

Companies, Communities and Religious Investors, March 5th 2009

How to implement an ethical investment policy

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EIRIS Milestones

- **1983** – Founded by churches and charities
- **1990** – EIRIS helps launch the UK Social Investment Forum
- **2000** – Launches Ethical Portfolio Manager
 - – Provides research for Norwegian Petroleum fund
 - – Goes global with research and sales partners across Europe, North America, Asia and Australia
- **2001** – Launch of FTSE4Good Indices, supported by EIRIS research
- **2004** – EIRIS announces the opening of offices in the US and Japan in 2005. Coverage leaps to 2800 companies globally
- **2005** – Launch of Convention Watch product (International conventions and norms – Kyoto, Montreal protocols.... and more)
- **2006** – Launch of country sustainability ratings
- **2007** – Worked with the JSE (Johannesburg Stock Exchange)
- **2008** – Launch new Climate Change and PRI (Principles for Responsible Investment) products – 25th Birthday!
- **2009** – continues work of PRI and Climate Change

SRI? Now?

- Financially challenging times
- Future generations – climate change, human rights, sins
- Only 25% of high/very high impact companies globally publish a long term strategic target to reduce emissions
- Human Rights concerns – Burma, Sudan, Zimbabwe, Israel...
- Easier access to “sins” than ever courtesy of internet and 3G technology on mobile devices
- Financial risk mitigation – governance

ACCOUNTABILITY

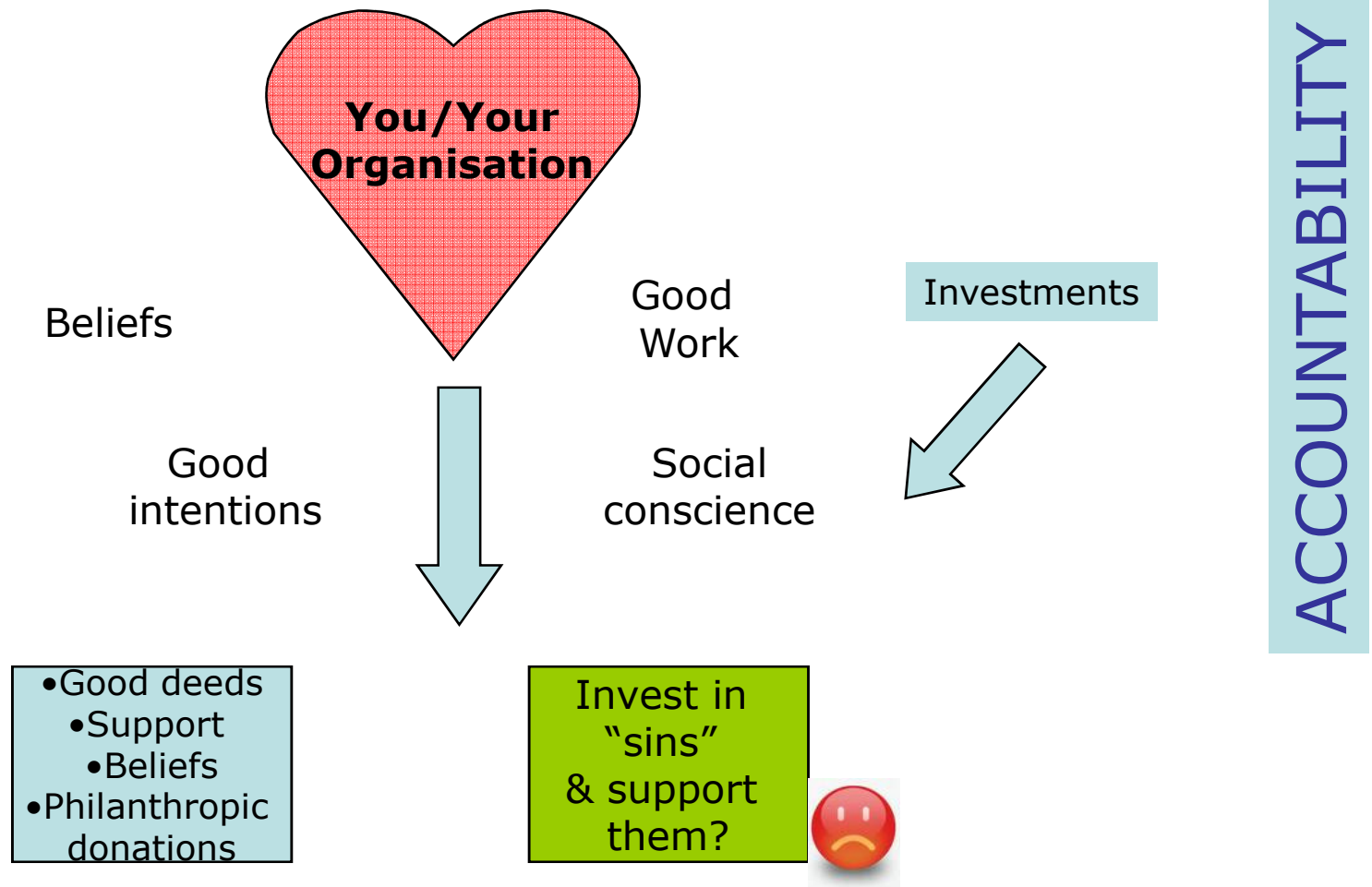
The Principles for Responsible Investment (PRI)

- A framework for incorporating ESG
- 400 Global members representing \$15 trillion FUM
- Private equity firms (PEC) now signed up to PRI
- NRPF in Ireland are signatories (actively committed to mitigation of ESG risk)

Principle 1:	To incorporate ESG issues into investment analysis and decision-making processes.
Principle 2:	To be active owners and incorporate ESG issues into ownership policies and practices.
Principle 3:	To seek appropriate disclosure on ESG issues by the companies invested in.

ACCOUNTABILITY

Socially Responsible?



How to Create an Ethical policy:

- Semantics - SRI, RI, ESG, Sustainable, ethical....
- Decide on the issues that best reflect your mission
- Remember fiduciary duty and the law
- Policy should reflect organisation?

Prevalence of “Sins” in FTSE Companies - 2009

- Market capitalisation in **Europe** (*European constituents of the FTSE All World Developed Index*) excluding **all** of the following in totality:
 - Alcohol
 - Pornography
 - Gambling
 - Abortifacents, contraception
 - Tobacco

Out of **433 FTSE** companies in Europe, **73** involved representing 31.5% of market cap

Overview of areas of coverage

Environment	Governance	Social/Stakeholder	Ethical	Conventions
Environmental Impact	Board Practice	Human Rights Overall	Alcohol	Anti-Bribery Principles
Environmental policy	Codes of Ethics	Human Rights Policy	Animal Testing	Human Rights Principles
Environmental Management	Countering Bribery and Corruption	Human Rights Systems	Abortion and Abortifacents	International Labour Standards
Environmental Reporting	ESG Risk Management	Human Rights Reporting	Fur	Kyoto Protocol
Environmental Performance	Women on the Board	Supply Chain Standards	Gambling	Montreal Protocol
Biodiversity	Sector Specific Issues	Supply Chain Policy	Genetic Engineering	Biodiversity
Climate Change	Access to Medicines	Supply Chain Management Systems	Intensive Farming and Meat sale	Anti-Personnel Landmines
Chemicals of Concern	Mobile Phone Health Concerns	Supply Chain Reporting	Military Production and Sale	PRI
Product Stewardship	Exposure to Obesity Risks	Stakeholder Management	Pornography & Adult Entertainment Services	
Nuclear Power	Project Finance and Sustainability	Employee Relations	Positive Products and Services	
Sustainable Timber	Indigenous Rights	Community Involvement	Tobacco	
			Breast Milk Substitutes	

Conclusion

- SRI perhaps more relevant now than ever
- Absolutely possible to proceed
- Replicate your beliefs in your all activities, including investments
- Look at your level of “accountability”
- SRI now seen more as a “must have” than a “nice to have”

ACCOUNTABILITY