 quality standard, showing our potential to become a global leader in the ESG assessment space.

Although many challenges remain ahead of us to further develop sustainable finance and responsible investment practice, the ESG assessment industry is now moving towards increasing understanding and recognition from governments, businesses and investors alike; it is within this dynamic context that we will continue to raise the bar in terms of sustainability risk assessments.

Vigeo Eiris plays a critical role between issuers and investors; also serving the legitimate expectations, interests and rights, including fundamental human rights, of all stakeholders within the global financial market.

Through our work, we will continue promoting key international standards and principles such as the UN SDGs that help measure company ESG performance in a tangible way, while developing products that make a significant contribution towards sustainable finance such as green, social and sustainable bonds and loans.

In the same spirit, we will continue to monitor and improve our own impact, reporting and accountability to our stakeholders.

Fouad Benseddik

Head of Methodology and Institutional Affairs



Vigeo Eiris is an independent international provider of environmental, social and governance (ESG) research and services for investors and public & private organisations. We undertake risk assessments and evaluate the level of integration of sustainability factors within the strategy and operations of organisations.

Vigeo Eiris offers a wide range of services:

- For investors: decision-making support covering all sustainable and ethical investment approaches (including ratings, databases, sector analyses, portfolio analyses, structured products, indices and more)
- For companies & organisations: supporting the integration of ESG criteria into business functions and strategic operations (including sustainable bonds, corporate ratings, CSR evaluations and more).

Vigeo Eiris obtained ISO 9001: 2015 certification for its processes relating to methodology, rating, sale and delivery of its data to all types of investors.

With a team of more than 240 experts of 28 different nationalities, Vigeo Eiris is present in Paris, London, Brussels, Casablanca, Hong Kong, Milan, Montreal, New York, Rabat, Santiago and Stockholm. The Vigeo Eiris Global Network, comprising 4 exclusive research partners, is present in Brazil, Germany, Israel and Japan.

For more information: www.vigeo-eiris.com



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