

EIRIS

Ethical Portfolio Manager

Empowering global responsible
investment

www.eiris.org





EIRIS is an independent research organisation that has been conducting environmental, social and governance (ESG) research on publicly listed companies for over 22 years. It is owned and governed by a charitable foundation whose mission is to promote and facilitate socially responsible investment (SRI). EIRIS assists a broad range of investors including retail and institutional fund managers, pension funds, foundations and private client investment managers in the implementation of SRI strategies.

We conduct research on more than 2,800 companies worldwide, covering over 60 different issues in the areas of environment, corporate governance, human rights and other social issues. We also cover areas of specific ethical concern, such as military involvement and genetic engineering.

A complete screening solution

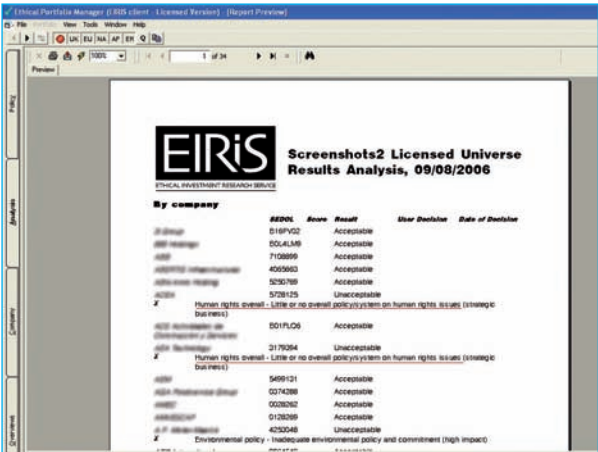
Ethical Portfolio Manager (EPM), EIRIS' proprietary software tool, can be used in a variety of ways to help investment managers select or exclude the right stocks. Clients can choose any of the research criteria available to set up investment policies or simple queries. The results can take the form of a list of scores for each company – a user-customised rating or ranking, or a list of 'acceptable' and 'unacceptable' companies according to the user's ESG selections. EIRIS has a dedicated client team to assist investors in devising SRI policies or bespoke scoring/ranking of companies and to advise on 'weightings' of issues, how to mitigate potential biases, how to translate responsible investment policies into research criteria queries and on avoiding churn in investment portfolios.

Users of the software can obtain results in a variety of formats:

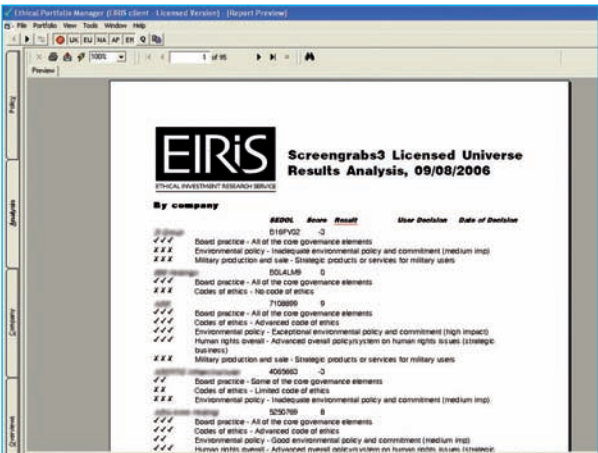
- A simple results list outlining the companies that have met or not met the criteria set by the user

Sector	Score	Company	User Decision	Rule	Result
Aerospace & Defense					
	0	Boeing			Acceptable
	-4	Boeing			Unacceptable
	-3	Boeing			Unacceptable
	-1	Boeing			Unacceptable
	-3	Boeing			Unacceptable
Chemicals					
	-4	Chemicals			Unacceptable
	0	Chemicals			Acceptable
	-4	Chemicals			Unacceptable
	-4	Chemicals			Unacceptable
	-3	Chemicals			Unacceptable
	-1	Chemicals			Unacceptable
	-3	Chemicals			Unacceptable
	-4	Chemicals			Unacceptable
	-3	Chemicals			Unacceptable
	-3	Chemicals			Unacceptable
	-3	Chemicals			Unacceptable
	-4	Chemicals			Unacceptable
	-4	Chemicals			Unacceptable
Automobiles & Parts					
	0	Automobiles			Acceptable
	-4	Automobiles			Unacceptable

- A results analysis report providing the basic reason(s) for each company's result



- A results analysis report providing the breakdown of a company's score, and the basic reason for each score



Investors may also choose to read our in-depth research in its totality, which is available in our company reports. These include all the research we perform on any



one company, including news stories. Sample reports are available on request.



Furthermore, EPM allows users to analyse the impact of ESG choices or restrictions on the universe of stocks available for investment, and to measure the impact of SRI strategies over time.

Research Methodology

EIRIS research can be sub-divided into three different approaches. In the first approach, we identify a company's involvement and degree of impact on ESG issues. The second approach is to assess companies' capacity to mitigate or manage ESG risks and opportunities through its policies, management systems and communications. The final approach is to assess corporate performance in these areas, using a variety of indicators from different sources. These three approaches are combined to provide a detailed holistic view of a company's behaviour with regards to ESG issues. The following are examples of the kind of research criteria we cover within each issue area, categorised according to the research approach investors are most interested in:

Environment

- **Involvement and impact:** each company's environmental impact is categorised as high, medium or low, with reference to the company's business activities and sector.
- **ESG risk mitigation capacity:** companies' environmental policies, management systems and reporting are assessed



according to their reach, depth, standards adhered to and the extent and quality of reporting.

- **Performance:** indicators such as air emissions, discharges to water, waste and water consumption are used to assess a company's environmental performance.

Governance and Ethics

- **Involvement and impact:** EIRIS takes a universal approach in this area of research, assessing all companies globally according to the same governance and ethical principles.
- **ESG risk mitigation capacity:** we assess corporate board structure and practice, the quality of companies' code of ethics and related management systems, companies' commitment to ESG risk/opportunity management and responsibility for stakeholders at the board level.
- **Performance:** we report on significant governance scandals in the news, alleged breaches of the spirit of UN anti-corruption principles and we assess whether companies have addressed the alleged breaches.

Social

- **Involvement and impact:** we identify companies with large presences in countries with oppressive regimes, or resource sector companies present outside OECD economies.

- **ESG risk mitigation capacity:** we assess companies' policies, management systems and reporting with relation to human rights, global supply chain management, stakeholder relations, employee issues, customer and supplier relations, as well as their involvement in the community.
- **Performance:** we report on significant stakeholder issues in the news, such as regulatory fines, product recalls or anti-competitive practices, and alleged breaches of the spirit of UN human rights principles and labour standards. EIRIS also assesses whether companies have addressed the alleged breaches.

Specific Concerns

- **Involvement and impact:** EIRIS identifies companies' involvement in a range of activities which might present a business risk due to disapproval by parts of society or opportunities due to their perceived positive impact. We identify the extent of companies' involvement in waste disposal, public transport, safety equipment, healthcare, food, clothing & housing, environmental technology, contraception/abortion, adult entertainment, military production, intensive farming, nuclear power, tobacco and alcohol production and sale, fur, animal testing and genetic engineering.

For more information on Ethical Portfolio Manager software and EIRIS research please call EIRIS on 020 7840 5700 or email clients@eiris.org

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