



ASRIA

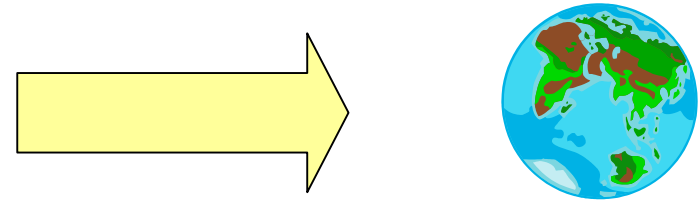
SRI in Asia

Tessa Tennant, Chair

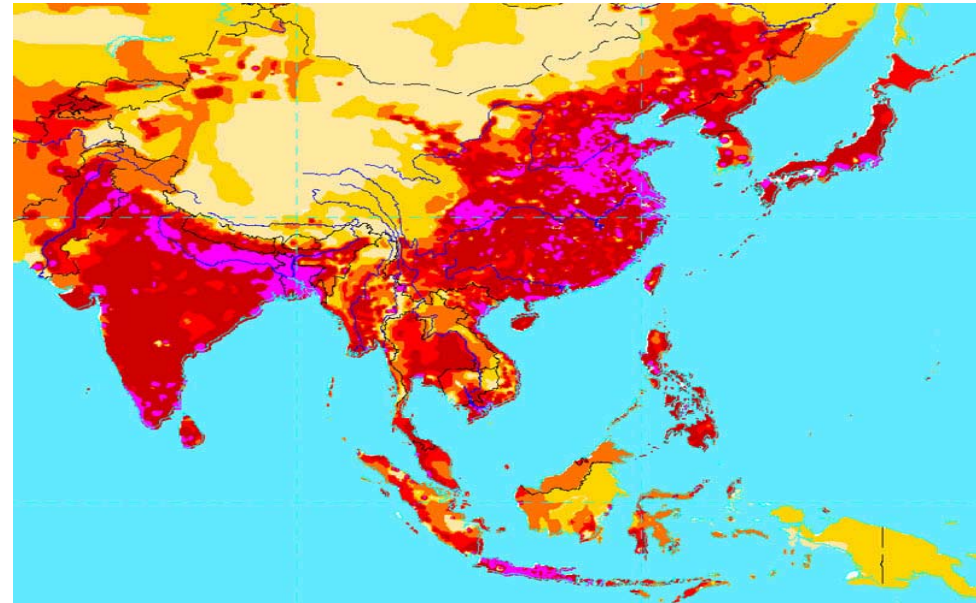
24 October 2003



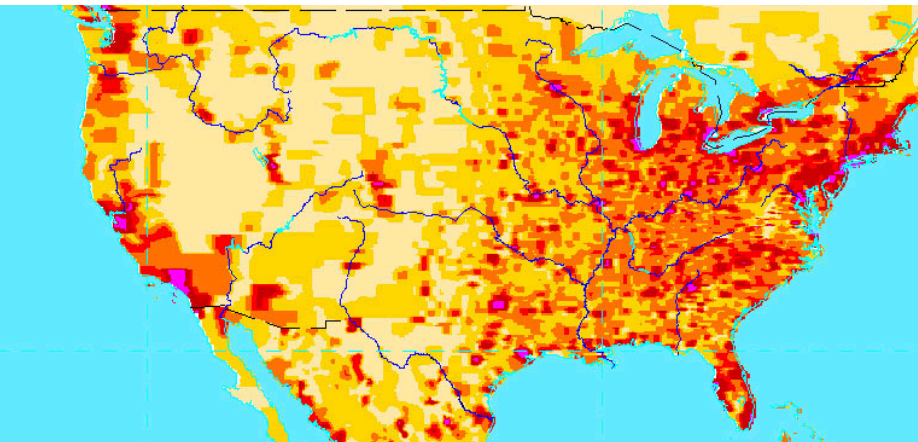
Why SRI in Asia?



If everyone in the world is to have the same standard of living as people in OECD countries, under *current* systems of production and consumption, then we need at least 3, possibly 5 planet's worth of resources.



- 57% of the world's population
- High density regions (red)
- Low density regions (yellow)





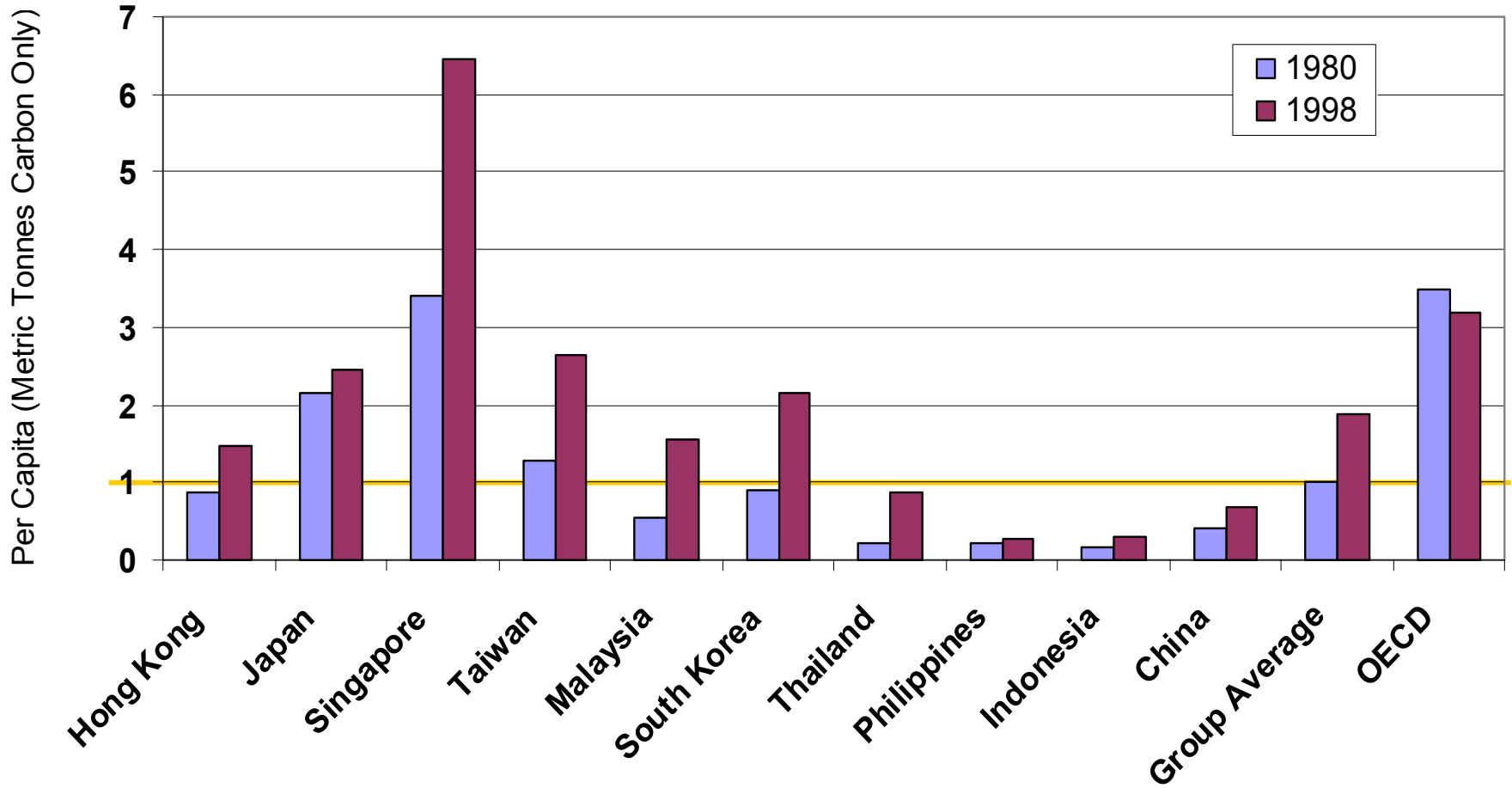
Asian Environment Outlook 2001

*The region's environmental degradation is
"pervasive, accelerating and unabated"*

- Water Pollution
- Water Scarcity
- Wastes and Toxics
- Air Pollution
- Resource Degradation/Depletion

<http://www.adb.org/documents/books/aeo/2001/default.asp>

Per Capita per annum CO2 Emissions



Where's the Sustainable Building in Asia's cities?



The Potential for SRI in Asia

- ***Institutional:*** legislation amendments already being explored in Japan
- ***Retail:*** fast growing domestic economies, active retail investing cultures, classic SRI retail investor characteristics

- ***SRI Market Characteristics***

- large numbers in caring professions,
- significant female working population,
- active green groups,
- a religious nation,
- large number of charities,
- generational push

... Asian markets have these

- ***Nikko Eco Fund (Japan):***

- 90% retail
- Majority women
- Majority first time

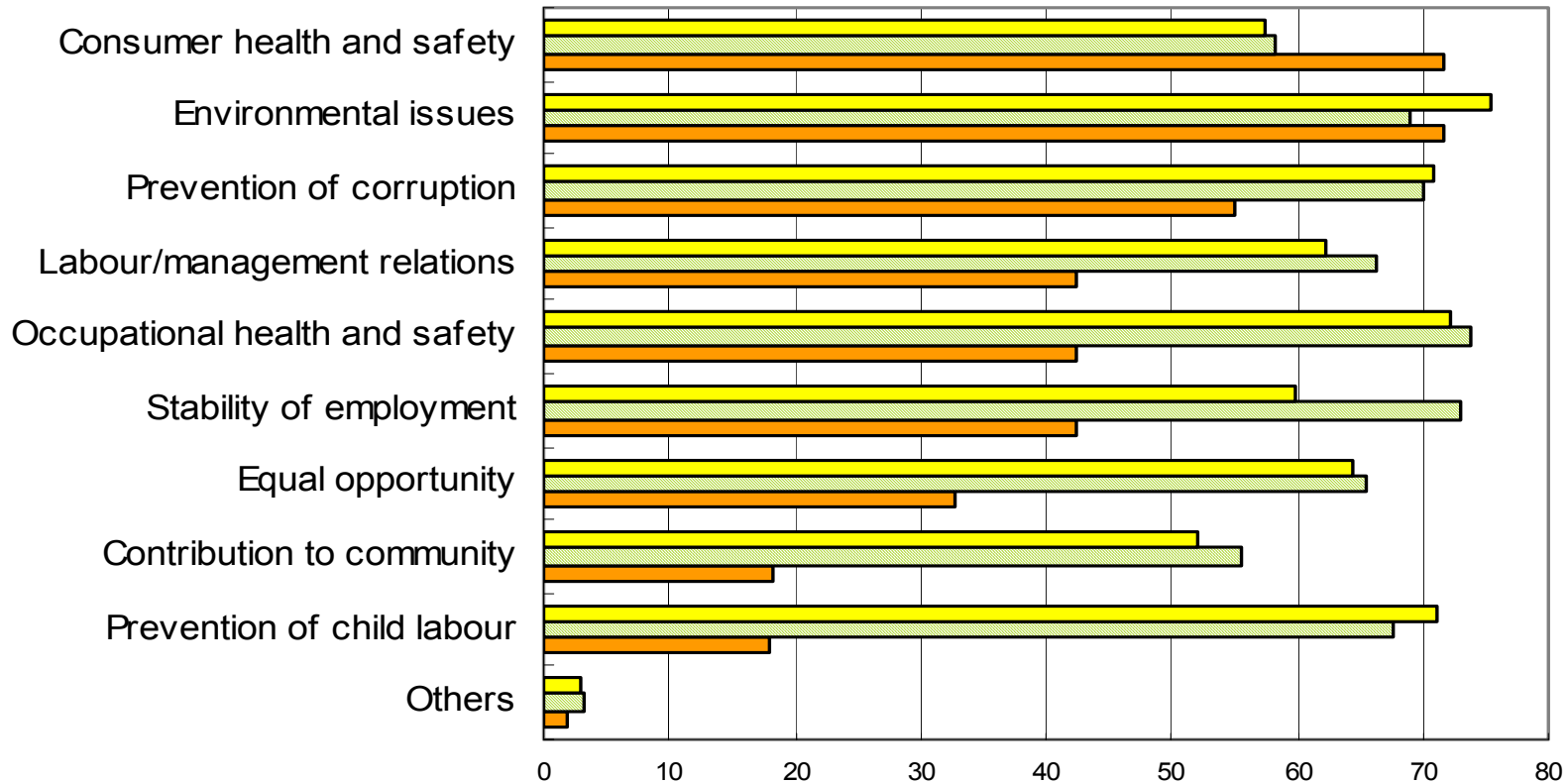
- ***Unifem-UOB Fund (Singapore):***

- 75% women
- 75% first time
- 75% middle income

Investors' Interests – Japan, UK, USA

**Comparison of Individual Investors' Interests -
Ministry of the Environment Survey 2003**

Japan USA UK





SRI Drivers in Asia

- **Local:** Funds and Indices
- **Foreign:** The most material “SRI pressure” still from international investors and SRI funds ($\pm 25\%$ of holdings, inc Japan)
- **Government...** starting to take notice

"The government will actively support efforts such as the development of social responsibility indexes"

Kim Jin-Pyo, the Deputy Prime Minister and Minister of Finance and Economy, S. Korea



SRI in Asia Today

HONG KONG: **Kingsway Fund Mgmt.** + **6 Global SRI funds** registered for sale. ASRIA launched 2001 ... Awareness raising with the financial community at numerous conferences.

SINGAPORE: **3 Funds** United Global Unifem UOB Fund, Hendersons Global Fund, Morley Aviva Global Fund... **2 Islamic Fund** providers; ASRIA Global Conference April 2004

AUSTRALIA: Developed SRI market... **74 retail SRI funds** ... AU\$13.9 billion under management... 700% growth since 1996. Several SRI research houses

JAPAN: Nikko-Eco – US\$1 billion in 1st 6 months..... Now **12 SRI/eco funds** in total... Yen 70 billion as of Feb 2003 ... proven market for institutional and retail investors.. SRI Index

KOREA: **1 SRI fund** ... Several research providers ... Govt. support ... improving CG and corporate reporting ... Public interest and shareholder activism ... 1st SRI conference in 2002 ... High SRI potential

TAIWAN: **1 global SRI fund** registered for sale. 1st. SRI Conference held by ASRIA in 2002.

SRI in Asian Emerging Markets

INDIA: 2 SRI funds.. 1st SRI conference in Sept. 2003 ... Vast educated population ... a major SRI opportunity ... retail financial services taking off, but work to be done

MALAYSIA: 1 SRI fund ... 34 Islamic funds (USD756 million) ... Wealthy educated population ... strong retail investment culture

INDONESIA: Limited investment by global SRI funds ... significant Islamic investment ... Big potential for SRI to influence the retail and investment development.

CHINA: The BIG one! ... Govt. sponsored CG initiatives ... nascent mutual fund industry and growing retail equity culture ... SRI may be 'the angle' for early participation

THAILAND: Retail investment culture developing. Desire for modernisation, but with environmental benefits. Potential for SRI as a differentiated product.

PHILIPPINES: High enviro. and social awareness and active civic sector. Poorly developed savings culture. Strong traditions of corporate philanthropy.

SRI Fund Providers in Asia Today

Australia

74 funds, incl.

- AMP Group
- ANA Friendly Society
- Australian Ethical
- BNP Paribas
- Challenger Group
- Equity Trustees
- Glebe
- Hunter Hall
- ING Funds
- IOOF
- Warrakiri Asset Mgmt
- Westpac Investment Mgmt

Japan

11 funds incl.

- Asahi Life Asset Mgmt
- Daiwa Asset Mgmt
- Dibj Asset Mgmt
- Mitsui Marine Asset Mgmt
- Nikko Asset Mgmt
- UBS Global Asset Mgmt
- UFJ Partners Asset Mgmt
- Yasuda Asset Mgmt

Hong Kong

- Kingsway Fund Mgt.
- Henderson Global Inv.
- Friends Provident
- ABN Amro
- ING Invest. Mgt.
- UBS Global Asset Mgt.
- Pioneer Investments

Korea

- Samsung Group

Malaysia

- Maybank Mgt Bhd.
- 34 Islamic Funds

Indonesia

- Several Islamic Funds

Singapore

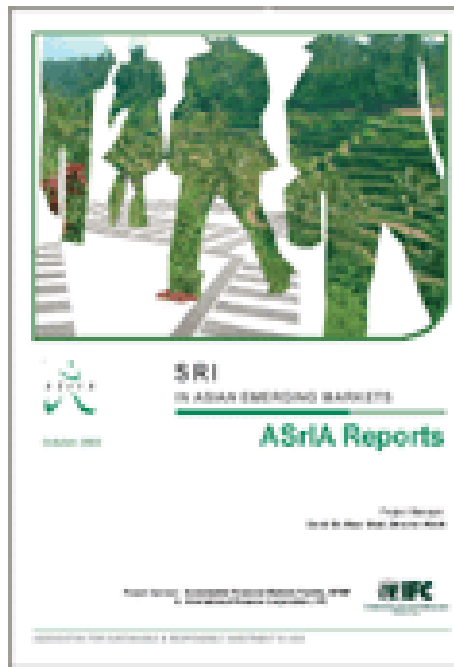
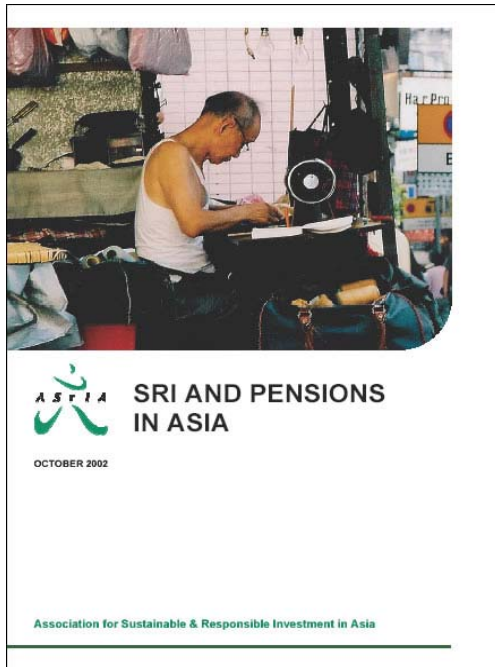
- AMP Hendersons
- Morley FM
- UOB Asset Mgt
- 2 Islamic Fund Providers

Taiwan

- UBS Global Asset Mgt.

India

- JM Heritage Fund
- Inheritance India



Front cover to come!

“Foreign vs Local:

The Debate about SRI Priorities in Japan”



ASRIA Project: “Foreign vs Local: The Debate about SRI Priorities in Japan”

- Debate: how to evaluate companies’ CSR risks/opportunities and performance
 - Universal criteria? Or
 - Japan specific criteria?
- Definition of “Japanese”?
 - Consumers and public opinion preferences? or
 - Japanese corporate context?
- No basis for establishing consensus – CSR values in the context of SRI should be defined by the investors only ?

Typical Controversial Issues...

- **Corporate governance**
 - outside board members, information disclosure
- **Environmental**
 - animal welfare, nuclear power, deforestation
- **Labour Practices & Human rights**
 - Difference in regulatory framework: how the various indicators will be interpreted?
 - How will the historical/cultural difference be considered? e.g. gender equality
 - Some companies strongly opposed to the fact that SRI evaluation includes operations abroad – “why should we act at a company level?” Different public opinion awareness in Japan and the West