



Human Rights: not only companies are concerned ...

Ophélie Mortier – SRI Breakfast, Milano, 16/04/2014

Signatory of:
 **PRI** Principles for
Responsible
Investment



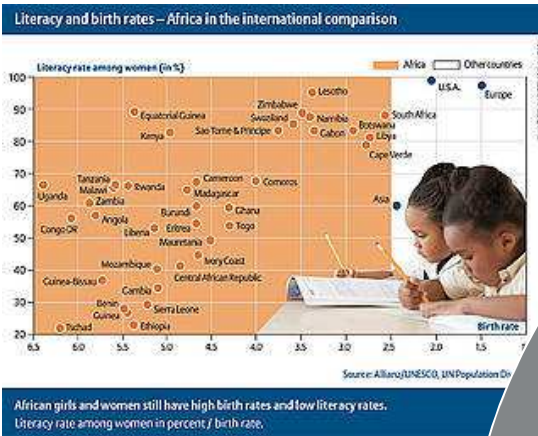


The Arab Spring versus the Egyptian sovereign market

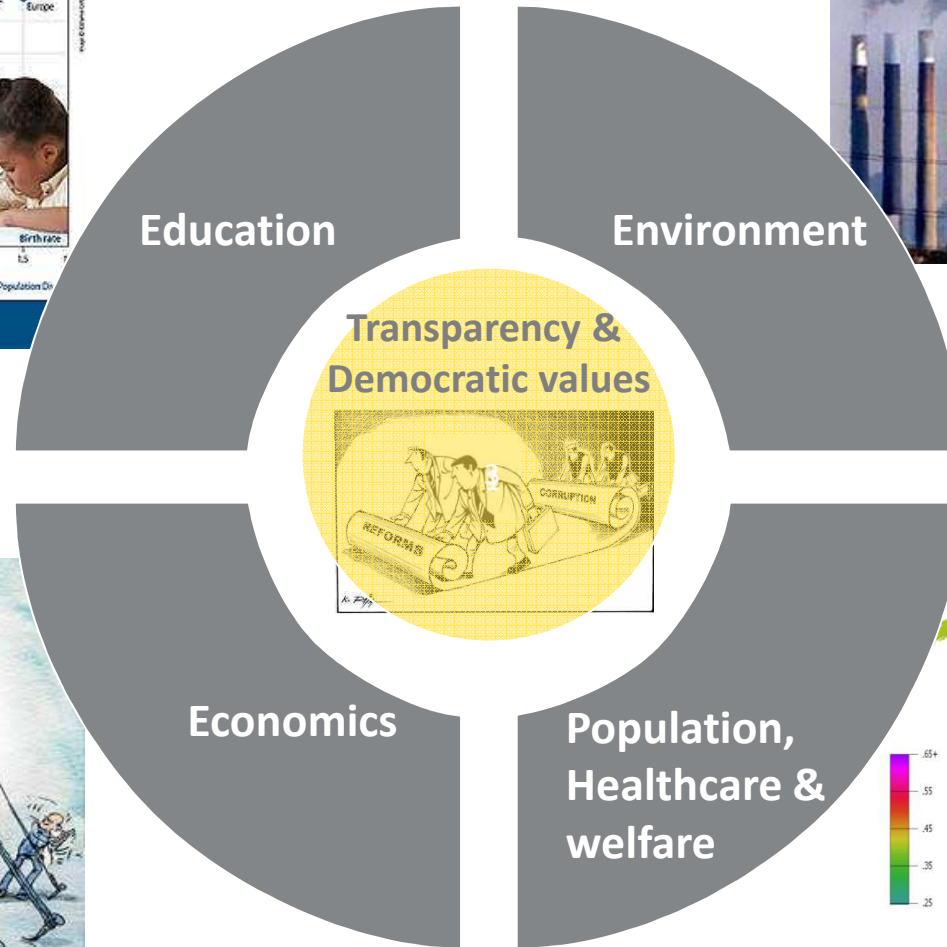


- | At the heart of our sustainability country screening
- | Petercam, a pioneer in sustainability country screening
 - 2007 proprietary model developed in the OECD universe
 - Real added value in terms of volatility and risk resilience during crisis (European sovereign crisis)
 - 2012 extension to emerging market universe
- | Developed versus Emerging economies
 - Same definition of country sustainability
 - Indicators must be differentiated as issues are not similar

- Transparency & democratic values at the heart of the model



African girls and women still have high birth rates and low literacy rates. Literacy rate among women in percent / birth rate.



| Transparency and democratic values to ensure favourable and stable environment

- Press Freedom
- Civil Liberties
- Political Rights
- Political stability and absence of violence/terrorism

| In close line with the Millennium Development Goals (United Nations)

The Millennium Development Goals

Eight Goals for 2015



1

Eradicate extreme hunger and poverty



2

Achieve universal primary education



3

Promote gender equality and empower women



4

Reduce child mortality



5

Improve maternal Health



6

Combat HIV/AIDS, malaria and other diseases



7

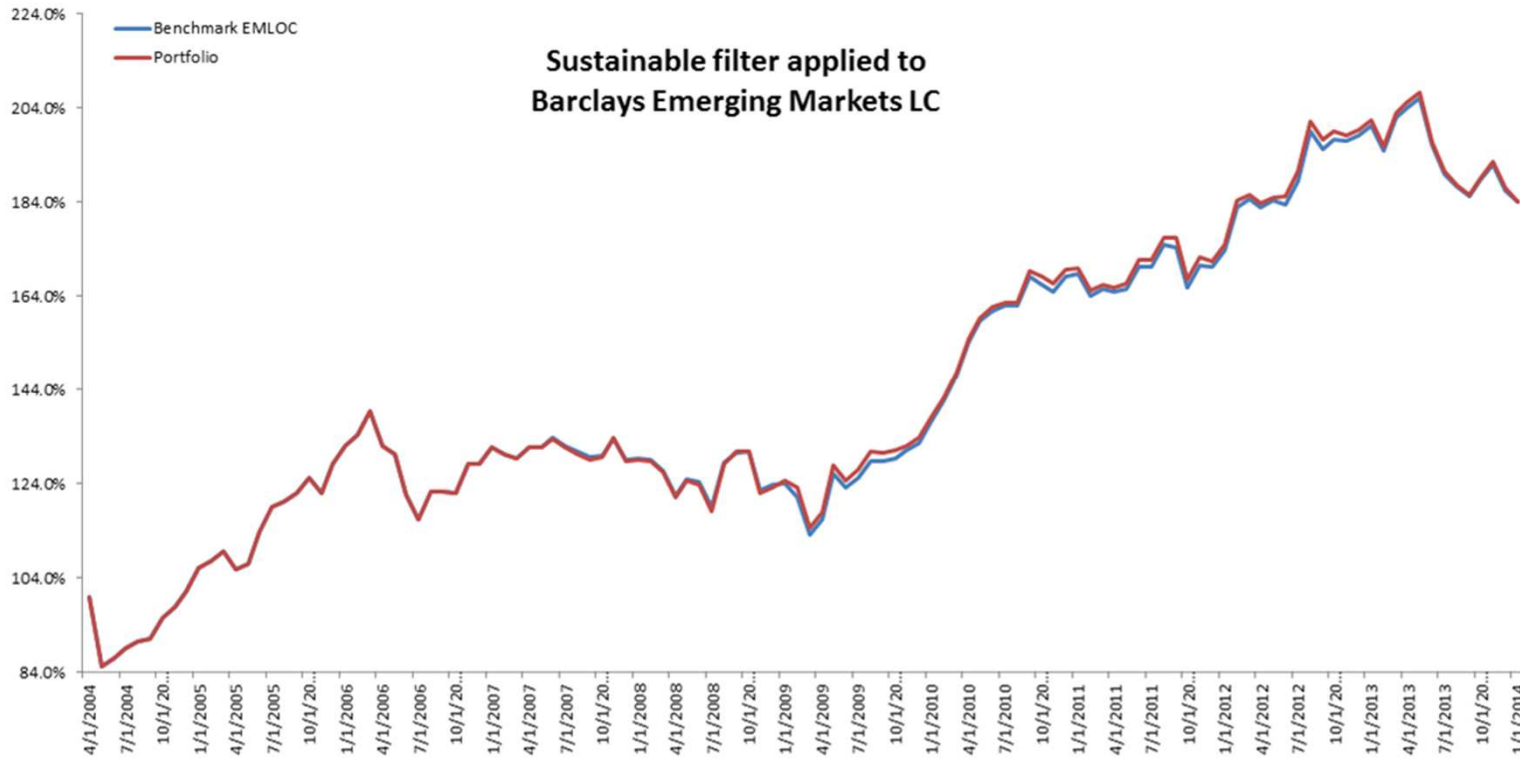
Ensure environmental sustainability



8

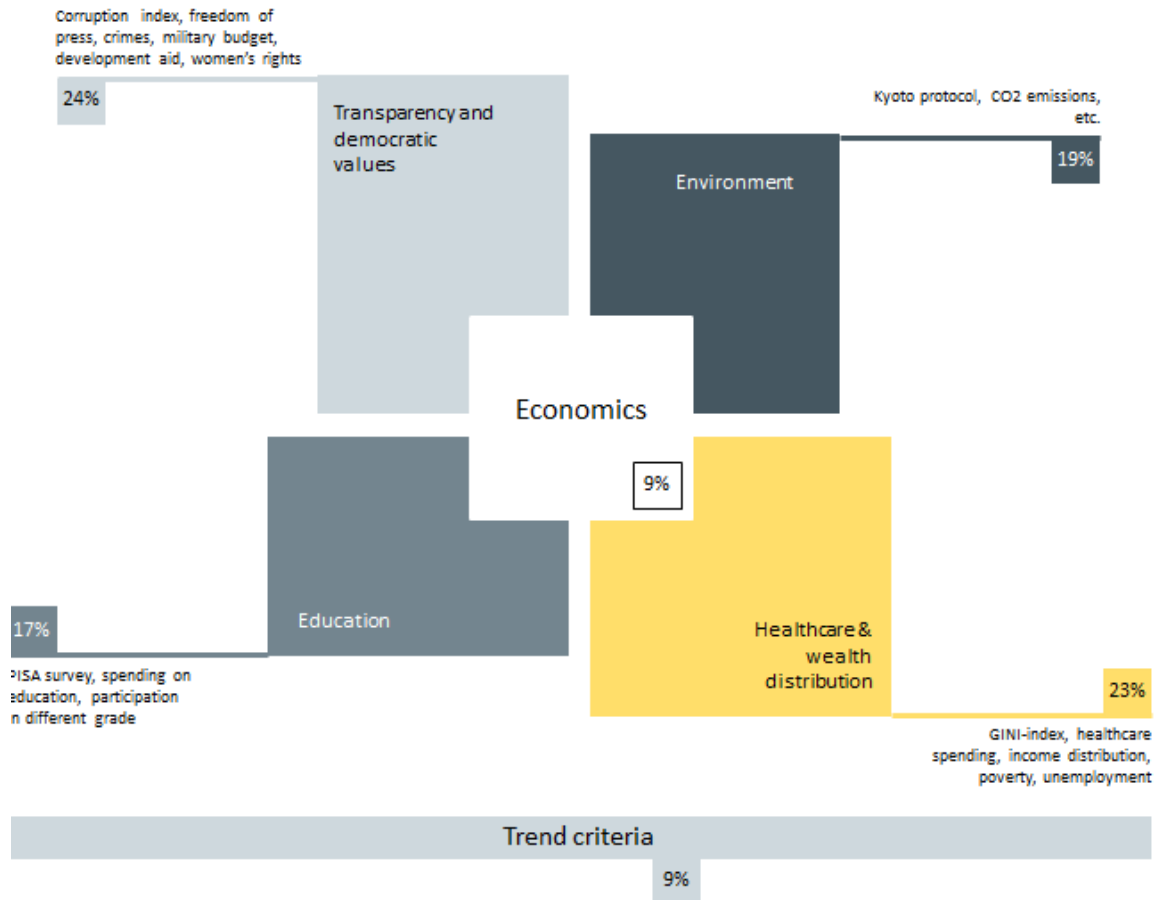
Develop a global partnership for development

- Freedom House annual survey – democracy level of countries
 - Methodology based on the Universal Declaration of Human Rights

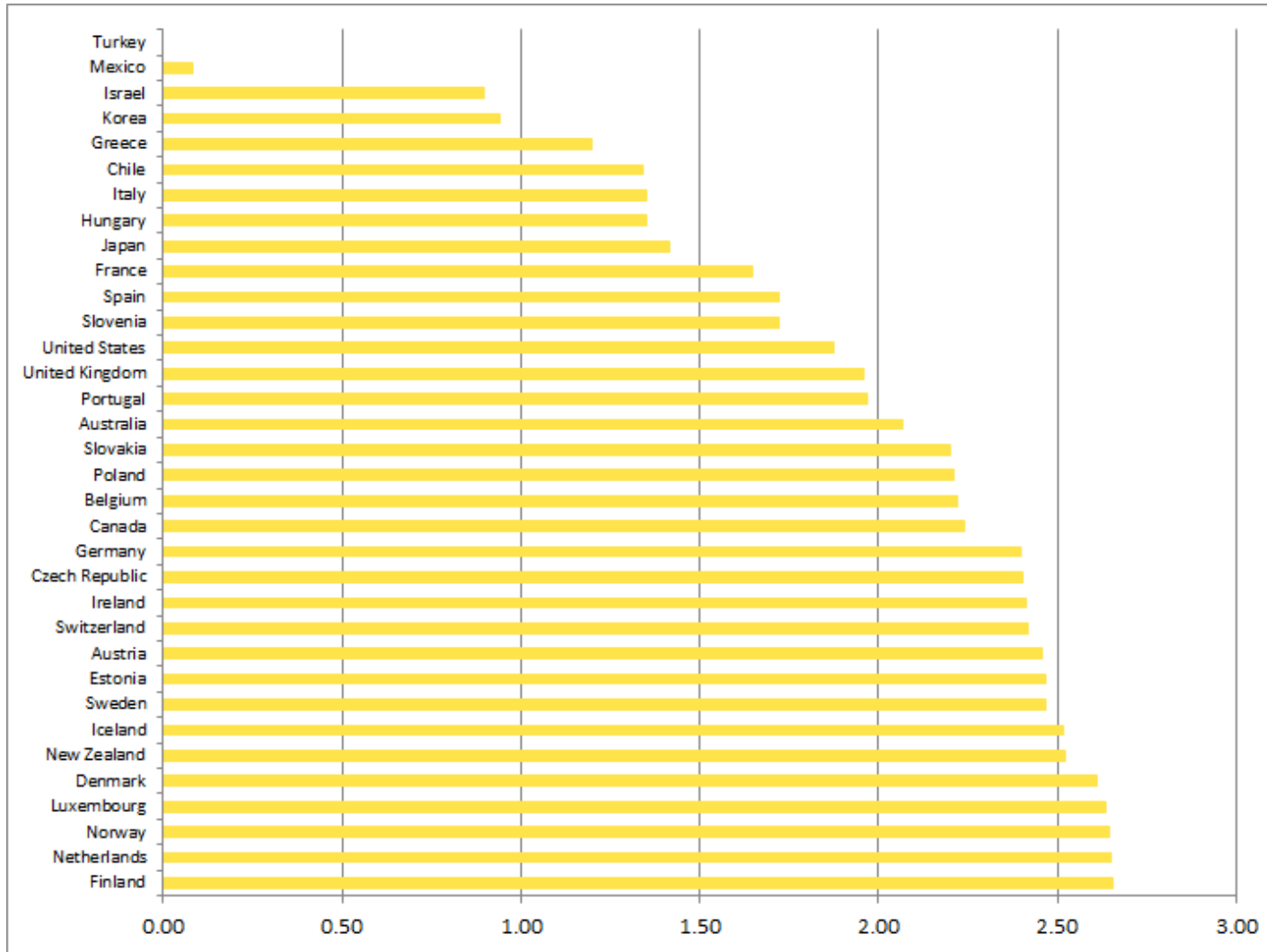


- | Global Hunger Index: clear link with the stability of the environment
 - Still alarming issue in countries where there are permanent wars and political instability such as Burundi, Comoros or Eritrea.
- | Environment performance: political stability ensures better commitment to sustainable environment
 - Somalia, Afghanistan or Bangladesh at the bottom of the Environmental Performance Index (Yale University), in permanent conflicts, are unable to ensure environmental health and protection to the eco system dynamism
- | Important to check ability of a State to provide basic needs and to close the gap with developed markets
 - Potential signal of the long-term limits in terms of knowledge, expertise and experience for a sustainable economic development, even in period of rapid economic growth
 - Signal of weak government efficiency to address pressing social and economic needs

OECD model (end 2007)



| OECD model: press freedom



Allowed investment universe: the Best 50% of the universe

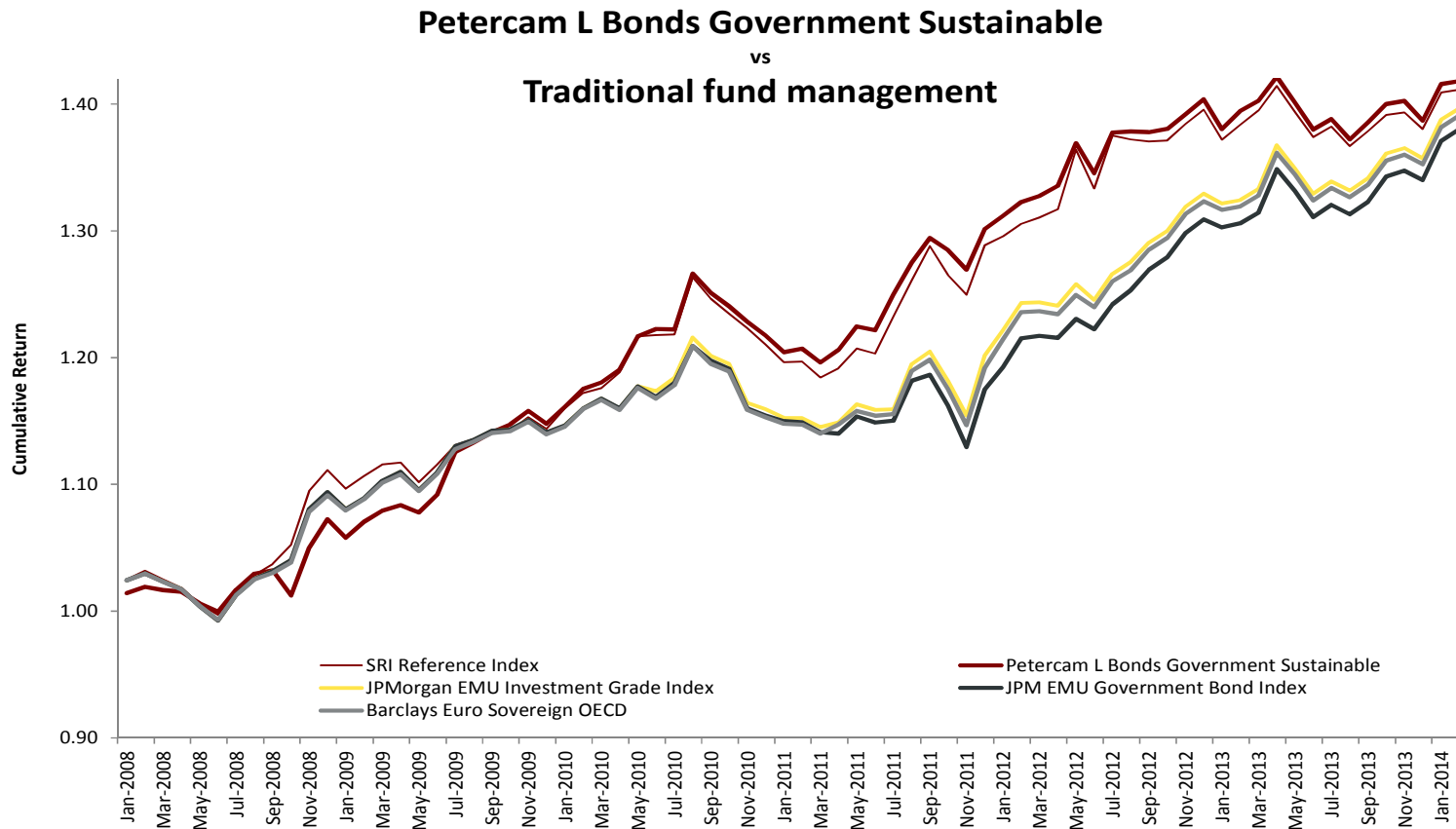
Country	H1 14		H1 13	
	#	score	#	score
Denmark	1	71	6	71
Norway	2	69	1	74
Switzerland	3	69	2	72
Sweden	4	69	4	71
Iceland	5	68	5	72
Finland	6	68	3	72
United Kingdom	7	66	15	62
Netherlands	8	66	9	67
Luxembourg	9	66	10	66
Germany	10	65	7	68
Austria	11	64	11	65
New Zealand	12	64	8	67
Ireland	13	61	17	60
Belgium	14	61	12	63
Australia	15	61	14	62
France	16	59	16	60
Canada	17	59	13	63

Eligible country for investment

Country	H1 14		H1 13	
	#	score	#	score
Slovenia	18	58	19	58
Spain	19	57	21	57
Estonia	20	56	26	53
Japan	21	55	20	57
Portugal	22	54	22	56
Poland	23	54	27	52
United States	24	54	28	50
Korea	25	53	18	59
Italy	26	53	25	54
Czech Republic	27	53	24	55
Slovakia	28	52	23	56
Israel	29	50	30	49
Hungary	30	48	29	50
Chile	31	47	31	47
Greece	32	43	32	47
Mexico	33	37	33	44
Turkey	34	37	34	37

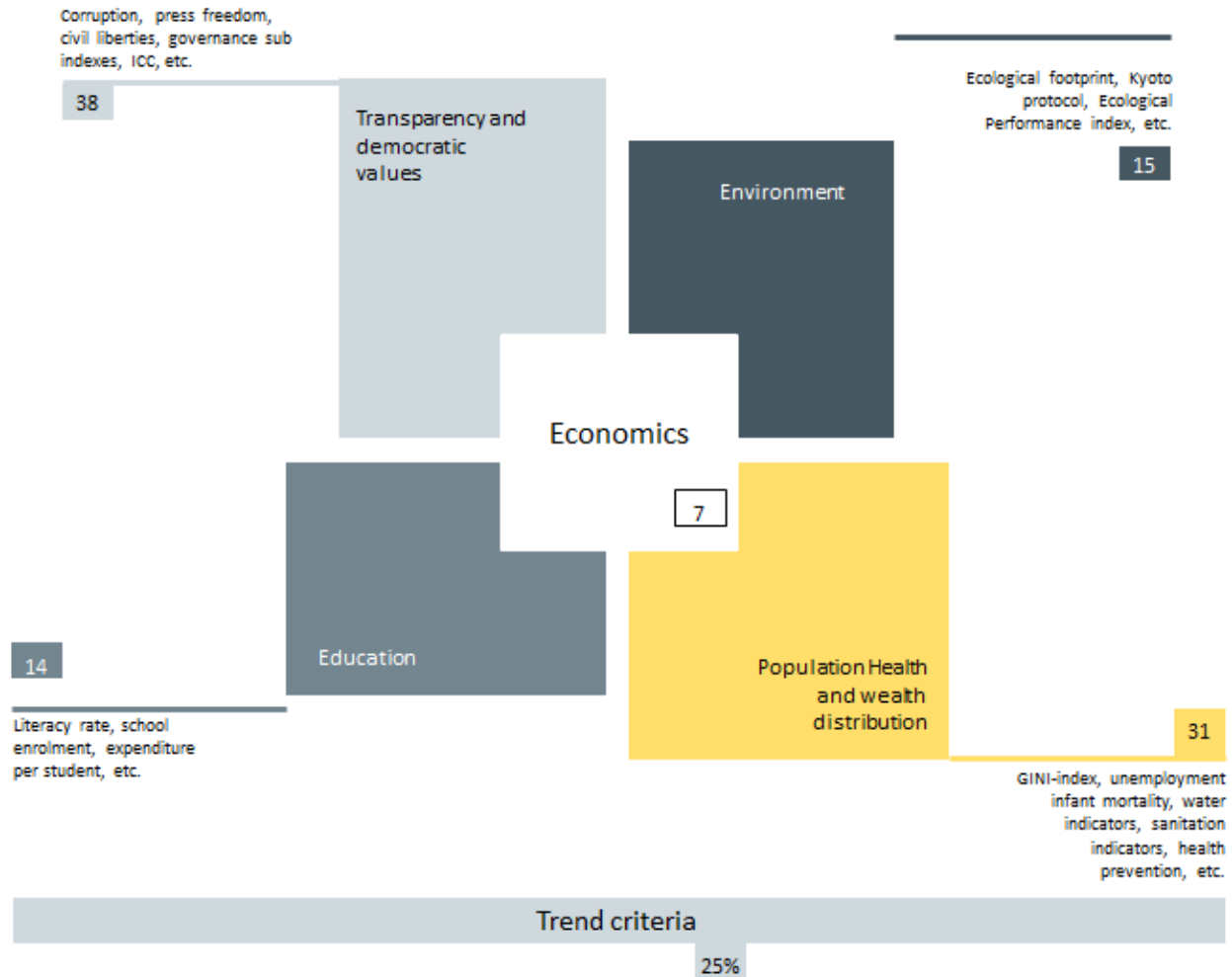
Non-eligible country for investment

Optimisation of the risk/return profile

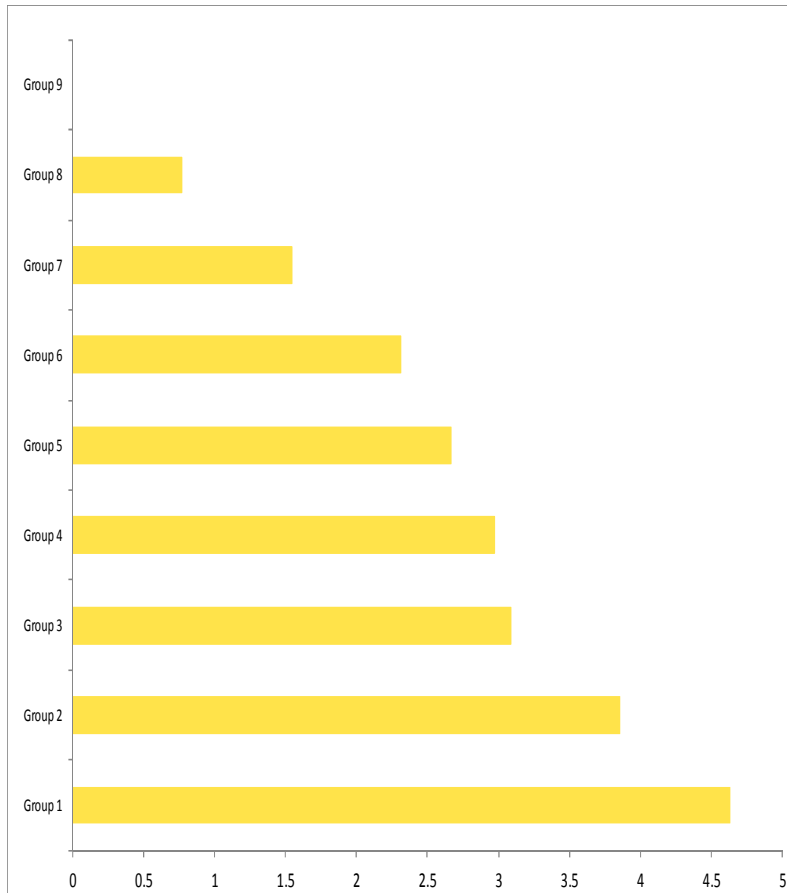


Source: Petercam – since inception to 10/3/2014

EM model (2013)



EM model (2013) – Civil liberties, a pillar of human rights



Group 1: Chile, Costa Rica, Czech Republic, Lithuania, Poland, Slovakia, Uruguay

Group 2: Argentina, Belize, Botswana, Brazil, Bulgaria, Croatia, Ghana, Hungary, Israel, Latvia, Mongolia, Montenegro, Namibia, Panama, Romania, Senegal, Serbia, South Africa, South Korea, Taiwan, Trinidad

Group 3: Bolivia, Dominican Republic, Ecuador, El Salvador, Georgia, India, Jamaica, Mexico, Mozambique, Paraguay, Peru, Philippines, Tanzania, Tunisia, Ukraine

Group 4: Hong Kong

Group 5: Aruba

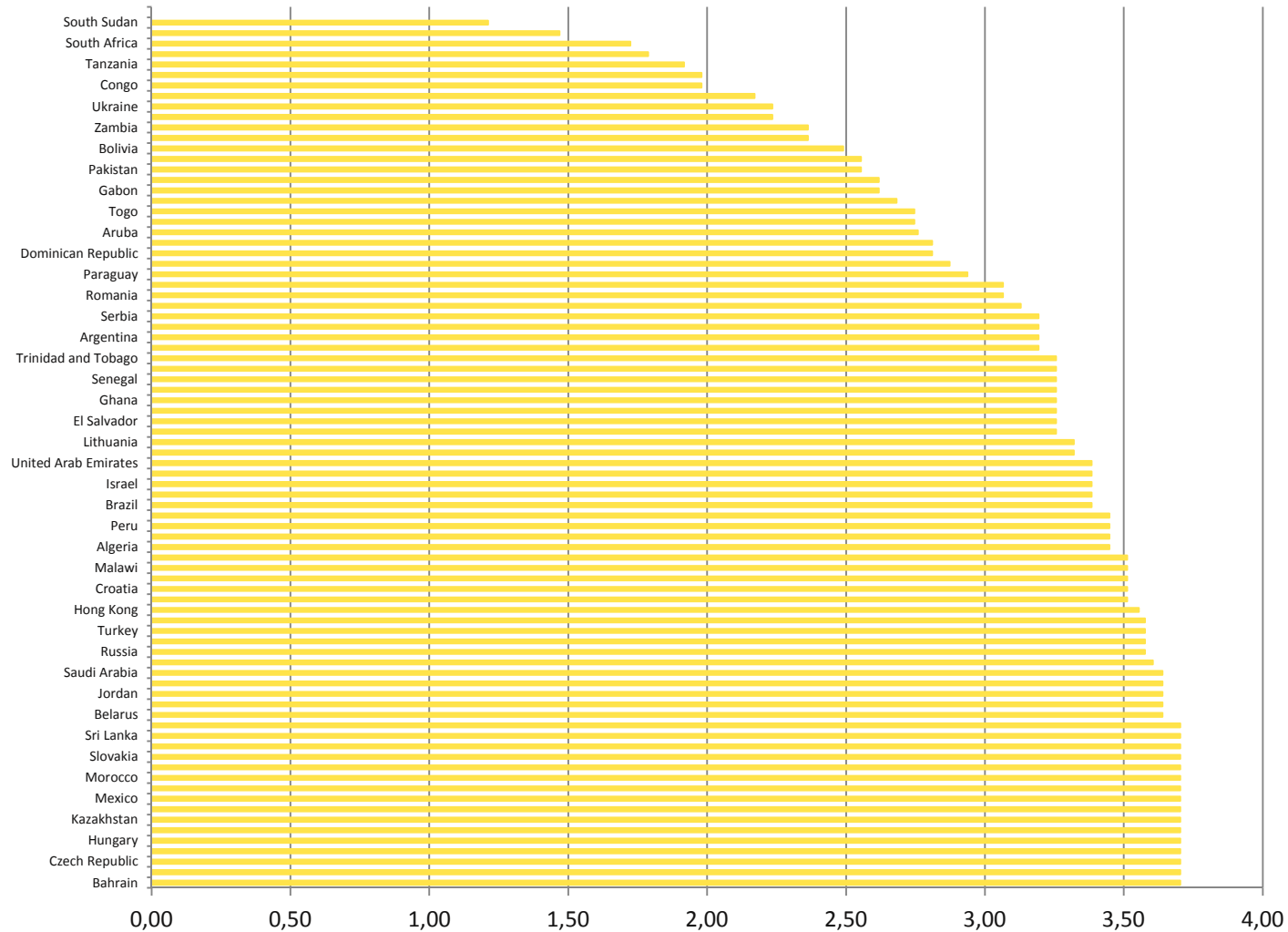
Group 6: Colombia, Côte d'Ivoire, Guatemala, Indonesia, Kenya, Lebanon, Malawi, Malaysia, Morocco, Singapore, Sri Lanka, Thailand, Togo, Turkey, Uganda, Zambia

Group 7: Algeria, Angola, Egypt, Gabon, Jordan, Kazakhstan, Nigeria, Pakistan, Russia, Rwanda, Venezuela and Vietnam

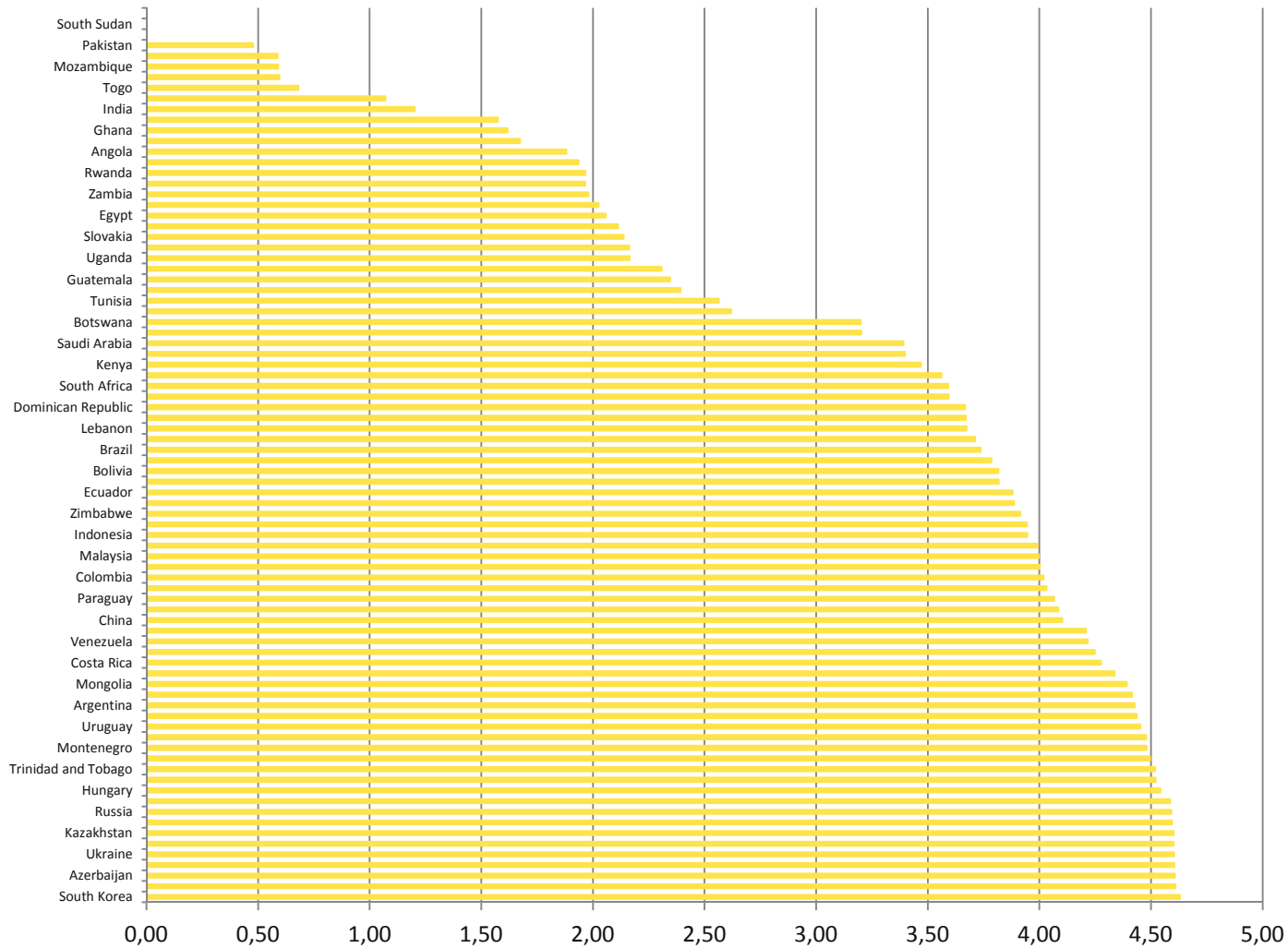
Group 8: Azerbaijan, Bahrain, Belarus, China, Congo, Iraq, South Sudan, United Arab Emirates, Zimbabwe

Group 9: Saudi Arabia & Sudan

EM model (2013): health vaccination – human right





EM model (2013): literacy rate – human right





Allowed investment universe:

- min. 40% in first quartile of the ranking
- Max. 10% in the bottom quartile

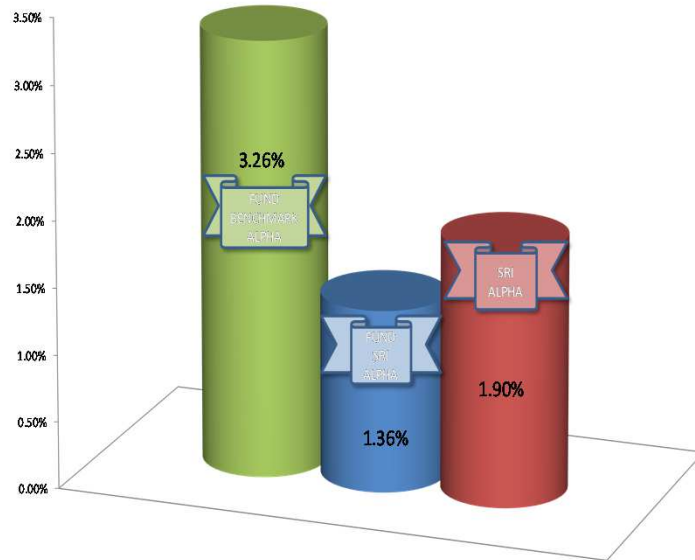
#	Country	H1 14	H2 13
1	Poland	66	66
2	Hungary	65	65
3	Slovakia	65	65
4	Czech Republic	65	63
5	Lithuania	65	66
6	Latvia	64	65
7	Costa Rica	63	66
8	Croatia	63	63
9	Serbia	63	63
10	Uruguay	62	64
11	Chile	62	63
12	Bulgaria	61	60
13	Romania	61	61
14	Israel	60	60
15	South Korea	60	59
16	Brazil	59	60
17	Argentina	59	61
18	Montenegro	59	67
19	Belize	58	67
20	Turkey	57	58
21	Tunisia	57	56
22	Jamaica	57	57
23	Ecuador	57	60
24	Mexico	57	59
25	Panama	57	60
26	Trinidad and Tobago	56	57
27	Philippines	56	59
28	Ukraine	56	57
29	Colombia	56	59
30	Georgia	56	60
31	Dominican Republic	55	58
32	South Africa	55	55
33	Taiwan	55	56
34	Singapore	55	52
35	Belarus	55	52
36	Peru	55	57
37	Gabon	54	54
38	Mongolia	54	56
39	Jordan	53	52
40	Venezuela	53	55
41	El Salvador	53	55
42	Malaysia	52	53

 Top quartile countries
 Second and third quartile countries

#	Country	H1 14	H2 13
43	Thailand	52	54
44	Namibia	51	55
45	Russia	51	50
46	Kazakhstan	51	50
47	Paraguay	51	54
48	Hong Kong	51	51
49	Ghana	50	54
50	Guatemala	50	52
51	Botswana	50	52
52	Azerbaijan	49	51
53	Indonesia	49	53
54	United Arab Emirates	49	47
55	Senegal	49	51
56	Iraq	49	46
57	Algeria	48	51
58	Morocco	47	48
59	Tanzania	47	53
60	Egypt	47	48
61	Bahrain	46	51
62	Sri Lanka	46	50
63	Lebanon	46	47
64	Togo	45	47
65	Saudi Arabia	45	43
66	Bolivia	45	48
67	Rwanda	45	49
68	Aruba	45	42
69	Malawi	45	51
70	Kenya	44	48
71	India	43	46
72	Côte d'Ivoire	43	44
73	Zambia	41	46
74	China	41	43
75	Uganda	41	47
76	Pakistan	40	44
77	Zimbabwe	40	40
78	Angola	40	44
79	Vietnam	39	44
80	Nigeria	38	41
81	Sudan	37	39
82	Mozambique	35	41
83	Congo	30	32
84	South Sudan	26	31

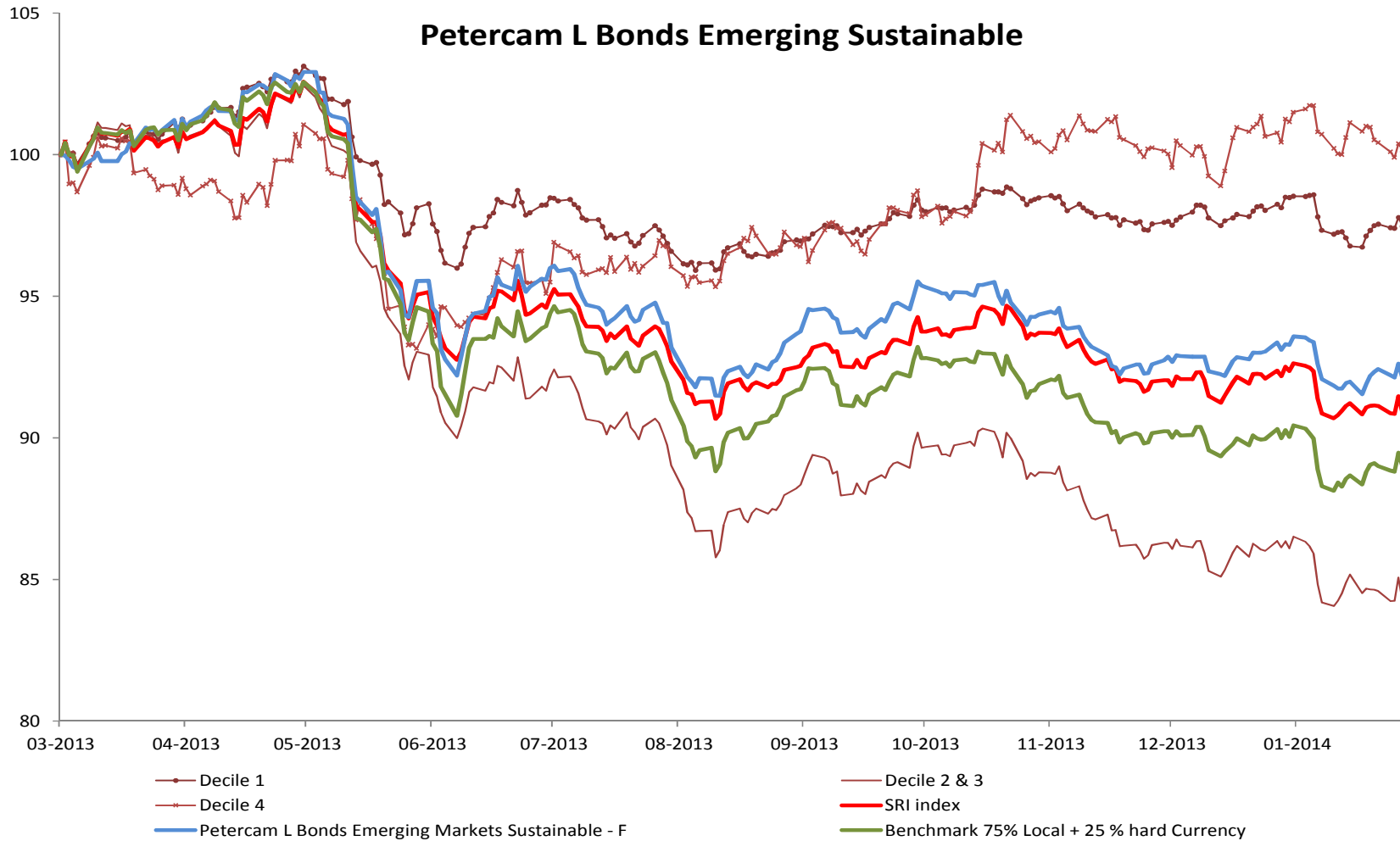
 Bottom quartile countries
 'Not' free countries

Alpha Decomposition



Source: Petercam – period 18/3/2013 – 14/02/2014

Asset class	SRI Emerging Index	Petercam L Bonds Emerging Markets	Benchmark 75% Local Currency and 25% Hard
Ann.Return	-9.75%	-8.39%	-11.65%
Ann.Risk	5.92%	6.10%	6.91%
Tracking Error Analysis			
SRI Emerging Index	-	3.01%	2.37%
Petercam L Bonds Emerging Markets Sustainable - F		-	2.66%
Benchmark 75% Local Currency and 25% Hard Currency			-
Maximum Drawdown Analysis			
Maximum Drawdown	-11.61%	-11.11%	-14.07%
Start Date	5/17/2013	5/20/2013	5/17/2013
Drawdown Date	8/27/2013	8/28/2013	1/27/2014
Recovery Date	-	-	-
Alpha Analysis			
	Alpha	IR	
Fund versus SRI index	1.36%	0.45	
SRI index versus Benchmark	1.90%	0.80	
Fund versus Benchmark	3.26%	1.23	



Source: Petercam – period 18/3/2013 – 14/02/2014

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