

Who Does What Where? Geographic Risk Screening Tool

A more objective, quantitative approach to ESG analysis

We believe investors increasingly recognise that ESG (environmental, social and governance) factors may influence long-term financial performance. We also believe that, in addition to qualitative assessments, investors could benefit from more objective and quantitative approaches to ESG analysis. In this “Who does what where” (WDWW) report, we present the first in a series of reports to apply Quant SRI & Sustainability analysis across our Global Research coverage.

21 long shelf-life risks

We have identified 21 broad ESG themes which we believe are “long shelf-life” issues influencing long-term financial risk and performance: 1) *Environmental* (x6): climate change, energy efficiency, energy infrastructure needs, resource depletion & pollution, water infrastructure needs, and water scarcity; 2) *Social* (x11): demographics, economic inequality, education, food issues/needs, health issues/needs, human capital, human development, IT infrastructure needs, lifestyle risks, security, and transport infrastructure needs; and *Governance* (x4): business rights, corruption, democratic life, and political effectiveness.

Company geographic exposure to ESG risks

The 21 ESG themes in our WDWW product are built upon 126 macro indicators using publicly disclosed data from a number of international organisations. Using these macro indicators, we have scored and ranked 205 countries globally. We have then matched these country scores across our 21 ESG themes against the geographic breakdown of company sales and assets. This allows us to screen and correlate relationships between sales exposure and country risk for c. 2,700 stocks in our Global Research coverage universe. The full methodology is outlined in an accompanying *WDWW Primer* report ([SRI & Sustainability, 07 March 2011](#)).

WDWW ESG risk screening

The WDWW can be used to screen portfolios on any combination of 21 ESG themes, 126 indicators, 205 countries, 19 regions, GICS2 or GICS3 sectors or against benchmark financial indices – across the c. 2,700 covered companies, according to various investment criteria, perspectives, styles, and risk appetites.

Our WDWW ESG Lists, Global and Europe

In this report, we have created two sets of lists – Global and European: 1) a Low ESG risk, high sales growth list intended to identify stocks with ESG country risk adjusted by sales growth (i.e., global sector leaders according to BofAML CAGR 2010-2013e/WDWW ESG scorings; and 2) a Low ESG risk list intended to identify stocks with the lowest absolute ESG country risk exposure by sector. We intend to update these lists at quarterly intervals.

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Refer to important disclosures on page 16 to 18. Analyst Certification on Page 15. Link to Definitions on page 15.

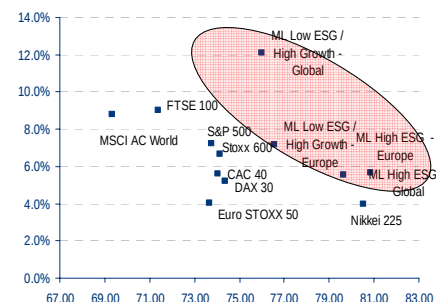
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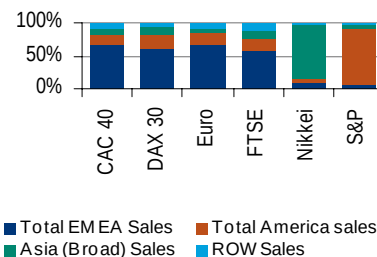
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Chart 1: WDWW ESG Stock Lists & major stock indices (WDWW ESG score vs. 2010-2013 sales growth CAGR)



Source: BofA Merrill Lynch Global Research. Vertical axis = sales growth CAGR 2010-2013e. Horizontal axis = WDWW ESG country risk for stock indices and WDWW Stock Lists.

Chart 2: Sales breakdown of major indices



Source: BofA Merrill Lynch Global Research

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Introducing the BofAML “Who does what where” (WDWW) geographic risk screening tool

Important Note

This methodology is not designed to produce a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

Investors are looking for objective, quantitative ESG analysis

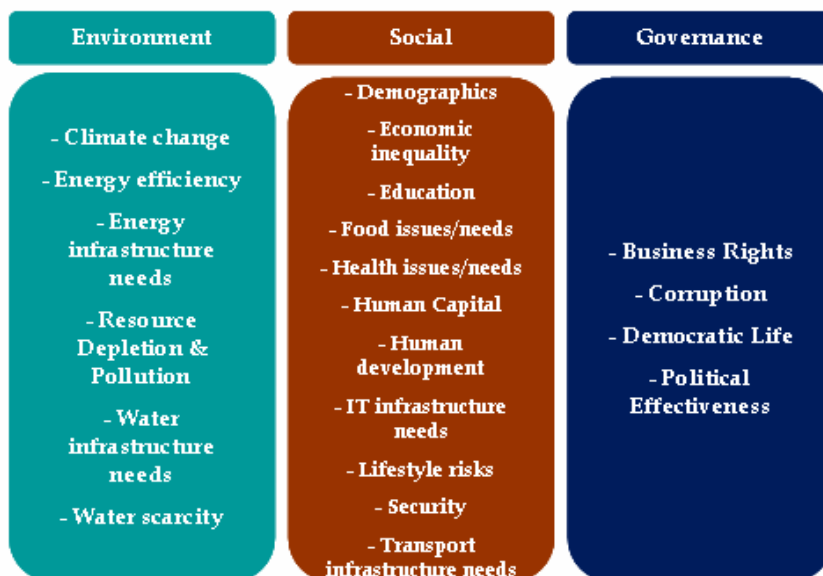
In our opinion, investors increasingly recognise that ESG (environment, social and governance) factors can influence long-term financial performance. We believe that, in addition to qualitative assessments, investors could benefit from more quantitative approaches to ESG analysis. In this “Who does what where” (WDWW) report, we present the first in a series of reports to integrate a Quant SRI & Sustainability analysis across BofA Merrill Lynch Global Research’s coverage.

The full methodology, including WDWW ESG themes and indicators is outlined in an accompanying *WDWW Primer* report.

21 long shelf-life ESG risks

We have identified 21 broad ESG themes: environmental (x6), social (x11) and governance (x4), which we believe are long shelf-life issues which can and will increasingly influence long-term financial risk and performance.

Figure 1: 21 WDWW ESG criteria



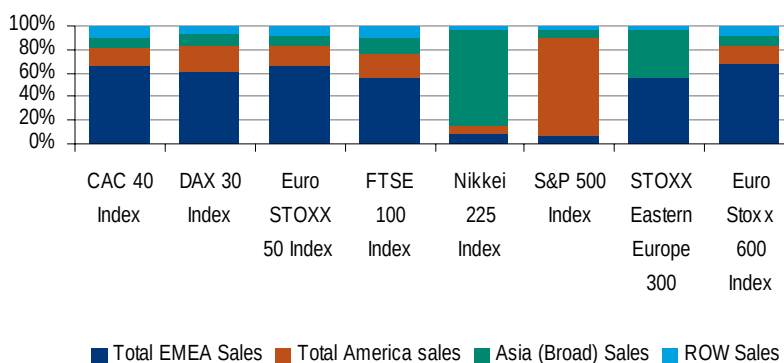
Source: BofA Merrill Lynch Global Research

WDWW, company geographic exposure to ESG risks

Our current 21 ESG themes are built upon 126 publicly disclosed macro indicators based to date on compilations from a number of international organisations including: Aquastat, the Food and Agriculture Organization (FAO), the International Labor Organization (ILO), the International Monetary Fund (IMF), the United Nations family, the World Bank and the World Health Organization (WHO). However, any and all interpretation and analysis of this data for the WDWW geographic screening model is entirely undertaken by BofA Merrill Lynch Global Research.

Using these 126 macro indicators, we have scored and ranked 205 countries globally. We have then matched these country scores across our 21 ESG themes against the geographic breakdown of company sales and assets. This allows us to screen and identify comparative ESG exposure for c.2,700 stocks in the BofAML coverage universe – across any one or combination of our 21 ESG themes or 126 indicators – or globally.

Chart 3: Geographic Breakdown of Sales – Major stock indices



Source: BofA Merrill Lynch Global Research

Our WDWW ESG Stock Lists, Global and Europe

The WDWW can be used to screen portfolios on any combination of the 21 ESG themes, indicators, countries, regions or sectors across the c.2,700 covered companies – according to any number of investment criteria, perspectives, styles and risk appetites. In this report, we have created two sets of stock lists, one Global and one European:

A) Low ESG Risk, High Sales Growth list

This list is intended to identify stocks with sales growth adjusted by ESG country risk.

B) Low ESG Risk List

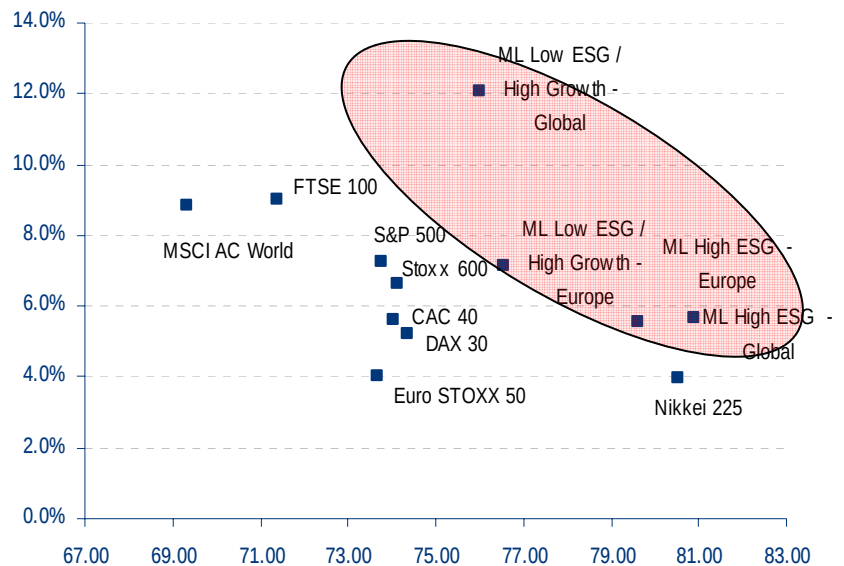
This list is intended to identify stocks with the lowest absolute ESG country risk by sector.

This methodology is not designed to produce a recommended list either individually or as a group of stocks. Investors should consider the fundamentals of the companies and their own individual circumstances/objectives before making any investment decisions.

Observations on WDDW stock lists

In the chart below we observe the positioning of our four WDDW stock lists (Low ESG Risk, High Sales (Global and Europe) and Low ESG Risk (Global and Europe)) against a series of major financial indices. On the horizontal axis, we have the level of WDDW ESG country risk (arithmetic average for all constituents). On the vertical axis, we have the sales growth 2010-2013 CAGR (equally weighted for all constituents).

Chart 4: WDDW ESG Stock Lists & major stock indices (WDDW ESG score vs. 2010-2013 sales growth CAGR)



Source: BofA Merrill Lynch Global Research. Vertical axis = sales growth CAGR 2010-2013e, Horizontal axis = WDDW ESG country risk for stock indices and WDDW Stock Lists.

Company geographic exposure to ESG risks

In this inaugural paper, we address the theme of geographic exposure and ESG risks.

Example: The national level of CO2 emissions of a country, coupled with its reduction commitments, will impact current and future regulations in terms of allowances, energy mix, cleantech drivers and emission costs in that country – with different impacts on sales for different sectors and companies.

21 ESG long shelf-life ESG risks for investors

We have identified 21 ESG themes – from climate change to human capital to country governance – which we believe are the central issues that will be important for years to come, and which we believe may influence long-term financial performance.

WDWW used 21 ESG themes & 126 indicators

Our 21 ESG themes are built upon 126 macro indicators which are matched with the geographic breakdown of company sales and assets. A full break-down of the WDWW ESG themes and indicators can be found in the accompanying *WDWW Primer* report.

Table 1: 21 WDWW ESG criteria

Environment	Social	Governance
Climate Change	Demographics	Business Rights
Energy Infrastructure Needs	Economic Inequality	Corruption
Energy Efficiency	Education	Democratic Life
Resource Depletion & Pollution	Food Issues/Needs	Political Effectiveness
Water Infrastructure Needs	Health issues/Needs	
Water Scarcity	Lifestyle Risks	
	Human Capital	
	Human Development	
	Security	
	IT Infrastructure Needs	
	Transport Infrastructure Needs	

Source: BofA Merrill Lynch Global Research

The full methodology, including WDWW ESG themes and indicators is outlined in an accompanying *WDWW Primer* report.

A 3-step WDWW scoring model

We have reviewed c. 2,700 stocks in the BofA Merrill Lynch Global Research universe – by theme and globally on the following basis:

- 1) **Country data compilation on ESG themes** – We identify, collect and assign publicly available data available from compilations provided by various international organisations (including the IMF, UN and World Bank) on a country by country basis for 205 countries. We have selected 126 indicators across 21 Environment, Social and Governance themes.
- 2) **Country and region scoring** – Once collected, all of the country ESG data is normalised on a common scale ([0 – 100]) before being aggregated per criteria. Average scorings are also calculated for 20 major geographic areas (i.e. EMEA, Asia Pacific etc.).
- 3) **Matching country and regional scores with companies' geographic sales and assets breakdown** – The final step involves matching country and region scores across our 21 ESG themes with sales and assets geographic segments as reported by the companies. We assign a relevant geographic scoring per theme and a final thematic score is calculated, on both an asset and sales-weighted basis.

Table 2: Illustrative example of BofAML WDWG ESG scoring of a company

Category	21 WDWG ESG themes	Company Score	Sector		
			Max.	Min.	Med.
Environment	Climate Change	43	79	43	32
	Resource depletion & pollution	52	65	53	21
	Energy infrastructure needs	62	83	58	23
	Energy Efficiency	52	85	52	17
	Water infrastructure needs	67	78	68	32
Social	Water scarcity	52	84	52	9
	Human capital	65	72	61	34
	Education	69	100	72	40
	Demographics	67	81	67	31
	Economic inequality	51	57	51	36
	Food issues & needs	57	100	56	26
	Health issues & needs	78	97	81	27
	Human development	86	94	87	18
	IT infrastructure needs	67	81	67	16
	Transport infrastructure needs	67	77	66	27
Governance	Security	63	99	64	32
	Lifestyle Risks	49	71	51	21
	Democratic Life	70	96	72	11
	Political Effectiveness	86	99	85	5
	Corruption	81	100	84	2
	Business rights	53	73	53	30
ESG	ENVIRONMENT	55	67	55	42
	SOCIAL	65	74	67	35
	GOVERNANCE	73	90	75	21
OVERALL	E+S+G	64	75	66	37

Source: BofA Merrill Lynch Global Research

WDWG screens

WDWG can be used to screen portfolios across c. 2,700 covered companies in the BofA Merrill Lynch Global research universe – according to any number of investment criteria, perspectives, styles and risk appetites, for instance by:

- 21 WDWG ESG themes
- 126 WDWG ESG indicators
- 205 countries rated by WDWG
- 20 regions rated by WDWG
- Tailored screens.

Global and European ESG Lists

In this piece, we have identified a number of companies by sector in terms of their sales growth rates adjusted by ESG country risk and on lowest absolute exposure to ESG country risk by sector.

We intend to update these lists at quarterly intervals to reflect periodic changes in underlying ESG data and in BofAML 3-year sales growth forecasts.

WDWW Global Lists

We have created two Global Lists:

- **Low ESG risk, high sales growth list** - intended to identify stocks by sector with ESG country risk adjusted by sales growth: BofA Merrill Lynch Global Research CAGR 2010-2013e divided by WDWW ESG scorings; and
- **Low ESG risk list** intended to identify stocks with the lowest absolute ESG country risk by sector.

In isolating the universe of companies we have used to create these lists, we have also used two additional criteria: i) a US\$5bn market cap or above threshold; and ii) a maximum of 90% of sales in one single country/ region

Global Low ESG risk, High Sales Growth List

The Global Low ESG Risk, High Sales Growth List is intended to identify stocks with sales growth adjusted by ESG country risk – and the selection is based on selecting the global sector leader (GICS-3) according to BofAML CAGR 2010-2013e divided by WDWW ESG scorings.

Table 3: Global Low ESG Risk, High Sales Growth List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGR 2010-2013	Overall WDWW ESG Score
Automobiles & Components	Automobiles	Ford Motor Co	F	USA	10.1%	77.96
	Auto Components	Nokian Renkaat	NKRKF	FINLAND	19.6%	86.34
Banks	Commercial Banks	DnB NOR	DNBHF	NORWAY	6.9%	99.79
Capital Goods	Aerospace & Defense	Embraer-Empresa Brasileira de Aeronautica	ERJ	BRAZIL	15.2%	64.99
	Building Products	Geberit	GBERF	SWITZERLAND	8.2%	80.87
	Trading Companies & Distributors	Mitsui & Co., Ltd.	MITSF	JAPAN	12.1%	80.57
	Electrical Equipment	Nidec Corporation	NNDNF	JAPAN	13.3%	72.03
	Machinery	PACCAR Inc	PCAR	USA	28.2%	75.41
	Industrial Conglomerates	Sembcorp Industries Ltd	SCRPF	SINGAPORE	16.4%	69.76
	Construction & Engineering	Samsung Engineering Co Ltd	SGRGF	SOUTH KOREA	41.1%	66.24
Commercial & Professional Services	Professional Services	Randstad Holdings N.V.	RANJF	NETHERLANDS	10.4%	79.46
	Commercial Services & Supplies	Stericycle Inc	SRCL	USA	9.8%	75.51
Consumer Durables & Apparel	Leisure Equipment & Products	Nikon	NINOF	JAPAN	6.2%	73.89
	Household Durables	Panasonic	PCRFF	JAPAN	7.6%	77.45
	Textiles, Apparel & Luxury Goods	Indorama Ventures Public Company Limited	XIRDF	THAILAND	24.0%	66.99
Consumer Services	Hotels, Restaurants & Leisure	Galaxy Entertainment	GXYEF	HONG KONG	36.6%	62.02
Diversified Financials	Consumer Finance	American Express	AXP	USA	7.9%	73.38
	Diversified Financial Services	Deutsche Borse	DBOEF	GERMANY	6.5%	81.45
Energy	Capital Markets	Man Group	MNGPF	UK	36.0%	65.80
	Energy Equipment & Services	FMC Technologies, Inc.	FTI	USA	15.5%	87.23
	Oil, Gas & Consumable Fuels	Statoil	STOHF	NORWAY	21.2%	98.19
Food & Staples Retailing	Food & Staples Retailing	China Resources Enterprise Ltd.	CRHKF	HONG KONG	20.6%	76.42
Food Beverage & Tobacco	Beverages	Coca-Cola Amatil Ltd	CCLAF	AUSTRALIA	7.9%	79.58
	Food Products	Cosan SA Industria e Comercio	CSIDF	BRAZIL	20.8%	59.40
	Tobacco	Philip Morris International	PM	USA	6.1%	66.79
Health Care Equipment & Services	Health Care Equipment & Supplies	Edwards Lifesciences Corporation	EW	USA	15.8%	77.38
Household & Personal Products	Personal Products	Estee Lauder	EL	USA	8.8%	68.91
	Household Products	Unicharm Corporation	UNCHF	JAPAN	8.2%	78.75
Insurance	Insurance	Sampo plc	SAXPF	FINLAND	4.6%	94.51
Materials	Containers & Packaging	Amcor Ltd	AMCRF	AUSTRALIA	8.2%	83.54
	Construction Materials	CRH	CRHCF	IRELAND	5.7%	79.62

Table 3: Global Low ESG Risk, High Sales Growth List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDWW ESG Score
Media	Chemicals	Mitsubishi Chemical Holdings	MTLHF	JAPAN	11.8%	82.93
	Metals & Mining	Newcrest Mining Limited	NCMGF	AUSTRALIA	32.8%	75.89
	Paper & Forest Products	Stora Enso	SEOFB	FINLAND	3.0%	88.05
	Media	Liberty Global, Inc.	LBTYA	USA	6.0%	81.65
Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Alexion	ALXN	USA	33.8%	75.52
Real Estate	Pharmaceuticals	Aspen Pharmacare Holdings	APNHF	SOUTH AFRICA	31.8%	44.56
	Real Estate Management & Development	China Overseas Land & Investment	CAOVF	HONG KONG	37.1%	61.79
	Real Estate Investment Trusts (REITs)	ProLogis	PLD	USA	12.5%	72.98
Retailing	Specialty Retail	Fast Retailing Co. Ltd.	FRCOF	JAPAN	10.5%	84.56
	Distributors	Li & Fung Ltd.	LFUGF	HONG KONG	32.6%	75.61
	Internet & Catalog Retail	priceline.com	PCLN	USA	22.1%	77.42
	Multiline Retail	PPR S.A.	PPRUF	FRANCE	5.5%	74.20
Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	First Solar, Inc.	FSLR	USA	45.7%	83.64
Software & Services	Software	Salesforce.com, Inc	CRM	USA	22.8%	73.12
	Internet Software & Services	Google Inc	GOOG	USA	18.5%	76.90
	IT Services	Tata Consultancy Svs Ltd	TACSF	INDIA	24.9%	70.94
	Computers & Peripherals	Apple Inc	AAPL	USA	25.7%	74.13
Technology Hardware & Equipment	Office Electronics	Canon	CAJFF	JAPAN	6.0%	78.54
	Communications Equipment	F5 Networks, Inc.	FFIV	USA	23.7%	73.63
	Electronic Equipment, Instruments & Components	Corning Inc.	GLW	USA	16.0%	66.43
	Wireless Telecommunication Services	American Tower Corp	AMT	USA	13.1%	72.91
Telecommunication Services	Diversified Telecommunication Services	TeliaSonera	TLSNF	SWEDEN	2.4%	96.14
	Air Freight & Logistics	Deutsche Post DHL	DPSTF	GERMANY	3.4%	76.63
	Transportation Infrastructure	DP World	DPWRF	DUBAI	7.5%	60.22
	Marine	Nippon Yusen	NYUKF	JAPAN	5.2%	81.08
Utilities	Airlines	Qantas Airways Ltd	QUBSF	AUSTRALIA	9.5%	81.11
	Electric Utilities	Acciona	ACXIF	SPAIN	7.3%	71.98
	Gas Utilities	Gas Natural	GASNF	SPAIN	4.2%	68.25
	Independent Power Producers & Energy Traders	International Power Plc	IPRWF	UK	57.4%	74.46
	Multi-Utilities	Suez Environnement	SZEVF	FRANCE	6.6%	79.74

Source: BofA Merrill Lynch Global Research

Global Low ESG Risk List

The Global Low ESG List is intended to identify stocks with the lowest absolute ESG country risk exposure – and the selection is based on selecting the global sector leader (GICS-3) according to their best WDWW ESG scores.

Table 4: Global Low ESG Risk List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDWW ESG Score
Automobiles & Components	Automobiles	BMW	BAMXF	GERMANY	6.5%	79.22
	Auto Components	Nokian Renkaat	NKRKF	FINLAND	19.6%	86.34
Banks	Commercial Banks	DnB NOR	DNBHF	NORWAY	6.9%	99.79
Capital Goods	Building Products	Geberit	GBERF	SWITZERLAND	8.2%	80.87
	Trading Companies & Distributors	Marubeni Corporation	MARUF	JAPAN	6.5%	84.51
	Machinery	Mitsubishi Heavy Industries, Ltd.	MHVFY	JAPAN	1.9%	83.04
	Electrical Equipment	Mitsubishi Electric	MIELF	JAPAN	5.1%	80.08
	Construction & Engineering	Skanska	SKSBF	SWEDEN	3.8%	83.72
	Industrial Conglomerates	Smiths Group Plc	SMGKF	UK	6.1%	77.09
	Aerospace & Defense	THALES	THLEF	FRANCE	0.7%	80.11
Commercial & Professional Services	Commercial Services & Supplies	Brambles Ltd	BMBLF	AUSTRALIA	5.3%	76.48

07 March 2011

Table 4: Global Low ESG Risk List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDW ESG Score
Consumer Durables & Apparel	Professional Services	Randstad Holdings N.V.	RANJF	NETHERLANDS	10.4%	79.46
	Textiles, Apparel & Luxury Goods	Coach Inc.	COH	USA	10.7%	76.45
	Leisure Equipment & Products	Nikon	NINOF	JAPAN	6.2%	73.89
	Household Durables	Sharp	SHCAF	JAPAN	3.5%	78.68
Consumer Services	Hotels, Restaurants & Leisure	McDonald's Corporation	MCD	USA	5.0%	70.73
Diversified Financials	Consumer Finance	American Express	AXP	USA	7.9%	73.38
	Capital Markets	Daiwa Securities	DSECF	JAPAN	-2.6%	82.33
	Diversified Financial Services	ORIX Corporation	ORXCF	JAPAN	0.3%	84.48
Energy	Energy Equipment & Services	FMC Technologies, Inc.	FTI	USA	15.5%	87.23
	Oil, Gas & Consumable Fuels	Statoil	STOHF	NORWAY	21.2%	98.19
Food & Staples Retailing	Food & Staples Retailing	Metro AG	MTAGF	GERMANY	5.8%	80.67
Food Beverage & Tobacco	Food Products	Archer Daniels Midland Company	ADM	USA	10.1%	77.26
	Tobacco	Swedish Match	SWMAF	SWEDEN	-2.4%	88.04
	Beverages	Molson Coors Brewing	TAP	USA	4.3%	82.63
Health Care Equipment & Services	Health Care Equipment & Supplies	DENTSPLY International Inc.	XRAY	USA	3.6%	79.16
Household & Personal Products	Personal Products	Kao Corporation	KAOCF	JAPAN	1.1%	80.04
	Household Products	Unicharm Corporation	UNCHF	JAPAN	8.2%	78.75
Insurance	Insurance	Sampo plc	SAXPF	FINLAND	4.6%	94.51
Materials	Containers & Packaging	Amcor Ltd	AMCRF	AUSTRALIA	8.2%	83.54
	Metals & Mining	Boliden AB	BDNNF	SWEDEN	10.6%	86.09
	Construction Materials	CRH	CRHCF	IRELAND	5.7%	79.62
	Chemicals	Mitsubishi Chemical Holdings	MTLHF	JAPAN	11.8%	82.93
	Paper & Forest Products	Stora Enso	SEOFB	FINLAND	3.0%	88.05
Media	Media	Liberty Global, Inc.	LBTYA	USA	6.0%	81.65
Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	CSL Limited	CMXHF	AUSTRALIA	6.8%	81.01
	Pharmaceuticals	Takeda Pharmaceutical	TKPHF	JAPAN	-4.2%	81.80
Real Estate	Real Estate Management & Development	City Developments Ltd	CDEVF	SINGAPORE	3.9%	77.11
Retailing	Real Estate Investment Trusts (REITs)	Unibail Rodamco	UNBLF	FRANCE	4.2%	80.20
	Specialty Retail	Fast Retailing Co. Ltd.	FRCOF	JAPAN	10.5%	84.56
	Distributors	Li & Fung Ltd.	LFUGF	HONG KONG	32.6%	75.61
	Internet & Catalog Retail	priceline.com	PCLN	USA	22.1%	77.42
Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	First Solar, Inc.	FSLR	USA	45.7%	83.64
Software & Services	Internet Software & Services	eBay	EBAY	USA	12.3%	78.48
	IT Services	Intl Business Machines, Inc.	IBM	USA	4.9%	77.75
Technology Hardware & Equipment	Software	Oracle Corp	ORCL	USA	14.7%	78.56
	Communications Equipment	F5 Networks, Inc.	FFIV	USA	23.7%	73.63
	Electronic Equipment, Instruments & Components	Hitachi	HTHIF	JAPAN	4.0%	79.38
	Computers & Peripherals	NEC	NIPNF	JAPAN	-2.4%	82.40
Telecommunication Services	Office Electronics	Ricoh	RICOF	JAPAN	3.7%	80.17
	Wireless Telecommunication Services	American Tower Corp	AMT	USA	13.1%	72.91
	Diversified Telecommunication Services	TeliaSonera	TLSNF	SWEDEN	2.4%	96.14
Transportation	Transportation Infrastructure	Abertis	ABFOF	SPAIN	4.0%	73.10
	Marine	Nippon Yusen	NYUKF	JAPAN	5.2%	81.08
	Airlines	Qantas Airways Ltd	QUBSF	AUSTRALIA	9.5%	81.11
	Air Freight & Logistics	TNT NV	TNTFF	NETHERLANDS	-28.3%	77.36
Utilities	Electric Utilities	E.ON AG	ENAKF	GERMANY	-1.4%	81.42
	Gas Utilities	Gas Natural	GASNF	SPAIN	4.2%	68.25
	Independent Power Producers & Energy Traders	International Power Plc	IPRWF	UK	57.4%	74.46
	Multi-Utilities	RWE AG	RWNFF	GERMANY	-0.4%	82.75

Source: BofA Merrill Lynch Global Research

WDWW Europe Lists

In addition to the Global WDWW Lists, we have also created two Europe-focused WDWW Lists based on the same principles:

- **Low ESG Risk, High Sales Growth List** - intended to identify stocks by sector with ESG country risk adjusted by sales growth: BofA Merrill Lynch Global Research CAGR 2010-2013e divided by WDWW ESG scorings; and
- **Low ESG Risk List** - intended to identify stocks with the lowest absolute ESG country risk by sector.

In isolating the universe of components we have used to create these lists, we have also used two additional criteria: i) a US\$5bn market cap or above threshold; and ii) a maximum of 90% of sales in one single country/region.

Europe Low ESG Risk, High Sales Growth list

The Europe Low ESG Risk, High Sales Growth List is intended to give investors a ESG country risk adjusted approach to sales growth – and the selection is based on selecting the global sector leader (GICS-3) according to BofAML CAGR 2010-2013e divided by WDWW ESG scorings.

Table 5: Europe Low ESG risk, High Sales Growth List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDWW ESG Score
Automobiles & Components	Auto Components	Nokian Renkaat	NKRKF	FINLAND	19.6%	86.34
	Automobiles	Daimler	XDMGF	GERMANY	8.3%	73.63
Banks	Commercial Banks	DnB NOR	DNBHF	NORWAY	6.9%	99.79
Capital Goods	Building Products	Geberit	GBERF	SWITZERLAND	8.2%	80.87
	Machinery	Hexagon AB	HXGBF	SWEDEN	19.5%	60.21
	Aerospace & Defense	Safran SA	SAFRF	FRANCE	8.5%	71.66
	Electrical Equipment	Schneider	SBGSF	FRANCE	7.6%	68.98
	Industrial Conglomerates	Smiths Group Plc	SMGKF	UK	6.1%	77.09
	Construction & Engineering	Vinci	VCISF	FRANCE	6.0%	78.70
	Trading Companies & Distributors	Wolseley	WOSCF	UK	5.4%	79.04
Commercial & Professional Services	Commercial Services & Supplies	Aggreko	ARGKF	UK	7.5%	66.36
	Professional Services	Randstad Holdings N.V.	RANJF	NETHERLANDS	10.4%	79.46
Consumer Durables & Apparel	Textiles, Apparel & Luxury Goods	Richemont	CFRHF	SWITZERLAND	15.8%	69.37
	Household Durables	Electrolux AB	ELUXF	SWEDEN	4.2%	76.48
Diversified Financials	Diversified Financial Services	Deutsche Borse	DBOEF	GERMANY	6.5%	81.45
	Capital Markets	Man Group	MNGPF	UK	36.0%	65.80
Energy	Energy Equipment & Services	Seadrill	SDRL	NORWAY	13.1%	78.88
	Oil, Gas & Consumable Fuels	Statoil	STOHF	NORWAY	21.2%	98.19
Food & Staples Retailing	Food & Staples Retailing	Casino Guichard Perachon	CGUIF	FRANCE	7.7%	76.39
Food Beverage & Tobacco	Food Products	Danone (BSN)	GPDNF	FRANCE	9.2%	70.45
	Tobacco	Imperial Tobacco Group Plc	ITYBF	UK	3.9%	75.29
	Beverages	Pernod Ricard	PDRDF	FRANCE	7.1%	76.33
Health Care Equipment & Services	Health Care Equipment & Supplies	Sonova Holding AG	SONVF	SWITZERLAND	12.0%	72.97
Household & Personal Products	Household Products	Reckitt Benckiser	RBGPF	UK	6.8%	75.27
Insurance	Insurance	Sampo plc	SAXPF	FINLAND	4.6%	94.51
Materials	Metals & Mining	Boliden AB	BDNMF	SWEDEN	10.6%	86.09
	Construction Materials	CRH	CRHCF	IRELAND	5.7%	79.62
	Chemicals	Johnson Matthey	JMPLF	UK	17.4%	66.78
	Containers & Packaging	Rexam	REXMF	UK	0.8%	70.59
	Paper & Forest Products	Stora Enso	SEOFB	FINLAND	3.0%	88.05
Media	Media	Eutelsat	EUTLF	FRANCE	7.8%	72.52

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Table 5: Europe Low ESG risk, High Sales Growth List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDW ESG Score
Communications SA						
Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Actelion	ALIOF	SWITZERLAND	1.5%	76.50
	Pharmaceuticals	Shire Pharmaceuticals	SHPGF	UK	11.0%	72.32
Real Estate	Real Estate Investment Trusts (REITs)	Corio	CRIOF	NETHERLANDS	9.1%	77.29
Retailing	Specialty Retail	Inditex	IDEXF	SPAIN	11.0%	73.00
	Multiline Retail	PPR S.A.	PPRUF	FRANCE	5.5%	74.20
Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	STMicroelectronics	STMEF	FRANCE	6.6%	79.41
Software & Services	IT Services	Capgemini S.A.	CAPMF	FRANCE	6.4%	77.61
	Software	SAP A.G.	SAPGF	GERMANY	12.6%	72.24
Technology Hardware & Equipment	Communications Equipment	Alcatel-Lucent	ALALF	FRANCE	7.2%	71.33
Telecommunication Services	Diversified Telecommunication Services	TeliaSonera	TLSNF	SWEDEN	2.4%	96.14
	Wireless Telecommunication Services	Vodafone Group Plc	VODPF	UK	1.5%	70.80
Transportation	Transportation Infrastructure	Abertis	ABFOF	SPAIN	4.0%	73.10
	Airlines	Deutsche Lufthansa	DLAKF	GERMANY	6.1%	69.64
	Air Freight & Logistics	Deutsche Post DHL	DPSTF	GERMANY	3.4%	76.63
Utilities	Electric Utilities	Acciona	ACXIF	SPAIN	7.3%	71.98
	Gas Utilities	Gas Natural	GASNF	SPAIN	4.2%	68.25
	Independent Power Producers & Energy Traders	International Power Plc	IPRWF	UK	57.4%	74.46
	Multi-Utilities	Suez Environnement	SZEVF	FRANCE	6.6%	79.74

Source: BofA Merrill Lynch Global Research

Europe Low ESG Risk List

The Europe Low ESG List is intended to identify stocks by sector with the lowest absolute ESG country risk exposure – and the selection is based on selecting the global sector leader (GICS-3) according to their best WDW ESG scores.

Table 6: Europe Low ESG Risk List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDW ESG Score
Automobiles & Components	Automobiles	BMW	BAMXF	GERMANY	6.5%	79.22
	Auto Components	Nokian Renkaat	NKRKF	FINLAND	19.6%	86.34
Banks	Commercial Banks	DnB NOR	DNBHF	NORWAY	6.9%	99.79
Capital Goods	Building Products	Geberit	GBERF	SWITZERLAND	8.2%	80.87
	Machinery	Man	MAGOF	GERMANY	5.6%	78.95
	Construction & Engineering	Skanska	SKSBF	SWEDEN	3.8%	83.72
	Industrial Conglomerates	Smiths Group Plc	SMGKF	UK	6.1%	77.09
	Aerospace & Defense	THALES	THLEF	FRANCE	0.7%	80.11
	Electrical Equipment	Vestas Wind Systems	VWSYF	DENMARK	5.7%	73.00
	Trading Companies & Distributors	Wolseley	WOSCF	UK	5.4%	79.04
Commercial & Professional Services	Commercial Services & Supplies	Group 4 Securicor	GFSZF	UK	4.7%	73.53
	Professional Services	Randstad Holdings N.V.	RANJF	NETHERLANDS	10.4%	79.46
Consumer Durables & Apparel	Household Durables	Electrolux AB	ELUXF	SWEDEN	4.2%	76.48
	Textiles, Apparel & Luxury Goods	Hermes SA	HESAF	FRANCE	9.7%	74.50
Diversified Financials	Diversified Financial Services	Deutsche Borse	DBOEF	GERMANY	6.5%	81.45
	Capital Markets	UBS AG (R)	UBSRF	SWITZERLAND	9.4%	81.17
Energy	Energy Equipment & Services	AMEC plc	AMCBF	UK	9.5%	82.47
	Oil, Gas & Consumable Fuels	Statoil	STOHF	NORWAY	21.2%	98.19
Food & Staples Retailing	Food & Staples Retailing	Metro AG	MTAGF	GERMANY	5.8%	80.67
Food Beverage & Tobacco	Beverages	Pernod Ricard	PDRDF	FRANCE	7.1%	76.33
	Tobacco	Swedish Match	SWMAF	SWEDEN	-2.4%	88.04

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Table 6: Europe Low ESG Risk List

Industry (GICS 2)	Sector (GICS 3)	Company	ML Ticker	Country of Origin	BofAML CAGRe 2010-2013	Overall WDW ESG Score
	Food Products	Unilever NV	UNLNF	NETHERLANDS	5.5%	75.41
Health Care Equipment & Services	Health Care Equipment & Supplies	Smith & Nephew	SNNUF	UK	5.4%	76.21
Household & Personal Products	Household Products	Reckitt Benckiser	RBGPF	UK	6.8%	75.27
Insurance	Insurance	Sampo plc	SAXPF	FINLAND	4.6%	94.51
Materials	Metals & Mining	Boliden AB	BDNNF	SWEDEN	10.6%	86.09
	Construction Materials	CRH	CRHCF	IRELAND	5.7%	79.62
	Containers & Packaging	Rexam	REXMF	UK	0.8%	70.59
	Paper & Forest Products	Stora Enso	SEOFB	FINLAND	3.0%	88.05
	Chemicals	Wacker Chemie	WKCMF	GERMANY	5.5%	79.25
Media	Media	SES FDR	XSESF	LUXEMBOURG	3.8%	81.13
Pharmaceuticals, Biotechnology & Life Sciences	Biotechnology	Actelion	ALIOF	SWITZERLAND	1.5%	76.50
	Pharmaceuticals	Novartis (Reg.)	NVSEF	SWITZERLAND	5.7%	79.49
Real Estate	Real Estate Investment Trusts (REITs)	Unibail Rodamco	UNBLF	FRANCE	4.2%	80.20
Retailing	Specialty Retail	Kingfisher	KGFFH	UK	1.1%	79.29
	Multiline Retail	PPR S.A.	PPRUF	FRANCE	5.5%	74.20
Semiconductors & Semiconductor Equipment	Semiconductors & Semiconductor Equipment	STMicroelectronics	STMEF	FRANCE	6.6%	79.41
Software & Services	IT Services	Capgemini S.A.	CAPMF	FRANCE	6.4%	77.61
	Software	Sage Group	SGGEF	UK	5.3%	73.61
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Telecommunication Services	Diversified Telecommunication Services	TeliaSonera	TLSNF	SWEDEN	2.4%	96.14
	Wireless Telecommunication Services	Vodafone Group Plc	VODPF	UK	1.5%	70.80
Transportation	Transportation Infrastructure	Abertis	ABFOF	SPAIN	4.0%	73.10
	Airlines	Deutsche Lufthansa	DLAKF	GERMANY	6.1%	69.64
	Air Freight & Logistics	TNT NV	TNTFF	NETHERLANDS	-28.3%	77.36
Utilities	Electric Utilities	E.ON AG	ENAKF	GERMANY	-1.4%	81.42
	Gas Utilities	Gas Natural	GASNF	SPAIN	4.2%	68.25
	Independent Power Producers & Energy Traders	International Power Plc	IPRWF	UK	57.4%	74.46
	Multi-Utilities	RWE AG	RWNFF	GERMANY	-0.4%	82.75

Source: BofA Merrill Lynch Global Research

Appendix 1: WDWW country & region scores

The following table summarises the main economic indicators and scores for ESG related themes for a sample of major countries and regions. In total, we have rated 205 countries on our 21 WDWW ESG criteria.

Table 7: Sample country and regional forecasts: Growth rates, GDP (PPP) & WDWW ESG scores (0 = higher risk, 100 = lower risk)

Country	Av. growth rate (2011-2015)	Av. GDP (2011-15, \$ PPP, per capita)	Environment	Social	Governance	Average ESG
Argentina	3.20%	17,502	46	74	36	45
Australia	3.40%	44,173	68	90	93	84
Brazil	4.10%	13,031	72	65	53	59
Canada	2.40%	42,366	82	93	93	90
China	9.50%	10,259	52	58	37	42
Egypt, Arab Rep.	6.00%	7,440	28	55	40	32
France	1.90%	37,097	73	89	84	81
Germany	1.70%	39,942	72	94	87	84
India	8.20%	4,203	47	46	44	37
Indonesia	6.70%	5,342	63	50	34	42
Italy	1.30%	31,262	66	90	64	71
Japan	1.80%	37,442	79	94	82	85
Korea, Rep. of	4.10%	34,961	58	86	72	69
Mexico	4.30%	16,473	54	70	46	51
Netherlands, The	1.80%	44,727	60	91	95	81
Russian Federation	4.20%	18,967	69	67	28	48
Saudi Arabia	4.50%	26,536	26	71	54	43
South Africa	4.10%	11,896	37	47	63	41
Spain	1.60%	32,207	63	87	71	72
Turkey	3.80%	15,051	54	67	52	52
United Kingdom	2.40%	38,395	68	92	87	82
United States	2.70%	51,835	62	87	82	76
Region	Av. growth rate (2011-2015)	Av. GDP (2011-15, \$ PPP, per capita)	Environment	Social	Governance	Average ESG
North America	3.30%	38,088	56	80	80	70
South America	3.90%	12,750	67	64	47	54
Latin America	4.00%	12,994	63	64	46	52
Americas	3.50%	27,306	56	74	75	65
Europe	2.60%	30,013	61	87	83	75
Western Europe	2.10%	33,761	65	90	84	79
Eastern Europe	4.00%	18,698	59	70	46	53
EMEA	4.10%	19,567	65	66	73	64
EMEA ex Europe	5.40%	8,837	40	49	47	37
Middle East	5.40%	13,342	38	62	52	44
Africa	6.10%	3,596	36	32	37	25
Asia	7.40%	8,872	56	52	54	47
Asia Pacific	7.90%	11,811	62	59	62	56
Asia ex Japan	7.60%	7,982	49	51	42	39
Asia ex China	6.40%	8,110	58	50	60	50
Asia ex India	7.10%	10,729	58	56	54	50
Asia Pacific ex Australia	7.90%	11,486	62	59	60	55
South East Asia	6.70%	6,477	56	57	51	48
OCEANIA	3.50%	32,209	49	82	93	72

Source: BofA Merrill Lynch Global Research, IMF forecasts (2010) for growth and GDP

Link to Definitions

Macro

Click [here](#) for definitions of commonly used terms.

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Underperform	N/A	≥ 20%

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