

Investors in China, Egypt and Vietnam face greatest ESG risks

New Research published by EIRIS, the London based non-profit responsible investment research specialists, shows that amongst leading emerging market economies, China, Egypt and Vietnam perform the worst in terms of Environmental, Social and Governance (ESG) indicators.

The 2010 version of the EIRIS Country Sustainability Profiles for investors in sovereign wealth bonds includes a comparison of those emerging market countries that will play a key role in driving global economic development over the decades ahead. The countries analysed for the comparison were Brazil, China, Egypt, India, Indonesia, Mexico, Pakistan, Philippines, Russia, South Korea, Turkey and Vietnam.

Co-Head of Research at EIRIS, Carlota Garcia-Manas said: 'The poor performance of China, particularly in the area of Governance but also scoring low on environmental indicators, should be of particular concern to investors given that its economy is due to overtake the USA's as the world's largest over the next 20 years.'

The three best performing emerging market countries were South Korea, Brazil and Mexico. Both Mexico and Brazil scored higher on Environmental indicators than Canada and the United States, showing that it is possible for emerging markets to experience rapid growth and to mitigate ESG risks.

The case of Thailand shows the importance to investors of integrating ESG factors into their decisions about investing in sovereign wealth bonds. Thailand's political stability indicator score has declined every year for the five years that EIRIS has been publishing its Country Sustainability Profiles. In 2009 the credit rating agencies downgraded the status of Thailand's sovereign credit ratings, citing the inability of the government to prevent civil unrest. The ratings agencies have recently sounded warnings about additional downgrades in response to continuing political instability in the country.

Of all 68 countries surveyed on the 49 environmental, social and governance indicators the three best performers were Sweden, Austria and Switzerland.

The EIRIS Country Sustainability data is delivered in such a way that it can be manipulated by users to create their own views and weightings for particular issues to give the investor a bespoke rating, ranking and profile for each country.

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Notes to Editors

1. EIRIS Country Sustainability Profiles are available for the following countries:

Argentina	Hong Kong	Philippines
Australia	Hungary	Poland
Austria	Iceland	Portugal
Belgium	India	Qatar
Bosnia	Indonesia	Romania
Brazil	Ireland	Russia
Bulgaria	Israel	Singapore
Canada	Italy	Slovak Republic
Chile	Japan	Slovenia
China	Kuwait	South Africa
Colombia	Latvia	South Korea
Croatia	Lithuania	Spain
Cyprus	Luxembourg	Sweden
Czech Republic	Malaysia	Switzerland
Denmark	Malta	Taiwan
Dominican Republic	Mexico	Thailand
Ecuador	Morocco	Tunisia
Egypt	Netherlands	Turkey
Estonia	New Zealand	United Kingdom
Finland	Norway	USA
France	Pakistan	Venezuela
Germany	Panama	Vietnam
Greece	Peru	

2. The 2010 EIRIS Sustainability Ratings has been designed specifically to help responsible investors apply sustainability criteria to investments in sovereign bonds. The data may also be of general use to investors who wish to take into account environmental, social, governance or other ethical factors in relation to investments in a particular country.
3. EIRIS www.EIRIS.org is a leading global provider of independent research into the environmental, social, governance (ESG) and ethical performance of companies. An independent, not-for-profit organisation, we work to help our clients develop the market in ways that benefit investors, asset managers and the wider world. Our mission is to empower responsible investors with independent assessments of companies and advice on integrating them with investment decisions. EIRIS now provides responsible investment services to more than 100 asset owners, asset managers, banks, stock brokers and governments around the world - as well as major index providers. We have over 25 years experience of promoting responsible investment and helping consumers, charities and advisers invest responsibly.

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