

## ETHIX ADVISORY COUNCIL: TERMS OF REFERENCE

Norm-Based Screening® is used by investors to systematically research companies' adherence to international norms for human rights, environmental protection, labour standards and anti-corruption. Developed in 2000 by team Ethix, Norm-Based Screening® is now used by a large number of investors to screen companies in and out of their investment portfolios and, increasingly, as an input to investors' risk monitoring processes, company engagement and investment decisions.

With the growing international recognition of norm-based screening as an important responsible investment strategy and the leadership shown by Nordic investors in developing tools for integrating international norms into their investment processes, Ethix has established the Ethix Advisory Council to provide a forum for the discussion of norm-based research and methodologies more generally.

The Advisory Council has two major roles:

- To provide strategic advice and commentary on issues such as the norms against which companies could be assessed, the engagement strategies that could be used, and new and emerging issues that require research or investigation.
- To provide a high-level oversight of the Ethix Norm-Based Screening® research and related activities through reviewing specific cases and through reviewing audits and other assessments (e.g. client feedback) of the Norm-Based Screening® research and related processes.

The Advisory Council's role is advisory rather than binding. Where the Advisory Council makes proposals or recommendations, Ethix's management team will respond formally to the Advisory Council explaining the actions it has taken and the reasons for these decisions.

The Advisory Council is comprised of four to six representatives, appointed in their personal capacity and selected on the basis of their knowledge and expertise of business, industry and financial markets. The names of the representatives of the Advisory Council will be posted on the Ethix SRI Advisors website.