

MSCI ESG Impact Monitor



MSCI ESG Impact Monitor allows institutional investors to analyze a company's significant social and environmental impacts and its ability to manage those impacts. Institutional investors are able to determine company involvement in major ESG controversies, how well companies adhere to international norms and principles, and to assess company strategies, disclosure and performance with respect to these norms and principles.

Key Features and Benefits

Comply with International Standards: MSCI ESG Impact Monitor research allows institutional investors to determine how well companies adhere to international norms and principles such as the UN Global Compact and ILO Core Conventions. Investors are able to assess company strategies, policies, systems, and disclosure with respect to these norms and principles.

Screen out Worst Performers: MSCI ESG Impact Monitor is available on the MSCI ESG Manager platform and allows investors to screen out companies from their portfolio with the worst performance in a sector or with major negative impacts on society or the environment. This includes major human rights violations, significant employee safety issues, or major pollution problems.

Manage Reputation Risk: With MSCI ESG Impact Monitor, clients can be alerted to portfolio holdings that with their poor performance may bring significant reputational risks to the investor. Using MSCI ESG Impact Monitor's scoring and flagging system and associated in-depth research, clients can assess whether engagement, divestment, or other action is needed.

Broad and in-depth Coverage: MSCI ESG Impact Monitor evaluates approximately 3,000 companies, including all companies on the MSCI ACWI Index using over 30 performance indicators. The product includes in-depth write-ups of all notable performance issues, not just the most severe cases.

Receive timely Email Alerts: MSCI ESG Manager provides institutional investors with the ability to set and receive customized email alerts for important ESG changes to their portfolios.



Product Methodology

MSCI ESG Impact Monitor analyses and monitors company management strategies and their actual performance:

- To assess company strategies, our research analysts look at policies, management systems and initiatives in place to ensure compliance with international norms and standards, evaluating each sector by its specific risks.
- We then conduct further research to assess actual performance, looking for instances where companies are involved in major controversies or have breached the standards set by the UN Global Compact, ILO Core Conventions, or other international bodies.
- Once the assessment for each company has been completed, we assign a score and red, yellow, green flag to describe the controversy breach type and pattern:

R **RED:** Indicates that a company is involved in one or more very severe controversies.

Y **YELLOW:** Indicates that the company is involved in severe-to-moderate level controversies.

G **GREEN:** Indicates that the company is not involved in any major controversies.

- The MSCI ESG Impact Monitor approach is stakeholder driven and covers the following five categories of stakeholders impact organized against 30 indicators:

MSCI ESG Impact Monitor Coverage - Stakeholder 'Pillars' and 'Indicators'

Environment	Customers	Human Rights & Community	Labor Rights & Supply Chain	Governance
<ul style="list-style-type: none"> • Land Use & Biodiversity • Toxic Spills & Releases • Energy and Climate Change • Water Management • Operational Non-Hazardous Waste • Impact of Products & Services • Supply Chain Management • Other controversies 	<ul style="list-style-type: none"> • Anti-Competitive Practices • Marketing & Advertising • Product Quality & Safety Concerns • Customer Relations • Other controversies 	<ul style="list-style-type: none"> • Adverse Impact on Local Communities • Support for Controversial Regimes - Burma & Sudan • Support for Controversial Regimes - Other Countries • Freedom of Expression & Censorship • Human Rights Abuses • Other controversies 	<ul style="list-style-type: none"> • Labor Management Relations • Employee Health & Safety • Collective Bargaining & Unions • Discrimination & Workforce Diversity • Child Labor • Supply Chain – Other Contraventions • Other controversies 	<ul style="list-style-type: none"> • Business Ethics – Bribery & Fraud • Governance Structures • Controversial Investments • Other controversies

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MSCI Inc. is a leading provider of investment decision support tools to investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indices, portfolio risk and performance analytics, and governance tools.

The company's flagship product offerings are: the MSCI indices with approximately USD 7 trillion estimated to be benchmarked to them on a worldwide basis; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS governance research and outsourced proxy voting and reporting services; FEA valuation models and risk management software for the energy and commodities markets; and CFRA forensic accounting risk research, legal/regulatory risk assessment, and due-diligence. MSCI is headquartered in New York, with research and commercial offices around the world.

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¹ As of June 30, 2011, based on eVestment, Lipper and Bloomberg data.