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ESG and sustainable finance

# RI Americas 2017

December 6-7, New York

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The Forum for Sustainable  
and Responsible Investment

## Chairman's Introduction

09:00 - 09:10

**Hugh Wheelan**, *Managing Editor*, **Responsible Investor**

# responsible-investor.com

- ESG/sustainable finance news
- Free 30-day trial
- 4000 paid-for subscribers globally
- Daily RI News Alerts
- RI Agenda: rolling calendar for responsible investors
- RI Jobs: responsible investment job announcements
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## RI Events:

- **RI Asia** – Apr 25<sup>th</sup> & 26<sup>th</sup> – Tokyo, Japan
- **RI Europe** – Jun 6<sup>th</sup> & 7<sup>th</sup> – London, UK

The screenshot displays the homepage of responsible-investor.com. At the top, the logo and tagline 'ESG and sustainable finance' are visible. A navigation bar includes links for Home, News, Extra, Agenda, Jobs, RI-TV, RI-Events, Reports, and a search bar. A welcome message for subscribers is present in the top right corner.

**NEWS HEADLINES: NOVEMBER 22ND, 2016**

- Norway planning €3bn green fund to help move away from oil and gas dependence » »**  
Plans are under discussion at the Parliamentary level
- Sovereign wealth fund body launches study group on climate change
- Green Bond Round-up, Nov. 22: Green Investment Bank, CalSTRS, Caja Rural, ~~Green~~ uninvest
- BNP Paribas set to issue its first green bond, a €500m renewable energy offering
- Kashf Foundation Wins 7th European Microfinance Award
- RI People & Appointments, Nov. 21: GPIF investment chief Mizuno elected to board of PRI

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**FEATURES**

- Why the EU's new High-Level Expert Group on Sustainable Finance is a significant development »**  
Key role for new expert group in developing green and social finance in Capital Markets Union
- Supply chain solutions to China's left-behind children problem**  
China's toy industry plays an important role in its manufacturing sector
- A multi-billion dollar global industry: why sustainable seafood matters for investors**  
Shareholders need to ask the right questions of companies... and press them for substantial answers
- FREE Paul Hodgson: Corporations and investors may make Trump's withdrawal from Paris agreement irrelevant**
- Stephanie Maier: The transition to a low-carbon economy brings investment risks and opportunities**

**RI AGENDA: THE ROLLING CALENDAR FOR RESPONSIBLE INVESTORS**

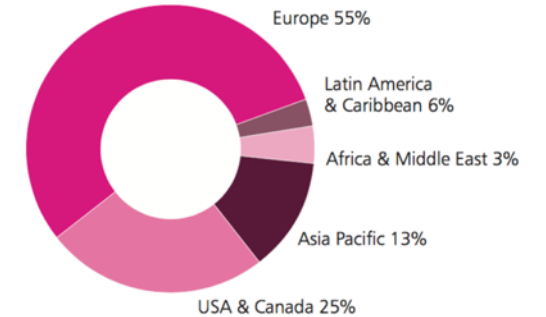
- GRI Regional Hub China Annual Reporters Meeting 22/Nov
- Internet Shutdowns Investor Briefing 22/Nov
- ESG Investing: Why You Can't Ignore It 22/Nov
- Annual Benelux Infrastructure Forum 23/Nov
- Trina Solar third-quarter earnings 23/Nov
- ISR en España y Europa ('SRI in Spain & Europe') 23/Nov
- RI Australia 16 23/Nov
- Inaugural Meeting of the Green Action Programme 24/Nov
- The Carbon Trust Annual Lecture 2016 - Innovation, Climate and Development 24/Nov
- Irish Funds 4th Annual UK Symposium 25/Nov
- Launch of the Arctic Resilience Final Report 25/Nov
- Asia Sustainability Reporting Awards 28/Nov
- Invest Week 28/Nov

## ESG Magazine



- Quarterly on-line: March, June, September & December
- 8000+ free-to-air global readership
- Issue 8: TCFD
- Issue 9: SDGs
- [www.esg-magazine.com](http://www.esg-magazine.com)

### Global Splits



### Regional Spotlights

Europe ex-UK	36%
Ger/Aust/Swi	9%
BeNeLux	9%
Australia/NZ	7%
Nordics	7%

### Top 10 Countries

USA	20%
UK	19%
France	9%
Netherlands	8%
Australia	6%
Canada	5%
Switzerland	5%
Brazil	4%
Germany	4%
Japan	3%

## WiFi



SSID: ConveneConferenceCenters

PW: meetings

RI Americas 2017 Conference APP – Sponsored by 





## Welcome Address

09:10 - 09:20

**Curtis Ravenel**, *Head of Sustainable Business & Finance*, **Bloomberg**

# Reporting Issues



**Sustainability**

## **Sustainability**

Broad sustainability issues—climate and energy, gender equality, human rights, employee engagement, health and safety and community spending; primary focus on how a company impacts the environment and society

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## Sustainability

Broad sustainability issues—climate and energy, gender equality, human rights, employee engagement, health and safety and community spending; primary focus on how a company impacts the environment and society

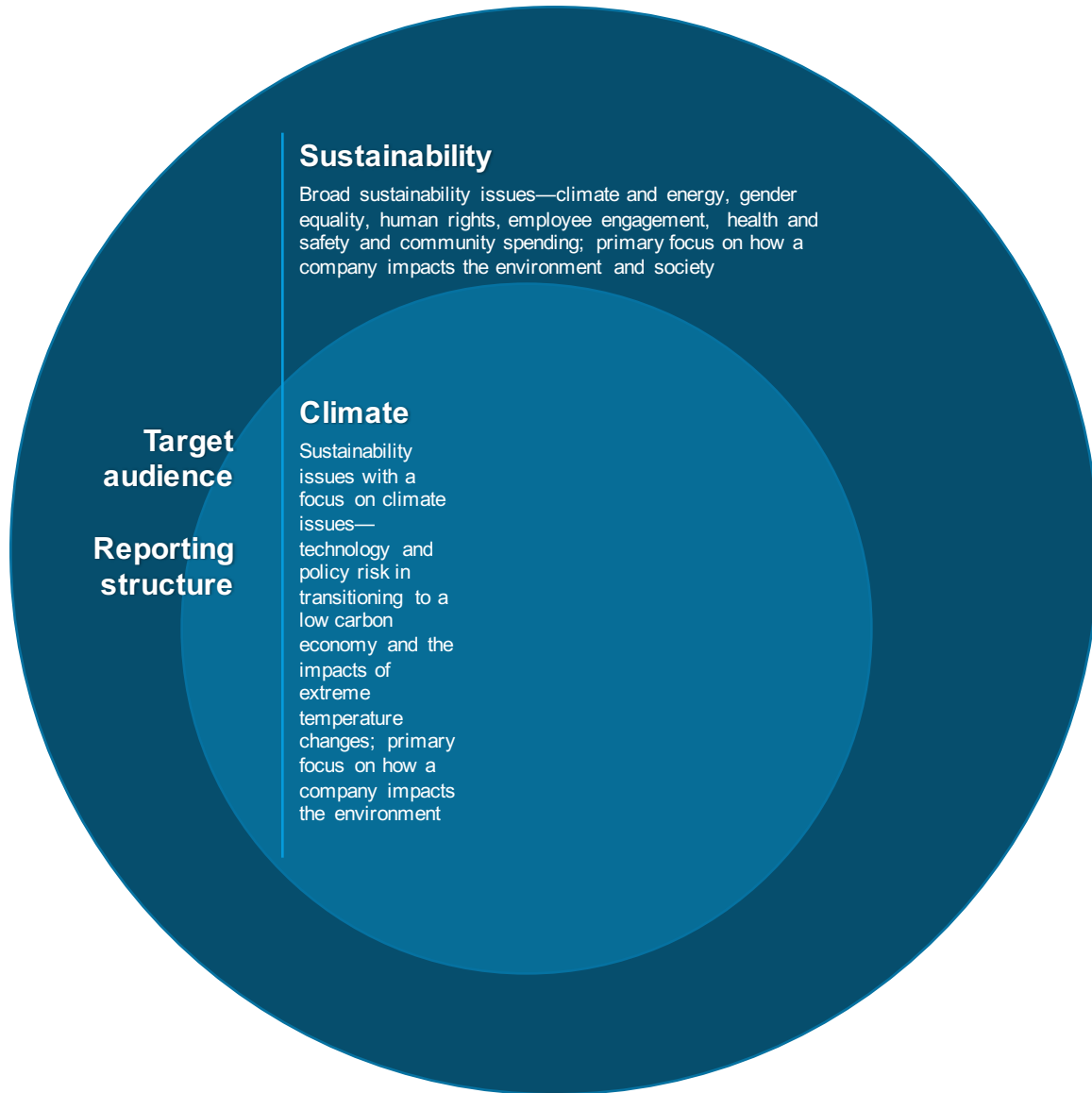
## Climate

## Climate

Sustainability issues with a focus on climate issues—technology and policy risk in transitioning to a low carbon economy and the impacts of extreme temperature changes; primary focus on how a company impacts the environment



# Reporting Issues



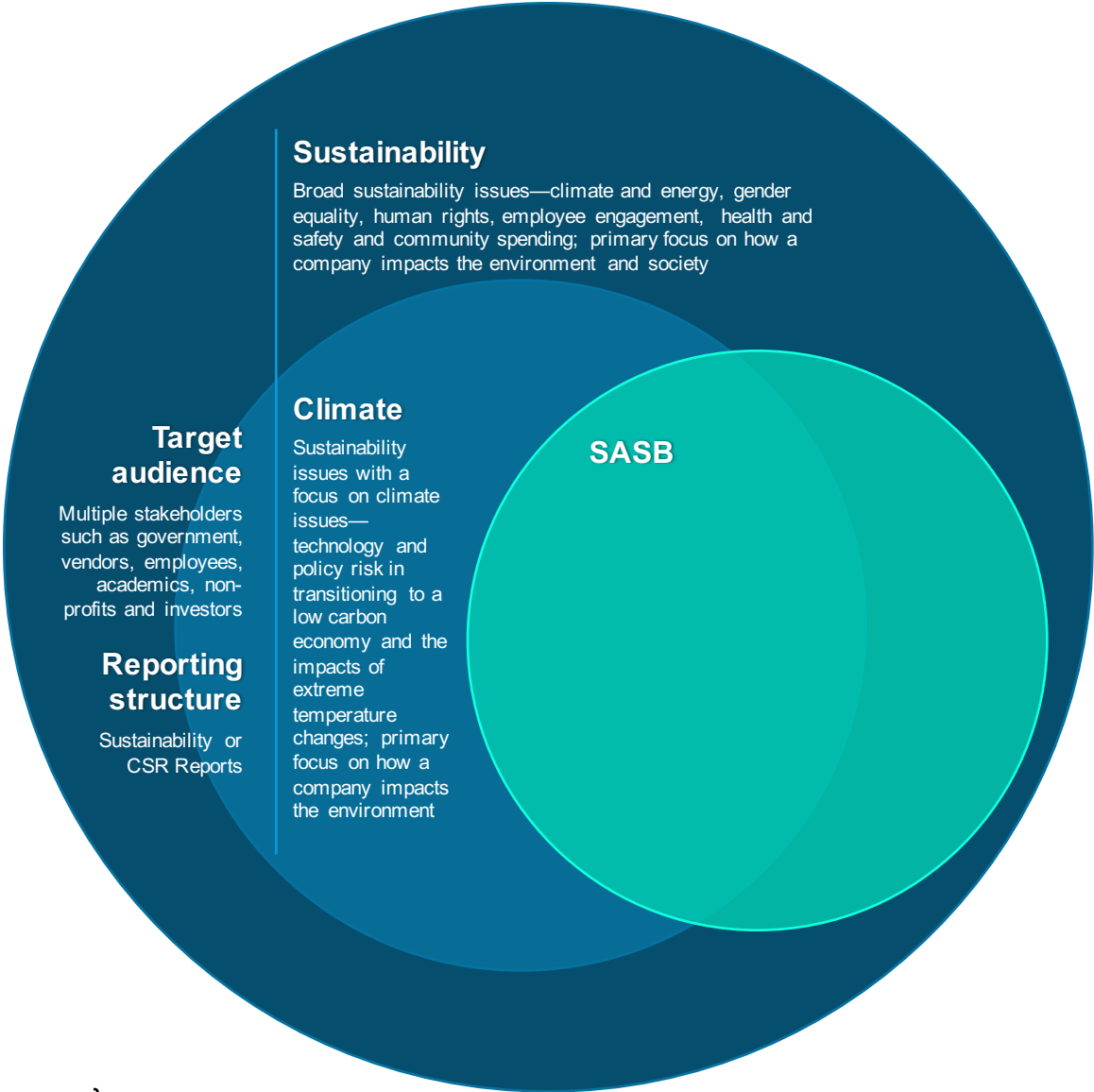
## Target audience

Multiple stakeholders such as government, vendors, employees, academics, non-profits and investors

## Reporting structure

Sustainability or CSR Reports

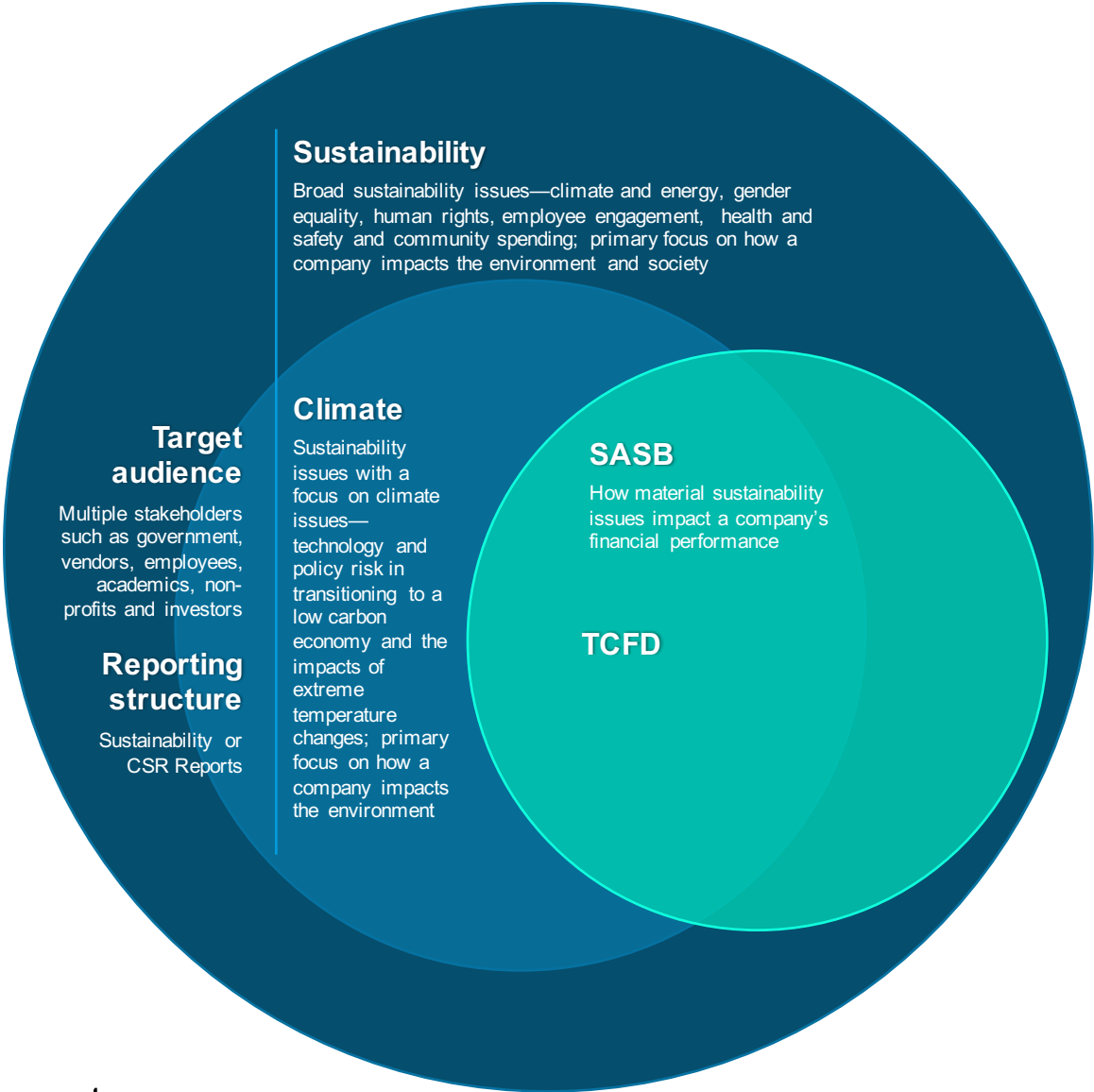
# Disclosure Frameworks



## SASB

How material sustainability issues impact a company’s financial performance

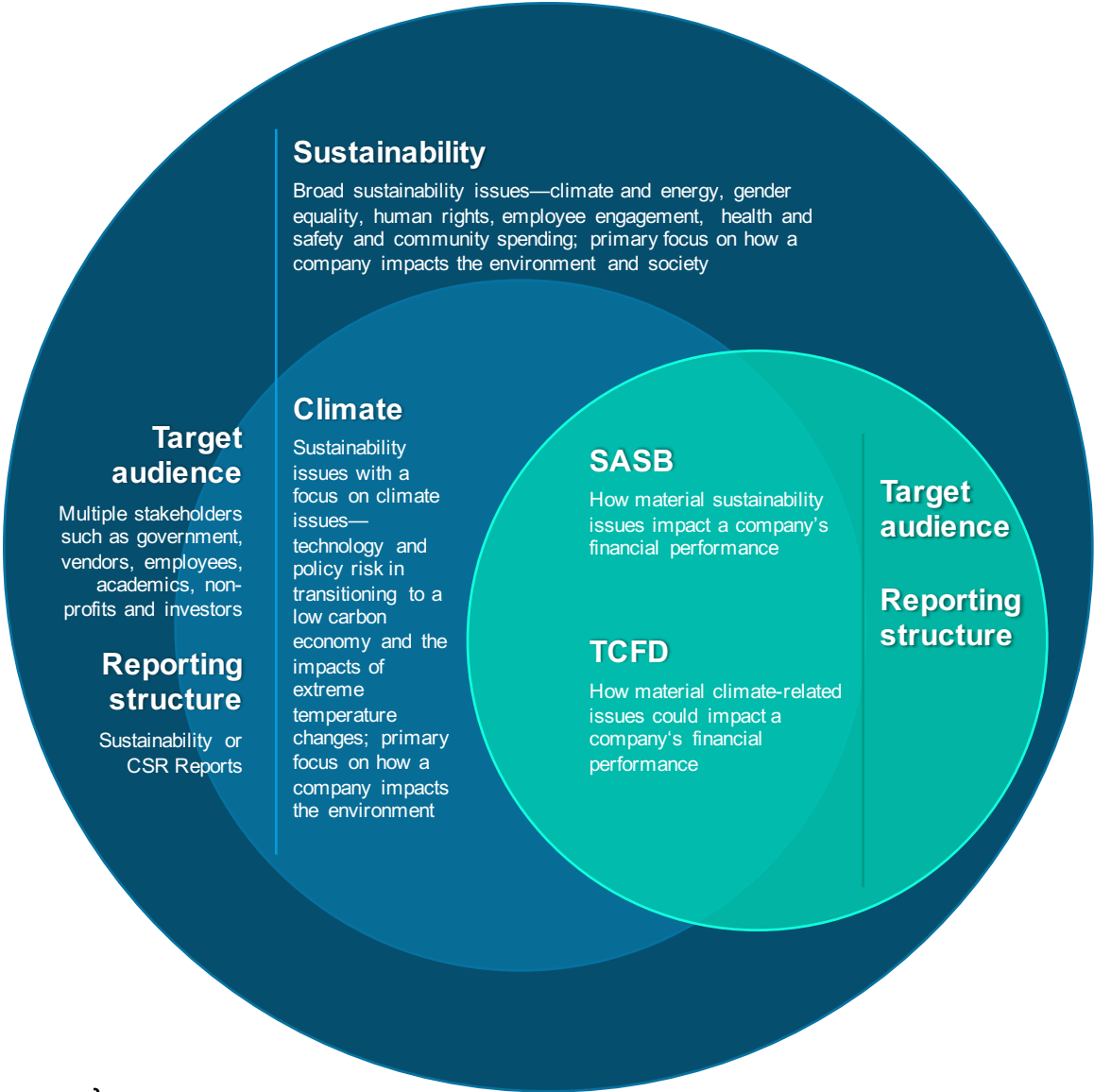
# Disclosure Frameworks



## TCFD

How material climate-related issues could impact a company's financial performance

# Disclosure Frameworks



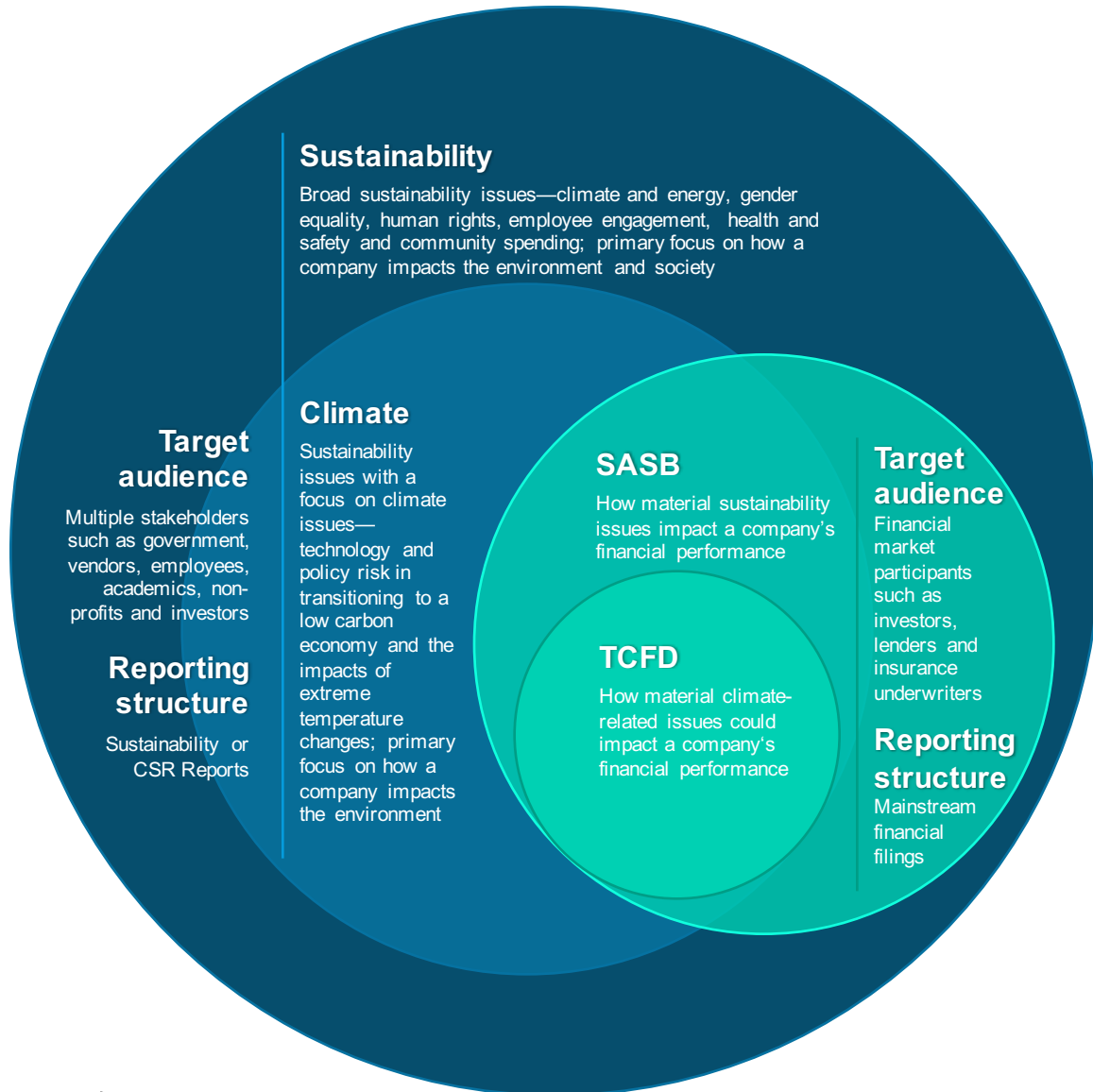
## Target audience

Financial market participants such as investors, lenders and insurance underwriters

## Reporting structure

Mainstream financial filings

# Why Bloomberg?



Bloomberg operates as a neutral intermediary between issuers and the investors who utilize the data to inform their decision-making.

From this vantage point, we are uniquely positioned to help align the myriad of reporting frameworks and help address three core challenges:

1. **Issuer perspective:** What can be done to streamline reporting and relieve some reporting fatigue?
2. **Investor perspective:** How can we move towards generating information that is investment-decision useful?
3. **Market perspective:** How can we minimize “market confusion” around different reporting frameworks?

By aligning the TCFD framework and SASB standards on climate specific disclosure, we are developing a roadmap for further alignment on broader ESG issues and reporting frameworks.

## Plenary 1: Managing climate risk and return potential in today's complicated regulatory environment

09:20 - 10:20

**Stephen Kibsey**, *Vice President, Emerging Risk Management*, **Caisse de dépôt et placement du Québec (CDPQ)**

**Stéphanie Lachance**, *Vice President, Responsible Investment*, **PSP Investments**

**Mario López-Alcalá**, *Senior Analyst - ESG Research*, **MSCI**

**Simon MacMahon**, *Head of Research*, **Sustainalytics**

Moderator: **Emily Kreps**, *Head of Investor Initiatives, North America*, **CDP**



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# Our investment strategy to address climate change

RI Americas | New York

December 6-7, 2017

STEPHEN KIBSEY  
VICE-PRESIDENT OF EMERGING RISK MANAGEMENT





# Why a strategy on climate change?

1	The world is changing quickly
2	The scientific consensus is clear : global warming is real
3	Many countries are changing their regulations
4	Many attractive investment opportunities are materializing
5	It's our responsibility as a public investor

**As long-term investors, institutional investors have a dual responsibility : to actively contribute to the transition toward a lower carbon economy and to uphold their fiduciary duties.**

# Our fundamental orientation

- > **Make a constructive and sustainable contribution to the transition**
- > **Have a global view of climate change**
  - Include all our asset classes
  - Cover the world : OECD countries and growth markets
- > **Two things are generated from this transition :**
  - Constraints
  - Opportunities

**An achievable, measurable and transparent strategy based on a collaborative approach.**

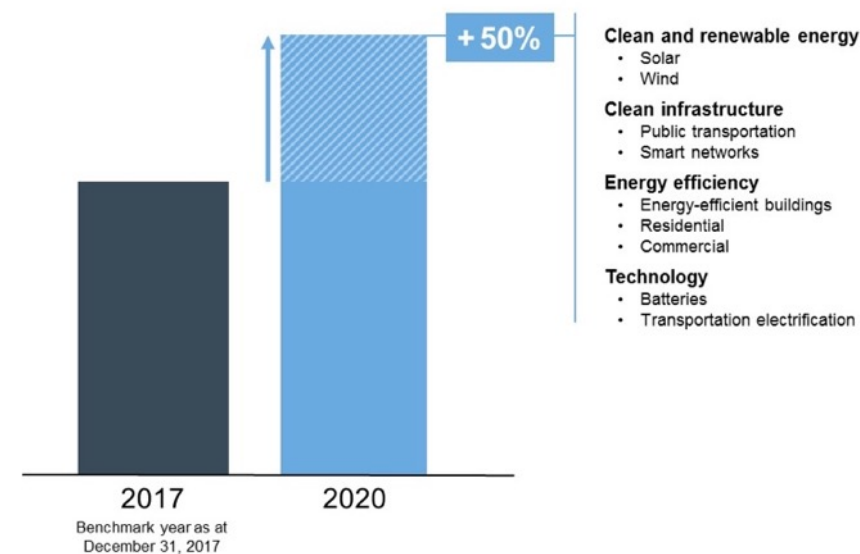
# Our strategy's four pillars (1)

## 1 Factoring in climate change in every investment decision

- > Climate change factored in  
If assets under management were to grow 60% by 2025, climate change would be factored into \$170B of new assets, the same way risk is

## 2 Increasing our low carbon investments 50% over 3 years

GROWTH TARGET FOR LOW CARBON ASSETS



# Our strategy's four pillars (2)

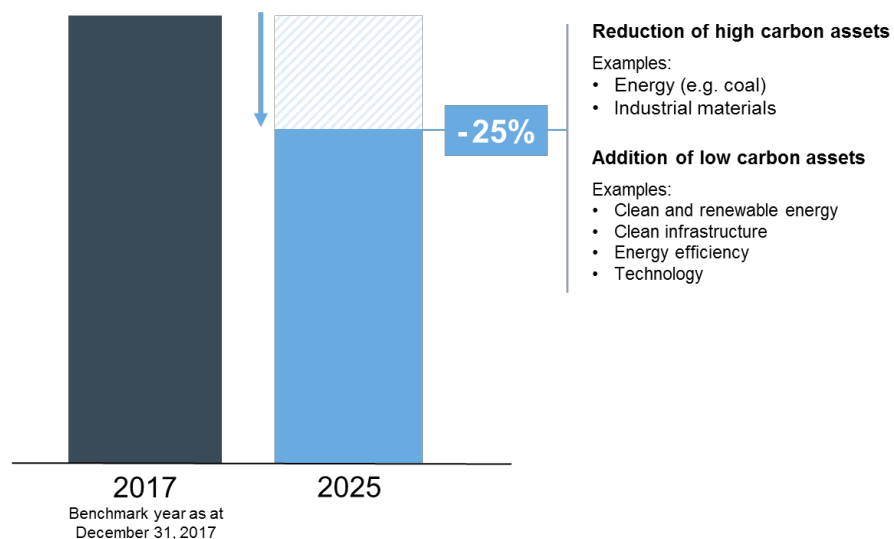
3

**Reducing our carbon footprint by 25% per dollar invested by 2025**

4

**Exercising stronger leadership**

PORTFOLIO CARBON INTENSITY REDUCTION TARGET



- > Engaging actively with the companies in our portfolio
  - Discussing climate risk
  - Supporting shareholder proposals – transparency on climate matters
- > Applying best practices
  - Analysis of 18 funds totalling \$4.5 trillion
- > Improving how portfolio assets perform on GHG emissions
  - Environmental best practices and process modernization

# What else is happening in Canada?

## The Pan-Canadian approach to carbon pricing



- > Ensure that a carbon price applies to the main sources
- > Same key sources across the country
- > Provinces can choose which type of system
- > Stringency needs to increase over time
- > Jurisdictions should provide regular, transparent and verifiable reports

2018	2022	
BC = \$35	\$50	New BC government to raise by \$5/tonne each year
AB = \$30	\$50	Agreed to follow federal plan beginning in 2021
SK = \$10	\$50	Imposed federal backstop presumed
MB = \$25	\$25	Made-in-Manitoba Prairie Price
ON = \$18	\$22 floor price	Cap-and-Trade price forecasted*
QC = \$18	\$22 floor price	Cap-and-Trade price forecasted*
NB = \$10	\$50	Agreed to following federal plan beginning in 2018
NS = Under development		Federal equivalency for NS internal cap-and-trade plan
PEI = \$10	\$50	Agreed to following federal plan beginning in 2018
NL = \$10	\$50	Agreed to following federal plan beginning in 2018

\*Ontario Energy Board Long Term Carbon Price Forecast Report (2017)

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Thank you for listening to  
our investment strategy to  
address climate change

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STEPHEN KIBSEY

VICE-PRESIDENT OF EMERGING RISK MANAGEMENT



## **Morning networking break**

10:20 - 11:00



## Plenary 2: **What do the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations mean for corporate and investor reporting on CO2, and related business and investment behaviour as a result?**

11:00 - 12:00

**Richard Cantor**, *Member, FSB Task Force on Climate-related Financial Disclosures and Chief Risk Officer, Moody's Corporation*

**Fiona Reynolds**, *Managing Director, Principles for Responsible Investment (PRI)*

**Lauren Smart**, *Managing Director and Global Head Financial Institutions Business, Trucost* (part of S&P Dow Jones Indices)

**Maximilian Horster**, *Managing Director, ISS-Ethix Climate Change Solutions*

Moderator: **Hugh Wheelan**, *Managing Editor, Responsible Investor*



ISS Ethix  
Climate Solutions

## Investments & Climate Change

ISS-Ethix Climate Solutions @ RI North America

# Existing and Emerging Investment Climate Reporting Regimes...

Where	Who/ What	Initiative	Ask	Standard
Global	TCFD	Self governance	Voluntary	No
Global	Montreal Pledge	Self governance	Voluntary	No
Global	PRI Reporting	Self governance	Voluntary	No
Global	ISO 14097	Self governance	Voluntary	Yes
Global	AODP	Civil Society	Voluntary	No
Europe (EU)	IORP	Regulator	Mandatory	No
Europe (EU)	High Level Expert Group	Regulator	tbc	tbc
France	Art 173	Regulator	Mandatory	No
California	California Fossil Disclosure	Regulator	Mandatory	Yes
Sweden	AP funds	Self governance	Voluntary	Yes
Switzerland	FOEN (Ministry of the Environment)	Regulator	Voluntary	Yes
Netherlands	Platform Carbon Accounting Financials (PCAF)	Self governance	Voluntary	Yes

the regime is already in place  
 regime to be expected



# Voting on Climate Change in North America on the rise

## Origin Energy faces three shareholder resolutions on climate

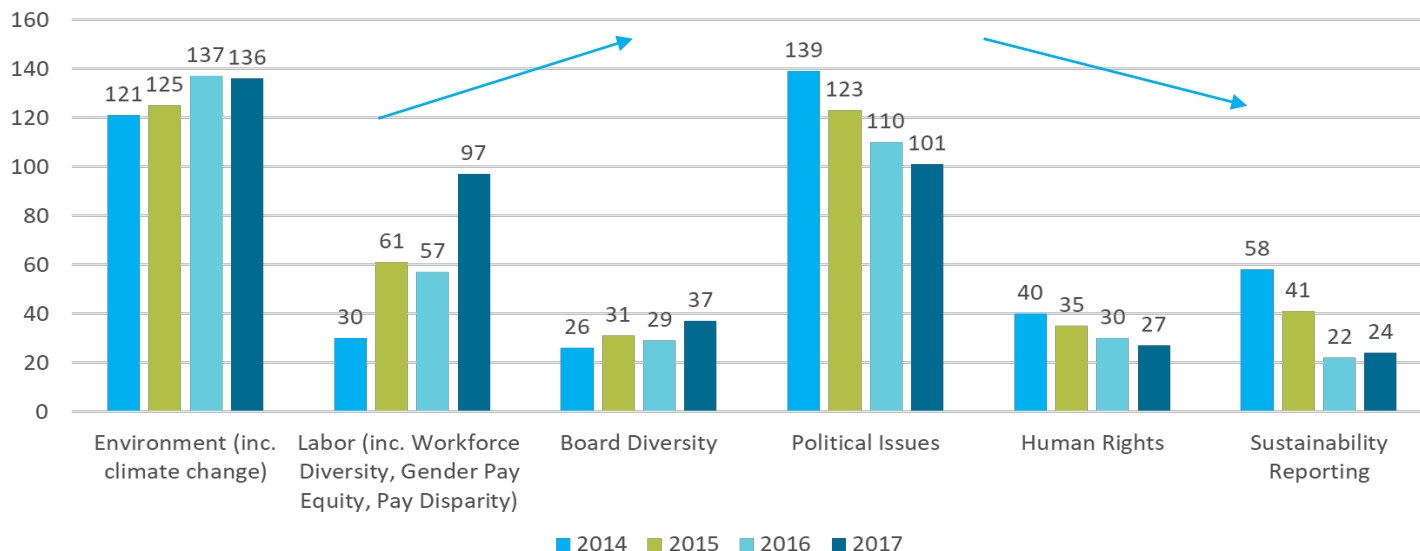
By Market Forces on 23 August 2017

## Shareholders pass climate change risk disclosure proposal at PPL Corp.

BY MEAGHAN KILROY · MAY 18, 2017 3:36 PM · UPDATED 4:14 PM

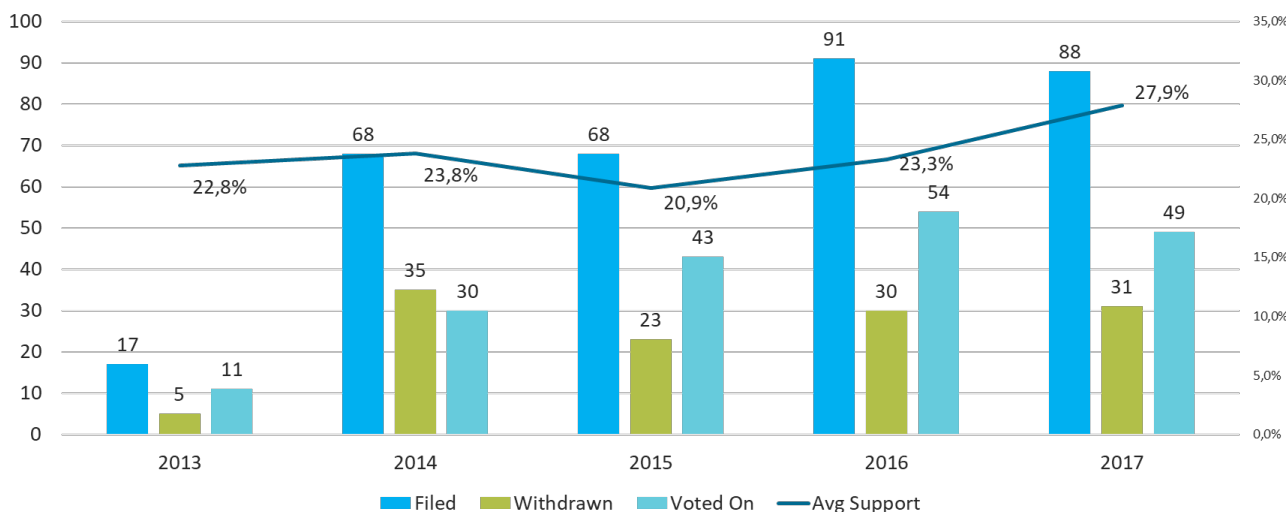
## Number of Resolutions Filed for Top 6 E&S Issues

2017 data as of August 28, 2017



## Climate Change Resolutions 2013-2017

2017 Data as of August 28, 2017



## Shareholders force ExxonMobil to come clean on cost of climate change

'Historic' vote by nearly two-thirds of shareholders will force annual 'stress test' to measure how regulation will affect assets

## Occidental Shareholders Vote for Climate Proposal -- Update

By Erin Ailworth | Published May 12, 2017 | Features | Dow Jones Newswires

# Thank You

Dr. Maximilian Horster

Managing Director, ISS-Ethix Climate Solutions

[maximilian.horster@issethix.com](mailto:maximilian.horster@issethix.com)

+49 170 44 78 688

ISS | Institutional Shareholder Services



## Keynote Interview: **How investors can make governance and corporate engagement really work**

16:15 - 16:35

**Meredith Miller**, *Chief Corporate Governance Officer*, **UAW Retiree Medical Benefits Trust**

Moderator: **Hugh Wheelan**, *Managing Editor*, **Responsible Investor**



## Plenary 3: Engagement. Everyone's talking about it, but does it work, and if so, how?

16:35 - 17:30

**Brian Rice**, *Investment Officer, Corporate Governance, California State Teachers' Retirement System (CalSTRS)*

**Meredith Miller**, *Chief Corporate Governance Officer, UAW Medical Benefits Trust*

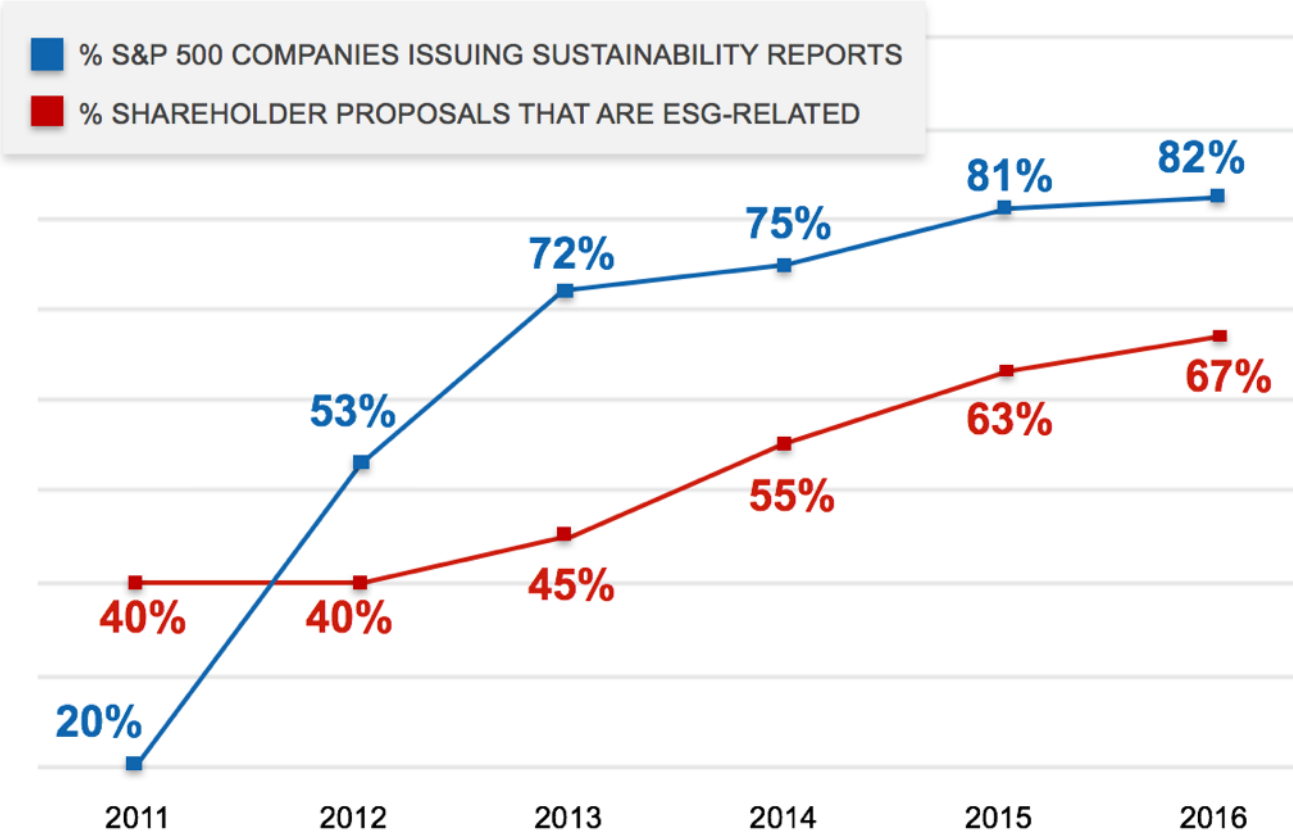
**Hilary Frisch**, *Director, Senior Research Analyst for Information Technology, ClearBridge Investments*

**Bruno Bertocci**, *Head of the Sustainable Equity Investors Team, UBS Asset Management*

Moderator: **Katie Schmitz Eulitt**, *Strategic Advisor, Stakeholder Outreach, Sustainability Accounting Standards Board (SASB)*



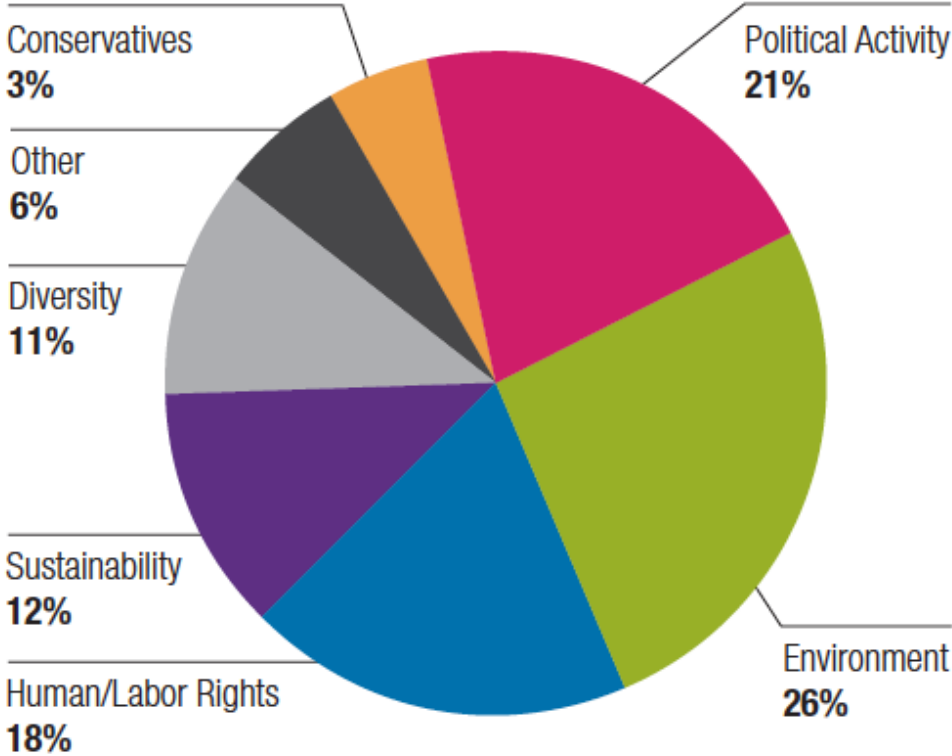
# Trends in ESG-related Shareholder Resolutions vs. Sustainability Reporting: 2011-2016



■ Source: G&A Institute, June 2016; data not yet available for 2017  
■ Sources: EY, 2011-2014, As You Sow and Sustainable Investments Institute, 2015-2016

# 2017 Shareholder Resolutions by Area of Focus

Proposals Filed in 2017



Source: Si2, n=430, as of 2-15-17



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## **Cocktail reception and networking**

17:30 - 19:00



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and Responsible Investment

THE END OF DAY ONE



## Plenary 4: How can companies and investors genuinely work together for sustainable profits?

08:30 -09:30

**Aaron Chew**, *Investor Relations*, **Tesla**

**Steve Douglas**, *Vice-President, Investor Relations*, **Suncor Energy**

**Amisha Parekh**, *Sustainable Finance Product Strategist*, **Bloomberg**

**Ariane de Vienne**, *Director Business Development North America, Head of New York Office*, **oekom research**

Moderator: **Stephen Boxer**, *Managing Director*, **FCLT Global**

## Keynote Interview: **IndexAmericas: The IADB's new Corporate Sustainability Index for Latin America and the Caribbean**

14:00 - 14:20

**Bernardo Guillamon**, *Manager of the Office of Outreach and Partnerships*, **Inter-American Development Bank**

Moderator: **Hugh Wheelan**, *Managing Editor*, **Responsible Investor**





## Plenary 5: The ESG initiatives companies and investors will be talking about in 2018

14:20 - 15:20

**Lisa Woll**, *Chief Executive Officer, US SIF*

**Frank Blasio**, *Director of Thought Leadership and Program Development, Coalition for Inclusive Capitalism*

**David Schilling**, *Senior Program Director, Interfaith Center on Corporate Responsibility (ICCR)*

**Tracey Rembert**, *Assistant Director, Catholic Responsible Investing, Christian Brothers Investment Services (CBIS)*

Moderator: **Hugh Wheelan**, *Managing Editor, Responsible Investor*



# EMBANKMENT PROJECT FOR INCLUSIVE CAPITALISM

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Our aim is to agree on a set of metrics focused on outcomes for each significant area of value creation, which appropriately demonstrate the execution of a company's strategy and support investment for the long term.



Trust in the establishment, including entities, is at an all-time low

**54%** of the public believes that today's youth will be worse off than their parents

- 2016 Ipsos

**63%** of respondents believe CEOs are not credible

- 2017 Edelman Trust Barometer



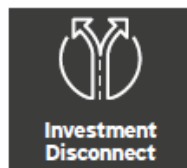
An increasing proportion of a company's value lies in its intangible assets

Undisclosed intangible value rose **18%** annually from 2011

- 2017 Edelman Trust Barometer

**52%** of market value is based on intangibles, on average

- 2017 Global Intangible Finance Tracker



The investment chain tends to focus on the short term despite the desire to create value in the long term

Pressure to demonstrate strong financial performance within two years rose from 79 % to **87%**

- 2016 FCLT Global

**1tUSD** unlock value by companies unable to take a longer-term approach in forgone US GDP alone over the past decade

- 2017 MGI



Big data is both disrupting information asymmetries as well as providing new ways of measuring value

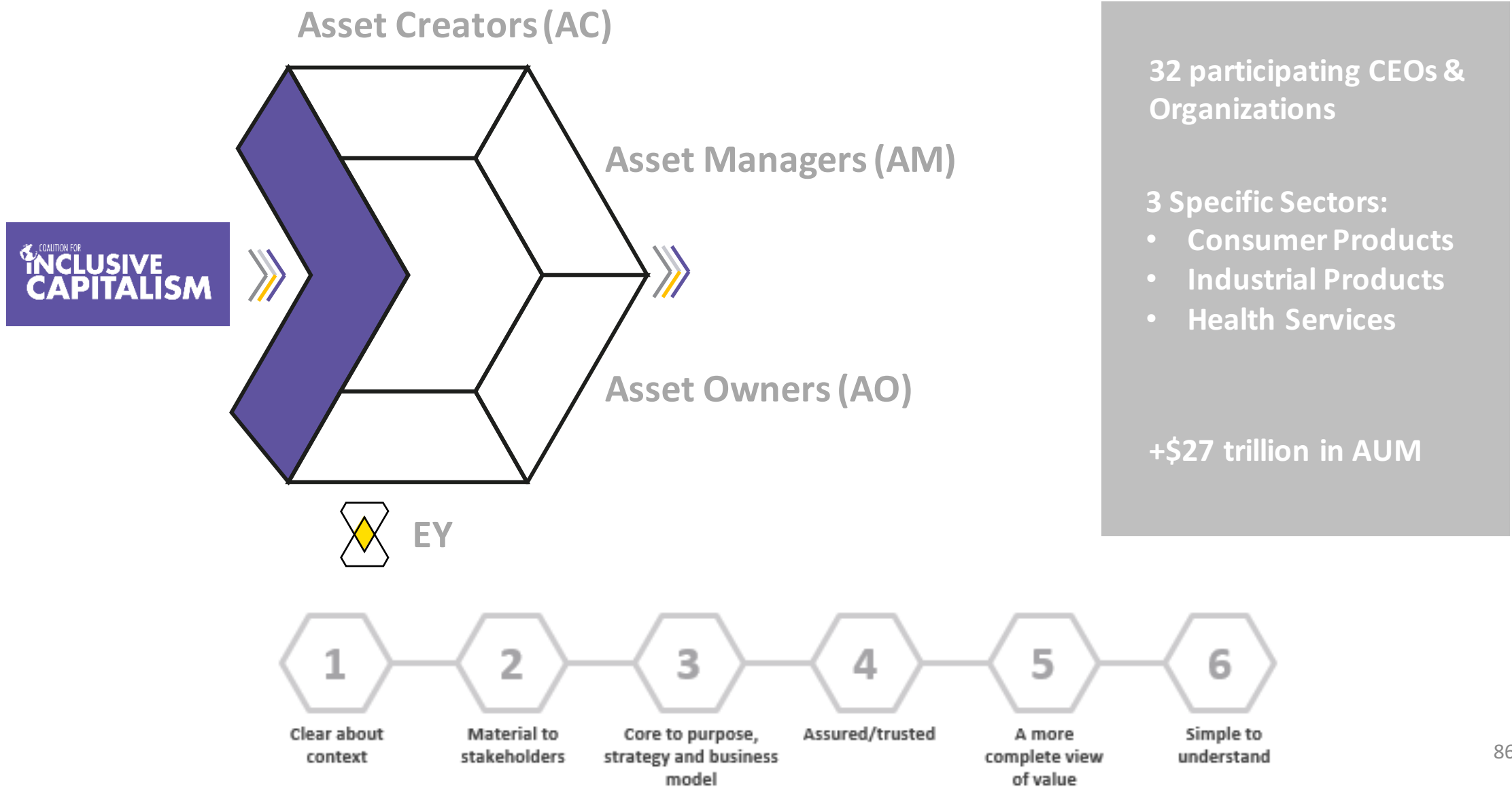
IP traffic will grow at a CAGR of **24%** from 2016 to 2021

- 2017 CISCO

**64%** of people say they find leaked information more believable than press statements

- 2017 Edelman Trust Barometer

# Inclusive of the Investment Value Chain







# COALITION FOR INCLUSIVE CAPITALISM

The **Coalition for Inclusive Capitalism** is a global not-for-profit organization that was established to engage leaders across business, government and civil society in their efforts to make capitalism more equitable, sustainable, and inclusive.

For more information, please visit:

[www.inc-cap.com](http://www.inc-cap.com)



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## **INVESTOR ALLIANCE FOR HUMAN RIGHTS**

AN ICCR INITIATIVE

A collective action platform to amplify investor  
influence on a full spectrum of human rights

Responsible Investor Americas 2017

# The Need

Given the current threats to human rights domestically and globally, coordinated action is urgently needed to continue to press companies—both leaders and laggards— to address human rights risks, and to prevent policy and regulatory rollbacks that would forestall progress on business and human rights.

# Key Roles for the Alliance

- Collective Action Platform: A “rapid response” from the investment community can make a powerful and timely business case to both policy-makers and corporate decision-makers on urgent human rights concerns.
- Coordination with other key stakeholders: Intentional coordination with relevant stakeholders including human rights NGOs, community-based organizations, faith groups, labor unions, leading companies, trade associations and others will maximize our collective impact while surfacing gaps where more concerted action is needed.

# Key Roles for the Alliance

- Broadening the human rights agenda: While human trafficking and forced labor have received attention from the broader investment community, other human rights risks such as immigration/migration and living wage are examples of issues where more investor education and organization are needed. The Alliance will provide a mechanism to help investors prioritize current human rights risks while also serving as an incubator for future issues and strategies requiring action.
- Expand investor reach and increase influence: The Alliance will outreach to larger institutional investors beyond the traditional SRI community to encourage their participation in human rights advocacy. Through education, coordination and targeted action, this expanded network will increase investor capacity and leverage on human rights risks across sectors and throughout supply chains.

## Value of Participating in the Alliance

- Alliance members will have the opportunity to participate in a range of investor actions from investor letters and statements to corporate engagements to participation in multi-stakeholder discussions with business, NGO and civil society groups to advance progress on business and human rights issues.
- Actions by the Alliance will only be undertaken in the name of those investors that have explicitly agreed to sign on and/or participate in specific actions.
- There is no fee to participate in the Alliance.
- The list of investors that join the Alliance will be publicly posted on the Alliance webpage. <http://www.iccr.org/our-issues/human-rights/investor-alliance-human-rights>

For information, contact David Schilling, [dschilling@iccr.org](mailto:dschilling@iccr.org)



## Plenary 5: **The ESG initiatives companies and investors will be talking about in 2018**

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# Trends in 2018: Rising Engagement in the Tech Sector

From Shareholder Resolutions to Government Scrutiny and  
Increased Societal Expectations

**RI Americas 2017**

**Tracey Rembert, CBIS**



# Growing Spotlight on ICT Companies Globally

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- ▶ Internet innovation brings benefits to society, but poses increasing ESG risks

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## Investor Spotlight: Human Rights, Worker Rights, and Protection of Children

- Broad array of human rights concerns facilitated by online means: human trafficking, slavery/forced labor, child sex exploitation online; the targeting of dissidents, journalists, and labor/enviro leaders (which led to creation of Dark Web)
- Supply chain abuses and health and safety risks in the sector
- Conflict Minerals: need for 3TG and Cobalt accountability and supply chain transparency
- Increasing diversity risks: gender and racial discrimination, gender pay disparity (multiple resolutions on these topics during 2017 in US)
- Children online: sextortion, parental controls, inappropriate content and online porn exposure, live streaming of violent crimes, extremist recruitment, cyber bullying

# Growing Spotlight on ICT Companies Globally

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## Investor Spotlight: Risks to Privacy, Democratic Systems and Freedom of Expression

- “Fake news,” bots, and democratic process interference, threats to electoral systems and policy outcomes, voting software intrusions (shareholder resolutions on fake news)
- The increasing influence/control of specific platforms and Tech’s growing power globally
- Extremism, violence, hate speech, terrorist recruitment, altered imagery or speech
- Online freedom of speech and expression, government censorship, illegal or controversial surveillance of citizenry by governments or companies
- Digital privacy rights, corporate data collection and targeted marketing, data protection/intrusion/theft, rise of Alexa/Siri and audio privacy
- Cyber threats, cyber dependency, disparities in Internet access, Net Neutrality, systemic risks from mass hacking events, security expectations from users, IOT/smart home risks
- Autonomous vehicles, data-connected mobility risks

# Growing Spotlight on ICT Companies Globally

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## Investor Spotlight: Governance, Shareholder Rights, Ethics

- Board composition and multi-class shares
- Tax policy, unfair taxation burdens, and deceptive accounting/tax havens
- Deceptive business practices (bypassing regulations w/ technology, uncompetitive activities, illegal or unauthorized data collection on users)
- Inability of legal regimes to catch up with the speed of innovation

## Investor Spotlight: Environmental Risks

- Energy usage for data centers, renewables, climate impacts/supply chain disruption
- Take back/recycling and closed loop systems, toxins
- Water use in ICT supply chains

# CBIS Initiative: Combating Child Sexual Exploitation Online

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- ICT companies produce the hardware, software, apps, data storage, Internet access, gaming systems, video, and live streaming that help facilitate child sex crimes.
- Offenders want to be anonymous (encryption services help), have cheap and easy access to technologies to record, store and trade sex abuse content, and want to facilitate the sale of children and find buyers easily. They find common community online, which emboldens abusers to commit more crimes and better evade the law.
- ICT companies have the means, know-how, and legal authority to combat many of these crimes--Big Data sweeps, default parental controls, blocking unknown users and abusive content, aggregating data for child protection agencies, and creating safer spaces for kids-only, ICT companies have a growing responsibility to do much more, but need to balance the rights of victims with the users of content.
- Rising expectations for companies to increase their resources to respond to many of these issues, but bodies alone won't solve the problem: "policing the planet."

# Best Practice: What Investors Should Be Looking For

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- Companies developing tagging or blocking software solutions for abusive content
- Companies deeply partnering with key child protection organizations
- Social Media App Developer Protocols –Setting expectations for new platforms
- Combating/monitoring for Sextortion (Revenge Porn)
- Building Online Safety Teams w/ expertise on child sexual exploitation
- Monitoring cloud storage and photo/email services for prohibited content
- Companies blocking/flagging suspicious ads or online financial transactions
- Offering strong default Parental Controls, smarter child protection algorithms, and strengthening User Agreements (“Terms of Service” boilerplate language)
- Companies lobbying/pushing policies that protect children and children’s rights
- Creating dedicated safe platforms for children to explore and communicate
- Reporting annually on child protection systems, policies, and progress





## Plenary 5: The ESG initiatives companies and investors will be talking about in 2018

14:20 - 15:20

**Lisa Woll**, *Chief Executive Officer, US SIF*

**Frank Blasio**, *Director of Thought Leadership and Program Development, Coalition for Inclusive Capitalism*

**David Schilling**, *Senior Program Director, Interfaith Center on Corporate Responsibility (ICCR)*

**Tracey Rembert**, *Assistant Director, Catholic Responsible Investing, Christian Brothers Investment Services (CBIS)*

Moderator: **Hugh Wheelan**, *Managing Editor, Responsible Investor*

## Closing Remarks

15:20 - 15:30

**Lee O'Dwyer**, *West Coast Sales Leader*, **Bloomberg**

## Close of RI Americas 2017

15:30 - 15:35

**Hugh Wheelan, *Managing Editor*, Responsible Investor**



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