

BELGIUM

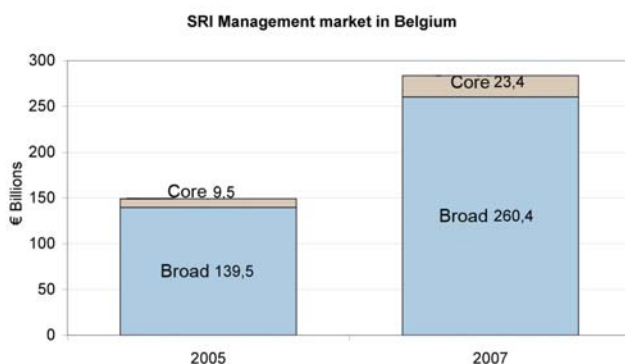
A law prohibiting the direct and indirect financing of the manufacture, use and possession of anti-personnel mines and submunitions was approved by the Belgian Parliament in March 2007. However, the government has not yet issued a decree applying the law with a specific list of prohibited companies. Therefore it appears that negative screening on weapons is not yet technically a legal requirement. As a result, in this study we have included those assets managed solely with a negative screen on weapons in the Belgian Broad SRI. As these assets will be excluded from our SRI definition once the decree is issued¹, they have been clearly identified in Figure 3 of this section.

KEY FEATURES OF SRI

As noted below in Figure 1, the Belgian total SRI management market² amounts to €283.8 billion. This represents about 48% of the overall Belgium asset management market.³ When excluding assets managed with only a weapons screen, the total SRI market represents 20% of the overall asset management market.

The Core SRI market amounts to €23.4 billion while the Broad SRI market is €260.4 billion.

FIGURE 1

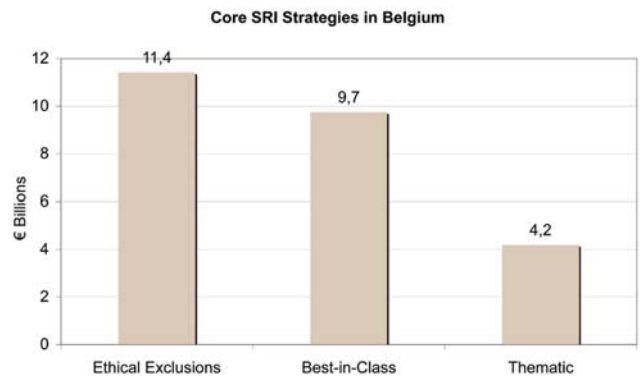


Source: Eurosif European SRI Survey, 2008

Core SRI Market

As detailed in Figure 2, ethical exclusions represent the largest component of the Core SRI market in Belgium. These exclusions take into account elaborate norms-based principles, such as the Global Compact, in combination with arms exclusions and other customised management principles. While the Best-in-Class approach is also popular, thematic funds are relatively small, consisting mainly of water and energy funds.

FIGURE 2



Source: Eurosif European SRI Survey, 2008

Note: Total of individual strategies may be superior to total Core SRI due to overlaps.

Broad SRI Market

Integration has witnessed remarkable growth since our 2006 survey, jumping from €0.3 billion to €91.9 billion and now constituting the largest component of the Broad SRI market in Belgium. As applied by market practitioners, integration appears to take into account a number of complex procedures:

- Integration is applied to all equities rather than to specific funds,
- Analysis comes from both outside sources fed back to mainstream analysts and from dedicated in-house ESG analysts,
- Analysis takes into account key sustainability challenges based on the risks and opportunities they present for businesses,
- Integration is performed on a case-by-case basis, and internal training for non-ESG specialists is practised on a small to moderate scale,
- However, no formal document or integration policy appears to be put in place.

Engagement has also grown, but more modestly from €7 billion to €17.1 billion. Typical engagement practices involve proxy voting, direct engagement conducted privately and collaborative engagement. Engagement is always practiced in combination with Core strategies.

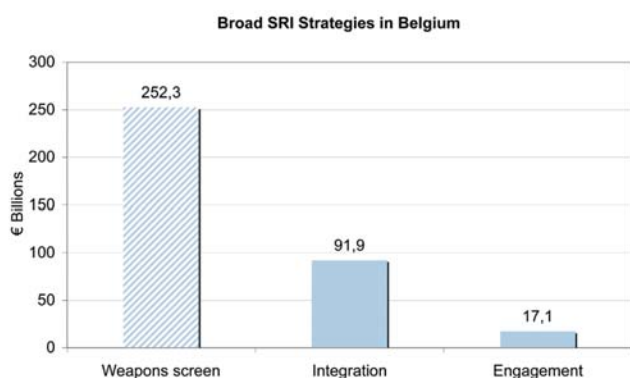
As discussed in the introduction, the assets managed solely based on weapon exclusions, which for the time being comprise a large part of the Belgian broad SRI category at €252.3 billion according to our survey, will most likely no longer be counted in our next study.

¹ According to Eurosif, SRI should always be one step ahead of legislation. As a result, if aspects of SRI, such as negative screening, were to become a legal obligation, those assets would no longer be counted as SRI.

² As a reminder, this study should be seen as an attempt to measure the size of the Belgian SRI asset management market, rather than the SRI market itself.

³ Source: BEAMA (Belgian Asset Managers Association), Annual Report 2007. The Belgian asset management market was estimated at €586.2 billion in 2007.

FIGURE 3



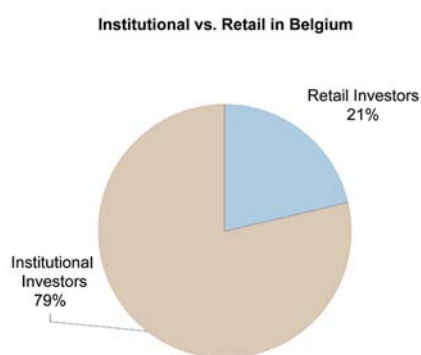
Source: Eurosif European SRI Survey, 2008
 Note: total of individual strategies may be superior to total Broad SRI due to overlaps.

Who invests in SRI?

It is estimated that institutional investors (Belgian and non-Belgian) account for 79% of SRI assets under management in Belgium, consisting mainly of public pension or reserve funds, corporate/occupational pension funds, and public authorities/governments. The vast majority of these institutional assets are managed by mandate.

Retail investors account for the remaining 21%, mainly through mutual funds as illustrated in Figure 4.

FIGURE 4



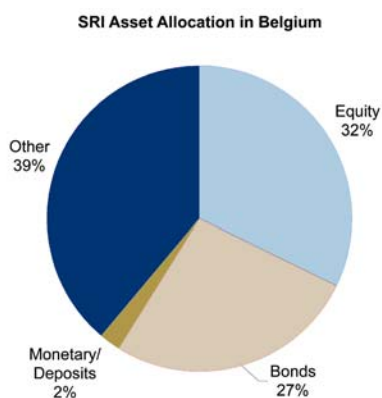
Source: Eurosif European SRI Survey, 2008

Products/Offering

Equities and bonds account for the majority of asset classes for Belgian SRI investment. The category "Other" consists mainly of a mix of equities, bonds and structured products. Although still negligible, the relative importance of the monetary/deposit asset class (2%) compared to

other European countries is a sign of the progressive emergence of SRI money market funds in Belgium.

FIGURE 5



Source: Eurosif European SRI Survey, 2008

MARKET EVOLUTION

Increasing from €149 billion in 2005 to €283.8 billion in 2007, the total SRI market has grown 90% since our last survey (CAGR 38%). Both the Core and Broad SRI Markets experienced similar growth (+147% and +91% respectively). Over the same period of time, the Belgian asset management market grew by 30%.⁴

With more than 60 SRI retail products domiciled there, Belgium showed the most remarkable increase in the growth rate of retail SRI funds.⁵

MARKET PREDICTIONS

It is believed that SRI will continue to grow in the coming years, and that it will increasingly be integrated into "traditional" financial analysis. This growth should be seen in existing investment vehicles such as bonds, as well as in new geographic areas such as emerging markets. In the retail market, two banks have taken the lead in SRI offerings, and others are expected to follow, further expanding the market. Finally, it is expected that fiscal advantages tied to SRI investment will be implemented for the first time in the near future, which should provide an additional boost to growth.

The data above is based on research and analysis conducted by Eurosif and input from Belsif.

⁴ BEAMA Annual reports 2007 and 2006.

⁵ "Green, Social and Ethical funds in Europe, 2007 Review". Vigeo / Avanzi SRI Research October 2007. For more information on Belgian retail SRI, see also the statistics of the Belgian Asset Managers Association, available at www.beama.be.