TEEB: an investor perspective
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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.
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**
  - 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.*