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Press Release

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“Asian companies must improve corporate governance and address sustainability risks if they are to lead a global economic recovery”

As leading economists point to Asia as the main driver of global economic recovery, F&C urges companies in the region to improve their corporate governance practices and more actively manage their impacts on the environment, employees, and local communities in order to secure a more sustainable model for future global growth.

In its recent report *“Towards a sustainable recovery: Governance & Sustainability in Asia”*, F&C says that Asian companies with strong independent and accountable boards, and innovative products that serve the needs of local consumers with rising income levels, will win the hearts and cash of global investors.

Over the last two years, financial regulators and stock exchanges have put much time and effort into trying to reform the markets to weather the credit crunch, with nearly all exchanges revising their capital raising standards and introducing tougher corporate governance practices to safeguard the market and preserve investor confidence. However, F&C warns that corruption and market abuse are endemic to some Asian markets and have put a damper on investor enthusiasm.

As an active shareholder and member of the Asian Corporate Governance Association (ACGA), the 2009 voting season saw F&C vote at over 1,400 company meetings in Asia, with a particular focus on board balance and independence, the protection of shareholder rights and capital raising practices.

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F&C has been analysing Asian companies' environmental, social and governance (ESG) practices for nearly a decade. The firm first began systematically engaging Asian companies on ESG issues in 2004 through its Responsible Engagement Overlay (**reo®**) programme. Over the last five years, members of F&C's Governance & Sustainable Investment (GSI) team have travelled to China, Hong Kong, India, Japan, Malaysia, Myanmar (Burma), Singapore and South Korea to encourage companies to improve governance and sustainability practices.

Alexis Krajieski, Associate Director, Governance & Sustainable Investment at F&C, said: "Any Asia-driven global recovery will come with a rise in domestic consumption and export-driven production. For global growth to resume in a sustainable manner, Asian companies will need to step up and more actively manage their impacts on the natural environment, employees, customers, and local communities."

Krajieski, who will be attending this week's ACGA Annual conference in Beijing, added: "As Asian multinationals rise up the global league tables, they will be held to global good governance and risk management standards. Business risks linked to human rights, labour standards and business ethics can no longer be neglected. We are calling for businesses to take further steps to improve board independence, bolster internal controls, and properly evaluate and mitigate their key environmental and social impacts such as those linked to climate change."

The "*Towards a sustainable recovery: Governance & Sustainability in Asia*" report contains detailed information about F&C's engagement activities with companies in different Asian countries. A copy of the report can be found here www.fandc.com/FundNets_FileLibrary/file/co_gsi_in_asia_reo_Oct09.pdf

For further information about the report or to speak to Alexis Krajieski or another member of F&C's Governance & Sustainable Investment team, please contact paula.garrido@fandc.com

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Notes to Editors

F&C Investments

- F&C Asset Management (F&C) is an independent London Stock Exchange listed asset management group with around 100,000 shareholders.
- F&C traces its origins to 1868 with the launch of Foreign & Colonial Investment Trust, the first ever publicly listed investment fund. Foreign & Colonial Investment Trust remains a client of F&C.
- F&C is an active fund manager with a multi-specialist investment model where individual teams have strong accountability for their products and processes. The group is also an active shareholder with a leading franchise in governance and sustainable investment.
- F&C manages £99.2 billion (€108.5 billion) of assets* for a diverse range of institutional, insurance and retail clients across all major asset classes – equities, bonds, cash and property – as well as alternative and specialist product classes such as Socially Responsible Investment funds, hedge funds, private equity funds and Liability Driven Investments. F&C invests globally and has been a longstanding investor in emerging markets.
- F&C REIT Asset Management is the group's global property asset management business. It was formed in 2008 from the merger of F&C's property division and REIT Asset Management. F&C REIT operates from offices in London, Dublin, Munich, Mumbai and Stockholm.
- F&C manages assets principally from three investment centres: London, Amsterdam and Edinburgh. The group has a global office network spanning a dozen countries: China (Hong Kong), France (Paris), Germany (Frankfurt & Munich), India (Mumbai), Ireland (Dublin), The Netherlands (Amsterdam), Portugal (Lisbon), Sweden (Stockholm), Switzerland (Geneva), UK (London, Edinburgh, Dorking) and the United States (Boston).
- In March 2009 F&C signed a Memorandum of Agreement with Hua Xia Bank, one of China's twelve nationwide joint stock commercial banks, to establish a joint venture fund management company in China in which F&C will have a 19.5% interest.

* As at 30 September 2009.