

THE ETHIBEL SUSTAINABILITY INDICES (ESI)

Rulebook (As of January 1st, 2007)

The Ethibel Sustainability Indices combine a sound financial return with a positive impact on society by selecting the world's leading companies in terms of sustainability.

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1. Executive summary

The Ethibel Sustainability Indices (ESI) provide a comprehensive perspective on the financial performance of the world's leading companies in terms of sustainability for institutional investors, asset managers, banks and retail investors. This set of indices was first published on June 27, 2002.

The ESI indices are owned by Vigeo (www.vigeo.com), following the merger of Stock at Stake SA (member of the Ethibel Group) and Vigeo SA at the end of 2005. Their composition is based upon the Ethibel Registers, which are defined independently by Forum Ethibel (www.ethibel.org).

Vigeo has contracted Standard & Poor's to maintain and calculate the Ethibel Sustainability Indices. The Indices are designed to approximate the sector weights on the mainstream financial benchmarks, but the selection remains the exclusive responsibility of Forum ETHIBEL. They are free-float weighted indices containing the pioneer and best-in-class companies with respect to sustainability across sectors and regions in Europe, the Americas and Asia Pacific.

The Ethibel Sustainability Index (ESI) groups four indices: ESI Pioneer Global, ESI Pioneer Europe, ESI Excellence Global and ESI Excellence Europe. Furthermore, there exists one ESI Excellence Europe Institutional – a customized index based upon the ESI Excellence Europe.

Each of the ESI Global indices is calculated as price and total return indices in both USD and EUR; the ESI Europe indices are only calculated in EUR. The base value for all indices is 1000 on December 31, 1997.

All the constituents in the Index are included in the Ethibel Investment Universe, which is a broader list of sustainability leaders around the world that have passed Forum Ethibel's screening methodology and criteria. This investment universe (the Ethibel Register) is divided into an Ethibel Pioneer Register and an Ethibel Excellence Register.

The distinctive characteristics of Ethibel's methodology originate from the integration of the two strongest concepts of Corporate Social Responsibility: sustainable development and stakeholder involvement. Sustainable development focuses on the content of the research. All the aspects of the social responsibility of a company, including its social, environmental and economic policy, are taken into account: the people-planet-profit approach. A specific aspect of the Ethibel research process is the permanent dialogue with all the stakeholders, including the company, at every stage of the research and evaluation process. This research is carried out by Vigeo.

The Ethibel Sustainability Indices apply the same criteria and give equal weights to company scores on social, environmental and economic criteria, regardless of the type of company or the sector. Different sectors and regions are facing different key CSR issues and the concept of Corporate Social Responsibility changes over time. The research methodology reflects those changes.

The Ethibel Sustainability Indices are reviewed semestery to ensure that the index composition accurately represents the world's leading companies in terms of sustainability. Forum Ethibel aims at selecting the pioneers and best-in-class companies in their respective sectors and regions throughout the world. There is no fixed percentage of market capitalization per sector or industry group for the indices when compared to the mainstream financial benchmarks. Semestery reviews are implemented on the third Friday in March and September to become effective the next trading day.

2. About Forum Ethibel and Vigeo

The not-for-profit organisation Forum Ethibel has been offering sustainable investment advice and services since 1992. The Ethibel Pioneer and Excellence Labels for SRI investment funds are well adopted in Belgium and are making inroads in other European countries.

In a drive to guarantee the most objective approach possible, Forum Ethibel decided to separate its research activities from its evaluation of companies and countries. Therefore, Forum Ethibel founded the limited company Stock at Stake in 2000. Stock at Stake merged with the french Vigeo in 2005.

Vigeo (www.vigeo.com) is a supplier of extra-financial analysis, measuring companies' performance in the field of Sustainable Development & Social Responsibility to supply this information to Asset Managers. Vigeo is also specialised in Social Responsibility audits for companies and organisations.

On the Forum Ethibel website (www.ethibel.org), one can find more detailed information about the Ethibel Labels, the Ethibel Certification, the Ethibel Sustainability Indices and the Ethibel Research Methodology.

3. Introduction

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

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

- “Sustainable development” is reflected in the content of the research: all aspects of corporate social responsibility are taken into account.
- “Stakeholder involvement” stresses the importance of the permanent dialogue with all stakeholders at all the stages of the research and evaluation process.

4. Typology of SRI Funds

Forum Ethibel classifies SRI investment funds (or indices) into four generations. This classification reflects an evolution in the research of companies, from a narrow moralistic view to a global concept of corporate responsibility.

- The first generation consists of funds that only apply negative criteria, for instance no investment in tobacco, arms, nuclear energy, etc.
- The second generation applies positive criteria on a limited scope of corporate responsibility, e.g. ‘green funds’ or environmental technology funds.
- The third generation applies positive criteria on all fields of corporate responsibility, which are the environment, the internal social policy, the economic policy, and the external social policy.

- SRI investment funds of the fourth generation apply the same type of criteria as funds of the third generation, but they distinguish themselves by the systematic use of stakeholder involvement in research and assessment of companies, by strong internal quality control procedures and finally by a balanced evaluation, independent of both research and fund management.

Forum Ethibel has chosen to promote the fourth generation of investment funds and indices. These funds or indices include companies respectful of the values and expectations of their stakeholders. Thanks to a thorough research and evaluation methodology, Forum Ethibel is able to select those companies that comply with a broad view on the concept of corporate social responsibility.

To support the promotion of these funds, Forum Ethibel has created in the mid nineties the Ethibel Label system, a European collective quality label for sustainable investing. This Label (Pioneer or Excellence) is only awarded to funds of the fourth generation. In addition, the launch of the Ethibel Sustainability Indices, back in June 2002, provides a solid SRI benchmark for institutional investors based on the work done for the Ethibel Label.

5. Characteristics of the methodology

The main features of Ethibel's screening methodology are:

- An integrated approach to sustainability;
- A multi-stakeholder approach;
- A clear distinction between research and evaluation responsibilities;
- Strong internal quality procedures.

5.1 The sustainability approach

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

- Covering all the issues related to corporate social responsibility (internal and external social policy, environmental policy, economic policy).
- Covering all the activities of the company (also peripheral activities, activities outside the home country and activities of subsidiaries). The activities of suppliers and subcontractors are taken into account.
- Covering the actual and the future situation, taking into account long- and mid-term investments of the company, which will influence the next generations.

5.2 The multi-stakeholder approach

The responsibility of companies vis-à-vis society cannot be viewed separately from the values and expectations of society and the numerous stakeholder groups.

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

Methodology

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

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

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

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

Data collecting

During the research conducted by Vigeo, Forum Ethibel not only concentrates on information disclosed by the company, but also enters into an active dialogue with the company and all its key stakeholders.

Evaluation

Forum Ethibel's Board of Directors takes the final decision on whether companies should be included in the Investment Register. A Committee of experts (the Register Committee) in the fields of corporate ethics, environment, human resources, labour relations, economics, human rights and international relations advises the Board on the acceptability of companies – on a company per company basis. This procedure guarantees a balanced and independent evaluation.

5.3 Independent research and evaluation

In order to avoid conflicts of interest and bias, the research activities have been separated from the evaluation procedure. Research is carried out by Vigeo, strictly applying the research methodology developed by Forum Ethibel. Forum Ethibel organizes the evaluation process, based on the results of the research.

5.4 Internal quality procedures

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

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

6. The research methodology

6.1 Scope

The research for the ESI is carried out by Vigeo. According to its methodology, Vigeo assesses and rates company performance on 6 widely accepted stakeholder themes, namely:

- Community Involvement
- Corporate Governance
- Business Behaviour
- Environment
- Human Resources
- Human Rights

Corporate strategy and decision-making are analysed and assessed in light of each of these domains in order to determine the effect and impact on stakeholders.

Based on this fundamental research, the reviewed companies are classified according to the core of Ethibel's methodology: the analysis of companies' policies and performances in the four fields of corporate social responsibility. These four fields are: internal social policy, environmental policy, external social policy and economic policy.

6.1.1 Internal social policy

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

6.1.2 Environmental policy

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

6.1.3 External social policy

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

6.1.4 Economic policy

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

6.1.5 Exclusionary and controversial activities

Apart from the analysis of companies with respect to the fields described above, Forum Ethibel has developed specific procedures for identifying and addressing the involvement of companies in technologies and practices which are subject to public controversy, such as nuclear energy programs, the production and trade in alcohol, the production and trade in

tobacco, the manufacture and trade of arms, violations of animal welfare, the gambling industry, pornography, the genetic modification of organisms and the development and spread of pesticides.

Each procedure makes it possible to determine the degree of involvement of a company: none, minor or major. The involvement in technologies and practices subject to public controversy play an important role in the evaluation process. Major involvement in the manufacture and trade of arms, nuclear energy and/or animal testing leads to the exclusion of the company. Minor involvement in these activities and/or involvement in any of the other controversial activities are the subject of evaluation by the Register Committee.

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

6.2 Procedures

6.2.1 Information gathering

Information is gathered from different types of sources:

Company information

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

A dialogue with every company that is screened is essential to understand the company's position and policy and to take into account its point of view regarding areas of conflict with stakeholders.

Information systems

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

Stakeholder input

The stakeholder dialogue is a very important element of the Ethibel research methodology. Vigeo identifies the relevant stakeholder groups for each company and actively seeks their opinion on the company's policy and performance. Relevant trade unions, environmental groups, consumer groups and human rights organizations are contacted wherever possible.

Finding the "right" stakeholders is a specialist task that requires a thorough familiarity with the NGO sector. Stakeholders must be relevant. Amongst other things, this means that in addition to the necessary level of representation, they must have the specific knowledge and expertise to evaluate the company's policy in a critical way. Stakeholders are often concerned with a particular problem in a particular region. Vigeo contacts these local stakeholders.

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

6.2.2 Analysis

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

An internal quality control of the profile is carried out within the context of the Vigeo quality management system.

6.2.3 The rating system

In practice, Vigeo assesses and rates company non-financial performance for each stakeholder theme or criterion on the basis of a three step methodology which assesses a company's commitment to:

1) Leadership	The role of management in institutionalising each stakeholder criterion into company policy and strategy
2) Implementation	The programmes and actions undertaken by the company to put policy and strategy into real practice for each stakeholder criterion
3) Results	The degree, level and consistency of realisation of policy and strategy and stakeholder satisfaction for each stakeholder criterion supported by quantified performance data

Following the application of the Vigeo methodology, companies are ultimately awarded a rating on each of the six Vigeo domains. Each rating is designed to be illustrative of a company's performance on each domain vis-à-vis other companies in its respective industry sector.

Table: Ratings

<i>Ratings per criterion</i>	
Pioneer	++
Advanced	+
Average	=
Below average	-
Unconcerned	--

Based on this fundamental research, the reviewed companies are reclassified according to the four Ethibel fields of corporate social responsibility. For each of these fields, the researchers implicitly employ three kinds of criteria:

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

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

be rated on a sectoral comparison only. For all the topics, the Ethibel methodology describes clearly what level of performance has to be reached.

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

7. The evaluation methodology

The researchers themselves do not carry out the evaluation of companies. The detailed company profile combined with the rating is submitted to the Register Committee, an external and independent committee of experts.

The Ethibel Register Committee

The Register Committee brings together academics in the field of corporate social responsibility, experts with a trade union background, environmentalists, human rights specialists and many others. They act in the committee in their personal capacity and in no way represent the organisations where they acquired their professional knowledge. The independent nature of this body guarantees a balanced evaluation of company profiles.

The Register Committee evaluates the quality of the profile and advises the Forum Ethibel Board of Directors on the company's eventual inclusion in the Ethibel Investment Registers (Pioneer or Excellence).

The Register Committee evaluates the company in an integrated way. This means that the company is considered as a whole and that all fields of corporate social responsibility are taken into account and are considered as equally important. For instance, a company with an outstanding performance in the field of environmental policy but demonstrating substantial shortcomings in the field of human rights will not be approved.

The Register Committee evaluates the companies from a dynamic point of view, which means that the company's evolution in terms of Corporate Social Responsibility is taken into consideration.

The Register Committee also looks at the sector and regional context in which a company operates.

The Ethibel Pioneer Register contains real pioneers in corporate social responsibility and the best companies in all sectors and regions. The Ethibel Excellence Register also includes the companies within the average of the sector, compared to the market capitalization of the reference financial benchmark in each sector (of note: a minimum of 25% is guaranteed in the Ethibel Excellence Register).

The Board of Directors of Forum Ethibel

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

For the current composition of the members of both the Register Committee and the Board of Directors of Forum Ethibel, please check the website www.ethibel.org.

8. Monitoring and follow-up

Companies included in the Ethibel Investment Registers are monitored on a permanent basis. The company profiles are updated on an 18 to 24 months basis.

Whenever a problem arises that might question the presence in the Ethibel Investment Registers, the company is screened again and a report is submitted to the Register Committee for re-evaluation. This can lead to the exclusion of the company from the Ethibel Investment Registers.

9. Register versus index constituents

The Ethibel Investment Registers (Pioneer / Excellence) form the backbone of Forum Ethibel' screening methodology and evaluation. It is used to give the Ethibel Labels (Pioneer / Excellence) to SRI investment funds of the fourth generation that only invest in constituents of the Ethibel Investment Registers.

The Ethibel Labels are collective and registered throughout Europe. In fact, the list of both Investment Registers constituents is the final result of the CSR company research organized by Forum Ethibel. Only companies that are evaluated positively by the Register Committee to be a pioneer, best-in-class company or within average in their respective sector and region are sent for approval to the Board of Directors of Forum Ethibel. The Forum Ethibel Board has the final responsibility and sole decision power to add or delete (as the case may be) a company, an organization or any product to the Ethibel Investment Registers.

There is no fixed number of scheduled meetings a year for the Register Committee. Generally, the Register Committee will meet approximately 8 times in the course of one year. Shortly after these meetings, the proposed changes to the list of Register constituents are sent to the Board of Directors of Forum Ethibel. Only a couple of days later, the Board of Directors holds a meeting, discusses the proposed changes and takes a decision. As the case may be, a proposal can be sent back to the next meeting of the Register Committee for further discussion. In the meantime, new elements or additional information to support decision-making can be gathered. In the days after the Board of Directors has taken a decision to add or remove any company from the Investment Registers, all users of the Ethibel Labels and licensees of the Ethibel Sustainability Indices are both informed simultaneously through an e-mail and Forum Ethibel's website. As of December 2006, 392 companies are included in the Ethibel Excellence Investment Register; 239 companies are included in the Ethibel Pioneer Investment Register.

At the end of 2006, 193 companies out of the Ethibel Pioneer Investment Register and 307 out of the Ethibel Excellence Investment Register were found eligible by the Index Committee to be included in the Ethibel Sustainability Indices. There are no companies outside of the Registers included in the Indices. Only constituents of the Ethibel Investment Registers are deemed to be a candidate for inclusion.

10. Index Committee

The Index Committee is responsible for all issues regarding the Ethibel Sustainability Indices, mainly the index policy, the relationship with the index provider, the index construction and all promotional materials like for example the rulebook of the index. Right now, the Board of Directors of Forum Ethibel assumes the responsibilities of the Index Committee. The Index Committee meets quarterly to review policy and on an ad-hoc basis should circumstances dictate. For further details about the eligibility and working of the Index Committee, see the section about Index Construction on the following pages.

11. Index construction

11.1 Objectives

The Ethibel Sustainability Indices combines a sound financial return with a positive impact on society by selecting the world's leading companies in terms of sustainability.

The initial objectives are threefold:

1. To advance and increase the awareness in Socially Responsible Investing (SRI) and Corporate Social Responsibility (CSR) by creating a high quality and visible product in the market;
2. To enable institutional investors to benchmark their investments with a reliable index and to provide a tool for advancing SRI;
3. To build experience about the performance of SRI screening.

11.2 Concept

The Ethibel Sustainability Indices (ESI) groups two global and two regional indices:

- Ethibel Pioneer Sustainability Index Global (ESI Pioneer Global)
- Ethibel Pioneer Sustainability Index Europe (ESI Pioneer Europe)
- Ethibel Excellence Sustainability Index Global (ESI Excellence Global)
- Ethibel Excellence Sustainability Index Europe (ESI Excellence Europe)

Moreover, on demand of a specific client, Forum Ethibel has developed an Ethibel Excellence Sustainability Index Europe Institutional (ESI Excellence Europe Institutional).

Each of the ESI Global indices is calculated as price and total return indices in both USD and EUR; the ESI Europe indices are calculated in EUR. The base value for all indices is 1000 on December 31st, 1997.

The Indices are designed to approximate the sector weights on the S&P Global 1200, but the selection remains the exclusive responsibility of Forum Ethibel. They are free-float share weighted indices containing the pioneer, best-in-class and within average companies with respect to sustainability across sectors and regions in Europe, the Americas and Asia Pacific. The ESI Excellence Europe Institutional Index is weighted against the client's financial benchmark.

All the constituents in the Indices are included in the Ethibel Investment Registers. There is no fixed percentage of market capitalization per sector or industry for the indices when compared to the S&P Global 1200 or other financial benchmarks. There is no capping as to the maximum weight of an individual company in the indices. Semesterly reviews are implemented on the third Friday in March and September to become effective the next trading day.

The Ethibel Indices provide economic diversity over ten market sectors, using the Global Industry Classification Standard (GICS). These include Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services, and Utilities. In the ESI Excellence indices, a minimum market capitalization of 25% compared to the financial benchmark in each sector is guaranteed.

11.3 Eligibility

Forum Ethibel uses two main criteria to judge the eligibility of companies: sustainability performance and index construction.

Sustainability performance always precedes and overrules index construction as a criterium. The Ethibel Indices aim at selecting the world leaders in terms of sustainability. The Ethibel methodology, previously described in this rulebook, clarifies the rigorous research and selection process undertaken by Forum Ethibel.

Only those companies that are included in the Ethibel Investment Registers are eligible for inclusion with respect to the sustainability criterium. The sole responsibility about the Ethibel Investment Registers resides with the Board of Directors of Forum Ethibel.

The Index Committee does the index construction. To provide investors with a broad index, Forum Ethibel uses the S&P Global 1200 as a base constituent universe index for the ESI Global. The Ethibel Indices are designed to approximate the sector weights on the S&P Global 1200 or other financial benchmarks, but the selection remains the exclusive responsibility of Forum Ethibel.

Companies are screened for:

- Sector representation
- Size
- Liquidity
- Foreign investment limits

Where there are multiple classes of a particular equity, all classes are deemed eligible if they meet the criteria for size, liquidity, foreign investability rules and sector representation. The final decision on eligibility for the index resides with the Index Committee. For example, if in any given sector two or more candidates are eligible with respect to sustainability, the Index Committee judges which candidates are suitable for inclusion in the index. The decision is influenced by concerns about, among others, sector representation, size, liquidity and fundamentals.

11.3.1 Liquidity

Stocks are reviewed by Standard and Poor's according to liquidity, measured by the stock's 12-month dollar value traded, float turnover, and number of days traded. Value traded is also reviewed on a regular basis to ensure ample liquidity and efficient share pricing.

11.3.2 Sector Representation

Forum Ethibel's goal is to select the most liquid, sector representative stocks in each region/country that fulfill the criteria of the Ethibel methodology and subsequently are selected as sustainability leaders. As a result, it is possible that not all sectors within each region/country are represented in a similar manner as the weightings in the reference index. 1200.

For sector representation, Standard & Poor's generally classifies a stock according to its primary line of business, as defined by revenues, earnings, and market analysis. For example, companies with multiple lines of businesses would be assigned to the industry that accounts for the largest percentage of its revenues, if these revenues represent a dominant portion of the company's business. There are exceptions to this policy, particularly in cases where there is no predominant source of revenue. Standard & Poor's defines an economic

sector as a group of industries that have similar fundamental characteristics. An industry is defined as a collection of companies with similar primary lines of businesses.

11.3.3 Size

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

11.3.4 Foreign Investment Limit

Stocks are adjusted for foreign investment limits that exist either at the national level, for strategic companies or industries, or within the company by-laws where there are specific limits to level of foreign investment. In countries with regulated environments, the IWF will reflect either the foreign investment limit or the percentage float whichever is more restrictive. Some Asian and Latin American markets currently have such foreign investment limits.

11.3.5 Fundamental Analysis

Standard & Poor's rigorously analyzes both the financial and operating condition of each company for its indices. The goal is to add companies to their indices that are relatively stable, thereby minimizing index turnover. The Index Committee of Forum Ethibel takes the final decision with respect to eligibility. Pre-screening of companies for the Ethibel Investment Registers is focused primarily on existing constituents' universe of any of the S&P's indices. By doing so, Forum Ethibel relies indirectly on the fundamental analysis of S&P's.

11.4 Float adjustment

The ownership of a company's outstanding shares is analyzed in order to screen for investable market capitalization. Shares held by governments, corporations, strategic partners or other control groups are excluded from the company's available float. Shares owned by other corporations are excluded regardless of whether they are index constituents or not. Analysis of the companies' ownership includes those major shareholders that own 5% or more of the shares outstanding of the specific share class used in the index calculation. The float adjustment rule above applies to all S&P Global 1200 regional/country components except the S&P 500.

11.4.1 Investable Weight Factor (IWF) or Float Shares

$IWF = 1 - \text{Sum of the \% held by major shareholders}$

Revisions to companies' IWFs are done once a year by S&P's in order to avoid frequent rebalancing on the part of fund managers. The date will vary by region/country. For specific dates, please refer to the S&P's methodology available through their website. IWF changes greater than or equal to 5%, however, will be implemented as soon as reasonably possible when they result from a major corporate action; i.e., privatization, merger, takeover, share offerings etc. For specific information, refer to the S&P's methodology available through their website.

Example of Calculation of the IWF

The following is an example of the IWF calculation when shares are mutually held between three companies (company A, company B and company C) and all three are index constituents.

	Owner	Owner	Owner	Total % Held	IWF=1-sum of Total %
Companies					
Owned	Co.A	Co.B	Co. C		
A		0.05	0.0705	0.1205	0.8795
B	0.05		0.09	0.14	0.86
C	0.06	0.1		0.16	0.84

In the above example, Company B owns 5% of Company A and Company C owns 7.05% of Company A. The sum of the total percentage held is 12.05%. This leaves an available float of 87.95% for Company A.

Company A owns 5% of Company B and Company C owns 9% of Company B. The sum of the total held is 14%, producing an IWF of 86% for Company B.

Company A owns 6% of Company C and Company B owns 10% of Company C. The sum of the total held is 16%, producing an IWF of 84% for Company C.

11.4.2 Share Float – Threshold

Some companies may be closely held, but still highly liquid relative to other companies within the same sector. For this reason, certain stocks with less than .25 float turnover can be included in the indices.

11.5 ESI Excellence Europe Institutional Index

Unlike for the regular ESI Indices, the Index Committee uses additional criteria regarding the ESI Excellence Europe Institutional Index to approximate the client's financial benchmark. This customization is done by Vigeo on clients' demand.

To approximate the financial benchmark as much as possible, following criteria are taken into consideration:

- Sector representation
 - Sector multipliers

In order to approximate the sector weightings of the benchmark, the Index Committee has approved the use of sector multipliers. These multipliers can be adapted once a year, at the time of the annual review of the indices (3rd Friday of September).
- Regional representation

In order to determine whether to include (or not) new eligible values out of the Ethibel Excellence Europe Register, obtaining a better tracking error is the main criterion. To evaluate the tracking error performance, absolute risks (e.g. individual weights) as well as relative risks indicators (e.g. size, momentum, market sensitivity, variability, growth, leverage, value, foreign exposure, yield risks) are taken into consideration.

Before taking a final decision regarding the index composition and sector multipliers, the Index Committee will ask the advice and opinion of the asset manager(s) dealing with the ESI Excellence Europe Institutional. The Committee's proposals for adaptations are thus presented before September 1st and the asset manager(s) are given 7 business days to react. Final decision will be taken by the Index Committee on the 3rd Monday of September.

12. Annual review

12.1 Methodology Review

An annual review conducted every September will focus on an assessment and review of the ESI methodology (e.g. the selection process – criteria, etc.).

12.2 Selection Review

The annual review of the ESI takes place in September. This review will include a global assessment and review of the performance of all of the companies included in the ESI. Moreover, it will include a review of the IWF based on updated major shareholders' ownership of each company (see 14.2.1).

As a result, it is also the only moment to make changes to the sector multipliers for the ESI Excellence Europe Institutional.

Review Dates

The results of the annual review process and any changes to the ESI's constituents will be announced at least two business days before implementation. Implementation of any changes to the ESI will be based on the closing share price on the third Friday of September and will become effective on the next trading day.

13. Semesterly reviews - Sustainability performance

Semesterly reviews focus on selecting or removing companies from the ESI.

Every semester, the Index Committee maintains the right to add, remove, and by-pass any company in the selection of companies for the indices. Though, the Index Committee has the responsibility to make sure only eligible companies are included in the indices (see rules on eligibility on page 15). The sole responsibility for selection of the constituents of the Ethibel Investment Registers lays in the hands of the Board of Directors of Forum Ethibel.

About 8 times a year, the Register Committee holds a meeting and subsequently the Board of Directors of Forum Ethibel might change the constituents' portfolio of the Ethibel Investment Registers based on the proposal. All changes with respect to the sustainability performance of companies are implemented at the close of the third Friday in March and September.

14. On-going maintenance

On-going monitoring of companies within the ESI universe will allow for the incorporation of any scheduled or unscheduled changes (i.e. corporate changes and/or changes in the benchmark financial universe), which occur between the scheduled annual or semesterly reviews.

A guiding principle of both S&P's and Ethibel's indices management is the minimization of turnover among index constituents.

14.1 Corporate events

Corporate events handle a number of events that might occur in the course of business and that affect the constituents of the index.

Forum Ethibel follows automatically the index maintenance as it is done by S&P's for the constituents of the S&P Global 1200 index. Whereas responsibility about the eligibility of a company resides with the Index Committee of Forum Ethibel, the index maintenance by S&P's for the constituents of the S&P Global 1200 is reflected fully into the composition of the Ethibel Sustainability Indices.

The only exception results from the fact that there are a number of companies added to the Ethibel Sustainability Indices that are not included in the S&P Global 1200 at the time. For these companies, the Ethibel Sustainability Indices follow the S&P index maintenance only for all major events like bankruptcy, mergers, takeovers and delisting. The Index Committee of Forum Ethibel will judge other possible corporate events for these companies and the change, if any, would then occur at the next upcoming semesterly review.

14.2 Index Changes

An index addition generally will only be made to an S&P index if a vacancy is created by an index deletion. In the case of a custom index like the Ethibel Sustainability Indices, index additions are mainly the result of sustainability research and evaluation. Forum Ethibel plans to keep on adding companies to its Ethibel Investment Registers. Therefore, it can be prudently forecasted that the Ethibel Sustainability Indices will also have a higher number of constituents going forward. The research planning of Vigeo aims at a total of approximately 340 constituents for ESI Global and 200 constituents for ESI Europe by 2010, but Forum Ethibel assumes no responsibility or obligation at all to any party or client if these figures are not met.

The Index Committee will continuously select new companies out of the Ethibel Investment Registers after an analysis of qualified companies' relative market size and liquidity, with a bias toward preserving sector and country representation in each one of the Ethibel Sustainability Indices. The additions will only occur at the time of the semesterly review in March and September. Index changes, as the case may be, are automatically triggered and implemented by S&P's based on index maintenance for the S&P Global 1200. Index additions driven by S&P's will occur, only in the case of mergers and takeovers whereby both companies are index constituents.

14.2.1 Revisions to the IWF

Once a year, the IWF will be revised, based on updated major shareholders' ownership of each company. As stated above, more frequent IWF changes greater than or equal to 5% will be implemented as soon as is reasonably possible when they result from a major corporate action; i.e., privatization, merger, takeover, share offerings, etc. The float adjustment rule above applies to all S&P Global 1200 regional/country components except the S&P 500.

14.2.2 Index Additions

Merger and acquisitions

Forum Ethibel will announce additions to the index, due to mergers or takeovers, at least 2 business days prior to implementation, whenever possible, by means of an e-mail service sent to index licensees.

- If two merging companies, both the acquiring and the acquired, are index constituents, we will likely include the new merged entity in the index.

- If a non-constituent absorbs a current constituent of the S&P Global 1200, it will be removed from the appropriate index.

Spin-offs

The Index Committee of Forum Ethibel reviews, case by case, a spin-off of a constituent for Index inclusion or exclusion. This review is considered as if it were a new company.

Restructuring

As soon as it is announced, each company's restructuring plan is analyzed in depth. The restructured company is reviewed for inclusion or exclusion.

14.2.3 Index Deletions

Deletions to each one of the indices due to corporate actions such as delistings, bankruptcy, or spin-offs will generally be announced at least 2 business days prior to implementation whenever possible, by means of an e-mail service sent to index licensees by Forum Ethibel. The most common reason for deleting a stock from an S&P Global 1200 regional/country index (and implicitly from Ethibel Sustainability Indices) is its acquisition by another company. Additionally, stocks may be deleted for a number of reasons.

Bankruptcy

A company can be removed from the index immediately after filing for bankruptcy or as soon as an alternative recapitalisation plan that changes the company's debt-equity mix, is approved by shareholders.

Restructuring

As soon as it is announced, each company's restructuring plan is analyzed in depth. The restructured company is reviewed for inclusion or exclusion.

Lack of Representation

A company may be removed from the index if it no longer meets current criteria for inclusion or is no longer representative of its industry group in terms of relative size and liquidity.

Spin-offs

The Index Committee of Forum Ethibel reviews, case by case, a spin-off of a constituent for Index inclusion or exclusion. This review is considered as if it were a new company.

14.3 Index Rebalancing

Semesterly index rebalancing includes all share updates, and revisions to the index portfolio. All of the above are implemented at the close of the third Friday in March and September or at the close of the expiry of futures contracts for all S&P Global 1200 regional/country components except the S&P/TOPIX 150, which is the second Friday of the last month every semester. Forum Ethibel generally announces semesterly revisions to the index portfolio that may include additions or deletions two business days before the effective date by means of a web announcement, an e-mail service or a press release. Investable weight factor changes are done once a year at the close of business on the third Friday of September.

14.4 Ongoing Changes

Changes in the number of shares outstanding driven by corporate events such as stock dividends, splits and rights issues will be adjusted on the ex-date. New issuance of shares greater than 5% or investable weight factor changes greater than 5% will be announced on Wednesdays, to be effective on Friday's close of business for all S&P Global 1200

regional/country components except the S&P 500, and the S&P/TSE60. For more specific information on the S&P 500 and S&P/TSE60 please refer to the S&P's methodology available through their website. All share changes of less than 5% are updated on a semesterly basis, the third Friday of March and September or at the close of the expiry of futures contracts for all S&P Global 1200 regional/country components except the S&P/TOPIX 150. For more specific information on the S&P/TOPIX 150 please refer to the S&P's methodology available through their website. Investable weight factor changes are implemented once a year at the close of business on the third Friday of September. Additions and deletions driven by a corporate event are generally implemented when the deal has been declared wholly unconditional. Should a conditionality clause exist, S&P/ Forum Ethibel will analyze and treat each event on a case-by-case basis. Announcement of new additions or deletions due to rebalancing are generally announced two business days before the effective date by way of a web announcement, an e-mail service or a press release.

14.5 GICS Changes

Changes in sector and industry classification are done once a month at the close of business on the last business day of the month. Announcements about the upcoming sector/industry changes are made two days before the effective date via web announcement and e-mail.

15. Index Calculation

15.1 Holidays

The indices are calculated every day. January 1st is the only day when neither the S&P Global 1200 nor any of Ethibel Sustainability Indices will be calculated. The dissemination is end-of-day on each business day in New York.

15.2 Recalculation Policy

Standard & Poor's attempts on a best-efforts basis to avoid incorrect data affecting the indices. In the event that it happens, incorrect share calculations, corporate actions, and exchange rates will be corrected immediately. However, index values will not be corrected retroactively.

15.3 Intraday Recalculation

In the event that a stock changes its sedol number and consequently the Reuters code (RIC), the new RIC will be input for calculation purposes, at the opening of the market, even if the information has not been publicly disseminated on time. In the event that a new RIC is not available, the index calculation is based on the last traded price during the official trading hours on the stock exchange.

15.4 Corporate Actions

<u>Events</u>	<u>Adjustment Factor</u>	<u>Divisor Adjustment</u>
Cash Dividend	Applies to total return index only.	NO
Special Cash Dividend from non-operating income.	Adjustment for price.	YES
Stock Dividend & Split	Adjustment for price	NO

(in the same security)	Adjustment for shares	
Stock Dividend of Another company security	Adjustment for price	YES
Stock Dividend from share class A into existing share class B which is included in index	Adjustment for original security price Adjustment for other security's shares	YES
Stock Dividend of different share class, same company, but it is not included in the index	Adjustment for original security's price	YES
Reverse Split	Adjustment for price Adjustment for shares	NO
Rights Offering	Adjustment for price Adjustment for shares	YES
Rights Offering into a new share class	Adjustment for price	YES
Spin-off	Adjustment for price	YES
New Share Issuance	Adjustment for shares	YES
Reduction of Capital	No price adjustment Share reduction	YES
New addition to the index	Share increase	YES
Deletion from the index	Share decrease	YES
Merger	No price adjustment Share increase	YES
Warrant conversion into shares	No price adjustment Share increase	YES

15.5 Definitions

Adjusted Market Capitalization

Adjusted Market Capitalization = Shares Outstanding x Price x IWF

New Divisor

New Adjusted Market Cap (at close, after implementation of corporate actions) divided by the Adjusted Market Cap before corporate actions multiplied by the Old Divisor = New Divisor

Index Value

Sum of all Adjusted Market Caps for all companies divided by the Divisor = Index Value

The Index Value does not change after corporate actions are implemented. Only the divisor is adjusted to account for changes in market capitalization.

Day End Value

The day end index values are based on the official closing stock prices and relevant exchange rates.

Exchange Rate

WM/Reuters spot rates derived real time by the WM Company.

Base data and basis

All indices are based on December 31, 1997. The base value of the indices is set at 1000.

Total Return Methodology

Dividend income is added to price appreciation to arrive at total return. The total return is determined by reinvesting the daily cash dividend on the ex-date.

15.6 Index Accuracy

The level of accuracy for index calculation is as follows:

- Index Values are published rounded to 2 decimal places
- Shares outstanding are expressed in units (using exact numbers)
- Investable Weight Factors are rounded to 4 decimal places
- Exchange Rates are stated to 15 decimal places
- Market Capitalization is stated to 15 decimal places
- Index Values are calculated to 15 decimal places

15.7 Trading Hours and Prices

Pricing source is Reuters real-time feed. Though, the Ethibel Sustainability Indices are an end-of-day index. The sources are the following:

TRADING HOURS

	Open	Close
Austria	9:15am	17:30 CET
Belgium	9:00am	17:25 CET
Denmark	9:00am	17:00 CET
Finland	9:40am	18:00 CET
France	9:00am	17:30 CET
Germany	9:00am	17:15 CET
Greece	10:00am	16:30 CET
Ireland	8:00am	17:15 CET
Italy	9:15am	17:30 CET
Netherlands	9:00am	17:00 CET
Norway	10:00am	16:00 CET
Portugal	9:30am	16:30 CET
Spain	9:00am	17:30 CET
Sweden	9:30am	17:30 CET
Switzerland	9:00am	17:30 CET
UK	8:00am	16:30 CET
USA	9:00am	16:30 EST
Canada	9:30am	16:00 EST
Australia	10:00	16:00 Local
Hong Kong	10:00	16:00 Local
Singapore	9:00	16:00 Local
Japan	9:00	3:00 Local

PRICES

	Stock Exchange
Austria	Vienna S.E.
Belgium	Brussels S.E.
Denmark	Copenhagen S.E.
Finland	Helsinki S.E.
France	Paris
Germany	Xetra
Greece	Athens Stock Exchange
Ireland	Dublin S.E.
Italy	Milan S.E.
Netherlands	Amsterdam S.E.
Norway	Oslo S.E.
Portugal	Lisbon S.E.
Spain	SIBE



Sweden	Stockholm S.E.
Switzerland	SWX
UK	London
USA	NYSE, NASDAQ, AMEX
Canada	Toronto
Japan	Tokyo
Australia	Sidney
Singapore	Singapore
HongKong	Hong Kong

16. Index management & responsibilities

Forum Ethibel contracted Standard & Poor's to maintain and calculate the index. The Index Committee of Forum Ethibel has sole responsibility for the selection of companies constituting the universes of the Ethibel Sustainability Indices according to the guidelines set forth in this rulebook.

17. Dissemination of the ESI

The ESI are disseminated via major data vendors, including Bloomberg. Index calculations including index weightings, adjustment coefficients, high, low, open and close values, and index performance are also sent to index users.

The Bloomberg codes for the ESI are respectively:

Ethibel Index Pi Eur	ETHIEU
Ethibel Index Pi Eur TR	ETHIEUTR
Ethibel Index Pi Glb	ETHIGL
Ethibel Index Pi Glb TR	ETHIGLTR
Ethibel Index Ex Glb	ETHIEGL
Ethibel Index Ex Glb TR	ETHIEGLT
Ethibel Index Ex Eur	ETHIEEU
Ethibel Index Ex Eur TR	ETHIEEUT

The information regarding the ESI Excellence Europe Institutional is directly distributed amongst the respective asset manager(s) and/or licensees.

Index licensees of the Ethibel Sustainability Indices will receive all information by e-mail or through an FTP website serviced by S&P's. Forum Ethibel typically announces any Index changes two business days prior to implementation through an e-mail service.

Index additions or deletions by the Index Committee of Forum Ethibel, which are based on changes in the Ethibel Investment Registers during the previous semester, will generally be notified at least two business days prior to implementation, but it can happen sooner. The form of dissemination by Forum Ethibel is either through web announcement, e-mail service, press release or any combination of these means.

Companies included in the ESI and any changes to the Ethibel Registers will be publicly disclosed and available to all interested parties on the Forum Ethibel website at www.ethibel.org

18. Contact details

Please feel free to contact us if you have any questions,

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

For more background information about Vigeo, please visit our website (available in English and French): www.vigeo.com

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