

Global Challenges Index Factbook

Version as at
September 21st, 2009

Structure

1. Index concept
2. Index research: oekom research AG
3. Index advisory board
4. Index design
5. Index members
6. Index FAQs
7. Annex: company profiles

summary (I)



The Global Challenges Index represents an **innovation** in the field of sustainability indexes. It is the first to have succeeded in taking the guiding principle of sustainable development, often criticised for its abstract nature, and expressing it in concrete terms in seven practical fields for action. Defining key future issues makes sustainability understandable for the investor. The use of an absolute best-in-class approach, i.e. the definition of industry- and company-specific standards for the inclusion of companies in the Index, combined with the use of comprehensive exclusion criteria, means that the Global Challenges Index follows a particularly **consistent approach to sustainability**.

The deciding factor in the **selection of companies** for the Global Challenges Index is the extent to which they take an active stance as regards the major **global challenges**. Within the framework of a comprehensive analysis of political, economic and social target systems, seven global fields for action have been identified. Of particular significance in this context are the United Nations' Millennium Development Goals, the European Union's sustainability strategy, the Global Environmental Outlook of the United Nations Environment Programme (UNEP) and the ten Principles of the UN Global Compact. The Index focuses on seven of the challenges seen as particularly relevant. Furthermore, stringent exclusion criteria ensure that the Global Compact's principles are adhered to.

The seven fields for action comprise: combating the causes and consequences of **climate change**, securing adequate provision of **drinking water**, managing **forests** sustainably, preserving **biodiversity**, dealing with **population development**, combating **poverty** and establishing **governance** structures. These challenges do not stand in isolation from one another, but are closely interdependent. Climate protection measures, for example, have a positive impact on the availability of drinking water. Biodiversity and deforestation are also closely linked. This overall interdependence is particularly pertinent to the issue of poverty. Progress in the other fields for action always represents an important step toward combating poverty.

Positive and exclusion criteria are used to define the seven global fields for action in concrete terms and to create the basis for the selection of suitable companies for the Global Challenges Index. The theme of governance plays something of a special role here, as it does not so much describe an area of business, but rather defines the framework within which companies should act.

summary (II)

The opportunities for **companies** to engage, within the scope of their **core business**, in activities in the individual fields for action vary in extent. On the one hand, current trends show that companies can make a key contribution to dealing with the causes and consequences of climate change and can thereby create active opportunities for company development. On the other hand, the immediate opportunities for action in other areas, in particular those of poverty and population development, are much more complex and less obvious. Nevertheless, the Index shows that here, too, activities pointing the way forward are already taking place.

Overall, the companies which will profit are those which tackle the global challenges actively. Companies can employ innovative strategic and operative measures actively to counter risks to the companies' success arising from developments in the seven fields for action and to open up opportunities for **company development**, e.g. by

- ensuring the long-term availability of resources, for example through sustainable forestry and fisheries management,
- reducing market-price risks, for example through increasing energy efficiency and ensuring access to raw materials,
- preserving competitiveness through technical innovation, for example in the area of renewable energies,
- opening up new markets, for example in the area of microfinance,
- maintaining and improving their social acceptance and reputation.

If companies do this in a way that is guided by the principles of sustainability while safeguarding high standards in the area of corporate governance, they will at the same time make a contribution toward meeting the global challenges. The **focal points for action** vary from industry to industry. While the automotive industry, for example, can contribute to climate protection by reducing fuel consumption, the main issues on the agenda in the food and beverages industry are those of drinking water and biodiversity. Therefore, when the Index was drawn up, the possibilities for action in the individual industries were analysed with regard to the global challenges. The resulting Industry grid forms an important basis for identifying suitable companies for the Index universe.

summary (III)



The **Global Challenges Index** is compiled in two stages. In the **first stage**, oekom research uses its Corporate Responsibility Rating to check the conformance to social and environmental standards of the companies which form part of the oekom universe. Only companies which meet the stringent requirements are given “prime” status by oekom research. The companies with the best Corporate Responsibility Rating in their industry qualify for the Index under this absolute best-in-class approach. In addition, all the companies are analysed to see whether they contravene the defined exclusion criteria. Companies which do are not accepted into the Index. This first stage sees the number of companies which are potentially suitable for the Index reduced from 900 to around 250.

In a **second stage**, oekom research identifies those companies which have made substantial contributions to meeting the global challenges and in doing so have opened up for themselves the opportunities described. A financial analysis ensures that the selected companies also satisfy the minimum requirements in terms of market capitalisation.

An independent **advisory board** advises oekom research on developing the concept, on defining the positive and exclusion criteria and on identifying suitable securities.

The Index is composed of **50 companies**. We aim for a **mix** of globally active large companies, as well as small and medium-sized companies which contribute to sustainable development primarily through their product and service range (“potentials”). The companies are weighted according to market capitalisation, and the potentials can have a share of around 10% of the total market capitalisation of the Index. Individual securities can have a weighting of max. 10% of the Index. Geographically, the Index focuses on companies from Europe and the G7 countries.

oekom research monitors the universe constantly. The composition of the Index is reviewed end of March and September each year. Companies which no longer satisfy the defined requirements will be replaced at these times.

agenda

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global challenges: facts

Climate Change

- The IPCC forecasts a rise in the average global temperature of between 1.8 and 4.0 degrees Celsius by 2100, if no measures are taken.
- The Stern Report forecasts a significant increase in the costs of climate change: by the middle of this century, annual losses will amount to at least 5% of global GDP, currently reckoned to stand at around US\$ 2,200 billion.

Drinking Water

- Drinking water is a scarce resource: only one per cent of the world's water reserves is available as drinking water.
- According to UN estimates, 1.1 billion people have no access to clean drinking water.
- Illnesses caused by polluted water cost the lives of around 6,000 children every day.

Deforestation

- The rate of global deforestation stands at 13 million hectares per annum, principally due to conversion into agricultural land (FAO, 2005).
- 36% of all forests are primeval forests - 6 million hectares are destroyed or converted annually (FAO, 2005). Every year, between 0.5 and 1% of the tropical rainforest is lost.

Biodiversity

- According to the red list of threatened species published by the World Conservation Union (IUCN) in 2006, around 15,500 species worldwide are threatened with extinction, including 23% of all mammals, 12% of birds and 31% of amphibians.
- The total number of species fell by 40% between 1970 and 2000.

Poverty

- Worldwide, around 1.2 billion people live in extreme poverty. According to the World Bank's definition, these are people who have less than one dollar per day available to them.
- Closely linked to this are poor preventive medicine, high infant mortality and illiteracy.

Population development

- Every minute, more than 150 people are born, principally in developing countries and NICs. The UN forecasts that over the next four decades almost three billion more people will be added to the world's current population of around 6.4 billion.
- The industrialised countries face the threat of an ageing population. According to UN forecasts, by the year 2050 8 million Germans will be over 80 years old.

overview: selection criteria

Positive criteria for selecting companies

Climate Change

Contributions to dealing with the causes and consequences of climate change

Drinking Water

Contributions to the supply, processing and distribution of drinking water

Deforestation

Contributions to the sustainable management of forests and forestry products (wood, paper)

Biodiversity

Contributions to the protection and preservation of species diversity

Population development

Contributions to dealing with demographic change and/or population explosion

Poverty

Contributions to reducing vulnerability, supporting economic independence and improving education and access to information

Governance

Contributions to preventing corruption and bribery and to improving corporate governance in the economy

overview: selection criteria

Exclusionary criteria

Business areas

Nuclear power

Manufacture of GMOs, biocides, chlororganic mass production

Military

Business practices

Environmental violations, e.g. overuse or pollution of water, contamination of the environment

Violations of fundamental human rights and labour standards

Violations in the areas of corruption and accounting fraud

criteria: climate change

Positive criteria

Selection of companies that make active and substantial contributions to dealing with the causes and consequences of climate change:

- Combating the causes by significantly reducing the emission of greenhouse gases e.g. through energy- and fuel-saving products, contributing to increasing energy efficiency and providing energy from renewable sources;
- Dealing with the consequences of climate change, e.g. in the areas of insurance cover, property and flood protection.

criteria: drinking water

Positive criteria

Selection of companies that make active and substantial contributions to the supply, processing and distribution of drinking water, e.g. waste water purification, water treatment and distribution.

Exclusionary criteria

Controversial environmental practices

Definition:

Cases involving gross disregard by a company of environmental legislation or generally recognised minimum environmental standards/codes of behaviour constitute a negative criterion. These include, for example, large-scale projects (e.g. pipelines, mines, power stations, dams) which have a particularly deleterious impact on ecosystems in the region concerned. A differentiation is made between those immediately causing the impact (e.g. operators of controversial projects), suppliers/subcontractors (especially those which have no long-term involvement in the controversial action/project) and financiers (e.g. banks which provide capital for relevant projects through project financing).

The following will be excluded:

- Companies immediately causing the impact
- Suppliers/subcontractors
- Financiers

criteria: deforestation

Positive criteria

Selection of companies that make active and substantial contributions to the sustainable management of forests and forestry products (wood, paper) e.g. through FSC certification or the use of recycled material in the production of paper and cardboard.

Exclusionary criteria

Controversial environmental practices

Definition:

Cases involving gross disregard by a company of environmental legislation or generally recognised minimum environmental standards/codes of behaviour constitute a negative criterion. These include, for example, large-scale projects (e.g. pipelines, mines, power stations, dams) which have a particularly deleterious impact on ecosystems in the region concerned. A differentiation is made between those immediately causing the impact (e.g. operators of controversial projects), suppliers/subcontractors (especially those which have no long-term involvement in the controversial action/project) and financiers (e.g. banks which provide capital for relevant projects through project financing).

The following will be excluded:

- Companies immediately causing the impact
- Suppliers/subcontractors
- Financiers

criteria: biodiversity (I)

Positive criteria

Selection of companies that make active and substantial contributions to the protection and preservation of species diversity, e.g. by using sustainable catch methods in the fishing industry as defined by the Marine Stewardship Council (ocean protection) or near-natural agricultural practices, or by taking appropriate criteria into account in project financing and lending.

Exclusionary criteria

Controversial environmental practices

Definition:

Cases involving gross disregard by a company of environmental legislation or generally recognised minimum environmental standards/codes of behaviour constitute a negative criterion. These include, for example, large-scale projects (e.g. pipelines, mines, power stations, dams) which have a particularly deleterious impact on ecosystems in the region concerned. A differentiation is made between those immediately causing the impact (e.g. operators of controversial projects), suppliers/subcontractors (especially those which have no long-term involvement in the controversial action/project) and financiers (e.g. banks which provide capital for relevant projects through project financing).

The following will be excluded:

- Companies immediately causing the impact
- Suppliers/subcontractors
- Financiers

criteria: biodiversity (II)

Exclusionary criteria

Biocides

Definition:

The production of biocides which are classified by WHO as "extremely or highly hazardous" constitutes a negative criterion.

The following will be excluded:

- Producers (upward of >5% proportion of turnover)

Chlororganic mass production

Definition:

The production of PVC, as well as substantial activity in the field of chlorine chemistry, constitute a negative criterion.

The following will be excluded:

- Producers (upward of >5% proportion of turnover)

Genetic engineering in agriculture

Definition:

Genetically modified plants and animals constitute negative criteria with focus on producers (i.e. the companies which undertake the modification of the genetic material and produce the corresponding seed or animals).

The following will be excluded:

- Producers of GMOs (upward of >0% proportion of turnover)

criteria: population development



Positive criteria

Selection of companies that make active and substantial contributions to dealing with demographic change and/or population development in newly industrialising and developing countries, in particular through access to education, medicine and medical care, especially in relation to HIV/AIDS.

In view of demographic trends in numerous industrialised countries, the emphasis is on products and services which provide for the needs of an ageing population, e.g. age-appropriate housing, medical and care provision.

criteria: poverty (I)

Positive criteria

Selection of companies that make active and substantial contributions to combating poverty worldwide. The focus is on measures which through empowerment improve people's capacity to overcome poverty by their own efforts. These include, in particular, measures for reducing vulnerability (e.g. through microinsurance), for supporting economic independence (e.g. fair trade, microcredit), for improving access to information (e.g. overcoming the digital divide) and for combating corruption.

Exclusionary criteria

Labour rights

Definition:

Where there is a serious breach of at least one of the four basic principles of the ILO Declaration on Fundamental Principles and Rights at Work (freedom of association and assembly, forced labour, child labour and discrimination), this constitutes a negative criterion. Negative criteria also apply where minimum employment standards (e.g. in the areas of health and safety, remuneration, working hours) are systematically circumvented, even where these do not relate directly to the four ILO conventions (see above). A differentiation is made according to whether minimum standards are breached by the company itself or by suppliers/subcontractors.

The following will be excluded:

- Companies which themselves or their suppliers or sub-contractors violate the principles in the areas of freedom of association and assembly, forced labour or discrimination

criteria: poverty (II)

Exclusionary criteria

Child labour

Definition:

Any child labour which is not expressly permitted by the ILO (depending on e.g. age of child, employment conditions, hours worked and accompanying education offered) constitutes a negative criterion. For labour to be classified as child labour it must as a rule be permanent and systematic.

The following will be excluded:

- Companies which themselves or their suppliers or subcontractors violate the principles in the area of child labour

Human rights

Definition:

Negative criteria include gross violations of internationally recognised principles such as the UN Universal Declaration of Human Rights, insofar as these do not apply exclusively to governmental obligations and are not already covered by the ILO Declaration on Fundamental Principles and Rights at Work (see rights at work). These include in particular actions in which a grave threat to the health/lives of employees, the population, customers etc. is consciously accepted; slavery; grievous physical violence towards employees or third parties as well as the commissioning or active support of such violence; actions which grossly violate the rights of self-determination of employees or third parties; actions which grossly disregard cultural rights of self-determination or cultural worth.

The following will be excluded:

- Companies which themselves or their suppliers or subcontractors violate the principles in the area of human rights

criteria: corporate governance

Positive criteria

Selection of companies that make an active contribution to combating corruption and bribery in the economy and have implemented core elements of a compliance management system (CMS). These include in particular a relevant code of conduct, the appointment of a compliance officer, guidelines for the selection of suppliers and the acceptance of gifts, internal company communications and training and ongoing monitoring of compliance with the relevant regulations.

Exclusionary criteria

Business malpractice

Definition:

Cases where a company seriously disregards legal requirements or generally recognised codes of good behaviour constitute a negative criterion.

The following will be excluded:

- Companies which have committed violations in the areas of corruption and accounting fraud

further exclusionary criteria

Nuclear energy

Definition:

Various aspects of the value chain in the nuclear energy field constitute negative criteria. A differentiation is made between, in particular, the production and distribution of nuclear energy, but also the mining of uranium and the assembly of key components for nuclear power stations. "Dual-use products", as they are known, are not taken into account.

The following will be excluded:

Producers of

- nuclear power (upward of >0% proportion of turnover)
- uranium (upward of >0% proportion of turnover)
- key components of nuclear power stations (upward of >0% proportion of turnover)

Military

Definition:

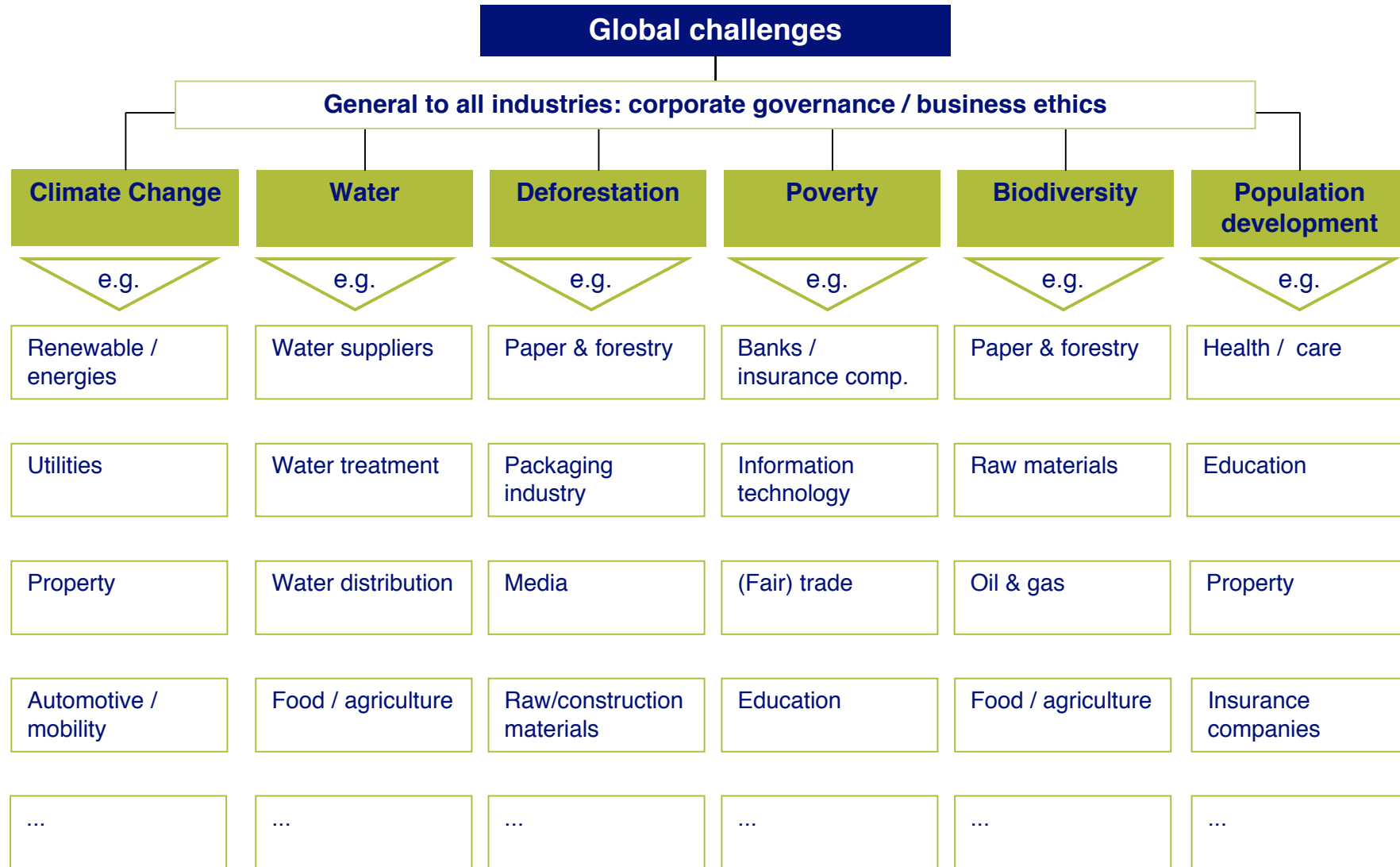
Armaments which have been specially developed for military applications constitute a negative criterion. This does not include "dual-use products". A differentiation is made between producers and distributors. Among armaments, differentiation is also made between weapons (systems) (e.g. rifles, tanks, fighter jets), weapons outlawed by the Rome Statute of the International Criminal Court (e.g. weapons of mass destruction, land mines) and other armaments (e.g. radar installations, military transport vehicles).

The following will be excluded:

Producers of

- weapons (systems) (upward of >0% proportion of turnover)
- outlawed weapons (upward of >0% proportion of turnover)
- other armaments (upward of >0% proportion of turnover)

Search grid: industries



overview

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oekom r|e|s|e|a|r|c|h

- Corporate & Country Research
- universe covers the most important stocks and bonds
- highest quality standards

- total staff of 30
- experienced and multi-disciplinary team of 23 analysts
- Scientific Advisory Board

- partner of various asset managers and inst. investors
- clients primarily from AT, CH, DE, DK, FR, IE, IT, JP
- advising funds and mandates with a total volume of EUR 90bn (June 2009)

- commercial experience since 1993
- independence
- spin-off from publishing house ökom



Experience

Expertise

Customized services

Independence

boards & committees

Supervisory Board

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Klaus Pyter – Greenvest S. A.
Jacob Radloff – ökom GmbH

Executive Board

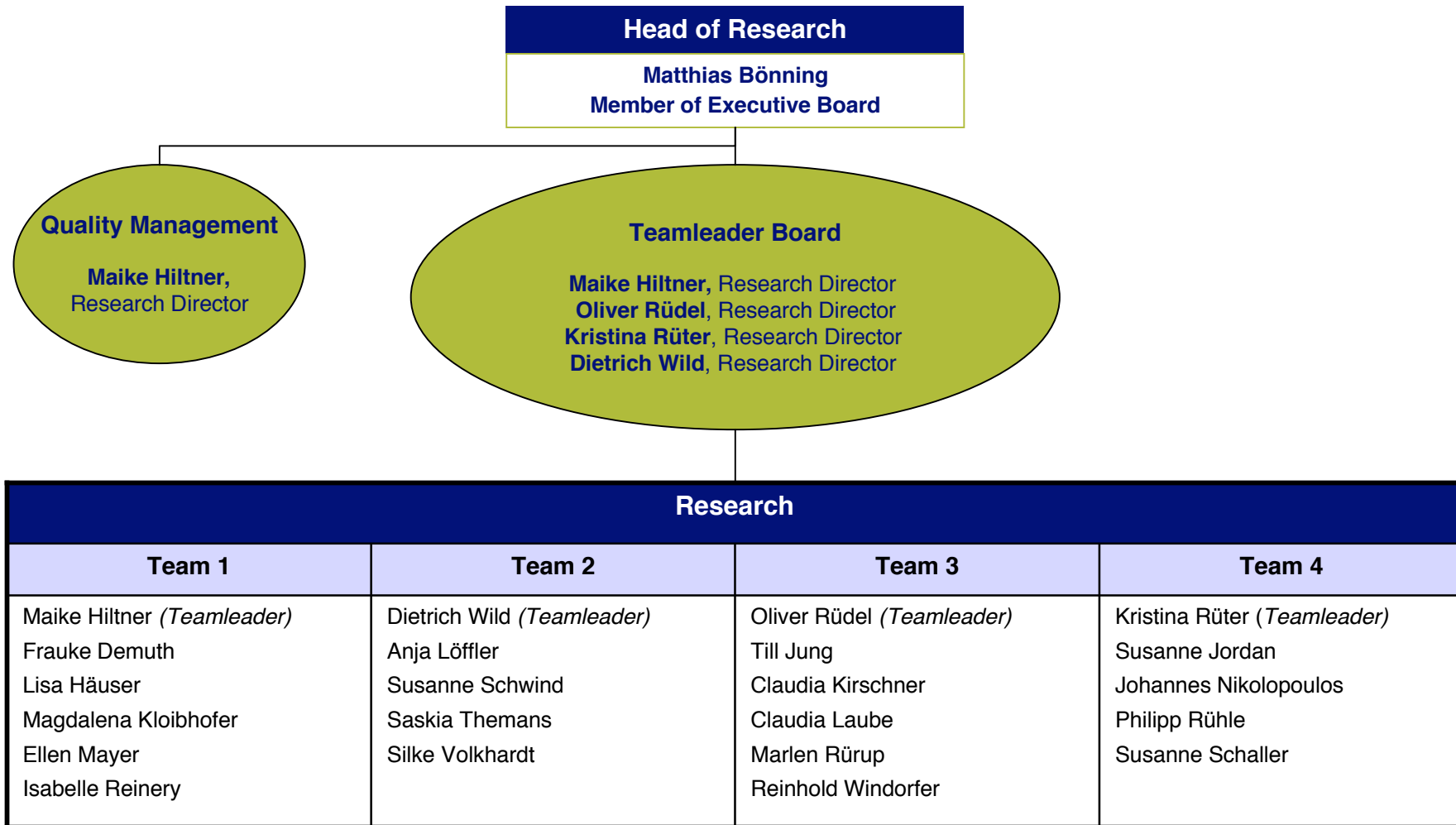
Matthias Boening
Robert Haßler, CEO

Scientific Advisory Board

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PD Dr. Jürgen Glaser – Technical University München
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Prof. Dr. G. Scherhorn – Wuppertal Institute for Climate, Environment, Energy
Dr. Manuel Schneider – project office ´make sense´
Frank Sprenger – Sustainable
Prof. Dr. Bernd Wagner – Augsburg University
Dr. Angelika Zahrnt – Rat für Nachhaltige Entwicklung

analyst teams

22 analysts *** multidisciplinary background *** industry specific team structure



quality leadership

Highest possible independence of agency and analysts

- shareholders who guarantee independence, eg, two catholic orders
- registered shares with restricted transferability
- rigorous codes of conduct for every analyst
- no consulting services for companies which could help them to improve their rating
- no financial research, no asset management

Consistent and stringent rating methodology

- consistent and stringent sustainability understanding as the basis of the ratings
- comprehensive training of all analysts
- industry specific criteria generation
- continuous reviews for an ongoing development of criteria and methodology
- no outsourcing of significant components of value creation to other service providers

Highest quality standards

- number of companies covered by an analyst: ≤ 50
- high relevance of research through innovative update rhythm
- high acceptance of oekom ratings at companies assessed
- company wide quality manager
- development of an own quality standard in co-operation with the German Association of rating analysts
- support of CSRR-QS 2.1 and participation in the audit process

research universe

Companies

oekom Corporate Rating

- approx. 1,100 international companies
- small, mid & large caps

large caps (approx. 825)

- all major sectors
- indexes covered: MSCI World: 75%

small caps (approx. 175)

- focus on companies from industries with a strong link to sustainable development (potentials)

bonds (approx. 100)

- public companies and supranational organisations
- other banks and bond issuers

Countries

oekom Country Rating

- 50 countries incl. BRIC, EU, OECD and important newly industrialized countries

oekom Emerging Markets Risk Assessment

- Country profiles with focus on social and environmental risks in emerging and developing countries

Extract from our client list

Asset managers, banks, investment companies		
<p>Institutional investors</p> <ul style="list-style-type: none"> Deutsche Bundesstiftung Umwelt Diocese Gurk-Klagenfurt Diocese Linz Diocese Rottenburg-Stuttgart Etablissement de Retraite Additionnelle de la Fonction Publique (ERAFFP) Evangelical Lutheran Church in Bavaria Foundation “Remembrance, Responsibility and Future” MAIF Missionszentrale der Franziskaner Munich Re Group Religious orders Pensionskasse Novartis VBV Pensionskasse 	<ul style="list-style-type: none"> Allianz Global Investors France AGICAM AmpegaGerling Investment Baden-Württembergische Bank Bank für Orden und Mission Bank Vontobel Bankhaus Jungholz Bankhaus Schelhammer & Schattera BankInvest Bayern LB BayernInvest BNP Paribas Asset Management BÖAG Börsen AG Hamburg/Hannover Crédit Agricole Asset Management Daiwa Asset Management Deutsche Bank DJE Kapital DZ-Bank Erste Sparinvest European Investors Evangelische Darlehns-genossenschaft eG GLS Gemeinschaftsbank HSBC Investments HypoVereinsbank KD-Bank 	<ul style="list-style-type: none"> Kepler Fonds Landesbank Baden-Württemberg LBBW Asset Management LIGA Bank MEAG Metzler Metzler Asset Management Morgan Stanley NORDCON NordLB ÖkoWorld Lux Pioneer Investments Proventus Raiffeisen Capital Management Sal. Oppenheim Schwyzer Kantonalbank SEB Invest sks Vermögensverwaltung Sparkasse Oberösterreich Steyler Bank UmweltBank Unicredit VINIS Wilhelm von Finck AG

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advisory board



Functions

BÖAG and oekom research AG are assisted in the conceptual planning and compilation of the Index by an independent advisory board of experts. The advisory board has the following functions, in particular:

- advising on the development of the concept for the Global Challenges Index
- advising on the development and monitoring of the criteria on which the Index is based
- advising on the selection of suitable companies for the Global Challenges Index

The competencies and functions of the advisory board are regulated by statute.

Composition

The advisory board comprises the following persons:

- Dr. Bernd Balkenhol, ILO (Geneva)
- Dr. Bernhard Bauske, WWF Germany (Berlin)
- Dr. Hermann Falk, Member of Executive Management, Association of German Foundations (Berlin) (Chair)
- Sr. M. Juliane Flormann osf, Monastery Sießen
- Caspar von Hauenschild, Member of the Board, Transparency International (Berlin)
- Dr. Rolf Krämer, Vice President of the Evangelical Lutheran Church of Hanover (Hanover)

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overview: selection of companies



oekom's total universe: approx. 900 companies

Stage 1:

Selection of companies which have achieved prime status under oekom's best-in-class approach and which satisfy the defined exclusion criteria

Prime status: Corporate Responsibility Rating regarding the company's conformance to social and environmental standards. oekom research awards "prime" status only to those companies which satisfy the stringent requirements.

Exclusion criteria: nuclear power; production of GMOs, biocides, chlororganic mass production; controversial business practices / corporate governance; environmental violations; violations of human rights and labour standards; military

Universe: approx. 250 companies

Stage 2:

Selection of companies which within the scope of their core business make an active and substantial contribution to dealing with the global challenges and have a minimum capitalisation value of at least €100 million.

Global Challenges Index: 50 companies

Selection process: stage 1



Stage 1 - filter 1: Corporate Responsibility Rating ➔ prime universe

Only companies that have achieved “prime” status in oekom research’s Corporate Responsibility Rating will be selected for the Index. To receive this status, companies must be among the best in their industry as regards their social and environmental performance. At the same time, the companies must satisfy the industry-specific standards set out by oekom in the social and environmental spheres. It is therefore not sufficient “merely” to be relatively better than the other companies in a particular industry; companies must also be best-in-class according to absolute benchmarks. For more information on the rating process see pp. 31 - 34.

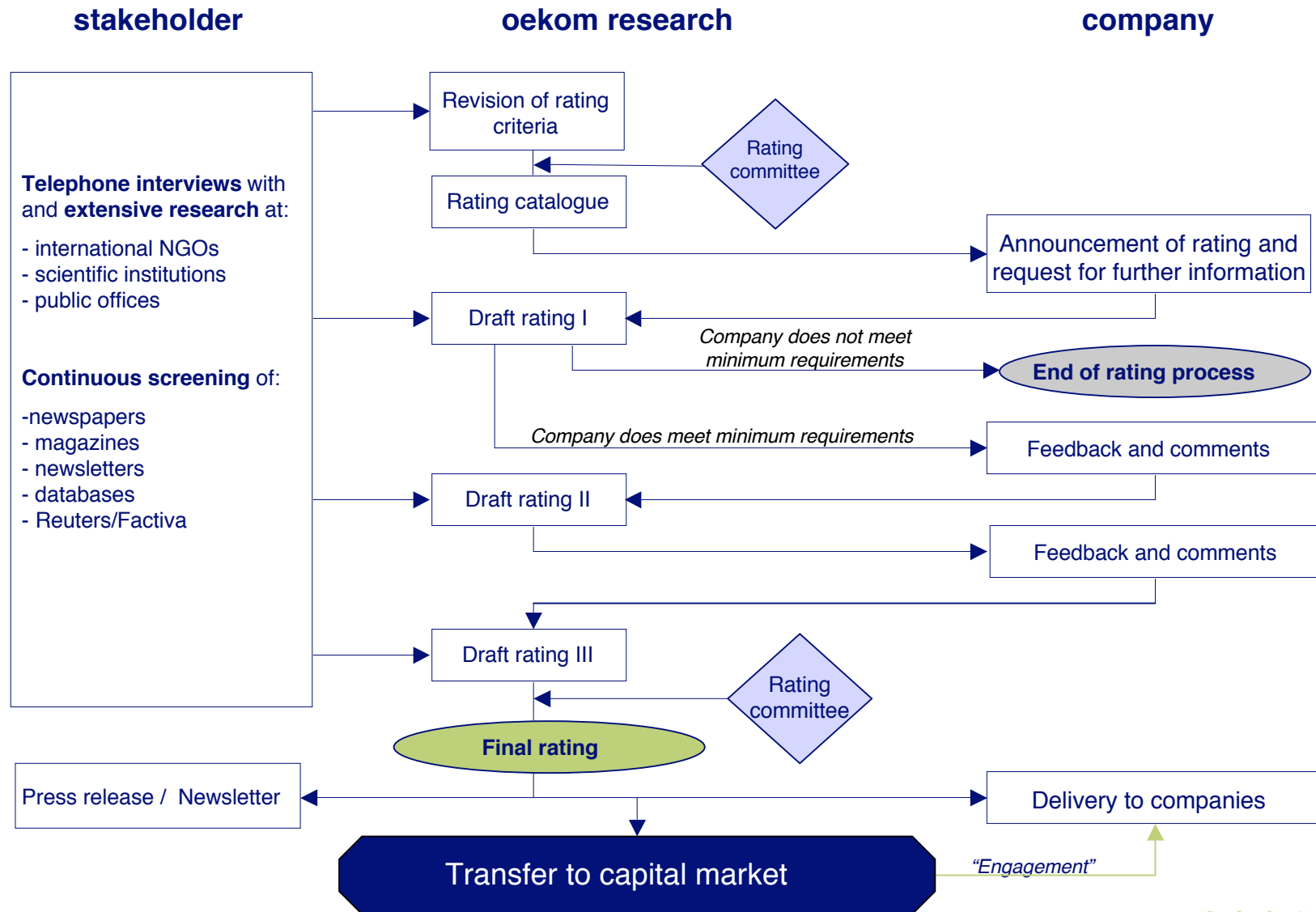
Stage 1 - filter 2: exclusion criteria

All companies which achieve prime status in the Corporate Responsibility Rating will then be additionally reviewed in relation to all the exclusion criteria defined for the Index. Here, it is a question not just of involvement in particular areas of business (nuclear power, biocides, chlorine chemistry, genetic engineering in agriculture, armaments) but also of violations in the areas of the environment, human rights and labour rights as well as corruption and accounting fraud. Companies which violate one or more of the exclusion criteria will not be included in the Index. For more information on the defined exclusion criteria see pp. 9 - 18.

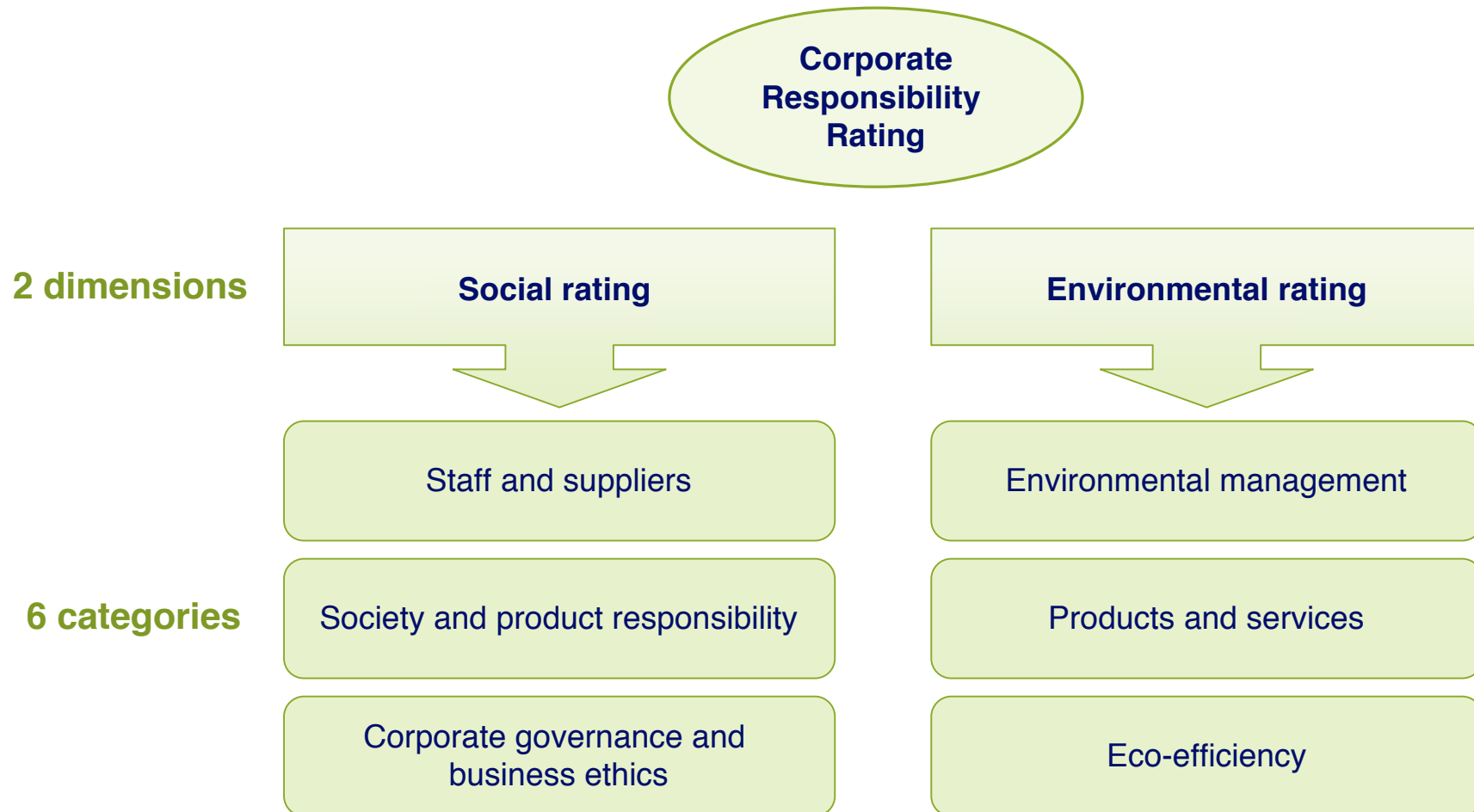
Advisory board

An independent **advisory board** advises oekom research on the development of the concept and the definition of positive and exclusion criteria for the Global Challenges Index

Corporate Responsibility Rating



Corporate Responsibility Rating



overview: positive criteria

Social rating

Employees & suppliers

- Employees, incl.
- freedom of association
 - workplace safety
 - health protection & occupational safety
 - equal rights
 - ...
- Suppliers, incl.
- supplier standards
 - monitoring of suppliers

Society & product responsibility

- Society, incl.
- human rights
 - donations to political parties
 - taxes and subsidies
 - stakeholder dialogue
 - ...
- Product responsibility, incl.
- marketing practices
 - industry-specific aspects

Corp. Gov. & business ethics

- Corporate governance, incl.
- independence of management bodies
 - shareholder rights
 - management remuneration
 - shareholder structure
 - ...
- Business ethics, incl.
- code of conduct
 - anti-corruption measures

Environmental rating

Environmental management

- corporate guiding principles
- environmental management system
- environmental reporting
- system of environmental performance indicators
- climate change
- ...

Products & services

Industry-specific definition of environment-related requirements in terms of the design of products and services

Eco-efficiency

- Industry-specific definition of environmental performance indicators, which are collected and evaluated, e.g.
- energy consumption
 - greenhouse gas emissions
 - water consumption
 - waste volumes
 - ...

rating results and prime status

- In the Corporate Responsibility Rating, companies are evaluated by oekom research in the six categories shown on p. 32. In this process, environmental and social criteria are given different weightings, depending on the industry. The work of defining and giving weightings to the criteria is carried out in collaboration with an independent rating committee composed of members of oekom research's advisory board. The evaluation of the company-specific data is carried out exclusively by oekom research.
- The final evaluation is made on a scale from A+ to D-, the rating scale being defined as follows:
 - A = The company is performing outstandingly well
 - B = The company's actions are largely progressive
 - C = The company has taken basic measures
 - D = The company shows little commitment
- For each industry, individual standards are defined, which have to be achieved in order for prime status to be awarded.
- The current accuracy of the information underpinning the rating and of the overall evaluation is achieved through regular updating.



selection process: stage 2



Stage 2 : prime universe / ➔ Global Challenges Index

From the total number of companies which both achieve prime status and satisfy the exclusion criteria, oekom research selects those companies which have made substantial and forward-looking contributions toward dealing with the global challenges in one or more fields for action. This selection is based on a comprehensive analysis of the individual industries' options for action with regard to the global challenges. For example, the automotive industry can make a particular contribution in the area of climate change by reducing fuel consumption. This means that the companies which qualify for the Index are primarily those which can demonstrate a particularly low fleet consumption.

All companies selected by oekom research undergo a financial analysis. As part of this, a check is made of compliance with the minimum requirements in terms of market capitalization (min. 100 million euros). Deviations from these minimum requirements are permitted only in the case of justified exceptions, for example where it can be expected that a defined threshold will be exceeded within a foreseeable time period.

The securities are then selected according to market capitalization. Here, a double 10% rule is applied:

- The weighting of individual securities in the Index is limited to 10%.
- The proportion of potentials as a share of the overall market capitalization of the Global Challenges Index should lie at around 10%.

rebalancing



Cyclical rebalancing

The composition of the Index is reviewed regularly on end of March and September each year. Securities which no longer satisfy the defined requirements within the scope of the Corporate Responsibility Rating are replaced by those of other companies at these times. When this is done, the sectoral, geographical and market-capitalization-related composition of the Index is taken into account as far as possible.

Extraordinary rebalancing

If a company represented in the Global Challenges Index disappears from the underlying Global Challenges universe due to extraordinary events between two scheduled adjustment dates, a successor is nominated. The Global Challenges Index is adjusted as soon as possible after the date of the event that prompted the extraordinary adjustment.

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overview

The Index is composed of large corporations (large caps) and small, innovative companies (potentials)

From the total number of companies which both achieve prime status and satisfy the exclusion criteria, oekom research selects those companies which have made substantial and forward-looking contributions toward dealing with the global challenges in one or more fields for action.

Large caps

Highly capitalized companies, which within the scope of their core business make an active, substantial and forward-looking contribution to dealing with the global challenges.

Potentials

Small and medium-sized companies whose products and services are particularly conducive to sustainable development.

Our goal is to increase the number of potentials up to a proportion of around 10% of the overall market capitalization of the Index.

index members



Global Challenges Index: 50 companies

Advanced Micro Devices (AMD)
Atlas Copco
Aurubis
Aviva
Benesse Group
Boiron
BT Group
Burlington Northern Santa Fe
BWT
Clipper Windpower
Conergy
CSX
Dassault Systemes
Denso
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EMC
Energy Conversion Devices
Evergreen Solar
Friends Provident
Gamesa
Google
Groupe Danone
Henkel
Herman Miller
JM Group

Kingfisher
Kurita Water Industries
Lloyds TSB Group
Mayr-Melnhof
Münchener Rück
Nordex
Ormat Technologies
Q-Cells
Renault
Renewable Energy
Ricoh
sanofi-aventis
SAP
Shimano
SKF
SNS REAAL
Solarworld
Sompo Japan Insurance
STMicroelectronics
Storebrand
SunPower
Svenska Cellulosa
Union Pacific
Vestas Wind Systems
Vossloh

You will find detailed profiles of the Index companies in the annex.

overview

Structure

1. Index concept
2. Index research: oekom research AG
3. Index advisory board
4. Index design
5. Index members
6. **Index FAQs**

Some important questions and answers relating to the Global Challenges Index are compiled below.

Overview:

1. Who developed the Global Challenges Index?
2. What differentiates the Global Challenges Index from other sustainability indexes?
3. Why were these particular seven fields for action singled out?
4. Can companies make a contribution to dealing with the global challenges?
5. How are companies selected for the Global Challenges Index?
6. What exclusion criteria are used?
7. What experience does oekom research have in the area of sustainable investment?
8. What is oekom's "prime status"?
9. What role does the independent advisory board play?

FAQs (I)



1. Who developed the Global Challenges Index?

The Global Challenges Index was initiated by **BÖAG Börsen AG**, the parent company operating the stock exchanges in Hamburg and Hanover. Börsen AG was formed as a result of an agreement between the two stock exchanges in 1999. Today, Börsen AG's trading partners include over 170 lending institutions and securities brokers, some of which are based abroad. Its four segments (Official Market, Regulated Market, Start-up Market and Open Market) offer a broad range of products and services for institutional and private investors as well as for company flotations.

The Hanover stock exchange commissioned **oekom research AG** to develop the concept for the Global Challenges Index and to compile the Index universe. oekom research is an independent sustainability rating agency specialising in the evaluation of companies and countries on the basis of social, environmental and ethical criteria. oekom research will monitor the companies listed in the Index with regard to their sustainability-related performance and potential violations of the specified exclusionary criteria.

The **NORD/LB Norddeutsche Landesbank** gave technical assistance to BÖAG Börsen AG to realise the index concept. With 5,560 employees and a group-wide balance sheet total of 203.1 Billion Euro she is the leading commercial bank in northern Germany with focus on northern and northeastern Europe. Deutsche Börse AG calculates the Index figures on behalf of BÖAG Börsen AG.

2. What differentiates the Global Challenges Index from other sustainability indexes?

The Global Challenges Index is principally distinguished by the following features:

- Thematic focus: the focus on seven specific themes – climate change, drinking water, deforestation, biodiversity, population development, poverty and global governance – which are internationally recognized as global challenges in political, economic and social terms, takes the guiding principle of sustainable development, often criticised for its abstract nature, and renders it easier to understand.
- Use of an absolute best-in-class principle: companies which are included in the Index must satisfy high standards in terms of their social and environmental performance. Being the best company in a particular industry in relative terms is not sufficient for inclusion in the Index. Companies must also fulfil high sustainability standards according to absolute benchmarks. This is ensured by including only companies which have been awarded “prime” status by oekom research.
- Strict exclusion criteria: in addition to the exclusion of controversial areas of business (e.g. nuclear power, genetic engineering in agriculture and armaments), companies which in their business practices violate recognized standards in the areas of the environment, labour rights and human rights, as well as corporate governance, will also be excluded from the Index.
- Focus on companies that take positive action: companies included in the Index will be those which make an active contribution to bringing about positive change to risk scenarios in the seven fields for action and in doing so create opportunities for themselves.

3. Why were these particular seven fields for action singled out?

The selection of the seven fields for action – climate change, drinking water, deforestation, biodiversity, population development, poverty and global governance – is based on a comprehensive analysis of political, economic and social target systems which are concerned with the global challenges facing mankind and the role of the economy in surmounting these challenges. Of particular significance in this context are the United Nations’ Millennium Development Goals, the European Union’s sustainability strategy, the Global Environmental Outlook of the United Nations Environment Programme (UNEP) and the ten Principles of the UN Global Compact. Seven of the challenges seen as particularly relevant were selected for the Index. Adherence to the principles of the Global Compact is guaranteed by the defined exclusion criteria.

4. Can companies make a contribution to dealing with the global challenges?

The opportunities for companies, within the scope of their core business, to take action in the individual fields for action vary in their extent. While recent developments show that companies can make a huge contribution to dealing with the causes and consequences of climate change and thereby create opportunities for their corporate development, the immediate opportunities for action in other areas, in particular where poverty and population explosion are concerned, are more complex and less obvious. Nonetheless, the Index shows that here, too, forward-looking activities are already taking place.

One example of this is activity relating to combating poverty. Where the focus is on improving the capacity of people to overcome poverty by their own efforts, through empowerment, companies are required to use their competency and financial strength to make an active contribution. Relevant fields for action include measures to reduce people's vulnerability (e.g. through microinsurance), to support economic development (e.g. through fair trade or microcredits) and the improvement of education and access to information (e.g. by overcoming the digital divide).

Overall, the companies which will profit particularly in terms of their profitability and thus also the value of the company are those which tackle the global challenges proactively. Firstly, they will counter existing acute and/or potential risks to the company's success, and secondly, they will open up opportunities for company development, in particular by:

- ensuring the long-term availability of resources, for example through sustainable forestry and fisheries management,
- reducing market-price risks, for example through increasing energy efficiency and ensuring access to raw materials,
- preserving competitiveness through technical innovation, for example in the area of renewable energies,
- opening up new markets, for example in the area of microfinance,
- maintaining and improving their social acceptance and reputation.

5. How are companies selected for the Global Challenges Index?

The selection of companies is carried out in two steps:

1. In its **Corporate Responsibility Rating**, oekom research checks the companies' conformance to social and environmental standards. Only those companies which satisfy this absolute best-in-class approach and have been awarded "prime" status by oekom research are in principle qualified for the Index. The companies are also assessed regarding their compliance with the stringent exclusionary criteria.
2. In a **second step**, oekom research identifies those companies which have made substantial contributions to surmounting the global challenges and in doing so have opened up for themselves the opportunities described. A financial analysis ensures that the selected companies also satisfy the minimum requirements in terms of market capitalisation.

An independent **advisory board** advises oekom research on developing the concept, on defining the positive and exclusion criteria and on identifying suitable securities.

6. What exclusion criteria are used?

In compiling the Index, strict exclusion criteria in three areas are taken into account:

1. Firstly, companies are excluded if they are active in areas of business which are seen as counterproductive for dealing with the global challenges. These include the following areas of business: nuclear power, biocides, chlororganic mass production, genetic engineering in agriculture and military.
2. Secondly, companies are excluded if they engage in controversial business practices which violate recognized environmental and human rights and employment standards. These include, for example, violations in the areas of freedom of association and assembly, forced labour, discrimination and child labour.
3. Finally, the behaviour of companies in the areas of corporate governance and business ethics is analysed. Companies with violations in the areas of corruption and accounting fraud will not be included in the Index.

These exclusion criteria also cover the requirements for companies set out in the UN Global Compact. All companies, in every case, will be checked for observance of all the exclusion criteria.

7. What experience does oekom research have in the area of sustainable investment?

oekom research AG has been active in the field of sustainable investment for nearly 15 years, making it one of the pioneers of this form of investment in Europe. The company specialises in the social and environmental rating of companies and countries. Building on the Frankfurt-Hohenheim guidelines, oekom research has developed a comprehensive rating approach for the evaluation of companies, the “Corporate Responsibility Rating”. oekom research’s customers currently include numerous institutional investors and financial service providers from Germany, France, Austria, Japan and Switzerland. oekom’s research is currently used in the management of funds and mandates with a total volume of € 85 billion.

8. What is oekom’s “prime status”?

Within the scope of its Corporate Responsibility Rating, oekom research evaluates companies’ social and environmental performance. In the rating, prime status is awarded to those companies which satisfy the requirements defined by oekom research in collaboration with an independent rating committee. It is not sufficient here to be one of the best companies in an industry in relative terms; companies must also conform to absolute standards. oekom research describes this as an “absolute best-in-class approach”.

As the sustainability requirements and company-management prerequisites vary from industry to industry, both the evaluation criteria and the standards are defined independently for each industry. This means that in some industries a rating of C+ is sufficient to gain prime status, whereas in other industries it is necessary to achieve a B to qualify for inclusion in the prime universe. Overall, oekom research’s evaluation scale ranges from A+ to D-, and is defined as follows:

- A = The company is performing outstandingly well
- B = The company’s actions are largely progressive
- C = The company has taken basic measures
- D = The company shows little commitment

9. What role does the independent advisory board play?

The independent **advisory board** advises oekom research on developing the concept, on defining positive and exclusion criteria and on identifying suitable securities. The competencies and functions of the advisory board are regulated by a statute. The following people are currently members of the board:

- Dr. Bernd Balkenhol, ILO (Geneva)
- Dr. Bernhard Bauske, WWF Germany (Berlin)
- Dr. Hermann Falk, Member of Executive Management, Association of German Foundations (Berlin) (Chair)
- Sr. M. Juliane Flormann osf, Monastery Sießen
- Caspar von Hauenschild, Member of the Board, Transparency International (Berlin)
- Dr. Rolf Krämer, Vice President of the Evangelical Lutheran Church of Hanover (Hanover)

annex: company profiles



Overview: Global Challenges Index

Advanced Micro Devices (AMD)
Atlas Copco
Aurubis
Aviva
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BT Group
Burlington Northern Santa Fe
BWT
Clipper Windpower
Conergy
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Denso
East Japan Railway
EMC
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Friends Provident
Gamesa
Google
Groupe Danone
Henkel
Herman Miller
JM Group

Kingfisher
Kurita Water Industries
Lloyds TSB Group
Mayr-Melnhof
Munich Re
Nordex
Ormat Technologies
Q-Cells
Renault
Renewable Energy
Ricoh
sanofi-aventis
SAP
Shimano
SKF
SNS REAAL
Solarworld
Sompo Japan Insurance
STMicroelectronics
Storebrand
SunPower
Svenska Cellulosa
Union Pacific
Vestas Wind Systems
Vossloh

Advanced Micro Devices



Industry: IT

ISIN: US0079031078

Country: US

Company profile

Advanced Micro Devices, incorporated in 1969, is a semiconductor manufacturer with manufacturing facilities in the United States, Europe and Asia and sales offices throughout the world. The company designs, manufactures and markets industry-standard, digital integrated circuits that are used in various product applications, such as desktop and mobile personal computers, workstations, servers, communications equipment and automotive and consumer electronics.

Strengths/weaknesses profile

CRR: B

- + significant contributions to charitable projects with a high social relevance
- + comprehensive programmes to eliminate hazardous substances in production processes
- + strategy to minimise energy consumption of products and comprehensive customer information on energy-saving features
- lack of transparency regarding the company's strategy to reduce the environmental impact of transport and business travel
- lack of transparency regarding a corporate policy on freedom of association

Reasons for inclusion in the Index

AMD champions technology transfer between developed and less-developed countries, as well as promoting access to IT technology for poorer population groups through, among other things, the development of cheaper and easier-to-use hardware and support for the 100-Dollar Laptop Initiative to supply laptops to schools.

Atlas Copco



Industry: machinery

ISIN: SE0000101032

Country: SE

Company profile

Atlas Copco's principal activities are the development, manufacture and marketing of air and gas compressors, air dryers, after coolers and related products and provision of equipment rentals. The Group operates in four segments, including compressor technology, the manufacture of oil-free and portable air compressors, electricity generators and air-treatment systems.

Strengths/weaknesses profile

CRR: B

- + comprehensive measures to reduce the consumption of energy, fuel and raw materials of products
- + comprehensive measures to reduce and substitute the use of hazardous and toxic substances
- + comprehensive supplier standards regarding labour, health & safety and environmental issues
- + several environmental producer services, e.g. environmental audits for customers to reduce emissions
- + implementation of a certified environmental management system at all major sites with significant environmental impact
- limited information publicly available on life cycle assessment of products

Reasons for inclusion in the Index

Atlas Copco is one of the leading international producers of compressors and generators. Through numerous measures to reduce the energy and fuel consumption of its products, the company has made a substantial contribution to increasing energy efficiency in many sectors of industry.

Industry: metals & mining

ISIN: DE0006766504

Country: DE

Company profile

Norddeutsche Affinerie (NA) is the largest copper producer in Europe and the world leader in copper recycling. The Group has 12 production sites in 7 European countries with a total of about 4,700 employees. NA produces copper cathodes from copper concentrates and through recycling raw materials. It sources both types of raw material on the global markets and does not own any copper mines.

Strengths/weaknesses profile

CRR: B-

- + application of advanced technology to promote the recycling of copper
- + reasonable measures taken to increase energy-efficiency of copper production processes and technologies
- + comprehensive initiatives to foster work-life balance of staff
- + all employees are located in countries with high minimum standards regarding health and safety
- improvable transparency regarding supplier standards with regard to labour / health and safety issues

Reasons for inclusion in the Index

The exploration for and extraction of copper ores entail large-scale interventions in nature and the environment, and the transportation and processing of ores is highly energy-intensive. The use of secondary raw materials (scrap metal) conserves resources and spares the environment. Moreover, problematic copper-containing waste such as electrical and electronic scrap for example, can be safely and economically disposed of through recycling methods. As the world's largest copper recycler, Norddeutsche Affinerie therefore makes an important contribution to resource conservation.

Industry: insurance

ISIN: GB0002162385

Country: UK

Company profile

Aviva's principal business activities are long-term savings, general insurance and fund management. Aviva is the biggest insurance group in the United Kingdom. It is one of the leading providers of life and pension products in Europe and is actively growing its long-term savings businesses in Asian markets, Australia and the United States.

Strengths/weaknesses profile

CRR: C+

- + comprehensive and transparent environmental and social reporting
- + sound measures to ensure employee awareness of and compliance with the code of business ethics
- + comprehensive integration of environmental and social aspects into asset management
- + reasonable measures regarding the implementation of concrete strategies and formal systems to address climate change
- + comprehensive policy on equal opportunities and non-discrimination
- lack of transparency regarding the integration of environmental factors into property and casualty insurance products

Reasons for inclusion in the Index

Aviva is active in a number of areas connected with the global challenges, for example climate protection and human rights. Of particular note is its significant involvement in the field of microfinance, where the company has entered into numerous partnerships with microfinance service providers in India.

Benesse Group



Industry: education / nursing care

ISIN: JP3835620000

Country: JP

Company profile

Together with its subsidiaries and partner companies, Benesse is active in six business fields. Its range of services includes, among others, private educational provision from primary school through to university. A further important business segment is care provision for the elderly, including home care.

Strengths/weaknesses profile

CRR: C+

- + comprehensive policy on equal opportunities and non-discrimination
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- + integration of environmental aspects into education business
- lack of information on social aspects of the company's activities outside its home market

Reasons for inclusion in the Index

The company offers numerous products and services in the area of home care which are geared in particular toward elderly people.

Boiron



Industry: pharma

ISIN: FR0000061129

Country: FR

Company profile

French Boiron is the world's largest producer of homeopathic drugs and other homeopathic products, holding a market share of 20%. More than 90% of the company's products are produced at two facilities near Lyon.

Strengths/weaknesses profile

CRR: C+

- + revenue derived from the production and sale of homeopathic drugs
- + use of certified non-GMO ingredients
- lack of transparency regarding standards of business ethics

Reasons for inclusion in the Index

Boiron has implemented strict standards with regard to the extraction of raw materials, in particular ruling out the use of genetic modification; all agricultural production areas as certified as being GM-free. Furthermore, the medicinal plants it uses are checked for possible radioactive contamination.

BT Group



Industry: telecommunications

ISIN: GB0030913577

Country: UK

Company profile

BT Group is one of Europe's leading providers of telecommunications services. Its principal activities include local, national and international telecommunications services, broadband and internet products and services, and IT solutions.

Strengths/weaknesses profile

CRR: B

- + comprehensive initiatives to foster work-life balance of staff
- + comprehensive and binding supplier standards regarding labour/health and safety issues
- + comprehensive measures to protect customers against debt
- + comprehensive policy on data protection
- + comprehensive measures to reduce the energy consumption of transmission networks
- lack of transparency regarding measures to extend the useful life of products

Reasons for inclusion in the Index

BT offers a large number of services and technical solutions for elderly people, enabling them to access modern methods of communication and to continue doing so as they get older.

Burlington Northern Santa Fe



Industry: transport & logistics

ISIN: US12189T1043

Country: US

Company profile

Burlington Northern Santa Fe (BNSF) provides freight transport and shipping services within the US and in Canada. The company maintains a rail system of around 34,000 track kilometres in 28 US states and 2 Canadian provinces and transports both industrial and consumer goods.

Strengths/weaknesses profile

CRR: B-

- + comprehensive measures in place for security and safety issues
- + comprehensive measures to avoid extended driving hours
- + code of conduct covering relevant fair business issues in detail
- lack of transparency on measures regarding the handling of customer complaints

Reasons for inclusion in the Index

Through its subsidiaries, Burlington Northern Santa Fe operates freight transport services in North America, and in doing so makes a contribution to reducing CO₂ emissions resulting from freight transport.

BWT



Industry: water treatment

ISIN: AT0000737705

Country: AT

Company profile

The Austrian company BWT is one of the leading water technology companies in Europe. With its activities in the areas of drinking water, swimming pool water, process engineering and waste water technology, the group offers services covering the entire water cycle, from source to seepage.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of water treatment. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

BWT is one of the leading companies worldwide in the treatment of process water and the extraction of drinking water. In addition, the company is also active in the field of fuel cell technology. A certified environmental management system has been installed at its largest sites.

Clipper Windpower



Industry: renewable energies

ISIN: GB00B09H7Z56

Country: US

Company profile

Clipper Windpower is active in the fields of wind power technology, turbine manufacture and project development. The company has branches in the USA and in the UK and a factory in Iowa, USA, where, among other things, 2.5 MW wind turbines are being produced.

Strengths/weaknesses profile

CRR: B+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

The company is an innovative player in the field of wind power and its turnover is obtained exclusively in this area. The company has improved the reliability of wind power plants through various technical innovations.

Industry: renewable energies

ISIN: DE0006040025

Country: DE

Company profile

The German company Conergy AG is a supplier of systems for generating and using renewable energies. The company develops and produces solar thermal systems and system components for electronic power, heat and cooling systems out of solar, wind and bioenergy. These products are distributed under the brand name Conergy. Furthermore, the group includes EPURON, a project developer in the field of renewable energies, the SunTechnics GmbH, a planning and installation provider and the US subsidiary company Conergy Inc., that manufactures solar-powered water pumps.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a potential. A prerequisite for recognition as a potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Conergy is a diversified provider in the field of renewable energies. As an integrated solar energy company, it is one of the world's leading suppliers in this segment and also provides products and services in other areas, for example wind power and bioenergy. The solar-powered water pumps are especially suitable for use in areas without a regular power supply.

CSX Corporation



Industry: transport & logistics

ISIN: US1264081035

Country: US

Company profile

CSX Corporation, based in Florida, USA, is one of the leading transport companies in the US. The company provides rail and intermodal transport services. CSX operates one of the largest rail networks in the eastern US.

Strengths/weaknesses profile

CRR: B-

- + reasonable measures regarding responsible marketing
- + reasonable measures referring to final fleet disposal
- + group-wide environmental management system implemented
- very little information on social and ethical issues publicly available

Reasons for inclusion in the Index

The company transports freight in North America, both exclusively by rail and also intermodally by rail and truck, and in so doing makes a contribution to reducing freight-traffic-related CO₂ emissions.

Dassault Systèmes



Industry: internet & software

ISIN: FR0000130650

Country: FR

Company profile

Dassault Systèmes develops software solutions in the areas of product lifecycle analyses and 3D animation for CAD, CAM and CAE applications.

Strengths/weaknesses profile

CRR: B-

- + comprehensive policy on equal opportunities and non-discrimination
- + group-wide code of conduct covering important aspects of business ethics
- + group-wide measures to ensure employee awareness of and compliance with the code of business ethics
- lack of transparency regarding the implementation of environmental management systems

Reasons for inclusion in the Index

Dassault is one of the world's leading suppliers of environmental accounting software and thus makes an important contribution to the recording and evaluation of product- and production-related environmental effects in many industries.

Industry: auto components

ISIN: JP355150006

Country: JP

Company profile

Denso Corporation, based in Japan, is one of the world's largest suppliers of automotive components and systems. The company produces and sells products in six segments, including automotive electronics, air conditioning and engine technology.

Strengths/weaknesses profile

CRR: B-

- + comprehensive and group-wide environmental policy
- + transparent information on measures taken to reduce/substitute the use of environmentally hazardous substances in products
- + transparent information on research on/production of core elements to reduce environmental impact of vehicles
- + implementation of measures to ensure fair business practices
- lack of information regarding measures to extend the useful life of end-products

Reasons for inclusion in the Index

As a supplier to the automotive industry, Denso helps to reduce the environmental impact of vehicles. The company carries out a large amount of R&D work in this area. As part of the "2010 Environmental Action Plan", technological initiatives for reducing consumption and emissions will be promoted.

East Japan Railway



Industry: transport & logistics

ISIN: JP3783600004

Country: JP

Company profile

East Japan Railway Company (JR East) is one of the seven railway companies created in 1987 upon the division and privatisation of the Japanese National Railways (JNR). It is one of the largest passenger railway companies in Japan.

Strengths/weaknesses profile

CRR: B

- + mainly active in environmentally sound rail transport
- + comprehensive safety management systems
- + monitoring and transparent disclosure of relevant resource consumptions and emissions
- + various initiatives towards engines powered by renewable/alternative fuels/energy
- lack of transparency concerning supplier standards with regard to labour / health and safety issues
- lack of transparency regarding standards of business ethics

Reasons for inclusion in the Index

East Japan Railway Company operates rail and bus services for local and long-distance public transport in Japan. The company thus makes a contribution toward reducing traffic-related CO₂ emissions.

Industry: IT

ISIN: US2686481027

Country: US

Company profile

EMC develops, delivers and supports the information technology (IT) industry's range of information infrastructure technologies and solutions. EMC's Information Infrastructure business provides a foundation for customers to manage and secure their information, automate their data center operations. EMC's Information Infrastructure business comprises three segments: Information Storage, Content Management and Archiving, and RSA Information Security.

Strengths/weaknesses profile

CRR: C+

- + binding supplier standards regarding labour / health and safety issues
- + comprehensive measures taken to reduce the digital divide and to enhance technology transfer
- + group-wide implementation of a comprehensive strategy for addressing climate change and related sector-specific risks
- + reasonable measures to reduce and substitute the use of hazardous and toxic substances
- lack of transparency concerning measures taken to eliminate hazardous compounds from wastewater streams
- lack of transparency regarding measures to extend the useful life of products

Reasons for inclusion in the Index

EMC Corporation is an internationally active hardware and software service company. EMC develops, manufactures and distributes hardware and software products as well as providing services for the storage and management electronic information. The company has adopted a climate strategy which serves as a model for the industry and which is applied throughout the company. It has also implemented comprehensive measures aimed at overcoming the so-called digital divide. For example, EMC is a member of the United Nations Global Alliance for Information and Communication Technologies and Development (UNGAID).

Energy Conversion Devices



Industry: renewable energies

ISIN: US2926591098

Country: US

Company profile

Energy Conversion Devices (ECD) develops new products, production processes and materials in the area of renewable energy and information technology. The company holds numerous patents in the area of thin layer technology and energy storage technology.

Strengths/weaknesses profile

CRR: C+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

ECD is a leading technology company in the field of renewable energies and holds numerous patents for forward-looking technologies, e.g. thin layer technology.

Evergreen Solar



Industry: renewable energies

ISIN: US30033R1086

Country: US

Company profile

The US company Evergreen Solar develops and produces solar cells based on string ribbon technology. The company has close links with the Massachusetts Institute of Technology (MIT), where this process was developed. In a joint venture, Evergreen Solar has entered into a strategic partnership with the Norwegian company Renewable Energy and the German company Q-Cells AG.

Strengths/weaknesses profile

CRR: C+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Evergreen Solar is one of the world's leading companies in the development and production of solar cells. The technology it uses enables particularly efficient and environmentally-friendly production of solar cells. Through a joint venture with two other providers, the company has established a sound basis for the continued development of its business.

Friends Provident



Industry: insurance

ISIN: GB0030559776

Country: UK

Company profile

Friends Provident provides financial products and services to individual customers, commercial businesses and other institutions. The company has two core businesses: life and pensions and asset management. The asset management business operates through the company's 51%-owned subsidiary F&C Asset Management.

Strengths/weaknesses profile

CRR: B-

- + comprehensive approach to integrating sustainability issues into shareholder advocacy activities
- + detailed disclosure of company-managed investment funds' voting behaviour in annual general meetings
- + comprehensive and transparent community involvement in policy and management
- lack of transparency regarding standards of business ethics

Reasons for inclusion in the Index

Friends Provident has specific strategies both for reducing its own CO₂ emissions and for influencing the climate impact of the companies in which it invests. In addition, a large number of further environmental and social criteria have been integrated into its asset management strategy.

Industry: utilities

ISIN: ES0143416115

Country: ES

Company profile

Spanish group Gamesa (formerly Grupo Auxiliar Metalúrgico) is a major player in the renewable energy sector. Its three divisions promote and run wind farms worldwide, manufacture wind turbines and provide services to the renewable energy sector..

Strengths/weaknesses profile

CRR: A-

- + detailed sustainability reporting following GRI guidelines
- + commitment to the principles of the UN Global Compact
- lack of transparency regarding standards of business ethics

Reasons for inclusion in the Index

Gamesa is one of the world's largest suppliers in the field of renewable energies. The company stands as a model for the conversion of a technology company from conventional (aircraft construction) to sustainable products.

Industry: internet & software

ISIN: US38259P5089

Country: US

Company profile

Google's principal activity is to provide advertising solutions, global internet search solutions through its internet site and intranet solutions via an enterprise search appliance.

Strengths/weaknesses profile

CRR: C+

- + comprehensive code of conduct regarding fair business practices
- + high labour standards for staff
- + continuous increase in the number of jobs offered in the last years
- + reasonable measures regarding the implementation of concrete strategies and formal systems to address climate change
- lack of transparency regarding a human rights policy covering freedom of expression
- lack of transparency regarding policies/measures to ensure interoperability of software

Reasons for inclusion in the Index

Global use of the Internet is now a significant source of greenhouse gas emissions. In this context, Google has set itself the goal of becoming carbon-neutral for 2007 and beyond. In order to achieve this goal, the company has taken a number of steps, including various initiatives to improve energy efficiency, increased use of renewable energies and projects for offsetting carbon dioxide emissions. In addition to this, Google has launched a comprehensive research and development programme, a particular focus of which involves promoting developments in the areas of solar energy and geothermal systems. The goal is to produce at least 1 gigawatt of green electricity that is cheaper than electricity from coal. The costs should be some 20 to 50 per cent lower than those of conventional energy production using solar cells.

Groupe Danone



Industry: food & beverages

ISIN: FR0000120644

Country: FR

Company profile

Groupe Danone is an internationally active food and drink manufacturer with three core products: firstly the manufacture of fresh milk products under the brand names Danone, Actimel, Activia, Danonino and Vitalinée, then its water business, with a portfolio including the brands Evian, Wahaha (China) and Volvic, and finally Danone also produces biscuits and cereals (corn flakes etc.).

Strengths/weaknesses profile

CRR: C

- + comprehensive measures to deal with health and nutrition issues of products
- + reasonable measures to check compliance of key suppliers with the company's labour/health and safety standards
- + increase in resource efficiency in recent years, e.g. regarding energy and water consumption
- + comprehensive and group-wide food safety management system implemented
- + comprehensive measures to reduce the impact of packaging
- lack of transparency concerning environmental guidelines for business travel

Reasons for inclusion in the Index

Besides its comprehensive sustainability strategy, in 2006 the company entered into a joint venture with the Grameen group in Bangladesh (Grameen Danone Foods Social Business Enterprise), with the aim of producing an affordable milk product and combating poverty through creating jobs (in the areas of animal husbandry / milk production as well as distribution and sales). The profits are to be used to promote this business model throughout the country.

Industry: household & personal products

ISIN: DE0006048432

Country: DE

Company profile

Henkel KGaA is one of the world's oldest manufacturers of chemical-based branded products. Its activities are divided between three strategic business areas: laundry and home care; beauty and personal care and Adhesives Technologies. The company's brand names include Persil, Dial, Teroson, Pritt, Pattex, Pril, Loctite and Schwarzkopf.

Strengths/weaknesses profile

CRR: B

- + comprehensive risk assessment of products and ingredients
- + detailed sustainability reporting following GRI guidelines
- + group-wide implementation of environment, health and safety standards and management systems
- + comprehensive measures to reduce, replace and/or refine animal testing
- lack of transparency regarding customer information on controversial ingredients

Reasons for inclusion in the Index

For many years, Henkel has shown a wide-ranging commitment to sustainability, particularly in the area of resource efficiency. This is demonstrated, specifically in the areas of energy and water, through both continuous improvement of production processes and the development of water- and energy-saving detergents and cleaning agents. Furthermore, the company is actively committed to constantly increasing the proportion of regenerative raw materials in its products, e.g. detergents or adhesives, and to promoting the sustainable production of such raw materials.

Herman Miller



Industry: furniture & fittings

ISIN: US6005441000

Country: US

Company profile

Herman Miller researches, designs, manufactures and distributes interior furnishings for use in various environments, including office, healthcare, educational and residential settings.

Strengths/weaknesses profile

CRR: B

- + comprehensive and binding supplier standards regarding labour/health and safety issues
- + comprehensive measures implemented to improve customer safety aspects of products
- + comprehensive social and environmental reporting
- + group-wide environmental management system implemented
- + comprehensive measures to facilitate 'design for the environment' and recycling of products
- no human rights policy implemented, especially with regards to activities in China

Reasons for inclusion in the Index

The major impact of the furniture industry on the global challenges lies in its consumption of renewable (wood) and non-renewable (metal, plastic) resources. Herman Miller is facing up to this challenge by setting itself the goal of achieving a zero environmental footprint by the year 2020 in all its operations. Measures which it has adopted to this end include the use of "design for the environment" principles and the "cradle-to-cradle" certification of products. Furthermore, in the business year 2007, 27% of the energy used by the company was already being obtained from renewable sources. In addition, the company is involved in the area of environmentally-friendly building.

Industry: real estate

ISIN: SE000806994

Country: SE

Company profile

JM is a Sweden-based company active within the real estate sector. The company is engaged primarily in the development of housing and residential areas.

Strengths/weaknesses profile

CRR: C

- + measures implemented to improve energy efficiency in heating, cooling, ventilation and lighting of the property portfolio
- + comprehensive subcontractor/ supplier standards with regard to environmental issues
- + reasonable strategy for addressing climate change
- + group-wide environmental management system
- lack of transparency regarding supplier standards with regard to labour, health and safety issues
- lack of transparency regarding health and safety management and data

Reasons for inclusion in the Index

The construction and use (heating, lighting, air-conditioning and ventilation) of buildings requires a large amount of energy and is thus responsible for a significant proportion of global greenhouse gas emissions. JM has implemented comprehensive measures and detailed guidelines for improving the energy efficiency of buildings and promoting the use of renewable sources of energy.

Kingfisher



Industry: retail

ISIN: GB0033195214

Country: UK

Company profile

Kingfisher is an international home improvement retailer offering home improvement products through a network of retail sites, located mainly in the United Kingdom, Europe and Asia. The company principally operates through its main retail brands B&Q, Castorama, Brico Depot and Screwfix Direct. Kingfisher also has a 21% interest in, and strategic alliance with Hornbach Holding, a do-it-yourself (DIY) warehouse retailer, which operates stores in Germany and in seven neighbouring countries.

Strengths/weaknesses profile

CRR: C+

- + comprehensive and transparent social reporting
- + comprehensive and transparent environmental reporting
- + comprehensive efforts in ensuring the procurement of forest products from legal and sustainable sources
- lack of transparency regarding work-life balance initiatives
- lack of transparency regarding training and education performance indicators
- no building policy which ensures public transport accessibility and reduces environmental impact of store siting

Reasons for inclusion in the Index

In recent years, DIY stores have been widely criticised for selling timber from unknown sources. Where the origins of timber are unclear, there is a risk that it has been felled illegally. In many countries, this practice threatens forest stocks and thus also biodiversity. Kingfisher has set itself the goal that by 2010/2011 it will be obtaining 75 per cent of its timber from recycled materials or from forests certified according to sustainability criteria. In 2007, this was already the case for 69% of all timber sold by Kingfisher. Of this, 42% came from FSC (Forest Stewardship Council) certified forests.

Kurita Water Industries



Industry: water treatment

ISIN: JP327000007

Country: JP

Company profile

Kurita Water Industries' principal activities are the manufacture of water treatment equipment. The Japanese Group operates in the following two business segments: Water Treatment Chemicals Division and Water Treatment Facilities Division.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of water treatment. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Kurita is one of the world's largest suppliers of products and services in the field of water treatment. The company has implemented a group-wide environmental management system. Following a breach of competition rules, the company has implemented comprehensive measures in the areas of corporate governance and business ethics.

Lloyds TSB Group



Industry: banking and financial services

ISIN: GB0008706128

Country: UK

Company profile

Lloyds TSB was formed as a result of the merger of Lloyds Bank and the TSB Group. The group offers a comprehensive range of banking and financial services, which are divided into three segments. The range includes private and business client services, investment and deposit services, pension management, insurance and life assurance.

Strengths/weaknesses profile

CRR: C

- + own code of conduct in the area of human rights
- + good guidelines and processes for environmentally-conscious lending
- + significant improvement of environmental efficiency in recent years
- + comprehensive environmental management system
- + high proportion of women in management positions
- significant job cuts in recent years, without comprehensive redundancy scheme

Reasons for inclusion in the Index

Lloyds TSB has integrated environmental criteria into its lending to a notable extent and thus exerts an active influence on shaping the investments which it finances in an environmentally sound way.

Mayr-Melnhof



Industry: packaging

ISIN: AT0000938204

Country: AT

Company profile

The Austrian Mayr-Melnhof Group's business focuses on the manufacture and processing of cardboard. The group's business activities are divided between two segments. MM-Karton's main line of business is processing recycled cardboard, where it is one of the world's largest suppliers. MM-Packaging, the second segment, produces collapsible boxes.

Strengths/weaknesses profile

CRR: C+

- + comprehensive environmental guidelines
- + detailed recording of data on resource consumption and emissions
- + implementation of a certified environmental management system at a large number of sites
- limited information on social aspects available to the public

Reasons for inclusion in the Index

Mayr-Melnhof manufactures cardboard boxes which consist to a large extent of recycled material (2005: around 90% of tonnage in the cardboard area of business (49% of turnover) consisted of recycled wood fibre).

Munich Re



Industry: insurance

ISIN: DE0008430026

Country: DE

Company profile

Munich Re is a global provider of financial services. The company's core businesses are reinsurance, primary insurance and asset management. Its reinsurance activities encompass traditional reinsurance and alternative risk financing, assuming part of the risk covered by primary insurers. It covers risks as varied as natural disasters, the use of genetic engineering, information technology failure and company management. Its primary insurance business is Europe-centric and conducted through ERGO Insurance Group and a network of European companies including Victoria, Hamburg-Mannheimer and DKV.

Strengths/weaknesses profile

CRR: C+

- + reasonable integration of environmental aspects into the reinsurance business
- + reasonable integration of environmental aspects into the primary insurance business
- + comprehensive and transparent environmental reporting
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- lack of information on customer and product responsibility issues

Reasons for inclusion in the Index

Munich Re has been involved in the area of climate change for more than 30 years. The GeoRiskResearch department has carried out comprehensive work on clarifying the causes and consequences of climate change. The company has set up an initiative, the Munich Climate Insurance Initiative (MCII), for developing insurance solutions to deal with the consequences of climate change, especially for people in the developing world.

Industry: renewable energies

ISIN: DE000A0D6554

Country: DE

Company profile

Nordex AG develops and produces wind power plants, predominantly in the megawatt class. Its services include the development and engineering of large wind power plants as well as the production of control systems, electrical equipment and rotor blades for wind power plants. As a service provider, Nordex also offers the planning and installation of wind park systems.

Strengths/weaknesses profile

CRR: C+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Nordex is one of the largest suppliers of wind energy in Germany, the country which currently has the world's largest installed capacity in the area of wind power.

Ormat Technologies



Industry: renewable energies

ISIN: US6866881021

Country: US

Company profile

The US company Ormat Technologies is principally active in the geothermal field. The company develops, owns and operates geothermal power plants and waste heat power plants. The company is the largest producer of geoenergy in the US and is also active in other countries including Israel, Kenya and Nicaragua.

Strengths/weaknesses profile

CRR: C+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Ormat is heavily involved in the geothermal field and is the world leader in this type of technology. The company has introduced a certified environmental management system at all its sites.

Q-Cells



Industry: renewable energies

ISIN: DE0005558662

Country: DE

Company profile

The core business of Q-Cells AG, founded in 1999, is the development, manufacture and marketing of monocrystalline and multicrystalline silicon-based solar cells. In order to further develop the technology and to diversify its activities, the company has entered into a joint venture with the US company Evergreen Solar and the Norwegian company Renewable Energy.

Strengths/weaknesses profile

CRR: B

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Q-Cells is the world's largest independent manufacturer of solar cells. Through its joint venture with two further suppliers, the company has established a sound basis for the further development of the business.

Industry: automobile

ISIN: FR0000131906

Country: FR

Company profile

Renault develops and builds cars and pick-ups under the brand names Renault, Samsung (South Korea) and Dacia (Rumania). The company also holds shares in AB Volvo and Nissan.

Strengths/weaknesses profile

CRR: B

- + good measures to ensure compliance of suppliers/subcontractors with labour/health and safety standards
- + reasonable information for customers on how to save fuel through responsible driving, limited use/abdication of energy consuming features
- + comprehensive measures to incorporate recycling considerations in the development and construction of new vehicles
- + comprehensive measures to minimize economic hardship for employees affected by restructuring
- no policy on responsible marketing available

Reasons for inclusion in the Index

Renault has the lowest fleet consumption in the EU-15 countries, with average CO₂ emissions of 148g CO₂/km. Although this value is still higher than the EU's medium-term target value of 120g CO₂/km, the company is reducing the risks arising out of a possible statutory setting of emissions limits and is making an important contribution to reducing traffic-related CO₂ emissions.

Renewable Energy



Industry: renewable energies

ISIN: NO0010112675

Country: NO

Company profile

The Renewable Energy Corporation (REC) is a Norwegian solar energy company. As well as silicon and solar wafers, the company also produces end products such as solar cells and modules. The company is subdivided into three divisions: REC Silicon, REC Wafer and REC Solar. In a joint venture, REC has entered into a strategic partnership with Evergreen Solar and the German company Q-Cells AG.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energy. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

As an integrated solar company, REC plays a leading role in the field of solar energy and is the world's largest manufacturer of solar wafers. Through its joint venture with two other suppliers, the company has created a sound basis for the further development of the business.

Industry: IT

ISIN: JP397340009

Country: JP

Company profile

Ricoh Company (Ricoh) together with its consolidated subsidiaries (Ricoh Group) is a worldwide supplier and manufacturer of office automation equipment. The group's products include copiers, multifunctional and other printers, fax machines, personal computers, optical disc drives and media, and related supplies and services, as well as digital cameras and advanced electronic devices.

Strengths/weaknesses profile

CRR: B

- + comprehensive and binding environmental standards for suppliers
- + progressive programmes for substituting/eliminating hazardous substances in products and production processes
- + comprehensive guidelines for environmentally-friendly product design and recyclability
- + far-reaching measures for reducing air emissions from office appliances (copiers etc.)
- lack of transparency with regard to social standards for suppliers

Reasons for inclusion in the Index

Ricoh is a leader in the development of user-friendly energy-saving concepts, such as the energy-saving mode with a very short response time on restart. Ricoh also involves its suppliers in its climate protection concept by setting appropriate requirements.

Industry: Pharma

ISIN: FR0000120578

Country: FR

Company profile

Sanofi-aventis is a pharmaceutical group engaged in the research, development, manufacture and marketing of healthcare products. The company's business includes two main activities: pharmaceuticals (prescription drugs) and human vaccines. In its pharmaceutical activity, sanofi-aventis specialises in six therapeutic areas: cardiovascular, thrombosis, metabolic disorders, oncology, central nervous system (CNS) and internal medicine. In 2004, Sanofi-Synthélabo merged with Aventis, and the company's name changed to sanofi-aventis.

Strengths/weaknesses profile

CRR: C+

- + reasonable measures to increase access to medicines (ATM) in developing countries
- + comprehensive policy on responsible marketing and data protection
- + reasonable R&D programmes aimed at orphan drugs for developing country diseases
- + reasonable measures to ensure biological safety and facility safety
- + comprehensive and binding supplier standards regarding labour/health and safety issues
- lack of transparency with regard to measures to ensure the safe disposal of drugs

Reasons for inclusion in the Index

The company has a comprehensive programme for improving access to medicines in developing countries. The program focuses on six diseases which are common in developing countries, including malaria, tuberculosis and sleeping sickness. The Access to Medicines Division which was set up for the purposes of this programme coordinates work in the following areas: research and development of medicines, the development of new treatment strategies and the communication of information to people affected by the diseases.

Industry: internet & software

ISIN: DE0007164600

Country: DE

Company profile

SAP provides companies of all sizes with business software solutions. The company has three segments: product, consulting and training. By selling their software solutions and the license of its products, including consulting, maintenance and training, the company generates revenues. The main applications for the operating systems include accounting, financial management, logistics, personnel, specialised programming and basic functions.

Strengths/weaknesses profile

CRR: C

- + programme to support the fight against corruption
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- + comprehensive community involvement policy and management
- + commitment to the principles of the UN Global Compact
- no comprehensive policy on environmental issues
- lack of transparency regarding the implementation of environmental management systems

Reasons for inclusion in the Index

SAP is heavily involved in the global fight against corruption. In Africa, the company supports, among other things, the Convention on Business Integrity. This was established in 1997 in Lagos, Nigeria. It is dedicated to the battle against corruption and promotes integrity and transparency as the basis for sustainable development in the entire African continent.

Shimano



Industry: transport

ISIN: JP335800002

Country: JP

Company profile

The Japanese company Shimano was founded in 1921. Today it is one of the world's leading producers of cycle components (including brakes and gears). For some products in this segment, its global market share stands at over 80%. In addition, the company produces, among other things, angling accessories, golf equipment and snowboards, which together generate around 25% of its turnover.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of transport. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Compared with motorized vehicles, bicycles are a significantly more environmentally sustainable means of transportation. Shimano is the world's leading supplier in this sector, from which it earns the bulk of its turnover.

Industry: machinery

ISIN: SE0000108227

Country: SE

Company profile

The SKF Group is a leading global supplier of products, customer solutions, and services in the business of rolling bearings and seals. The company has around 120 production sites in 24 countries.

Strengths/weaknesses profile

CRR: C+

- + group-wide implementation of health and safety management system
- + comparatively comprehensive social/health & safety standards required from major subcontractors/suppliers
- + high percentage of the company's locations certified to ISO 14001
- + positive trends in energy consumption, waste and air-emissions reductions
- external reporting fails to provide in-depth information
- lack of transparency regarding measures to reduce and substitute the use of hazardous and toxic substances

Reasons for inclusion in the Index

As one of the world's largest producers of roller bearings, the company makes an important contribution to increasing energy efficiency and to cutting fuel and energy consumption in almost all sectors of industry through its many measures to optimize roller bearings. In addition, the company has significantly cut its own CO₂ emissions in recent years.

SNS REAAL Group



Industry: banking and financial services

ISIN: NL0000390706

Country: NL

Company profile

The SNS REAAL Group is a Dutch financial service provider which operates in the areas of banking and insurance. Its services are geared toward private and business clients and are marketed principally via its main brands, SNS Bank and REAAL Verzekeringen.

Strengths/weaknesses profile

CRR: C

- + comprehensive integration of social and environmental aspects into the asset management business
- + reasonable programmes regarding lending to companies/projects with high social benefit
- + majority of employees covered by collective bargaining agreements and represented by works councils
- + group-wide measures to ensure employee awareness of and compliance with business ethics
- no comprehensive policy on equal opportunities and non-discrimination

Reasons for inclusion in the Index

The company gives a high degree of consideration to social and environmental aspects in its lending and asset management. In addition, SNS REAAL is active in the field of microfinance and has entered into extensive partnerships with microfinance service providers.

Solarworld



Industry: renewable energies

ISIN: DE0005108401

Country: DE

Company profile

SolarWorld is a fully integrated solar technology company. Its core business is the development, construction and sale of photovoltaic systems, ranging from silicon, wafers, solar cells, modules and components to complete power plants. The company operates the first recycling site for photovoltaic modules in the industry.

Strengths/weaknesses profile

CRR: A-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

SolarWorld is one of the world's top 3 suppliers of solar technology. The company is one of the few in this field to have detailed company guidelines on aspects such as social responsibility, human rights and occupational safety as well as a comprehensive code of conduct in the area of business ethics.

Sompo Japan Insurance



Industry: insurance

ISIN: JP3932400009

Country: JP

Company profile

Sompo Japan Insurance was formed on July 1, 2002 through the merger between Yasuda Fire and Marine Insurance and Nissan Fire and Marine Insurance. The group's principal activity is to provide non-life insurance including voluntary automobile insurance, fire insurance, marine insurance, personal accident insurance and compulsory automobile liability insurance. The group is also involved in life insurance, investment trust and asset management.

Strengths/weaknesses profile

CRR: C+

- + integration of environmental factors into a broad range of property and casualty insurance products
- + environmental management system implemented
- + reasonable steps taken regarding the implementation of concrete strategies and formal systems to address climate change
- + regular reporting on environmental and social issues
- + comprehensive community involvement policy and management
- lack of transparency regarding standards of responsible advertising and transparent design of insurance policies

Reasons for inclusion in the Index

Sompo Japan has adopted a specific strategy for reducing its own emissions. The company also offers discount premiums for hybrid vehicles and other low-emission cars and, in so doing, promotes the acceptance of such vehicle designs and their launch onto the market.

STMicroelectronics



Industry: IT

ISIN: NL0000226223

Country: NL

Company profile

STMicroelectronics produces and supplies a large range of integrated semiconductor circuits and discrete semiconductor components. The company's products are used in the fields of computing, telecommunications, consumer goods and industry as well as in the automotive sector.

Strengths/weaknesses profile

CRR: B

- + steady reduction of industrial accident rate
- + pioneer in the labelling and highlighting of particularly energy-saving semiconductor products in advertising and product information sheets
- + extensive environmental guidelines for transport packaging with regard to recyclability, reusability and avoiding the use of environmentally hazardous substances
- lack of transparency in relation to the company's strategy for minimizing the environmental impact of freight transportation and travel

Reasons for inclusion in the Index

The company has a comprehensive programme for tackling the digital divide, sponsoring IT educational facilities in Morocco, India, Malaysia, Nepal and Tunisia, amongst other countries, and collaborating here with the UN's ICT Task Force.

Storebrand



Industry: insurance

ISIN: NO0003053605

Country: NO

Company profile

Storebrand ASA is engaged in the market for pensions, life and health insurance, banking and asset management. The company's activities are carried out through three main business areas: Life Insurance, Storebrand Investments and Storebrand Bank.

Strengths/weaknesses profile

CRR: B-

- + comprehensive integration of environmental and social aspects into asset management services
- + strict and comprehensive policy for considering environmental and social issues in the company's investment portfolio
- + regular reporting on environmental and social issues
- + comprehensive community involvement management and monitoring of projects
- + high ratio of women in management positions
- no certified environmental management system implemented

Reasons for inclusion in the Index

Storebrand has implemented wide-ranging measures for integrating environment-related and social aspects into asset management. These include the fact that Storebrand does not invest in bonds from countries in which corruption is widespread (relates to personal investments and investment products).

SunPower



Industry: renewable energies

ISIN: US8676521094

Country: US

Company profile

SunPower Corporation, with its head office in San Jose, California, develops, produces and distributes solar cells and solar modules which can be used in rooftop systems, power plants or off-grid applications. The company also manufactures optical devices for use in communications and medical technology.

Strengths/weaknesses profile

CRR: C+

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of renewable energies. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

SunPower earns the bulk of its turnover from products and services in the area of solar technology. The company offers particularly efficient silicon-based solar cells, which have an outstandingly high degree of efficiency compared with the industry average.

Svenska Cellulosa



Industry: paper & forest

ISIN: SE0000112724

Country: SE

Company profile

Svenska Cellulosa (SCA) is a Sweden-based consumer goods and paper product company. The company develops, produces and markets personal care products, tissue, packaging solutions, publication papers and solid wood products.

Strengths/weaknesses profile

CRR: B

- + group-wide collection of comprehensive data on resource consumption and emissions
- + commitment to and publication of the UN Declaration of Human Rights
- + implementation of various measures to reduce environmental impact of logging operations
- + reasonable measures to check compliance of key suppliers with the company's labour/health and safety standards
- + reasonable measures regarding the use of controversial chemicals during paper production
- lack of transparency on measures taken to create opportunities for indigenous people from logging operations

Reasons for inclusion in the Index

The company has taken exemplary measures to reduce the environmental impact of its own logging activities (certification of own forest management by the Forest Stewardship Council, management programme for resource-conserving forestry) and is implementing measures to prevent the sale of timber originating from controversial logging sites (self-regulation and self-reporting of suppliers, audits).

Union Pacific



Industry: transport & logistics

ISIN: US9078181081

Country: US

Company profile

Union Pacific is one of America's leading transportation companies. Its principal operating company, Union Pacific Railroad, is the largest railroad in North America. It offers transportation services for agricultural products, lumber, paper, coal.

Strengths/weaknesses profile

CRR: B-

- + reasonable policies and measures with regard to relevant aspects of customer and product responsibility
- + reasonable policies/measures with regard to the integration of environmental aspects into products and services
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- lack of transparency regarding final fleet disposal

Reasons for inclusion in the Index

The company operates rail-based freight transport services in North America and thereby makes a contribution to reducing CO₂ emissions caused by freight traffic.

Vestas Wind Systems



Industry: renewable energies

ISIN: DK0010268606

Country: DK

Company profile

Vestas Wind Systems is - together with its associated companies - the world's largest supplier of wind power plants. The group's main activity is the development, manufacture, sale and service of wind power plants which are marketed globally.

Strengths/weaknesses profile

CRR: A-

- + comprehensive environmental management system
- + extensive monitoring of resource consumption and emissions
- + reasonable measures to carry out life cycle assessments of wind turbines
- + detailed code of ethics covering all areas related to social responsibility, human rights, health and safety, and business ethics
- lack of transparency regarding labour and supplier standards

Reasons for inclusion in the Index

Vestas is the world's largest company in the field of wind energy.

Industry: transportation infrastructure

ISIN: DE0007667107

Country: DE

Company profile

Vossloh AG focuses its activities on transport technology, with the main emphasis on rail technology. Its business is divided between the two business divisions of Rail Infrastructure and Motive Power & Components. It supplies both rail technology, e.g. switches and control systems, and diesel locomotives.

Strengths/weaknesses profile

CRR: B-

oekom research's rating system classifies this company as a Potential. A prerequisite for recognition as a Potential is that a significant proportion of turnover be earned from sustainable products and services, in this case in the area of transport. Since potentials are generally small and medium-sized companies, their management structures for social and environmental issues are often less well developed.

Reasons for inclusion in the Index

Vossloh earns a high proportion of its turnover from the development and production of technology for the railway infrastructure.

disclaimer



1. oekom research AG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in sustainability research worldwide.
2. We would, however, point out that, since criteria and weightings are determined subjectively by oekom research, we do not claim that any of the information which we issue in the form of advice, rating reports, lists of recommendations or other research tools is objective; rather, it should be viewed as statements of opinion. Therefore, oekom research can naturally give no guarantee of the correctness of its evaluations.
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