



## Climate change threatens corporate balance sheets

**London, 23rd November 2009 –**

Companies and their investors are failing to take changes in weather patterns properly into account in their investment decisions, according to a new report, *‘Managing the Unavoidable: investment implications of a changing climate’*<sup>1</sup>, published today by three leading institutional investors.

The report, produced by Henderson Global Investors, Insight Investment, and the Universities Superannuation Scheme (USS), with specialist input from the consultant Acclimatise, builds on four sector specific reports published at the same time<sup>2</sup>. It highlights that most attention has been paid to extreme weather effects (flood risk, increased ferocity of storms), but that much less attention has been paid to the incremental changes of changing weather patterns such as the effects of incremental rise in ambient temperatures on building performance and energy efficiency.

Seb Beloe, Head of SRI Research at Henderson Global Investors, commented:

“These incremental changes are already starting to affect operational costs and, in some cases, asset values. The research underpinning this report suggests that we as investors need to pay much greater attention to how climate change/weather affects our investment decisions. This will require paying attention to how climate change adaptation will affect company-specific business models, value drivers, strategy, governance, cash flows and assets”.

Hilary Benn, Secretary of State for Environment, Food and Rural Affairs, in the foreword to the report, said:

"In outlining the risks that inevitable climate change poses for companies, this report encourages investors to examine adaptation-related risks in their portfolios and use their influence to encourage companies to manage these risks more effectively."

Investors are reminded that climate change also poses opportunities. David Russell, Co Head of Responsible Investment at USS, added:

"Most companies see climate change primarily in terms of downside risk management. However, from an investment perspective, climate change may also present opportunities."

Finally, the report calls on investors to ensure that companies have clear strategies for responding to climate change and reporting on risk assessment processes. It also urges investors to play a much more proactive role in public policy debates on adaptation to the effects of climate change, highlighting a need to develop long-term policies which enable companies to plan and invest appropriately.

-----ENDS-----

---

<sup>1</sup> In January 2008, Henderson Global Investors, Insight Investment, and USS launched the ‘Managing the Unavoidable’ project to identify how companies and their investors are likely to be affected by the physical impacts of climate change. The project also aimed to catalyse a wider discussion on the responsibilities of investors in this area.

<sup>2</sup> The sectors covers are Electric Utilities, Water Utilities, Real estate and Oil and Gas, and they are available at [www.acclimatise/uk/com/resources/investors](http://www.acclimatise/uk/com/resources/investors).

**About Henderson Global Investors**

Established in 1934, Henderson Global Investors is a leading independent global asset management firm. The company provides its institutional, retail and high net-worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private equity. With the principal place of business being London, Henderson is one of Europe's largest investment managers, with £57.7 billion assets under management (as at 30 September 2009) and employs around 940 people world-wide.

**About Insight Investment**

Insight Investment is a specialist asset manager at the forefront of designing and delivering investment solutions designed specifically to meet our clients' evolving investment needs. Launched in 2002, it has grown to be one of the largest asset managers in the UK, winning industry recognition for its investment capabilities.

**About The Universities Superannuation Scheme ("USS")**

USS is the second largest private sector pension fund in the United Kingdom and the principal pension scheme for UK universities, acting for 378 universities and academic institutions. It has in excess of £26.8 billion in assets as of September 30 2009, and approximately 250,000 members.

**About Acclimatise**

Acclimatise is a risk management consultancy focussed on helping its clients become resilient to the impacts of inevitable climate change. Founded in 2004 Acclimatise advises some of the world's largest corporates, banks and investment funds. It also provides strategic guidance to governments, government agencies and to cities. Copies of all reports can be downloaded from [www.acclimatise.uk.com/resources/investors](http://www.acclimatise.uk.com/resources/investors)

**For further information please contact:**

Andrew Fleming/Lisa Haines, Penrose Financial  
uss@penrose.co.uk  
+44 (0) 207 786 4823/ 4871

**Seb Beloe**, Head of SRI Research, Henderson Global Investors  
seb.beloe@henderson.com  
+44 (0) 207 818 5234

**Dr Rory Sullivan**, [Rory@rorysullivan.org](mailto:Rory@rorysullivan.org)  
+ 44 (0) 207 321 1875

**David Russell**, Co Head of Responsible Investment, USS  
[drussell@uss.co.uk](mailto:drussell@uss.co.uk)

**John Firth**, CEO, Acclimatise  
[j.firth@acclimatise.uk.com](mailto:j.firth@acclimatise.uk.com)  
+44 (0) 7769 706184