

## Independence Policy

### 1. Basic principle

The independence of the rating agency as a whole, as well as that of the individual analysts and other research staff (hereinafter referred to for the sake of brevity simply as analysts), in relation to the subjects of ratings, the users of ratings, the shareholders and all other stakeholder groups is a fundamental requirement for meaningful and credible analysis results.

oekom research AG's *Principles of Sustainability Rating* and its *Code of Conduct* give rise to the following principles with regard to the independence of oekom research and its employees:

### 2. Independence of the organisation and of the individual employee

The rating agency must not enter into commitments which prejudice or could prejudice its freedom of decision-making. The rating agency and its executive organs must maintain their independence in terms of personnel and their economic independence from all other parties. This shall apply in particular in relation to their independence from companies being evaluated: evaluating and advising companies simultaneously is inconsistent with the principle of independence. oekom research shall therefore consciously refuse to accept consultancy mandates or other remunerated contracts which conflict with the compilation of independent research. Furthermore, an institutional separation must be ensured between the preparation of a sustainability rating and its use in the investment process. The provisions of § 319.3 German Commercial Code shall apply analogously.

Analysts must conduct themselves impartially, particularly when carrying out and analysing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment.

Analysts may survey and analyse the facts and circumstances of a case only if they have not been substantially involved in their development. Furthermore, analysts are prohibited from carrying out a rating of a company for which they have worked within the last two years.

Analysts are obligated to disclose to the Supervisory Board in writing as soon as they come into ownership of securities or derivatives in companies which they are themselves responsible for analysing.

The acceptance of rewards or gifts (or of other advantages) which are offered to employees in respect of their work and which go beyond the usual limits of established business practice shall not be admissible. These admissible limits shall be set by the Supervisory Board. This also includes invitations outside the scope of ordinary business collaboration. Attendance at events must always be authorised by the Managing Board. No employee of oekom research AG may, either directly or indirectly, demand, accept or give bribes or sweeteners.

Potential situations in which conflicts of interest cannot be fully ruled out, together with corresponding measures for safeguarding the independence of the rating agency and its executive organs in these situations, are listed below:

### **2.1. Drafting ratings of oekom research AG's clients**

oekom research AG's services are primarily targeted at the capital market, and in particular at financial services companies. At the same time, many financial service providers are of major significance as issuers of shares and fixed-interest securities and thus constitute important rating subjects for oekom research AG.

In order to avoid potential conflicts of interest, the design and drafting of ratings shall be strictly separated, in terms of both personnel and organisation, from the provision of support and advice to these companies as clients of oekom research AG. In particular, the drafting and checking of the rating must not be carried out by persons involved in client account management. At the same time, the client account manager must not provide the client with any relevant information concerning the substantive processing of the rating. The provision of advice to clients does not in any way relate to the performance of clients in our rating; it relates only to the integration of our research findings into the client's financial services.

The rating process shall be applied identically to non-clients and clients of oekom research AG alike. The measures for reaching an objective assessment and the dual control principle applied in each case shall additionally guarantee that rating subjects are evaluated exclusively on the basis of facts. Furthermore, for maximum possible transparency, information on any existing relationship with the client shall appear in a prominent position in the rating report on the company concerned.

### **2.2. Influence of shareholders in oekom research AG on the design of the content of sustainability research**

oekom research AG has in the past attached very great importance to the careful selection of shareholders in the company so as to ensure the utmost degree of independence. For example, companies which might possibly be considered as rating subjects are as a matter of principle deemed ineligible to be shareholders in oekom research AG. In order to rule out the sale of shares to persons or institutions that could potentially jeopardise oekom research AG's independence, oekom research AG has introduced registered shares with restricted transferability.

In order to avoid potential conflicts of interest, the design and drafting of ratings shall be strictly separated, in terms of both personnel and organisation, from the provision of support and advice to shareholders and clients of oekom research AG. The measures for arriving at an objective assessment and the dual control principle applied in each case shall additionally guarantee that rating subjects are evaluated exclusively on the basis of facts.

### **2.3. Company visits which are made in connection with the drafting of the company's rating**

oekom research AG shall apply analytical methods that ensure the maximum possible degree of objectivity. In order to obtain as comprehensive as possible a picture of the sustainability performance of a rating subject, systematic use shall be made of in-house and external data sources. Both in order to evaluate the performance of a company objectively and in order to deepen the specialist expertise of our analysts in relation to industry-specific problems, oekom research AG shall also carry out ad-hoc company visits. In addition, companies regularly visit oekom research AG in order to provide substantive inputs into the drafting of ratings by analysts.

In order to avoid potential conflicts of interest in the course of these visits, the following basic principles shall apply:

- The measures for arriving at an objective assessment and the dual control principle applied in each case shall additionally guarantee that rating subjects are evaluated exclusively on the basis of facts and that the evaluation is not inappropriately influenced by impressions formed in the course of a company visit.
- The acceptance of rewards or gifts (or of other advantages) which are offered to employees in respect of their work and which go beyond the usual limits of established business practice shall not be admissible. As a matter of principle, all travel costs shall be borne by oekom research AG.
- For logistical and financial reasons, it will not be possible to visit all companies equally. However, care should be taken when selecting companies that particular individual companies are not systematically visited more often than others.
- As a matter of principle, visits made to the company or visits made to oekom research AG's premises by representatives of the company are subject to an obligatory internal documentation requirement.

### **2.4. Stakeholder events and company visits not directly related to the drafting of a company rating**

Companies and other oekom research AG stakeholders regularly organise events to which representatives of oekom research AG are invited as speakers or participants. oekom research AG shall take part in such events only where the aim of the event is a serious exchange of views about substantive questions relating to sustainable development, about the sustainable investment market, about methodological and procedural aspects of drafting ratings or about related issues. Conversely, we shall distance ourselves from events where the prime purpose appears to be to influence the analysts in an inappropriate manner.

As a rule, oekom research AG sees no conflict of interest in allowing itself to be reimbursed for costs incurred where relevant services have been provided by oekom research AG.

In the case of events being organised by companies which are concurrently being evaluated by oekom research AG, as a matter of principle, participation in the relevant event/s is subject to an obligatory internal documentation requirement.

## **2.5. Drafting of ratings against remuneration**

The selection of rating subjects shall be guided by the requirements of oekom research AG's clients. No costs shall be incurred by the company being evaluated. Sometimes companies will request a rating from oekom research AG, even though from the clients' point of view the inclusion of such companies would add no value to the research. In these individual cases, oekom research AG shall offer to carry out a rating for these companies at the companies' expense.

In order to avoid potential conflicts of interest in such ratings commissioned by companies, oekom research AG shall, together with the company concerned, stipulate in a contract that the same rating principles will be applied to the company to be evaluated as to all other companies in the same sector. The measures for reaching an objective assessment and the dual control principle applied in each case shall guarantee that rating subjects are evaluated exclusively on the basis of facts.

For maximum possible transparency, information on the commissioning of the rating at the company's expense shall appear in a prominent position in the rating report on the company concerned.

## **2.6. Other remunerated services for companies**

oekom research AG's research products shall generally be available for purchase to all interested stakeholders. These may also include companies wishing to get an idea of the performance of other companies. After completing an industry update, oekom research AG offers all evaluated companies reports and access to databases containing detailed results of oekom Corporate Ratings among other products. The sales process is completely separate, both in terms of personnel and organisation, from the analysis process.

Companies very occasionally approach oekom research AG seeking a rating agency to comment in a stakeholder role on their own sustainability reports. This commentary is not of an advisory nature and in no way constitutes a certification of a report. Such voluntary services by oekom research AG are generally unremunerated. However, depending on the scope of the commentary, oekom research AG may accept reimbursement for costs incurred.

## **2.7. Conflicts of interest concerning members of the rating committee**

oekom research AG has set up various external expert committees in order to obtain a regular input from experts on questions of methodology. For reasons of independence, these bodies are, as a matter of principle, not authorised to issue directives to oekom research AG, but exercise a purely advisory function.

A key function falls to the external rating committee, which carries out regular plausibility checks of industry-specific criteria and the rating results. In order to draw upon a variety of different perspectives, a balance between academia and business practitioners is consciously sought when appointments are made to the committee. Possible conflicts of interest of members of the committee can arise where members have financial interests in companies which are simultaneously undergoing an evaluation by oekom research AG and thus are potentially the subject of joint discussions. This applies in particular to current consultancy mandates held by committee members with regard to the sustainability strategy and communications of the companies concerned.

Potential conflicts of interests of members of the rating committee shall be disclosed to oekom research AG by the members prior to each session of the committee. To ensure the greatest possible transparency, the number of current consultancy mandates held by members with companies which are concurrently undergoing a rating, as well as the sectors affected, shall be published by oekom research AG in its annual independence statement. In addition, any other potential conflicts of interests which by their nature are less serious (for example where committee members own shares in a company being analysed) shall be recorded and documented internally.

### **3. Complaints and comments**

Employees of oekom research AG shall be urged to discuss internally the handling of possible conflicts of interest or of conflicts of interest which have already arisen. The Managing Board, in particular, shall be available for this purpose. If an employee wishes to pass on information about cases of conflict of interest anonymously, oekom research AG's Supervisory Board shall be available as an additional point of contact.

Employees who learn of actions which are not in accordance with the Code of Conduct or other relevant guidelines of oekom research AG or which are otherwise illegal or dishonest should fear no detriment for passing on such information, provided the disclosure has been made in good faith. This shall apply even if the disclosure should turn out to be unfounded.

#### **4. Transparency**

The rating agency shall consistently endeavour to avoid any situations which could lead to conflicts of interest for the rating agency or its executive organs. It shall publish annually, in a separate Independence Statement, details of possible situations occurring where conflicts of interest cannot completely be ruled out, as well as appropriate measures to safeguard the independence of the rating agency and its executive organs in these situations. Moreover, it shall, in its management report, publish an overview of the distribution of oekom research AG's turnover, in order to render transparent any sources of turnover that might conflict with its independence. The rating agency undertakes to present all relevant facts and circumstances fully and clearly.

Munich, 12 July 2012

Robert Haßler, CEO