

# Rate the Raters Phase Five Questionnaire for Raters

Vigeo

February 2013

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## Overview of Questionnaire

The questionnaire covers five areas: Rating Overview, Governance and Transparency, Inputs, Research Process and Outputs. SustainAbility developed a methodology to evaluate raters' responses in the latter four areas, and we used this to identify the good practices and areas for improvement described in [Rate the Raters Phase III: Uncovering Best Practices](#). We have made our methodology available on our website for readers to use while reviewing the raters' responses.

## Directions for Raters

Please use space below each question to input your answers. While we have not set a minimum or maximum number of words for your responses, please answer the questions in sufficient detail for us to understand your practices. We have included guidance notes in italics. We recognize that certain questions may not be pertinent to every rating. If you find this to be the case, please indicate this and provide a brief explanation.

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## 0 Rating Overview

### 0.1.1 Rating Name

[Vigeo](#)

### 0.1.2 Please describe the primary objectives and motivations for your rating

Our ratings are primarily intended for investors seeking a sustainable and responsible performance of their investments.

### 0.1.3 How do you evaluate the impact or success of your rating? If so, how?

Over 150 clients and partners worldwide use our services, including some of the world's largest institutions. Customer satisfaction is shown in high renewal rates of our subscription services.

### 0.1.4 Please identify your audience or customer base, and, if possible how they use your rating in their decision making.

We primarily service institutional investors (pension funds, insurance companies) and asset managers (institutional and retail money managers, private banks) worldwide. They use our scores and ratings to supplement their traditional financial analysis with ESG risk analysis and support their investment decisions. In addition to our ratings database, we offer a number of

services such as portfolio ESG analysis and screenings, customised investment universes and ESG indices.

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## 1 Governance and Transparency

### 1.1 Disclosure of methodology

#### 1.1.1 Describe how you make available the details of your methodology to the public, rated companies and other stakeholders.

Vigeo is strongly in favor of the industry's transparency and against any black box approach. We are committed to make fully transparent and accessible our methodological principles, models, questioning, processes, scale of scores, complaint processes and quality assurance. □ Clients have full access to Vigeo's rating model and to justified information and opinions. □ Rated companies have access to themes under review and to detailed analysis of their profile including specific criteria for each of the six fields and a breakdown of how questions are scored. Only qualified opinions and synthesis analysis resulting from this information have restricted access and are only accessible on a contractual basis.

Vigeo provides detailed information of its approach and methodology on its website.

A comprehensive overview of Vigeo's methodology is disclosed in the [Transparency matrix](#) of the Responsible Investment Research Standard (ARISTA).

### 1.2 Conflict Management

#### 1.2.1 Do you have a policy (or guidelines, standards, etc.) that addresses conflicts of interest? If so, is it disclosed publicly?

The credibility of our analyses relies both on the excellence of our methodology and the code of ethics with which it is applied.

Vigeo has a formal Code of Conduct that, among other things, articulates what independence means to Vigeo, describes the core three principles of the Code (Independency, Transparency and Professionalism) and defines the roles of stakeholders in Vigeo's process.

Vigeo has a unique ownership structure: 45% of Vigeo is owned by institutional investors, 28% by trade unions and CSR organizations and 27% by corporations. Moreover, its statute states that no company can own more than 2% of Vigeo's shares. Vigeo's Board includes three representatives from each of these three groups and five independent members. This multi-stakeholders structure reflects Vigeo's aim to guarantee the independency of the agency and to promote a dynamic vision of CSR taking into account stakeholders' interests, starting by their fundamental rights.

Vigeo has a multi-disciplined Scientific Council responsible for defining the code of ethics, guaranteeing it is being respected and guides Vigeo's methodology in a scientific way. Vigeo provides services to companies through two distinct businesses. [Vigeo Rating](#) (which rates company ESG performance) primarily serves investors, but also makes its ratings and benchmarks available to companies. [Vigeo Enterprise](#) serves companies and conducts audits at

their request on specific CSR themes (e.g. supply chain, diversity). Vigeo maintains a rigorous separation of workforce, office, IT systems, management structures of these two divisions.

**1.2.2 Do you disclose the relationships and independence of board members, advisory panel members, partners and/or other involved third-parties? If so, how? How do you manage conflicts of interest with these entities?**

Yes. Board members are not involved in the rating of individual companies. Scientific Council Members may review some specific individual company ratings (cf question 1.4). Should one of the members be connected with the company under review, he/she will not take part in the decision.

**1.2.3 Do you offer for-fee services to the companies that you rate (including benchmark reports)? If yes, please describe these services. How do you avoid conflicts of interest in these situations?**

Vigeo offers two kind of services through two business brands:

- Vigeo Rating (offers a broad range of products and services to investors wishing to factor ESG considerations in their investment processes, c. 2/3 of revenues) □
- Vigeo Enterprise (conducts CSR audits for companies and organisations seeking an external assessment of their CSR policies and performances, c. 1/3 of revenues).

The two departments are different in scope and nature and are rigorously separated. Vigeo Rating's activities are designed for investors or asset managers, conducted on a declarative way and based solely on publicly available information from companies and stakeholders without any mandates from companies.

Vigeo Rating evaluations and benchmark reports are primarily intended for and paid for by investors (in contrast to credit rating agencies). In response to a growing interest from companies to access these analyses, we make them available on a contractual basis. The universe of companies being rated is driven by stock market indices composition, not by corporate demand. Ratings and benchmarks are offered to companies, ex-post, once a sector review has been completed. In conformity with our equal treatment principles, such ratings and benchmarks are offered to all companies in the sector. The commercial activity is conducted by Vigeo Enterprise (not Vigeo Rating).

Vigeo Enterprise's activities are solicited by companies to investigate on site. Vigeo Rating's analysis cover the full consolidated scope of company's activities on every aspects of CSR while Vigeo Enterprise's analysis might investigate specific CSR theme (e.g. diversity or supply chain audits) on a limited part of the business (e.g. specific branch or subsidiary, specific geographic location).

The two activities are separately managed with separate workforce, office, IT systems and management structures as well as a strict Chinese wall between the two business units. All information gathered in the course of the audit assignments by Vigeo Enterprise is kept strictly confidential and is not shared with Vigeo Rating analysts.

**1.2.4 Do you have any other financial relationships (e.g. sponsorships, advertising) with companies you rate?**

Vigeo Rating is not sponsored by any rated companies. A few of them (37/2700) are part of the capital of Vigeo as founding member of the agency. Vigeo has tripartite shareholding structure:

Asset managers and pension funds (45%), Trade unions and CSR organisations (28%), Corporates (27%). The choice of involving a pluralist body of shareholders was motivated by the desire to include all stakeholders, in line with the concept of CSR. This tripartite structure ensures the independence of opinions in our research activities.

Its statute states that no company can own more than 2% of Vigeo's shares, in practice they each hold on average 0.85%. The full list of our shareholders is disclosed on our website.

### **1.3 Regular Review**

#### **1.3.1 Do you have a regular approach to updating your methodology over time? If yes, describe this approach.**

Yes, our methodology is subject to on-going R&D in order to adapt to new CSR trends and development. Besides their sector specialisations, all analysts belong to one of our six ESG domain groups (Environment, Human Rights, Human Resources, Community Involvement, Business Behavior, Governance). Placed under the responsibility of the Head of Methodology, these expert groups focus on the R&D of our methodology, monitor CSR trends within their domain, oversee methodology adaptation to specific industry sectors and carry out thematic studies. 10% of the working time of analysts is dedicated to these activities. For example, in 2010 we introduced a new rating criterion in the Business Behavior domain relating to corporate lobbying practices. This new evaluation criterion was developed with the support of Transparency International with a view to assessing the transparency and integrity of influence strategies and practices.

#### **1.3.2 Describe how you communicate any changes in your methodologies to affected companies and other stakeholders, and how you work with them to adapt to and understand the implications of the changes.**

Vigeo has signed several partnerships with stakeholders, to continuously challenge and develop the rating model. Such partnerships have recently resulted in the creation by Vigeo of a new criterion on the transparency and integrity of companies' influence strategies and practices, developed with the support of the French section of Transparency International within the framework of a partnership agreement signed between the two organisations in July 2009; a more detailed questionnaire was also developed regarding companies' management of biodiversity risks in close cooperation with WWF and Humanité & Biodiversité. Major methodological changes are publicly communicated on Vigeo's website.

In the initial mail sent to companies at the start of the rating process, we provide a list of the CSR issues that will be investigated in the sector.

### **1.4 Stakeholder Involvement (excluding rated companies)**

#### **1.4.1 Does the rating have an external and/or independent advisory body in place? If so, describe how this body is involved in the rating's construction and maintenance and the scoring, rating, or selection of companies.**

Yes. A [Scientific Council](#) contributes to the independence and professionalism of the company. It defines and also ensures respect for the code of ethics. Finally, it provides scientific orientation to the company methodology.

In this capacity, it is responsible for:

- Examining the principles and rules of the methodologies applied to the different products before they are marketed.
- Ensuring the scientific surveillance of the company rating activity, and, in particular, respect for the application of the methodology. If, at the end of the investigations, the Council is of the opinion that a rating has not been established in conformity with the rules, and that this raises a problem of principle with regards to the activity and methodology of the agency, it may, after consultation with the Chairperson of the company, draw up an opinion accompanied by suggestions for improvement.
- Formulating a proposal of settlement in the event of dispute between a company under review and Vigeo, relating to the methodology used. This proposal takes the form of an opinion.

Members of the Scientific Council are:

- Chairman: Aldo Cardoso, Senior lecturer at the IEP Paris, author of *Anarchie Libérale* ('Liberal Anarchy')
- Halina Ward, Director of the Corporate Responsibility for Environment and Development Programme and the International Institute for Environment and Development (IIED) in London
- Professor Craig Smith, Professor in Ethics and Social Responsibility at INSEAD
- Professor Luc Van Liedekerke, Professor of Ethics in Business at the Universities of Louvain, Antwerp and Tilburg, Director of the Centre for Economics and Ethics at the University of Louvain.

**1.4.2 Describe how you involve / solicit feedback from external stakeholders in the development and ongoing maintenance of the rating. Please provide an example of how you revised your methodology based on stakeholder input.**

We involve stakeholders in the development of our rating framework. In 2010, for example, we refined our rating approach relating to the protection of biodiversity. This was based on extensive exchanges with external experts such as WWF. Please refer to question 1.3.2 for further elements/examples.

We solicit feedback from stakeholders (NGOs, trade unions, etc.) when we rate companies. This enables us to identify controversies and thus cross-check and challenge the information that we receive from companies. Refer to question 2.1.2 for further elements/examples.

Vigeo has partnership agreements with different global unions: UNI, IUF and EFFAT and different NGOs: WWF, Transparency international, Humanité & Biodiversité. Those stakeholders are giving us information regarding companies, specific CSR issues and issues at stake in different sectors. Moreover, we have been working with more than 58 universities in 8 different countries. Those academics are working on our ratings and are publishing academic papers enabling to increase the general knowledge on CSR.

**1.4.3 How do you communicate the output / summary from this engagement? For example, do you make public the stakeholder comments?**

Stakeholder feedback is built into the construction of our rating framework. On a company-by-company basis, stakeholders comments contribute to our evaluation process and final opinion, they appear in our company rating reports.

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## 2 Inputs

### 2.1 Information Sources

#### 2.1.1 Please list and describe the information sources that you utilize to develop your rating.

Vigeo ratings are developed on the basis of publicly disclosed information as well as through direct dialogue and engagement with both corporations and their stakeholders.

At the start of our rating process, companies under review are informed of the research procedure and invited to send all relevant information. The analyst collects data published by the company and its stakeholders (NGOS, trade unions, etc.), along with the data necessary to fill our questionnaire. In this process, he or she is assisted by our Information Department which provides internal IT monitoring tools using powerful research and referencing devices for all companies, sectors and topics covered by the analysts. All information and sources' references are entered into our database.

When insufficient, imprecise or conflicting data are collected to the extent that an opinion cannot be formulated, the analyst sends the company a set of additional targeted questions. Stakeholders are also consulted.

At the end of the analysis process, the company receives a draft report and is given the opportunity to formulate its observations and provide any final additional information. Depending on its relevance and acceptability, this information may or may not alter the opinion formulated by the analyst in his or her draft report.

#### 2.1.2 Please describe how this information is obtained (i.e. from publicly available documents, partner organizations, directly from companies). If your rating is based on other ratings or third-party research firms, please describe how they obtain their information.

Vigeo combines the experience of its highly skilled ESG analysts and Research Assistants expert in querying search engines and information database and categorising data, pieces of news. Moreover, three IT managers help to provide clients with a thorough ongoing monitoring process. Vigeo's experience in dealing with a wide range of CSR data from global geographical origins is essential in determining the relevant and trustworthy sources of information. All information monitoring & searching are performed in-house.

The information used by Vigeo can be broken down into 6 categories:

- 1) Social, economic and CSR-related publications and norms by international organizations (UN, ILO, OECD...) and national governments and bodies – monitored on a daily basis by the Vigeo Information System
- 2) Financial reports, market and company research reports
- 3) Domain, sector or company experts
  - a. Direct contact
- 4) Media 

- a. Vigeo has access to more than 30,000 international, national and industry newspapers and publications through partnership with a world leading content database
- 5) Corporate information
  - a. Corporate Publications
  - b. Interviews lead by Vigeo analysts
- 6) Stakeholder information
  - a. Reports, articles form stakeholder sources monitored and gathered by the Vigeo's Information System<sup>ISEP</sup>
  - b. Specific partnerships with stakeholder organisations or CSR-focused information bodies, i.e. Union Network International, International Union of Food.
  - c. Interviews lead by Vigeo analysts

### **2.1.3 How often do you refresh information / inputs on companies?**

There are two types of updates of companies' CSR assessments:

- The general update (every 18 months on average): The entire sector, and all companies within it, are re-assessed according to the full research procedure.
- The on-going update: Companies are continuously monitored. Relevant CSR information is presented on a daily basis to analysts who may issue an alert to clients and change a score, in case an event is deemed material (refer to question 3.4.4).

### **2.1.4 How do you deal with non-disclosure by companies in your rating?**

We make systematic contact with companies to engage them to participate in our rating process and to provide the relevant information on top of publicly available data.

Our method of processing information treats the "absence of information as significant in itself." In accordance with our operational definition of social responsibility, we consider the absence of information as information in itself (deficiencies in formalising CSR objectives, deficiencies in reporting and disclosure, withholding information, etc.). The absence or lack of access to information that may be expected from the company is therefore considered as showing no evidence of commitment. Conversely, the absence of information, particularly of a controversial nature, coming from stakeholders is assumed to be in the company's favour.

We disclose to our clients in our reports the information rates and the companies' level of cooperation that underlie our final scores and ratings

## **2.2 Company Engagement**

### **2.2.1 Describe the process by which you engage / interact with the companies that you rate (i.e. frequency, nature, format).**

Our analysts contact companies:

- 1) In the frame of the general update process: analysts are in contact with companies at least 4 times to:
  - Announce the launch of the rating process: at least three months in advance a mail is sent to their attention presenting Vigeo, our rating process, our methodology, our quality control, procedure for complaints and appeals; presenting the calendar with the main deadlines; the issues for which we are looking for information.

- Obtain additional information or clarification on their CSR strategy, practices or results: specific questions are sent to companies to clarify elements found in publicly available information (company reports, press articles, NGOs reports, etc.), or obtain information on issues left unaddressed.
- Receive their feedback on their draft report.
- Send them the final profile.

Vigeo does not send generic questionnaires to companies.

2) On an ongoing basis: when specific ESG events occur that are likely to impact our opinion on a company's CSR performance, analysts contact companies to get additional elements on the allegation/controversy that might have affected their operations.

3) Occasional meetings may be organised between analysts and companies, outside of the rating process, in order to get a better understanding of an industry (through site visits for instance) or to explain our methodology to companies. To guarantee the equality of treatment between companies, these meetings cannot take place during a sector rating process.

## **2.2.2 On average, how much time do your analysts spend engaging with each rated company on an annual basis?**

On average, analysts spend 7 days to rate a company during the general update process. This time does not take into account the time spent to analyze the environment of the company (sectorial, legal or specific ESG issues). Moreover, it doesn't take into account the time spent on the daily monitoring of companies (Alert service). Companies are given 15 working days to answer our questions and 5 working days to comment on their draft assessment.

## **2.2.3 Please describe if and how feedback from rated companies is incorporated into your research and ratings process.**

We do not send standard questionnaires or surveys to companies. We send them a list of specific questions after having reviewed publicly available information (please refer to 2.1.1). In order to be incorporated, relevant answers from company have to be based on publicly available documents.

## **2.3 Input Verification**

### **2.3.1 Describe your approach to verifying the information used to assess companies. Is this approach captured in any sort of policy or guidance document?**

Vigeo's policies related to information used for assessing companies' CSR performances are based on the "show and prove me" principle. Information collected by Vigeo is based on both corporate and stakeholders sources, within the framework of Vigeo's highly structured methodology.

As such, analysts need to respect the four following principles, which are subject to internal control:

- Equal treatments of companies
- Relevance and legitimacy of information sources used
- Cross checking of information sources (stakeholders, press, companies)
- Traceability of information used

Several policies set out the guidelines for collecting information: Vigeo Confidentiality policy; Vigeo Stakeholder Policy, Vigeo Quality Control Guideline. This is further supported by internal tools (to store details about stakeholders, experts or company representatives contacted during the course of the assessments; to register the traceability of documents underlying our evaluation for each question in our rating model), checklists and internal procedures (training, quality controls, internal audits, etc.).

### **2.3.2 Is external or third-party verification a consideration in assessing the quality of information sources? If so, please explain.**

Yes, Vigeo's CSR definition is based on companies' commitment to take into consideration the rights and legitimate expectations of stakeholders in their business strategy and practices and to report on it. Accordingly, external or third party involvement in companies' CSR strategies, processes and disclosure is positively valued by Vigeo:

- Companies' CSR policies designed or implemented in collaboration with legitimate stakeholders will be considered more relevant and efficient;
- The external or third party verification of any CSR process is a positive element in our rating assessment: such verification provides us with a higher level of assurance that companies' processes are efficiently implemented;
- The external auditing of CSR reports contributes positively to our assessment as it gives us higher assurance regarding the accuracy of the reported data.

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## **3 Research Process**

### **3.1 Experience and Capacity of Research Team**

#### **3.1.1 On average, how many years of experience do your analysts (internal or contract) have working in or analyzing the industries they cover?**

In order to foster sector specialisation and expertise, our team of analysts is organised according to 7 industry clusters, regrouping sectors that share common business and CSR issues: Finance, Basic Resources, Industry, Food & Health, Energy & Utilities, Telecommunications-Media-Technology, Services. The average sustainability research experience of our analysts is around 4 years.

#### **3.1.2 Describe your approach to ongoing training and industry education for your analysts.**

Analysts receive ongoing training and industry information flow through:

- Access to our internal network of CSR specialists on each of the 6 domains analysed by Vigeo (Environment, Human Rights, Human Resources, Corporate Governance, Community Involvement, Business Behavior)
- Exchanges with external sector/CSR experts
- Attendance to external conferences (on CSR topics, sectors, technologies)
- Access to industry-related media and reports  - daily feed of information related to sectors and companies under their review (press articles, reports, etc...)
- Site visits outside of the rating process

Thorough induction training is conducted for new analysts. Specific training needs for each analyst are assessed during the annual competency interviews and training courses are offered within the frame of Vigeo annual training plan.

### **3.1.3 On average, how many companies do your analysts cover each year?**

Analysts follow 32 companies on average. Companies are subject to on-going monitoring and are formally completely reviewed on an 18-month rating cycle (cf. 2.1.3).

## **3.2 Quality Management**

### **3.2.1 Describe your approach to ensuring quality control throughout the ratings process. Is this process documented or codified?**

We are highly aware of our responsibility and attach the utmost importance to quality controls. We have structured our quality control according to the strictest criteria, which are detailed in formalised procedures and include:

- Quality controls during the rating process: expert assistance, quality checks and validation by Research Managers are required at the various milestones of our rating process
- Quality controls outside of the rating process: once rating products have been delivered, they may be subject to audits carried out by the Methodology Department to verify that all procedures have been respected

Our quality controls aim to verify compliance to the relevant rules with respect to:

- The data collection process
- The plurality of information sources
- The questioning and analytical process
- The formation and expression of our opinions on companies

Vigeo quality control system are formalised into policies (Equitics® Quality Control Guidelines; Complaint management; Confidentiality statement; Stakeholders policy).  (Cf further details in 4.1.1 and 4.1.3)

### **3.2.2 Have your research systems or processes been certified, assured or verified by an external organization?**

Yes, Vigeo's methodology has received the ARISTA Standard certification (ARISTA 3.0) from the Association for Responsible Investment Services ([ARISE](#)).

This robust international Voluntary Quality Standard has been developed to drive high quality research and analysis standards for organisations in the field of sustainability and responsible investment research. It is based on the key principles of integrity, transparency and accountability.

The Standard assessment and auditing process requires research groups to:

- Focus on continuous quality improvements and establish quality control systems across all research areas,
- Develop and implement best practice and codes of conduct to ensure independence, integrity, probity, transparency and accountability in the research process,
- Monitor and report on improvements across all aspects of research quality.

### **3.3 Sector Specificity**

#### **3.3.1 Does your rating use the same criteria and weightings for all sectors and companies? If so, explain why.**

No.

Our generic rating model comprises 38 criteria grouped into 6 domains: Environment, Human Rights, Human Resources, Community Involvement, Business Behaviour (Customers, Suppliers, Business ethics) and Corporate Governance. These criteria are based on universally recognised standards from international organisations such as the UN, ILO and OECD.

Moreover, some additional questions are asked to companies.

For each of the 36 industry sectors under review, these criteria are assessed and weighed according to their sector-specific relevance. Criteria weights (from 0 to 3) are determined according to:

- Stakeholder Impact: i.e. the level of stakeholders' exposure to a given CSR issue in the sector
- Corporate Impact: i.e. the importance of properly addressing stakeholders' rights and legitimate expectations, in terms of risks and competitive advantage for companies.

#### **3.3.2 Describe how you take into account industry and company specific issues and context.**

For each criterion analysts answer a set of around 15 questions investigating and assessing three areas: policies in place ("Leadership"), implementation measures ("Implementation") and performance achieved ("Results").

### **3.4 Basis for Rating**

#### **3.4.1 Describe the basis for your rating of companies, including how you determine what constitutes the different degrees of performance. For example, if you grade companies on an A-F scale, how do you determine these levels?**

For each criterion analysts answer a set of around 15 questions investigating and assessing three areas: policies in place ("Leadership"), implementation measures ("Implementation") and performance achieved ("Results").

Each question receives a score on a 4-level scale:

0/100: Little evidence of commitment -> Poor to very poor assurance of risk mitigation  
30/100: Commitment initiated -> Poor to moderate assurance of risk mitigation  
65/100: Consolidated commitment -> Reasonable assurance of risk mitigation  
100/100: Advanced commitment -> High assurance of risk mitigation

The consolidation of Question Scores results in Criteria Scores. The consolidation of Criteria Scores, using criteria weights, results in Domain Scores and Overall Scores. Criteria Scores, Domain Scores and Overall Scores are expressed on a scale of 0 to 100.

Domain scores are compared to peers, using a Gaussian distribution for each sector and each domain. This distribution enables us to assign a relative rating on a five-level scale:

-- Worst performers in the sector

- Below average performers in the sector
- = Average performers in the sector □
- + Above average performers in the sector
- ++ Leading performers in the sector

In the end, companies receive:

- An absolute score (0-100) for each criterion, for each of the six domains and in aggregate.
- A relative rating (-/=/+/++) for each of the six domains

### **3.4.2 Do you factor company-specific context into your rating?**

Vigeo is analyzing companies' capacities regarding universal objectives and principles based on international public norms. Those principles and objectives are sustainability drivers. Each driver is activated according to its sector relevance and is subject to a weighting that shows the relative impact of the social responsibility objectives it refers to. This weighting is determined by three factors:

- 1) Nature of the rights, interests and expectations
- 2) Sector vulnerability
- 3) Categories of risk

Our rating model is thus based on a sector approach. This weighting enables us to take into account the company-specific context in our rating. Nevertheless, we consider that human rights for example are universal and opposable objectives that should be taken into account by every company.

### **3.4.3 Do you incorporate external norms, standards or principles (e.g. UN MDGs, GRI, UNGC, etc.) into your rating or process? If so, describe how you use these to calibrate or assess company performance.**

Yes, our rating framework has been built on international norms, conventions and recommendations emanating from organisations such as the UN, ILO, OECD. These reference texts have been used to define CSR objectives that companies should aim for. It is on the basis of those norms that we analyse companies.

### **3.4.4 How do you deal with unforeseen, negative company events in your ratings process (e.g. environmental incidents, ethics breaches)?**

Companies are monitored on a daily basis. Analysts are analyzing new ESG information of the company they are covering. In the case of negative company events analysts may decide to confirm the score, alter a score or place a company under watch. In those cases, our clients are informed by an Alert.

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## 4 Outputs

### 4.1 Validation of Results

#### 4.1.1 Describe the steps you take to verify your rating results (including scores and reports) prior to their finalization.

Vigeo's Equitics® quality control is based on two distinct systems:

1. A system for controlling reports issued by:
  - Validating each sector rating model by Research Managers and internal domain experts;
  - Contacting companies with a list of specific questions after reviewing publicly available information;
  - Internal quality meeting involving all sector analysts, under the supervision of their Research Manager;
  - Randomly reviewing drafts reports before these are sent to companies
  - Systematically reviewing parts of the final profiles and random re-reading of full profiles;

2. A system for controlling the respect of procedures, through internal audits:  
After a sector is closed, internal audits are carried out to ensure the respect of the Vigeo Rating process and the Vigeo Quality Control System.

#### 4.1.2 Do you give rated companies an opportunity to review draft scores or reports? If yes, describe this process, including timeframe given for review.

- Yes, Cf question 4.1.1. above: companies are contacted twice during Vigeo Rating process:
- After a review of publicly available information from both companies and stakeholders, a list of specific questions is sent to the company; the company is given 15 working days to provide its answers;
  - At the end of the rating process, a draft report is sent to the company; the company is given 5 working days to provide its feedback

At the start of the sector review (three months before the start of the rating), companies are provided with the planning for the rating process (dates at which they will receive questions and drafts reports).

#### 4.1.3 Do you have a formal policy and/or process for addressing challenges or disputes presented by companies or other stakeholders?

- Yes, companies as well as stakeholders are given the opportunity to address challenges or disputes to Vigeo: this process is presented to companies when initiating the rating process.
- Any complaint about information contained in our evaluation grids or about scores must be addressed to the analyst and/or to the sector lead, whose names and addresses systematically appear in Vigeo's reports;
  - The analyst and/or the sector lead must reply as quickly as possible to company complaints, under the responsibility of their Research Manager;
  - If dissatisfied, companies may appeal to the Vigeo Director in charge of Methodology (name and e-mail address communicated to companies);

- A further appeal to Vigeo's Scientific Council (independent to Vigeo) is also possible if the company is dissatisfied with the answer of the Methodology Department or its conclusions (cf question 1.4)

## **4.2 Accessibility**

### **4.2.1 Describe how you disclose and explain your results to rated companies. Do you share the full details of the assessment or results? If no, explain why not.**

During the course of the rating process, companies receive a draft profile of our analysis on all criteria under review and are given the opportunity to comment. After closing, companies receive access to the criteria analysis section of their report that includes all criteria scores and comments. The other sections of the report that include peer comparison and analysis are accessible on a contractual basis.

### **4.2.2 Describe how and to what extent stakeholders (other than rated companies) can access the details and results of your rating.**

The details and results of our rating are available to our clients - investors and asset managers primarily - on a subscription basis.