

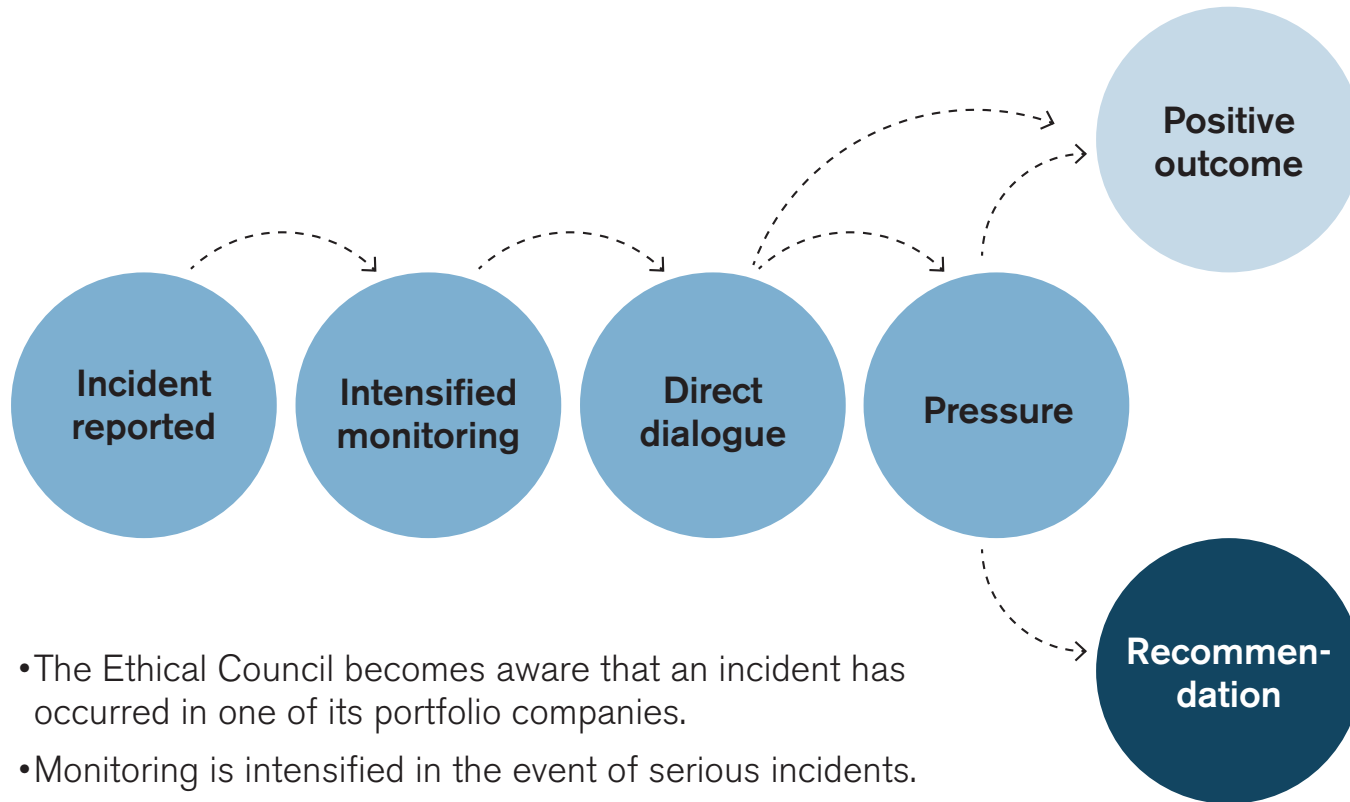


**ethical council**

A COLLABORATION BETWEEN  
FIRST-FOURTH AP-FUNDS

# Annual Report 2007

# Work process in five steps



- The Ethical Council becomes aware that an incident has occurred in one of its portfolio companies.
- Monitoring is intensified in the event of serious incidents.
- The Ethical Council takes the initiative to start a direct dialogue. Additional pressure is applied. This includes cooperation with other investors and filing proposals to and voting at annual general meetings.
- If the above measures do not lead to the desired result, each individual Fund takes a decision on the possible sale of its holding based on a recommendation by the Ethical Council.

# The funnel – how 3,500 companies are reduced to 10

The selection process can be divided into three stages:

## Stage 1

Systematic screening of 3,500 companies. The media, interest organisations and UN bodies are among the sources used.

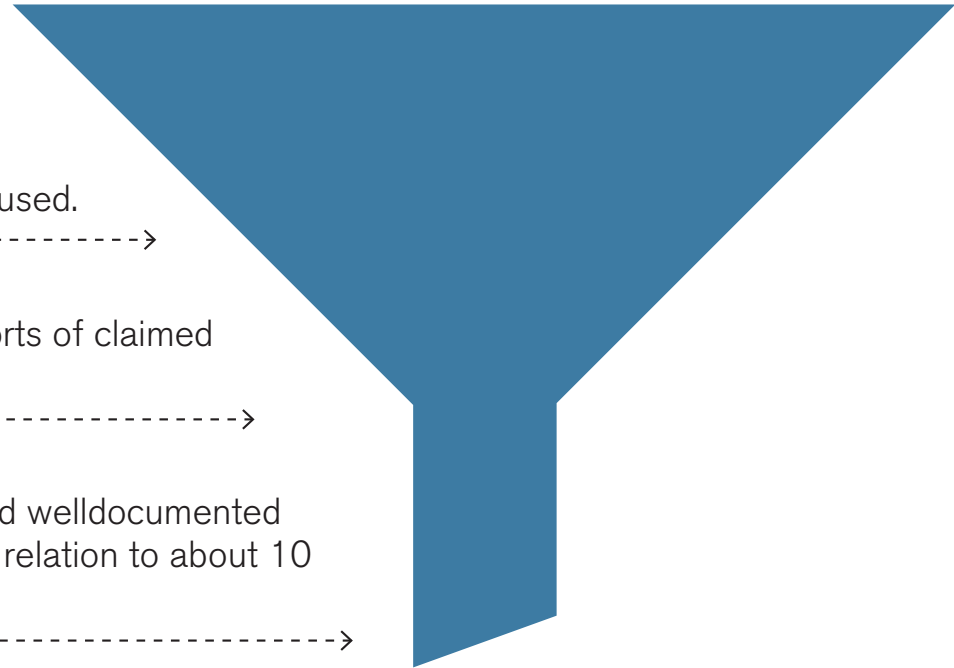
## Stage 2

100 companies are selected for closer scrutiny based on reports of claimed breaches of international conventions.





## Stage 3

Based on a list of 20–25 companies where there are clear and well-documented problems, the Ethical Council works actively on governance in relation to about 10 companies per year. The list is reviewed semi-annually.

The monitoring of and dialogue with other companies continues at the same time through the Council's ethics consultant.



# Ongoing dialogues

	Domicile	Sector	Country	Area	Development
<b>BHP Billiton Plc</b>	Australia and the United Kingdom	Raw materials	Australia		
<b>Bridgestone Corporation</b>	Japan	Consumer durables/tyres	Liberia		
<b>Chevron Corporation</b>	USA	Energy	Nigeria		
<b>Chevron Corporation</b>	USA	Energy	Ecuador		
<b>Duke Energy Corporation</b>	USA	Energy	USA		
<b>Freeport-McMoran Copper &amp; Gold Inc</b>	USA	Raw materials	Indonesia		
<b>Grupo Ferrovial S.A.</b>	Spain	Construction	Poland		
<b>L-3 Communications Holdings</b>	USA	IT	Iraq		
<b>PetroChina Company Limited</b>	China	Energy	China		
<b>Sodexo Alliance SA</b>	France	Hotel and Restaurant	United Kingdom		
<b>Thales SA</b>	France	Defence industry	South Africa		
<b>Toyota Motor Corporation</b>	Japan	Consumer durables/car industry	Philippines		
<b>Wal-Mart Stores Inc</b>	USA	Consumer convenience goods	USA		
<b>Yahoo! Inc</b>	USA	IT	China		

## Problem areas:

-  Human rights
-  Labour law
-  Environment
-  Corruption
-  Special weapons

## Dialogue status:

-  No positive development
-  Signs of development
-  Weak positive development
-  Positive development
-  Very positive development

Status of dialogues as at  
31 December 2007



# The Ethical Council has active dialogues with:

