oekom Corporate Responsibility Review 2014 – *compact version*

Taking stock of sustainability performance in corporate management

oekom research

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Editorial

Robert Haßler, CEO oekom research AG

Although the 300th anniversary of sustainability – it was in 1713 that Hans Carl von Carlowitz first formulated the concept of sustainability for use in forest management – received extensive journalistic coverage, the issue itself has been paid relatively little attention over the past year at the political and economic level. This is partly due to the fact that scarcely any impetus was given to this issue at the national or international level. For example, many observers felt that the findings of the UN Climate Conference in Warsaw were not really enough to push this key environmental and thus also sustainability issue onto the public agenda. In Germany, public and political debate was largely dominated by the federal parliamentary elections, and, even for the Greens, environmental considerations tended to play a minor role in the election campaigning. The energy transition was the only relevant issue to feature prominently in the debate, and even that was more in relation to perceived problems with its implementation.

Climate policy and energy policy are both examples of issues which are very important to companies and in relation to which the latter are dependent on a reliable long-term framework. For this reason, stagnation of policy leads to uncertainty amongst companies and in the worst-case scenario to total inaction. However, political shortcomings should not be used as an excuse for failure to implement measures in the various areas of sustainability which have been recognised as being sensible and necessary.

This oekom Corporate Responsibility Review 2014 documents where progress has been made and where there are still shortcomings. Without wishing to pre-empt the findings too much, it should be noted at this point that progress is generally very slow – surely too slow, given the huge global problems such as climate change, species extinction and the eradication of poverty. Where politics is lagging behind, if not actually failing, in setting up the framework for sustainable management, the impetus must come from elsewhere. It has for a long time been thought that the sustainable financial market might be able to provide such an impetus, and oekom's Impact Study has for the first time now demonstrated this. The corporate survey carried out by oekom research in collaboration with the Principles for Responsible Investment and the German UN Global Compact Network in the first half of 2013 impressively demonstrates what a powerful lever for the sustainable development of the economy sustainable investors and analysts have at their disposal. One section of this review will deal with the findings of the Impact Study.

Regular readers of our end-of-year review, which has been appearing annually since 2009, will notice that this issue is somewhat shorter than previous years' studies. This new format is intended to provide a compact summary of what we consider to be the relevant developments in the key areas of corporate sustainability.

At the same time, we know from numerous comments and quotations that there is a great deal of interest in the compilation of up-to-date facts and figures on developments in the sustainable capital market which regularly forms part of our Corporate Responsibility Review. However, as the figures used for this are often only collected every two years, we have decided to switch the detailed version of our end-of-year review to a 2-year cycle as well.

We are sure that the compact version of the Corporate Responsibility Review, now established as a chronicle of the economy's social responsibility, will also provide interesting insights. In this spirit, I hope you will find it an interesting and enlightening read!

The oekom Corporate Rating: coverage and methodology

Investment universe

In total, oekom research analyses and evaluates more than 3,000 companies. The oekom Universe covers all companies listed in major international stock indexes as well as in numerous national indexes and can be divided into three groups:

1. large listed companies from conventional sectors;
2. listed, often small and medium-sized, companies from sectors closely linked to sustainability, e.g. in the fields of renewable energies and energy efficiency, recycling technologies or water treatment;
3. non-listed bond issuers, e.g. regional banks, supranational organisations such as the World Bank, or railway companies.

Best-in-class approach

Under the best-in-class approach, all companies are analysed using a standard procedure and based on comprehensive lists of criteria. The aim of the best-in-class rating is to evaluate companies' sustainability performance comprehensively, and to identify within individual sectors those companies which are particularly committed to sustainable development. To this end, companies are rated against a large number of criteria relating to all areas of corporate responsibility.

A distinction needs to be drawn here between the relative and absolute best-in-class approaches. Under the relative approach, a certain percentage of companies in an industry is defined as "best in class", e.g. the top 20 or 30 per cent. The disadvantage here is that the lowest-scoring companies which make it into the leading group under this approach do not necessarily have to satisfy high sustainability standards. In the case of the absolute best-in-class standard, an attempt is made to avoid this by defining (ideally industry-specific) minimum standards which companies have to meet in order to be awarded best-in-class status.

oekom research employs the absolute best-in-class approach. Under this approach, the only companies to receive best-in-class status – for which oekom research has introduced the term "Prime" – are those which have achieved a minimum rating specified by oekom research on its rating scale, which ranges from A+ (highest score) to D-. In this context, oekom research uses the term "Prime threshold", which is determined separately for each industry.

As a general rule, the greater an industry's (potential) adverse impact on the environment, employees and society, the higher the bar is set. In the oil and gas sector, for example, companies have to achieve a minimum score of B- in order to be rated as Prime. Software manufacturers, on the other hand, only need a C.

The lists of criteria each comprise around 100 individual criteria, a large proportion of which are industry-specific. They relate, for example, to the way in which the company treats its employees and suppliers, the ecodesign of products and the scope and quality of environmental management systems. The criteria are regularly updated in order to take into account e.g. new technical, social or legal developments. To illustrate this better, in some of the evaluations below, for example in the calculation of industry and country averages, the alphabetical scores have been converted to numerical scores on a scale from 0 to 100 (highest score).

Exclusion criteria

Private and institutional investors use exclusion criteria to exclude from investment companies which earn their money through the sale of controversial products and services or which show evidence of engaging in controversial business practices.

oekom research conducts analyses in respect of possible violations of a total of 17 exclusion criteria. These distinguish between controversial areas of business, such as alcohol, nuclear power and armaments, and controversial business practices, such as violations of human rights or labour rights. oekom research's list of exclusion criteria includes, among others, the criteria recommended by the Evangelical Church in Germany (EKD).

Fig. 1: Top 10 of the exclusion criteria used by oekom research's clients; in %; as at: 31.12.2013; source: oekom research (2014)

Please note: The following evaluations of the quality of sustainability management and of breaches of selected exclusion criteria relate not to the whole corporate universe covered by oekom research, but to the sub-universe of large companies based in industrialised countries and operating internationally. Altogether there are at least 1,500 such companies, which will be referred to below as the **Global Large Cap Universe (GLCU)**.

The oekom Corporate Rating: 2013 results

Overall result

There has been little movement over the last year in the overall rating of GLCU companies which are regularly analysed by oekom research. Around one in six companies (16.8% in total) met the minimum sector-specific sustainability management requirements defined by oekom research and were awarded oekom Prime Status. Compared to 2012, this proportion has risen only very slightly, by 0.1% (cf. Fig. 2).

However, the proportion of companies with a poor sustainability performance has also risen. It currently stands at 53.1%, while in 2012 it was 52.3%. Just under a third of all the companies (30.1%) can point to some sustainability management initiatives and thus a moderate sustainability performance, but what these companies lack above all is the systematic and comprehensive integration of sustainability management into their management systems.

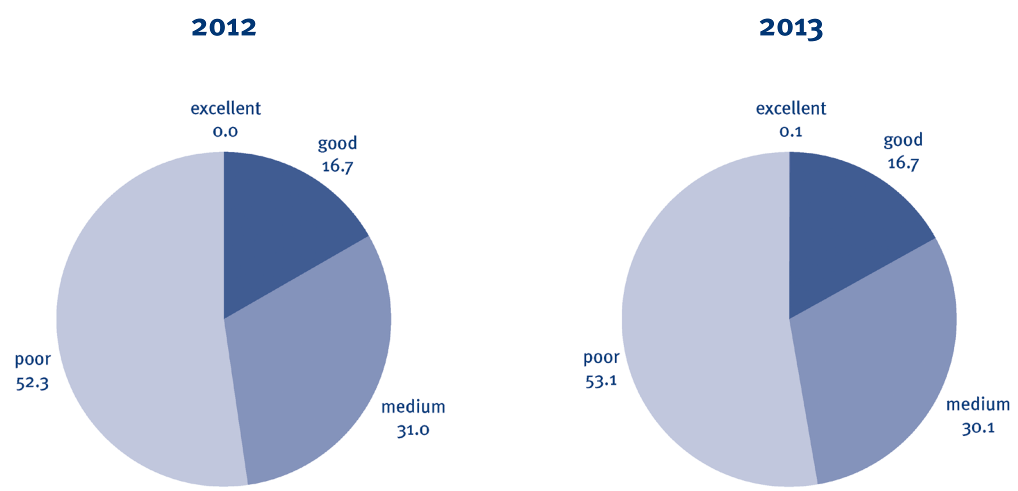


Fig. 2: Evaluation of the sustainability performance of large companies based in industrialised countries and operating internationally (GLCU); in %; as at: 31.12.; source: oekom research (2014)

The top-performing nations

Analysis of the quality of the sustainability management systems of the companies analysed for this end-of-year review, based on country of origin, gives the following picture:

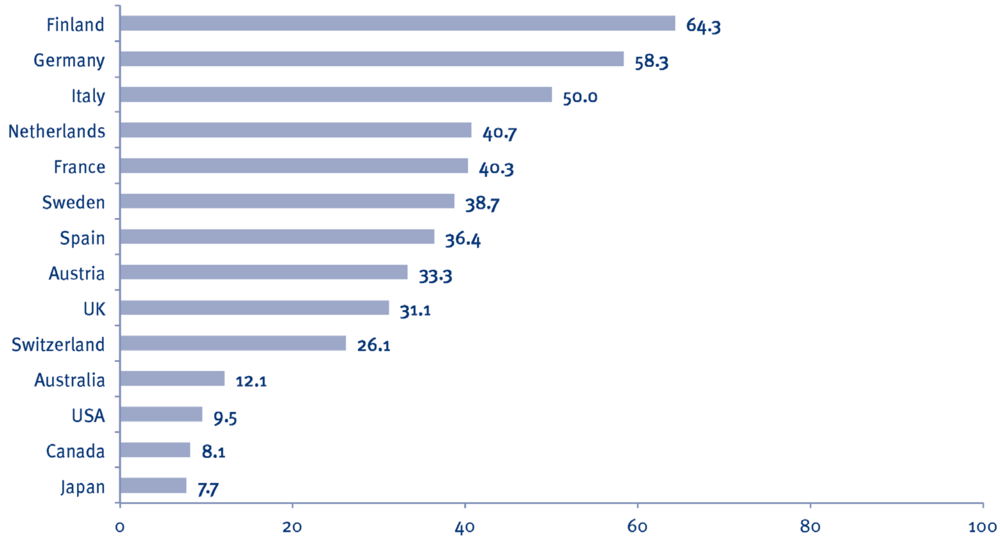


Fig. 3: Proportion of companies with oekom Prime Status in various countries; basis: GLCU; in %; as at: 31.12.2013; source: oekom research (2014)

Finland has the highest “Prime rate”. Here, almost two-thirds (64.3%) of the companies analysed meet the minimum standards for sustainability management defined by oekom research. Germany is next, with a rate of 58.3%, followed by Italy (50.0%) and the Netherlands (40.7%). In Austria, one in three companies perform well enough to meet the standard, while in Switzerland the proportion is just over one in four. The quality of corporate sustainability management in North America and Asia is significantly lower. Fewer than one in ten US and Canadian companies meet the requirements, while in Japan the proportion is as low as 7.7% of the companies analysed.

The top-performing sectors

The situation as regards the average rating of companies from selected industries is as follows: manufacturers of household products achieved the highest rating, with an average score of 46.3 on a scale from 0 to 100. The top-performing company in the sector was the French group L’Oreal, with a score of 71.1 (see Fig. 9 for the top companies in each sector). The automotive industry ranked 2nd in the industry rating, with the companies analysed here achieving an average score of 42.7.

Forestry and paper companies, with an average score of 41.6, came in 3rd place, followed in 4th place by software sector companies (34.4). All the other industries examined here achieved less than one-third of the maximum number of points. Companies at the bottom end of the ranking included insurers (25.9) and commercial banks (23.8), which by virtue of their position in the economic system actually play a key role in the implementation of sustainability standards in companies and projects, e.g. the construction of dams. The only worse-performing industries were the oil and gas industry and the real estate sector.

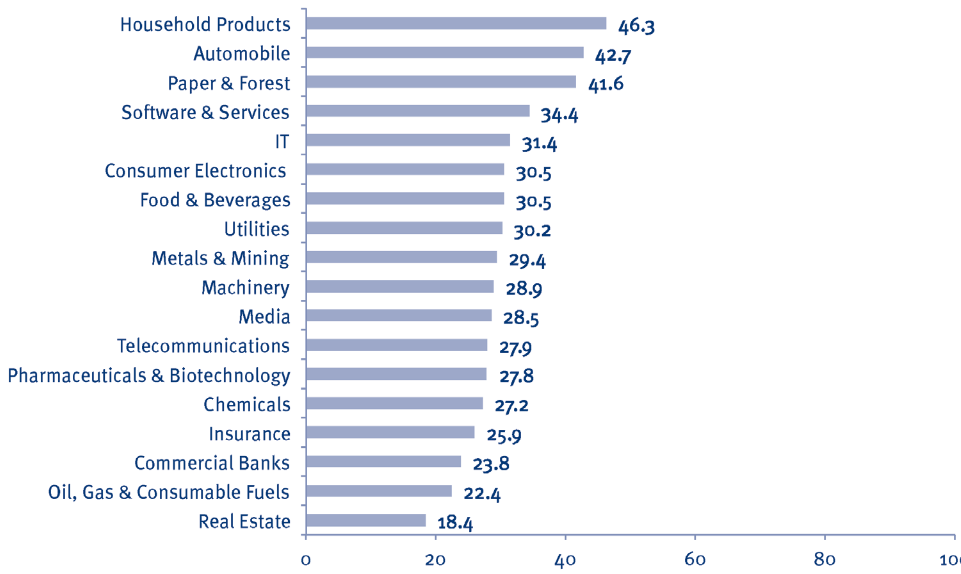


Fig. 4: Average rating of companies from selected industries on a scale ranging from 0 to 100 (highest score); basis: GLCU; as at: 31.12.2013; source: oekom research (2014)

Figure 5 shows the trend over recent years in the average rating for companies in selected sectors. This clearly shows firstly that the development of sustainability management has undergone a slow evolution, rather than a revolution, and that occasionally – as for example in the automobile and oil and gas sectors – there have been setbacks. At the same time, a slight upward trend is discernible overall in the average rating of the quality of sustainability management. This could be due not just to greater efforts on the part of companies, but also to small changes in the composition of the parent population, caused for example by company takeovers and mergers. When interpreting the trend, it must be borne in mind that oekom research is constantly updating the rating criteria. Adjustments to the criteria generally lead to tightening of the sustainability management requirements. In the light of this, even where the trend in the rating of sectors is "merely" steady, this can be interpreted as a positive development.

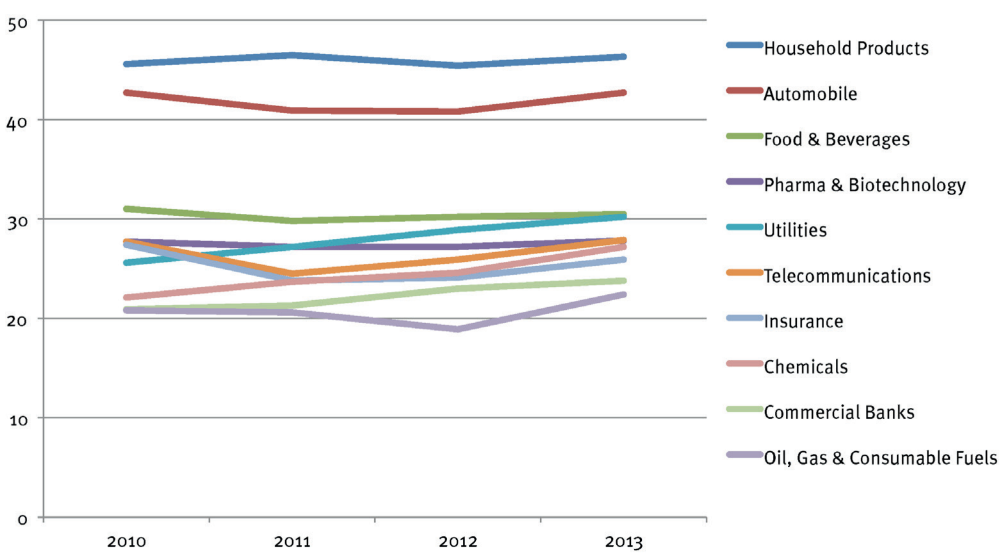


Fig. 5: Trend in the average rating of selected sectors in previous years; scale from 0 to 100 (highest score); as at: 31.12.2013; source: oekom research (2014)

Link between the Corporate and Country Ratings

As well as rating companies, oekom research also rates the sustainability performance of 56 countries as issuers of government bonds, in its oekom Country Rating (cf. oekom Country Rating excursus). The framework conditions laid down by these states or groups of states, such as the European Union, influence corporate behaviour in general and companies' commitment to sustainable development in particular. Examples of this include specifying environment-related product qualities such as average fuel consumption (and thus also CO2 emissions) for the automobile sector or including industries in emissions trading as part of climate policy.

This link is very clearly evident when you look at the correlation between the ratings of countries' sustainability performance and the average ratings of companies' sustainability management (cf. Fig. 6). Companies in countries with high sustainability standards, such as Sweden, Norway and Finland, also tend to perform better in terms of sustainability management than those in countries, like Japan or the USA, which do less well in the oekom Country Rating.

However, Italian companies, for example, demonstrate that companies do not necessarily have to wait for the state to establish an appropriate framework in order to start taking action on sustainability management. They achieved a comparatively good average sustainability management rating across the various sectors, while Italy managed only a mid-field ranking in the oekom Country Rating.

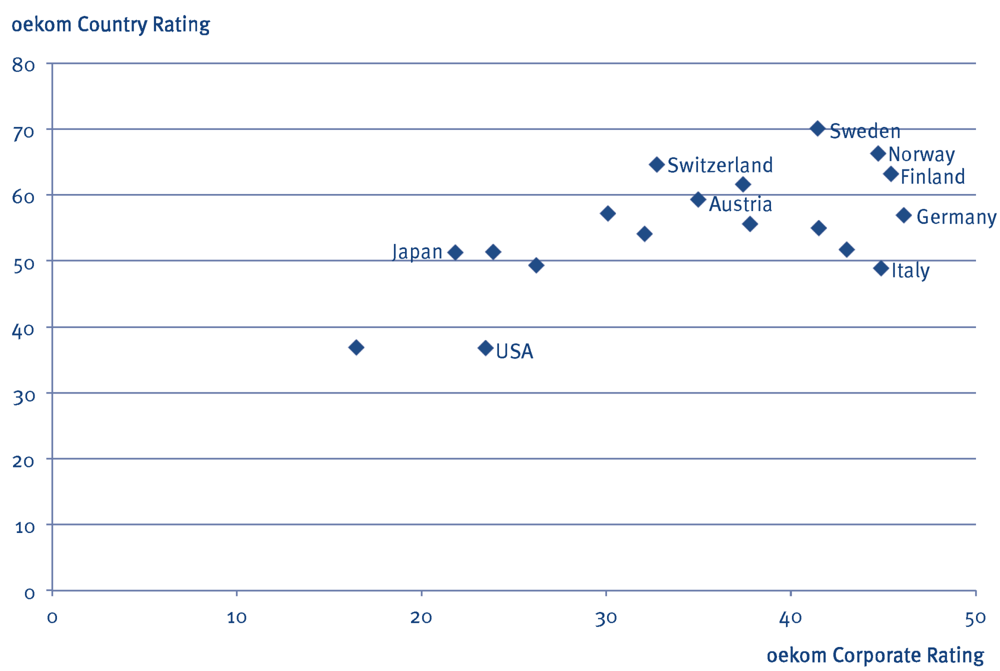


Fig. 6: Link between oekom Corporate Rating and oekom Country Rating; scale from 0 to 100 (highest score); as at: 31.12.2013; source: oekom research (2014)

Excursus: the oekom Country Rating

As part of the oekom Country Rating, oekom research evaluates the sustainability performance of 55 countries and the European Union (EU). All the OECD countries, EU members and BRICS countries, as well as major Asian and South American countries, are analysed and evaluated. The rating covers well over 94% of government bonds outstanding worldwide.

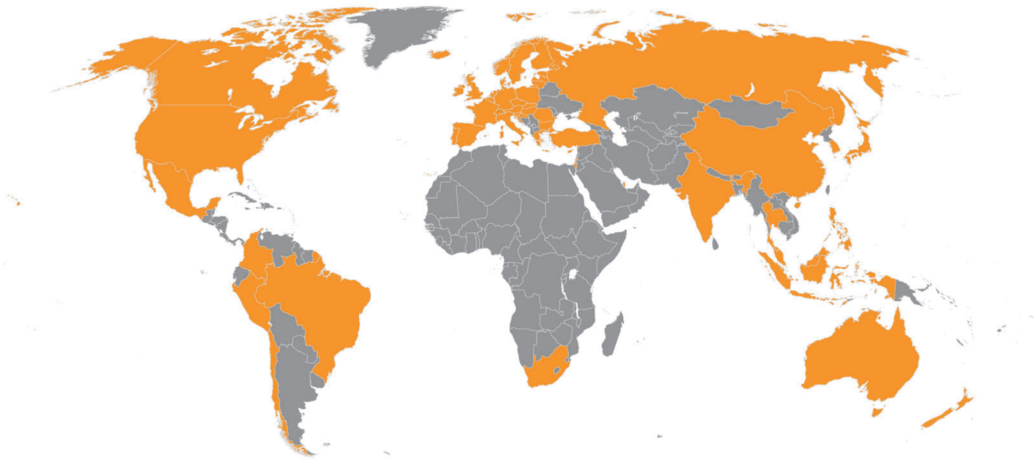


Fig. 7: Coverage of oekom Country Rating; as at: 31.12.2013; source: oekom research (2014)

The countries are rated using approximately 100 individual criteria, which cover performance in areas including "Political System & Governance", "Human Rights & Fundamental Freedoms", "Climate Change & Energy" and "Production & Consumption".

In the rating, we use both qualitative criteria, e.g. for evaluating the observance of civil liberties, and quantitative criteria, such as the proportion of the budget spent on education. Like companies, countries are rated on a scale from A+ (highest score) to D-.

For all countries, oekom research's analysts also research possible breaches of a wide range of social and environmental exclusion criteria, such as possession of nuclear weapons, human rights violations, violation of freedom of the press and freedom of expression, and use of the death penalty.

The oekom Country Rating is used by investors and asset managers to take sustainability aspects into account in their investments, including those in government bonds, so that they can factor in their own values and reduce risks. In this context, the study "Sovereign Bonds and Sustainable Culture", conducted by the ICMA Centre at the UK's Henley Business School and published in autumn 2013, shows that sustainability ratings are a reliable indicator of countries' solvency and that taking sustainability ratings into account allows investors to make a better assessment of the overall risks.

Rank	Country
1	Sweden
2	Denmark
3	Norway
4	Switzerland
8	Austria
12	Germany
14	France
56	China

Fig. 8: Excerpt from the oekom Country Rating; as at: 31.12.2013; source: oekom research (2014)

The industry leaders

While British football clubs didn't stand a chance in the Champions League in 2013, the UK has the largest contingent among the "champions of sustainability", the best-performing companies in the oekom Corporate Rating in terms of sustainability. Four UK companies took the top spots in their sector, including the retailer Marks & Spencer and the property company British Land. France and Germany are each represented by three companies, the latter by the chemicals company Linde, Deutsche Telekom and Adidas.

Italy, Norway, Switzerland and Sweden each have two representatives among the sectoral winners. One US company, Coca Cola Enterprises in the food and beverages sector, achieved a top spot for the USA, a country in which sustainability aspects tend to play a rather secondary role in the economy (cf. section on "The top-performing nations").

Sector	Company	Country	oekom Rating
Automobile	Renault	FR	B
Chemicals	Linde	DE	B
Commercial Banks	DNB	NO	C
Construction	Skanska	SE	B-
Consumer Electronics	Philips	NL	C+
Food & Beverages	Coca-Cola Enterprises	US	B-
Household Products	L'Oreal	FR	B
Insurance	Swiss Re	CH	C+
IT	STMicroelectronics	CH	B+
Leisure	Accor	FR	C+
Machinery	Atlas Copco	SE	B
Media	Reed Elsevier	GB	B-
Metals & Mining	Norsk Hydro	NO	B
Oil, Gas & Consumable Fuels	Snam	IT	B
Paper & Forest	Stora Enso	FI	B
Pharmaceuticals & Biotechnology	AstraZeneca	GB	B-
Real Estate	British Land	GB	C+
Retail	Marks & Spencer Group	GB	B
Telecommunications	Deutsche Telekom	DE	B
Textiles	Adidas	DE	C+
Utilities	Terna Rete Elettrica	IT	B+

Fig. 9: The best-performing companies in selected industries; basis: GLCU; as at: 31.12.2013; source: oekom research (2014)

The table of sectoral winners shows that the best-performing companies here generally score in the B range of oekom research's rating scale, which ranges from A+ to D-, with two companies – STMicroelectronics from Switzerland and Terna Rete Elettrica from Italy – receiving a B+. In some sectors, even the best-performing companies only manage ratings in the C range. Even the sectoral winners are still far from achieving the maximum score and thus from being managed in a completely sustainable way.

Excursus: The influence of sustainable investments and sustainability ratings on companies

One of the key motives of sustainable investors is, by factoring social, environmental or governance-related (ESG) criteria into their capital investments, to exert influence on companies in order to encourage them to step up their efforts in the field of sustainability management. The thinking behind this is that if access to equity and loan capital is dependent on whether companies behave in a responsible way, then they will be more likely to take account of such criteria in their corporate management decisions.

Even though sustainable investors today clearly also have other motives, particularly that of reducing reputational and performance risks, the motive of influencing companies continues to play an important role. However, there has as yet been no comprehensive analysis of whether this lever for changing the direction of the economy toward a “green economy” actually works. While there has been definite evidence over the past decade of an increased level of commitment to sustainable development on the part of companies, the extent to which sustainability strategies and measures are motivated by the sustainable capital market or are even geared to the specific expectations of sustainable investors has so far remained unclear.

In order to shed some light on this, oekom research, in cooperation with the Principles for Responsible Investment (PRI) and the UN Global Compact, conducted a survey of international companies in 2013. The aim of oekom’s Impact Study was to analyse what influence the sustainable capital market has on their structures, processes and products. Overall the results were positive, as the following selected findings from the study show:

- For 61.3% of companies, the demands of sustainability rating agencies were a decisive factor in prompting them to tackle the issue of sustainability, while for 59.3% it was the demands of sustainable investors. The only factor that was more important here was the demands of customers (65.8%).
- Almost one in three companies say that enquiries from sustainability analysts influence the company’s overall strategy. 60.3% of the companies confirm that such questions influence their sustainability strategies, and 68.9% that they influence specific sustainability management measures.
- Of the sustainable investment strategies used, the best-in-class approach has the greatest influence on companies (39.9%). The companies see engagement, i.e. direct dialogue between investors and companies, as the next most important strategy (37.4%). By contrast, they attach little importance to the use of exclusion criteria in this context.
- The overwhelming majority of the companies use sustainability ratings as a management tool, e.g. as a trend radar (96.0%), for analysing strengths and weaknesses (84.3%) or for monitoring the success of sustainability management measures (65.0%).
- Almost one in three companies say that their performance in sustainability ratings affects management remuneration. For 8.5% of the companies this applies across the board, while for 21.6% it is true for selected managers.
- Almost nine out of ten companies (87.9%) see it as important or even very important to be awarded a good sustainability rating or to be included in sustainability indexes and funds. 97% of companies expect a good sustainability rating to have a positive effect on their reputation.

Controversial business practices

Corruption

The anti-corruption initiative Transparency International (TI) describes the negative effects of corruption by saying that it destroys trust, characters, careers, health, economic and natural resources, legal certainty, prosperity and freedom. TI uses the Corruption Perceptions Index to measure perceived levels of corruption among politicians and public officials in 177 countries and territories. In its latest analysis, for the year 2013, Germany scored 78 on a scale from 0 (high level of perceived corruption) to 100 (no perceived corruption). This puts the Federal Republic in 12th place. The top-ranked countries in Europe were Denmark (91), Finland (89) and Sweden (89). Internationally, New Zealand (91) also featured among the leading group.

Another TI tool, the Global Corruption Barometer, uses a population survey to examine how corrupt individual sectors are perceived to be. In Germany, political parties and the private sector scored particularly poorly on a scale from 1 (not at all corrupt) to 5 (extremely corrupt), with scores of 3.8 and 3.7 respectively. Internationally, too, political parties are perceived as being particularly corrupt, with the private sector being perceived as slightly less corrupt than it is in Germany.

In 2013, oekom research once again recorded large numbers of cases of corruption in and/or by companies. Suppliers of medical technology and products were particularly frequently affected. Around one in seven of the companies analysed in this area (14.3%) were involved in corruption, according to oekom research's investigations. Suppliers and service providers in the oil and gas sector, the pharmaceuticals industry and the construction sector also appear to be particularly prone to this type of "sales promotion". In all these sectors, the proportion of companies involved in corruption stood at over 10%.

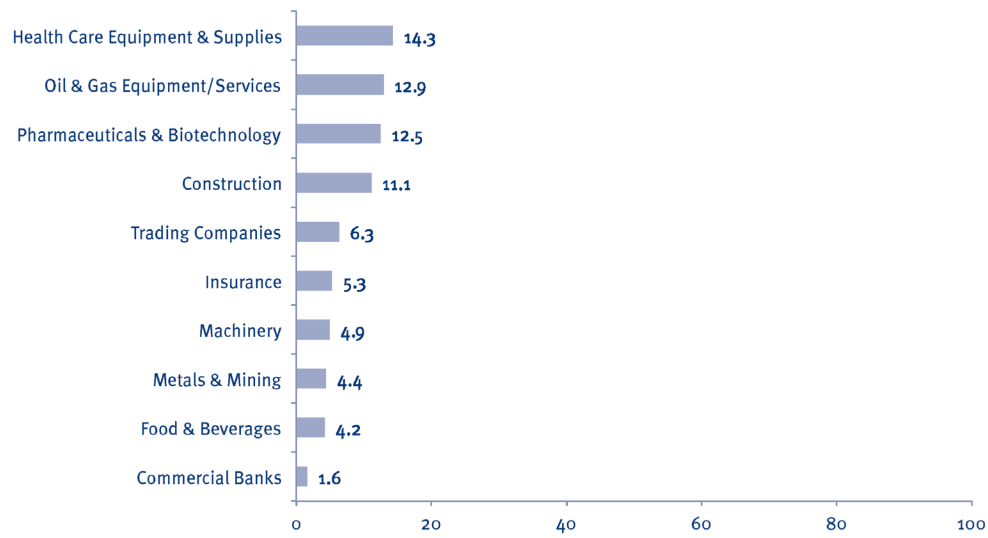


Fig. 10: Proportion of companies in individual sectors with breaches in the area of corruption; basis: GLCU; in %; as at: 31.12.2013; source: oekom research (2014)

Labour rights violations

Many of the labour rights that are taken for granted in Europe and North America have yet to be implemented in other parts of the world to any great extent. The "core labour standards" of the International Labour Organization (ILO) can be considered to be the most important list of employees' fundamental rights. These core labour standards comprise eight conventions which embody the four fundamental principles of the ILO:

- freedom of association and the right to collective bargaining,
- elimination of forced labour,
- abolition of child labour and
- elimination of discrimination in respect of employment and occupation.

These are set out in the Declaration on Fundamental Principles and Rights at Work adopted by the ILO in 1998. The ILO's core labour standards are internationally recognised as qualitative social standards and take the form of universal human rights which have a claim to validity in all countries, irrespective of their level of economic development. The rights to work, to fair working conditions, to form trade unions and to strike were also enshrined in the United Nations' 1966 International Covenant on Economic, Social and Cultural Rights.

Besides breaches of the ILO core labour standards, further key aspects which feature in oekom research's sustainability rating include workplaces which pose a health hazard, forced pregnancy testing or HIV testing, excessive working hours and extremely low wages.

It is often not the international corporations themselves which breach these labour standards, but their suppliers in developing and emerging economies. This has recently been shown in the textile industry by the serious industrial accidents in factories in Bangladesh. oekom research has recorded breaches of the labour standards outlined above in one in five of the textile companies analysed for this study. The proportion is even higher among manufacturers of consumer electronics and household appliances, where such breaches have been identified in more than one in four companies (26.7%). In the mining industry, in the retail sector (which has particularly strong links to global supply chains) and in the construction materials industry, the proportions of companies affected are also in double figures.

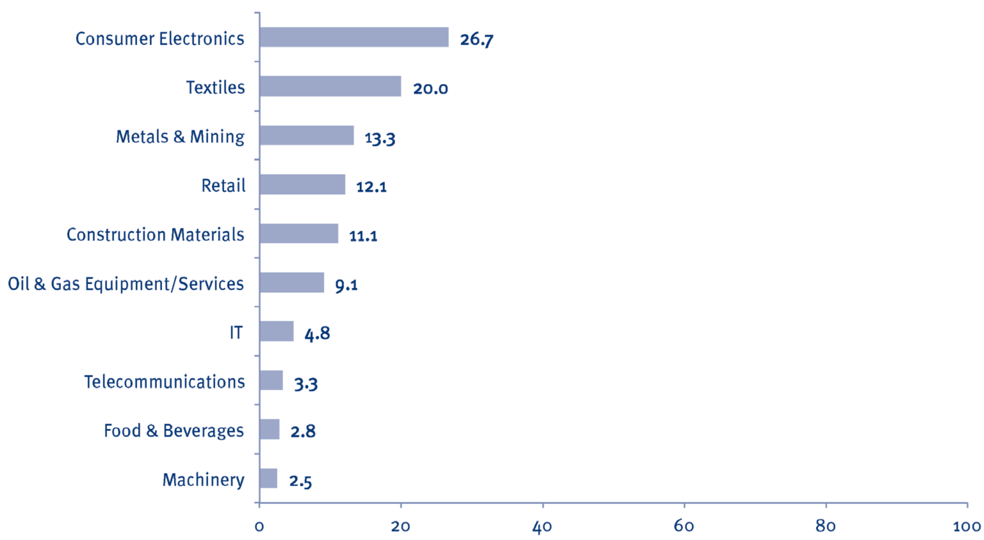


Fig. 11: Proportion of companies in individual sectors which have infringed labour rights; basis: GLCU; in %; as at: 31.12.2013; source: oekom research (2014)

Human rights violations

The boundary drawn between labour rights and human rights by companies and/or the business environment in which they operate is a fluid one. In oekom research's view, human rights violations include:

- activities and projects by companies which knowingly put the health or lives of local residents, customers or other persons at serious risk;
- human trafficking;
- activities and projects which grossly violate third parties' right to self-determination and
- activities and projects which grossly disregard third parties' right to cultural self-determination or their cultural dignity.

Companies in the mining industry are particularly frequently involved in human rights violations. Almost one in ten companies (8.9%) have committed violations in this area. These often involve inadequate compensation and even the forced displacement of local residents following the expansion of mines, or the disruption of the livelihoods of the local population through destruction of the natural environment, for example through the contamination of bodies of water by toxic sludge or waste water. Isolated cases of human rights violations have occurred in international trading companies and food producers and in the oil, gas and coal sector and the utilities industry.

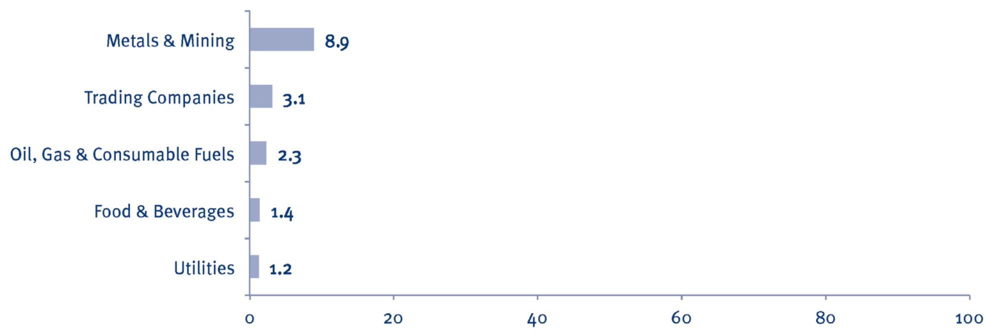


Fig. 12: Proportion of companies in individual sectors which have committed violations of human rights; basis: GLCU; in %; as at: 31.12.2013; source: oekom research (2014)

Environmental violations

Companies in the mining industry are also particularly frequently involved in environmental violations, due to factors including the enormous environmental impact of opencast mining and also the use and release of toxic substances. More than one in three of the companies analysed (35.6%) have committed violations in this area. The same is true of almost one in six retail companies trading globally. Large Asian trading companies which are also active in mining raw materials such as coal or in oil & gas extraction are particular contributors to this kind of environmental destruction. Activities relating to resource extraction are generally carried out within the framework of strategic alliances, joint ventures or consortia.

In the oil and gas industry, environmental degradation, in which 15.1% of companies are involved, often results from the exploration for and extraction of oil and gas and the associated construction of the necessary infrastructure. In addition, just under one in ten of the commercial banks (9.6%) are involved in environmental violations. The context is usually the financing of controversial companies and projects, for example dam projects in South America, which are linked to serious adverse impacts on the natural environment. The same applies to insurance companies.

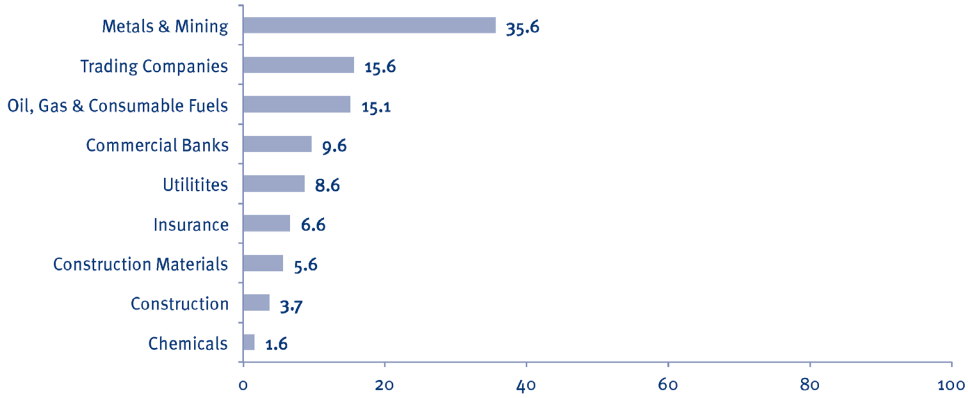


Fig. 13: Proportion of companies in individual sectors which have committed violations in the area of environmental protection; basis: GLCU; in %; as at: 31.12.2013; source: oekom research (2014)

Outlook

Just one in six of the companies analysed for this study demonstrate what oekom research regards as a good performance when it comes to managing the challenges of sustainability. At the same time, more than half the companies have so far made little or no progress toward operating sustainably. The changes here compared with previous years are small and not all in the right direction.

At the same time, surveys of companies show that sustainable capital investments can make a particular contribution toward motivating companies to make a greater commitment to sustainable development. Around one-third of the companies surveyed as part of oekom's Impact Study confirm that the demands of sustainability analysts and thus also of sustainable investors have an influence on the company's overall strategy, and more than two-thirds of companies state that they factor such expectations into the design of specific measures in their sustainability management systems. At the same time, many companies now factor performance in sustainability ratings into their management remuneration structures.

The growing volumes being invested taking sustainability criteria into account mean that this lever can and will become increasingly important in making companies focus more strongly on sustainability principles – to the benefit of investors. In 2013, once again, various studies showed that sustainable capital investments, which generally invest in companies that operate particularly sustainably, not only showed no systematic disadvantage in terms of performance compared with conventional investments, but even stood a good chance of outperforming them. For example, of 195 such performance studies analysed by the Research Centre for Financial Services at Steinbeis university as part of a meta-study, 61 showed a positive correlation between the use of sustainability criteria and financial performance, 62 ascribed a neutral correlation and only 14 saw a negative effect.

The more people realise that sustainable investment promises a double dividend – returns which are at least in line with the market while at the same time supporting the aims of investors regarding sustainable development of the economy – the more capital will be invested in relevant products and the greater the leverage to influence companies toward operating sustainably will be.

oekom Inside

oekom research is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. oekom research has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decision-making. oekom research's analyses therefore currently influence the management of assets valued at over 520 billion euros.

Key to the success of oekom research AG is the credibility of our analyses. In order to guarantee this, there are in our view two particular aspects that are of crucial importance: independence – both at agency and at analyst level – and a sophisticated quality management system. In both these areas, oekom research has followed a consistent path since its founding in 1993 and has put appropriate standards in place on various levels. For example, we do not permit any companies which we evaluate, nor any financial market players, to be shareholders in oekom research. We also consciously refrain from providing any form of consultancy to the companies which we evaluate.

With regard to the quality of our rating processes, the market has for years acknowledged our leading position over our competitors. Nonetheless, over the last year we have subjected our rating system to a detailed audit by external auditors of our compliance with the internationally recognised quality standard ARISTA® of the Association for Responsible Investment Services (ARISE) (www.aristastandard.org).

CERTIFICATE
oekom research

Our interdisciplinary team currently numbers 64 persons, of whom 49 are analysts, including six analysts at GES, our strategic marketing and research partner. The continuous training and professional development of our analysts is very important to us, as it enables us to meet the various demands of our clients and other stakeholders and to provide a high-quality service. Besides this subject-matter expertise, the global market increasingly requires a high degree of internationality: between them, our staff currently speak approximately 20 languages.

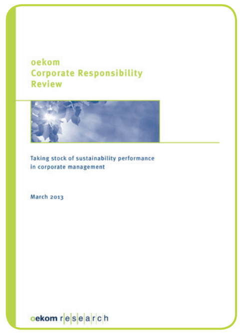
Publications

The following publications or series of publications were published in 2013 or are regularly published by oekom research. Publications for which a charge is made are marked with an asterisk (*). All publications are available from oekom research on request (info@oekom-research.com).

Books & studies

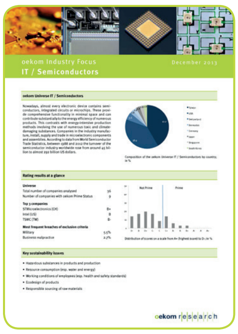
Globale Geschäfte – globale Verantwortung (in German), oekom verlag, March 2013*

oekom Impact Study, May 2013



oekom Corporate Responsibility Review 2013, March 2013

Sectoral reports



oekom Industry Focus – summary of the sectoral analysis

oekom Industry Reports* – The entire rating results of an industry, including ranks, background information and Corporate Rating Reports

Thematic reports

oekom Facts & Figures – individual findings of our rating

oekom Position Paper – overview of current sustainability topics

The following oekom Position Papers are currently available:

- Biodiversity
- Biofuels
- Controversial Weapons
- Emissions Trading
- Forestry & Timber
- Nanotechnology
- Working Conditions in the Supply Chain

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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 responsibility research worldwide.

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