



TEEB: an investor perspective

Sagarika Chatterjee, Governance & Sustainable Investment, F&C
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Responsible Investment – F&C

- **European asset manager** with £101bn (€113bn)* under management
- **Customers include** retail investors, pension funds, insurers and charitable trusts
- **£3.1bn*** (€3.5bn) held in our Ethical & Sustainable Investment Funds
- **Responsible Engagement Service** – Applied to F&C's assets of **£101bn** (€113bn)* and an additional **£56bn** (€63bn)* externally-managed assets
- Responsible Engagement Service includes a **dedicated programme on Ecosystem Services and Biodiversity**, launched in 2002

* As at 31 March 2010

Valuing nature: challenges for investors



- *If natural resources matter to business, why do companies and investors find this topic so difficult?*
- Protection of natural resources may clash with immediate business goals e.g. commodity producers and deforestation
- Language – hard for companies, customers and investors to understand and integrate into financial analysis
- What can an individual company achieve when the solutions depend on governments? E.g. forest protection in Indonesia
- Proving improvements have been achieved is hard for companies - indicators are still under development

F&C's view of the TEEB Report



- ***Why does the TEEB Report matter to investors?***
- **TEEB provides a compelling case for prompt government action on “the economics of nature” and better company practice**
- **We expect governments to introduce more effective public policies to protect ecosystem services and biodiversity**
- **The report confirms F&C's analysis that for certain companies, ecosystem services and biodiversity will become a driver of value.**
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Company examples

- ***Certain companies have already identified the need for action on ecosystem services and biodiversity***
 - **SAB Miller: water management in Bogotá**
 - **Heineken: sustainable brewing and water scarcity**
 - **Rio Tinto: net positive impact on biodiversity**
 - **Golden Agri: internal controls for deforestation**

How will F&C use the TEEB Report findings?

- In 2010, F&C plans to:
- Recommend companies implement the 7 actions for business
- Monitor and assess the impacts for companies of public policy changes on forests and water
- Communicate with fund managers and companies where value could be created or better protected
- Endorse collaborative initiatives to improve company practice e.g. Natural Value Initiative benchmark of the Extractives Sector
- Monitor the development of new environmental markets

F&C, Ecosystem Services and Biodiversity

■ Initiatives F&C supports

- The Natural Value Initiative
- The Forest Footprint Disclosure Project
- CDP on Water
- UN CEO Water Mandate

■ F&C's publications to raise company awareness

- Is Biodiversity a material risk for investors? (2004)
- Are Extractives Companies compatible with Biodiversity? (2004)
- New Risks in Old Supply Chains, Where does your palm oil come from? (2004)
- Extractives and Biodiversity (2005)
- Focus on Biodiversity (2006 and 2007)
- Do You Know What Junior is Doing? (2007)
- Focus on Ecosystem Services (2008)
- BRIC: Sustainability Holds the Key to Long-term Growth (2008)
- Biofuels and Sustainability (2008)
- Sustainable Mining: Oxymoron or New Reality? (2009)

*Unless prevented by regulation or specific client instruction in a small number of cases.