



Challenges for SRI Indexes in Asia-Pacific

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State of Play

	FTSE4Good *	DJSI World *	CLSA CG Watch
Australia	4	12	
China			↕
Hong Kong	1	3	
India			
Indonesia			↕
Japan	6	30	
Korea			
Malaysia		3	↕
Pakistan			
Philippines			
Singapore		1	
Taiwan		2	
Thailand			↕
TOTAL	11	51	

* Number of companies in FTSE4Good Global and DJSI World Indexes by A-P country

FTSE4Good, DJSI and CLSA in A-P

FTSE4Good Global

- 11 of 100 companies from A-P (11%)
- Japan & Australia dominate, 1 from HK

DJSI World

- 51 of 310 companies from A-P (16%)
- Japan & Australia dominate, also from HK, Malaysia, Taiwan and Singapore

CLSA Corporate Governance (CG) Survey of Emerging Markets

- focus on emerging markets - not Japan and Australia
- included social responsibility as one of seven CG criteria
- of 100 largest companies, returns from top CG quartile twice that of average

Only two A-P companies in FTSE4Good & DJSI

Two companies, Telstra (Aus) and Sony (Japan), in FTSE4Good & DJSI

- Why? FTSE4Good focus on higher caps? DJSI flexible methodology?
- Will such discrepancies confuse SRI investors / corporates?
- Would more consistency between indexes help build credibility of SRI?
- Will discrepancies increase with number of A-P rating agencies / indexes?
- Are the right companies in indexes?
- Will they deliver enhanced performance over time?

Emerging market CSR = Mature market CSR?

Companies in emerging markets scored as well on social responsibility as the best in Hong Kong and Singapore

- CLSA method not totally robust but....
-does indicate that SRI opportunities in emerging markets esp China & India
- How can FTSE4Good / DJSI methods be adapted for A-P?

Challenges for A-P SRI Index



Challenge 1 : Increase companies and countries

Increase number of A-P companies and countries in SRI Indexes

Expand investment universe

- FTSE's universe excludes India & China
- DJSI's has three companies in India
- include medium as well as large caps
- active engagement with SRI definites and SRI future candidates - incentivise!

Adapt methodologies

- emphasise forward looking criteria (eg: commitment and plans)?
- reduce emphasis on systems in place and performance?
- set challenging targets for companies (as FTSE4Good intends to)

Challenge 2 : Reassure investors

Reassure investors that portfolio is not overtly risky

- excellent local research
- more in depth interviews and site visits
- special reassurance for diversified (difficult to manage issues)
- balance SRI criteria with Corporate Governance criteria
- assess local multinationals on their own credentials not that of corporate entity
- ensure index methodology and results are transparent (DJSI good example)
- favour corporates who are confident enough to publicly report