

| SRI Report |

CEO Value

A strong 10-year track record confirms Corporate Governance is a catalyst for outperformance

New Basket

Stock selection

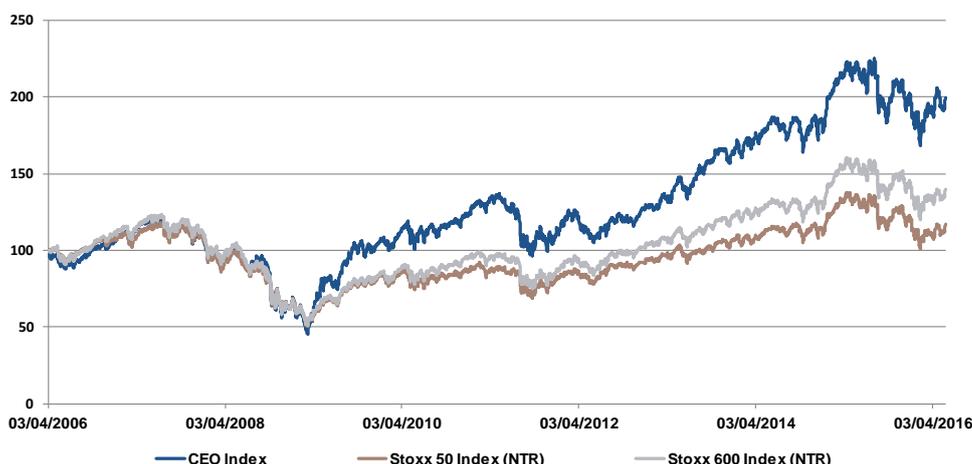
Aegon
Astrazeneca
E.On
Fraport
GlaxoSmithKline
Hennes & Mauritz
Nestlé
Saint-Gobain
Sodexo
Sonova Holding
Sky
Unicredit
Aberdeen AM
Air Liquide
Aviva
Casino
Daimler
DNB
Ericsson
K+S
KPN
Pearson
Richemont
Solvay
STMicroelectronics

New stocks

Type of investment
Financial recovery

Since inception in April 2006, our CEO Value stock selection portfolio has outperformed its benchmark, the Stoxx 600, by 68.6% (through 15 May 2016), with an absolute performance of +101.8%. Since the last rebalancing (20 November 2015), the portfolio has returned -7.87% vs -10.8% for the Stoxx 600 and -12.5% for the Stoxx 50.

SG 'CEO Value' basket (net return) performance



Source: SG Cross Asset Research/SRI, Bloomberg (SGICEOV Index); Past performance is not indicative of future performance. Performance shown excludes all transaction costs and is a paper-based portfolio. Full details of the portfolio and its performance are available upon request.

Our CEO Value stock selection process makes a simple assumption: a company that has relatively sound corporate governance principles but that has underperformed peers over four years should see a turnaround in its share performance. Sound corporate governance principles should enable a company to fix weakness or at least prevent deterioration either by changing its strategy or management – or both.

We look for stocks that have the following characteristics: 1) underperformed peers by at least 15% over the past four years; 2) not changed CEO for the last three years – the time needed to implement a strategy and reap the rewards; 3) a 'solid' financial structure; and decisively, 4) 'sound' corporate governance standards.

This report updates our CEO Value stock selection. We are replacing 13 stocks (out of 25) that no longer fit our selection criteria. The new entrants are: **Aberdeen AM, Air Liquide, Aviva, Casino, Daimler, DNB, Ericsson, K+S, KPN, Pearson, Richemont, Solvay** and **STMicroelectronics**.

 **Yannick Ouaknine**
(33) 1 58 98 23 50
yannick.ouaknine@sgcib.com

 **Daniel Fermon**
(33) 1 42 13 58 81
daniel.fermon@sgcib.com

 **Nimit Agarwal**
(91) 8067312894
nimit.agarwal@sgcib.com

 **Carole Crozat**
(33) 1 42 13 62 04
carole.crozat@sgcib.com

 **Niamh Whooley**
(44) 20 7762 5054
niamh.whooley@sgcib.com

Societe Generale ("SG") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that SG may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. **PLEASE SEE APPENDIX AT THE END OF THIS REPORT FOR THE ANALYST(S) CERTIFICATION(S), IMPORTANT DISCLOSURES AND DISCLAIMERS. ALTERNATIVELY, VISIT OUR [GLOBAL RESEARCH DISCLOSURE WEBSITE](#)**

This document, published on 6-Jun-2016 at 7:07 AM CET, was forwarded by YANNICK OUAKNINE (SGCIB) and is currently being read by JOSEPH WHITE (SGCIB)

Contents

Basket rebalancing – 13 stocks in, 13 out	4
The CEO Value stock selection process	6
How do we define ‘sound’ corporate governance?.....	8
‘CEO Value’ portfolio update	11
Aegon	13
AstraZeneca.....	15
E.ON SE	17
Fraport.....	19
GlaxoSmithKline.....	21
Hennes & Mauritz.....	23
Nestlé SA.....	25
Saint-Gobain.....	27
Sodexo	29
Sonova Holding	31
Sky plc.....	33
Unicredit SPA.....	35
Aberdeen AM.....	37
Air Liquide.....	39
Aviva	41
Casino	43
Daimler	45
DNB Group.....	47
Ericsson.....	49
K+S	51
KPN.....	53
Pearson	55
Richemont	57
Solvay	59
STMicroelectronics.....	61
Good performance vs. benchmark to date	63
Addendum 1 – Composition of our CEO Value baskets.....	64
Addendum 2 – Sustainalytics / Independent ESG data provider	67

Basket rebalancing – 13 stocks in, 13 out

We are replacing 13 stocks out of 25 that no longer fit our selection criteria, as listed below. Consistent with the principles underlying our portfolio, the stocks we are replacing are either no longer underperforming their sector or have shown deteriorating financial and/or corporate governance fundamentals.

Share price performance of stocks being replaced (to 15/05/2016 – net return)

Company	Added as of	Sector performance since added	Absolute performance since added	Reason for change
Adidas	02/06/2015	+6.5%	+54.4%	Good performance/CEO turnover
ArcelorMittal	02/06/2015	-34.8%	-44.9%	Rating outlook
BASF	02/06/2015	-17.8%	-10.6%	Performance
BBVA	27/12/2013	-27.0%	-30.9%	CEO turnover
Carrefour	02/06/2015	-14.9%	-18.3%	Worst performer in the sector
Publicis	20/11/2015	-11.5%	+9.3%	Good performance
Royal DSM	02/06/2015	-17.8%	+1.9%	Good performance
Royal Philips	31/05/2014	+0.2%	+1.5%	Good performance
SAP	31/05/2014	+8.1%	+26.4%	Good performance
SEB	02/06/2015	+6.5%	+20.9%	Good performance
Tele 2	20/11/2015	-13.1%	-10.1%	CEO turnover
Telefonica	02/06/2015	-10.4%	-23.8%	CEO turnover
Unilever	31/05/2014	+6.5%	+31.7%	Good performance

Source: SG Cross Asset Research/SRI, Bloomberg

The 13 stocks we are adding have underperformed their sector by 15% or more over the past four years, have had the same CEO in place for more than three years, have a solid financial structure (based on fundamentals), and have sound corporate governance based on our own proprietary measures.

The new entrants are **Aberdeen AM, Air Liquide, Aviva, Casino, Daimler, DNB, Ericsson, K+S, KPN, Pearson, Richemont, Solvay** and **ST Microelectronics**.

The revised CEO Value portfolio (net return)

ISIN Code	Company name	Market cap. (€ bn)	Stock performance (Absolute / 4yrs)	Sector performance (Median / 4yrs)
NL0000303709	Aegon	9,040	24.60%	77.05%
GB0009895292	Astrazeneca	62,923	51.18%	183.31%
DE000ENAG999	E.On	16,764	-44.66%	37.43%
DE0005773303	Fraport	4,721	18.99%	79.91%
GB0009252882	GlaxoSmithKline	89,778	3.77%	183.31%
SE0000106270	Hennes & Mauritz	47,117	17.55%	73.75%
CH0038863350	Nestlé	210,335	45.37%	81.28%
FR0000125007	Saint-Gobain	21,420	29.86%	101.15%
FR0000121220	Sodexo	13,644	50.81%	118.89%
CH0012549785	Sonova Holding	8,152	54.93%	183.31%
GB0001411924	Sky	20,341	35.79%	103.91%
IT0004781412	Unicredit	17,737	12.99%	54.59%
GB0000031285	Aberdeen AM	4,415	4.80%	102.72%
FR0000120073	Air Liquide	32,968	23.14%	53.66%
GB0002162385	Aviva	21,620	51.82%	77.05%
FR0000125585	Casino	8,996	-24.89%	73.75%
DE0007100000	Daimler	62,936	54.23%	112.31%
NO0010031479	DNB	17,190	38.66%	54.59%
SE0000108656	Ericsson	22,011	0.68%	105.56%
DE000KSAG888	K+S	4,066	-39.44%	53.66%
NL0000009082	KPN	14,873	-25.29%	66.08%
GB0006776081	Pearson	8,396	-28.94%	103.91%
CH0210483332	Richemont	31,107	14.84%	104.92%
BE0003470755	Solvay	7,851	9.20%	53.66%
NL0000226223	STMicroelectronics	4,146	20.21%	105.56%

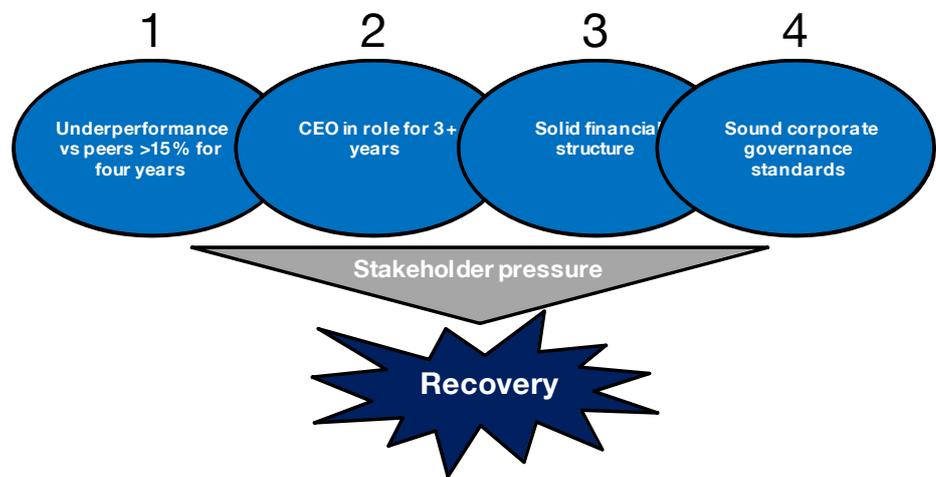
Source: SG Cross Asset Research/SRI, Bloomberg, Factset. New stocks shown in bold

The CEO Value stock selection process

An efficient four-step stock selection process combining a quantitative approach with a qualitative overlay

Underpinning our CEO Value stock selection is the idea that companies that have relatively sound corporate governance principles but which have underperformed over the previous four years should see an improvement in their share performance, either via a change of situation or a change of management. We described our selection process in detail, especially as regards relevant corporate governance principles, in our report "[CEO Value and Corporate Governance stock list – Finding a way to performance...](#)" (October 2008).

Stock selection process



Source: SG Cross Asset Research/SRI

Criteria used to select our basket

Our CEO Value screening tool (launched in April 2006) is built using a bottom-up approach. We apply this screening tool to the Stoxx 600 index to obtain a list of European companies that we expect can deliver a “positive” message to investors over the following two years and which are thereby likely to outperform – and in this we also have a clear large cap bias. To be included in our list, stocks have to meet the following criteria:

- Underperformance of >15% relative to their sector over four years (*approx. 150 stocks*).
- CEO in office for more than three years (or less than one year); we consider this to be the time needed to implement a strategy effectively (*approx. 80 stocks*).
- A “solid” financial structure (as measured by the company’s credit rating, liquidity, gearing ratio... AND a qualitative stock analysis) (*approx. 60 stocks*).
- “Sound” corporate governance standards (measured by a combination of quantitative AND qualitative corporate governance on data ranging from “level of board independence”, to “remuneration”, to our “ESG controversies analysis” (*25 stocks*).

Our strategy is not without risk

The idea is to select companies that will implement change and move from being underperformers to outperformers. We identify two possible risks in our approach: 1) there is no change, or 2) changes take place, in management for instance, but the company’s situation continues to deteriorate.

Poor performance and CEO dismissals go hand in hand...

As highlighted in its most recent survey ("[2015 CEO Success Study](#)" – April 2016), Strategy&, which has been monitoring CEO turnover for more than ten years, has seen a growing correlation between poor short-term shareholder returns and CEO turnover. Furthermore, Strategy& finds that companies that have been experiencing poor returns work harder to ensure they hire or promote the "right" leader (as illustrated in our report "[Beyond the Hype – Turning succession into success in the Luxury sector](#)" – February 2015).

... but not all changes are for the better

Our report "[CEO Value & Corporate Governance: pressure on management leading to improved stock performance](#)" (June 2007) shows the results of our statistical analysis of 'the new CEO effect', and was computed without the addition of additional stock filters at that time (2003-2006). This study outlines the justification for our investment strategy. We found that:

- On average, a recovery story ensued after the arrival of a new CEO, with the stock catching up with the performance of its sector.
- In the year after the appointment, these stocks outperformed their peers by 0.9% on average (against an average underperformance of 6.4% per year over the prior 3 years).
- However, we also noted that almost half the stocks continued to underperform peers that same year.

"Sound" corporate governance is our guide to outperformance

In order to improve on this outcome, we therefore added several additional stock filters all related to criteria that identify stocks with good corporate governance. The observed improved performance of our CEO Value basket of stocks using the additional filter based on good corporate governance principles demonstrates, in our view, that "sound" corporate governance does provide a way to mitigate the risk in this kind of investment strategy.

Long investment horizon...

Our work shows that rising pressure on management from all stakeholders (including political and regulatory pressure) can lead to a clear improvement in share performance, but this tends to happen over the longer term, as financial recovery is the first goal. We believe there are two ideal periods for CEO-driven stock selection: first when stakeholder pressure is building, and second following the announcement of a CEO's departure, when share prices typically dip or pause.

How do we define ‘sound’ corporate governance?

Corporate governance evaluation – how it works

We highlight below some of the key corporate governance metrics that could trigger a business strategy and ultimately the financial performance of a company. To complete this view, some objective elements need to be added based on the *intuitu personae* and the momentum, but at this stage we recommend evaluating four “core” corporate governance angles:

1) *The Board’s independence of judgment regarding the CEO’s vision*

First we assess a **board’s independence of judgment regarding the CEO’s vision**, which is to say, the board of directors’ independence of judgment and ability to question and challenge (and even dismiss) the CEO if necessary. We define board independence using the following criteria:

- **Composition of the board:** In a two-tier board structure a supervisory board, essentially composed of non executives, oversees the functioning the executive management board. The composition of a board depends on the business profile and needs of the company. The selection process for non-executive board members involves filters like merit, professional qualifications, experience, personal traits and independence with a particular stress on diversity.
- **Separation of chairman and CEO functions:** This not only makes it easier to question the CEO’s strategy but also limits concern over the balance of power and lowers the risk linked to the departure of a single person who holds both positions. The percentage of the incoming classes of CEOs that has involved the appointment of a joint CEO/chairman has steadily decreased since 2000, reaching an all-time low in 2013, with an average of 9% vs 14% in 2011, 18% in 2008 and 48% in 2002 (Source: [Strategy&](#)).
- **Other corporate affiliations:** The CEO is the highest-ranked executive in the company and is answerable to the board. Given this is a critical position, it is generally good policy to ensure the CEO focuses exclusively on running the business and does not get sidetracked by other ancillary interests.
- **Independence of non-executive directors:** In addition to the various links that directors can have with a company, which raises the question as to the directors’ actual independence, tenures of more than 12 years are commonly considered inconsistent with genuine independence.
- **Professional diversity:** Diversity of professional backgrounds and experience should result in superior decision-making through a better understanding of the various impacts of a decision on a company’s markets, its financial performance or its stakeholders, whether employees, customers, suppliers or regulators.
- **International diversity:** For a company with exposure to international markets, as is the case with most large companies, having non-nationals on the board makes a lot of sense, as it adds knowledge and experience from diverse origins and backgrounds.
- **Gender diversity:** The proportion of women on the board of listed companies in the European Union is only 25% (as per European Commission findings). Positively, women are found to have different leadership styles, attend more board meetings and have a positive impact on the collective intelligence of a group, all of which would suggest a positive correlation between the percentage of women on the board and corporate performance.

- **Proportion of non-executive directors:** We positively view a high proportion of non-executive directors on the board, as executive directors may be overly dependent on the CEO.
- **CEO's role in the nomination process:** We like company policies where the CEO does not sit on the nomination committee and has no role in appointing non-executive or supervisory directors. Board members appointed by the CEO who enjoy substantial pay and prestige because of their position may be less likely to challenge management actions and decisions, particularly in trying times.

2) Board and shareholding structures

We also identify a second set of criteria, related to the board as well as shareholding and voting rights structures:

- **Shareholding structure:** A higher free float makes for a diverse shareholding structure and (potentially) a meaningful engagement of shareholders at the AGMs. Family ownership can have both positive and negative outcomes, positive through direct oversight and negative by exerting excessive influence.
- **Share capital ownership and control:** We are in favour of the “one share-one vote-one dividend” principle. Multiple-class shares confer voting rights that are disproportionate to ownership levels, thus potentially penalizing minority shareholders.
- **AGM agenda & results:** The AGM is the platform for shareholders to agree or oppose the agenda proposed by the board. It is also a forum for shareholders to understand the company's management strategy and direction of business and ask questions. An AGM with a high proportion of shareholder votes against the items on the agenda may highlight views that diverge from the board's proposals/strategy. In recent proxy seasons, one of the agenda items that has attracted the most debate is “executive remuneration”.
- **Reference shareholder:** Firms tend to be sensitive to investor preoccupations when a portion of their shares are held by active shareholders.
- **Medium- or small-sized boards:** Large boards are considered less effective than small boards as agency problems tend to increase when boards become oversized. The stewardship role of the board therefore becomes more symbolic and the board can be more prone to display weaker monitoring and controlling of managerial decisions.
- **Business ethics-related controversies:** These controversies may arise when management or employees commit unethical actions like participation in bribery or accounting fraud. Those unethical business actions not only impact the company financially, raising questions about its internal controls, but also creates reputational risk. Therefore, analysing these issues is a good complement to the other analysis criteria.

3) Compensation schemes linked to shareholder returns

We consider this third criterion to be one of the most sensitive corporate governance issues in the current economic environment, attracting considerable public, investor and political attention. Share ownership is supposed to align directors' interests with those of shareholders. There has been growing pressure to increase the link between executive pay and shareholder returns; several regulations put in place throughout Europe establish a link between severance packages and company performance.

- **Directors' remuneration policy:** Directors' remuneration can be seen as a way to align the interests of shareholders with those of the executive directors. Poor remuneration policy disclosure may give rise to questions on the transfer of value from the company to executives. Also a short-term focus on performance may have an impact on long-term objectives. It is

important for the variable remuneration of executive directors to be intrinsically linked to their performance and responsibilities. Various action points in this respect include adequate disclosure of remuneration policy of executive and non-executive directors, disclosure of their remuneration, and a shareholder resolution on remuneration policy. Finally, the remuneration committee should be fully independent with greater autonomy given to non-executive directors in setting up the remuneration policy.

- **Remuneration structure:** We are in favour of a good balance between short-, medium- and long-term incentives. The variable component should incentivise long-term performance but also have a claw-back clause for accountability for past actions (i.e. corporate fraud). The policy should have a transparent structure, be backed with quantitative indicators and be available for shareholder perusal.

4) Succession planning/CEO tenure

This is the fourth criterion we use to analyse corporate governance. One reason why boards may act slowly when it comes to replacing a CEO is often due to a lack of anticipation and a failure to identify and select qualified candidates well in advance.

- **Succession planning structures and schemes:** Being proactive allows companies to build a pool of candidates for key functions within the organisation.

- **CEO tenure:** The longer the tenure of the CEO in a company the better from an oversight or management view point. However, a long tenure also emphasises the need for proper succession planning. A departing CEO takes a lot of management expertise away from the company, so it is important to create a pool of candidates with the ability to drive business momentum in the same direction as in the past.

Note that all of the above criteria should be examined when evaluating corporate governance standards and that it is important to consider qualitative factors (corporate governance analysis is not a “box ticking” exercise!).

From theory to practice: We analyse corporate governance at two levels

We cannot make all of the above criteria mandatory in our stock selection, as our pool of possible stocks would be reduced to close to zero. Instead, we use two levels of corporate governance analysis as an additional filter.

- First, we collect corporate governance data under ‘core’ categories to determine which companies match basic corporate governance best-practice standards in terms of: 1) shareholders, 2) CEO, 3) independence, 4) committees, and 5) remuneration; and then we screen for the following additional categories: 6) diversity, 7) ESG controversies, 8) other policies, and 9) corporate social responsibility (CSR).

- Second, we gauge the views of our equity analysts on corporate governance standards in their sectors.

Using both levels of analysis, we exclude groups that have a poor corporate governance evaluation, i.e. below-sector practices and/or a poor governance perception as provided by analysts.

Bottom line: this is not a “best-in-class” approach

Our screening methodology is not based on a classic “best-in-class” analysis that picks exclusively the best-rated companies on corporate governance in a sector. As we apply multiple filters – in particular the selection of companies that have underperformed their peers over the last four years – our pool of possible stocks is not therefore representative of a best-in-class basket.

'CEO Value' portfolio update

Our 'CEO Value' strategy consists of drawing up a list of stocks for which corporate governance principles could be expected to drive improved financial performance. Our selection of 'CEO Value' stocks has outperformed its benchmark since launch. In this report, we rebalance our selection, replacing 13 stocks that have either recovered **or** experienced a negative change in terms of financial and/or corporate governance structure.

Our basket's features

- Each stock in our selection list is equally weighted.
- When rebalancing the list, we equally weight each stock again.
- Our portfolio selection criteria make no allowance for any balance across sectors or countries; the selection process is based purely on individual stock performance and corporate governance criteria.
- Our 'CEO Value' list was first created on 4 April 2006 and has since been rebalanced 13 times (13/06/2007, 29/02/2008, 02/11/2008, 19/08/2009, 03/05/2011, 10/05/2012, 27/05/13, 27/12/2013, 31/05/2014, 01/12/2014, 18/05/2015, 20/11/2015 and finally 15/05/2016).

'CEO Value' basket as of 15 May 2016

Company name	Country	Sector	Share price (as of 15/05/2016)	SG target price (as of 15/05/2016)	SG reco. (as of 15/05/2016)
Aegon	Netherland	Insurance	€4.18	€7.0	Buy
Astrazeneca	UK	Pharmaceutical	3915.0p	6900.0p	Buy
E.On	Germany	Utilities	€8.3	€9.0	Hold
Fraport	Germany	Transport	€49.6	€70.0	Buy
GlaxoSmithKline	UK	Pharmaceutical	1450.0p	1300.0p	Sell
Hennes & Mauritz	Sweden	Retail	SEK265.7	SEK253.0	Sell
Nestlé	Switzerland	Food & Beverages	CHF72.75	CHF76.0	Hold
Saint-Gobain	France	Construction & Materials	€38.46	€43.0	Hold
Sodexo	France	Restaurants	€89.76	€93.0	Hold
Sonova Holding	Switzerland	Health Care	CHF136.7	Not Covered	Not Covered
Sky	UK	Media	931.0p	1350.0p	Buy
Unicredit	Italy	Banks	€2.87	€4.0	Hold
Aberdeen AM	UK	Financials	265.5p	265.0p	Hold
Air Liquide	France	Chemicals	€93.6	€105	Hold
Aviva	UK	Insurance	417.7p	690.0p	Buy
Casino	France	Food Retailing	€49.9	€53.0	Hold
Daimler	Germany	Automobiles	€58.8	€78.0	Buy
DNB	Norway	Banks	NOK97.5	NOK130.0	Buy
Ericsson	Sweden	Telecom Equipment	SEK62.3	Not Covered	Not Covered
K+S	Germany	Chemicals	€21.24	€21.0	Hold
KPN	Netherlands	Telecom Services	€3.48	€4.0	Buy
Pearson	UK	Media	810.0p	965.0p	Buy
Richemont	Switzerland	Luxury Goods	CHF61.0	CHF68.0	Hold
Solvay	Belgium	Chemicals	€87.12	€120.0	Buy
STMicroelectronics	Netherland	Semiconductor	€4.73	Not Covered	Not Covered

Source: SG Cross Asset Research/SRI; Target prices and recommendations are dated 15 May 2016. SG analyst views may have diverged subsequently. **New stocks**

Stock selection rationale

Our stock selection is based on the potential catalysts for an upswing in performance over the next few years, as identified by our screening model. When relevant, we might add sector-specific metrics (i.e. "Core Tier 1 capital" for the banks).

Financial indicators used in our stock selection process

ISIN Code	Company name	Market cap. (€bn)	Stock performance (Absolute / 4yrs)	Sector performance (Median / 4yrs)	Credit rating (Moody's / S&P)	Gearing	CEO tenure (since)
NL0000303709	Aegon	9,040	24.60%	77.05%	A3/A-	N/A	04/2008
GB0009895292	Astrazeneca	62,923	51.18%	183.31%	A3/A-	81%	10/2012
DE000ENAG999	E.On	16,764	-44.66%	37.43%	Baa1/BBB+	81%	05/2010
DE0005773303	Fraport	4,721	18.99%	79.91%	N/A	111%	09/2009
GB0009252882	GlaxoSmithKline	89,778	3.77%	183.31%	A2/A+	325%	05/2008
SE0000106270	Hennes & Mauritz	47,117	17.55%	73.75%	N/A	0%	07/2009
CH0038863350	Nestlé	210,335	45.37%	81.28%	Aa2/AA	34%	04/2008
FR0000125007	Saint-Gobain	21,420	29.86%	101.15%	Baa2/BBB-	54%	06/2010
FR0000121220	Sodexo	13,644	50.81%	118.89%	A-/BBB+	84%	09/2005
CH0012549785	Sonova Holding	8,152	54.93%	183.31%	N/A	1%	11/2011
GB0001411924	Sky	20,341	35.79%	103.91%	Baa2/BBB-	250%	12/2007
IT0004781412	Unicredit	17,737	12.99%	54.59%	Baa1/BBB-	N/A	09/2010
GB0000031285	Aberdeen AM	4,415	4.80%	102.72%	A	0%	07/1983
FR0000120073	Air Liquide	32,968	23.14%	53.66%	A3/A-	N/A	05/2006
GB0002162385	Aviva	21,620	51.82%	77.05%	A3/A-	N/A	01/2013
FR0000125585	Casino	8,996	-24.89%	73.75%	BB+/BBB-	259%	03/2005
DE0007100000	Daimler	62,936	54.23%	112.31%	A3/A-	155%	01/2006
NO0010031479	DNB	17,190	38.66%	54.59%	A-	N/A	01/2007
SE0000108656	Ericsson	22,011	0.68%	105.56%	Baa1/BBB+	17%	01/2010
DE000KSAG888	K+S	4,066	-39.44%	53.66%	Ba1/BBB-	39%	07/2007
NL0000009082	KPN	14,873	-25.29%	66.08%	Baa3/BBB-	195%	01/2011
GB0006776081	Pearson	8,396	-28.94%	103.91%	Baa2/BBB	36%	01/2013
CH0210483332	Richemont	31,107	14.84%	104.92%	N/A	16%	04/2010
BE0003470755	Solvay	7,851	9.20%	53.66%	Baa2/BBB-	69%	05/2012
NL0000226223	STMicroelectronics	4,146	20.21%	105.56%	Ba1/BBB-	35%	03/2005

Source: SG Cross Asset Research/SRI, Bloomberg, Factset, **New Stocks**

Company 'corporate governance' assessment

Finally we undertake a detailed analysis of the corporate governance criteria used to create our CEO Value basket.

This summarises 'Global performance in Corporate Governance' across four categories based on criteria for: 1) shareholders, 2) directors, 3) ESG controversies, and 4) codes, policies and CSR, AND two last criteria for what call 'room for improvement' and 'good standards'.

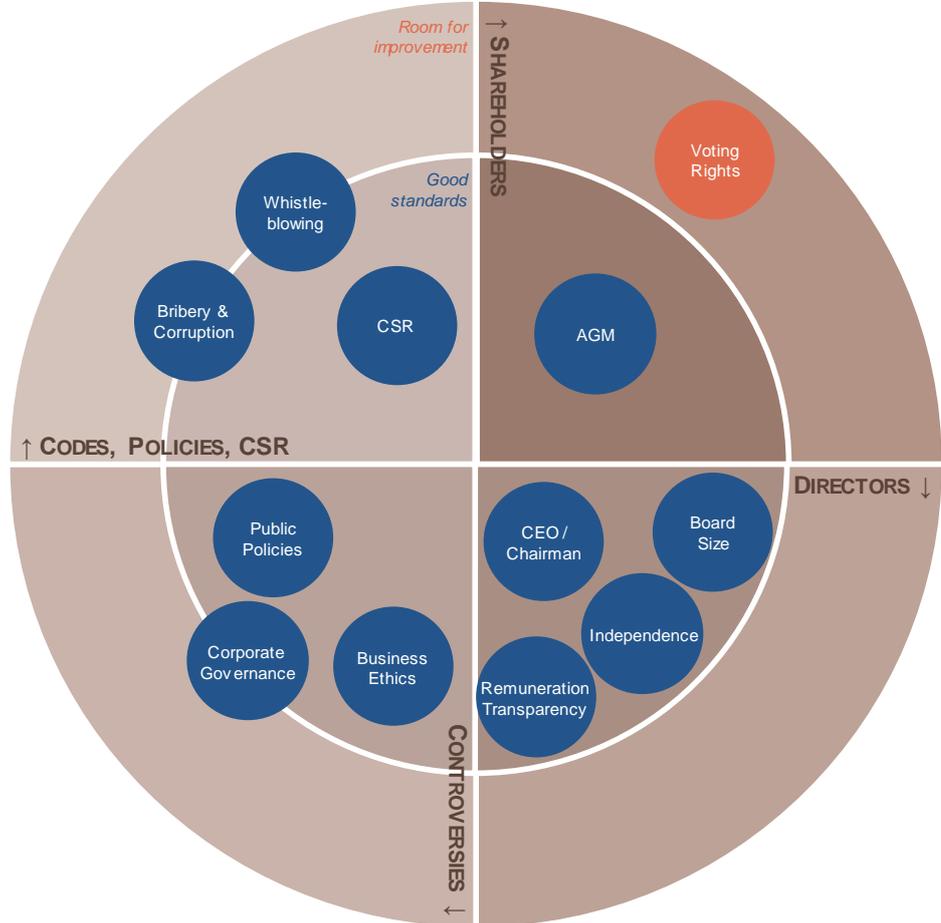
Aegon: +24.6% vs +77.0% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Insurance
Last AGM: 20 May 2016

SG Rating: Buy
Target Price: €7.0
Free Float: 86%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Robert J Routs (69)</p> <p>Board members: 8</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: Vereniging Aegon (13.63%). Aegon N.V. and Vereniging Aegon have entered into a preferred shares voting rights agreement</p> <p>Main shareholders: Vereniging Aegon (13.63%), Franklin Resources (6.29%), Dodge & Cox (6.07%), Fidelity Management & Research (2.8%)</p> <p>AGM-related controversy: No. However, the resolution to reappoint Mr Robert Routs to the Supervisory Board was approved by only 88.34% votes and the resolution to authorise the Executive Board to restrict or exclude pre-emptive rights upon issuing common shares was approved by 87.76% votes only</p>	●
2. CEO	<p>CEO: Alexander R Wynaendts "Alex" (55)</p> <p>First appointment: 2008</p> <p>Other corporate affiliation: 0</p> <p>Succession plan: Yes</p> <p>Biography: Alex Wynaendts began his career in 1984 with ABN AMRO Bank, working in Amsterdam and London in the Dutch bank's capital markets, asset management, corporate finance and private banking operations. In 1997, Mr Wynaendts joined Aegon as Senior Vice President for Group Business Development. Since 2003, he has been a member of Aegon's Executive Board, overseeing the company's international growth strategy. In April 2007, Mr Wynaendts was named Aegon's Chief Operating Officer. A year later, he became CEO and Chairman of Aegon's executive and management boards.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier Board</p> <p>Independence rate: 100% (8 out of 8)</p> <p>Non-independent directors: None</p>	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> • 5 fully independent members • Ben Van der Veer and Dona D. Young have financial expertise • Chairman = Ben Van der Veer <p>The Nomination Committee:</p> <ul style="list-style-type: none"> • 4 fully independent members • Chairman = Robert J. Routs <p>The Compensation Committee:</p> <ul style="list-style-type: none"> • 3 fully independent members • Chairman = Ben Noteboom 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> • 2015: €143k • 2014: €134k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> • 2015: €3447k. Fixed = 33%; Variable = 27%, Others = 40% • 2014: €3947k. Fixed = 29%; Variable = 23%, Others = 48% 	●
6. Diversity	<p>Board of Directors (8)</p> <ul style="list-style-type: none"> • Gender: 2 women (25%) • Nationality: 3 (5 Dutch, 2 American, 1 French) <p>Executive Committee (2)</p> <ul style="list-style-type: none"> • Gender: 0 women (0%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct, Environmental Policy, Human Rights Policy, Sustainable Procurement Policy and various policy statements (Green Procurement, Freedom of Association, Discrimination Policy, Social Supplier Standards, etc.).</p> <p>Policy on bribery/corruption: Good. However, the policy does not include prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Good. However, the company does not disclose details about the number of reports received, the types of misconduct or the disciplinary measures taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The supervisory Board oversees CSR issues.</p> <p>Commitment to CSR: Good. The company published a CSR report externally verified and rated "limited assurance".</p> <p>Remuneration tied to ESG issues: Yes. In FY14, approximately 15% of the executive compensation was tied to sustainability objectives.</p> <p>UN Global Compact signatory: No.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

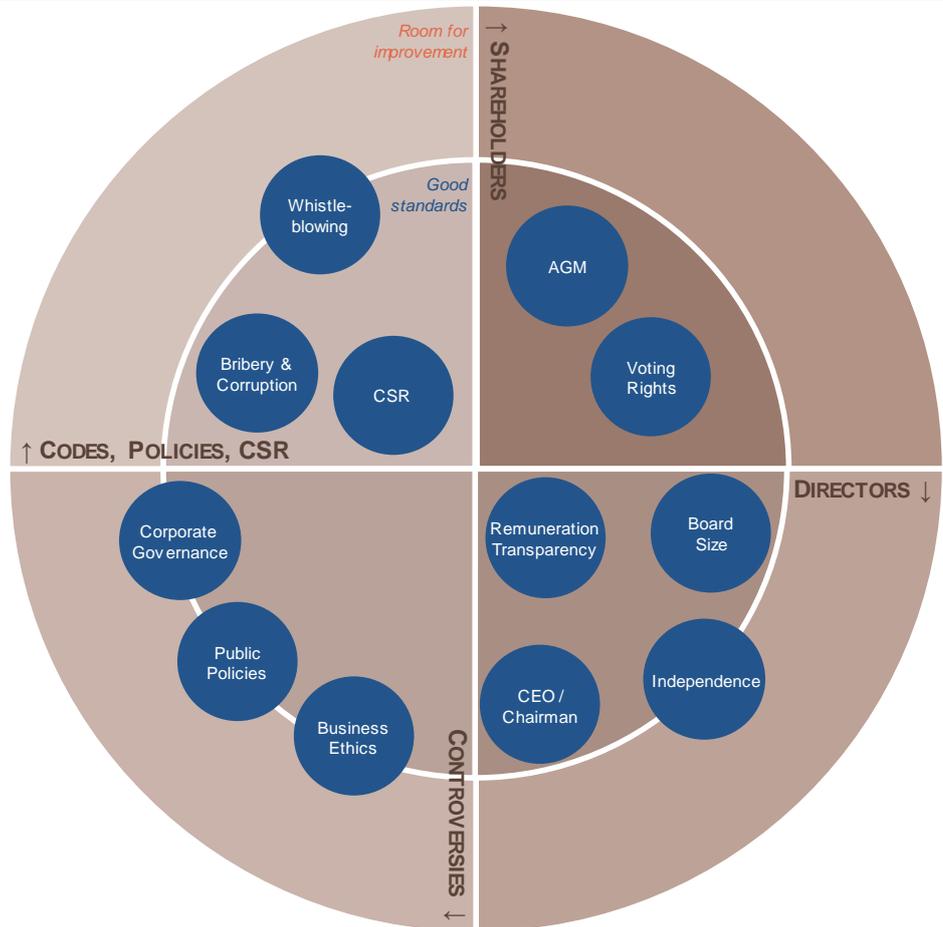
AstraZeneca: +51.2% vs +183.3% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Health Care
Last AGM: 29 April 2016

SG Rating: Buy
Target Price: 6900.0p
Free Float: 99%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Leif Johansson (64) Board members: 12 Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (8.42%), Investor AB (4.08%), Vardepapperscentralen VPC Aktieb (2.97%), Legal & General Group (2.56%), Wellington Management Group (2.41%), Capital Group Companies (2.41%) AGM-related controversy: None. However, the resolution on approval of Annual Report on Remuneration for 2015 was approved by only 89.61% votes and the resolution to reduce the notice period of general meetings was approved by only 88.85% votes.</p>	●
2. CEO	<p>CEO: Pascal Soriot (57) First appointment: 2012 Other corporate affiliation: 0 Succession plan: Yes Biography: Pascal Soriot brings significant experience in established and emerging markets. He also has a successful track record in effective strategic thinking, managing change and executing strategy, and the ability to lead a diverse organisation. He served as Chief Operating Officer of Roche's pharmaceuticals division from 2010 to September 2012 and, prior to that, he was Chief Executive Officer of Genentech, a biologics business, where he led its successful merger with Roche. P. Soriot joined the pharmaceutical industry in 1986 and has worked in senior management roles in numerous major companies around the world. He is a doctor of veterinary medicine (École Nationale Vétérinaire d'Alfortville) and holds an MBA from HEC, Paris.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 75% (9 out of 12)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Marc Dunoyer, Pascal Soriot, Marcus Wallenbury (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 5 fully independent members Rudy Markham and Shriti Vadera have financial expertise Chairman = Rudy Markham <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 4 fully independent members Chairman = Leif Johansson <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 fully independent members Chairman = Graham Chipchase 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: £609k 2014: £572k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: £8,397k. Fixed 14%, Variable 82%, Other 4% 2014: £3,507k. Fixed 32%, Variable 58%, Other 10% 	●
6. Diversity	<p>Board of Directors (12)</p> <ul style="list-style-type: none"> Gender: 4 women (25%) Nationality: 4 (4 French, 3 British, 2 Swedish, 1 American) <p>Executive Committee (13)</p> <ul style="list-style-type: none"> Gender: 4 women (31%) 	●
7. Controversies	<p>Corporate Governance: “Low” level</p> <p>Business Ethic: “Moderate” level</p> <p>Public Policies: “Low” level</p>	●
8. Other Policies	<p>Available codes: Code of conduct; Environmental Sustainability; Safety, Health and Environment; Clinical trials</p> <p>Policy on bribery/corruption: Good.</p> <p>Whistleblower programmes: Good. However, there is no structure in place to process whistleblower reports</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The company has assigned accountability for its responsible business strategy at both management and board level.</p> <p>Commitment to CSR: Good. The company publishes the CSR matters in the Annual report. Reviewed by an external auditor, these have received a “limited assurance” rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

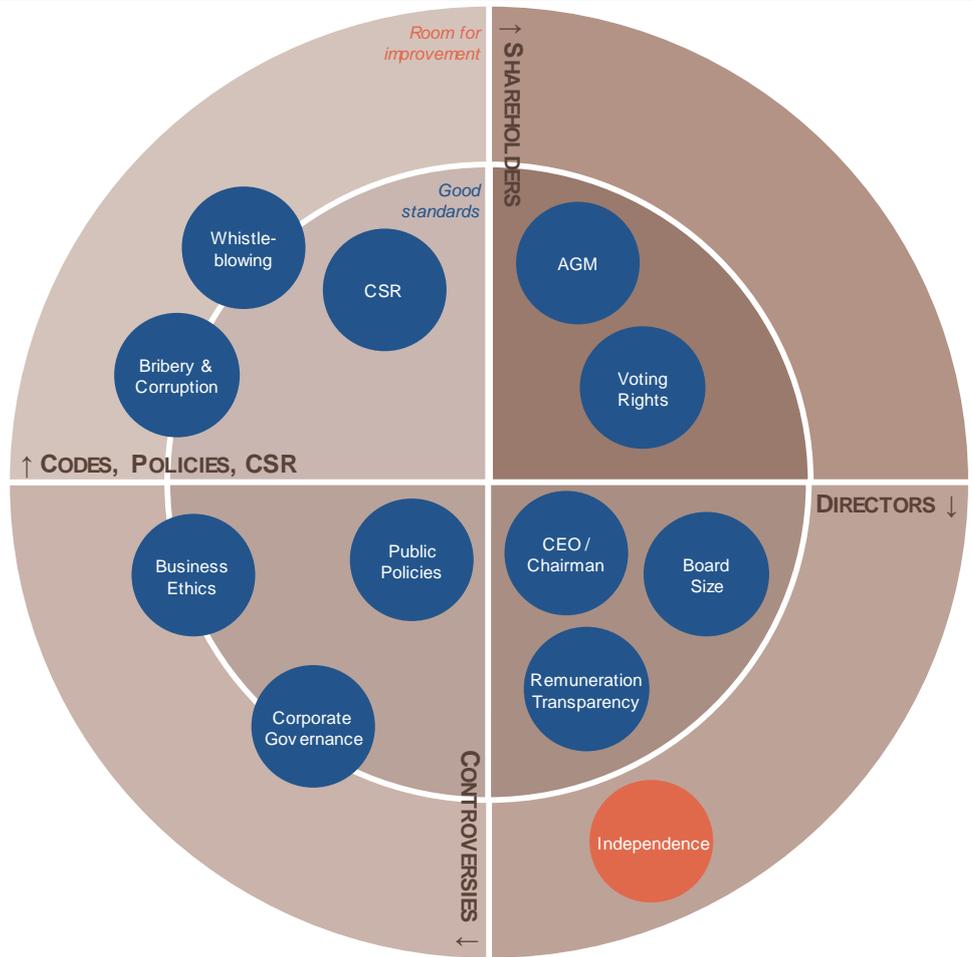
E.ON SE: -44.7% vs +37.4% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Utilities
Last AGM: 7 May 2015

SG Rating: Hold
Target Price: €9.0
Free Float: 100%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Werner Wenning (69) Board members: 6 (+6 employee representatives) Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (6.89%), Deutsche Bank (2.41%), Vanguard Group (2.29%), Norges Bank Investment Management (1.97%) AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Dr Johannes Teyssen (56) First appointment: 2010 Other corporate affiliation: 2 Succession plan: No Biography: Dr Johannes Teyssen joined E.ON Group in 2001 and since May 2010 has been the chairman of the board and CEO. Prior to this, he was the chairman of the board of AVACON from 1999 to 2001. Before that, he was a member of the board of HASTRA from 1998 to 1999. From 1994 to 1998, he worked at PreussenElektra as head of Legal Affairs, and from 1991 to 1994 he headed the Energy and Corporate Law Department. He holds a degree in economics and law from Freiburg and Gottingen universities. He also undertook Doctoral studies in Boston, Massachusetts, US.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier Board</p> <p>Independence rate: More than two-third (at least 4 out of 6)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Not available 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 members including two employee representatives (Fred Schulz and Thies Hansen) Werner Wenning and Dr Theo Siegert have financial expertise Chairman = Dr Theo Siegert <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 members Chairman = Werner Wenning <p>The Compensation Committee:</p> <ul style="list-style-type: none"> The company does not have a compensation committee. Executive remuneration is jointly determined by the supervisory and the management boards. 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €440k 2014: €440k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €5394k. Fixed = 23%; variable = 60%; other benefits = 17% 2014: €4991k. Fixed = 25%; variable = 62%; other benefits = 13% 	●
6. Diversity	<p>Board of Directors (6)</p> <ul style="list-style-type: none"> Gender: 2 women (33%) Nationality: 3 (4 German, 1 British, 1 Dutch) <p>Executive Committee (4)</p> <ul style="list-style-type: none"> Gender: 0 woman (0%) 	●
7. Controversies	<p>Corporate Governance: "Moderate" level</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct; Human Rights Policy statement; Responsible Procurement Code; Global Environmental Policy.</p> <p>Policy on bribery/corruption: Good. However, the policy does not include prohibition of facilitation payments.</p> <p>Whistleblower programmes: Good. However, the company does not disclose the number of reports received, the types of misconduct for which reports were made and the disciplinary measures taken to address misconduct.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. E.ON has an occupational health, safety and environment (HSE) governance council, which sets the direction and priorities for the company's occupational HSE activities across the group. The council reports directly to the management board.</p> <p>Commitment to CSR: Yes. The company publishes a CSR Report partially reviewed by an external auditor and rated "limited assurance".</p> <p>Remuneration tied to ESG issues: No. ESG targets are used to evaluate executive performance but no such reference is made in the remuneration policy.</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

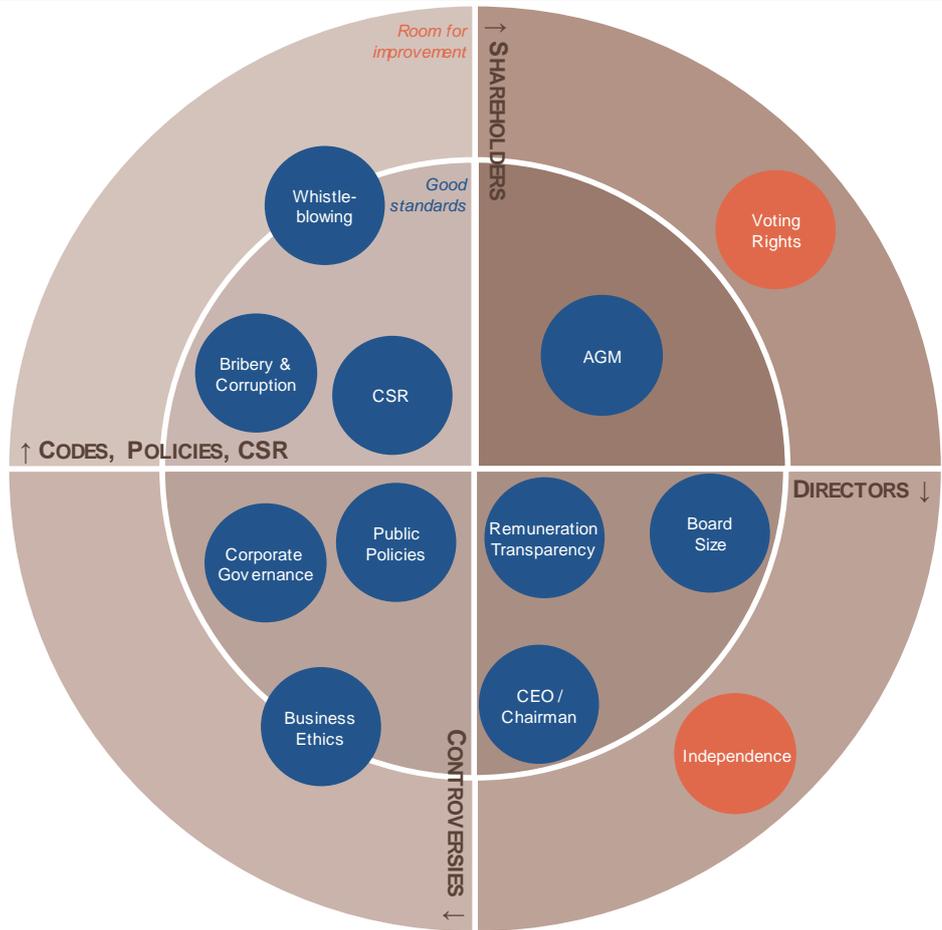
Fraport: +19.0% vs +79.9% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Industrial Goods & Services
Last AGM: 20 May 2016

SG Rating: Buy
Target Price: €70.0
Free Float: 40%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Karlheinz Weimar (66)</p> <p>Board members: 10 (+ 10 employee representatives)</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: Yes. State Of Hessen (31.34%) & City Of Frankfurt (20.01%) together through a consortium agreement hold 51.35% voting rights in Fraport AG</p> <p>Main shareholders: State Of Hessen (31.34%), City Of Frankfurt (20.01%), Deutsche Lufthansa (8.45%), Lazard Ltd (3.53%), Legg Mason Inc (3%)</p> <p>AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Dr Stefan Schulte (56)</p> <p>First appointment: 2009</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: Dr Schulte served as an Executive Director of Traffic & Terminal Management Airport Expansion at Fraport AG and served as its Vice Chairman of Executive Board 2007 to 2009. He served as Head of Finance and Personnel at Deutz AG from 2001 to 2003. He served as CFO at Fraport AG from 2003 to 2007 and as its Head of Finance. From 2001 to 2003, Dr Schulte was a Member of the Executive Board of Deutz AG. He began his career in the corporate development department at Deutsche Bank AG. He studied Business Administration at University of Cologne and holds a Doctorate Degree in Business and Social Sciences.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: 30% (3 out of 10)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Karlheinz Weimar, Peter Gerber, Frank-Peter Kaufmann, Uwe Becker, Peter Feldmann, Lothar Klemm, Michael Odenwald (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 8 members including two non-independent (Uwe Becker, Lothar Klemm) and 4 employee representatives No information on financial expertise Chairman = Dr Margarete Haase <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 members including two non-independent (Karlheinz Weimar, Uwe Becker) Chairman = Karlheinz Weimar <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 8 members including 3 non-independent (Karlheinz Weimar, Uwe Becker, Michael Odenwald) and 4 employee representatives Chairman = Claudia Amier 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €63,000 2014: €62,200 <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €2200k. Fixed 19%, Variable 64%, Others 17% 2014: €1996k. Fixed 21%, Variable 57%, Others 22% 	●
6. Diversity	<p>Board of Directors (10)</p> <ul style="list-style-type: none"> Gender: 3 women (30%) Nationality: No information <p>Executive Committee (4)</p> <ul style="list-style-type: none"> Gender: 1 woman (25%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct, Code of conduct for Suppliers and various policy statements (EMS, Green logistics programmes, QMS, Social Supplier Standards, Discrimination policy, Workforce diversity, etc.).</p> <p>Policy on bribery/corruption: Good.</p> <p>Whistleblower programmes: Good. However, the company does not have a structure to process whistleblower reports. Also, the company does not disclose detail on the reports received or types of misconduct or disciplinary action taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The executive board is responsible.</p> <p>Commitment to CSR: Good. The company publishes a <u>CSR report</u> reviewed by an external auditor that received "reasonable/high assurance".</p> <p>Remuneration tied to ESG issues: Yes. Executive compensation is tied to customer satisfaction, employee satisfaction and head count.</p> <p>UN Global Compact signatory: Yes.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

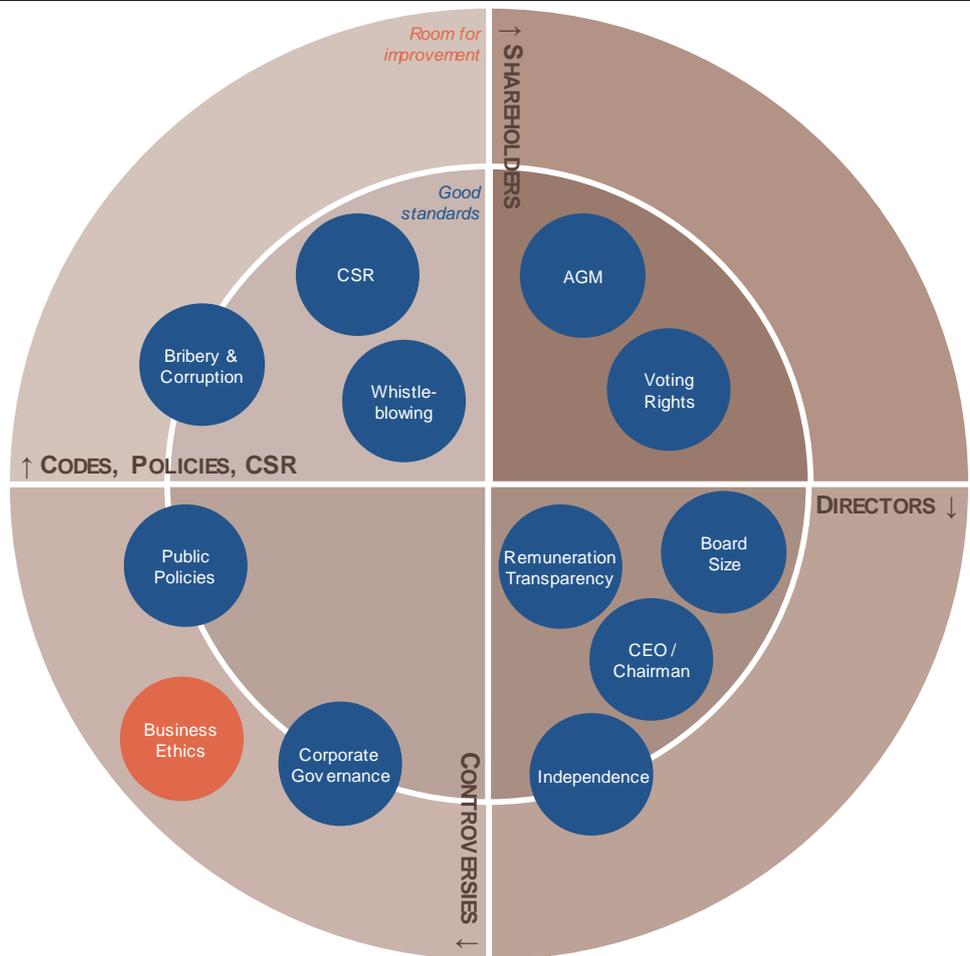
GlaxoSmithKline: +3.8% vs +183.3% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Healthcare
Last AGM: 5 May 2016

SG Rating: Sell
Target Price: 1300.0p
Free Float: 93%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Sir Philip Hampton (62) Board members: 11 Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (5.52%), Capital Group Companies Inc (3.4%), Legal & General Group Plc (3.13%), Vanguard Group (2.01%) AGM-related controversy: No. However, the resolution to authorise reduced notice of a general meeting other than an AGM was approved by 87.61% votes; the resolution for disapplication of pre-emptive rights was approved by 88.23% votes; and the resolution to approve the annual remuneration report was approved by 84.66% votes.</p>	●
2. CEO	<p>CEO: Sir Andrew Witty (51) First appointment: 2008 Other corporate affiliation: 0 Succession plan: Yes Biography: Sir Witty joined GSK in 1985. In 2003, he was appointed President of GSK Europe and joined GSK's Corporate Executive Team. He was appointed CEO in May 2008. In the 2012 New Year Honours list, he was awarded a Knighthood for services to the economy and to the UK pharmaceutical industry. He is currently a member of the UK Prime Minister's Business Advisory Group and was a board member of INSEAD Business School until January 2012. Andrew has a Joint Honours BA in Economics from the University of Nottingham.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: one-tier board</p> <p>Independence rate: 73% (8 out of 11)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> • Sir Andrew Witty, executive • Simon Dingemans, executive • Dr Moncef Slaoui, executive 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> • 4 fully independent members • All members have financial expertise • Chairman = Judy Lewent <p>The Nomination Committee:</p> <ul style="list-style-type: none"> • 5 fully independent members • Chairman = Sir Philip Hampton <p>The Compensation Committee:</p> <ul style="list-style-type: none"> • 3 fully independent members • Chairman = Urs Rohner 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> • 2015: £522k • 2014: Sir Philip Hampton joined the Board in January 2015 <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> • 2015: £6,661k. Fixed = 18%; variable = 75%; others = 7% • 2014: £3,891k. Fixed = 30%; variable = 53%; others = 17% 	●
6. Diversity	<p>Board of Directors (11)</p> <ul style="list-style-type: none"> • Gender: 3 women (27%) • Nationality: 5 (5 British, 3 American, 1 Indian, 1 Moroccan, 1 Swiss) <p>Executive Committee (12)</p> <ul style="list-style-type: none"> • Gender: 2 women (17%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: "High" level</p> <p>GlaxoSmithKline (GSK) has faced numerous allegations of bribery in pharmaceutical sales. In September 2015, the company was accused of bribing the NHS advisory board in the UK. In July 2015, Romanian authorities commenced a criminal investigation into alleged corruption by GSK and other companies. In September 2014, Chinese judiciary imposed fine of USD492m, the largest fine ever levied on a foreign company for bribery and corruption in China. In July 2013, the Chinese Ministry of Public Security accused GSK of bribery charges amounting to some USD490m in illegal deals since 2007. Several of GSK's Chinese executives admitted to wrongdoing. In April 2014, media reports surfaced of bribery allegations against GSK in Lebanon, Jordan, Poland and Iraq. This concerned alleged practices of offering travel arrangements, free samples, and bribes to "key opinion-leader" doctors and other medical professionals to promote GSK drugs. This followed a USD3bn agreement with the US government in 2012 to settle allegations of improper marketing, including alleged kickbacks to doctors to induce them to promote and prescribe certain drugs (see Marketing Practices for details). In addition, a US Department of Justice investigation launched in 2010 is seeking to determine whether GSK and other pharmaceutical companies violated the Foreign Corrupt Practice Act (FCPA) in foreign drug promotion. In January 2016, the company rolled out its global commitment to stop payments to doctors to speak on their behalf worldwide.</p>	●
8. Other Policies	<p>Public Policies: "Low" level</p> <p>Available codes: Code of Conduct, Third-party Code of Conduct, Code for Promotion and Customers interactions, and various statements (Environmental policy, EMS, Green procurement, Human rights, public policy, clinical trials, relations with patient groups, access to medicine, etc.)</p> <p>Policy on bribery/corruption: Good. However, the policy does not include prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Good</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. GSK has an established a corporate responsibility committee at the board level comprised of 4 independent non-executive directors. The committee oversees and assesses "external issues that have the potential for serious impact upon GSK's business".</p> <p>Commitment to CSR: Good. The company publishes a CSR report reviewed by an external auditor and rated "reasonable assurance".</p> <p>Remuneration tied to ESG issues: Yes</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

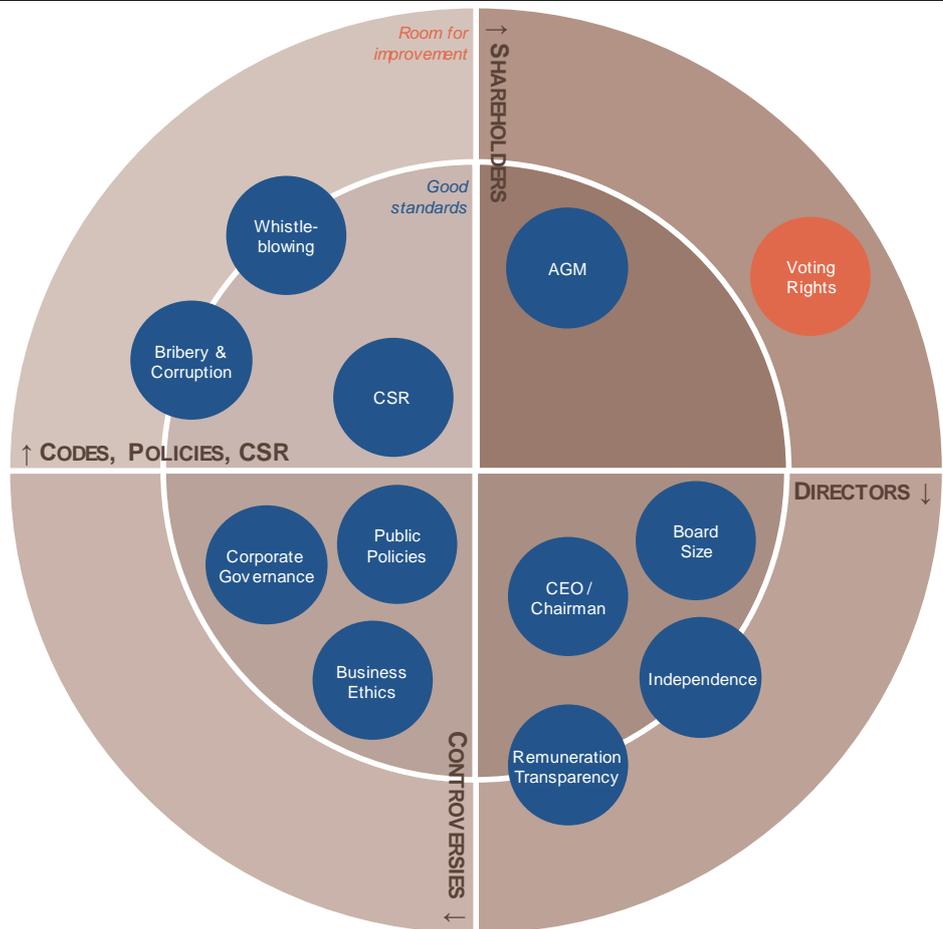
Hennes & Mauritz: +17.6% vs +73.8% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Retail
Last AGM: 3 May 2016

SG Rating: Sell
Target Price: SEK253.0
Free Float: 63%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Stefan Persson (68) Board members: 8 (+4 employee representatives) Equal voting rights: No. The company has classes of stocks with different voting rights Golden share / Major share: Yes, Stefan Persson and family represent 68.6% of the voting rights and have a 35.5% shareholding Main shareholders: Ramsbury Invest (27.59%), Tham Lottie (6.03%), Swedbank AB (4.53%), Alecta Pensionsforsakring (4.26%), SEB (3.01%), AMF Forsakring (2.08%) AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Karl-Johan Persson (41) First appointment: 2009 Other corporate affiliation: 0 Succession plan: No Biography: Before taking over as Managing Director, Karl-Johan Persson held operational roles within H&M from 2005, including working as head of expansion, business development, brand and new business. Since 2000, Karl-Johan Persson has been a member of the boards of H&M's subsidiaries in Denmark, Germany, the US and the UK. Between 2006 and 2009, he was also a member of the Board of H & M Hennes & Mauritz AB. Between 2001 and 2004, Karl-Johan Persson was CEO of European Network. Karl-Johan holds a BA in Business Administration from the European Business School in London.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 88% (7 out of 8)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Stefan Persson (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 3 fully independent members All members except Erica Wiking Häger have financial expertise Chairman = Christian Sievert <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 5 members (Stefan Persson and four non-Board members, i.e. Lottie Tham; Liselott Ledin, Alecta; Jan Andersson, Swedbank Robur Fonder; Anders Oscarsson, AMF Pension) Chairman = Stefan Persson <p>The Compensation Committee:</p> <ul style="list-style-type: none"> There is no compensation committee 	●
5. Remuneration	<p>Chairman:</p> <ul style="list-style-type: none"> 2015: SEK1,500k 2014: SEK1,350k <p>CEO: Weak level of transparency</p> <ul style="list-style-type: none"> 2015: SEK15.0m 2014: SEK12.6m 	●
6. Diversity	<p>Board of Directors (8)</p> <ul style="list-style-type: none"> Gender: 3 women (38%) Nationality: All Swedish <p>Executive Committee (16)</p> <ul style="list-style-type: none"> Gender: 7 women (44%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethics: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct, Discrimination policy, Diversity policy, Sustainability policy</p> <p>Policy on bribery/corruption: Good. However, the policy does not include prohibition and definition of facilitation payments</p> <p>Whistleblower programmes: Good. However, the whistleblower policy does not include possibility of anonymous reporting; non-retaliation policy is absent; and the policy does not disclose the number of reports received, or the types of misconduct and the disciplinary measures taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The head of the sustainability team reports to the CEO, and the executive management team has overall responsibility for CSR issues.</p> <p>Commitment to CSR: Good. The company publishes a CSR report. This is reviewed by an external auditor and has received a "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

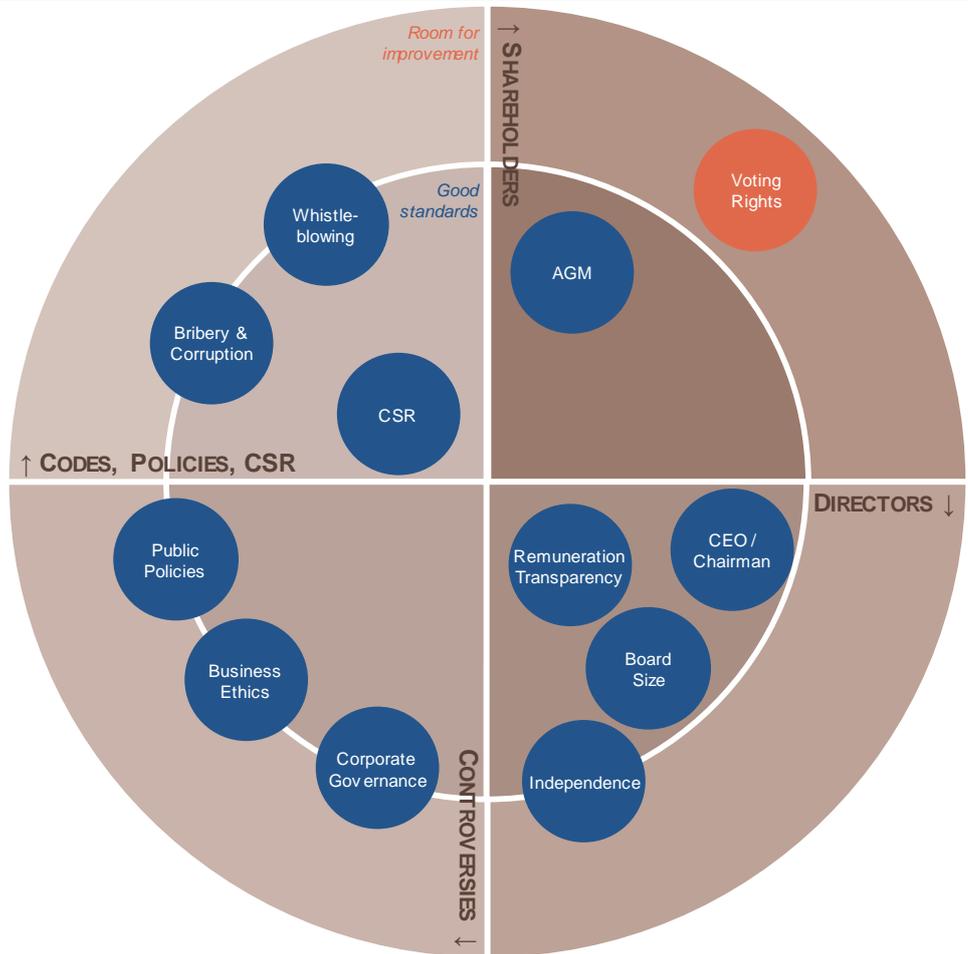
Nestlé SA: +45.4% vs +81.3% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Food & Beverages
Last AGM: 7 April 2016

SG Rating: Hold
Target Price: CHF76.0
Free Float: 96%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Peter Brabeck-Letmathe (71)</p> <p>Board members: 13</p> <p>Equal voting rights: No. The company has a voting cap clause.</p> <p>Golden share / Major share: No</p> <p>Main shareholders: Dimensional Fund Advisors (4.52%), Blackrock (3.74%), Nestlé SA (3.26%), Norges Bank (2.41%), Vanguard Group (2.15%)</p> <p>AGM-related controversy: No. However, the Consultative vote on the 2015 remuneration report was approved with only 84.47% votes.</p>	●
2. CEO	<p>CEO: Paul Bulcke (61)</p> <p>First appointment: 2008</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: Paul Bulcke began his career in 1977 as a financial analyst for Scott Graphics International before moving to the Nestlé Group in 1979 as a marketing trainee. From 1980 to 1996, he held various responsibilities in Nestlé Peru, Ecuador and Chile before moving back to Europe as Managing Director of Nestlé Portugal, Czech Republic and Germany. In 2004, he was appointed Executive Vice President, responsible for Zone Americas. In April 2008, Paul Bulcke was elected member of the Board of Directors of Nestlé S.A.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 85% (11 of 13)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Peter Brabeck-Letmathe (former CEO) Paul Bulcke (CEO) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 fully independent members All members have financial expertise Chairman = Renato Fassbind <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 4 members, including 1 non-independent (Peter Brabeck-Letmathe) Chairman = Andreas Koopmann <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 fully independent members Chairman = Beat Hess 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF5725k. Fixed 28%, Variable 72% 2014: CHF6330k. Fixed 25%, Variable 75% <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF11,172k. Fixed 22%, Variable 59%, Other 19% 2014: CHF11,428k. Fixed 22%, Variable 60%, Other 18% 	●
6. Diversity	<p>Board of Directors (13)</p> <ul style="list-style-type: none"> Gender: 4 women (31%) Nationality: 8 (5 Swiss, 2 American, 1 Austrian, 1 Belgian, 1 Chinese, 1 French, 1 Indian, 1 Kenyan) <p>Executive Committee (14)</p> <ul style="list-style-type: none"> Gender: 1 woman (7%) 	●
7. Controversies	<p>Corporate Governance: “Low” level</p> <p>Business Ethic: “Low” level</p> <p>Public Policies: “Low” level</p>	●
8. Other Policies	<p>Available codes: Code of business conduct and various policy statements (Environmental policy, EMS, Green procurement policy, Discrimination Policy, Workforce diversity, Social Supplier Standards, Responsible marketing policy, etc.).</p> <p>Policy on bribery/corruption: Good. However, the code does not include prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Good. Addresses all elements of a strong whistleblower programme except disclosure on the number of reports received, types of misconduct and measures taken by the company.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. Nestlé states that the chairman, the chief executive officer and other members of the Executive Board are ultimately responsible for the supervision and management of its role in society and Creating Shared Value (CSV), supported by a number of other governance bodies.</p> <p>Commitment to CSR: Good. The company publishes a CSR report reviewed by an external auditor and rated “moderate assurance”.</p> <p>Remuneration tied to ESG issues: No. However, the bonus payments for the executive board members have a reference to the reduction of GHG emissions.</p> <p>UN Global Compact signatory: Yes.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

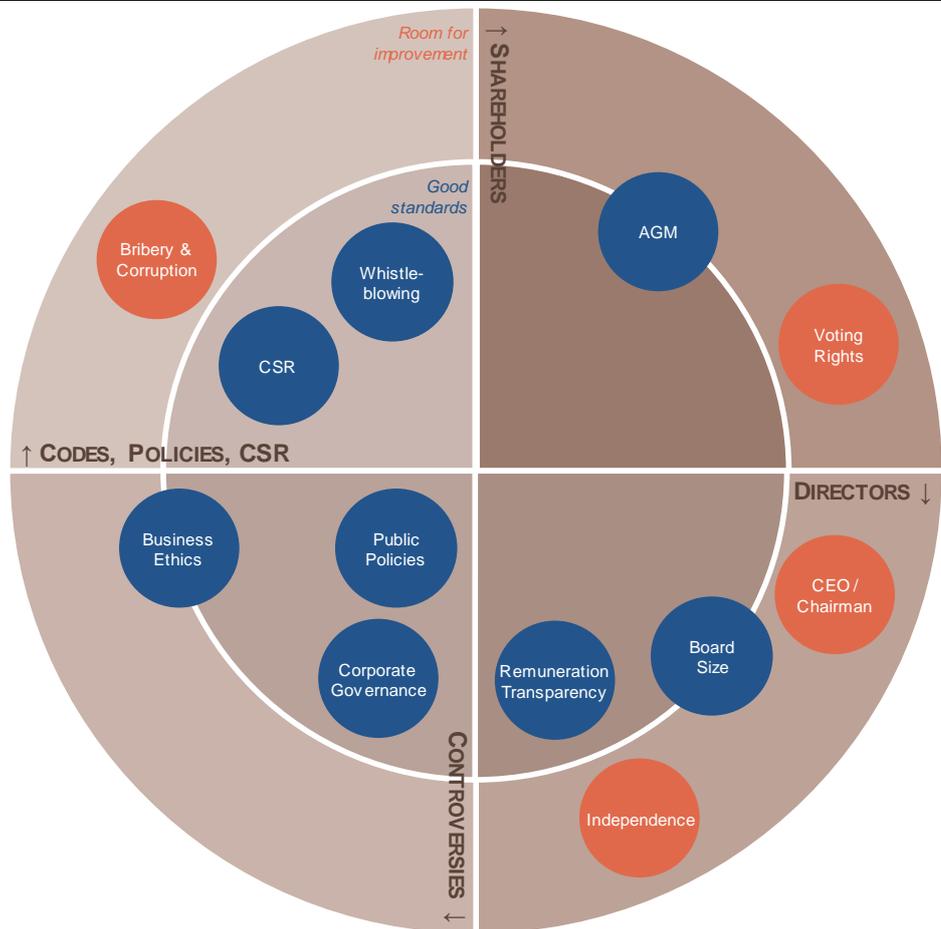
Saint-Gobain: 29.9% vs +101.2% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Construction & Materials
Last AGM: 4 June 2015

SG Rating: Hold
Target Price: €43.0
Free Float: 85%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Pierre-André de Chalendar (58)</p> <p>Board members: 14 (+3 employee representatives)</p> <p>Equal voting rights: No. The company has classes of stocks with different voting rights.</p> <p>Golden share / Major share: Wendel SA has a 6.4% shareholding with 11.1% voting rights</p> <p>Main shareholders: Fonds Du Plan D Epargne (7.55%), Blackrock (6.83%), Wendel SA (6.38%), First Eagle Investment Mgmt (1.92%)</p> <p>AGM-related controversy: No. However, resolution to renew Mr Jacques Pestre's term as director was approved by only 81.13% votes, resolution to renew Mr Denis Ranque's term as director was approved by only 76.50% votes, resolution to authorise an increase of share capital by the capitalisation method was approved by only 75.64% and resolution to authorise free performance shares was approved by only 73.04% votes.</p>	●
2. CEO	<p>CEO: Pierre-André de Chalendar (58)</p> <p>First appointment: 2010</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: Pierre-André de Chalendar is a graduate of ESSEC Business School and École Nationale d'Administration. A former civil servant (Inspecteur des Finances), he served as deputy to the Director General for Energy and Raw Materials within the French Ministry of Industry. He was appointed Chief Operating Officer of Compagnie de Saint-Gobain on 3 May 2005 and was elected to the Board of Directors by the General Meeting on 8 June 2006, becoming Chief Executive Officer on 8 June, 2007 and Chairman and Chief Executive Officer on 3 June 2010.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: No</p> <p>Board: One-tier board</p> <p>Independence rate: 50% (7 out of 14)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> • Pierre-André de Chalendar (Chairman/CEO) • Isabelle Bouillot, Jean-Martin Folz, Bernard Gautier, Frederic Lemoine, Denis Ranque and Gilles Schnepf (Non-independent as per Company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> • 4 members, including 1 non-independent member (Frederic Lemoine) • All members have financial expertise • Chairman = Jean-Dominique Senard <p>The Nomination Committee:</p> <ul style="list-style-type: none"> • 4 members, including 1 non-independent member (Bernard Gautier) • Chairman = Philippe Varin <p>The Compensation Committee:</p> <ul style="list-style-type: none"> • 4 members, including 1 non-independent member (Bernard Gautier) • Chairman = Philippe Varin 	●
5. Remuneration	<p>Chairman/CEO: Good level of transparency</p> <ul style="list-style-type: none"> • 2014: EUR3864k. Fixed 28%, Variable 72% • 2014: EUR3525k. Fixed 31%, Variable 69% 	●
6. Diversity	<p>Board of Directors (14)</p> <ul style="list-style-type: none"> • Gender: 6 women (43%) • Nationality: 4 (11 French, 1 German, 1 British, 1 Chinese) <p>Executive Committee (5)</p> <ul style="list-style-type: none"> • Gender: 1 woman (20%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Various policy statements (EMS, Green procurement policy, Environmental Reporting, Health & Safety Programmes, Diversity Programmes, etc.).</p> <p>Policy on bribery/corruption: Weak. There is no formal policy on bribery & corruption.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Strategy and Corporate Social Responsibility Committee (CRC), comprised of Board members, ensures CSR issues for Saint-Gobain are taken into account.</p> <p>Commitment to CSR: Good. The company publishes CSR matters as part of the Annual report. This was reviewed by an external auditor and rated "high assurance".</p> <p>Remuneration tied to ESG issues: No.</p> <p>UN Global Compact signatory: Yes.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

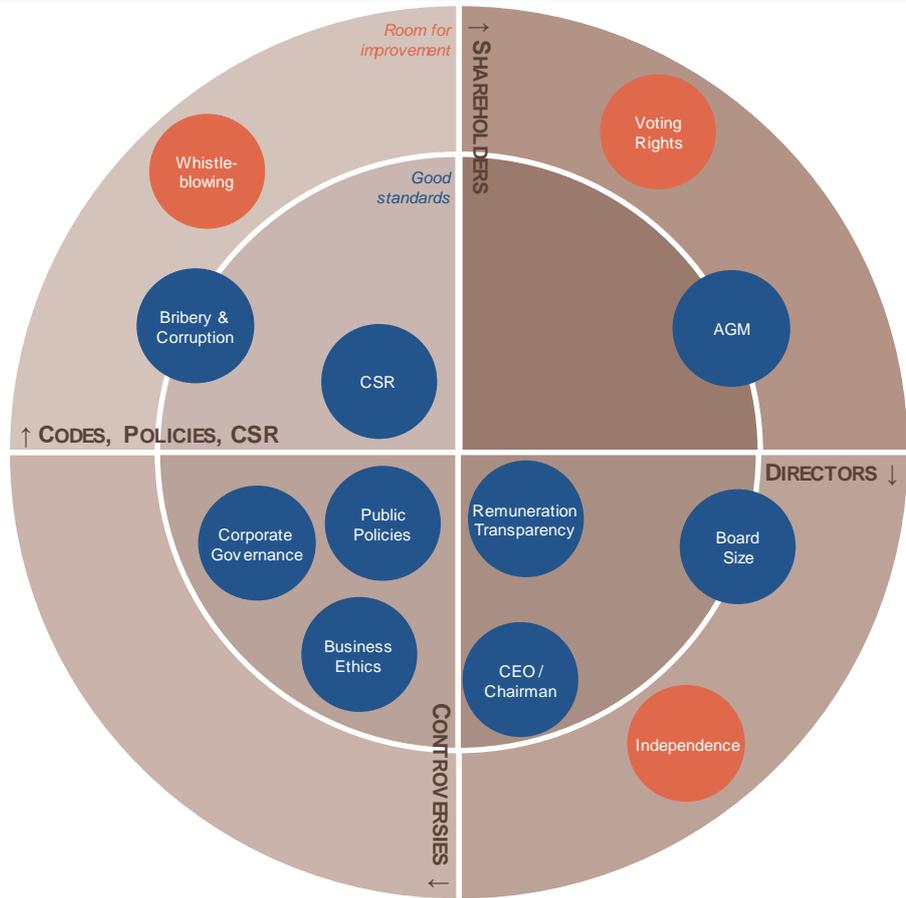
Sodexo: +50.8% vs +118.9% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Restaurants
Last AGM: 26 January 2016

SG Rating: Hold
Target Price: EUR93.0
Free Float: 55%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairwoman: Sophie Bellon (54)</p> <p>Board members: 14 (including 1 employee representative)</p> <p>Equal voting rights: No. The company has classes of stocks with different voting rights.</p> <p>Golden share / Major share: Yes, Bellon SA holds 37.7% of Sodexo's capital and 53.0% voting rights.</p> <p>Main shareholders: Bellon SA (37.71%), Allianz SE (3.68%), Sodexo (3.09%), First Eagle Investment (2.47%)</p> <p>AGM-related controversy: No. However, the resolution on related party agreements and commitments was approved by only 49.47% votes, the resolution on renewal of directorship of François-Xavier Bellon was approved by only 89.26% votes, the resolution on renewal of the directorship of Astrid Bellon was approved by only 89.49% votes and the resolution on automatic waiver of shareholders' preferential subscription rights was approved by only 78.25% votes.</p>	●
2. CEO	<p>CEO: Michel Landel (64)</p> <p>First appointment: 2005</p> <p>Other corporate affiliation: 0</p> <p>Succession plan: Yes</p> <p>Biography: Michel Landel was born in 1951 in Morocco. He graduated from the European Business School in Paris and began his career as a financial analyst at Chase Manhattan Bank. He subsequently joined construction company Poliet where he managed a factory in Lorraine. He joined Sodexo in 1984 as Operations Manager for Eastern and North Africa. In 1986, he was promoted to Director for Remote Sites operations in Africa. In 1989, he moved to the US. He became CEO for Sodexo in North America in 1999 and in February 2000 was named Vice Chairman of the Group's Executive Committee. For 17 years, Michel Landel worked to build Sodexo's positions in North America.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 43% (6 out of 14)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Sophie Bellon, Bernard Bellon, Astrid Bellon, François-Xavier Bellon, Nathalie Bellon-Szabo, Philippe Besson, Michel Landel, Cathy Martin (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 members including one non-independent (Sophie Bellon) All members except Soumitra Dutta have financial expertise Chairman = Robert Baconnier <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 4 members including two non-independent (Sophie Bellon, Nathalie Bellon-Szabo) Chairman = Patricia Bellinger <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 members including two non-independent (Sophie Bellon, Philippe Besson) Chairman = Patricia Bellinger 	●
5. Remuneration	<p>Chairwoman: Sophie Bellon joined as Chairwoman in January 2016</p> <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €2,368k. Fixed 39%, Variable 61% 2014: €2,886k. Fixed 32%, Variable 68% 	●
6. Diversity	<p>Board of Directors (14)</p> <ul style="list-style-type: none"> Gender: 7 women (50%) Nationality: 6 (9 French, 1 American, 1 British, 1 Canadian, 1 Spanish, 1 Swiss) <p>Executive Committee (13)</p> <ul style="list-style-type: none"> Gender: 5 women (38%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Supplier code of conduct and various policy statements (Environmental Management System, GHG Reduction programmes, Freedom of Association policy, Discrimination policy, etc.)</p> <p>Policy on bribery/corruption: Good. However, the code does not include prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Weak.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The executive committee is responsible for corporate responsibility.</p> <p>Commitment to CSR: Good. The company publishes the <u>CSR</u> matters in the Annual report. These are reviewed by an external auditor and have received a "reasonable assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

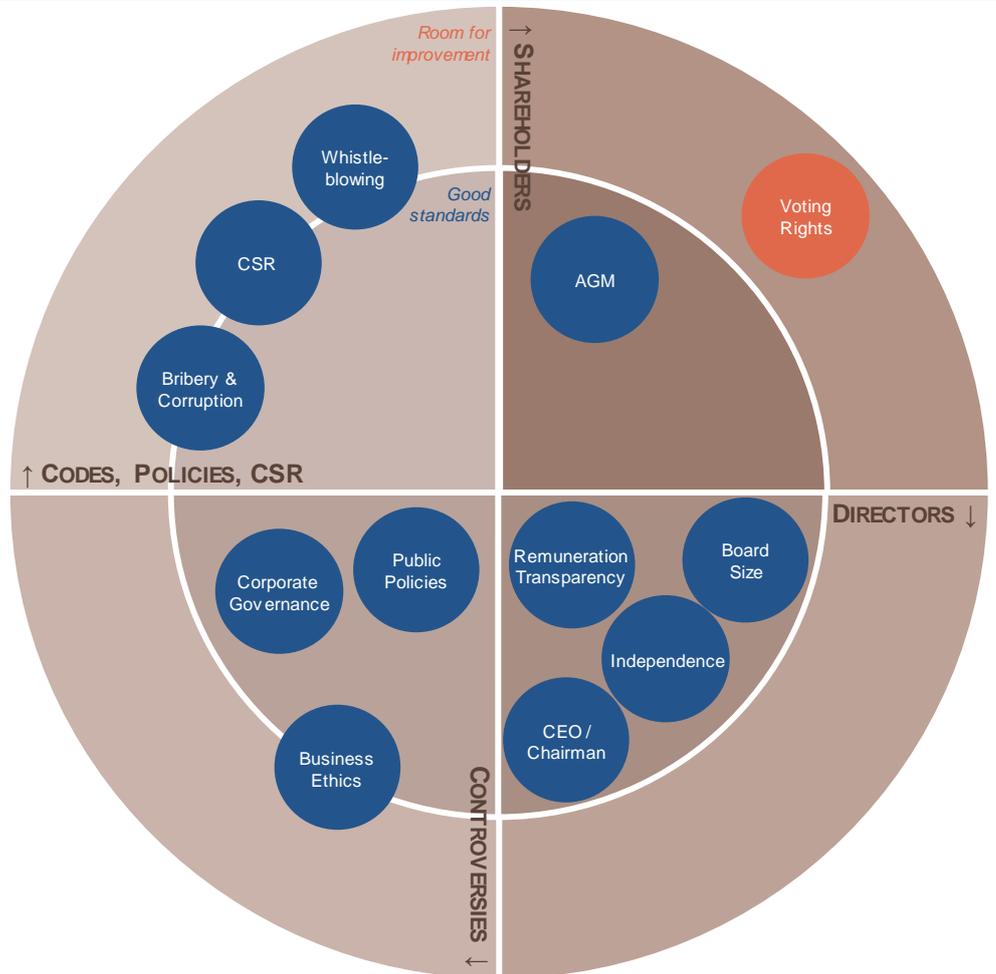
Sonova Holding: +54.9% vs +183.3% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Healthcare
Last AGM: 16 June 2015

SG Rating: Not covered
Target Price: Not covered
Free Float: 80%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Robert F. Spoerry (60)</p> <p>Board members: 8</p> <p>Equal voting rights: No. The company has a voting cap clause.</p> <p>Golden share / Major share: No</p> <p>Main shareholders: Diethelm Beda (9.98%), Rihs Hans-Ueli (6.02%), Rihs Andreas (3.52%), Harding Loevner LP (2.93%), Sun Life Financial Inc (2.79%).</p> <p>AGM-related controversy: No. However, resolution on approval of maximum remuneration of directors was approved by only 80.34% votes.</p>	●
2. CEO	<p>CEO: Lukas Braunschweiler (59)</p> <p>First appointment: 2011</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: No</p> <p>Biography: Mr Braunschweiler (born 1956, Swiss citizen) joined the Sonova Group as CEO in November 2011. Before joining the company, he was CEO of the Swiss technology group RUAG. From 2002 to 2009, as President & CEO, he headed the Dionex Corporation. Prior to this, he worked from 1995 to 2002 in various group executive positions in Switzerland and the US for precision instruments manufacturer Mettler Toledo. He received a Master of Science in analytical chemistry (1982) and was awarded a Ph.D. in physical chemistry (1985) from the Swiss Federal Institute of Technology (ETH) in Zurich, Switzerland.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: 100% (8 out of 8)</p> <p>Non-independent directors: None</p>	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 fully independent members All members have financial expertise Chairman = Michael Jacobi <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Robert F. Spoerry <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Robert F. Spoerry 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF854k. Fixed 59%, Variable 41% 2014: CHF848k. Fixed 59%, Variable 41% <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF2377k. Fixed 34%, Variable 55%, Other 11% 2014: CHF2404k. Fixed 33%, Variable 56%, Other 11% 	●
6. Diversity	<p>Board of Directors (8)</p> <ul style="list-style-type: none"> Gender: 1 woman (12%) Nationality: 5 (3 American, 2 Swiss, 1 Dutch, 1 Finnish, 1 German) <p>Executive Committee (10)</p> <ul style="list-style-type: none"> Gender: 1 woman (10%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct, Environmental programmes, QMS</p> <p>Policy on bribery/corruption: Good. However, there is no definition of bribery or corruption and there is absence of guidelines on what is considered acceptable behaviour.</p> <p>Whistleblower programmes: Good. However, there is no disclosure on the number of reports received, types of misconduct and the disciplinary measures taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The company has a CSR steering committee which oversees ESG issues. It consists of 5 members from the executive committee and is chaired by the CEO.</p> <p>Commitment to CSR: Good. The company publishes a CSR report, but it is not reviewed by an external auditor.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: No</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

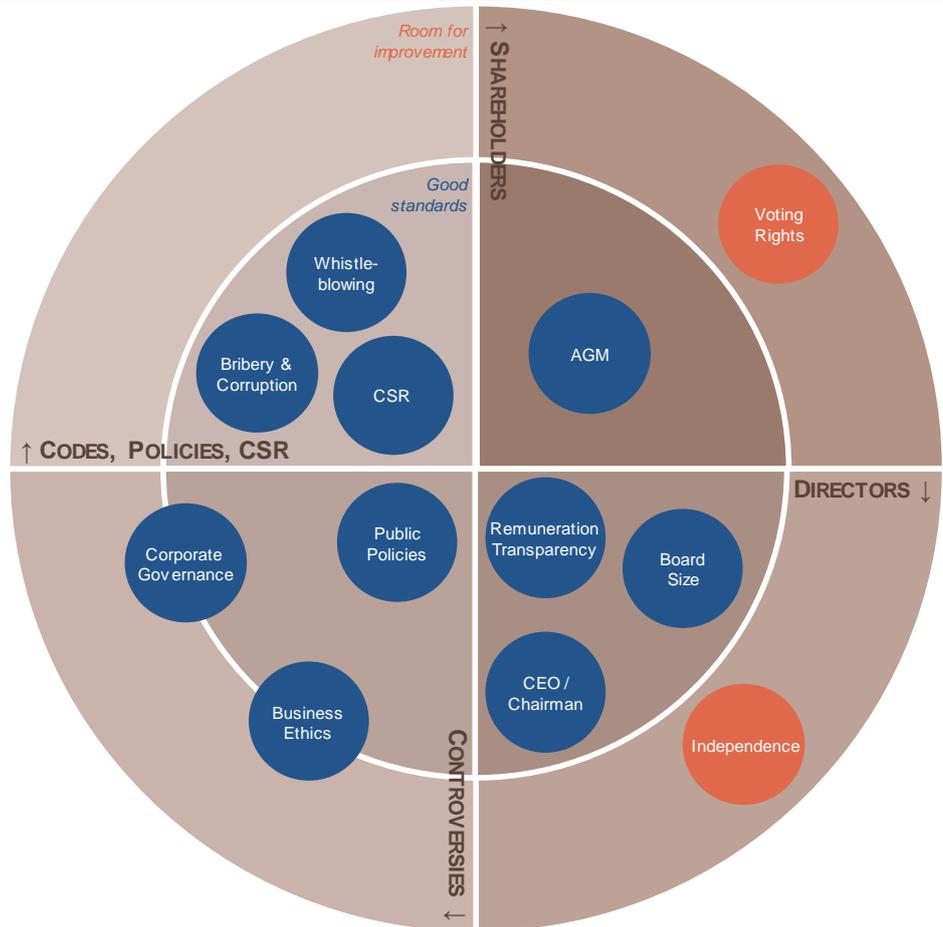
Sky plc: +35.8% vs +103.9% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Media
Last AGM: 4 November 2015

SG Rating: Buy
Target Price: 1350.0p
Free Float: 60%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: James Murdoch (43) Board members: 11 Equal voting rights: Yes Golden share / Major share: Yes. 21st Century Fox UK Nominees Ltd has significant influence with a 39.14% shareholding and a cap on voting rights at 37.19% Main shareholders: 21st Century Fox UK Nominees Ltd (39.14%), Blackrock (4.48%), Franklin Resources (2.37%), Invesco Ltd (2.27%), T Rowe Price Associates (2.06%) AGM-related controversy: No. However, the resolution to reappoint Matthieu Pigasse as Director was approved with only 85.40% votes, and a resolution to allow the company to hold general meetings on 14-day notice was approved with only 89.92% votes.</p>	●
2. CEO	<p>CEO: Jeremy Darroch (53) First appointment: 2007 Other corporate affiliation: 1 Succession plan: Yes Biography: Jeremy joined Sky as Chief Financial Officer and Executive Director in 2004 and was appointed to his current role in December 2007. Jeremy has extensive experience in the retailing and fast-moving consumer goods sectors. Prior to joining Sky, Jeremy was Group Finance Director of DSG International plc (DSG), formerly Dixons Group plc. Prior to DSG, he spent 12 years at Procter & Gamble in a variety of roles in the UK and Europe.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 55% (6 out of 11)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> James Murdoch, Jeremy Darroch, Andrew Griffith, Chase Carey, John Nallen (Non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 members (all independent) All members have financial expertise Chairman = Martin Gilbert <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 members including 1 non-independent (James Murdoch) Chairman = No information <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 members (all independent) Chairman = Tracy Clarke 	●
5. Remuneration	<p>Chairman: James Murdoch joined as Chairman in April 2016</p> <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: GBP16,889k. Fixed 6%, Variable 93%, Others 1% 2014: GBP4881k. Fixed 20%, Variable 77%, Others 3% 	●
6. Diversity	<p>Board of Directors (11)</p> <ul style="list-style-type: none"> Gender: 2 women (18%) Nationality: 4 (7 British, 2 American, 1 French, 1 Swedish) <p>Executive Committee (14)</p> <ul style="list-style-type: none"> Gender: 3 women (21%) 	●
7. Controversies	<p>Corporate Governance: "Moderate" level</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct, Environmental Policy and various policy statements (EMS, Green Procurement, Freedom of Association, Worker Diversity, Social Supplier Standards, etc.).</p> <p>Policy on bribery/corruption: Good.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Bigger Picture Committee which is formal committee of the board is responsible for ESG issues.</p> <p>Commitment to CSR: Good. The company CSR report was reviewed externally and it received "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: No</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

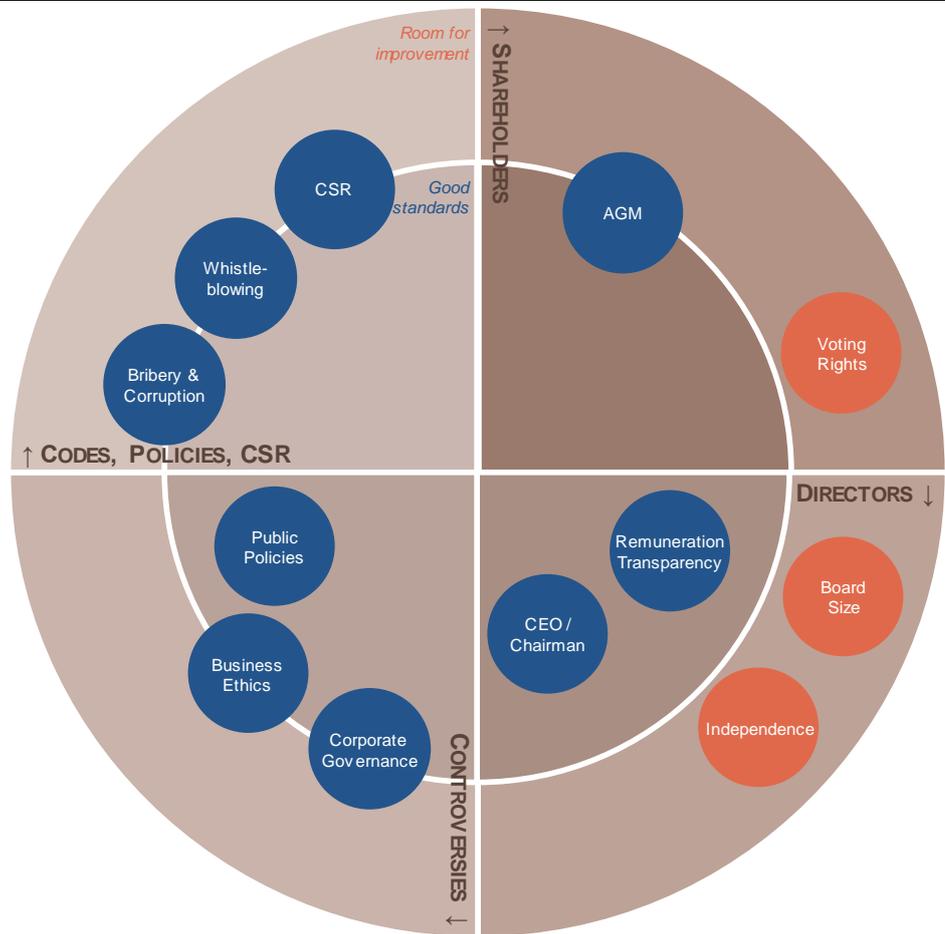
Unicredit SPA: +13.0% vs 54.6% (sector 4-yr rolling average perf.)

Global performance in Corporate Governance issues

Sector: Banks
Last AGM: 14 April 2016

SG Rating: Hold
Target Price: €4.0
Free Float: 85%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Giuseppe Vita (81)</p> <p>Board members: 17</p> <p>Equal voting rights: No. The company has dual-class stocks, non-voting rights common shares and shares with a voting cap clause.</p> <p>Golden share / Major share: No</p> <p>Main shareholders: Aabar Lux Sarl (6.29%), Fondazione Cassa Risp Verona Vic (3.42%), Dodge & Cox (3.19%), Blackrock (2.81%), Central Bank Of Libya (2.55%), Franklin Resources (2.52%)</p> <p>AGM-related controversy: No. However, resolution on integration of the board of directors was approved by only 89.6% votes.</p>	●
2. CEO	<p>CEO: Federico Ghizzoni (60)</p> <p>First appointment: 2010</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: Mr Ghizzoni holds a law degree from Parma's University of Law and started his career in 1980 at Credito Italiano's Piacenza branch. Between 2000 and 2002 Ghizzoni was Executive Director responsible for Corporate and International Banking at Bank Pekao S.A., and in 2003 he joined Koç Financial Services. In July 2007, he was appointed Head of the Polish Markets Division at UniCredit, Head of CEE Banking Operations and Board Member responsible for the CEE Banking Division at Bank Austria AG. In August 2010 he assumed the position of Deputy CEO and Deputy General Manager of UniCredit.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier Board</p> <p>Independence rate: 59% (10 out of 17)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Federico Ghizzoni, executive Giuseppe Vita, Vincenzo Calandra Buonauro, Fabrizio Palenzona, Manfred Bischoff, Helga Jung, Anthony Wyand (Non-independent as per Articles of Association/Code) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 9 members including 4 non-independent (G. Vita, V. C. Buonauro, F. Palenzona and A. Wyand) Chairman = Alexander Wolfgring <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 7 members including 3 non-independent (G. Vita, V. C. Buonauro and F. Palenzona) Chairman = Luca Cordero di Montezemolo <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 5 members including 2 non-independent (G. Vita and A. Wyand) Chairman = Alessandro Caltagirone 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €1,581k 2014: €1,557k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €4,200k. Fixed = 48%; variable = 52% 2014: €3,026k. Fixed = 67%; variable = 33% 	●
6. Diversity	<p>Board of Directors (17)</p> <ul style="list-style-type: none"> Gender: 6 women (35%) Nationality: 7 (10 Italian, 2 German, 1 Emirati, 1 Austrian, 1 American, 1 British, 1 Polish) <p>Executive Committee (14)</p> <ul style="list-style-type: none"> Gender: 1 woman (7%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Corporate Governance code, Integrity Charter, Code of Conduct, Commitment on Human Rights, Environmental Policy, Green and Social Procurement Policy.</p> <p>Policy on bribery/corruption: Good. The company reports that an anti-corruption policy and a policy on gifts and entertainment are in place and discloses some contents in its sustainability report.</p> <p>Whistleblower programmes: Good. However, a 24/7 hotline does not exist; the programme is unavailable to suppliers, customers and other third parties; there is an absence of anonymous reporting; and there is no disclosure on the number of reports received or the types of misconduct or the disciplinary measures taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: No. The corporate governance, HR and the nomination committee provides opinions to the board in response to proposals made by the chairman or the CEO.</p> <p>Commitment to CSR: Good. The company publishes a CSR report subject to a limited review by an external auditor.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

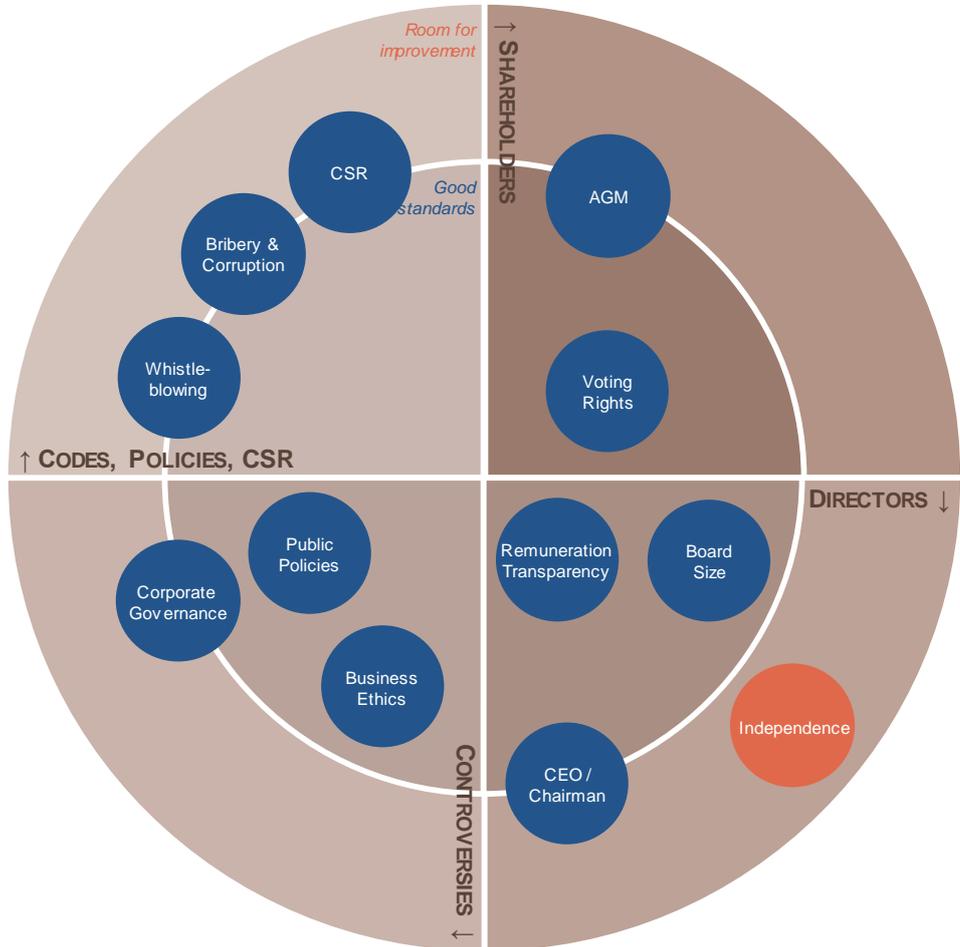
Aberdeen AM: +4.8% vs +102.7% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Asset Managers
Last AGM: 27 January 2016

SG Rating: Hold
Target Price: 265.0p
Free Float: 74%

Links:
[2015 Annual Report Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Roger Cornick (72)</p> <p>Board members: 13</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: No</p> <p>Main shareholders: Mitsubishi UFJ Asset Management (17.16%), Lloyds Banking Group Plc (9.79%), Capital Group Companies Inc (9.59%), Appleby Trust (Jersey) Ltd (3.68%)</p> <p>AGM-related controversy: No. However, the resolution on approval of the directors' remuneration report was approved by only 65.70% votes.</p>	●
2. CEO	<p>CEO: Martin Gilbert (60)</p> <p>First appointment: 1983</p> <p>Other corporate affiliation: 0</p> <p>Succession plan: Yes</p> <p>Biography: Martin Gilbert is a co-founder and Chief Executive of Aberdeen Asset Management, the holding company established in 1983. Martin is Chairman of the Prudential Regulation Authority's Practitioner Panel and sits on the Scottish Government's Financial Services Advisory Board. He is also a member of the International Advisory Panel of the Monetary Authority of Singapore and the International Advisory Board of British American Business. Martin is also a non-executive director of Sky Plc. Martin is Adjunct Professor of Finance at Imperial College Business School. Born in Malaysia, he has an MA in Accountancy and an LLB.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 54% (7 out of 13)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Martin Gilbert, Andrew Laing, Bill Rattray, Hugh Young, Rod McRae, Akira Suzuki (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 3 fully independent members All members have financial expertise Chairman = Jutta af Rosenborg <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 2 fully independent members Chairman = Roger Cornick <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Simon Troughton 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: GBP325K 2014: GBP300K <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: GBP4,340K. Fixed = 12%; Variable = 88% 2014: GBP4,757K. Fixed = 11%; Variable = 89% 	●
6. Diversity	<p>Board of Directors (13)</p> <ul style="list-style-type: none"> Gender: 3 women (23%) Nationality: 4 (10 British, 1 Danish, 1 German, 1 Japanese) <p>Executive Committee (15)</p> <ul style="list-style-type: none"> Gender: 2 women (13%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Various policy statements (EMS, Supply Chain Monitoring, Social Supplier Standards, Workforce Diversity, etc.)</p> <p>Policy on bribery/corruption: Good. However, bribery and corruption are not defined.</p> <p>Whistleblower programmes: Good. However, the company does not disclose the number of reports received, the types of misconduct for which the reports were made and the disciplinary measures taken to address misconduct.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is a Corporate Responsibility Steering Committee chaired by CEO that oversees ESG issues and directly reports to the Board.</p> <p>Commitment to CSR: Good. The company publishes a CSR report but it is not externally verified.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

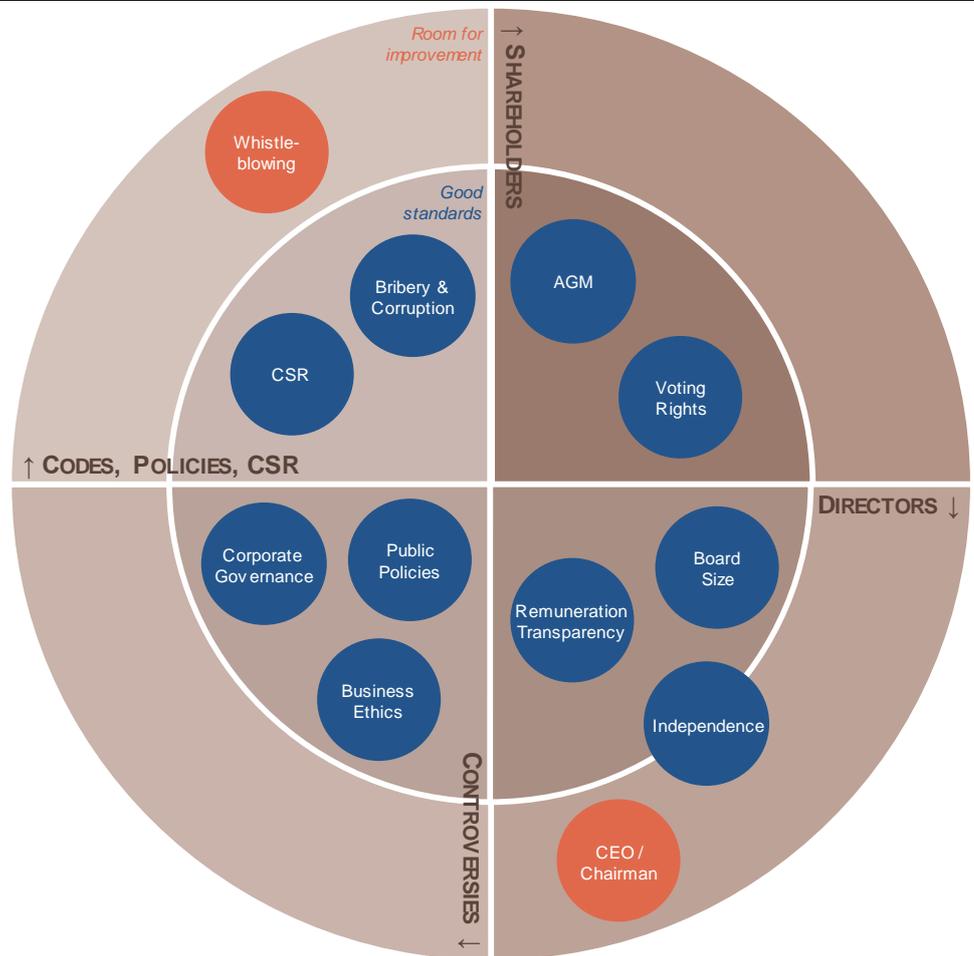
Air Liquide: +23.1% vs +53.7% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Chemicals
Last AGM: 12 May 2016

SG Rating: Hold
Target Price: EUR105.0
Free Float: 99%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Benoît Potier (58)</p> <p>Board members: 12 (including 1 employee representative)</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: No</p> <p>Main shareholders: Blackrock (6.22%), Vanguard Group (2%), Norges Bank Investment Management (1.42%)</p> <p>AGM-related controversy: No. However, the resolution on renewal of Ernst & Young as principal statutory auditors was approved by only 89.75% votes and the resolution on authorisation to the Board of Directors to grant share purchase options was approved by only 89.74% votes.</p>	●
2. CEO	<p>CEO: Benoît Potier (58)</p> <p>First appointment: 2006</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: With Air Liquide since 1981, Benoît Potier has handled many aspects of Air Liquide's business. Since his appointment as Corporate Chief Executive in 1997, he has assumed global responsibility of operations and development. Benoît Potier has been Chairman and CEO since 2006. He is also a Vice President of ERT (European Round Table of Industrialists), a director of Danone Group and Ecole Centrale des Arts et Manufactures, and a member of INSEAD French Council.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: No</p> <p>Board: One-tier board</p> <p>Independence rate: 75% (9 out of 12)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Benoit Potier, Pierre Dufour, Philippe Dubrulle (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 3 fully independent members All members have financial expertise Chairman = Siân Herbert-Jones <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Thierry Desmarest <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Jean-Paul Agon 	●
5. Remuneration	<p>Chairman/CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €2,756K. Fixed = 40%; variable = 60% 2014: €2,834K. Fixed = 39%; variable = 61% 	●
6. Diversity	<p>Board of Directors (12)</p> <ul style="list-style-type: none"> Gender: 5 women (42%) Nationality: 6 (6 French, 2 British, 1 American, 1 Canadian, 1 German, 1 Singaporean) <p>Executive Committee (12)</p> <ul style="list-style-type: none"> Gender: 1 woman (8%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct, Supplier code of conduct and various policy statements (Green Logistics Programmes, Freedom of Association Policy, Discrimination Policy, Workforce Diversity, Supply Chain Monitoring, etc.)</p> <p>Policy on bribery/corruption: Good.</p> <p>Whistleblower programmes: Weak. No clear guidance provided on most key elements.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is an "appointments and governance" committee at the board level which deals with governance issues. In addition, the company states that the different domains of CSR, including social and environmental issues, are addressed by dedicated members of the executive committee.</p> <p>Commitment to CSR: Good. The company publishes a CSR report which was reviewed by an external auditor and received "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

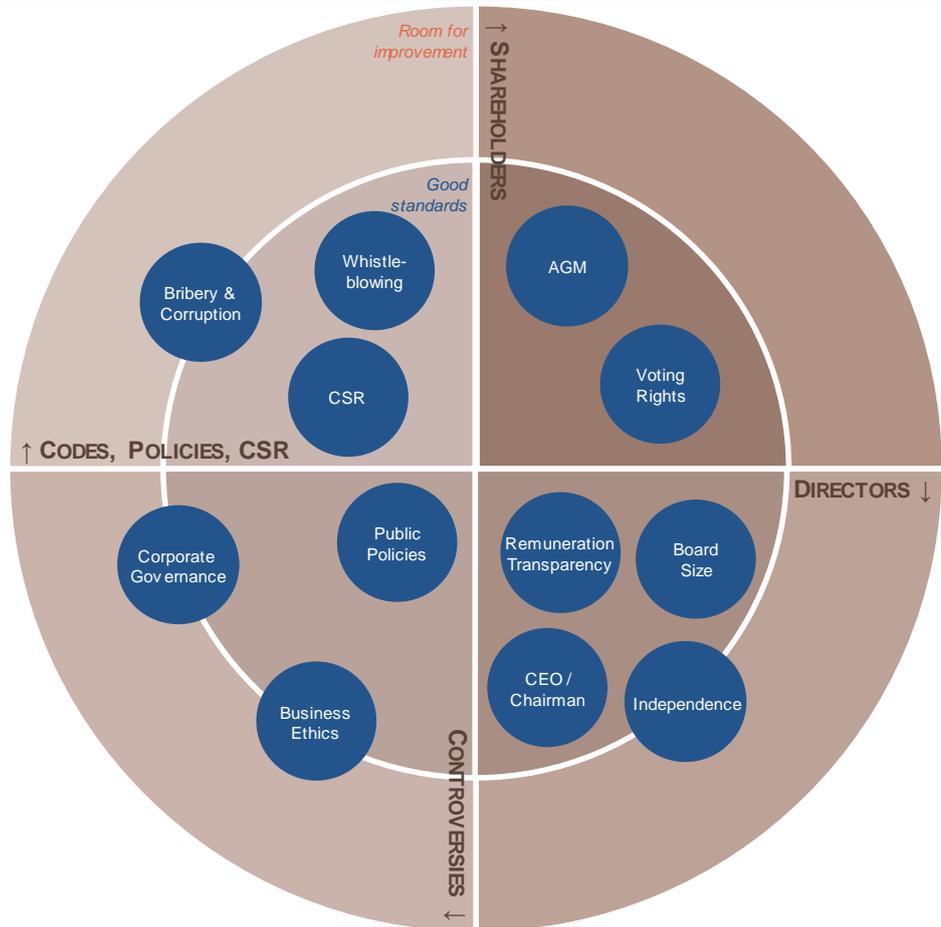
Aviva: +51.8% vs +77.1% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Insurance
Last AGM: 4 May 2016

SG Rating: Buy
Target Price: 690.0p
Free Float: 97%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Sir Adrian Montague (68) Board members: 13 Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (6.62%), Franklin Resources (3.54%), UBS (3.42%), Legal & General Group Plc (2.71%), Schroder Investment Mgmt Group (2.49%) AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Mark Wilson (49) First appointment: 2013 Other corporate affiliation: 0 Succession plan: Yes Biography: Mark Wilson was born in Rotorua, New Zealand in 1966 and attended the University of Waikato on an economics scholarship. In an eventful career Mark has rescued a number of underperforming global companies. Starting out in New Zealand, he spent the next 14 years in Asia, culminating in a role as CEO of Asian insurance giant, AIA in 2009. Mark joined Aviva as Group Chief Executive Officer at the start of 2013. He led Aviva's £6bn acquisition of Friends Life Group in 2015, the largest deal in the UK insurance sector for 15 years. Mark is a champion of sustainable business and is a key commentator on the role of business in society, especially on how companies must become what he calls "good ancestors" by creating sustainable, long-term legacies. He was named in the Sunday Times 2016 list of Britain's most influential people and was awarded UK New Zealander of the Year in 2016.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 77% (10 out of 13)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Mark Wilson, Thomas Stoddard, Andy Briggs (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 5 fully independent members All members have financial expertise Chairman = Glyn Barker <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 10 fully independent members Chairman = Sir Adrian Montague <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 fully independent members Chairman = Patricia Cross 	●
5. Remuneration	<p>Chairman: Sir Adrian Montague joined as chairman from April 2015.</p> <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: GBP5,670K. Fixed 17%, Variable 78%, Other 5% 2014: GBP2,600K. Fixed 38%, Variable 51%, Other 11% 	●
6. Diversity	<p>Board of Directors (13)</p> <ul style="list-style-type: none"> Gender: 3 women (23%) Nationality: 5 (7 British, 2 American, 2 Australian, 1 New Zealander, 1 Spanish) <p>Executive Committee (12)</p> <ul style="list-style-type: none"> Gender: 4 women (33%) 	●
7. Controversies	<p>Corporate Governance: "Moderate" level</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Business Code, Code of Ethics for senior managers, Supplier code of behaviour and various policy statements (Freedom of Association policy, Discrimination policy, Supply Chain monitoring, etc.)</p> <p>Policy on bribery/corruption: Good. However, the policy does not include prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The board level Governance committee is responsible for CSR issues. The Corporate Responsibility leadership team is responsible for implementing the CSR strategy and reporting to the Governance committee.</p> <p>Commitment to CSR: Good. The company publishes a CSR report which was partially reviewed by an external auditor and received "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

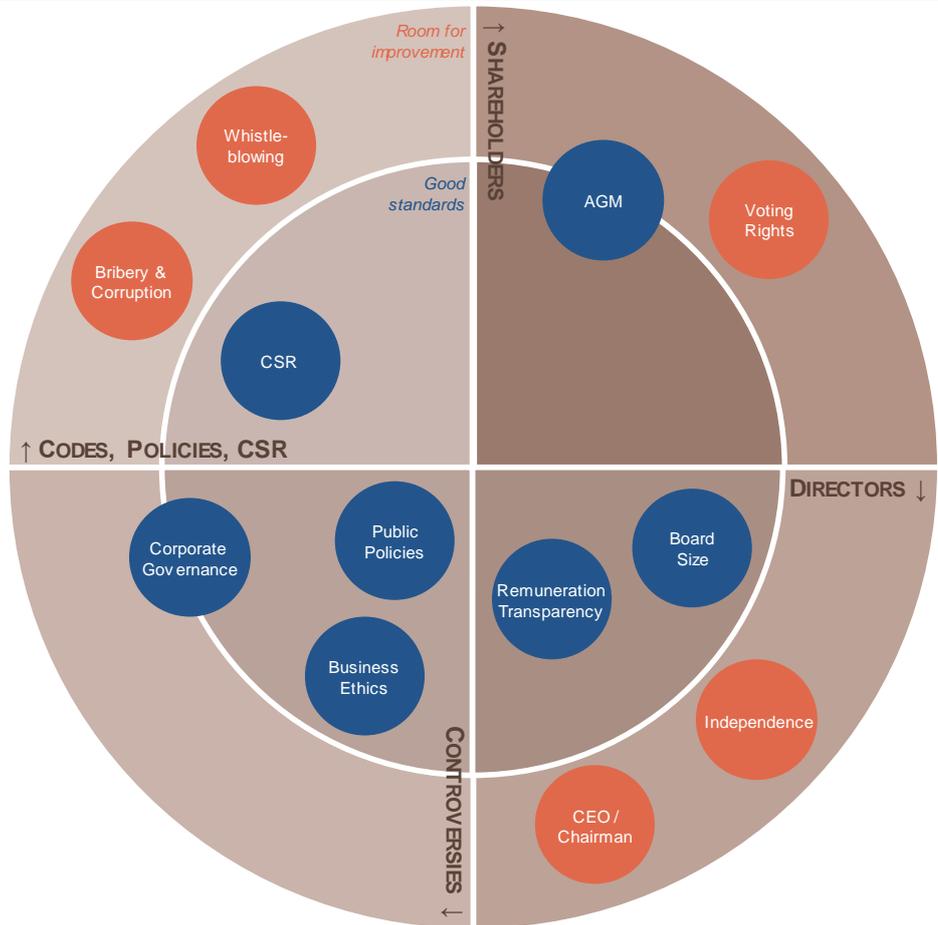
Casino: -24.9% vs +73.8% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Food Retailer
Last AGM: 13 May 2016

SG Rating: Hold
Target Price: EUR53.0
Free Float: 25%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Jean-Charles Naouri (67) Board members: 13 Equal voting rights: No. The company has shares with dual voting rights. Golden share / Major share: Yes, the company is directly and indirectly controlled by Jean-Charles Naouri through Rallye SA which holds 49.4% of the share capital representing 61.8% of voting rights. Main shareholders: Rallye SA (49.4%), Blackrock (1.86%) AGM-related controversy: No. However, the resolution on the amendment to the strategic advisory services agreement with Euris was approved by "only" 86.86% votes, the resolution on re-election of Marc Ladreit de Lacharrière as director was approved by "only" 89.40% votes, the resolution on election of Henri Giscard d'Estaing as non-voting director was approved by "only" 89.58% votes and the resolution on election of Gilles Pinoncély as non-voting director was approved by "only" 87.03% votes.</p>	●
2. CEO	<p>CEO: Jean-Charles Naouri (67) First appointment: 2005 Other corporate affiliation: 0 Succession plan: Yes Biography: A graduate of the École Normale Supérieure (sciences), Harvard University and the École Nationale d'Administration, Jean-Charles Naouri began his career as Inspector General of Finances at the French Treasury. He was appointed Chief of Staff for the Minister of Social Affairs and National Solidarity in 1982, then Chief of Staff for the Minister of the Economy, Finance and Budget in 1984. In 1987, he founded Euris, which became the controlling shareholder of Rallye in 1991 then of Casino in 1998.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: No</p> <p>Board: One-tier board</p> <p>Independence rate: 38% (5 out of 13)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Jean-Charles Naouri, Didier Carlier, Diane Coliche, Marc Ladreit de Lacharrière, Didier Levêque, Jacques Dumas, David de Rothschild, Michel Savart (Non-Independent as per Company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 3 fully independent members All members have financial expertise Chairman = Catherine Lucet <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 members (including one non-independent Jacques Dumas) Chairman = Gérald de Roquemaurel <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 members (including one non-independent Jacques Dumas) Chairman = Gérald de Roquemaurel 	●
5. Remuneration	<p>Chairman/CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2014: €1,008K. Fixed = 97%; Other = 3% 2013: €493K. Fixed = 48%; Variable = 51%; Other = 1% 	●
6. Diversity	<p>Board of Directors (13)</p> <ul style="list-style-type: none"> Gender: 4 women (31%) Nationality: 2 (12 French, 1 British) <p>Executive Committee (11)</p> <ul style="list-style-type: none"> Gender: 1 woman (9%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Various policy statements (EMS, Green Logistics Programmes, Sustainable Food Programmes, Discrimination Policy, Social Supplier Standards, Workforce Diversity, Supply Chain Management, etc.)</p> <p>Policy on bribery/corruption: Weak.</p> <p>Whistleblower programmes: Weak.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is a CSR Strategy Committee comprised of Executive committee members that oversee ESG issues and directly reports to the Board.</p> <p>Commitment to CSR: Good. The company publishes the CSR data as part of the Annual Report. This was reviewed by an external auditor and received "moderate assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

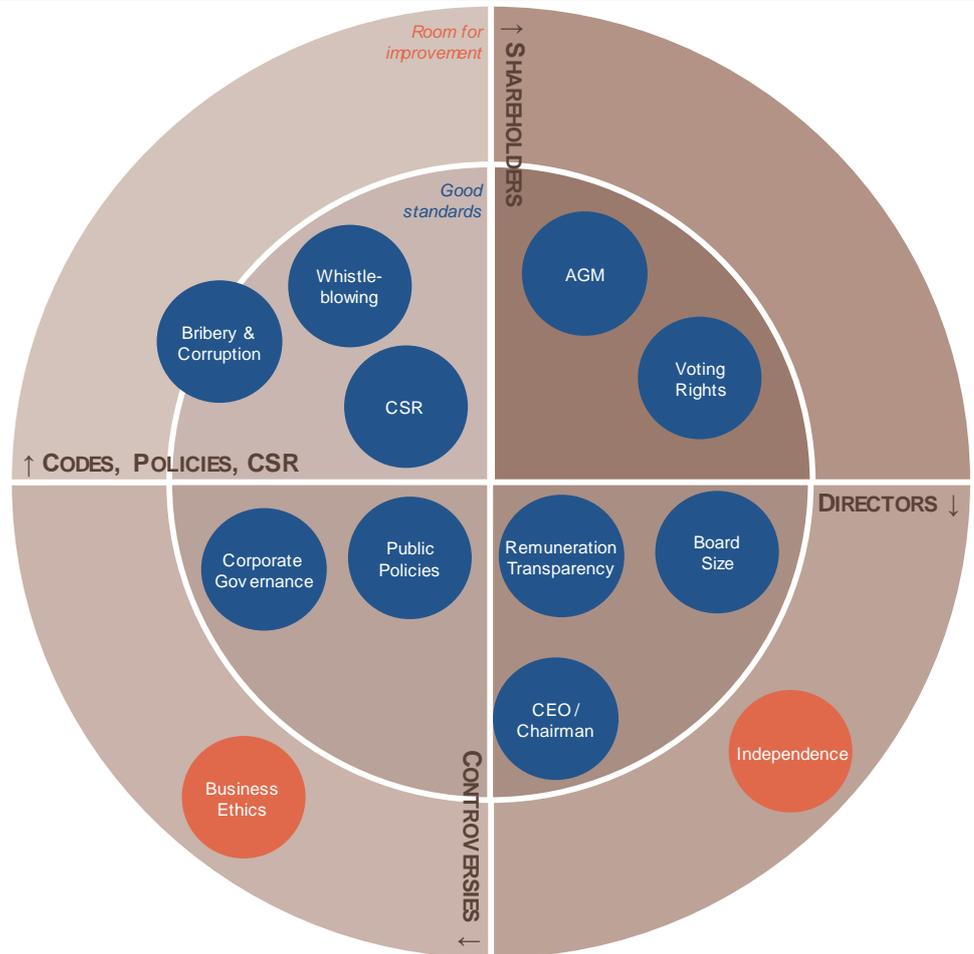
Daimler: +54.2% vs +112.3% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Automobiles
Last AGM: 6 April 2016

SG Rating: Buy
Target Price: EUR78.0
Free Float: 89%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Dr Manfred Bischoff (74) Board members: 10 (+9 employee representatives) Equal voting rights: Yes. Golden share / Major share: No Main shareholders: Kuwait Investment Authority (6.84%), Blackrock (5.18%), Renault SA (3.07%), Norges Bank Investment Management (2.57%) AGM-related controversy: No.</p>	●
2. CEO	<p>CEO: Dr Dieter Zetsche (63) First appointment: 2006 Other corporate affiliation: 0 Succession plan: No Biography: Dr Zetsche was born in Istanbul, Turkey, on 5 May 1953. After attending school in Frankfurt and obtaining the Abitur (university entrance examination), he studied electrical engineering from 1971 to 1976 at the University of Karlsruhe and graduated as an engineer. He joined the research department of the then Daimler-Benz AG in 1976. Dr Zetsche completed a doctorate in engineering in 1982 at the University of Paderborn.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: Not available</p> <p>Non-independent directors: Not available</p>	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 members (including 2 employee representatives) Dr Clemens Börsig and Joe Kaeser have financial expertise Chairman = Dr Clemens Börsig <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 members Chairman = Dr Manfred Bischoff <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 members (including 2 employee representatives) Chairman = Dr Manfred Bischoff 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR447K 2014: EUR448K <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR8,300K. Fixed 24%, Variable 63%, Other 13% 2014: EUR7,908K. Fixed 25%, Variable 64%, Other 10% 	●
6. Diversity	<p>Board of Directors (10)</p> <ul style="list-style-type: none"> Gender: 3 women (30%) Nationality: 4 (7 German, 1 British, 1 French, 1 Finnish) <p>Executive Committee (8)</p> <ul style="list-style-type: none"> Gender: 1 woman (12%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "High" level</p> <p>Daimler has been involved in bribery and corruption cases admitting to paying tens of millions of dollars of bribes and gifts of luxury cars to foreign government officials in at least 22 countries. In May 2010, Egyptian and Latvian authorities investigated bribes totalling EUR6.6m to win business between 2002 and 2006. In February 2013, Latvian authorities completed investigations. In 2010, Nigeria's Economic and Financial Crimes Commission investigated alleged bribes of USD15m by Daimler and local vehicle assembler Anammco to Nigerian officials. These investigations come after the company settled bribery investigations by the US Department of Justice and agreed to pay USD185m in fines.</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Integrity Code, Supplier Sustainability Standards and various policy statements (Environmental Policy, EMS, Freedom of Association Policy, Diversity Policy, etc.)</p> <p>Policy on bribery/corruption: Good. However, the policy does not include definition of acceptable or unacceptable behaviour.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Sustainability Board comprising of 2 Board members and representatives from various corporate functions is responsible for CSR issues.</p> <p>Commitment to CSR: Good. The company publishes a CSR report. This was reviewed by an external auditor and received a "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No.</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

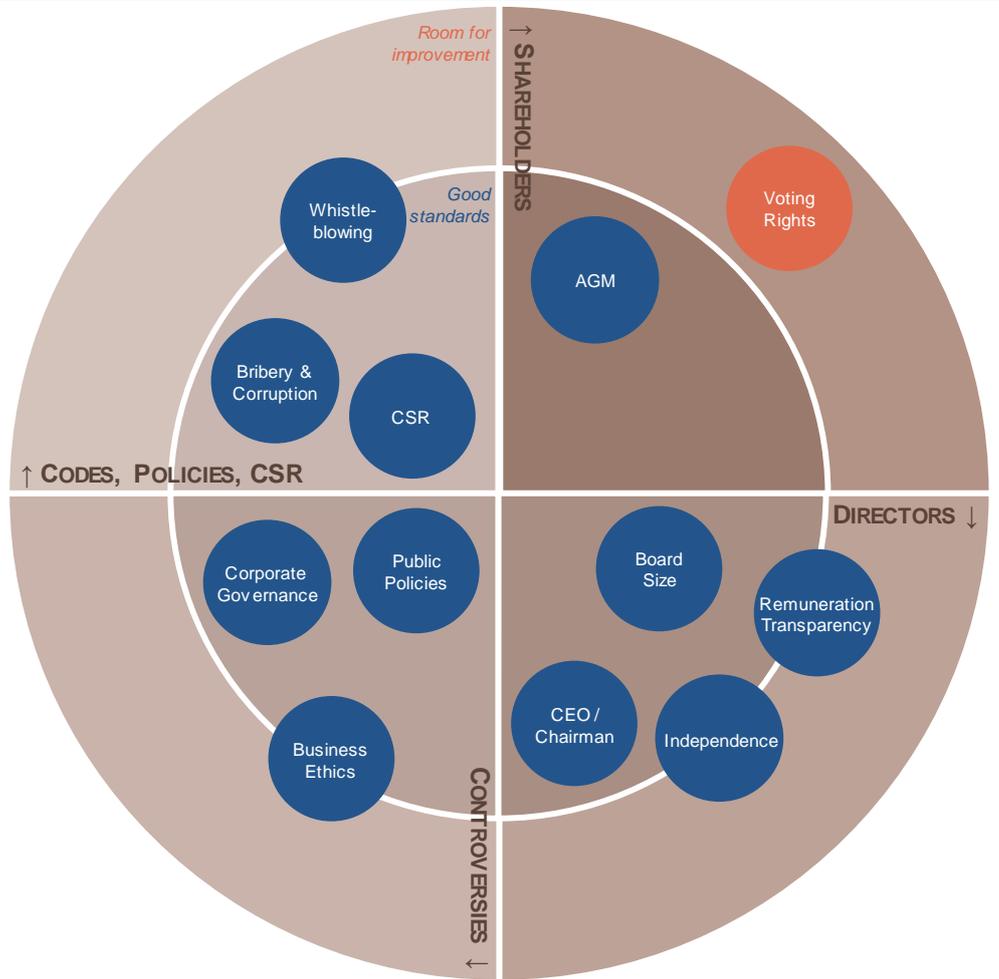
DNB Group: +38.7% vs +54.6% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Banks
Last AGM: 26 April 2016

SG Rating: Buy
Target Price: NOK130.0
Free Float: 59%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Annie Carine Tanum (61)</p> <p>Board members: 7 (including 2 employee representatives)</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: Yes, Norwegian Govt Ministry Trade holds 34% of the capital and equivalent voting rights</p> <p>Main shareholders: Norwegian Govt Ministry Trade (34%), Sparebankstiftelsen DNB NOR (9.37%), Folketrygdfondet (6.22%), State Street Corp (4.03%), JPMorgan Chase & Co (3.08%)</p> <p>AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Rune Bjerke (55)</p> <p>First appointment: 2007</p> <p>Other corporate affiliation: 0</p> <p>Succession plan: No</p> <p>Biography: Rune Bjerke is the Group Chief Executive from 2007. He was former president and CEO of Hafslund ASA and has held a number of board positions in large companies. He has served as finance commissioner of the Oslo City Council and as a political adviser in Norway's Ministry of Petroleum and Energy. He has an Economics degree from the University of Oslo and a Master's degree in public administration from Harvard University.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board (DNB had a two-tier board before January 2016*)</p> <p>Independence rate: 71% (5 out of 7)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> • Carl A. Løvvik and Vigdis Mathisen (employee representatives) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> • 4 fully independent members • All members except Berit Svendsen have financial expertise • Chairman = Tore Olaf Rimmereid <p>The Nomination Committee:</p> <ul style="list-style-type: none"> • 4 members (none from the Board of directors) • Chairman = Eldbjørg Lower <p>The Compensation Committee:</p> <ul style="list-style-type: none"> • 3 fully independent members • Chairman = Annie Carine Tanum 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> • 2015: NOK958K • 2014: NOK924K <p>CEO: Weak level of transparency</p> <ul style="list-style-type: none"> • 2015: NOK8,309K. Fixed 68%, Variable 28%, Other 4% • 2014: NOK7,859K. Fixed 69%, Variable 28%, Other 3% 	●
6. Diversity	<p>Board of Directors (7)</p> <ul style="list-style-type: none"> • Gender: 3 women (43%) • Nationality: All Norwegian <p>Executive Committee (12)</p> <ul style="list-style-type: none"> • Gender: 4 women (33%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct for suppliers and various policy statements (including Environmental Policy, EMS, Diversity Policy, Money Laundering Policy, etc.)</p> <p>Policy on bribery/corruption: Good.</p> <p>Whistleblower programmes: Good. However, the whistleblower policy is not available to suppliers, customers and other third parties.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Sustainability Council consisting of representatives from all business units is responsible for CSR issues.</p> <p>Commitment to CSR: Good. The company publishes the <u>CSR</u> matters in the Annual report. These are reviewed by an external auditor and have received a "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

*Recent change: As of 1 January 2016, financial undertakings are no longer required to have a Supervisory Board and a Control Committee, and DNB therefore closed down these bodies with effect from the same date. The governance and management of the company is undertaken by the Board of Directors and the general meeting.

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

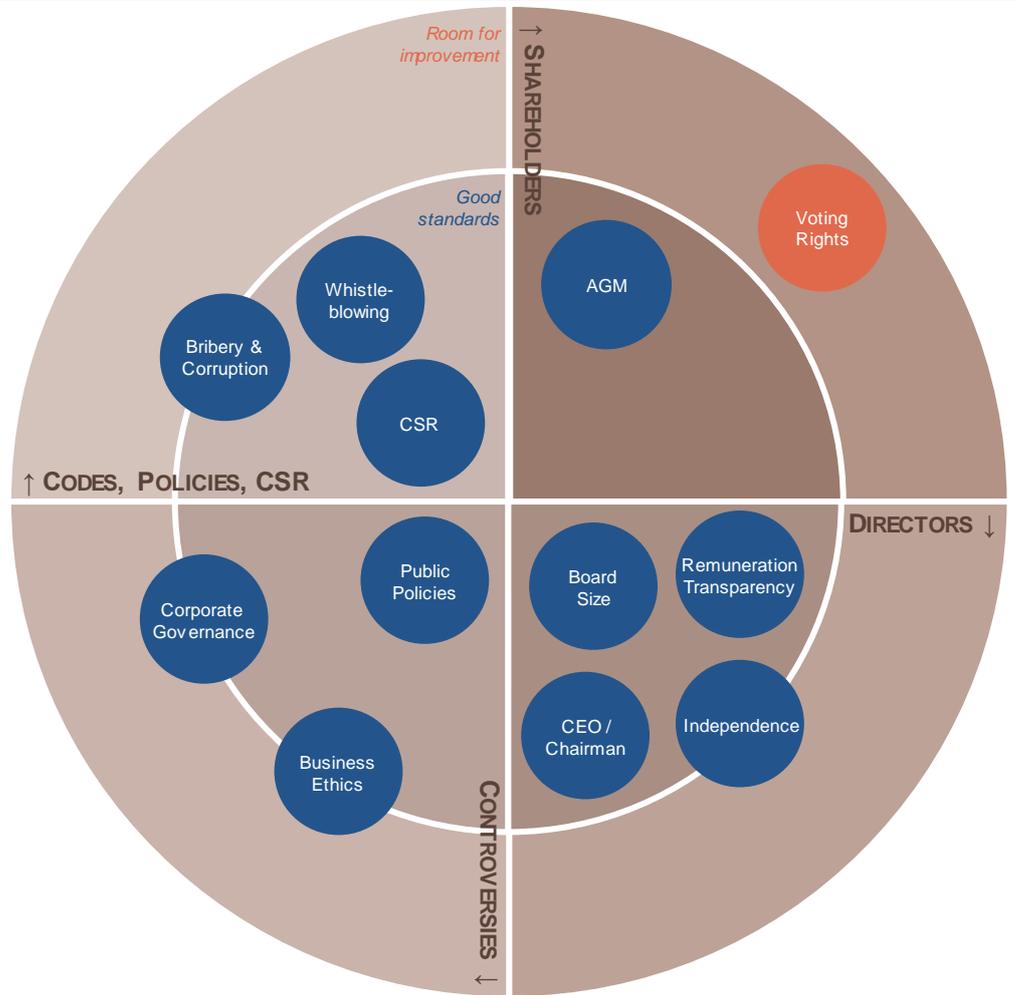
Ericsson: +0.7% vs +105.6% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Telecom Equipment
Last AGM: 13 April 2016

SG Rating: Not Covered
Target Price: Not Covered
Free Float: 94%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Leif Johansson (64)</p> <p>Board members: 10 (+3 employee representatives)</p> <p>Equal voting rights: No. The company has classes of stocks with different voting rights</p> <p>Golden share / Major share: Yes, Investor AB held 44.23% of class A shares and 1.95% of class B shares with 21.5% voting rights and AB Industrivärden held 32.88% of class A shares with 15.2% voting rights</p> <p>Main shareholders: Investor AB, AB Industrivärden (see above for shareholding)</p> <p>AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Hans Vestberg (50)</p> <p>First appointment: 2010</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: Yes</p> <p>Biography: Vestberg joined Ericsson in 1988. He has broad international experience, having held various management positions with Ericsson in China, Brazil, Mexico and the US. He is the international advisor to the Governor of Guangdong, China. Vestberg served as Ericsson's CFO from 2007 to 2009 before becoming President and CEO in 2010. He was born in 1965 and obtained a Bachelor of Business Administration and Economics from University of Uppsala, Sweden.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 70% (7 out of 10)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Hans Vestberg, Börje Ekholm, Jacob Wallenberg (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Kristin Skogen Lund has financial expertise Chairman = Ulf J. Johansson <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 5 members including 4 largest shareholders (Petra Hedengran, Bengt Kjell, Johan Held, Anders Oscarsson) and the Chairman of the Board Chairman = Petra Hedengran <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 members including 1 employee representative (Karin Åberg) and 1 non-independent member (Börje Ekholm) Chairman = Leif Johansson 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: SEK4400k 2014: SEK4375k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: SEK61m. Fixed = 23%; Variable = 38%; Other = 39% 2014: SEK55m. Fixed = 25%; Variable = 36%; Other = 39% 	●
6. Diversity	<p>Board of Directors (10)</p> <ul style="list-style-type: none"> Gender: 5 women (50%) Nationality: 3 (6 Swedish, 3 American, 1 Canadian) <p>Executive Committee (13)</p> <ul style="list-style-type: none"> Gender: 4 women (31%) 	●
7. Controversies	<p>Corporate Governance: "Low" level</p> <p>Business Ethic: "Moderate" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Business Ethics, Code of Conduct, Supplier Environmental Requirements and various policy statements (Environmental Policy, EMS, Green Procurement Policy, Freedom of Association, Workers diversity, etc.).</p> <p>Policy on bribery/corruption: Good. However, the code does not include prohibition and definition of facilitation payments and also excludes guidelines on what is considered acceptable behaviour.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is a cross-functional sustainability and corporate responsibility steering group comprised of senior executives that oversee CSR matters and briefs the Board twice a year.</p> <p>Commitment to CSR: Good. The company published a CSR report that is externally verified and rated "reasonable assurance".</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

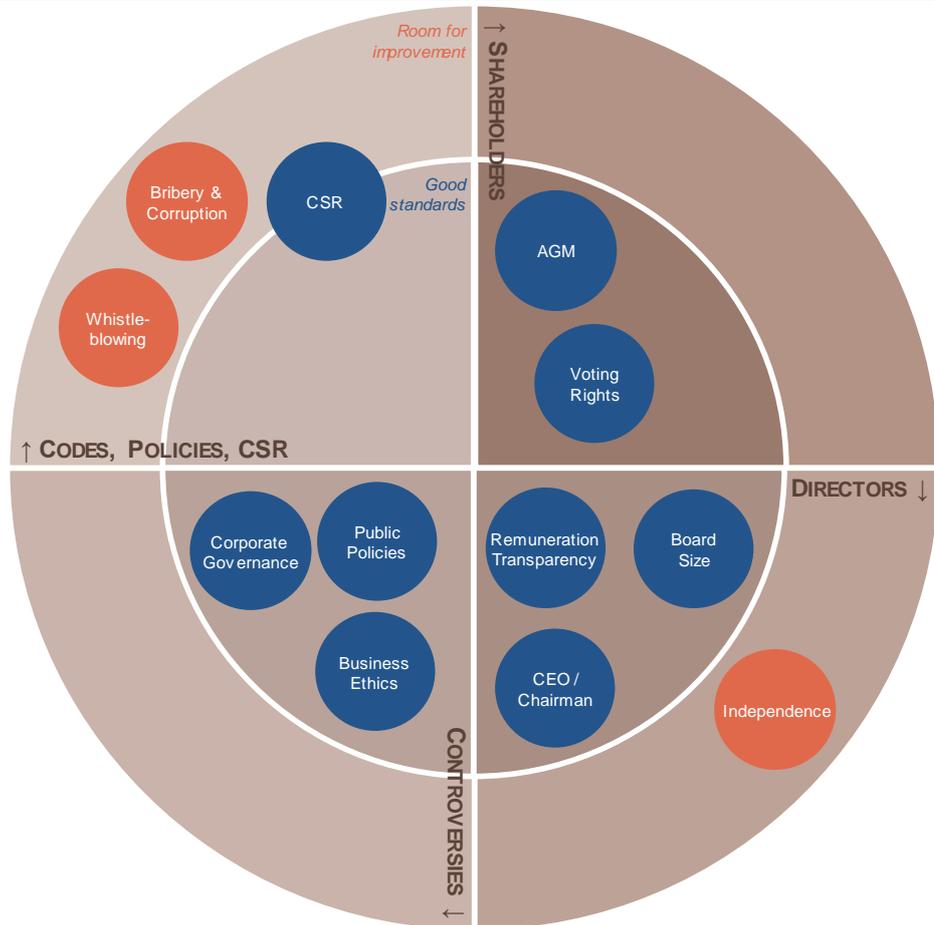
K+S: -39.4% vs +53.7% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Chemicals
Last AGM: 11 May 2016

SG Rating: Hold
Target Price: EUR21.0
Free Float: 99%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Dr Ralf Bethke (73) Board members: 8 (+8 employee representatives) Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (3.17%), Prudential (2.99%), UBS (2.63%) AGM-related controversy: No. However, the resolution on discharge of the members of the Board was approved by only 77.72% votes and the resolution on discharge of the members of the Supervisory Board was approved by only 71.84% votes.</p>	●
2. CEO	<p>CEO: Norbert Steiner (61) First appointment: 2007 Other corporate affiliation: 0 Succession plan: Yes Biography: Norbert Steiner graduated in law at the University of Heidelberg in 1980, subsequently completing his legal traineeship at the Higher Regional Court, Karlsruhe. In 1983, he began his career in the central department of taxes and customs at BASF AG. In 1993, he transferred to K+S Aktiengesellschaft and became head of the legal affairs, tax and insurance department. In May 2000, Norbert Steiner became a member of the Board of Executive Directors, in January 2006, Deputy Chairman and on 1 July 2007, Chairman of the Board. He has responsibility for the Potash and Magnesium Products business units as well as Waste Management and Recycling. He is also responsible for Corporate Communications, Corporate Development, Corporate Executive HR, Governance/Risk/Compliance/Corporate Secretary, Internal Audit as well as Investor Relations.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: More than half (at least 4 out of 8)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Not available 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 6 members including 3 employee representatives (Michael Vassiliadis, Ralf Becker and Axel Hartmann) Dr Ralf Bethke and Dr Annette Messemer have financial expertise Chairman = Dr Eckart Sünner <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 4 members Chairman = Dr Ralf Bethke <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 4 members including 2 employee representatives (Michael Vassiliadis and Harald Döll) Chairman = Dr Ralf Bethke 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR240K 2014: EUR256K <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR2,904K. Fixed = 23%; Variable = 76%; Other = 1% 2014: EUR1,969K. Fixed = 31%; Variable = 67%; Other = 1% 	●
6. Diversity	<p>Board of Directors (8)</p> <ul style="list-style-type: none"> Gender: 2 women (25%) Nationality: 3 (6 German, 1 American, 1 British) <p>Executive Committee (4)</p> <ul style="list-style-type: none"> Gender: 0 woman (0%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Various policy statements (QMS, Supply Chain Monitoring, etc.)</p> <p>Policy on bribery/corruption: Weak.</p> <p>Whistleblower programmes: Weak.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is a Governance, Risk, Compliance, Corporate Secretary (C-GS) unit that oversees ESG issues and directly reports to the CEO.</p> <p>Commitment to CSR: Good. The company publishes <u>CSR matters</u> as part of the Annual Report but it is not externally verified.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

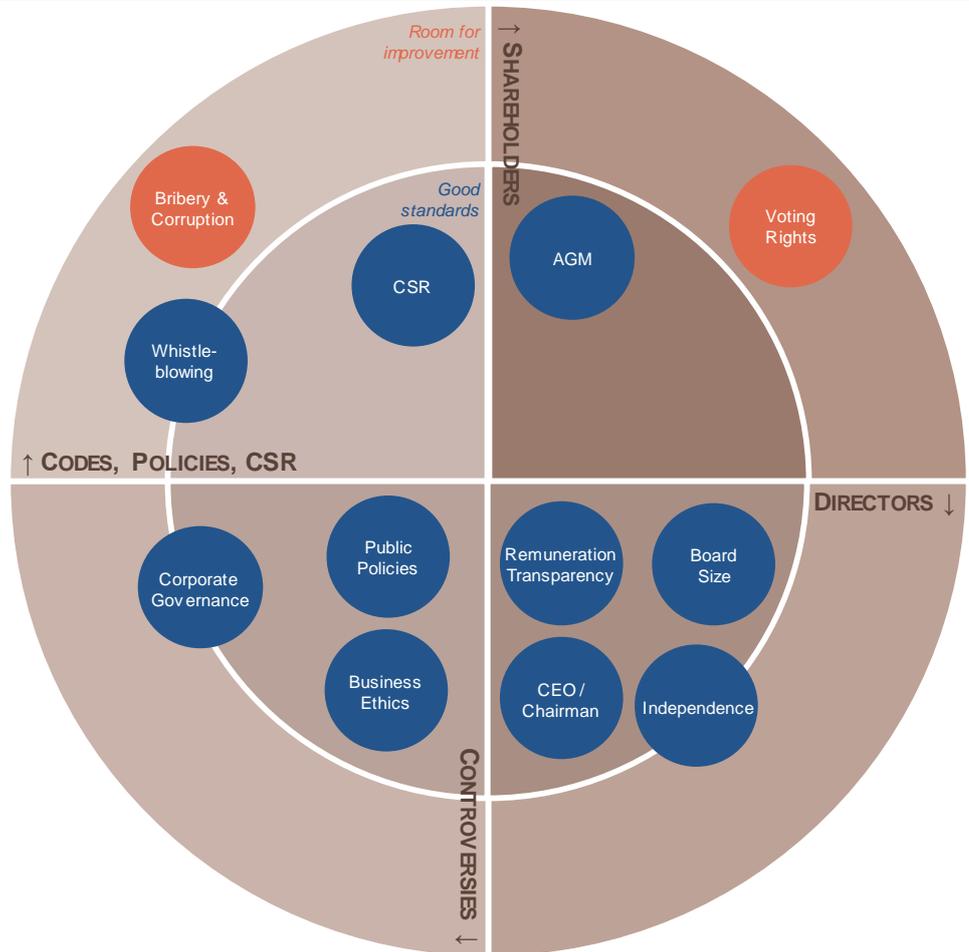
KPN: -25.3% vs +66.1% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Telecom Services
Last AGM: 13 April 2016

SG Rating: Buy
Target Price: EUR4.0
Free Float: 78%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: D.W. Sickinghe (58)</p> <p>Board members: 7</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: Yes, América Móvil, S.A.B. de C.V. ('AMX') held 21.1% shares and voting rights</p> <p>Main shareholders: América Móvil, S.A.B. de C.V. ('AMX') (21.1%), Franklin Resources (3.63%), Norges Bank (2.94%), Paulson & Co (2.87%)</p> <p>AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Eelco Blok (58)</p> <p>First appointment: 2011</p> <p>Other corporate affiliation: 1</p> <p>Succession plan: No</p> <p>Biography: Eelco Blok has had a long career with the company that he joined as a business analyst in 1983 when it was still known as PTT. In the years prior to that he studied business economics at the Erasmus University Rotterdam and business management at the Rotterdam School of Management. Until he joined the Board of Management in 2004, Blok held managerial positions in various parts of the company. Between January 2005 and June 2006 he was corporate strategy & innovation officer and chief operating officer, before rejoining the Board of Management. Since taking office as board chairman and CEO in 2011, Blok has successfully implemented the first phase of the KPN "strengthen, simplify and grow" strategy. Eelco Blok is co-chairman of the National Cyber Security Council and chairman of the Board of Management of BASE Company.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: 86% (6 out of 7)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> C.J. García Moreno Elizondo (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 members including 1 non-independent (C.J. García Moreno Elizondo) P.A.M. van Bommel and C.J. García Moreno Elizondo have financial expertise Chairman = D.J. Haank <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = D.W. Sickinghe <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = P.F. Hartman 	●
5. Remuneration	<p>Chairman: D.W. Sickinghe appointed Chairman in April 2015</p> <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR2,166k. Fixed = 39%; Variable = 48%; Other = 12% 2014: EUR2,085k. Fixed = 41%; Variable = 47%; Other = 13% 	●
6. Diversity	<p>Board of Directors (7)</p> <ul style="list-style-type: none"> Gender: 2 women (29%) Nationality: 2 (6 Dutch, 1 Mexican) <p>Executive Committee (4)</p> <ul style="list-style-type: none"> Gender: 0 women (0%) 	●
7. Controversies	<p>Corporate Governance: "Moderate" level</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct, Supplier code of conduct and various policy statements (Environmental Policy, EMS, Social Supplier Standards, etc.)</p> <p>Policy on bribery/corruption: Weak.</p> <p>Whistleblower programmes: Good. However, the company does not disclose details about the number of reports received, the types of misconduct or the disciplinary measures taken.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Nomination & Corporate Governance committee oversees CSR matters.</p> <p>Commitment to CSR: Good. The company publishes <u>CSR matters</u> as part of the Annual Report which is externally verified and rated "reasonable assurance".</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

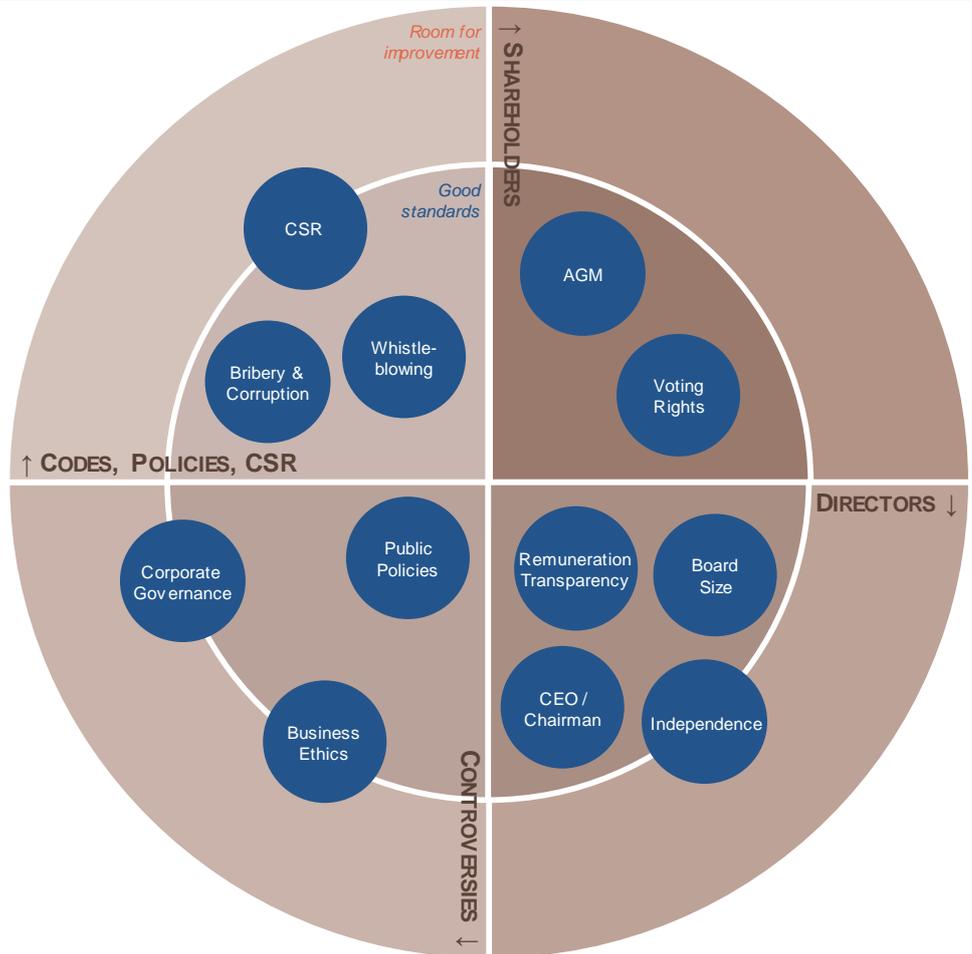
Pearson: -28.9% vs +103.9% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Media
Last AGM: 29 April 2016

SG Rating: Buy
Target Price: 965.0p
Free Float: 99%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Sidney Taurel (67) Board members: 10 Equal voting rights: Yes Golden share / Major share: No Main shareholders: Blackrock (5.58%), Schroder Investment Mgmt Group (5.23%), Ameriprise Fin Grp (5.15%), Lindsell Train Investment Management (4.14%), Libyan Investment Authority (3.23%) AGM-related controversy: No</p>	●
2. CEO	<p>CEO: John Fallon (53) First appointment: 2013 Other corporate affiliation: 0 Succession plan: Yes Biography: John became Pearson's chief executive on 1 January 2013. Beginning in 2008 he had been responsible for the company's education businesses outside North America, and a member of the Pearson management committee. He joined Pearson in 1997 as director of communications and was appointed president of Pearson Inc. in 2000. In 2003, he was appointed CEO of Pearson's educational publishing businesses for Europe, Middle East and Africa. Prior to joining Pearson, John was director of corporate affairs at Powergen plc, and was also a member of the company's executive committee. Earlier in his career, John held senior public policy and communications roles in UK local government. He is an advisory board member of the Global Business Coalition for Education and a member of the Council of the University of Hull.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 80% (8 out of 10)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> John Fallon, Coram Williams (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 4 fully independent members Only Tim Score has financial expertise Chairman = Tim Score <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 8 fully independent members Chairman = Sidney Taurel <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 5 fully independent members Chairman = Elizabeth Corley 	●
5. Remuneration	<p>Chairman: Sidney Taurel Joined as chairman from January 2016</p> <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: GBP1,263K. Fixed 61%, Variable 9%, Other 29% 2014: GBP1,895K. Fixed 40%, Variable 45%, Other 15% 	●
6. Diversity	<p>Board of Directors (10)</p> <ul style="list-style-type: none"> Gender: 3 women (30%) Nationality: 3 (6 British, 2 American, 1 Singaporean) <p>Executive Committee (10)</p> <ul style="list-style-type: none"> Gender: 2 women (20%) 	●
7. Controversies	<p>Corporate Governance: "Moderate" level</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of conduct, Diversity and Inclusion, Environmental Policy, EMS</p> <p>Policy on bribery/corruption: Good</p> <p>Whistleblower programmes: Good</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The Reputation and Responsibility Committee (RRC) comprised of three Board members is responsible for CSR issues.</p> <p>Commitment to CSR: Good. The company publishes a CSR report but it is not externally verified.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

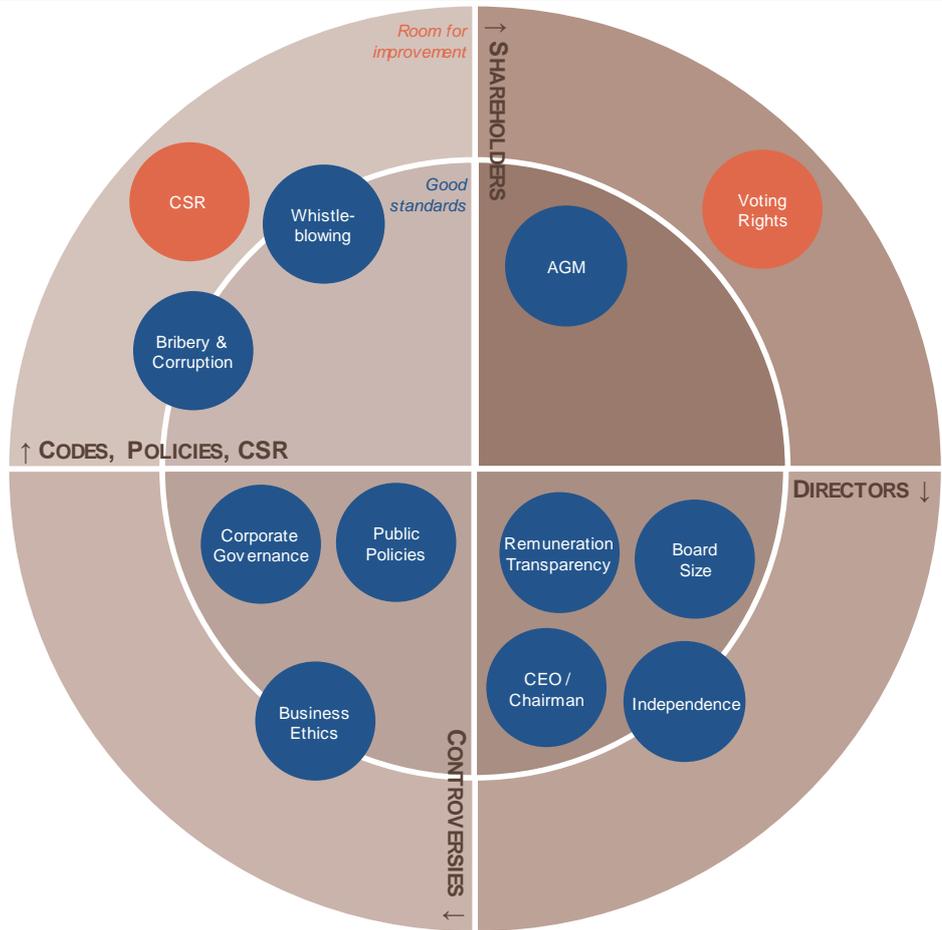
Richemont: +14.8% vs +104.9% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Luxury Goods
Last AGM: 16 September 2015

SG Rating: Hold
Target Price: CHF68.0
Free Float: 98%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Johann Rupert (66) Board members: 18 Equal voting rights: Yes Golden share / Major share: Yes, Compagnie Financière Rupert through class B shares representing 9.1% of the share capital control 50% voting rights Main shareholders: Compagnie Financière Rupert (9.1% shareholding in class B shares); Other shareholders holding class A shares – Vanguard Group (2.52%), Gardner Russo & Gardner (2.18%), Harris Associates (2.13%), Norges Bank Investment Management (2.01%) AGM-related controversy: No</p>	●
2. CEO	<p>CEO: Richard Lepeu (64) First appointment: 2010 Other corporate affiliation: 0 Succession plan: Yes Biography: Mr Lepeu is a graduate of the Institut d'Etudes Politiques de Paris and the Université de Sciences Economiques de Paris X. He worked in international corporate finance before joining Cartier in 1979 as assistant to the President. Within Cartier, he was appointed Company Secretary in 1981 and became Director of Finance and Administration in 1985. He served as Chief Executive Officer of Cartier from 1995 until 2001. He served as Chief Operating Officer of Richemont from 2001 until 2004 and as Group Finance Director from 2004 until 2010. From 2010 to 2012 he served as Deputy Chief Executive Officer. Mr Lepeu and Mr Fornas were appointed Co-Chief Executive Officers with effect from April 2013. He has been the sole CEO since April 2016.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 83% (15 out of 18)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Richard Lepeu, Gary Saage, Bernard Foras (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 5 fully independent members All members have financial expertise Chairman = Josua Malherbe <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 15 fully independent members Chairman = Johann Rupert <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 3 fully independent members Chairman = Lord Renwick of Clifton 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF965k 2014: CHF819k <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: CHF14,334k. Fixed 30%, Variable 65%, Other 5% 2015: CHF15,164k. Fixed 29%, Variable 65%, Other 6% 	●
6. Diversity	<p>Board of Directors (18)</p> <ul style="list-style-type: none"> Gender: 1 woman (6%) Nationality: 7 (4 South African, 3 American, 3 British, 2 Swiss, 2 French, 2 German, 1 Italian) <p>Executive Committee (11)</p> <ul style="list-style-type: none"> Gender: 0 woman (0%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct, Supplier code of conduct and various policy statements (EMS, Green Procurement Policy, Freedom of Association policy, Discrimination policy, Social Supplier Standards, etc.)</p> <p>Policy on bribery/corruption: Good. However, the policy does not include guidelines on acceptable behaviour.</p> <p>Whistleblower programmes: Good. However, the company does not disclose details about the number of reports received, the types of misconduct or the disciplinary measures taken, and the policy is not available in local languages.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The CFO is responsible for CSR issues. Under the supervision of the CFO, the company secretary and the CSR committee review progress.</p> <p>Commitment to CSR: Good. The company publishes a CSR report but it is not externally verified.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

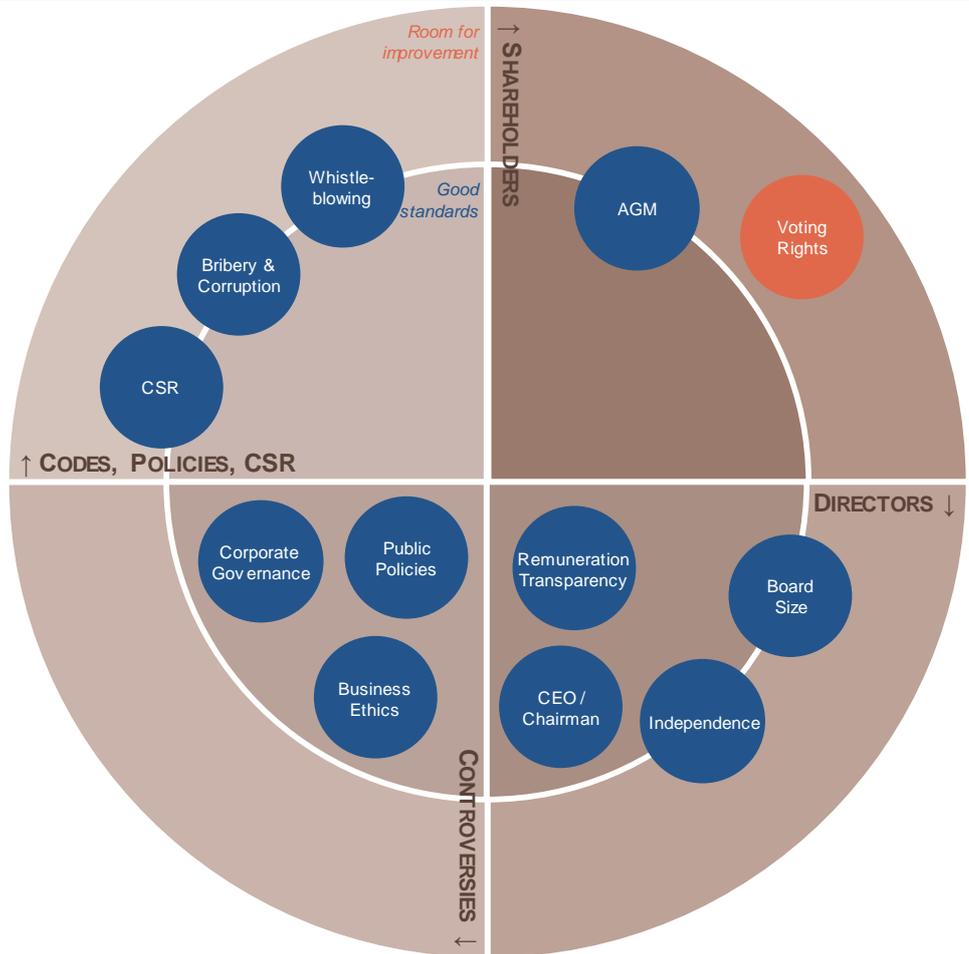
Solvay: +9.2% vs +53.7% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Chemicals
Last AGM: 10 May 2016

SG Rating: Buy
Target Price: EUR120.0
Free Float: 66%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Nicolas Boël (53) Board members: 15 Equal voting rights: Yes Golden share / Major share: Yes, Solvac SA holds 30% of the capital and equivalent voting rights Main shareholders: Solvac SA (30%), Prudential (2.37%) AGM-related controversy: No. However, the resolution on approval of the compensation report 2015 was approved by only 81.22% votes.</p>	●
2. CEO	<p>CEO: Jean-Pierre Clamadieu (57) First appointment: 2012 Other corporate affiliation: 0 Succession plan: No Biography: Jean-Pierre Clamadieu begins his career in France in the Ministry of Industry and as a technical advisor to the Minister of Labour. He joined Rhône-Poulenc in 1993 where he held several positions, including President of Rhodia Chemicals Latin America, President of Rhodia Eco Services, Senior Vice President Corporate Purchasing, and President of the Pharmaceuticals & Agrochemicals Division. He was appointed CEO of the Rhodia Group in 2003 and Chairman & CEO in 2008. After the merger with Solvay, he became member of the Executive Committee in September 2011 and CEO in 2012. He holds a degree in engineering awarded by the Ecole Nationale Supérieure des Mines de Paris. Jean-Pierre Clamadieu also holds seats on the Boards of Directors of Faurecia and Axa.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: One-tier board</p> <p>Independence rate: 67% (10 out of 15)</p> <p>Non-independent directors:</p> <ul style="list-style-type: none"> Nicolas Boël, Jean-Pierre Clamadieu, Bernard de Laguiche, Jean-Marie Solvay, Denis Solvay (non-independent as per company assessment) 	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 6 members (including 1 non-independent director Bernard de Laguiche) All members have financial expertise Chairman = Bernard Scheuble <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 6 members (including 2 non-independent directors Nicolas Boël and Denis Solvay) Chairman = Yves-Thibault de Silguy <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 6 members (including 2 non-independent directors Nicolas Boël and Denis Solvay) Chairman = Nicolas Boël 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR365K 2014: EUR333K <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: EUR3,380K. Fixed 33%, Variable 45%, Other 23% 2014: EUR3,140K. Fixed 32%, Variable 48%, Other 20% 	●
6. Diversity	<p>Board of Directors (15)</p> <ul style="list-style-type: none"> Gender: 5 women (33%) Nationality: 7 (7 Belgian, 3 French, 1 Brazilian, 1 British, 1 Dutch, 1 German, 1 Spanish) <p>Executive Committee (8)</p> <ul style="list-style-type: none"> Gender: 1 woman (12%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: None</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Conduct; Supplier code of conduct; Policy for Health, Safety, Environment and Quality; and various policy statements (Environmental Policy, EMS, Green Logistics Programmes, Freedom of Association policy, Discrimination policy, Supply Chain monitoring, etc.)</p> <p>Policy on bribery/corruption: Good. However, the policy does not include definition of bribery or corruption</p> <p>Whistleblower programmes: Good. However, the policy is unavailable to suppliers, customers and other third parties.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. The sustainable management team that reports to the CEO is responsible for CSR issues. However, there is no evidence that any Board member is a part of this team.</p> <p>Commitment to CSR: Good. The company publishes a CSR report which was partially reviewed by an external auditor and received "limited assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

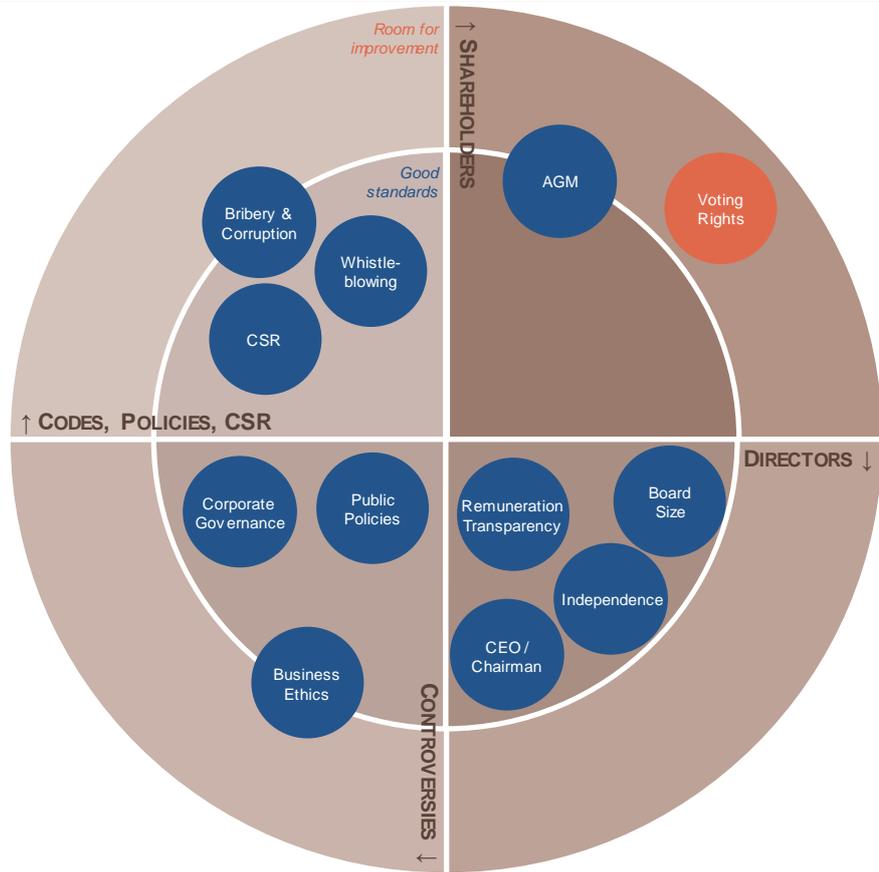
STMicroelectronics: +20.2% vs +105.6% (sector 4-yr rolling median perf.)

Global performance in Corporate Governance issues

Sector: Semiconductors
Last AGM: 25 May 2016

SG Rating: Not Covered
Target Price: Not Covered
Free Float: 68%

Links:
[2015 Annual Report](#)
[Governance](#)



Source: SG Cross Asset Research/SRI

Criteria and detailed performance

Criteria	Comments	Tip
1. Shareholders	<p>Chairman: Maurizio Tamagnini (50)</p> <p>Board members: 9</p> <p>Equal voting rights: Yes</p> <p>Golden share / Major share: Yes, ST Holding holds 27.5% of the capital and equivalent voting rights</p> <p>Main shareholders: STMicroelectronics Holding (27.52%), Capital Group Companies Inc (4.97%), STMicroelectronics NV (4.05%), Dnca Finance (2.86%)</p> <p>AGM-related controversy: No. However, the resolution on the stock-based portion of the CEO's compensation was approved by only 70.92% votes and the resolution on delegation to Supervisory Board the authority to issue new shares, to grant rights to subscribe for shares and to limit and/or exclude existing shareholders' pre-emptive rights for a period of 18 months was approved by only 59.79% votes.</p>	●
2. CEO	<p>CEO: Carlo Bozotti (63)</p> <p>First appointment: 2005</p> <p>Other corporate affiliation: 0</p> <p>Succession plan: No</p> <p>Biography: Mr Bozotti joined SGS-ATES (later renamed SGS Microelettronica), a predecessor company to STMicroelectronics, in 1977. Ten years later, Mr Bozotti became General Manager of the Telecom Product Division. In 1994, Mr Bozotti was appointed Corporate Vice President for Europe and the Headquarters Regions. From 1998 to 2005, Mr Bozotti served as Corporate Vice President and General Manager of the Memory Products Group. Mr Bozotti is a member of the High-Level Group on Key Enabling Technologies (HLG) and the Electronics Leaders Group (ELG) launched in 2010 and 2013, respectively, by the European Commission. Mr Bozotti graduated with a degree in Electronic Engineering from the University of Pavia, Italy.</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Criteria and detailed performance (continued)

Criteria	Comments	Tip
3. Independence	<p>Separation of the roles of board chair and CEO: Yes</p> <p>Board: Two-tier board</p> <p>Independence rate: 100% (9 out of 9)</p> <p>Non-independent directors: None (as per company assessment)</p>	●
4. Committees	<p>The Audit Committee:</p> <ul style="list-style-type: none"> 5 fully independent members Martine Verluyten has financial expertise Chairman = Martine Verluyten <p>The Nomination Committee:</p> <ul style="list-style-type: none"> 5 fully independent members Chairman = Heleen Kersten <p>The Compensation Committee:</p> <ul style="list-style-type: none"> 5 fully independent members Chairman = Maurizio Tamagnini 	●
5. Remuneration	<p>Chairman: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €176,000 2014: Appointed Chairman in June 2014 <p>CEO: Good level of transparency</p> <ul style="list-style-type: none"> 2015: €2,532K. Fixed = 35%; Variable = 13%; Other = 52% 2014: €2,990K. Fixed = 33%; Variable = 27%; Other = 40% 	●
6. Diversity	<p>Board of Directors (9)</p> <ul style="list-style-type: none"> Gender: 3 women (33%) Nationality: 5 (3 French, 3 Italian, 1 American, 1 Belgian, 1 Dutch) <p>Executive Committee (19)</p> <ul style="list-style-type: none"> Gender: 0 women (0%) 	●
7. Controversies	<p>Corporate Governance: None</p> <p>Business Ethic: "Low" level</p> <p>Public Policies: None</p>	●
8. Other Policies	<p>Available codes: Code of Business Conduct and Ethics, Human Resources Policy, Corporate Health and Safety Policy and various policy statements (Environmental Policy, EMS, Green Procurement Policy, Discrimination Policy, Social Supplier Standards, Workforce Diversity, etc.).</p> <p>Policy on bribery/corruption: Good. However, there are no guidelines on acceptable behaviour and there is an absence of policy on prohibition and definition of facilitation payments.</p> <p>Whistleblower programmes: Good.</p>	●
9. CSR	<p>Dedicated committee for CSR issues: Yes. There is a Sustainability Council comprised of Vice Presidents that oversee ESG issues and directly report to the Board.</p> <p>Commitment to CSR: Good. The company publishes a CSR report which was reviewed by an external auditor and received "moderate assurance" rating.</p> <p>Remuneration tied to ESG issues: No</p> <p>UN Global Compact signatory: Yes</p>	●

Source: Company, SG Cross Asset Research/SRI, Sustainalytics, Thomson Reuters, Media

Good performance vs. benchmark to date

Taking into account the rebalancing phases described above, our 'CEO Value' stock selection outperformed its benchmark, the Stoxx 600 Index, by 68.6% between 4 April 2006 (inception) and 15 May 2016. The portfolio has returned -7.87% (vs. -10.8% for the Stoxx 600 and vs. -12.5% for the Stoxx 50) since the last rebalancing (20 November 2015).

SG CEO Value basket (net return) performance



Source: SG Cross Asset Research/SRI, Bloomberg (SGICEOV Index); Past performance is not indicative of future performance. Performance shown excludes all transaction costs and is a paper-based portfolio. Full details of the portfolio and its performance are available upon request.

SG CEO Value basket absolute performance (total return)

	Performance period	CEO Value	Stoxx 50	Stoxx 600
Since inception	04/04/06 to 15/05/16	101.8%	5.1%	33.2%
YTD	01/01/16 to 15/05/16	-0.9%	-5.1%	-4.6%
First rebalancing	13/06/07 to 29/02/08	-17.1%	-16.7%	-16.9%
Second rebalancing	29/02/08 to 02/11/18	-28.8%	-24.7%	-28.1%
Third rebalancing	02/11/08 to 19/08/09	32.3%	2.6%	6.1%
Fourth rebalancing	19/08/09 to 03/05/11	48.9%	20.9%	31.4%
Fifth rebalancing	03/05/11 to 10/05/12	-16.6%	-7.4%	-7.1%
Sixth rebalancing	10/05/12 to 27/05/13	28.8%	23.1%	26.3%
Seventh rebalancing	27/05/13 to 27/12/13	12.9%	6.1%	8.9%
Eighth rebalancing	27/12/13 to 31/05/14	11.4%	6.0%	7.4%
Ninth rebalancing	31/05/14 to 01/12/14	1.0%	1.8%	1.4%
Tenth rebalancing	01/12/14 to 18/05/15	16.9%	14.4%	17.5%
Eleventh rebalancing	18/05/15 to 20/11/15	-3.44%	-3.20%	-2.92%
Twelfth rebalancing	20/11/15 to 15/05/16	-7.9%	-12.5%	-10.8%

Source: SG Cross Asset Research/SRI; Bloomberg

Addendum 1 – Composition of our CEO Value baskets

Composition of our CEO Value baskets since inception

Basket as of 10/04/06 Company	Weight	Basket as of 13/06/07 Company	Weight	Basket as of 29/02/08 Company	Weight
ABN Amro Holding	4%	Aegon	3.80%	Aegon	4%
Aegon	4%	Ahold	3.80%	Akzo Nobel	4%
Ahold	4%	Akzo Nobel	3.80%	Allianz	4%
Akzo Nobel	4%	Allianz	3.80%	BBVA	4%
Allianz	4%	BBVA	3.80%	Cap Gemini	4%
BBVA	4%	BP	3.80%	Deutsche Lufthansa	4%
Cap Gemini	4%	Cap Gemini	3.80%	Gas natural	4%
Clariant	4%	Deutsche Lufthansa	3.80%	GlaxoSmithKline	4%
Compass Group	4%	Deutsche Telekom	3.80%	ING Group	4%
Deutsche Lufthansa	4%	Diageo	3.80%	Novartis	4%
Deutsche Telekom	4%	GlaxoSmithKline	3.80%	Pearson	4%
Diageo	4%	National Grid	3.80%	Philips	4%
GlaxoSmithKline	4%	Nestle	3.80%	Reed Elsevier	4%
L'Oreal	4%	Novartis	3.80%	Royal Bank of Scotland	4%
National Grid	4%	Peugeot	3.80%	Royal Dutch Shell	4%
Nestle	4%	Philips	3.80%	RSA Insurance Group	4%
Nokia	4%	Provident Financial	3.80%	Sanofi-Aventis	4%
Philips	4%	Reed Elsevier	3.80%	Sap	4%
Provident Financial	4%	Royal Bank of sclt.	3.80%	Siemens	4%
Reuters Group	4%	RSA Insurance group	3.80%	Smiths Group	4%
Royal & Sun Alliance ins.	4%	Smiths Group	3.80%	STMicroelectronics	4%
Royal Bank of Scotland	4%	Stora Enso	3.80%	Telecom Italia	4%
Stora Enso	4%	Synthes	3.80%	Unicredit	4%
Synthes	4%	Unilever	3.80%	Unilever	4%
Veolia Environnement	4%	Veolia Environnement	3.80%	Valeo	4%
		Vodafone Group	3.80%		

Source: SG Cross Asset Research/SRI

Basket as of 02/11/08 Company	Weight	Basket as of 19/08/09 Company	Weight	Basket as of 03/05/11 Company	Weight
Aegon	4%	Adidas	4%	Aegon N.V.	4%
Akzo Nobel	4%	Akzo Nobel	4%	Akzo Nobel N.V.	4%
Allianz	4%	Daimler	4%	UCB SA	4%
BBV.Argentaria	4%	Danisco	4%	Aviva PLC	4%
Ericsson	4%	Eurazeo	4%	Banco Espirito Santo S/A	4%
Gas Natural	4%	Gas Natural	4%	Cnie de Saint-Gobain S.A.	4%
IMI	4%	Imerys	4%	Danone S.A.	4%
Infineon	4%	IMI	4%	BT Group	4%
ING group	4%	ING group	4%	Deutsche Post AG	4%
Novartis	4%	Liberty Intl	4%	ENI S.p.A.	4%
Outokumpu	4%	Novartis	4%	Gas Natural SDG S.A.	4%
Pearson	4%	Philips	4%	GlaxoSmithKline PLC	4%
Philips	4%	RBOS	4%	Randstad Holding N.V.	4%
Puma	4%	Royal Dutch Shell	4%	Intesa Sanpaolo S.p.A.	4%
Royal Bank of Sctl	4%	Sanofi-Aventis	4%	J Sainsbury PLC	4%
Renault	4%	Segro	4%	Koninklijke Philips Electronics N.V.	4%
Royal Dutch shell	4%	Siemens	4%	Logitech International S.A.	4%
Sanofi-Aventis	4%	STMicroelectronics	4%	Renault S.A.	4%
Siemens	4%	Telecom Italia	4%	Roche Holding AG	4%
STMicroelectronics	4%	Telekom Austria	4%	STMicroelectronics N.V.	4%
Telecom Italia	4%	TNT	4%	Stora Enso Oyj	4%
TNT	4%	Tomkins	4%	Telecom Italia S.p.A.	4%
Unicredit	4%	UCB	4%	Total S.A.	4%
Unilever Certs.	4%	Unicredit Group	4%	Vivendi S.A.	4%
Valeo	4%	Unilever	4%	Enel S.p.A.	4%

Source: SG Cross Asset Research/SRI

Basket as of 10/05/12		Basket as of 27/05/13		Basket as of 27/12/13	
Company	Weight	Company	Weight	Company	Weight
ABB Ltd.	4%	ABB Ltd.	4%	Aegon N.V.	4%
Aegon NV	4%	Aegon NV	4%	Air Liquide	4%
Akzo Nobel	4%	Alstom	4%	Alstom	4%
Aviva Plc	4%	Axa	4%	Axa	4%
BAE Systems	4%	BAE Systems	4%	Bank of Ireland	4%
Cap Gemini	4%	Bank of Ireland	4%	BBVA	4%
Cobham Plc	4%	BP Plc	4%	BP PLC	4%
Delhaize Group	4%	Cap Gemini	4%	Capgemini	4%
Elan Corporation Plc	4%	CRH	4%	Groupe Danone SA	4%
Eni Spa.	4%	Groupe Danone	4%	Delhaize Group	4%
Givaudan SA	4%	Delhaize Group	4%	E.On	4%
Groupe Danone	4%	Elan Corporation Plc.	4%	Ericsson	4%
Iberdrola SA	4%	Ericsson	4%	Galp Energia	4%
Intesa Sanpaolo Spa	4%	Orange	4%	GlaxoSmithKline	4%
J. Sainsbury Plc	4%	Galp Energia	4%	Iberdrola S.A.	4%
L'Oréal	4%	GlaxoSmithKline	4%	Imperial Tobacco	4%
Orkla ASA	4%	Iberdrola SA	4%	ING Group NV	4%
Reed Elsevier Plc	4%	ING Group	4%	Orange	4%
Renault SA	4%	Telefonica	4%	Telefonica SA	4%
Roche Holding AG	4%	Telekom Austria AG	4%	Telekom Austria AG	4%
Stora Enso Oyj	4%	Total SA	4%	Total S.A.	4%
Telekom Austria AG	4%	Unicredit	4%	Unicredit	4%
Total SA	4%	Véolia Environnement	4%	Veolia Environnement	4%
Unilever NV	4%	WM Morisson	4%	WM Morrison PLC	4%
Vivendi SA	4%	Wolters Kluwer	4%	Wolters Kluwer	4%

Source: SG Cross Asset Research/SRI

Basket as of 31/05/14		Basket as of 01/12/14		Basket as of 02/06/15	
Company	Weight	Company	Weight	Company	Weight
Aegon NV	4%	Adecco SA	4%	Adidas	4%
Air Liquide	4%	Aegon NV	4%	Aegon	4%
Bank of Ireland	4%	Air Liquide	4%	Alfa Laval	4%
BBVA	4%	BBVA	4%	ArcelorMittal	4%
BP PLC	4%	BP Plc	4%	BASF	4%
Corio NV	4%	Centrica Plc	4%	BBVA	4%
Groupe Danone SA	4%	Deutsche Boerse AG	4%	BNP Paribas	4%
Deutsche Boerse AG	4%	Electrolux AB	4%	Carrefour	4%
Electrolux AB	4%	E.On	4%	Deutsche Bank	4%
E.On	4%	Galp Energia	4%	Deutsche Boerse	4%
Galp Energia	4%	GlaxoSmithKline	4%	E.On	4%
GlaxoSmithKline	4%	Imperial Tobacco	4%	Electrolux	4%
Imperial Tobacco	4%	Koninklijke Philips NV	4%	Fraport	4%
Koninklijke Philips NV	4%	Nestlé SA	4%	GlaxoSmithKline	4%
Novartis	4%	Orange	4%	Nestlé	4%
Orange	4%	Saint-Gobain	4%	Royal DSM	4%
SAP AG	4%	SAP AG	4%	Royal Philips	4%
Smith & Nephew Plc	4%	Smith & Nephew Plc	4%	Saint-Gobain	4%
Syngenta	4%	Syngenta	4%	SAP	4%
Telefonica SA	4%	Telefonica SA	4%	SEB	4%
Tullow Oil Plc	4%	Unicredit	4%	Sky	4%
Unicredit	4%	Unilever NV	4%	Sonova Holding	4%
Unilever NV	4%	Véolia Environnement	4%	Telefonica	4%
Veolia Environnement	4%	WM Morisson	4%	Unicredit	4%
WM Morrison PLC	4%	Zurich Insurance Group	4%	Unilever	4%

Source: SG Cross Asset Research/SRI

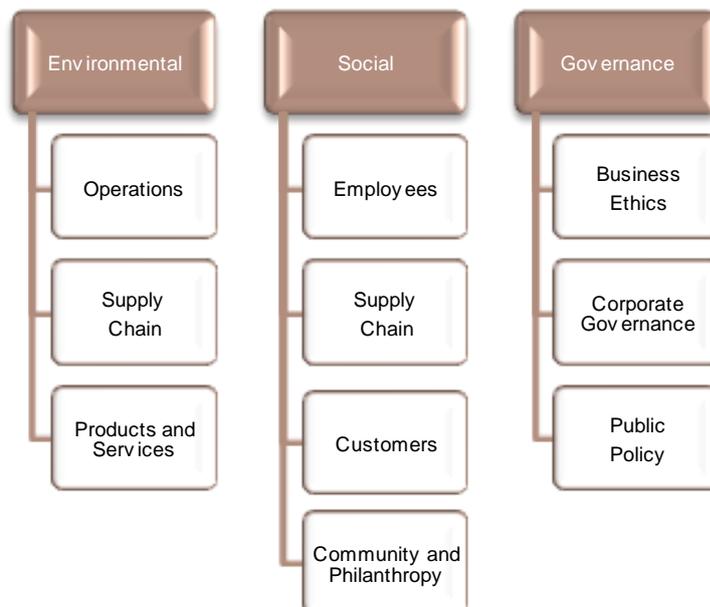
Basket as of 20/11/15	
Company	Weight
Adidas	4%
Aegon	4%
ArcelorMittal	4%
AstraZeneca	4%
BASF	4%
BBVA	4%
Carrefour	4%
E.On	4%
Fraport	4%
GlaxoSmithKline	4%
Hennes & Mauritz	4%
Nestlé	4%
Publicis	4%
Royal DSM	4%
Royal Philips	4%
Saint-Gobain	4%
SAP	4%
SEB	4%
Sky	4%
Sodexo	4%
Sonova Holding	4%
Tele 2	4%
Telefonica	4%
Unicredit	4%
Unilever	4%

Addendum 2 – Sustainalytics / Independent ESG data provider

Methodology

- SG uses data and analysis from Sustainalytics, an independent provider of ESG data, research and support services, in relation to ESG generally and specifically to collect corporate governance data for this report. SG does not guarantee the completeness or accuracy of Sustainalytics' analysis and data.
- Sustainalytics' analytical framework and ESG metrics are based on a wide variety of international initiatives and frameworks, ranging from international standards for ESG-related management systems, international conventions such as the ILO labour standards, certification schemes, and multi-stakeholder initiatives that have produced sector-specific or thematic standards.
- Sustainalytics' research framework broadly addresses three themes: environment, social and governance, which are subdivided into a range of topics as illustrated in the figure, below. The analysis in each of these areas covers policies and management systems, performance targets and outcomes, and controversies.
- Sustainalytics' makes use of an extensive research framework through a template of indicators, including some industry-specific indicators and some generic indicators that are applied to each company in the given industry. Each template typically includes 70-90 indicators. The scores for each indicator are aggregated using a weight matrix to produce scores at the topic and theme levels and for the company overall. The weights can be fully customised to clients' needs and preferences. The company ratings that result from these assessments reflect how a company performs, relative to industry peers, on ESG issues shown in the following table.

ESG topics



Source: Sustainalytics

The research on controversies and incidents is often used by clients to identify companies at high risk, both financial and reputational. The assessments of controversies are based on relevance and severity of incidents using a scale from 1 to 5, whereby the most significant controversies are rated as 'Category 5'. Sustainalytics applies strict internal guidelines concerning the use of the five category levels. Elements taken into consideration when deciding upon the applicable controversy level are the impact of the incident, the degree of exceptionality, the sphere of influence that the company has, the level of recurrence, the company response, and managerial responsibility for the event.

For more details, please go to www.sustainalytics.com.

APPENDIX

ANALYST CERTIFICATION

The following named research analyst(s) hereby certifies or certify that (i) the views expressed in the research report accurately reflect his or her or their personal views about any and all of the subject securities or issuers and (ii) no part of his or her or their compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views expressed in this report: **Yannick Ouaknine, Daniel Fermon, Nimit Agarwal, Carole Crozat, Niamh Whooley**

The analyst(s) who author research are employed by SG and its affiliates in locations, including but not limited to, Paris, London, New York, Dallas, Hong Kong, Tokyo, Bangalore, Frankfurt, Madrid, Milan, Seoul, Warsaw and Moscow.

SG EQUITY RESEARCH RATINGS on a 12 month period

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Sector Weighting Definition on a 12 month period:

The sector weightings are assigned by the SG Equity Research Strategist and are distinct and separate from SG equity research analyst ratings. They are based on the relevant MSCI.

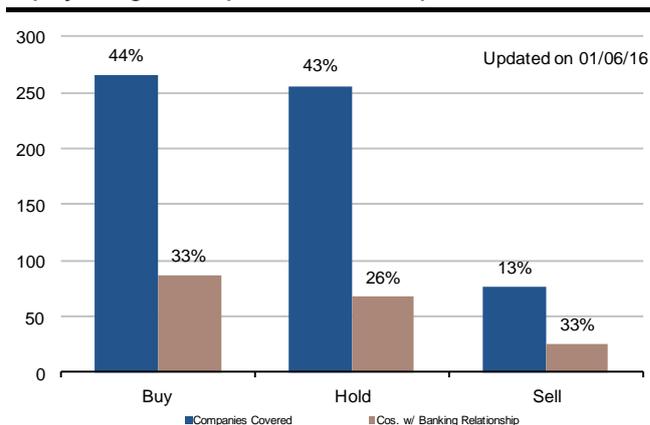
OVERWEIGHT: sector expected to outperform the relevant broad market benchmark over the next 12 months.

NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months.

The Preferred and Least preferred stocks are selected by the covering analyst based on the individual analyst's coverage universe and not by the SG Equity Research Strategist.

Equity rating and dispersion relationship



Source: SG Cross Asset Research/Equity

All pricing information included in this report is as of market close, unless otherwise stated.

SRI

For those reports containing a contribution from the SRI research team, the ESG numerical rating (with 100 being the highest score) is based on a four step rating methodology that includes: (i) identifying material ESG factors and associate weightings by sector; (ii) providing key performance indicators of company evaluation; (iii) calculating quantitative ESG rating (based on Sustainability data); and combining SG equity and ESG ratings to identify top picks.

The ESG ratings are grouped into three equal tiers (Tiers 1,2 and 3) with Tier 1 containing the companies with the highest ESG numerical scores. The ESG numerical ratings should not be considered fundamental ratings of any kind and are completely separate from SG's equity and credit ratings.

MSCI DISCLAIMER: The MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are service marks of MSCI and its affiliates or such similar language as may be provided by or approved in advance by MSCI.

FOR DISCLOSURES PERTAINING TO COMPENDIUM REPORTS OR RECOMMENDATIONS OR ESTIMATES MADE ON SECURITIES OTHER THAN THE PRIMARY SUBJECT OF THIS RESEARCH REPORT, PLEASE VISIT OUR GLOBAL RESEARCH DISCLOSURE WEBSITE AT <https://www.sgmarkets.com/#equity/compliance> or call +1 (212).278.6000 in the U.S.

European Specialty Sales

If a European specialist sales personnel is listed on the cover of research reports, these employees are in SG's Global Markets division responsible for the sales effort in their sector and are not part of SG's Cross-Asset Research Department. Specialist Sales do not contribute in any manner to the content of research reports in which their names appear.

SG has mandatory research policies and procedures that are reasonably designed to (i) ensure that purported facts in research reports are based on reliable information and (ii) to prevent improper selective or tiered dissemination of research reports. The analyst(s) responsible for preparing this report receive compensation that is based on various factors including SG's total revenues, a portion of which are generated by investment banking activities.

Non-U.S. Analyst Disclosure: The name(s) of any non-U.S. analysts who contributed to this report and their SG legal entity are listed below. U.S. analysts are employed by SG Americas Securities LLC. The non-U.S. analysts are not registered/qualified with FINRA, may not be associated persons of SGAS and may not be subject to the FINRA restrictions on communications with a subject company, public appearances and trading securities held in the research analyst(s)' account(s): Yannick Ouaknine Société Générale Paris, Daniel Fermon Société Générale Paris, Nimit Agarwal Société Générale Bangalore, Carole Crozat Société Générale Paris, Niamh Whooley Société Générale London

IMPORTANT DISCLAIMER: The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities and has been obtained from, or is based upon, sources believed to be reliable but is not guaranteed as to accuracy or completeness. Material contained in this report satisfies the regulatory provisions concerning independent investment research as defined in MiFID. Information concerning conflicts of interest and SG's management of such conflicts is contained in the SG's Policies for Managing Conflicts of Interests in Connection with Investment Research which is available at <https://www.sgmarkets.com/#equity/compliance> SG does, from time to time, deal, trade in, profit from, hold, act as market-makers or advisers, brokers or bankers in relation to the securities, or derivatives thereof, of persons, firms or entities mentioned in this document and may be represented on the board of such persons, firms or entities. SG does, from time to time, act as a principal trader in equities or debt securities that may be referred to in this report and may hold equity or debt securities positions or related derivatives. Employees of SG, or individuals connected to them, may from time to time have a position in or hold any of the investments or related investments mentioned in this document. SG is under no obligation to disclose or take account of this document when advising or dealing with or on behalf of customers. The views of SG reflected in this document may change without notice. In addition, SG may issue other reports that are inconsistent with, and reach different conclusions from, the information presented in this report and is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. To the maximum extent possible at law, SG does not accept any liability whatsoever arising from the use of the material or information contained herein. This research document is not intended for use by or targeted to retail customers. Should a retail customer obtain a copy of this report he/she should not base his/her investment decisions solely on the basis of this document and must seek independent financial advice.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed decisions and seek their own advice regarding the appropriateness of investing in financial instruments or implementing strategies discussed herein. The value of securities and financial instruments is subject to currency exchange rate fluctuation that may have a positive or negative effect on the price of such securities or financial instruments, and investors in securities such as ADRs effectively assume this risk. SG does not provide any tax advice. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Investments in general, and derivatives in particular, involve numerous risks, including, among others, market, counterparty default and liquidity risk. Trading in options involves additional risks and is not suitable for all investors. An option may become worthless by its expiration date, as it is a depreciating asset. Option ownership could result in significant loss or gain, especially for options of unhedged positions. Prior to buying or selling an option, investors must review the "Characteristics and Risks of Standardized Options" at <http://www.optionsclearing.com/about/publications/character-risks.jsp> or from your SG representative. Analysis of option trading strategies does not consider the cost of commissions. Supporting documentation for options trading strategies is available upon request.

Notice to French Investors: This publication is issued in France by or through Société Générale ("SG") which is authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers (AMF).

Notice to U.K. Investors: Société Générale is a French credit institution (bank) authorised by the Autorité de Contrôle Prudentiel (the French Prudential Control Authority) and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request.

Notice to Swiss Investors: This document is provided in Switzerland by or through Société Générale Paris, Zürich Branch, and is provided only to qualified investors as defined in article 10 of the Swiss Collective Investment Scheme Act ("CISA") and related provisions of the Collective Investment Scheme Ordinance and in strict compliance with applicable Swiss law and regulations. The products mentioned in this document may not be suitable for all types of investors. This document is based on the Directives on the Independence of Financial Research issued by the Swiss Bankers Association (SBA) in January 2008.

Notice to Polish Investors: this document has been issued in Poland by Societe Generale S.A. Oddzial w Polsce ("the Branch") with its registered office in Warsaw (Poland) at 111 Marszałkowska St. The Branch is supervised by the Polish Financial Supervision Authority and the French "Autorité de Contrôle Prudentiel". This report is addressed to financial institutions only, as defined in the Act on trading in financial instruments. The Branch certifies that this document has been elaborated with due diligence and care.

Notice to U.S. Investors: For purposes of SEC Rule 15a-6, SG Americas Securities LLC ("SGAS") takes responsibility for this research report. This report is intended for institutional investors only. Any U.S. person wishing to discuss this report or effect transactions in any security discussed herein should do so with or through SGAS, a U.S. registered broker-dealer and futures commission merchant (FCM). SGAS is a member of FINRA, NYSE and NFA. Its registered address at 245 Park Avenue, New York, NY, 10167. (212)-278-6000.

Notice to Canadian Investors: This document is for information purposes only and is intended for use by Permitted Clients, as defined under National Instrument 31-103, Accredited Investors, as defined under National Instrument 45-106, Accredited Counterparties as defined under the Derivatives Act (Québec) and "Qualified Parties" as defined under the ASC, BCSC, SFSC and NBSC Orders

Notice to Singapore Investors: This document is provided in Singapore by or through Société Générale ("SG"), Singapore Branch and is provided only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289. Recipients of this document are to contact Société Générale, Singapore Branch in respect of any matters arising from, or in connection with, the document. If you are an accredited investor or expert investor, please be informed that in SG's dealings with you, SG is relying on the following exemptions to the Financial Advisers Act, Cap. 110 ("FAA"): (1) the exemption in Regulation 33 of the Financial Advisers Regulations ("FAR"), which exempts SG from complying with Section 25 of the FAA on disclosure of product information to clients; (2) the exemption set out in Regulation 34 of the FAR, which exempts SG from complying with Section 27 of the FAA on recommendations; and (3) the exemption set out in Regulation 35 of the FAR, which exempts SG from complying with Section 36 of the FAA on disclosure of certain interests in securities.

Notice to Hong Kong Investors: This report is distributed in Hong Kong by Société Générale, Hong Kong Branch which is licensed by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). This document does not constitute a solicitation or an offer of securities or an invitation to the public within the meaning of the SFO. This report is to be circulated only to "professional investors" as defined in the SFO.

Notice to Japanese Investors: This publication is distributed in Japan by Societe Generale Securities Japan Limited, which is regulated by the Financial Services Agency of Japan. This document is intended only for the Specified Investors, as defined by the Financial Instruments and Exchange Law in Japan and only for those people to whom it is sent directly by Societe Generale Securities Japan Limited, and under no circumstances should it be forwarded to any third party. The products mentioned in this report may not be eligible for sale in Japan and they may not be suitable for all types of investors.

Notice to Korean Investors: This report is distributed in Korea by SG Securities Korea Co., Ltd which is regulated by the Financial Supervisory Service and the Financial Services Commission.

Notice to Australian Investors: Societe Generale is exempt from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) in respect of financial services, in reliance on ASIC Class Order 03/824, a copy of which may be obtained at the web site of the Australian Securities and Investments Commission, <http://www.asic.gov.au>. The class order exempts financial services providers with a limited connection to Australia from the requirement to hold an AFSL where they provide financial services only to wholesale clients in Australia on certain conditions. Financial services provided by Societe Generale may be regulated under foreign laws and regulatory requirements, which are different from the laws applying in Australia.

<http://www.sgcib.com>. Copyright: The Société Générale Group 2016. All rights reserved.

This publication may not be reproduced or redistributed in whole in part without the prior consent of SG or its affiliates.

SG Sector Research

Patrick Legland (Global Head of Research) (33) 1 42 13 97 79

Alain Kayayan (Head of Equity Research) (44) 20 7676 6933

Guy Stear (Head of Credit Research) (33) 1 42 13 63 99

FINANCIALS	INDUSTRIALS	CONSUMERS	TMT	ENERGY & ENVIRONMENT
CREDIT ANALYSTS	CREDIT ANALYSTS	CREDIT ANALYSTS	CREDIT ANALYSTS	CREDIT ANALYSTS
Paul Fenner-Leitão (Head) (44) 20 7676 7132	Bob Buhr (Industrials) (44) 20 7676 6454	Simon Cowie (Retail, Consumer & Leisure) (44) 20 7676 7152	Robert Jaeger (44) 20 7676 7023	Paul Vickers (Utilities & Energy) (44) 20 7762 4180
Brajesh Kumar (Banks) (91) 80 6731 5034	Philippe Landroit (Industrials) (44) 20 7676 7136	EQUITY ANALYSTS	Priya Viswanathan (91) 80 6731 7458	EQUITY ANALYSTS
Jean-Luc Lepreux (Banks) (33) 1 42 14 88 17	Pierre Bergeron (Auto & Transport) (33) 1 42 13 89 15	General Retailers	EQUITY ANALYSTS	Oil & Gas
Rötger Franz (Insurance) (44) 20 7676 7167	EQUITY ANALYSTS	Anne Critchlow (44) 20 7762 5232	Media	Yoann Charenton (44) 20 7762 5902
EQUITY ANALYSTS	Aerospace & Defence	Food Retailers	Simon Baker (44) 20 7762 5259	Guillaume Delaby (33) 1 42 13 62 29
Banks	Zafar Khan (44) 20 7762 5317	Arnaud Joly (33) 1 58 98 99 37	Christophe Cherblanc (33) 1 42 13 84 44	Mehdi Ennebati (33) 1 42 13 84 57
Geoff Dawes (44) 20 7762 5244	Neetika Gupta (91) 80 6731 6591	Food producers	Laurent Picard (33) 1 42 13 44 59	John Herrlin (1) 212 278 6851
Carlos Garcia-Gonzalez (34) 9 1589 3920	Transportation Infrastructure	Warren Ackerman (44) 20 7762 4164	Software & IT services	Irene Himona (44) 20 7762 5353
Murali Gopal (91) 80 6731 7319	Michael Kuhn (49) 69 71 74 488	Arthur Reeves (44) 20 7762 5254	Derric Marcon (33) 1 58 98 06 30	Edward Muztafago (1) 212 278 7327
James Invine (44) 20 7762 5558	Automobiles	Beverages	Richard Nguyen (33) 1 42 13 54 22	Monika Rajoria (91) 80 6731 8318
Andrew Lim (44) 20 7676 6014	Philippe Barrier (33) 1 42 13 84 42	Andrew Holland (44) 20 7762 4344	Telecom Services	Joshua Sheppard (1) 212 278 6625
Gitesh Mahipal (91) 80 6731 4621	Erwann Dagorne (44) 20 7762 5279	Laurence Whyatt (44) 20 7762 5631	Ottavio Adoriso (44) 20 7762 5761	Metals & Mining
Phelbe Pace (44) 20 7762 4078	Stephen Reitman (44) 20 7762 5535	Tobacco	Nick Lyall (44) 20 7762 5127	Sergey Donskoy (44) 20 7762 4594
Philip Richards (44) 20 7762 5893	Construction	HPC	Stephane Schlatter (33) 1 42 13 84 55	Christian Georges (44) 20 7762 5969
Anubhav Srivastava (91) 80 6731 5865	Victor Acitores (34) 9 1598 3901	Chas Manso de Zuniga (44) 20 7762 4334		Alain William (33) 1 58 98 12 61
Alan Webborn (44) 20 7762 5575	Muriel Fellous (33) 1 42 13 60 51	Iain Simpson (44) 20 7762 5594		SRI
Insurance	Chemicals	Hotels, Restaurants & Leisure		Carole Crozat (33) 1 42 13 62 04
Sudarshan Bhutra (91) 80 6731 6622	Peter Clark (44) 20 7762 5084	Sabrina Blanc (33) 1 42 13 47 32		Yannick Ouaknine (33) 1 58 98 23 50
Vikram Gandhi (91) 80 6731 4582	Rajesh Singla (91) 80 6731 8882	Luxury Goods		Niamh Whooley (44) 20 7762 5054
Nick Holmes (44) 20 7762 4124	Thomas Swoboda (49) 697174485	Thierry Cota (33) 1 42 13 84 45		Utilities
Jason Kalamboussis (44) 20 7762 4076	Electrical & Engineering	Guillaume de Noyelle (33) 1 42 13 86 47		Ankur Agrawal (91) 80 6716 8963
Real Estate	Alok Katre (91) 80 6731 7996	Pharmaceuticals	COUNTRY ANALYST	Jorge Alonso (34) 9 1589 3913
Marc Mozzi (44) 20 7762 5090	Alasdair Leslie (44) 20 7762 4952	Florent Cespedes (33) 1 58 93 42 49	EQUITY ANALYST	Vincent Ayrat (44) 20 7762 5494
Henri Quadrelli (33) 1 42 13 37 33	Joseph Peter (91) 80 6731 6162	Manas Sarkar (91) 80 6731 9139	Poland	Alberto Ponti (44) 20 7762 5440
Jose Salama (34) 91 589 39 19	Rohit Kadni (91) 80 6731 7247	Justin Smith (44) 20 7762 5899	Bartlomiej Kubicki (48) 22 528 4332	Lueder Schumacher (44) 20 7762 5044
Michel Varaldo (33) 1 42 13 73 02	Sebastian Ubert (49) 69 71 74 490	Providers & Services	MID & SMALL CAPS	Ashley Thomas (44) 20 7762 4050
Diversified Financials		Justin Smith (44) 20 7762 5899	EQUITY ANALYSTS	
Michael Sanderson (44) 20 7762 4976		Biotech & Medtech	Patrick Jousseume (33) 1 42 13 66 62	
		Delphine Le Louet (33) 1 42 13 92 93	Jean-Michel Bélanger (33) 1 56 37 35 07	
			Marie-Line Fort (33) 1 42 13 85 21	EQUITY STRATEGY
			Delphine Le Louet (33) 1 42 13 92 93	Roland Kaloyan (33) 1 58 98 04 88
			Christophe Quarante (33) 1 42 13 99 78	Frank Benzimra (852) 2166 4309
				Charles de Boissezon (33) 1 42 13 58 41
				Vivek Misra (91) 80 6731 4615
				Kevin Redureau (91) 80 6731 4136