

# SRI & ESG – Materiality for investors

## *A regional perspective*

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ASrIA

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Association for Sustainable & Responsible Investment In Asia



# SRI & ESG materiality: About ASrIA

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- A **not-for-profit** membership association dedicated to promoting the growth of sustainable and responsible finance in Asia since 2001
- 100+ members; host the ASrIA website (approx 15,000 hits per day); 6,000 subscribers to our e-bulletin
- Asia's premier org. for sustainable investment providing:
  - Insightful research, influential networks, thought leadership, and sustainability trends
- Provide a **platform for the SRI debate**, including many:
  - Investment managers and research analysts, governments, market regulators, & corporations
- Run CDP Asia, ADB's pension project, indep. research

# SRI & ESG materiality: About ASrIA

100+ members – global and local



Conferences, workshops, seminars



Not-for-profit membership association<sup>1</sup>



Awareness raising – website, media

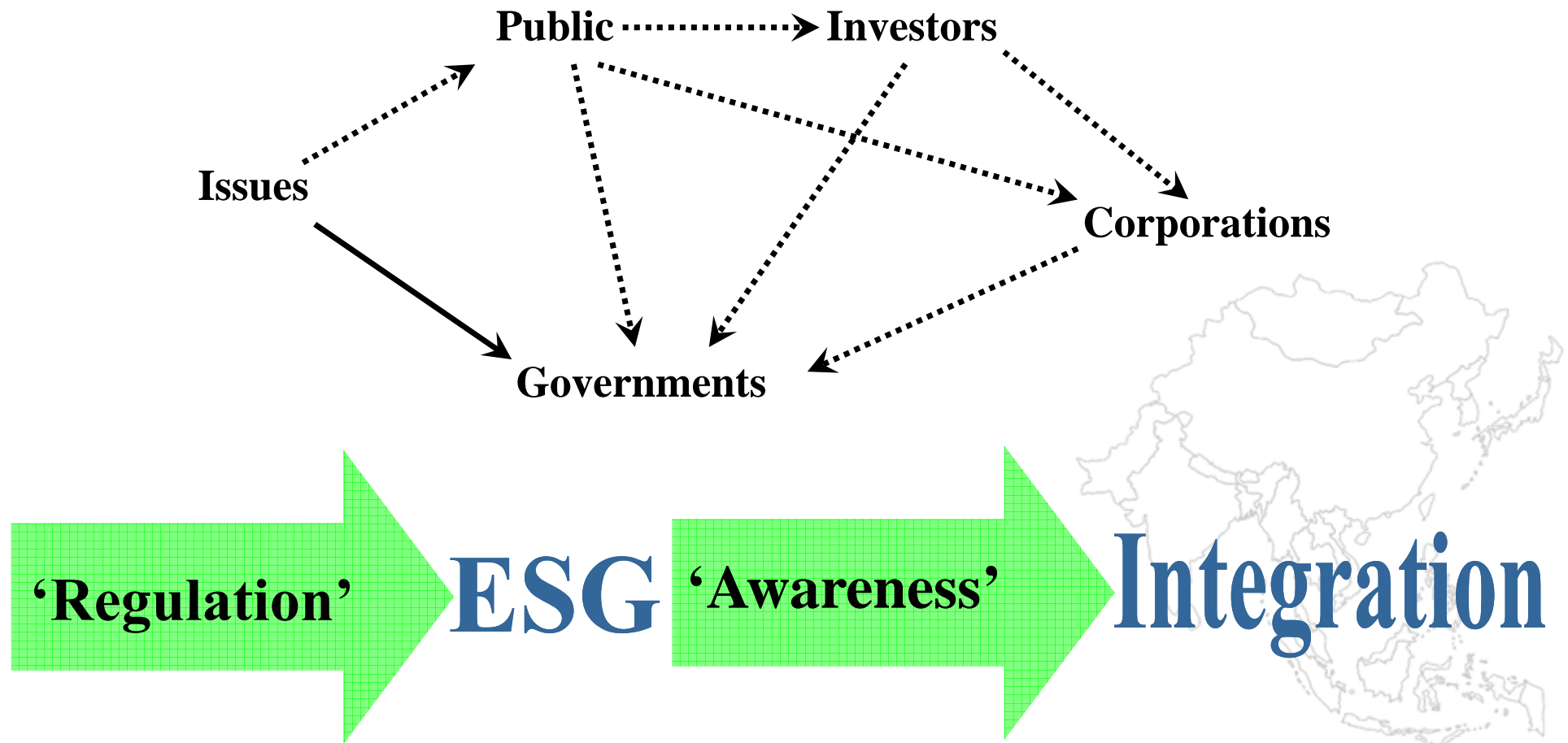


Research – issues and opportunities

<sup>1</sup> Sister organisation to EuroSIF and US SIF



# SRI & ESG materiality: ESG integration is emerging



# SRI & ESG materiality: Emerging 'regulation'

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- Push towards longer term investing
  - Matched with long term risks & opportunities
- Focus on Governance issues
  - Major change in global regulation
- Push towards more disclosure
  - Matched with integration to investment analysis
- Focus on extra financial issues
  - Major initiatives include PRI, GRI, CDP



# SRI & ESG materiality: Emerging 'awareness'

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- General public interest in sustainability issues
  - Translates to investment products
- Global fund managers with Asian/EM mandates
  - Sustainability themes, overlays
- Funds in China, HK, Taiwan
  - BOCI, UBS, Pioneer, Credit Agricole, KBC...
  - Pension options – AIA/JFAM, Taifook
- Index providers & stock exchanges are interested
- ESG guidelines to follow corporate governance

# SRI & ESG materiality: The Asian picture

- 🌐 Asia perceived as lagging
  - 🌐 Global interest in Asia, Asian interest in Asia
- 🌐 Asia is different, focus is different
- 🌐 Carbon Disclosure Project
  - 🌐 Best in class

“Not coming in and trying to impose western values, instead this is about long-term value creation and risk mitigation”



# SRI & ESG materiality: The Greater China picture

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- 🌐 All eyes on GC – PRC, Taiwan, HK
  - 🌐 Global interest in China, Asian interest in GC
- 🌐 Potential for growth
  - 🌐 A chance & desire to get it right
- 🌐 Potential to leapfrog
- 🌐 Competitiveness of GC has changed
  - 🌐 Business in PRC affects the region
  - 🌐 What happens when China sneezes?



# SRI & ESG materiality: The Taiwanese picture

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- 🌐 Growing regional player in its own right
  - 🌱 Transition to services
- 🌐 Comparisons with China inevitable
  - 🌱 Cross-straits is highly relevant to TW
- 🌐 Tech-based Taiwan is no longer the only theme
  - 🌱 Tech is becoming clean-tech
- 🌐 President Ma's plan to promote six emerging industries
  - 🌱 Tourism (ES), Healthcare (S)
  - 🌱 Biotechnology (E), Green Energy (E)
  - 🌱 Culture & creativity (SG), Agriculture (ES)



# SRI & ESG materiality: Key issue – Air pollution

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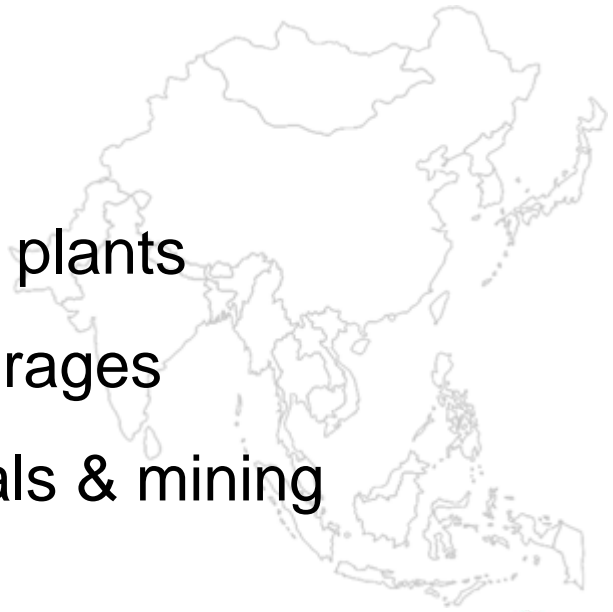
- Big & well known issue in Asia
- Governance aspect is very important
- Certain Government policies exacerbate problems
- Population health & death
- Governments are waking up!
  - Renewables, Power sector, Vehicles
  - Oil & Gas, Construction, Metals & smelting



# SRI & ESG materiality: Key issue – Water security

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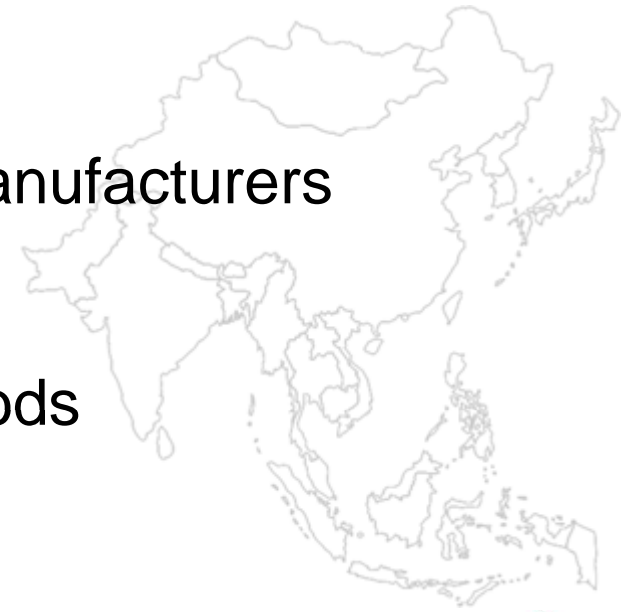
- 'Water pollution' is again a well known issue in Asia
- Scarcity, security, stability
- Governance is changing
- Laws are changing
  - Paper & pulp, Textiles, Power plants
  - Technology, Agriculture, Beverages
  - Water supply & sewage, Metals & mining



# SRI & ESG materiality: Key issue – Climate change

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- 🌐 To Kyoto or not?
- 🌐 Asia to become the largest GHG emitter
- 🌐 Energy efficiency
  - 🌐 A new construction paradigm
  - 🌐 Appliance and electronics manufacturers
  - 🌐 Services & high tech control
  - 🌐 Coal alternatives, Capital goods



# SRI & ESG materiality: Emerging trends

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- Mindset of Government is changing
  - Stability, laws, reputation
- Mindset of the people is changing
  - Healthcare; security of food, water, jobs
- Mindset of companies is changing
  - Corporate Governance
  - Supply chains
  - International fit



# SRI & ESG materiality: Change has come

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- 🌐 Regulation has changed
  - 🌐 Globally, in Asia, in Taiwan
- 🌐 Markets have changed
- 🌐 Public perception has changed
  - 🌐 Attention is growing
  - 🌐 COP15 in Copenhagen

“I have never believed we had to choose between either a clean and safe environment or a growing economy.....And creating thriving companies and new jobs doesn't have to come at the expense of the air we breathe, the water we drink, the food we eat, or the natural landscape in which we live. We can, and indeed must, have both.”

- Bill Clinton, *Between Hope and History*, 1996



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*Thank you!*

*Q&A*

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