

# Scandinavian Investment Case

How to integrate ESG and Climate Risks into an investment portfolio



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**STOXX**



# ESG integration in Investment Management



# What We Do



Sustainalytics is a global environmental, social and governance (ESG) and corporate governance research and analysis firm.

We help clients turn vast quantities of environmental, social and governance information into insightful, value-added analysis to enable more informed investment decisions.

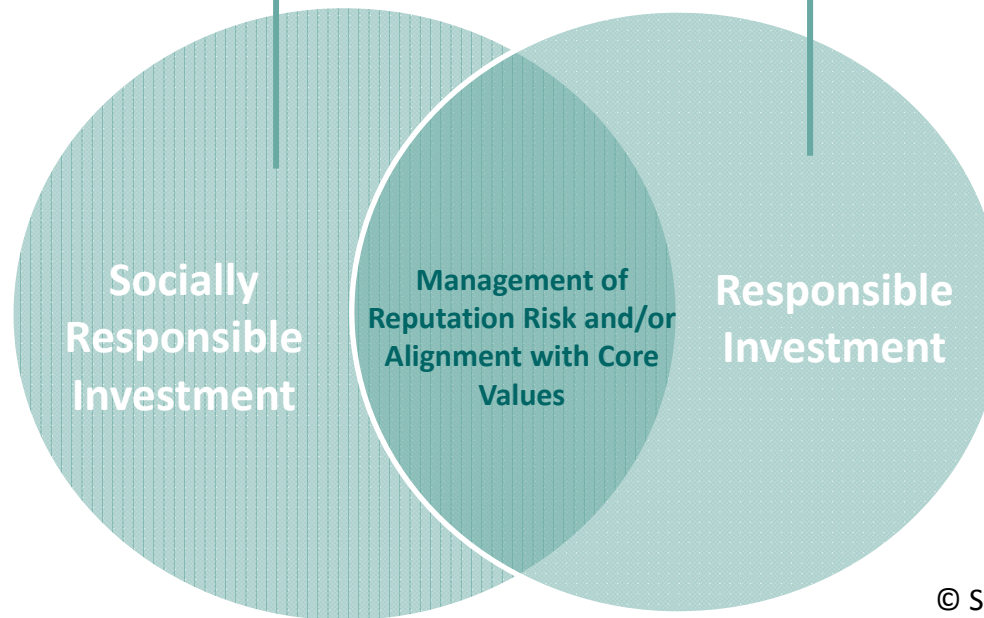
# Where We Are



- Offices in Amsterdam (HQ), Boston, Bucharest, Frankfurt, London, New York, Paris, Singapore, Sydney, Timisoara and Toronto
- Representation in Brussels and Washington D.C.
- Over 250 staff (140+ analysts)

# Responsible Investment: Diversity of motives

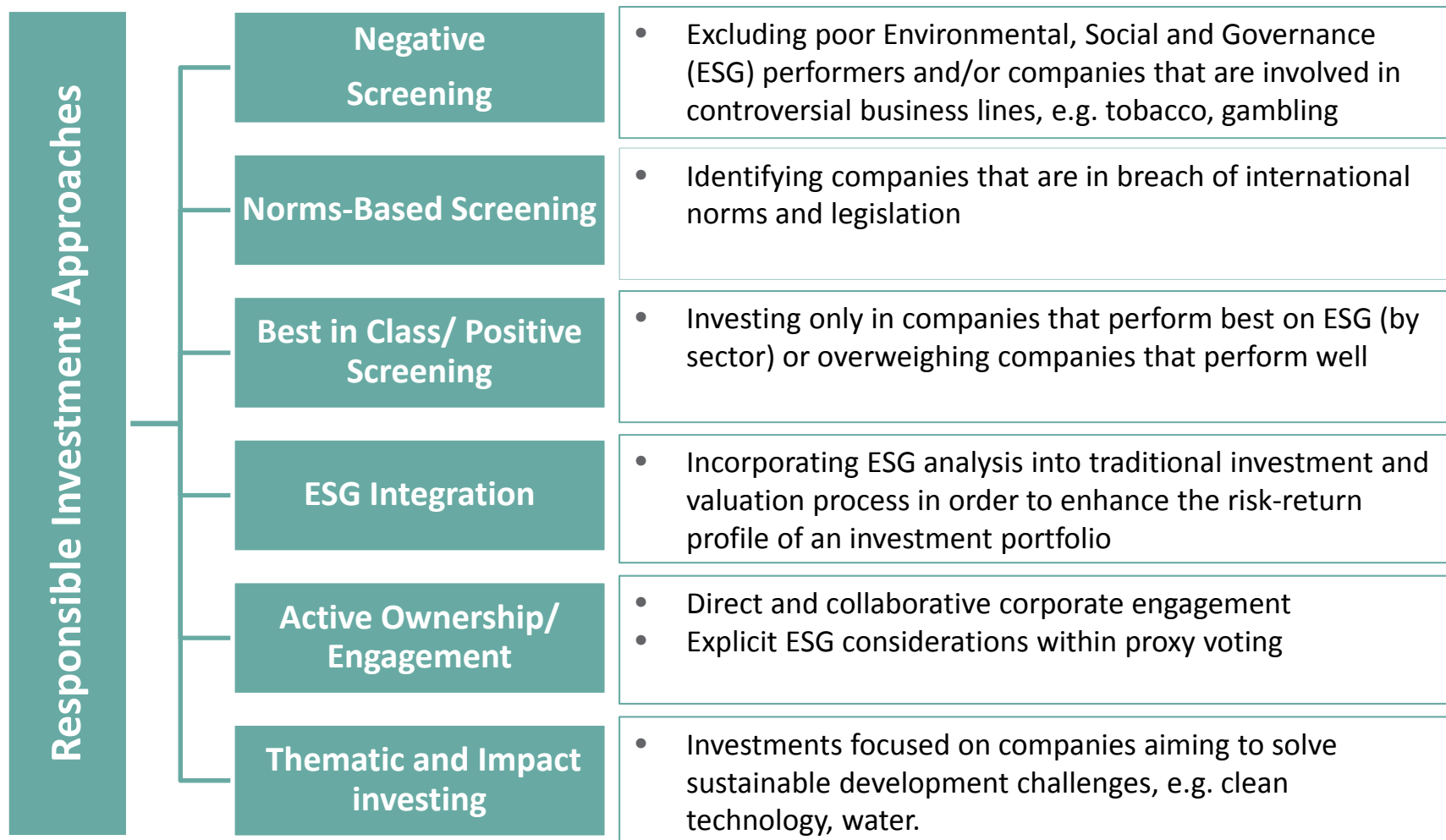
Creating Positive Societal  
Impact or Decreasing  
Negative Impact



Improving Risk-Return  
Profile of Investment  
Portfolio

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# Responsible Investment Strategies



# Current state of ESG Integration



- There is no golden standard for ESG integration
- Definition for ESG integration varies between
  - Broad: Incorporating ESG factors in the investment management / portfolio construction process; and
  - Narrow: Incorporating ESG factors in financial analysis of an asset or security
- Most often mentioned approaches are on issuer or security level, but ESG integration can also be done on a portfolio level or sector level
- Approach will depend on investment beliefs, motives for ESG integration, and investment process. E.g. active versus passive, top-down versus bottom up, quantitative/qualitative, asset class, etc.
- Focus most often on risk side, less on opportunities
- Broad adoption has not taken place yet



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Amsterdam | Boston | Brussels | Bucharest | Frankfurt | London | New York City | Paris | Singapore | Sydney | Timisoara | Toronto | Washington D.C.



# 5 Statements on Investments and Climate Change

London, 26 May 2016



# About South Pole Group

**80million+**  
tCO<sub>2</sub>e saved

**100,000+** GWh  
renewable energy produced



**70,000**  
jobs created  
in developing countries

**15,000+** km<sup>2</sup>  
saved forest from deforestation

**55,000+** km<sup>2</sup>  
land protected or restored

**\$10 bn+**  
clean energy investments mobilised  
in emerging markets

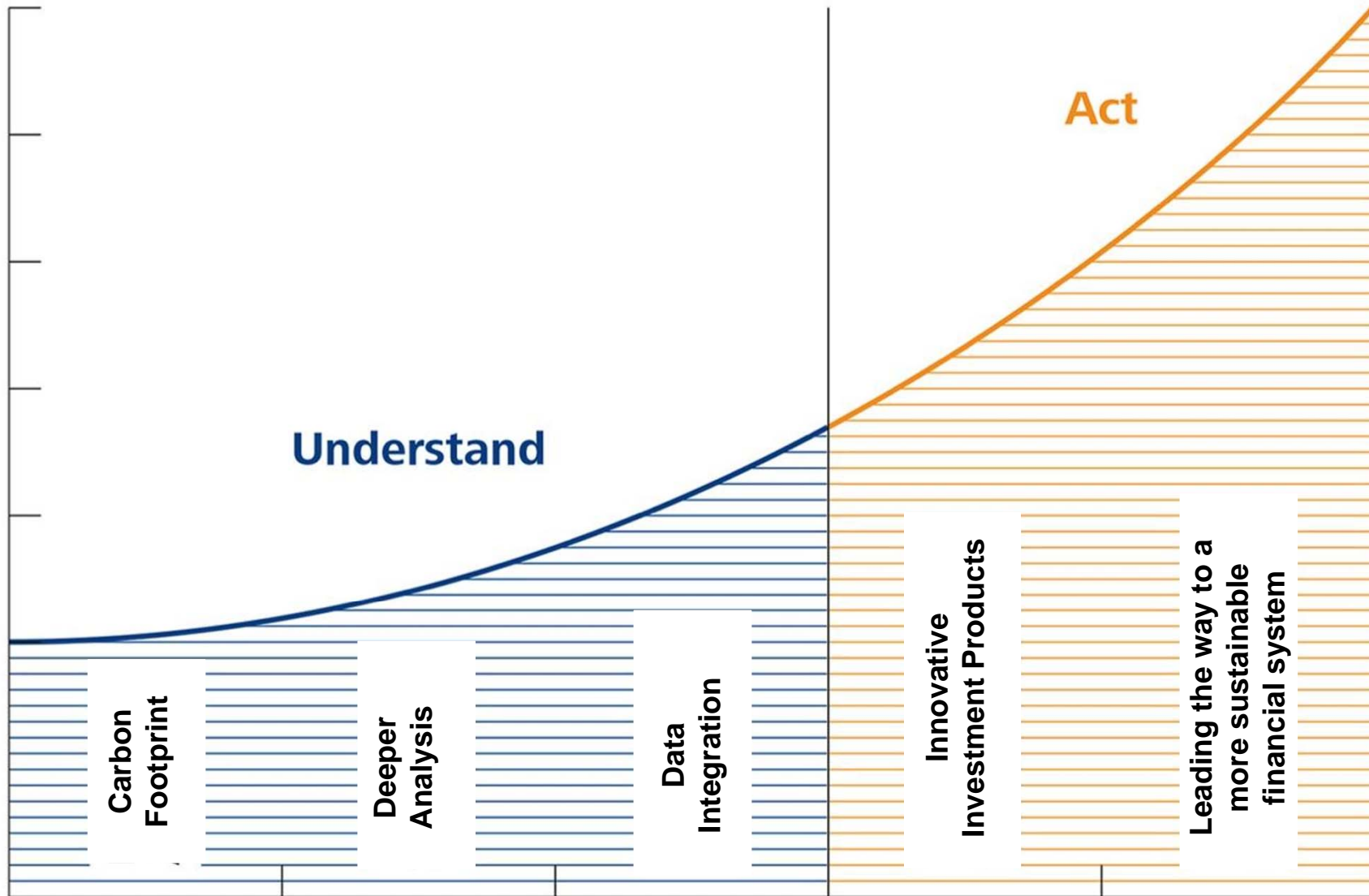
**500+**  
projects  
developed

in renewables, forestry,  
agriculture, industry  
and households

**2 Trillion Euro**  
Investments and  
Assets screened  
for their climate impact



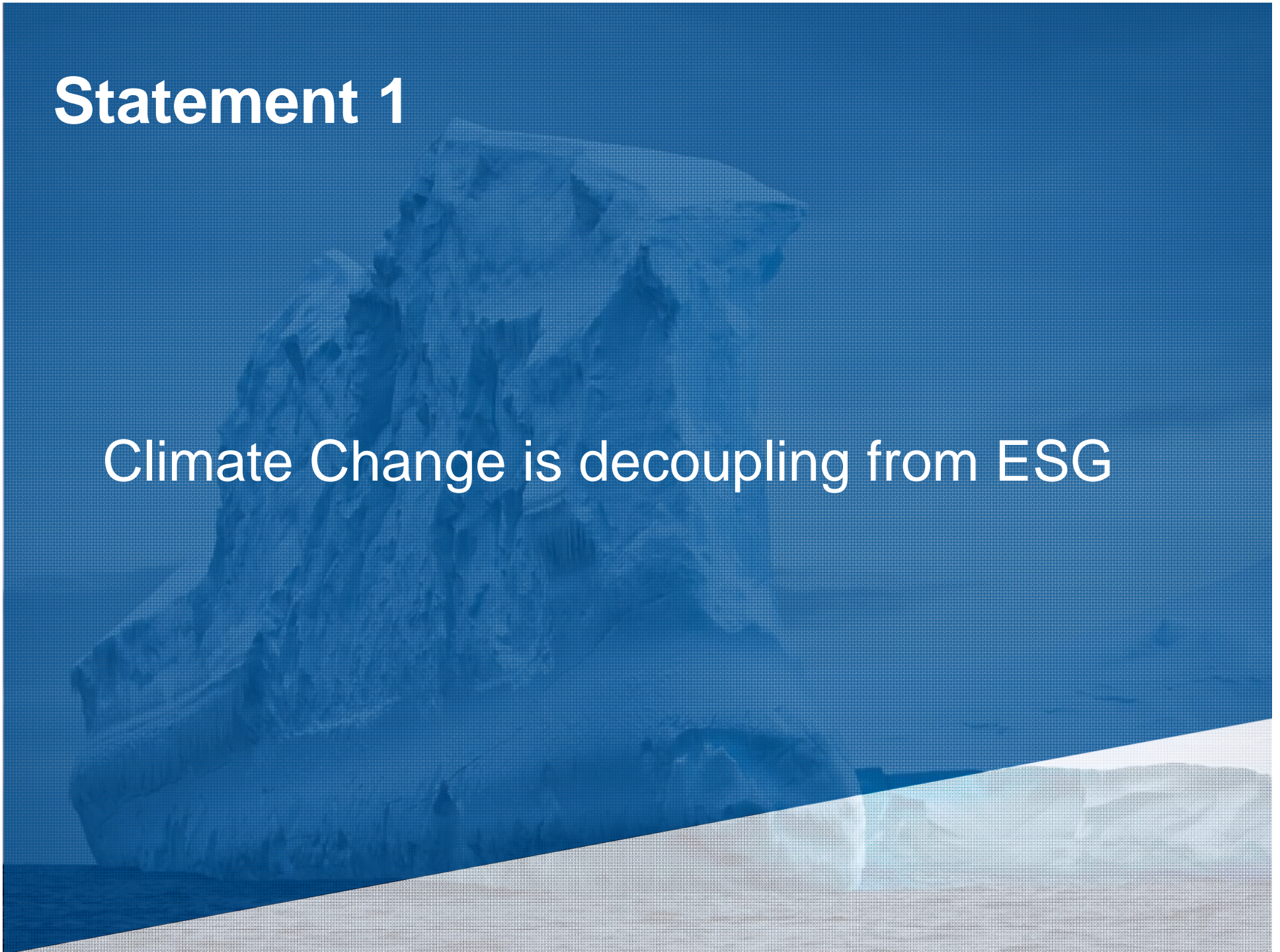
# Investors on a Journey





# Statement 1

Climate Change is decoupling from ESG





# Post COP 21: The world in times of climate change

“For the first time, every country in the world has pledged to curb emissions, strengthen resilience and join in common cause to take common climate action”

**Baan Ki-moon**, UN Secretary-General, at the end of COP 21, December 2015



## Statement 2

Every investor will have to take a stand on climate change



# Financial industry in focus



**Paris Agreement Artikel 2.1. c):**

**'Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'**

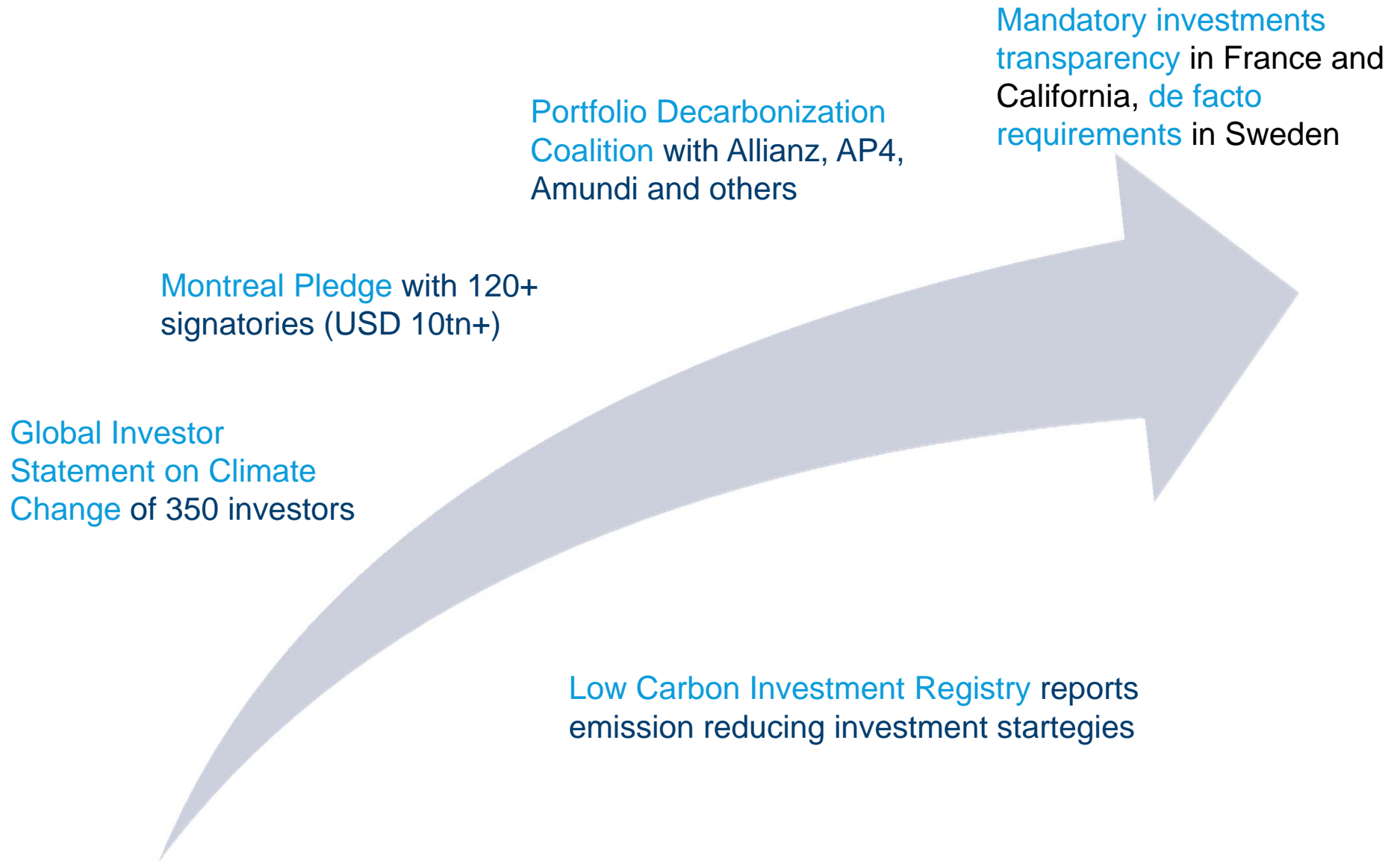


## Statement 3

New transparency initiatives regarding investments and climate change on the rise



# (Self-)Commitments and transparency



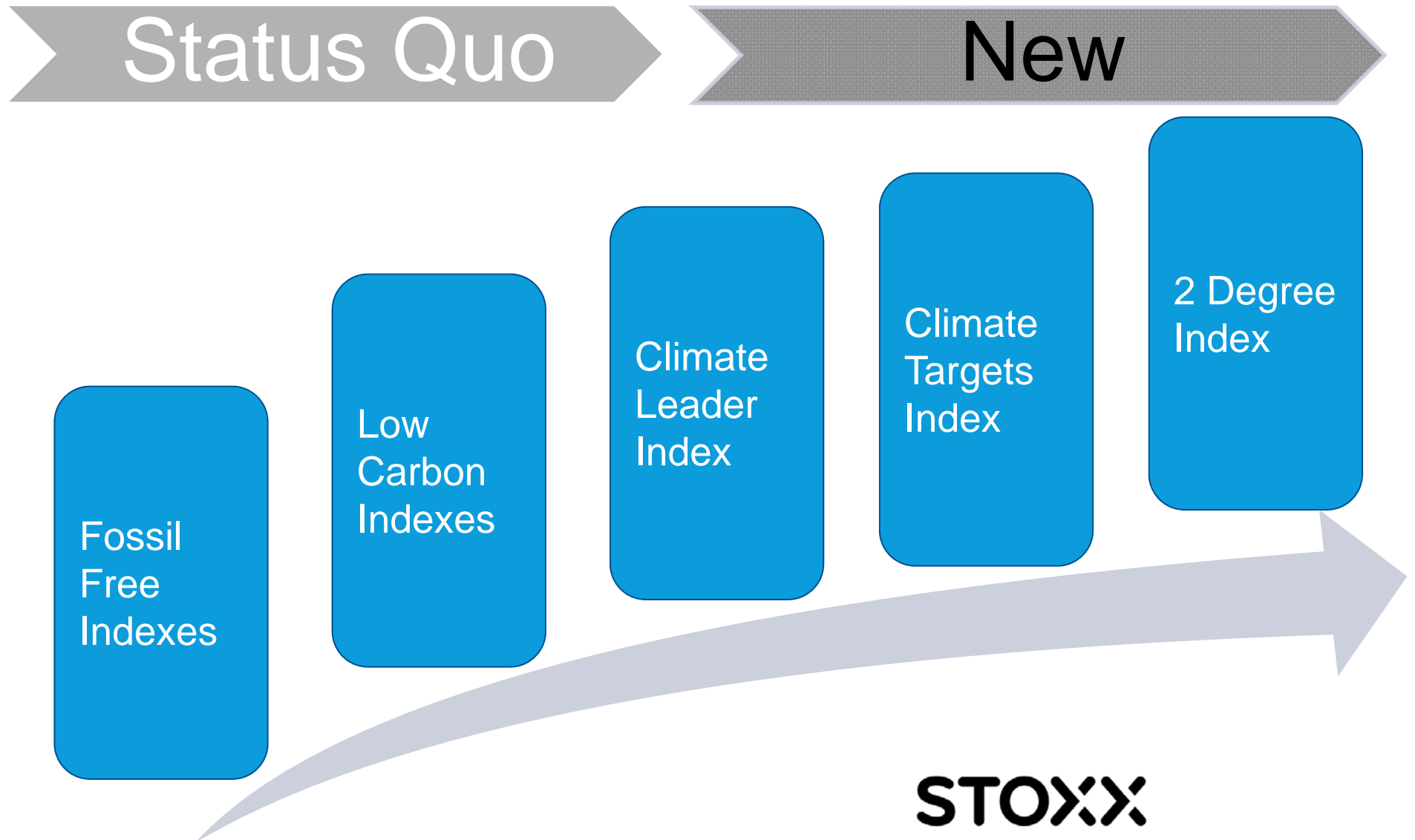


## Statement 4

Numerous climate-focussed investment strategies and products will be launched



# Climate friendly indexes





## Statement 5

Private investors start to focus on their investments' climate impact



# CLIMPAX: climate transparency for retail funds

Largest European Equity Funds		Climate Impact Rating
1	Fidelity Funds - European Growth	★ ★ ★
2	Allianz Europe Equity Growth	★ ★ ★ ★
3	Invesco Pan European Structured Equity	★ ★
4	MFS Meridian Funds-European Value	★ ★ ★
5	BGF European A2	★ ★
6	JPM Europe Equity Plus	★ ★ ★
7	UBS (Lux) Eq S - Europn Opp Unconstr	★ ★ ★ ★ ★
8	Vanguard European Stock Index	★
9	Allianz European Equity Dividend	★ ★ ★ ★
10	Henderson HF Pan European Equity	★ ★ ★ ★
11	Invesco Pan European Equity	★ ★ ★
12	Alken Fund - European Opportunities	★ ★
13	BGF European Equity Income	★ ★ ★
14	JPM Europe Strategic Dividend	★ ★ ★ ★
15	BGF Euro-Markets	★ ★ ★

For illustration purposes only.

# Many thanks



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**Scandinavian Investment Case**

**May 26, 2016**

**S|E|B**



# Sustainability at SEB – Our Approach

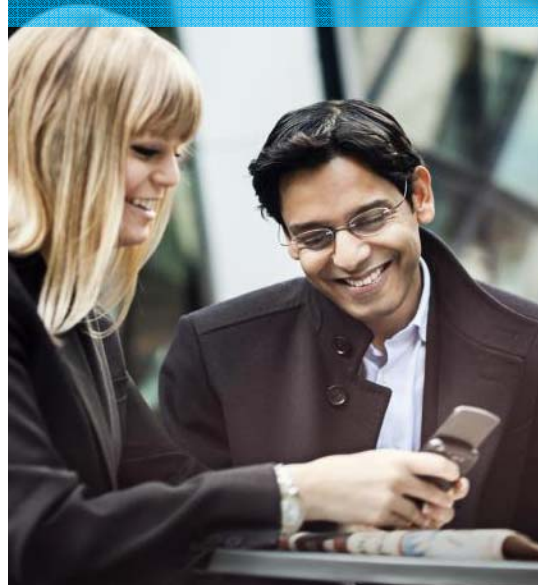
## Our conviction

We are convinced that companies that include sustainability in their operations are more successful in the long term.



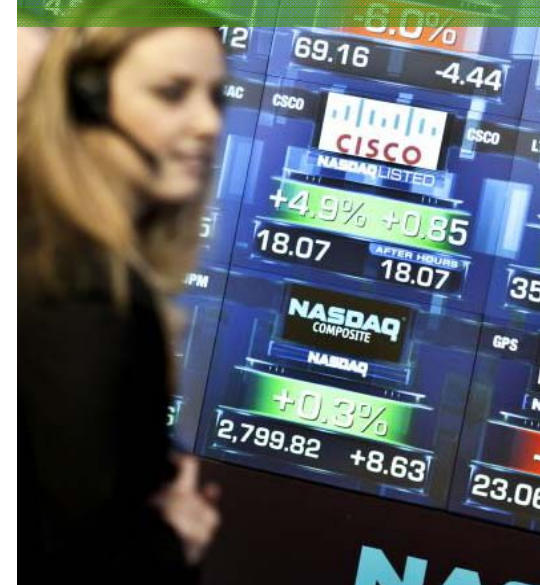
## Our responsibility

We take responsibility for how our business affects our customers, employees, shareholders and society at large.



## Our ambition

We shall create long-term value from a financial, ethical, social and environmental perspective.





# Sustainable Investments - Our journey



# Inclusion – a focus on environment



## Why

- We believe that Global Climate Change is one of today's most serious worldwide challenges
- We believe that the attitudes and behaviors are rapidly changing towards a more sustainable usage of scarce and limited resources
- This will have an enormous impact on future consumption and investments

## How

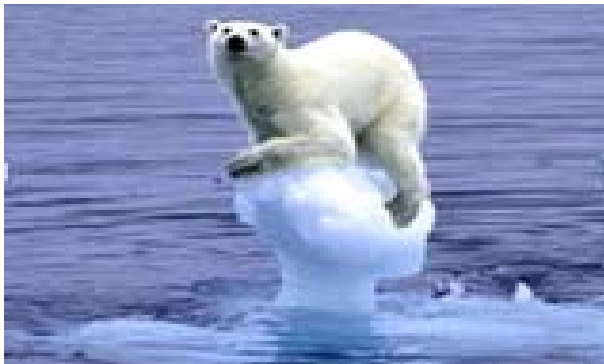
- We will favor key themes that we believe could enhance future investment returns and will limit the future effects from the environmental and social changes caused by human activities



# Inclusion

Our key themes for sustainable approach

## Climate Change



## Toxic Pollution & Waste



## Natural resources

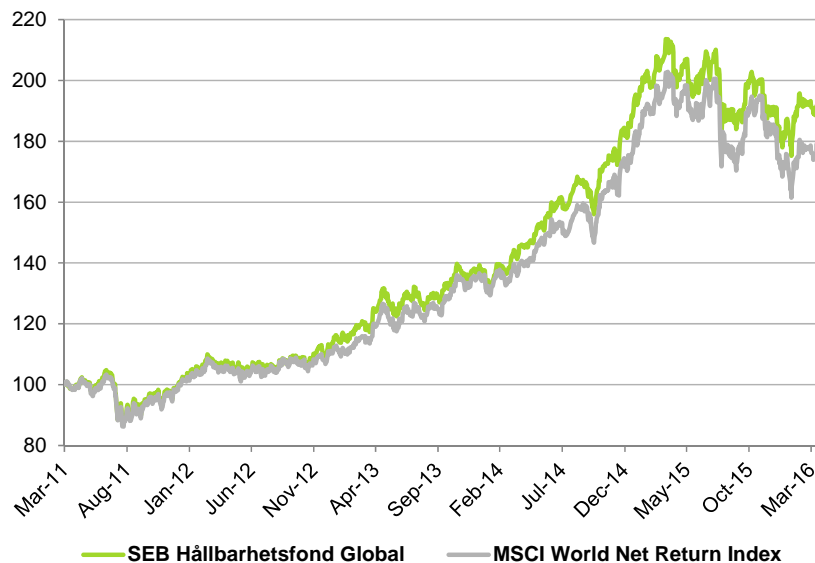


Source: Pictures from left; N/A; Ng Han Guan/TT/NTB Scanpix; Justin Sullivan/Getty Images

# Performance Analysis

## SEB Hållbarhetsfond Global

### Cumulative Performance\*



### Performance Summary

Cumulative Performance	Fund	Benchmark
6 months	- 6.1%	- 7.3%
1 year	- 7.1%	- 7.9%
3 years	51.2%	48.8%
5 years	87.4%	77.8%
Since 1/4/2011*	87.5%	77.1%
Annualised Performance		
3 years	15.4%	14.7%
5 years	13.8%	12.5%
Since 1/4/2011*	13.5%	12.2%
Statistics (Since 1/4/2011)*		
Standard Deviation	13.7%	14.2%
Tracking Error	3.4%	-
Information Ratio	0.4	-
Sharpe	1.0	0.9

\*Performance since the team took over the management of the fund

Source: SEB. Data as of 29/4/2016. SEK gross of fees

Past performance does not guarantee future performance. The value of investment funds and other financial instruments may rise as well as fall and there is no guarantee you will recover your original investment. Key investor information documents and prospectuses are available on [www.sebgroup.lu](http://www.sebgroup.lu) and [www.seb.se/fonder](http://www.seb.se/fonder)



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