

MSCI ESG RATINGS

FROM MSCI ESG RESEARCH INC.

The next generation of ESG ratings:
More data, more context, better decisions.

MSCI ESG RATINGS is designed to identify ESG risks or opportunities that may not be captured through conventional analyses. With robust research, ratings and analysis of corporate management of environmental, social and governance factors, MSCI ESG Ratings provides institutional investors with a more comprehensive ESG integration solution.

KEY FEATURES AND BENEFITS:

Market Leading Corporate Governance Insights

Access to our corporate governance model, based on 96 unique metrics assessing governance risks that can vary significantly between different capital markets and ownership structures.

Daily Updates

Continuous evaluation of ESG risks, including daily monitoring of 2,100 media publications and regular updates of public documents and 3rd party data sets.

In-depth Risk Exposure Analysis

MSCI ESG Ratings calculate the size of each company's exposure to key ESG risks based on a granular breakdown of business segment and geographic risk.

Accounting Risk Metrics

Accounting metrics address the transparency and reliability of reported financials, based on a quantitative analysis of approximately 60 underlying key financial ratios.

Indispensable Insights

Newly designed tear sheets are built for portfolio managers and analysts, highlighting the key material risks and opportunities driving the rating.

Industry Context and Peer Analysis

Access to over 70 industry reports identifying the most significant key ESG issues, trends and changes in the risk landscape, and best practices in risk management.

Comprehensive Data on Boards & Directors

Data on board size, tenure & director election standards; director age and gender diversity; plus financial, industry and risk management expertise on key board committees.

ESG Integration and PRI Compliance

Integrating ESG into the investment process is one principle for PRI signatories and increasingly mandated and scrutinized by asset owners. MSCI ESG Ratings are designed to help clients meet these requirements and identify the financial relevance of ESG factors.

STAPLES, INC. (SPLS) ESG RATING **BBB**
LAST UPDATE: April 29, 2015

Labor and corporate governance concerns, large data breach

GOVERNANCE SNAPSHOT

Board Independence %	81.8%
Significant Issues Management	NO
Environmental Board	YES
Pay Performance Gap	NO
Executive Pay Non-Disclosure	NO
Multiple Share Classes with Different Voting Rights	NO

INDUSTRY RATING DISTRIBUTION

AAA	0%
AA	0%
A	0%
BBB	100%
BB	0%
B	0%
CCC	0%

ESG RATING TREND

BBB (2011-2014), BBB (2015)

ESG SCORE CARD

Category	Score	Weight
Environment	28.0%	3.3
Energy Efficiency	27.0%	3.0
Greenhouse Gas Emissions	27.0%	3.0
Water Management	29.0%	3.5
Use of Chemicals & Pesticides	29.0%	3.5
Waste Management	28.0%	3.3
Social	29.0%	3.5
Labor Disputes	28.0%	3.3
Human Rights	29.0%	3.5
Health & Safety	29.0%	3.5
Community Development	29.0%	3.5
Product Safety & Quality	29.0%	3.5
Business Ethics & Fraud	29.0%	3.5
Accounting Risk	29.0%	3.5

RATING COMMENT (APPROX DATE: April 29, 2015)

Staples has been downgraded to BBB from BB+ due to the company's failure to disclose the full details of its data security breach in a timely fashion. The company's failure to disclose the full details of its data security breach in a timely fashion is a significant concern. The company's failure to disclose the full details of its data security breach in a timely fashion is a significant concern.

MOST SIGNIFICANT RISKS

- ESG** Privacy & Data Security - Critical 2.7 (April 29, 2015)
- ESG Labor Management - Critical 2.7 (April 29, 2015)

STAPLES, INC. (SPLS) ESG RATING **BBB**
LAST UPDATE: April 29, 2015

Labor Management - Critical 2.7

In February 2015, Staples, Inc. announced that it would acquire Office Depot for \$4.1 billion. The announcement followed reports of a pay dispute between the two companies. The company's failure to disclose the full details of its data security breach in a timely fashion is a significant concern.

MOST RECENT CONTROVERSIES

ISSUE	ASSIGNMENT	TYPE	DATE
Class Action Lawsuit over Alleged Overtime Wages of Truck Drivers in New Jersey	Minor	Labor Management Relations	January 2015
Data Breach Affecting Approximately 1.1 Billion Email and Social Media Accounts	Minor	Privacy & Data Security	December 2014
Shareholder Dispute of Executive Pay, 54 Percent Majority Vote Against Compensation Plan	Minor	Governance Structures	June 2014

CEO

BOARD OF DIRECTORS

9 Men on Board, 2 Women on Board

SHAREHOLDERS

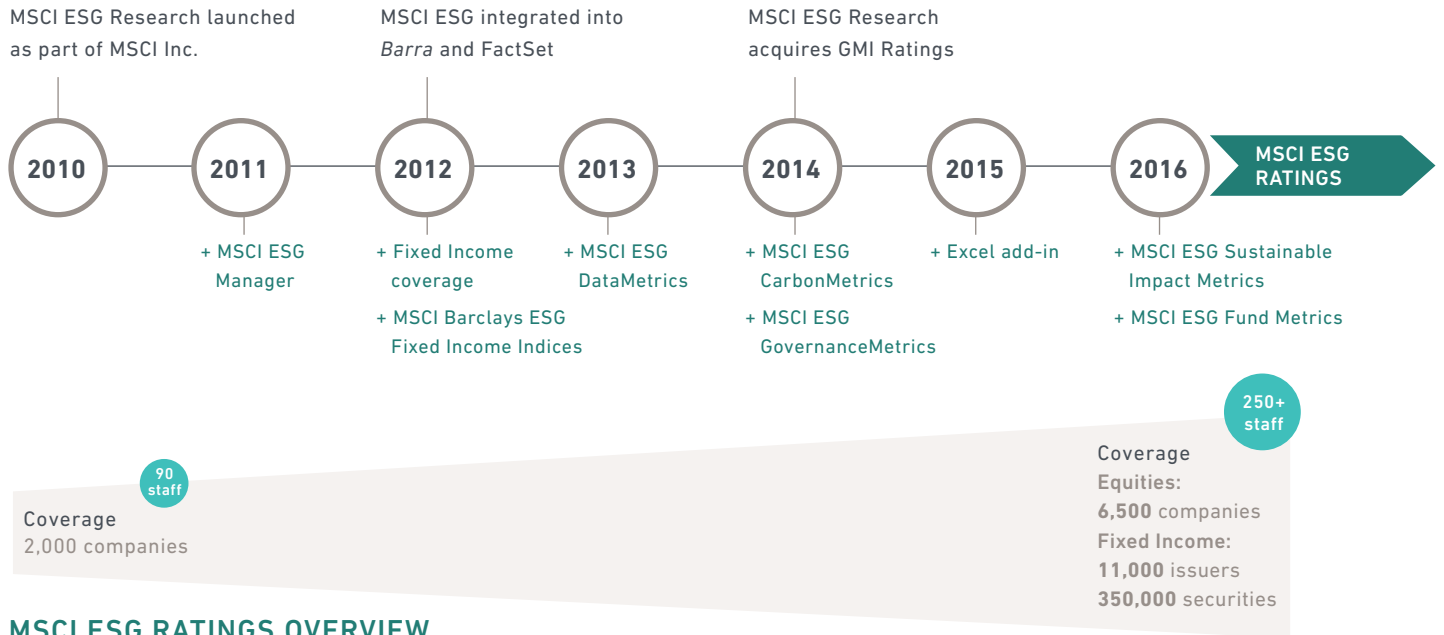
Majority Shareholder Control: N/A
Top 5 Shareholders: 2.1%
% Held by Top 5 Shareholders: 2.1%
% Held by Largest Shareholder: N/A

LARGEST 10 INDUSTRY PEERS (RETAIL - CONSUMER DISCRETIONARY)

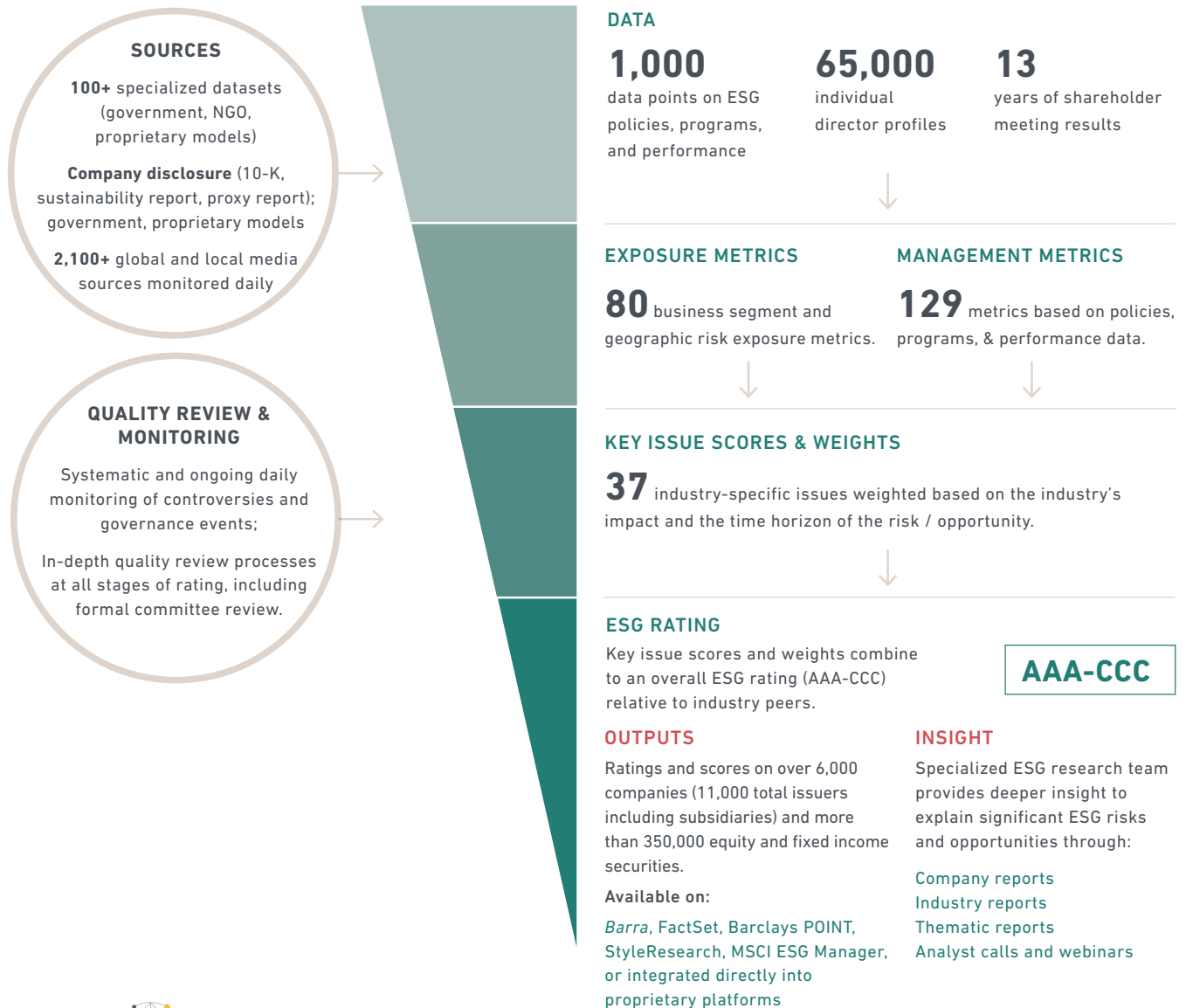
Company	Industry	ESG Rating	ESG Score	ESG Weight
Indieco de Oportunidades S.A.	RETAIL - CONSUMER DISCRETIONARY	N/A	***	***
Walmart Stores Inc.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Mexico S.A. de C.V.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Chile S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Argentina S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Colombia S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Costa Rica S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Ecuador S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Guatemala S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***
Walmart de Honduras S.A.	RETAIL - CONSUMER DISCRETIONARY	BBB	***	***



THE ROAD TO NEXT GENERATION MSCI ESG RATINGS



MSCI ESG RATINGS OVERVIEW



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