

Investors can be catalysts in transition to sustainable biofuels

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The use of commercially feasible advanced biofuels (derived from non-food crops) may help to reduce climate risks and avoid environmental and social conflicts associated with conventional food crop based biofuels, says the latest investor briefing released today by EIRIS, a leading global provider of ESG ratings and research to responsible investors.

The '*EIRIS imug Biofuels Report*', produced by EIRIS and imug (EIRIS' global network partner in Germany), introduces different types of biofuels and shares EIRIS' insights into key environmental and social risks and opportunities, future developments and findings from EIRIS' research.

The briefing explains the uncertain policy framework for food crop based biofuels as global concerns about their impact on food security, land use, greenhouse gas emissions, water use, biodiversity and forest management, call into question previous regulatory policies and targets. As a result, the EIRIS briefing highlights opportunities for investor engagement to promote corporate research and development, and investment, in advanced biofuels and renewable technologies.

Analysis of EIRIS' standard research universe of c.3,000 companies finds a limited level of involvement in the production of food crop based biofuels amongst listed companies, according to the briefing. Listed companies involved in the oil and gas production, food production and alternative energy sectors have the highest exposure. Interestingly, EIRIS research finds that only one producer of food crop based biofuels in each of the identified categories of "large", "moderate" and "small", is presently involved in the research and development of advanced biofuels, indicating the extent of the opportunities for engagement towards more sustainable biofuels.

The briefing suggests that biofuels produced in a sustainable and fair manner could help to meet energy demands, create jobs, develop improved agricultural methods and potentially, create significant greenhouse gas mitigation.

Recommendations made in the briefing for investors interested in biofuels:

- identify the main players currently producing conventional food crop based (first generation) biofuels and engage with them to promote corporate research and development, and investment, in advanced biofuels
- through increased investment, encourage the transition from the research stage to the commercial production of second and third generation biofuels
- through engagement with policy makers and other stakeholders, help to address global concerns over energy, security, poverty, hunger and environment impacts associated with biofuel production
- engage with companies to encourage the transfer of focus towards genuinely cleaner and commercially feasible technologies
- engage with companies to influence future decisions regarding their supply chain or potential expansions.

Report contributor Markus Grünewald of imug commented, “EIRIS research identifies the sectors where listed companies have the greatest involvement in the production of first generation biofuels, and suggests various opportunities for engagement towards more sustainable forms.” Lead report author Yumika Mochizuki added, “A number of investors have approached EIRIS for analysis of the ESG risks attached to involvement in the industry as biofuels is a complex and contested area. Given the relatively few companies identified as producers of food crop based biofuels that are also involved in the research and development of advanced biofuels, this presents a real opportunity for investor action.”

The ‘*EIRIS imug biofuels Report*’ is available online at <http://www.eiris.org/media/> and <http://www.eiris.org/publications/>.

Press contact:

London: Stephen Hine | EIRIS | stephen.hine@eiris.org | Tel: +44 (0)20 7840 5716

Notes to editors

1. EIRIS www.eiris.org is a leading global provider of independent research into the environmental, social, governance (ESG) and ethical performance of companies. Wholly owned by the EIRIS Foundation, EIRIS is a social enterprise, working to help our clients develop the market in ways that benefit investors, asset managers and the wider world. Our mission is to empower responsible investors with independent assessments of companies and advice on integrating them with investment decisions. EIRIS provides research services to over 200 clients including asset owners, asset managers, banks, stock brokers, charities and governments around the world - as well as major index providers. We have 30 years' experience of promoting responsible investment and helping consumers, charities and advisers invest responsibly. EIRIS has offices in London, Paris, Boston and Washington, D.C. In addition to overseas offices, EIRIS has a global network of partners in Australia, Germany, Israel, Mexico, South Africa, South Korea and Spain to further extend our research coverage and keep us abreast of responsible investment issues at the local level.
2. The [EIRIS Global Platform](#) (EGP) is EIRIS' new, innovative and intuitive research platform for sustainability data. EGP gives investors access to EIRIS' analysis of the ESG strengths and weaknesses of over 3,000 companies, including emerging markets coverage. It offers a simple way into EIRIS' rating and screening tools, research reports, UN Global Compact compliance and PRI toolkits and, uniquely, allows clients to customise it to suit their specific investment approach by offering the ability to drill down to underlying indicators and metrics. Features include a material risk indicator, an interactive change history function that tracks ratings changes, and news alerts of potentially investment-critical developments.

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