



The Lombard Odier equity research rating system

Financial Rating

The financial rating aims to indicate the expected performance of a security over 12-18 months relative to its sector universe benchmark. It is the final step of an analytical process based first on company fundamentals, then on valuation and momentum indicators. It is expressed as follows:

- Research List (R): we expect the stock to post a 12-18 month performance above that of its sector universe benchmark.
- Research List – Focus (RF): we expect the stock to also post a positive absolute 12-18 month performance.
- Not Rated (NR): the stock does not figure among our favorites within its sector universe.

In parallel, for each stock rated R and RF, we issue a 12-month price target.

Extra-financial Rating

Since 1998, Lombard Odier has also produced extra-financial ratings for companies within a socially responsible investment framework. These ratings are based on a three-pillar approach:

- Environmental: group-wide policy, international certifications, product innovation.
- Social: service quality, health & safety, training, ethics, community involvement.
- Governance: structure, independence, voting rights, compensation, controversy management.

Each pillar is given a score (A: best → D: worst) following a proprietary methodology last updated in 2009. These ratings are partly based on our main information provider, ASSET4.