



HBOS plc

Implementation of Responsible Investment: Investment Integration

ECOFACT Seminar – Responsible Investment
Policies: Implementation and Challenges
London, 17 October 2008

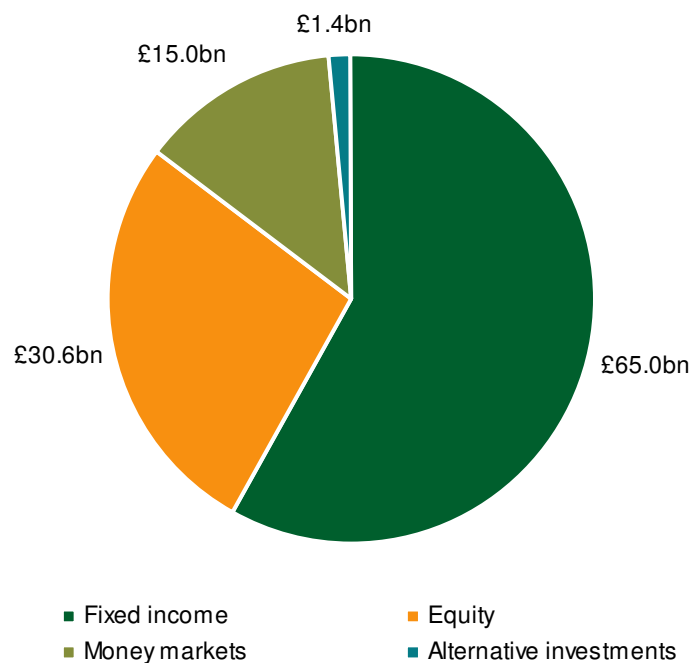
Insight Investment

Rory Sullivan
Head of Responsible Investment

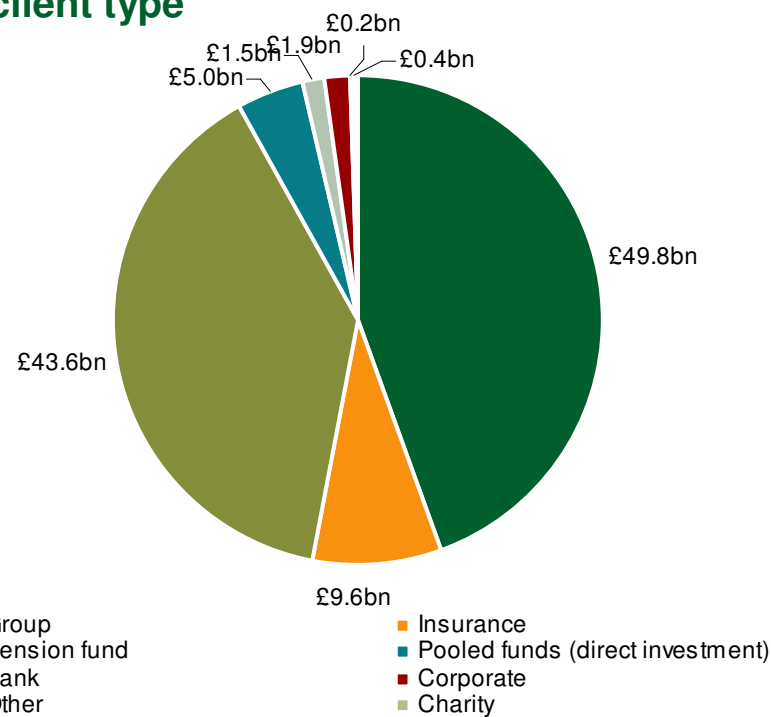
Insight assets under management

- Total assets under management are: £112.0 billion*

By asset class



By client type



Source: Insight, as at 30 June 2008

* Includes £18.2 billion in swap overlay assets where we may not explicitly manage the assets backing the swaps

Why responsible investment?

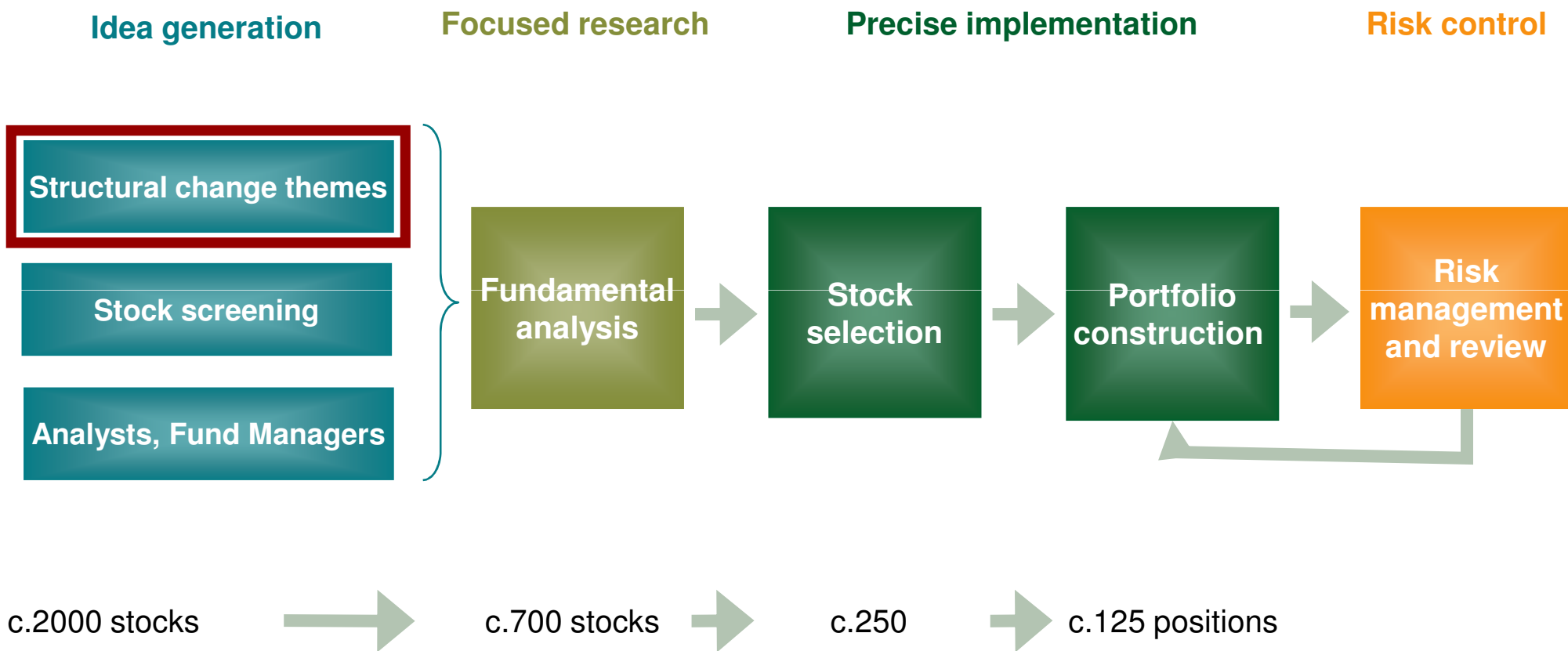
Our beliefs

- Environmental, social and governance issues can be material drivers of investment value.
- The objective of engagement (or activism) is to create successful companies that deliver sustainable, long-term value to their shareholders.
- Investors have a responsibility to encourage companies to meet high standards in their management of environmental, social and governance issues.

Main activities of the Responsible Investment team

- Integration of environmental, social and governance issues into Insight's investment research process:
 - Thematic research
 - Fundamental analysis/stock-specific investment research support
- Corporate governance and corporate responsibility engagement and voting
- Screening and stock identification for Insight's ethical funds

Insight's investment process

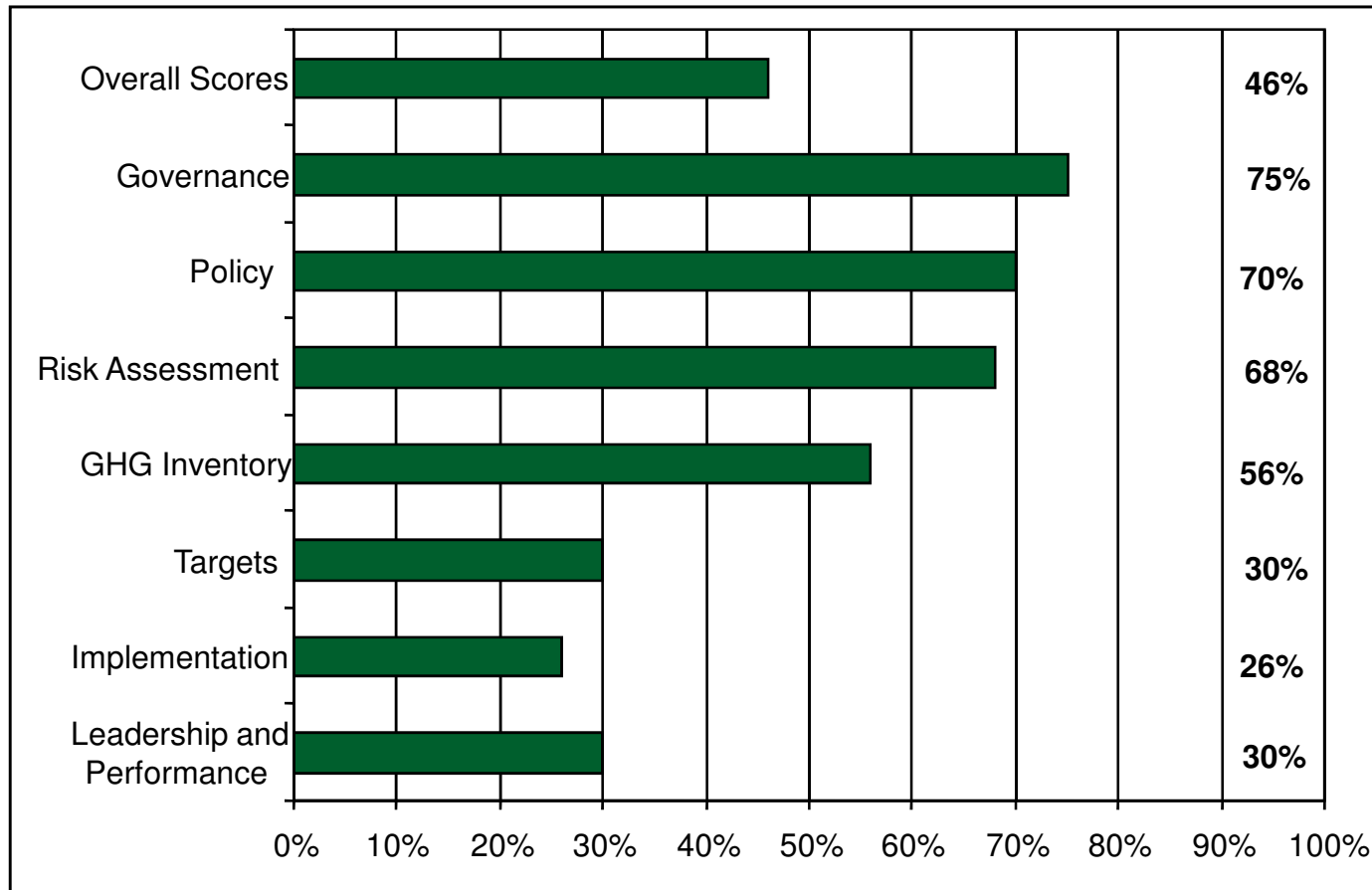


Case-study: climate change

Recent examples:

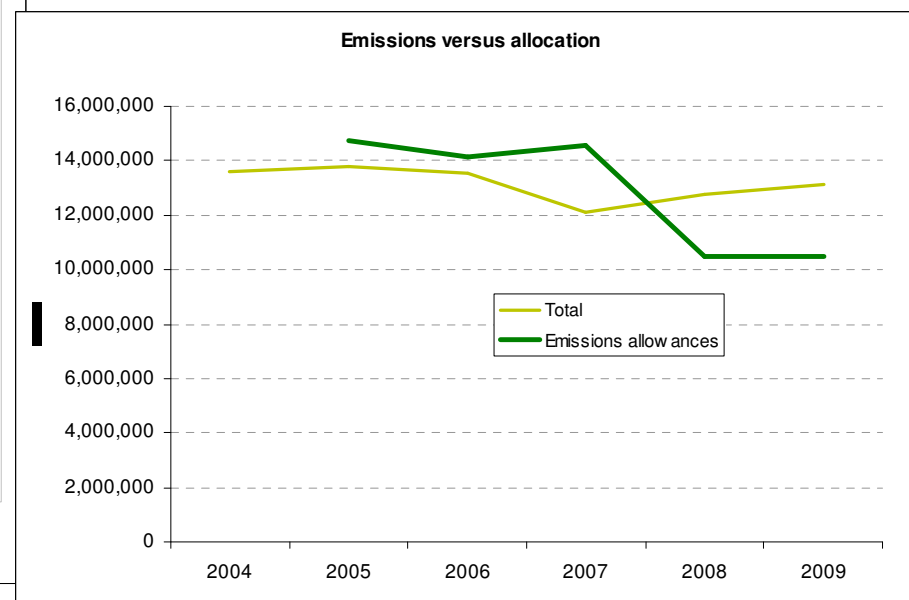
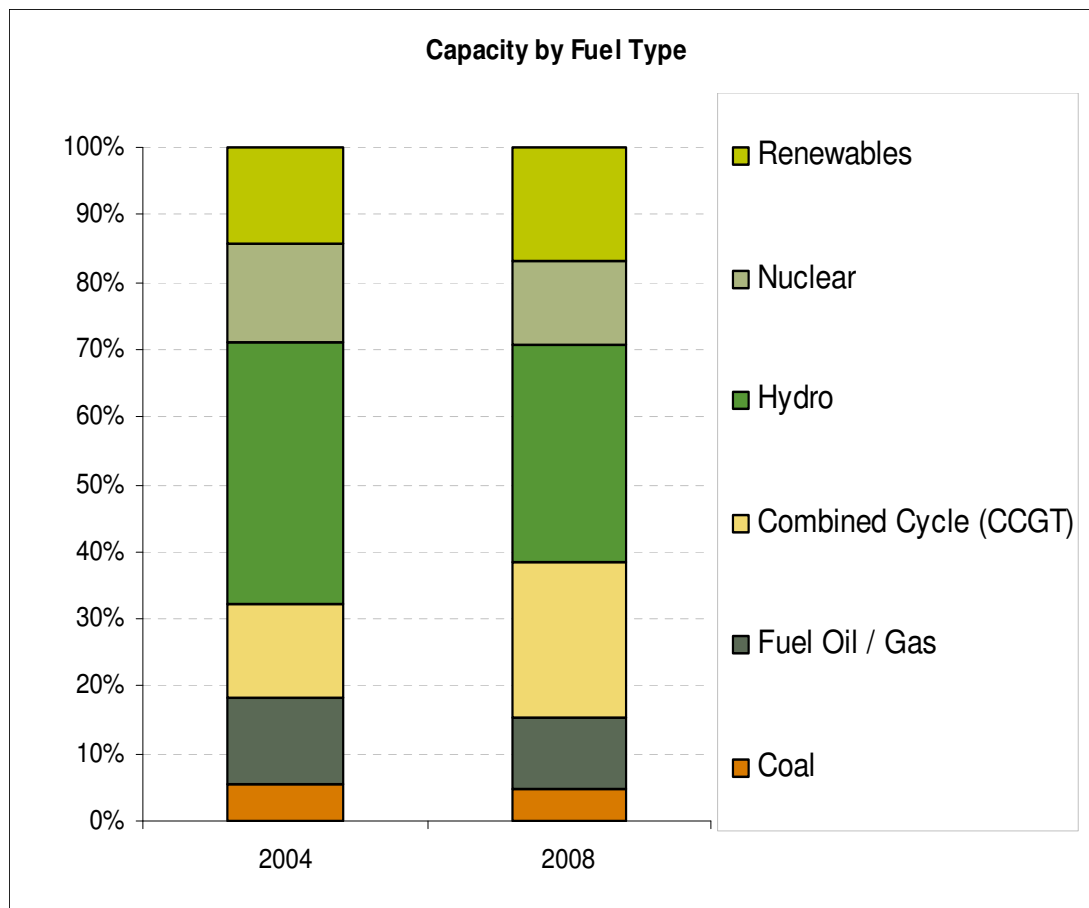
- Assessment of the implications of including aviation in EU Emissions Trading Scheme
- Assessment of the implications of emissions trading for European electricity utilities
- Review of opportunities for alternative fuels in power generation and transport sectors
- Assessment of emerging regulatory risks and opportunities (e.g. evolving US energy policy)
- Adaptation and the physical impacts of climate change
- Benchmarking of FTSE100 and large cap European companies on greenhouse gas emissions management

Benchmarking the climate change performance of large UK and European companies



Sullivan, R. (2008), *Taking the Temperature: Assessing the Performance of Leading Companies in Addressing Climate Change* (Insight Investment, London).

Thematic research: valuing carbon liabilities



Source: Insight

Investment integration as responsible investment: some wider reflections



- Materiality is defined by
 - client/fund objectives and timeframes
 - Regulation or other pressures
- Thematic analysis is a complement to, not a substitute for, fundamental analysis
- It is an open whether enhanced analysis on its own provides social or environmental benefits



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Thank you

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Notes



We would also point out:

- All features in this pack are current at the time of publication but may be subject to change in the future.
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