

Raising the Bar: Leading Sustainable Business in 2008

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Overview

→ BTIM – history and structure:

1. Client driven demand
2. Corporate Governance
3. Embedding ESG-UNPRI
4. The future

BTIM Background

- Formed through the merger of BT, Westpac and Rothschild
- Floated on the ASX in 2007
- Focused on manufacturing funds and investment solutions
- Spun out “Regnan” our Governance and Advisory Service, but still key partner

Client Driven Solutions

- Earliest approach has been to offer specific products:
 - Ethical funds – screen out “bad sectors”
 - Sector funds – only “positive sectors”
 - Sustainable funds – more generic

Governance Advisory

- As fiduciaries we are often able to influence company behaviour
- We accept that ESG is generally crucial to long-run profit growth:
 - Influence directly in voting behaviour
 - Indirectly via our relationships with management
- BTIM recognises this powerful mechanism and helped create “Regnan”
- Regnan now advises \$65bn or nearly 7% of the market

Embedding ESG

- BT was an early signatory of UNPRI – now 300 globally and 50 in Australia
- Six principles on ESG (sustainability)
 - Value
 - Engage
 - Disclose
 - Promote
 - Collaborate
 - Report
- Journey for the industry has just begun
- Challenges around “promoting” and “collaborating”

Future Issues

- Global consistency
- Clients acceptance of a long-term approach
- Quantification and disclosure requires some rules and guidelines – eg, carbon emission targets
- Replacing sector and specialist mandates with general principles?

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