Implementing Responsible Investment

Current issues for pension fund investments in EM

1. Growth is essential to meet financial needs
   *EM can deliver growth* (demographics)

2. World economy is based on globalization and regional economic blocks
   *EM are beneficiaries of these broad trends* (re-structuring)

3. Can pension funds meet financial needs without a sustainable investment view?
   *No, risk will be higher without a S.I. view* (under-served markets, poverty, resources, trust, peace)
New tools for ensuring long-term stable returns

1. Disclosure on ES&CG material issues
   Listed companies, global investors, SRI research firms, sellside, regulatory agencies. Lack of track records. Cost of research.

2. Sometimes, not easy to have a large peer-group to apply best-in-class approach
   Comparison to similar companies or to global companies. Lack of investment opportunities. Presence in benchmarks.
3. Listed vs Unlisted; Multinationals vs Locals; Local regulations vs Global Standards; Top down vs Bottom up; Country-specific impact on financial return from different sustainability aspects; Industry vs Country; Risk perception vs Knowledge of EM; Regulatory problems (protection to investors, currency crisis, political crisis, macro stability); SRI guidelines specific for EM security analysis.