



A S r I A Conference

**Socially Responsible
Investment**

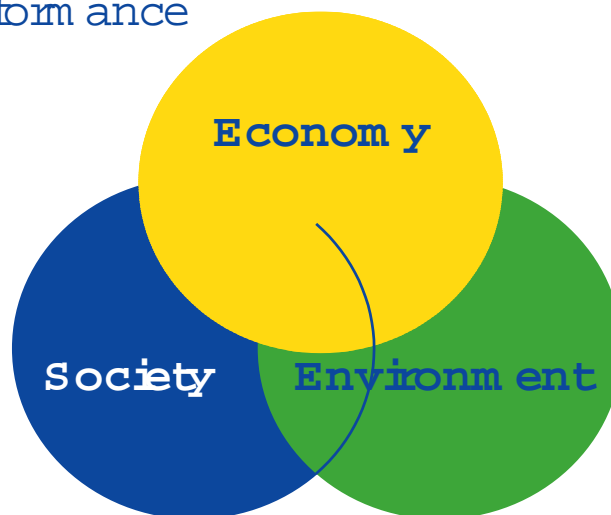
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Introduction to Socially Responsible Investment

- Defining SRI
- Investment process driven by sustainable development
- Identification of social and environmental opportunities and risks
- SRI engagement

Sustainable Development

- "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" - Brundtland Commission 1987
- Key driver to investment performance



- Shift in the 21st century to sustainable development

Five World Economy



Linear Economy

Fossil Fuels,
Nuclear

Energy

CO₂, Nox,
SO_x

Rich Ore Deposits,
Ancient Forests etc..

Materials

Heavy metals
Carcinogens,
EDCs

Products and Services

One World Economy



Cycling Economy

Renewable
Sources

Energy

Sustainably
Managed
Resources

Materials

Wastes

Bio-degradable
wastes

Quality of Life Enhancers

Growth Sectors



Climate Change

- Alternative Energy
- Mass Transportation
- Energy Efficiency
- Water Management

Health

- Pharmaceuticals
- Healthy Eating
- Fitness

Resource Shortages

- Recycling and Environmental Technologies

Business Efficiency

- Supply chain management
- Innovative technologies

Quality of Life

- Education
- Leisure
- Housing
- Telecommunications
- Media
- IT

Identify Risk

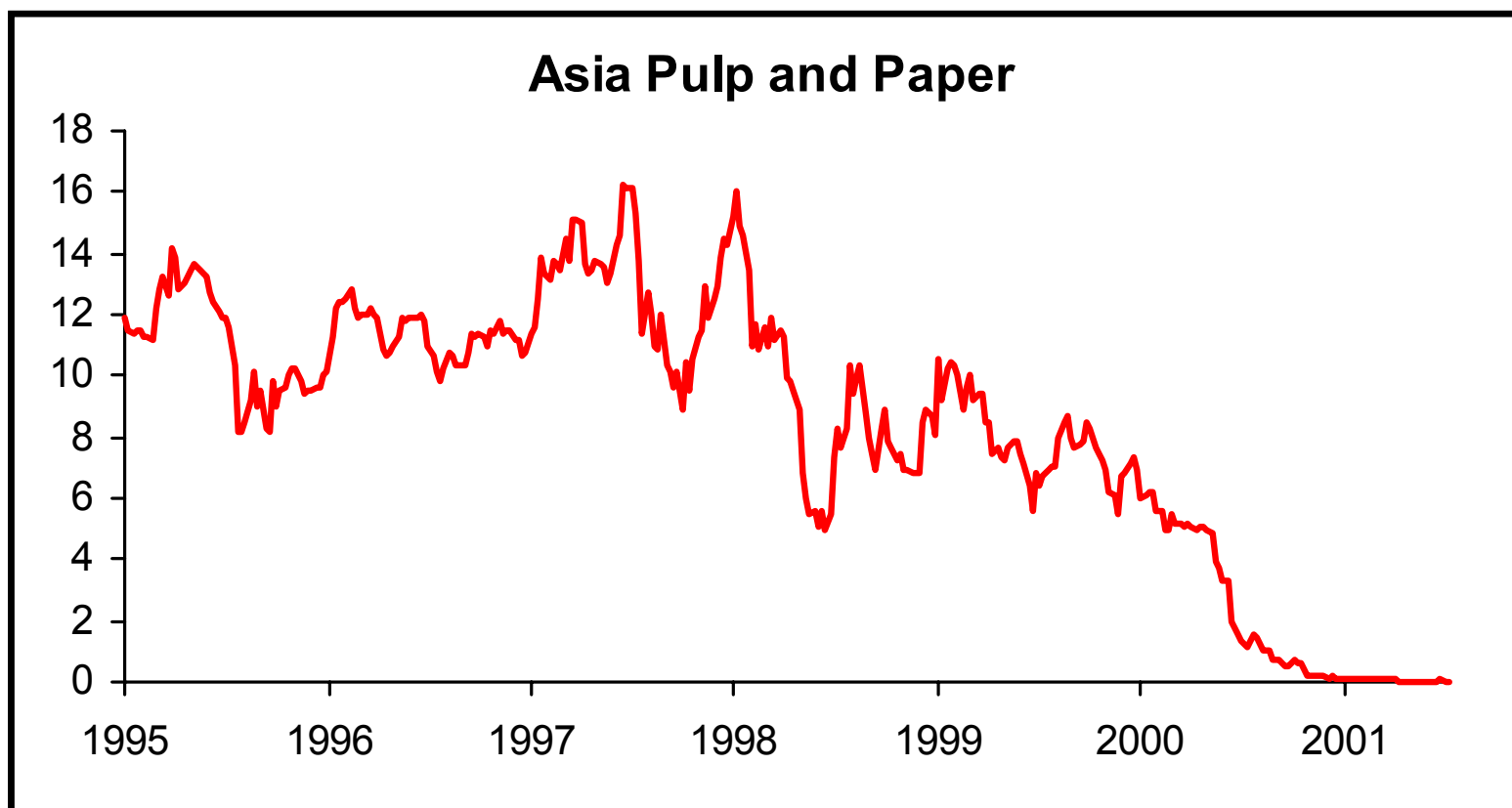
- Reputation/brand (25% of world's financial wealth)*

"It takes 20 years to build a reputation and five minutes to ruin it"

Warren Buffet

*Source: Interbrand

Risk of ignoring sustainable development



SRIR Research Process



Product	A					X
	B					X
	C				X	X
	D	X	X	X	X	X
	E	X	X	X	X	X
		1	2	3	4	5

Management Vision and Practice

How We Rate Companies - Sustainability Matrix

Product	A					X
	B					X
	C				X	X
	D	X	X	X	X	X
	E	X	X	X	X	X
		1	2	3	4	5

Management Vision and Practice

Management Vision & Strategy

Business Sustainability grading:

Grading:

A: core business is sustainability solution

... ..

E: business is fundamentally in conflict with sustainable development

1: Excellent - clear vision of sustainable development and actively working to achieve it

... ..

5: Poor - company is hostile to the concept of corporate social responsibility

Sustainability Matrix - Company Ratings

Sony Corporation

C3

- Sustainability leader in consumer electronics in Japan
- Electronic industry provides potential for sustainability, through reduced paper usage and telecommuting
- Continuous improvements render old products obsolete at rapidly increasing rates raising concerns about disposal
- Strong environmental policy, weak on human rights reporting

Asahi Pretec

A3

- Recycles dental materials, photosensitised materials and precious metals, for refinement into ingots
- Decontaminates liquid waste from photo development and discarded chemicals
- Produces environmental report, ISO 14001 certified
- Weak on employment, social and human rights

Mass Transit Railway Corporation Ltd

B3

- Ownership and operation of a mass transit railway system in Hong Kong, property development, advertising space and AIM banking
- Environmental report covers resource use, waste reduction and education
- Weak on health, safety and employment reporting

Takeda Chemical Industries Ltd

A3

- Pharmaceutical manufacturer
- The company has both social and environmental policies, and produces an environmental report
- Inadequate reporting of social/environmental impact in overseas operations

Progressive engagement

- Adding shareholder value
- Issues
 - Human rights
 - Climate change
 - Persistent Organic Pollutants
 - Equal opportunities
 - Health and safety
- Independent Advisory Committee

Conclusion

"There are three steps in the revelation of any truth: in the first it is ridiculed; in the second, resisted; in the third it is considered self-evident."

Arthur Schopenhauer – German philosopher

