Responsible Investment—Bringing Investment into the Real World

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Responsible fiduciaries understand that institutional investors “have a duty to act in the best long-term interests of our beneficiaries”—PRI

Long-term investors focused on sustainable returns take all material variables such as environmental, social, and governance variables into account in assessing financial assets
**Responsible Equity Investment Strategies**

- **Long Term Focus**: A majority of a company's value is determined by its long-run performance. Investment results for long-only equity strategies are maximized by taking a long-term investment horizon.

- **Integrated Sustainability Research**: Sustainability issues can impact a company's ability to generate returns and therefore must be fully integrated with fundamental equity analysis for superior long-term investment results.

- **High Conviction Investing**: A concentrated approach allows maximum leverage of an intense research effort. We make investments only when we have high levels of conviction.

*Generation Investment Management*
Asia Now?

- 110+ responsible investment funds in Asia
  - Japan has well established ESG funds
  - Shariah funds dominate in Malaysia

- New sustainable private equity and absolute return funds
  - Renewable energy and water funds

- Pension authorities are moving
  - Korea’s national pension fund has finalized its first responsible investment mandate
Drivers for ESG Materiality

- Regional demand and regulatory trends signal higher natural resource prices
- Asia’s consumer culture will drive a wedge between producer and consumer concerns
- New financial market tools will create opportunities for pro-active corporate leaders
- ESG risk will accumulate in countries and sectors which lag