Sustainability in finance: on the rise

- Increasing volumes of sustainable investments
  - i.e. Global SRI Assets of USD 13’568 Bn by end of 2012

- Sector policies for corporate and project finance
  - i.e. large investment banks with policies on forestry, mining, oil&gas

- Institutional investors consider sustainability risks and become active owners
  - i.e. 564 Collaborativ engagements on the PRI engagement platform
Mechanisms to integrate ESG factors in finance decisions

• Environmental, Social and Governance (ESG) reporting as a basis for ratings
  • Global Reporting Initiative (GRI)
  • International Integrated Reporting Council (IIRC)
  • Sustainability Accounting Standards Board (SASB)

• Sustainability Rating of entities (companies, supranationals, sovereigns, projects etc.)
  • Sustainability Ratings for best-in-class selection (i.e. Sustainalytics, MSCI ESG, Oekom)
  • Norms-based screening to exclude the worst (i.e. Norwegian Pension Fund)
  • Risk indicators to assess momentum (i.e. RepRisk, Covalence, CSR RepTrack)

• Active Ownership
  • Voting according to an ESG voting policy
  • Active engagement with management of investee companies to encourage behavioural change
Conclusion

- Multilateral accounting instruments are used as a basis for sustainability assessments in financial industry
- Consistent data sets are a prerequisite for an effective reallocation of capital
- The use of these instruments in the financial industry reinforces the importance of such data and accounting procedures
- Sustainable finance therewith supports the underlying objectives of promoting sustainability in the economy and in society
Appendix

• Global Volumes of Sustainable Investments
• Samples of ESG Ratings
• Samples of collaborative engagements
Global Volumes of sustainable Investments

Source: GSIA, 2013
Samples of ESG Ratings

Overall CSR performance & trends

<table>
<thead>
<tr>
<th>Overall score</th>
<th>Environment</th>
<th>Human Resources</th>
<th>Human Rights</th>
<th>Community Involvement</th>
<th>Business Behaviour</th>
<th>Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>54/100</td>
<td>51</td>
<td>60</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scores/Trends: 51 ↑, 60 →, 44 →

Ratings: +, +, =

Controversies: No, No, No

Risk management: Robust, Advanced, Limited

Overall Rank in sector: 3/26

Source: Vigeo, Inrate
Samples of collaborative engagements on the PRI platform

Addressing social issues in the IT and textile supply chains 12 SEPTEMBER 2014
Mirova, Natixis AM, Federis and ERAFP have launched this engagement with the objective of improving the textile and IT industries’ supply chain management, particularly... More

Collaborative engagement on water risks in agricultural supply chains 12 SEPTEMBER 2014
The steering committee on water risks and the PRI Secretariat invite signatories to join in coordinated engagement on water risks in agricultural supply chains. The... More

LEAD SPONSOR
ERAFP - French public service additional Fédérés Gestion d’Actifs, Mirova +1 more

SUPPORTING INVESTORS
Boston Common Asset Management, Boston Trust & Investment Management Company, Hermes Fund Managers Limited +7 more
Achmea, ACTIAM, Double Dividend Management B.V. +1 more

Source: UNPRI