

Services for PRI Signatories



The **Principles for Responsible Investment (PRI)** call on investors to incorporate environmental, social and governance factors into their investment practices. Asset owners, managers and advisors can use MSCI ESG Research products and services to help implement each of the six Principles.

ESG Integration Tools

To include ESG factors into their investment analysis, investors need reliable, objective data on corporate ESG performance.

MSCI ESG Research provides in-depth research into the sustainability practices of thousands of companies worldwide, as well as advanced tools to help investment managers implement investor screening mandates on social and environmental issues.

MSCI ESG Intangible Value Assessment (IVA)—MSCI ESG IVA company and sector profiles help investors explore the materiality of ESG risks and opportunities.

MSCI ESG Impact Monitor—A screening tool to evaluate corporate compliance with international standards for Human Rights, Labor Rights, Anti-Corruption, and the Environment, as defined by the UN Global Compact.

MSCI Global Socrates—An ESG research platform providing global research coverage, in-depth company profiles, quantitative ratings and data points, comparative scores, and side-by-side peer rankings through a user-friendly, customizable interface.

MSCI ESG Indices—With 40 years of expertise in index construction and maintenance, MSCI aims to set new standards for ESG indices – allowing clients to more effectively benchmark ESG investment performance, issue index-based ESG investment products, as well as to manage, measure and report on their compliance with ESG mandates. The MSCI ESG Indices¹ bring together the widely-accepted MSCI Global Investable Market Indices Methodology with in-depth analysis and ratings from MSCI ESG Research². Today, MSCI is the only major index provider with a separate in-house ESG research business unit.

The MSCI ESG Indices are grouped into three main categories:

- MSCI ESG Best-of-Class Indices, such as the MSCI World ESG Index, integrate sustainability analysis into the index construction process by including companies with high ESG ratings relative to their sector peers.
- MSCI ESG Values-Based Indices, such as the MSCI KLD 400 Social Index, include companies that are compatible with certain values,

850 + PRI signatories represent USD 25 trillion in assets.

More than 85% of signatories have ESG-related investment policies.

Source: PRI, April 2011; www.unpri.org/principles

The six Principles for Responsible Investment (PRI):

1. Signatories will incorporate ESG issues into investment analysis and decision-making processes.
2. Signatories will be active owners and incorporate ESG issues into our ownership policies and practices.
3. Signatories will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. Signatories will promote acceptance and implementation of the Principles within the investment industry.
5. Signatories will work together to enhance our effectiveness in implementing the Principles.
6. Signatories will each report on our activities and progress towards implementing the Principles

norms or ethical standards, in addition to screening for companies with high ESG ratings relative to their sector peers.

- MSCI ESG Environmental Indices, such as the MSCI Global Environment Index, include companies whose products and services focus on specific environmental themes such as alternative energy or clean technology.

In addition, MSCI calculates Custom ESG Indices using unique ESG requirements specified by clients.

¹ MSCI ESG Indices are the continuation of indices developed over the past 20 years by KLD, which became part of MSCI following its acquisition of RiskMetrics in June, 2010.

² MSCI ESG Research is the successor to ESG pioneers KLD, Innovest and IRRC, which were acquired through MSCI's recent acquisition of RiskMetrics. The MSCI ESG Indices use ratings and other data, analysis and information supplied by MSCI ESG Research. MSCI ESG Research is produced by RiskMetrics's wholly-owned subsidiary, Institutional Shareholder Services Inc. ("ISS").

Active Ownership and Engagement Services

The practice of “active ownership” requires investors to know more about the companies whose shares they own.

MSCI ESG Research products detail the what, where and how of a company’s operations. MSCI ESG Custom Research provides customized engagement products and services to align with investors’ particular strategies and objectives.

- **MSCI ESG Company and Portfolio Reports**—Provide transparency about corporate activity, identify industry- and region-specific best practices, and can be used to engage with companies to improve corporate ESG performance and disclosure.
- **MSCI ESG Portfolio Audit Services**—Evaluate portfolios with respect to globally accepted standards or investor-specific ESG guidelines, providing periodic progress reports on the ESG performance of portfolios.
- **MSCI ESG Screener and Data Feeds**—Filter out companies that do not meet client ESG standards. Using MSCI ESG Screener, clients can also benchmark corporate ESG performance against sector peers to identify leaders and laggards on critical ESG issues.

PRI Compliance Reporting

MSCI ESG Research directly engages with the companies that we evaluate to encourage them to improve their ESG reporting and sustainability efforts.

MSCI ESG Research analyses include:

- Objective evaluation of corporate reporting, including goals and mechanisms to measure and track appropriate disclosure on ESG issues.
- Tracking of corporate compliance with environmental, labor, and NGO codes, standards and initiatives.
- Acknowledgement of third-party verification of corporate claims and participation with advocacy organizations, such as the Global Reporting Initiative (GRI), Ceres, and the Carbon Disclosure Project.

ISS PRI Proxy Overlay specifically evaluates proposals that seek corporate disclosure on ESG issues, proposals based on GRI guidelines and proposals related to basic compliance with international norms.

MSCI also provides ESG-related proxy and governance services through its wholly-owned subsidiary, Institutional Shareholder Services Inc (ISS).

- **ISS PRI Proxy Compliance**—Provides customized proxy policy guidelines and vote recommendations that reflect a client’s ESG perspectives
- **ISS Proxy Research**—Provides a comprehensive proxy research and vote recommendations reflecting a variety of policy options
- **ISS Social Issues Services**—Provides analysis of social and environmental shareholder proposals and other developments influencing corporate social responsibility
- **ISS Proxy Voting**—Provides full service proxy voting with dedicated account management to ensure votes are executed in accordance with policies
- **ISS Vote Disclosure Services**—Allow investors to report and communicate their proxy voting decisions through a customized web site.

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About MSCI ESG Research

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 which include over 148,000 daily indices covering more than 70 countries; Barra portfolio risk and performance analytics covering global equity and fixed income markets; RiskMetrics market and credit risk analytics; 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. MSCI ESG Research products and services provide in-depth research, ratings and analysis of environmental, social and governance-related business practices to companies worldwide. ESG ratings, data and analysis from MSCI ESG Research are also used in the construction of the MSCI ESG Indices.

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