

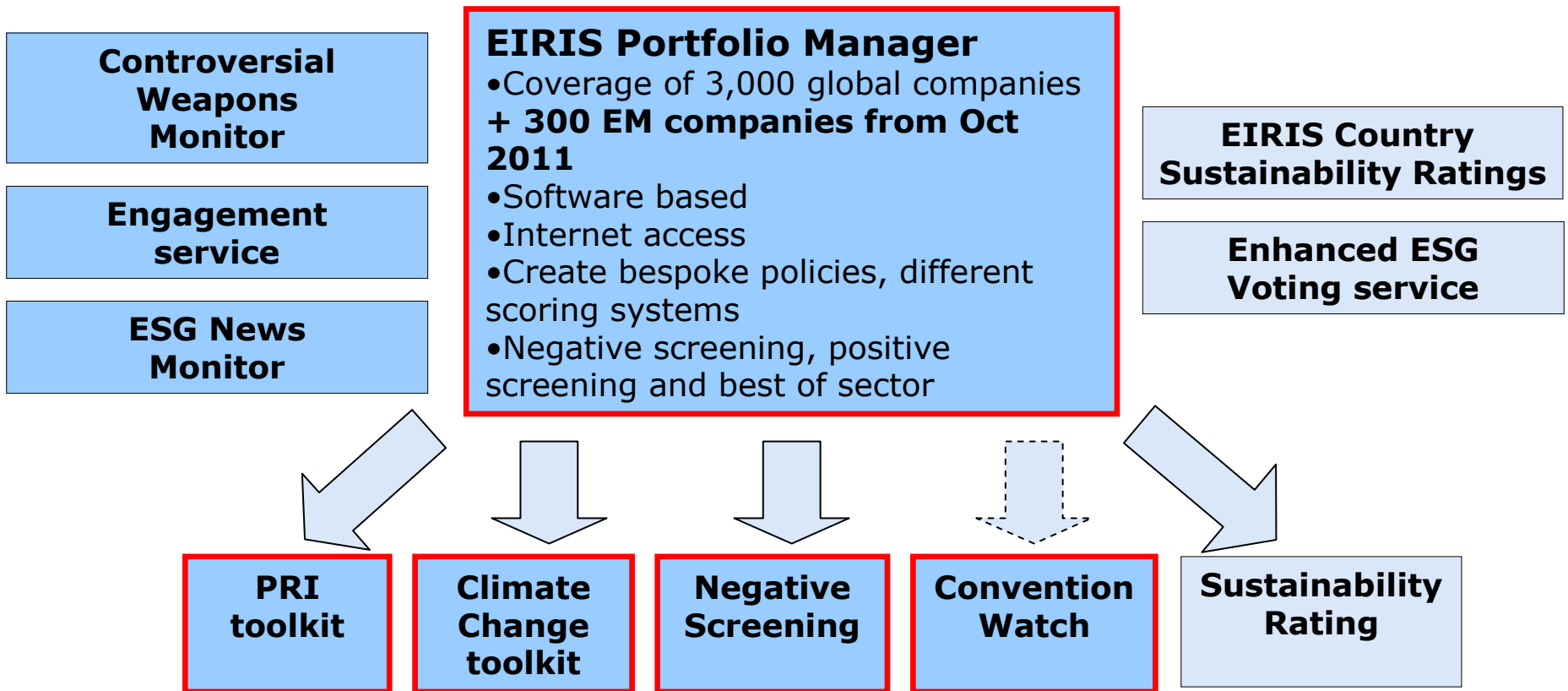
EIRIS Webinar
Emerging Markets: ESG Risks
and Opportunities

EIRIS Products

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EIRIS Product Range



 EIRIS products available for emerging market companies



1. Convention Watch – managing reputational risk and identifying performance failures

- Designed to help investors comply with international norms by identifying reputational risks in their portfolio for:
 - Monitoring
 - Engagement
 - Exclusion

- Closely mirrors UN Global Compact 10 principles which underpin the UN Principles for Responsible Investment

Convention Watch – what information is included

- Risk assessment: High or Medium
- Details of alleged breach
- Company response
- Assessment of response:
 - No evidence
 - Limited
 - Intermediate
 - Good

Quarterly 'paper' reports **available now**, or data delivered via EPM software **from October 2011**

2. EIRIS Emerging Markets Risk Management Criteria

- Designed to help investors assess EM companies on core ESG risk management criteria for:
 - Screening
 - Best-in-class approach
 - Engagement
- Policy, systems and reporting criteria closely mirror UNGC
- Top 300 EM companies by market cap + 60 Mexican companies + 55 Chinese companies
- Available in EPM from October 2011 and accessible via the following 'off the shelf' products:

The EIRIS PRI toolkit

- Designed to help investors put their commitments into practice
- 3 tools designed around the UNGC for use through integration, engagement and promoting better corporate disclosure
- Combines ESG risk management and Convention Watch indicators

✓ EIRIS Portfolio Manager (EIRIS client - Licensed Version) - [Results for Copy of PRI EIRis...]

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SEDOL No	Sector	Result	Final Score	PRI Risk exposure
B01BN57	Electricity	Risks mitigated	18	High risk
5723777	Electricity	Risks mitigated	16	High risk
4661607	Electricity	On track	19	Very high risk
B288C92	Electricity	On track	17	Very high risk
0790873	Electricity	On track	16	Very high risk
5728125	Electricity	On track	15	Very high risk
4103596	Electricity	On track	13	Very high risk
B29NWR4	Electricity	On track	11	Very high risk
B0NJJ17	Electricity	Weak_some strengths	12	Very high risk
5499131	Electricity	Weak_some strengths	8	Very high risk
B1HL121	Electricity	Weak_some strengths	7	Very high risk
B1VNSX3	Electricity	Weak_some strengths	7	Very high risk
5579550	Electricity	Weak_some strengths	7	Very high risk
B4TWTW9	Electricity	Weak_some strengths	3	Very high risk
0632016	Electricity	Weak_some strengths	3	Very high risk
7268298	Electricity	Weak_some strengths	0	Very high risk
B39GNW2	Electricity	Weak_some strengths	-1	Very high risk
B09G2Y6	Electricity	Weak_some strengths	-5	Very high risk
4654306	Electricity	Weak_some strengths	-8	High risk
4606523	Electricity	Many unmanaged risks	-10	Very high risk
7144569	Electricity	Alert	19	Very high risk

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Companies
 Selected Only

ESG risk exposure classification

Overall UNGC risk management assessment highlighting best practice companies and 'alert' cases

The Climate Change toolkit - Identifying and managing carbon risk in your portfolio

Carbon Risk Factor -

For Integration:

- A score based on EIRIS' assessment of the company's climate change impact and management response

Carbon Engager – For Engagement:

- Detailed reports on Individual company performance
- Plus policy which focuses on transparency and disclosure on climate change

Carbon profile – For Risk screening:

- Assess the climate change performance of a portfolio against the benchmark or index of your choice

Sample Carbon Profile

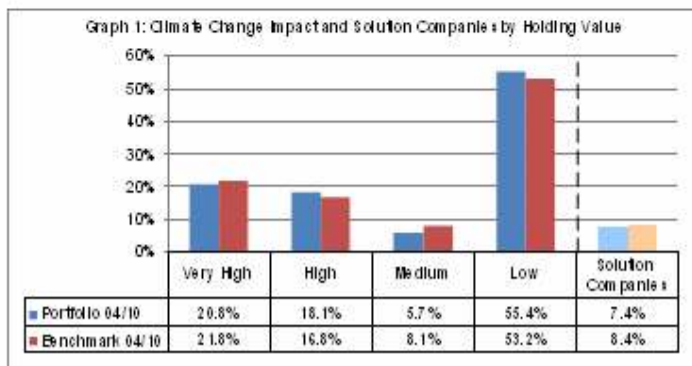
EIRIS has completed a Carbon Profile of the **XYZ Sustainability** Fund which is benchmarked against the Eurostoxx 50 index.¹

I. Carbon Profile Methodology

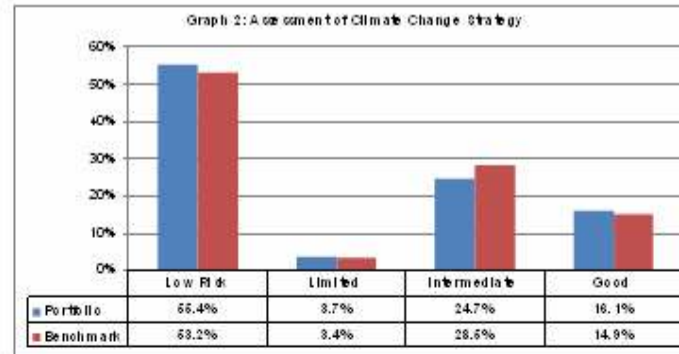
Our assessment of performance combines a measure of carbon impact with an analysis of what each company's management is doing to mitigate climate change risk and/or take advantage of opportunities as detailed in the following section.

What is 'Carbon Impact'?

EIRIS classifies each company in one of four categories: very high, high, medium or low potential climate change impact based on their direct, indirect and product emissions.²



As illustrated in Graph 1, the Macif Gestion Fund has practically the same exposure to energy-intensive



As illustrated above, the portfolio has a higher proportion of companies with a 'Good' management response to climate change than the benchmark

Table 1: Performance Overview

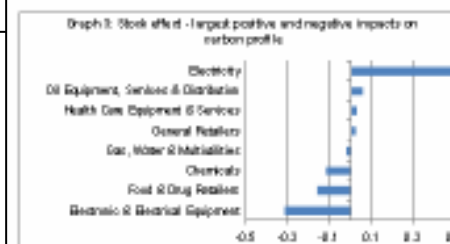
Performance Overview	Fund	Eurostoxx 50
Total Value (%)	100%	100%
Carbon Performance	48.18	48.03
Carbon out Performance	0.15	
Sector Selection Contribution	0.15	
Company Selection Contrib.	0.00	

Key Findings: The carbon performance of the fund is slightly better than that of the benchmark (48.18 vs. 48.03) and close to "risks mitigated" in the Carbon Risk Factor scale. This slight out-performance is due to the sector selection contribution while the stock selection contribution amounts to zero.

III. Contributions to Performance²

Stock Selection

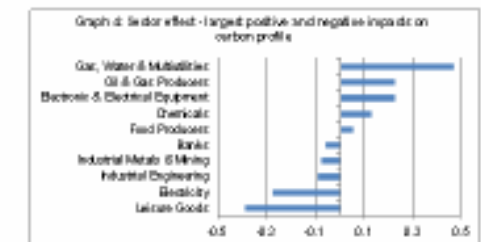
The chart below illustrates the contribution that the choice of stocks made to the overall carbon performance figure.



providing special barriers, the company developed.

Sector Allocation

Graph 4 illustrates the largest out and under-performing sectors in the fund. The Gas, water and multi-utilities sector makes the biggest positive contribution to carbon performance by virtue of being considerably underweight relative to the benchmark (3.9% vs. 7.4%) while the average sector score is lower than the overall benchmark. The same goes for the Oil & Gas Producers sector. By contrast, the Electronic & Electrical Equipment sector makes a positive contribution by virtue of being overweight relative to the benchmark (2.2% vs. 1.4%) while this sector has a better carbon risk performance than the overall benchmark. The Leisure Goods sector makes the largest negative contribution as it is not present in the portfolio while in the benchmark it has a higher score than the overall benchmark score.



IV. Recommendations

Clients can also access the data via their own tailor-made EPM tools

- EPM data management platform allows user to:
 - choose criteria and apply weightings
 - extract data in different formats, e.g. list of scores/ratings in Excel or detailed profiles in Word/pdf format
 - Generate graphs
- As 'paper' service, i.e. in Excel/Word format

User chooses criteria

... and weightings

The screenshot shows the EIRIS Portfolio Manager interface. On the left, a tree view titled 'Select Criteria' is expanded to show 'Environment' > 'Environmental management (x2)'. On the right, two criteria are listed:

- How does EIRIS rate the Company's environmental management system (high impact industries)?**
- How does EIRIS rate the Company's environmental management system (medium impact industries)?**

Each criterion has a grid with columns for 'High +', 'Med +', 'Low +', 'Info', 'Low -', 'Med -', and 'High -'. The 'Area Weighting' field is circled in red and set to '2'. The 'Definitions' button is visible below each grid.

3. Negative screening – identifying controversial activities

Alcohol	Up to 5% Between 5% and 10% Between 10% and 33%
Tobacco	Up to 5% Between 5% and 10% Between 10% and 33%
Gambling	Up to 5% Between 5% and 10% Between 10% and 33%
Adult entertainment	Up to 5% Between 5% and 10% Between 10% and 33%
Weapons: • Controversial weapons e.g. antipersonnel landmines, laser-blinding weapons, etc • Proportion of turnover related to military sales	No threshold 10% of turnover

Available in EPM from October 2011

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