

# **Platform for Change: Engaging for Change & Making an Impact**

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# Introduction to EIRIS

- EIRIS is an established not for profit research organisation specialising in **environmental, social and governance research on publicly listed corporations.**
- Founded 28 to years ago, EIRIS was created as a collaborative research project assist a group of churches & charities put their **principles into practice.**
- Our mission is to conduct high quality research on extra-financial issues to **encourage improved social and environmental performance.**

# Our Staff & EIRIS Network of Partners

- **Our 60+ staff are highly educated and come from a variety of professional and academic backgrounds**
- **Our analysts are frequently called upon for their expertise in methodology development, reporting standards and social & environmental best practice**
- **We can build customized teams according to the specific needs of the client – ensuring a high level of competency and project specific solutions**
- **EIRIS works with partner organisations to gain local knowledge, language skills and provide extensive additional resource**



ecobanca.



# Working with others



**Sustainability Ranking**

**Sector Reports**



**Main & Sector guidelines**

**Pension & Charity surveys**



## The Research

- Each company measured against criteria:
  - Transparent methodology
  - Directly comparable
  - Benchmarked against externally recognised standards where possible
  - Developed in consultation with stakeholders / external issue experts (see box below)
  - Graded between best practice and no practice for risk management type criteria
  - Threshold levels for involvement style criteria
- Variety of sources – company & third party sourced

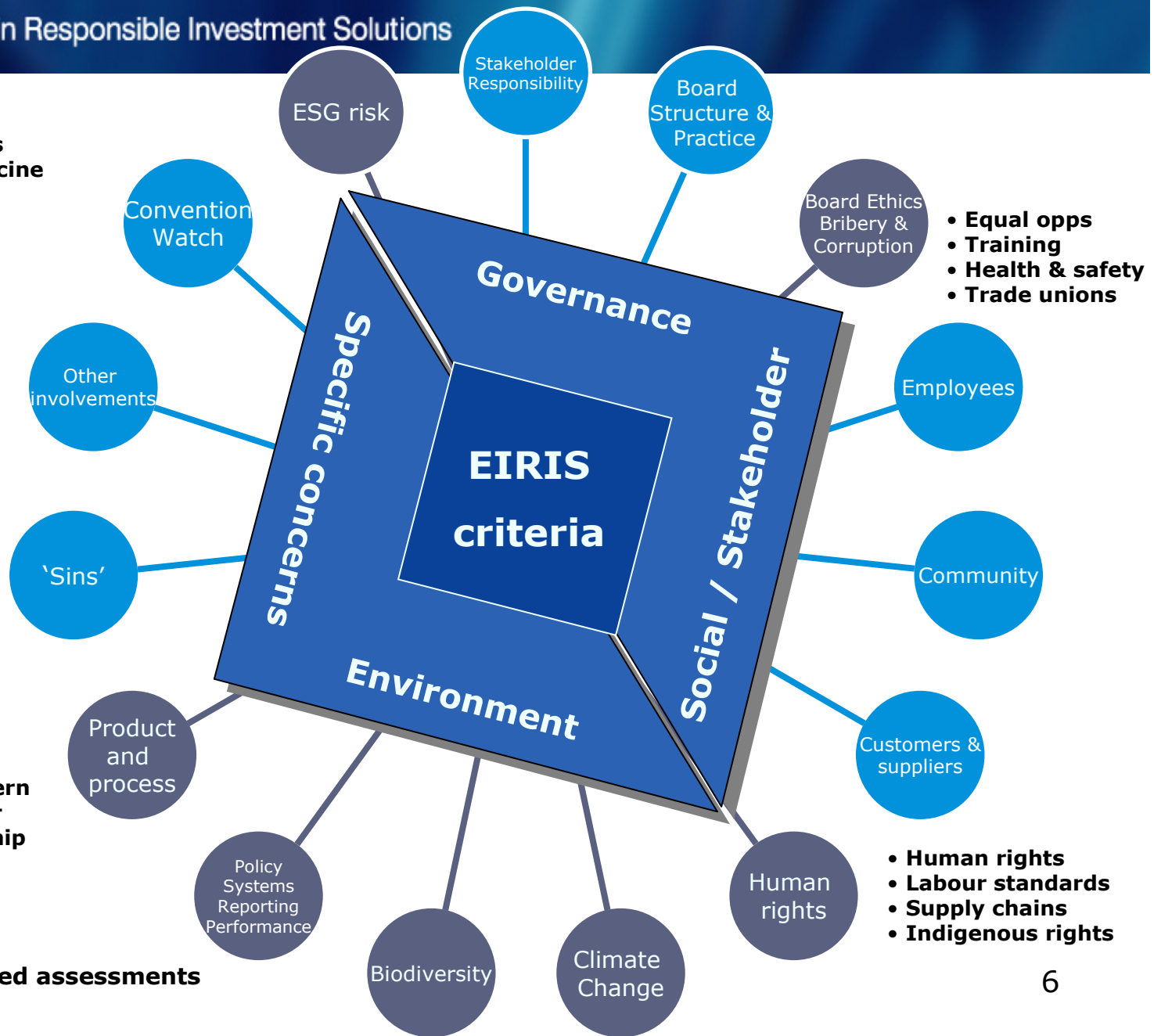
For example when creating our Climate Change Criteria EIRIS worked with: WWF, Institutional Investors Group on Climate Change, Forum for the Future, Carbon Disclosure Project, and The Climate Group.

- Risk management
- Specific sector risks
- E.g. Access to medicine

- Military
- Nuclear power
- Animal testing
- GMOs
- etc

- Alcohol
- Tobacco
- Gambling
- 'Pro-life'

- Chemicals of concern
- Sustainable timber
- Product Stewardship
- Transport



- Equal opps
- Training
- Health & safety
- Trade unions

- Human rights
- Labour standards
- Supply chains
- Indigenous rights

= Risk / impact linked assessments

# **EIRIS Services and Products**

## **Services to Investors**

- **EIRIS Portfolio Manager – a data management tool with ESG information on 3000 companies globally**
- **Toolkits – PRI and Climate Change**
- **Country Sustainability Rating**
- **Convention Watch**
- **ESG News Monitor**
- **Company Sustainability Rating**
- **Controversial Weapons Monitor**
- **Asset Owner due diligence services**
  
- **EIRIS does not provide financial advice or asset management services**

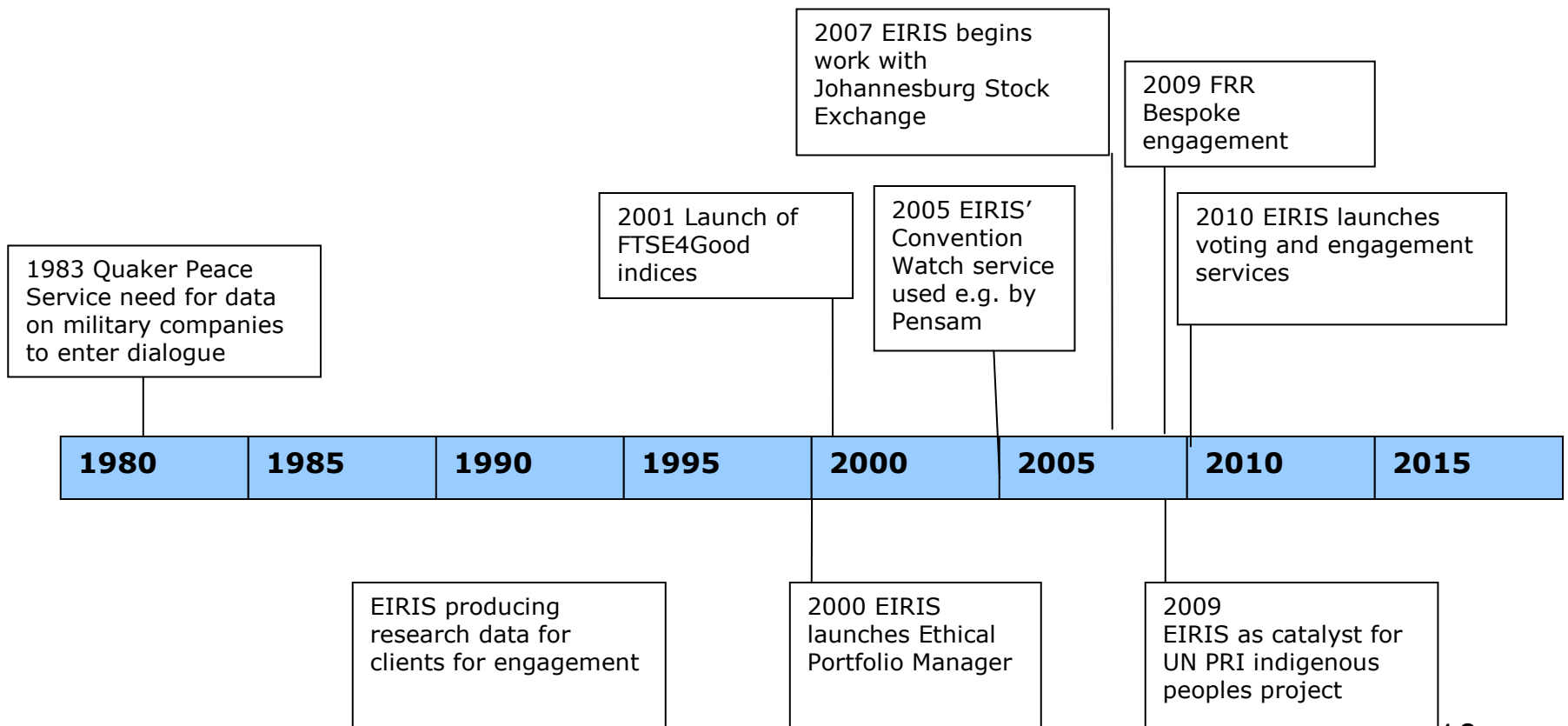
## What is “engagement”?

- Dialogue / conversation for change
- Alternative or complement to positive and negative screening or integration of ESG factors in valuation
- Implies change in company behaviour
- Evolving concept of engagement
- Different types / intended outcomes from engagement

## Why do investors engage?

- **Longer-term perspectives:** e.g. climate change
- **Risk management** - fiduciary interest in long-term risk: corporate governance, transparency and other ESG risks
- **Value creation** - clarify investor expectations of individual companies and address systemic risks for investors
- **Stakeholder interests** - societal benefits and investor reputation benefits if engagement is successful
- **UN PRI** Principles 2,3 and 5 and **UK Stewardship Code & EFAMA Code**
- Increased scrutiny of shareholders role post financial crisis with evolving definition of shareholder responsibility.

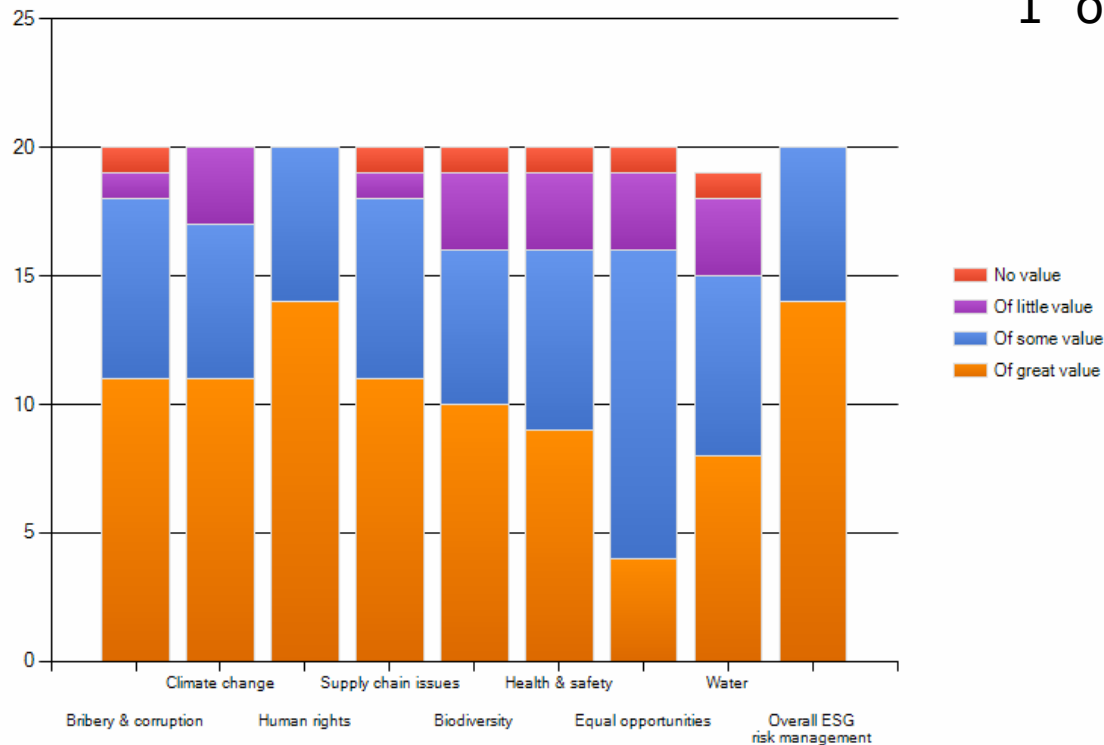
# Timeline of EIRIS Engagement



# What ESG issues are investors interested in?

EIRIS Engagement Survey  
 20 respondents  
 (14 asset managers,  
 5 asset owners and  
 1 'other')

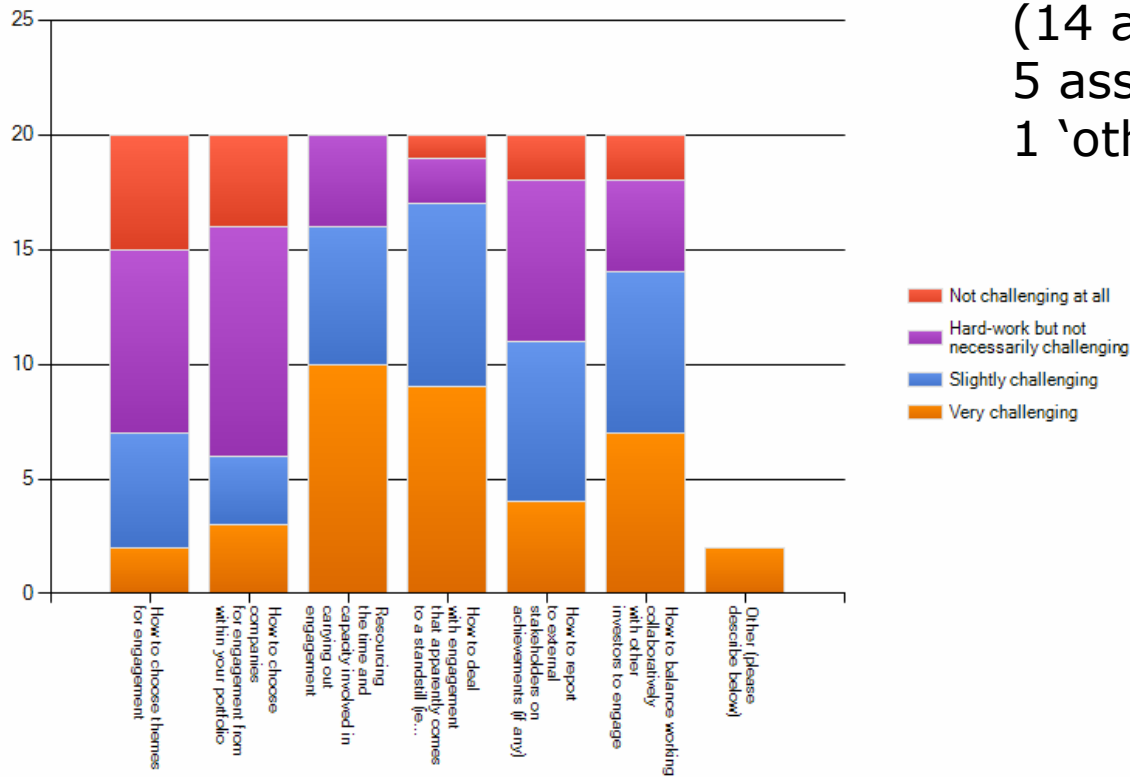
Below are some of the themes EIRIS is considering offering in the first part of our Engagement Service. To what extent would you value engaging on the following themes with sets of companies?



# What's most challenging?

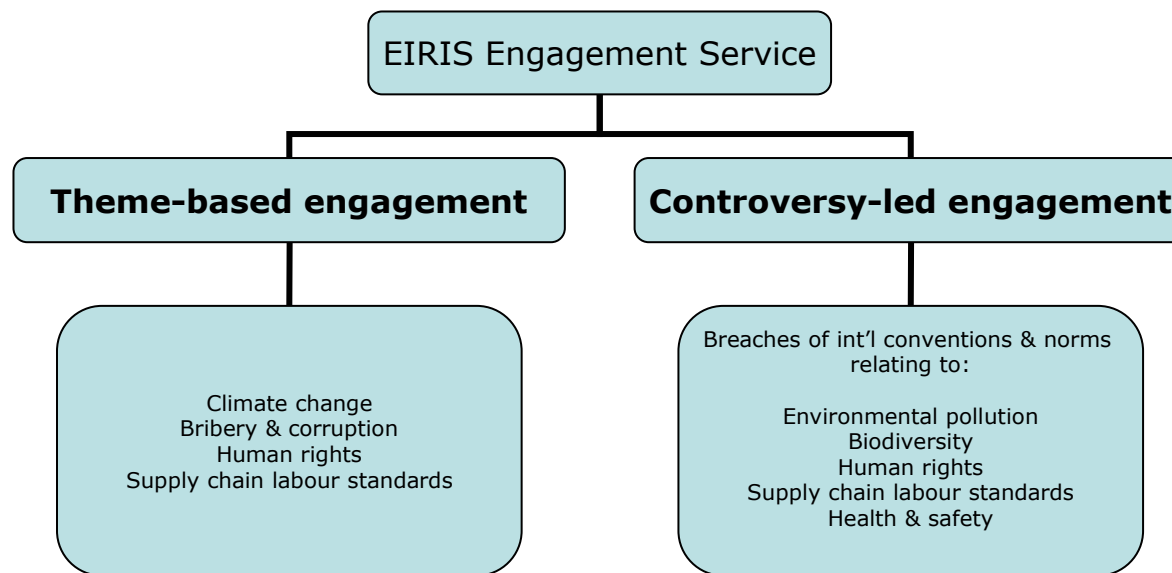
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What do you consider the most challenging aspects of engagement? (Please rank according to your findings)



## **Making an impact**

- Reflect original realistic expectations
- Will have managed/reduced risk
- Need to be patient: takes time
- Not all will work first time
- Companies are getting used to it
- Companies do change – Vedanta talking
- Communicate to clients, beneficiaries, public or other stakeholders? What is best?



# 1. Theme-based Engagement

- 4 themes/year (e.g. Climate change, bribery, supply chain labour standards, human rights)
- 1+ year engagement period, 2 themes run every half-year
- 20 companies for engagement per theme
- Engagement to focus on management response to specific issues, looking at the presence and quality of policies, management systems and level of reporting

## **Theme-based Engagement (cont'd)**

- Climate Change: Management response from limited to intermediate
- Bribery & Corruption – Reporting from limited to intermediate
- Supply Chain – Policy from no evidence to limited or better
- Human Rights (focus on mining/metals sector) – Management Systems from no evidence or limited
- From October 2011 – likely Water and... another

## **2. Controversy-led Engagement**

- Based on high-profile allegations of breaches of international conventions/norms (e.g. Convention on Biological Diversity, Convention Against Corruption, international human rights principles, ILO conventions on labour standards)
- Approx. 20 companies for engagement per year
- Engagement focuses on a specific allegation (e.g. BP & severe environmental pollution; Vedanta & human rights; Total in Burma), analysing the Company's response, providing guidance on best practice and next steps
- Also 5 for Emerging Markets

## **Engagement Process**

- Client is face to Company
- Theme & Company selection
- Research update
- Establish dialogue
- Response and analysis
- Recommendations & next steps

# Reports and services

## Clients will receive:

- Briefing report prior to commencement of engagement & risk briefings on each company
- Bi-annual progress & end of year report, reviewing themes of engagement and detailing progress to date
- Ability to join an expert engagement advisory committee
- Access to Engagement Portal
- **SPECIAL OFFER – until 31 July purchase 6 themes for the price of 4**

## **Why EIRIS?**

- Nearly 30 years engagement experience
- EIRIS Partner Network; international staff
- Draws on our comprehensive research
- Client remains the face to company but...
- .... We do most of the work
- Helps those new to engagement and those who want to ramp it up
- The Engagement Portal

## Contact details

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