

An initiative of  
UNEP Finance Initiative  
and the  
UN Global Compact

## **EAI AND PRI JOIN FORCES TO INTERNATIONALISE THE CALL FOR BETTER INVESTMENT RESEARCH**

London, 6 October 2008 - The Enhanced Analytics Initiative (EAI) and the Principles for Responsible Investment (PRI) have today announced that they will join forces under the PRI name to internationalise the call for better investment research. With joint assets under management of more than US\$15 trillion, this new approach will represent a single, powerful voice within international investment markets, continuing to encourage the production of better integrated and longer term research.

Both initiatives are industry-led, international collaborations aimed at achieving better long-term investment returns by evaluating the impact of extra-financial issues on company and market performance.

Extra-financial issues (EFIs) are best described as fundamentals that are generally not part of traditional fundamental analysis but have the potential to impact companies' financial performance or reputation in a material way, such as corporate governance, climate change and employment standards.

Peter Scales, current Chairman of the EAI, said:

“EAI has been a ground-breaking collaboration and a real global industry catalyst. The quality and depth of research which integrates EFI issues into investment research has improved dramatically since EAI launched. There is still work to do to embed this consistently across borders and the conviction of EAI members in supporting the integration of EFIs into investment analysis is unwavering.

“Today’s announcement marks the beginning of a new direction for EAI and is the next logical step in the Initiative’s evolution. The opportunity to join forces with the PRI will allow us to internationalise and extend the call for EFI research, with the benefit of PRI’s global reach and broad signatory base.”

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This decision follows the agreement in January 2007 of a formal collaboration between UNPRI and EAI, when it was announced that signatories of each initiative would be actively invited to join the other.

Donald MacDonald, Chairman of the PRI, said:

“PRI was created in part to encourage the development and use of extra-financial research by a broader group of investors. The availability of quality, integrated research is critical to this effort and EAI has played a crucial role over the past four years in awakening the investment community to the importance of research which considers EFIs.

“This extension of the existing collaboration agreement will offer PRI the opportunity to make use of EAI’s experience in order to translate its principles into execution. This will enable us to build on the significant work EAI has done since inception, allowing us to gain further traction in continuing to encourage the lasting integration of EFIs into the investment decision making process on an international basis.”

The decision to join forces with the PRI Initiative will necessitate changes to the existing EAI process, which currently involves a bi-annual evaluation of investment research and an incentive to those research providers who produce high-quality EFI research through the allocation of commissions.

A working group comprising of both EAI members and representatives from the PRI has been established and further detail regarding how the group will support research providers that diversify their approach to assessing the impact of long term intangibles on company performance is expected by the end of the December 2008.

EAI will be holding a closing meeting with a report reviewing the initiatives work over the past four years in Paris, on 4 December 2008. For further information, please contact Olivia Tomlin at Capital MS&L on [olivia.tomlin@capitalmsl.com](mailto:olivia.tomlin@capitalmsl.com).

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**Notes to editors:**

**About the Principles for Responsible Investment**

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The PRI were developed by a group of leading institutional investors in a process convened by UNEP Finance Initiative and the UN Global Compact. The Principles recommend actions for incorporating environmental, social and governance issues into mainstream investment decision-making and ownership practices. There are now over 400 signatories, together representing in excess of US\$15 trillion in assets.

For more information: <http://www.unpri.org/>

### **About the Enhanced Analytics Initiative**

The Enhanced Analytics Initiative is an international collaboration between asset owners and asset managers aimed at encouraging better investment research, in particular research that takes account of the impact of extra-financial issues on long-term investment. The Initiative currently represents total assets under management of around US\$3 trillion. EAI encourages Research Providers to compile better and more detailed analysis of extra financial issues within mainstream research. Its impact depends on offering credible market incentives to interested and appropriate research agencies to encourage them to adapt their research process and to become more innovative. [www.enhanced-analytics.com](http://www.enhanced-analytics.com)

### **About extra-financial issues**

Analysis indicates that a substantial part of a company's value is related to its extra-financial performance or intangibles. Extra-financial issues are best described as fundamentals that have the potential to impact companies' financial performance or reputation in a material way, yet are generally not part of traditional fundamental analysis. Extra-financial issues typically include, but are not limited to, climate change, corporate governance, employment standards, human resources, executive remuneration, environmental and social areas and reputation risk. They may be specific to a company, an industry or cut across several industry-groups.

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