Water and SRI

Examples of Approaches of the SRI – Industry

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1. Objective

- UNEP was looking for case-studies
- What are the approaches in general
- Service providers and product providers
- Identification of some trends
2. Who contributed?

• SRI-Rating firms: Europe, USA, CAN
• Investor: US
• Fund Provider: Switzerland, Sweden
3. Water and Corporate Analysis

- **Industries in focus**: mining/extraction, agriculture, food, textiles (cotton), pulp & paper, tourism
- **Standard**: Resource use in production, pollution control, remediation measures, life-cycle approach, product/service impact, sector specific
- **Sustainability approach**: env. analysis is „in competition with human rights and social issues“
- **Concerns**: Negative privatisation effects, new industry sites and tourism „compete“ with population, availability/health,
- **Sources**: Innovest (Pierre Trevet), Jantzi Research (Michael Jantzi), Robur (Anna Nilsson), SiRi (Philippe Spicher),
4. Water and Investment Strategies

• *Water suppliers*: large cap! (Véolia/Suez, RWE), distribution and waste water treatment, growth factors: water infrastructure needs in poor countries, controversial factors: water and energy often linked (water price = energy price), B&C ..., easier position for regional specialists (Severn Trent)

• *Water technology*: small cap, higher volatility, depending on legislation (of water suppliers), lots of opportunities (but rather private equity)

• *Contributors*: UBS (Agi Bolli), SAM (website),
5. Water and Shareholder-Activism

• *Institutional investors US*: Climate Change risks accepted, water scarcity emerging issue
• *Water intensive industries*: beverage, chip-production (and others)
• *Business risks*: supply, efficient use, stakeholder engagement, water-protection initiatives
• *Example*: Trillium Asset Management and PepsiCo (shareholder resolution pushed management to a 'total' water strategy)
6. Conclusions

Controversial Issues
- Availability
- Health
- Corruption
- Access

GROWTH! (large cap)
- New industries
- Global water markets

Privatisation

WATER Sustainability
- Protection
- Biosphere
- Ground water

GROWTH! (small cap)
- New needs for hyperclean water
- Supply-safety

Shareholder activism

Shareholder activism

Infrastructure development

POLITICS!

Legal development

controversial

Issues

Controversial Issues

REPUTATION!

Economic

Shareholder activism

Politics!

Controversial Issues

GROWTH!

(large cap)

Shareholder activism

Controversial Issues

GROWTH!

(large cap)

Shareholder activism

Controversial Issues

GROWTH!

(large cap)

Shareholder activism

Controversial Issues