

RI Europe 2016

22-23 June, London

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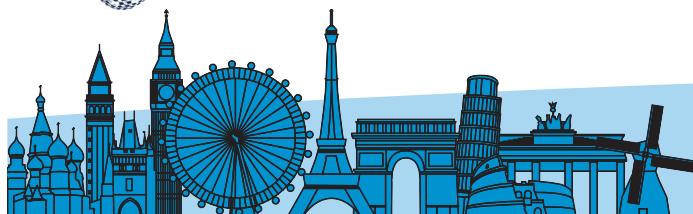
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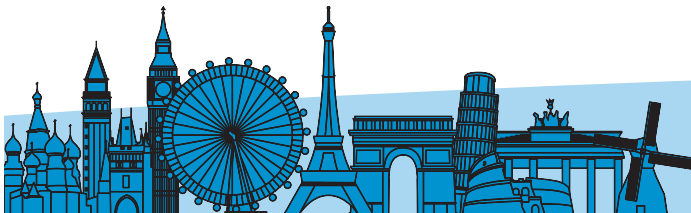
Supporting Organisations



Lead Sponsor Introduction

9:00 – 9:10

Michael Baldinger, *Chief Executive Officer*,
RobecoSAM



Chairman's Introduction

9:10 – 9:15

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



INTERVIEW
Mårten Lindeborg, AP3: one
of the world's biggest pension
investors in green bonds

CO₂ VIEW
What to expect from the Task
Force on Climate-Related
Financial Disclosures

CALPERS
The US pension giant's revised
Global Governance Principles

PRI
Working on a financial markets
sustainability blueprint

Environmental | Social | Governance

From the publishers of **R1: responsible-investor.com**
Responsible investment & insurance, sustainable banking, impact
investing & social finance, corporate governance & sustainability.

ISSUE 04
Summer 2016

ESG

Magazine



Investors move to governance checkmate

2016 AGM SPECIAL

Summer 2016 Cover Stories:

- Interview - Mårten Lindeborg, AP3: one of the world's biggest pension investors in green bonds
- CO2 View – What to expect from the Task Force on Climate-Related Financial Disclosures
- CalPERS – The US pension giant's revised Global Governance Principles
- PRI – Working on a financial markets sustainability blueprint





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investor.com
ESG and sustainable finance



responsible-investor.com/events

Conferences & Workshops 2016 & 2017

More than 8,000 delegates have attended 30+ RI events since 2008.
Our 2016 programme is the most extensive and ambitious to date.

9th annual RI Europe

London, 22-23 June

Decarbonise 2016

Aligning investment portfolios with the 2° target
Series II, October 2016: Toronto • San Francisco • New York

6th annual ESG in manager selection

London 12 October

Decarbonise 2016

Aligning investment portfolios with the 2° target
Series III, November 2016: Dublin • Copenhagen • Frankfurt • Brussels

8th annual RI Americas

New York, 6-7 December

Global Sustainable Capital Forum

Dublin, 15-16 March 2017

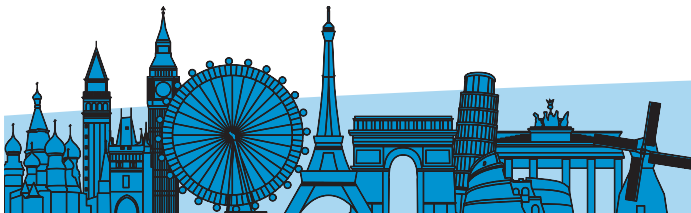
6th annual RI Asia

Tokyo, 25-26 April 2017

Keynote Address

9:15 – 9:35

Helen Mountford, *Director of Economics,*
World Resources Institute and *Programme Director,*
New Climate Economy (NCE) initiative





THE GLOBAL COMMISSION ON THE ECONOMY AND CLIMATE

NEW CLIMATE ECONOMY

Helen Mountford

Programme Director, New Climate Economy

Responsible Investor Europe Conference – 22 June 2016

The New Climate Economy project

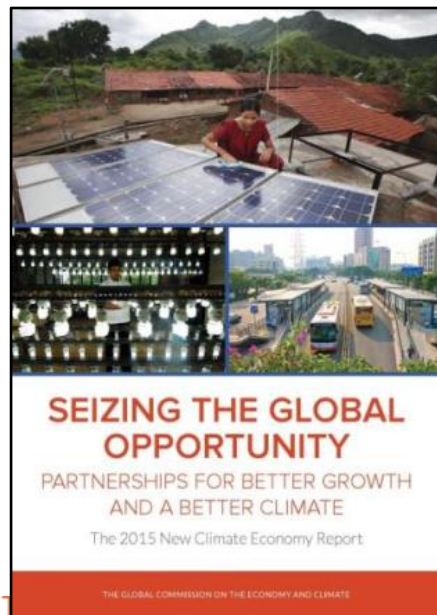
Led by a Global Commission

20 former heads of government, finance ministers, CEOs, etc.

Commissioned in 2013 by 7 countries

Colombia, Ethiopia, Indonesia, Norway, Sweden, South Korea, United Kingdom

Overseen by an Economic Advisory Panel
of 14 leading economists, chaired by Lord Nicholas Stern



The Global Commission on the Economy and Climate

The false dilemma



**Promoting
economic growth**

VS



**Fighting
climate change**

Members of the Global Commission on the Economy and Climate



Felipe Calderón
(Chair)
Former President,
Mexico



Nicholas Stern (Co-Chair)
IG Patel Professor at the
London School of Economics
and Political Science



Sharan Burrow
General Secretary,
International Trade
Union Confederation



Suma Chakrabarti
President, EBRD



Chen Yuan
Former Chairman,
Chinese
Development Bank



Helen Clark
Administrator,
UNDP



Angel Gurría
Secretary General,
OECD



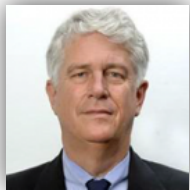
Chad Holliday
Chairman, Royal
Dutch Shell



Sri Mulyani Indrawati
Managing Director
and COO,
World Bank



Naina Lal Kidwai
Former Chairperson,
HSBC India



Caio Koch Weser
Vice Chairman,
Deutsche Bank



Ricardo Lagos
Former President,
Chile



Kristin Skogen Lund
Director General,
Confederation of
Norwegian Enterprise



Takehiko Nakao
President, Asian
Development Bank



Ngozi Okonjo-Iweala
Former Minister of
Finance, Nigeria



Eduardo Paes
Mayor,
Rio de Janeiro



Paul Polman
CEO,
Unilever



**Christian Rynning-
Tønnesen**
CEO, StatKraft



Jean Pascal Tricoire
CEO, Schneider
Electric



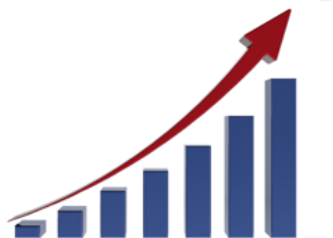
Maria van der Hoeven
Former Executive
Director, International
Energy Agency

Future of Growth and Development

2015 was a milestone: Paris Agreement, SDGs, Financing for Development

3 key challenges: reignite global growth, deliver the SDGs, protect the planet

Sustainable infrastructure is at the center of all three:



Boost global demand and activity in the short-term and lay foundations for sustained long-term **growth**.



Critical to attainment of the **SDGs** through inclusive growth and access to basic services.



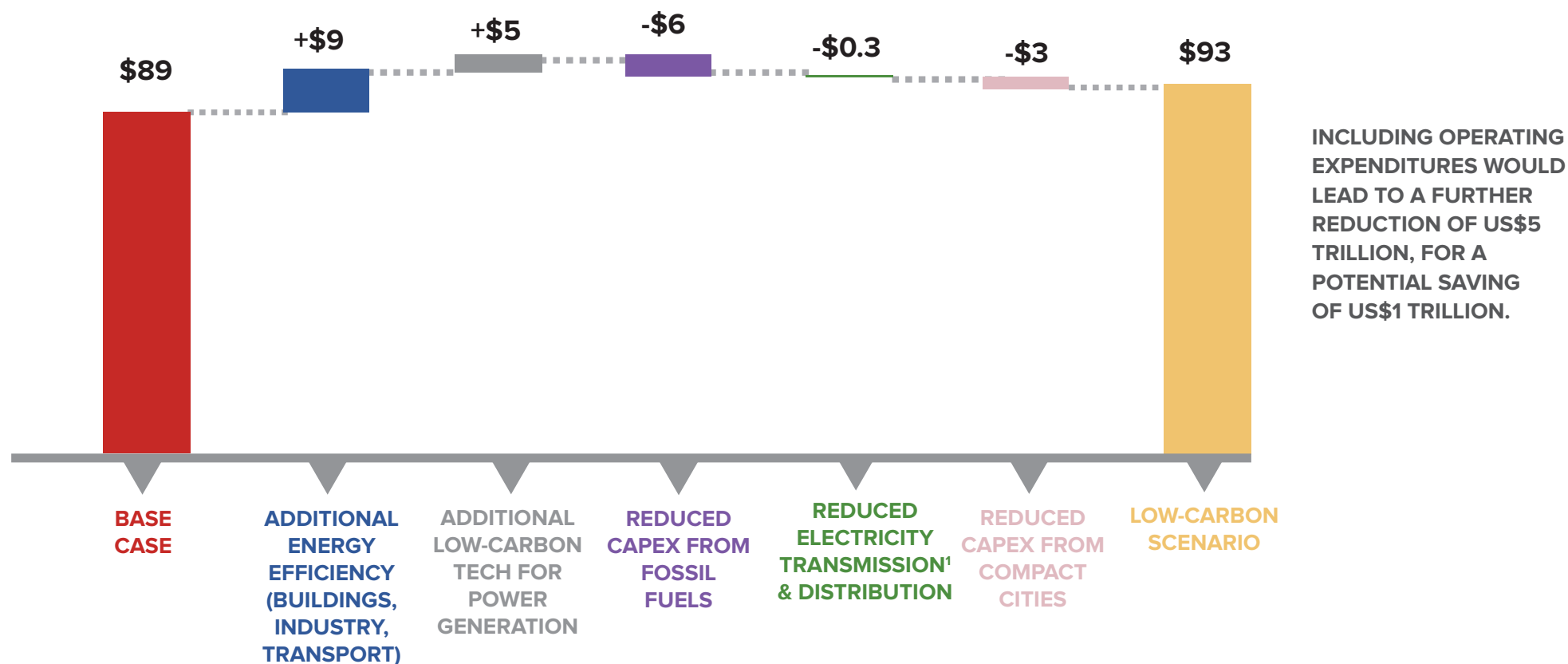
> 60% of carbon **emissions** are from investments in and use of infrastructure.

- In next 20 years will **develop more infrastructure than entire current stock**.
- 2/3 in **emerging markets and developing countries**. In advanced economies, ageing infrastructure has to be replaced.
- **Urban population** will grow from **3.5 billion today** to **6.5 billion in 2050**.

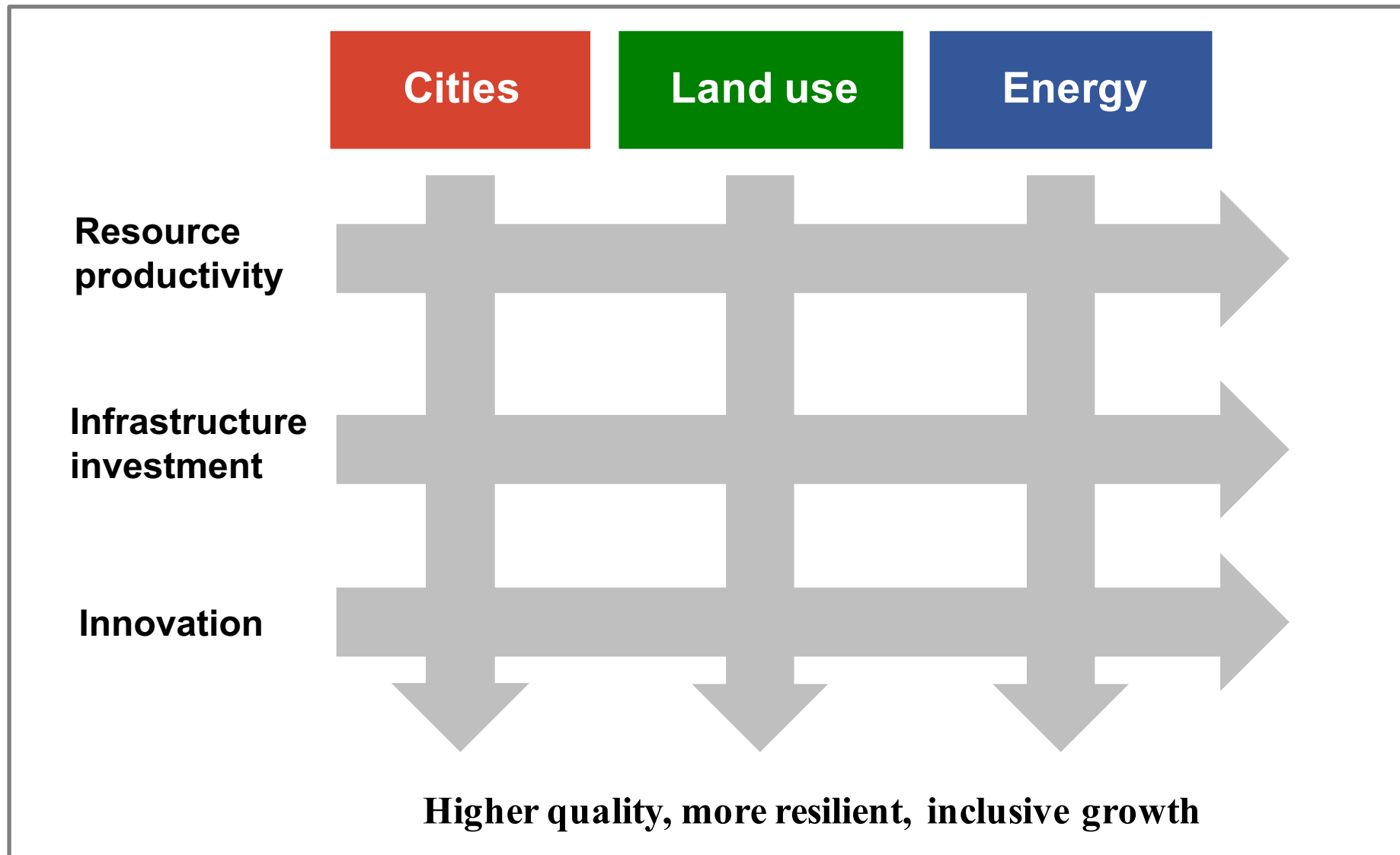
Investment needs in a low-carbon scenario are comparable to under business-as-usual

GLOBAL INVESTMENT REQUIREMENTS; 2015 TO 2030, US\$ TRILLION, CONSTANT 2010 DOLLARS

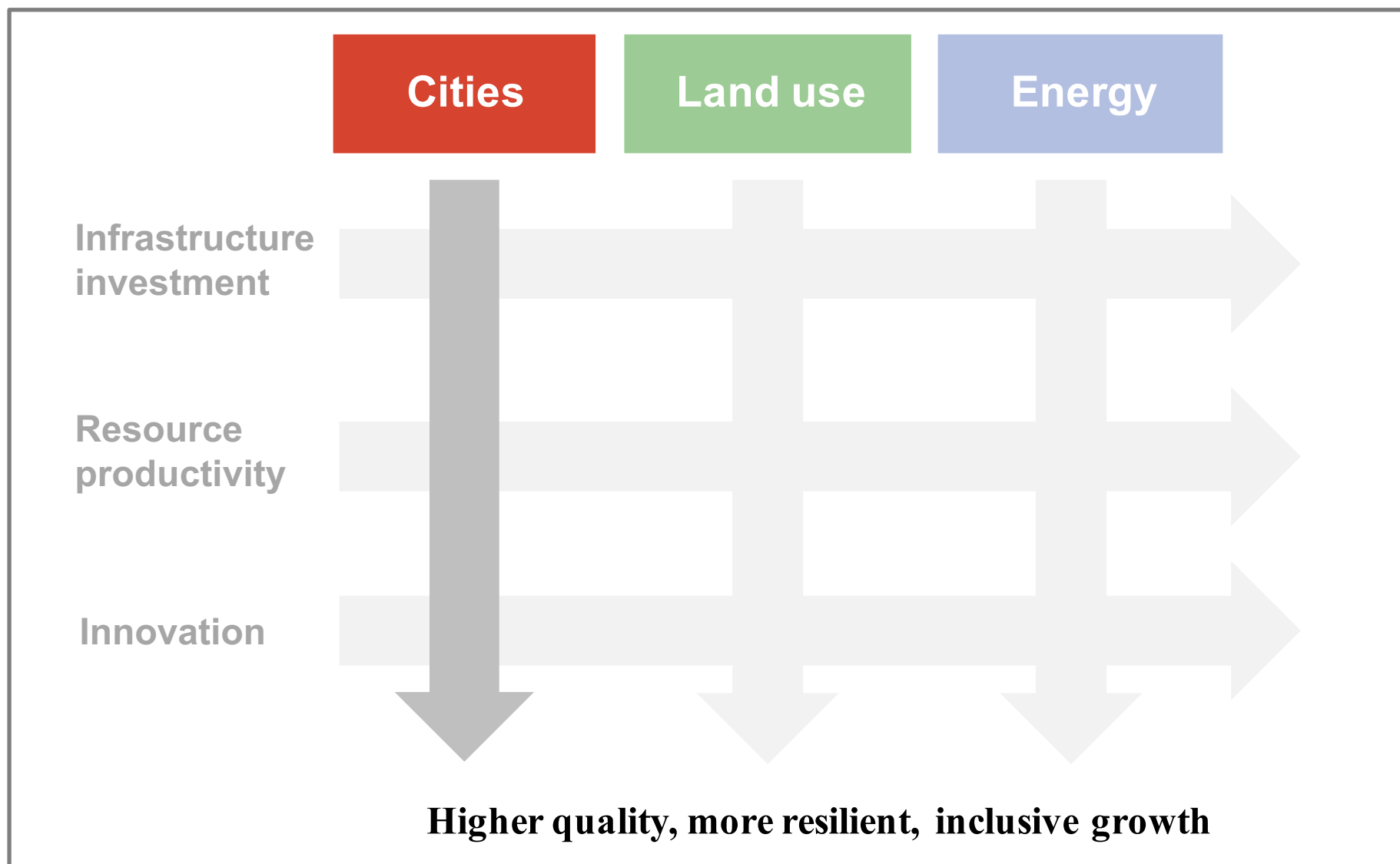
Indicative figures only
High rates of uncertainty



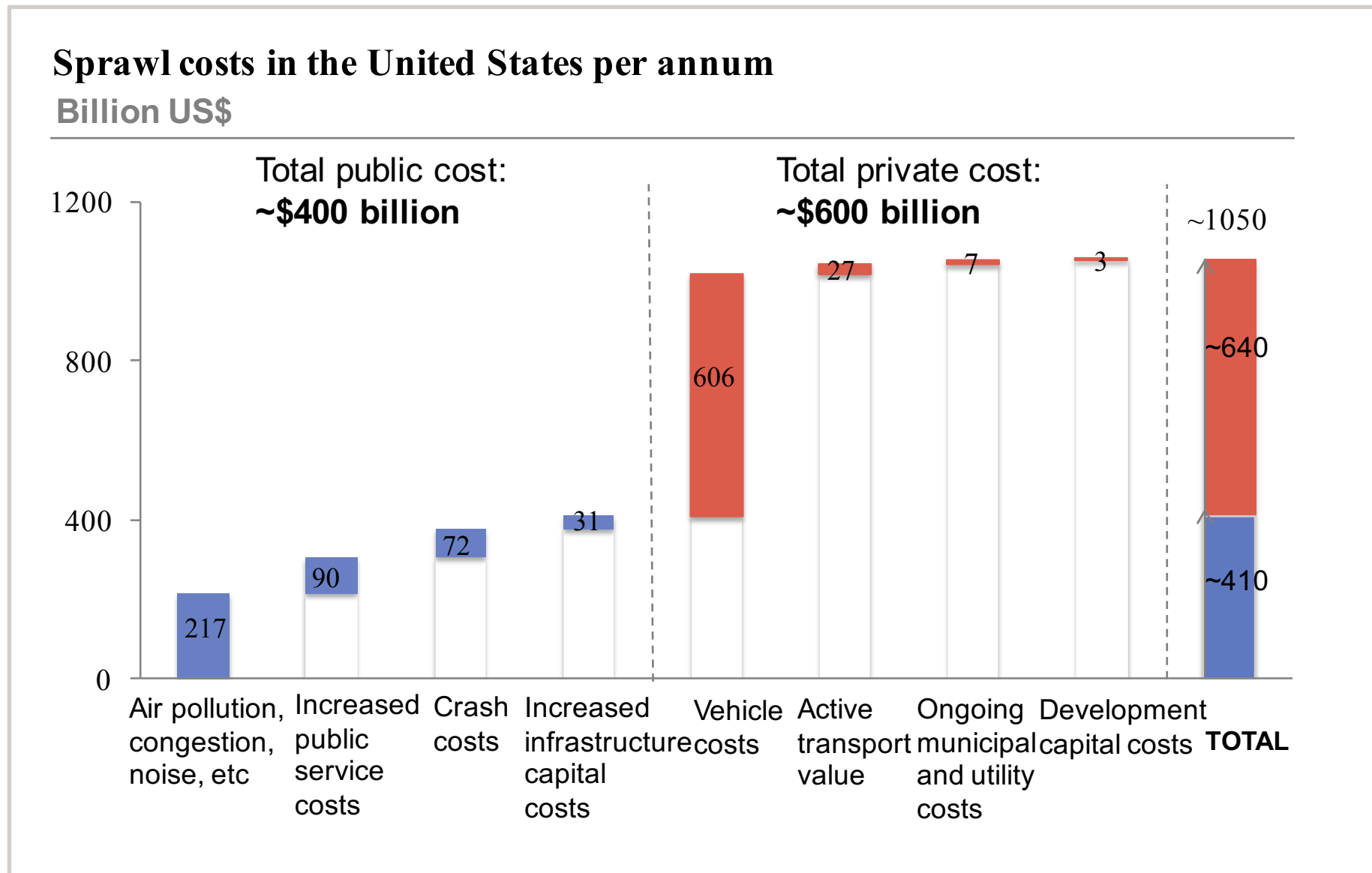
New Climate Economy focusses on **3 key systems** and **3 key drivers** of growth and climate performance



Investing in infrastructure for compact, connected and co-ordinated cities



Sprawl costs the United States over \$1 trillion per annum



Source: Litman (2014) for New Climate Economy commissioned by LSE Cities.

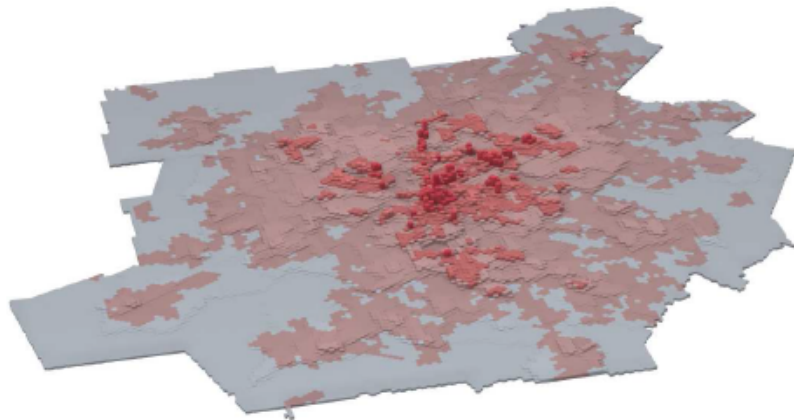
Note: these denote the potential savings from smart growth policies. See Litman, T., 2014 (forthcoming). *Analysis of Public Policies that Unintentionally Encourage and Subsidize Urban Sprawl* for detail of underlying data sources.

A different model of urban development is possible:

Atlanta and Barcelona have similar populations and wealth but very different carbon productivities

ATLANTA

Atlanta's built-up area



0 20 Kilometers

Population: **5.26 million**

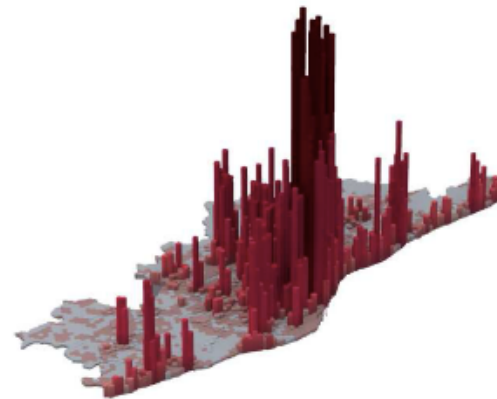
Total area: **16,605 km²**

Urban area: **7692 km²**

Transport carbon emissions: **6.9**
tonnes CO₂ p.c.

BARCELONA

Barcelona's built-up area



0 20 Kilometers

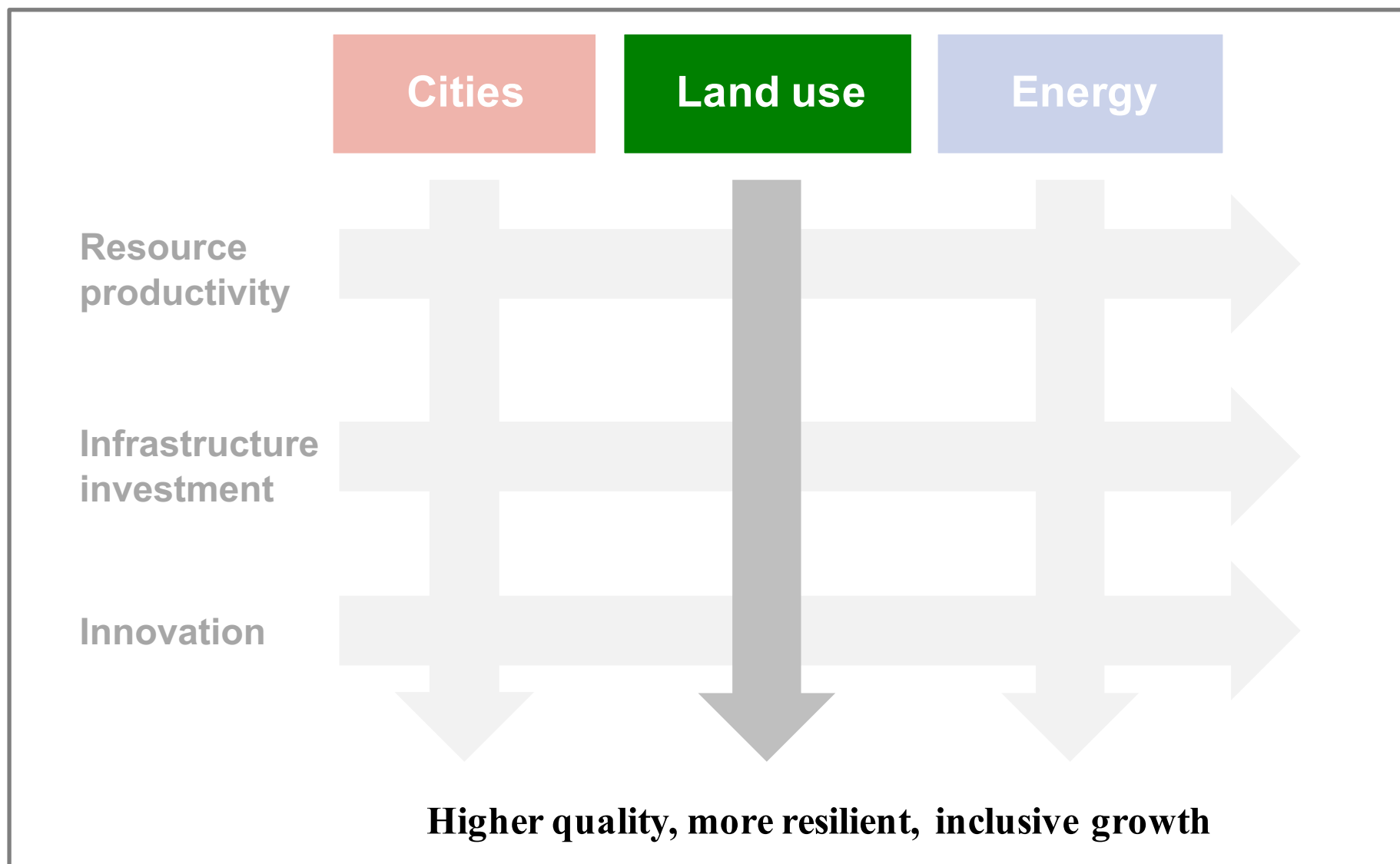
Population: **5 million**

Total area: **3263 km²**

Urban area: **648 km²**

Transport carbon emissions: **1.2**
tonnes CO₂ p.c.

Investing in agricultural productivity, protection & enhancement of forests, and prosperity for rural communities



LAND USE: China's Loess Plateau shows how an agricultural landscape approach can deliver economic and climate benefits



1990

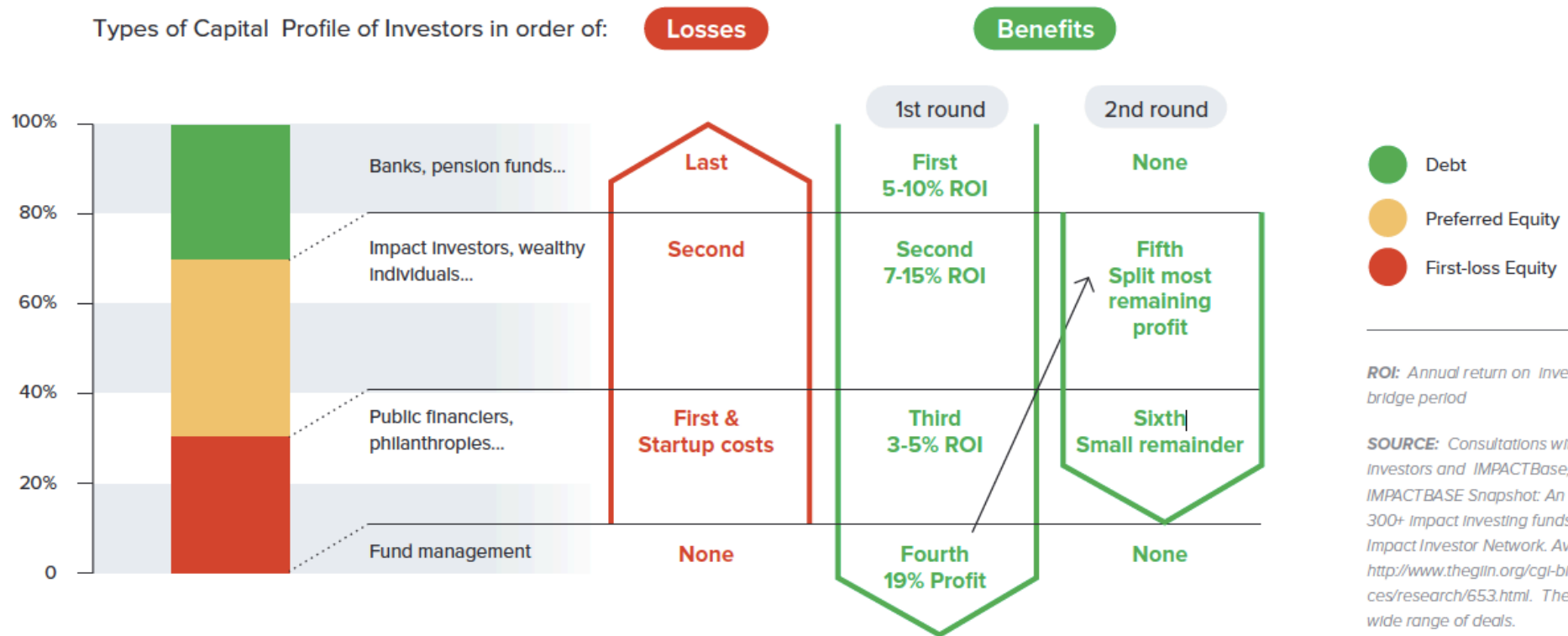


2012

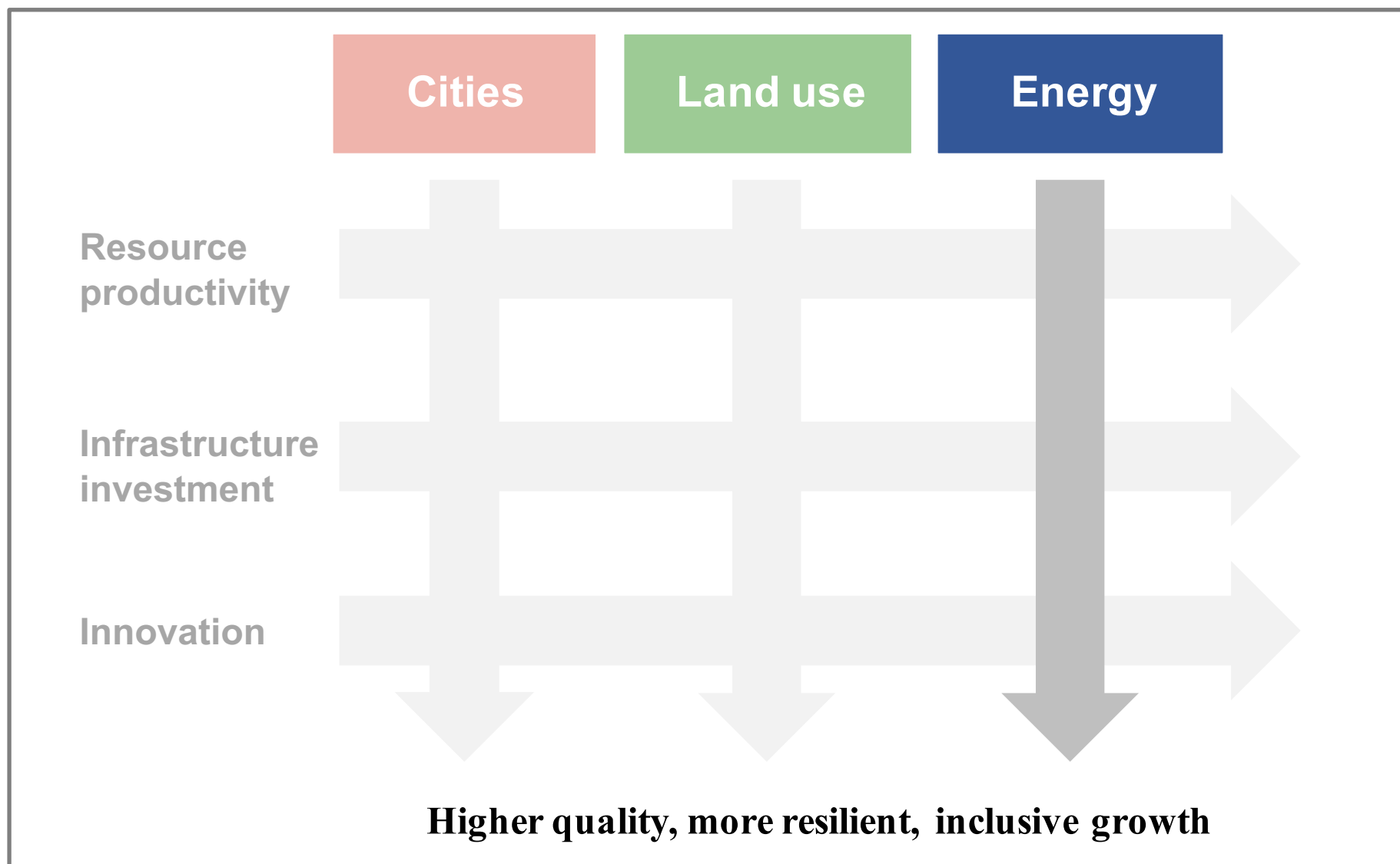
- Chinese Ministry of Water Resources and the World Bank together did watershed rehabilitation projects 1994-2005, and mobilised over US\$490 million.
- In an area of 640,000 sq. km, lifted more than 2.5 million people out of poverty, boosting farm incomes from \$70 to \$200 pp pa; IRR was 20% overall for a K-intensive approach, 27% for livestock components which grew in importance due to farm requests
- Average grain yields increased by 60% over 10 years. Stopped Yellow River silting, reduced air borne dust to Beijing, and increased soil carbon storage

LAND USE: 'Capital stacking' approach could play an important role in risk-sharing of financing land restoration

Example of Capital Stacking for Impact



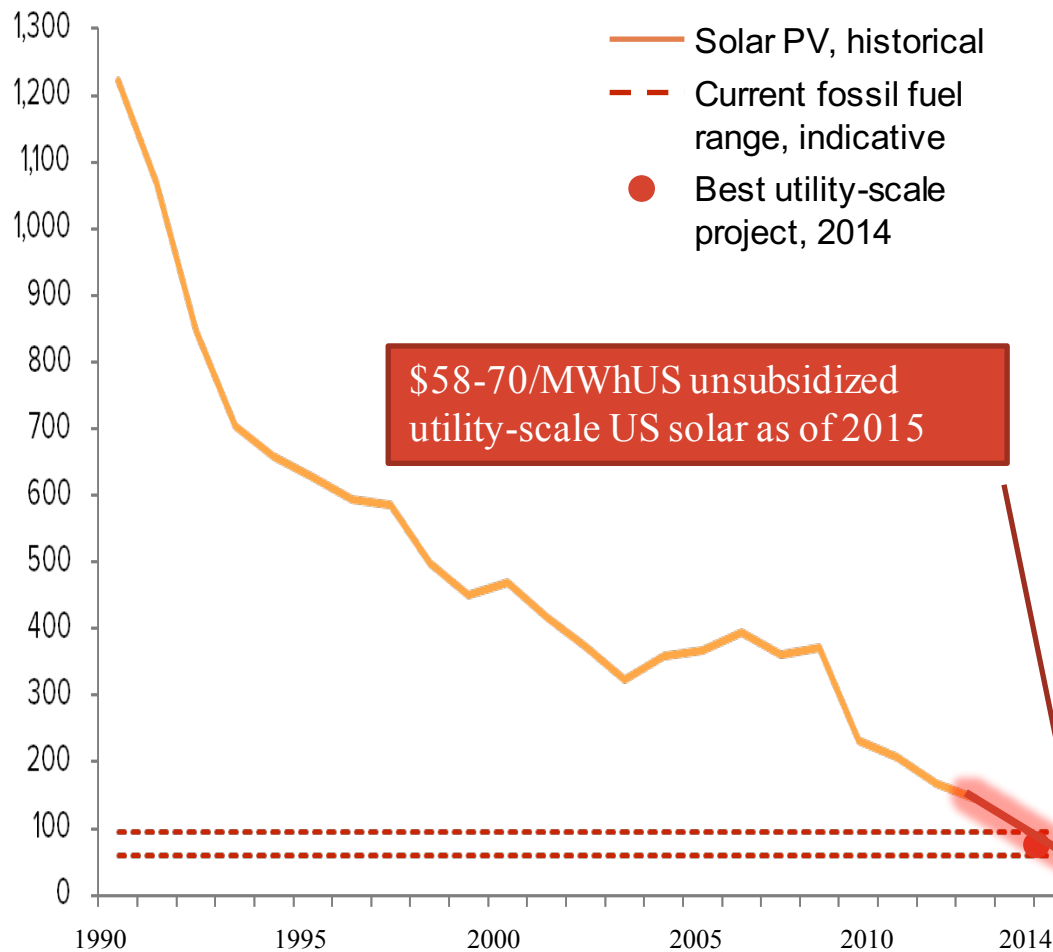
Cleaner, more efficient energy and ensuring access to all



The costs of solar and wind energy have plummeted

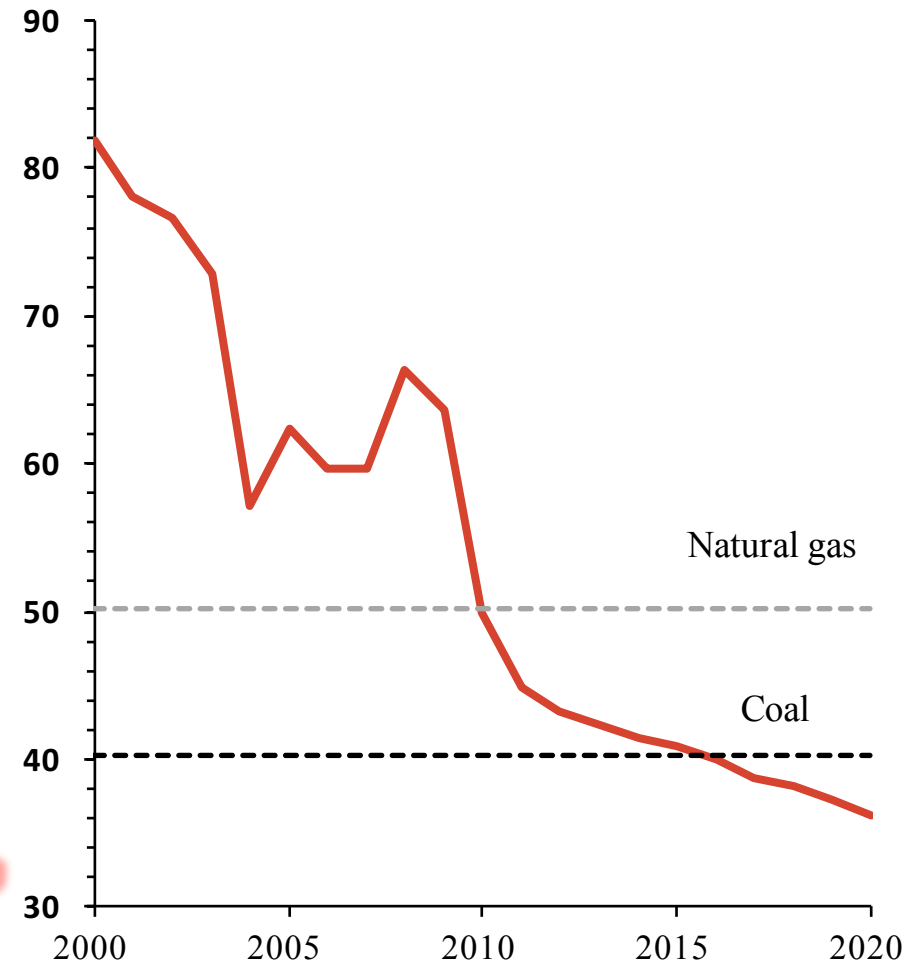
Solar power costs over time

USD/MWh



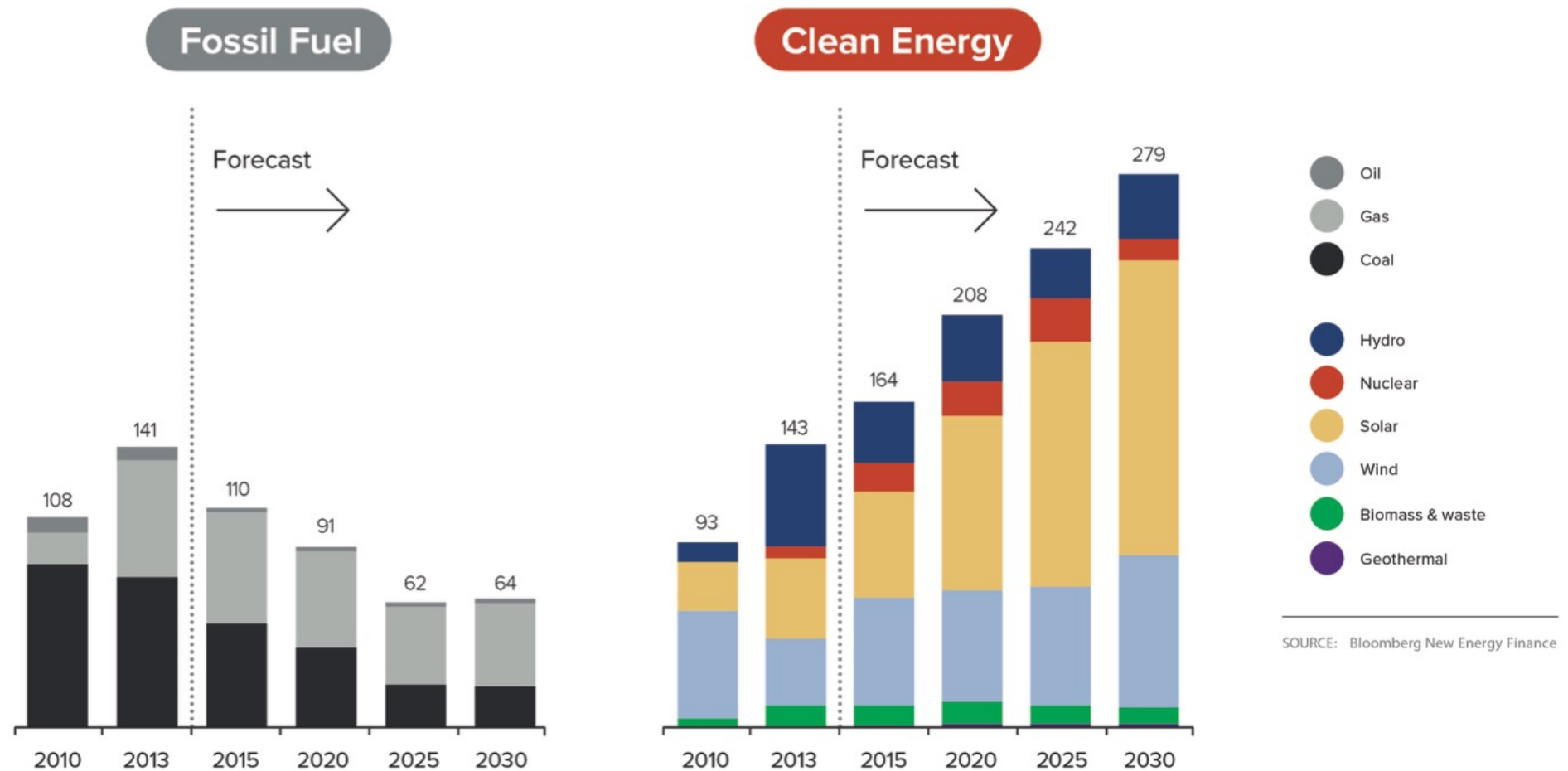
Wind power costs over time

USD/MWh



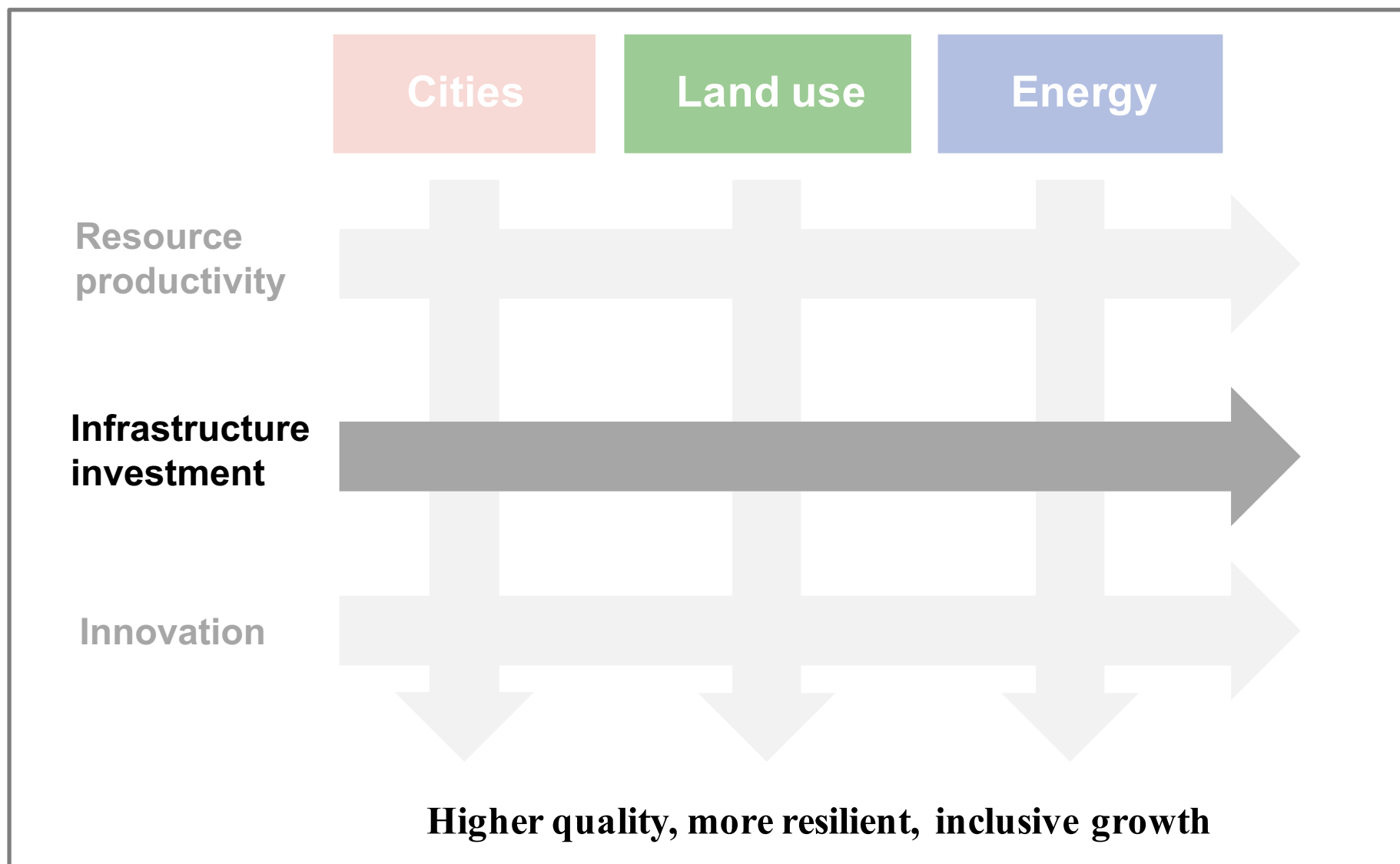
Note: Assuming coal price of 70 USD/tonne and gas price of 10 USD/Mmbtu. Assuming a 35% capacity factor for wind power i.e. 35% utilisation, and a 15% capacity factor for solar power

ENERGY: in 2013, more low-carbon electricity capacity was added than fossil fuel capacity (GW)

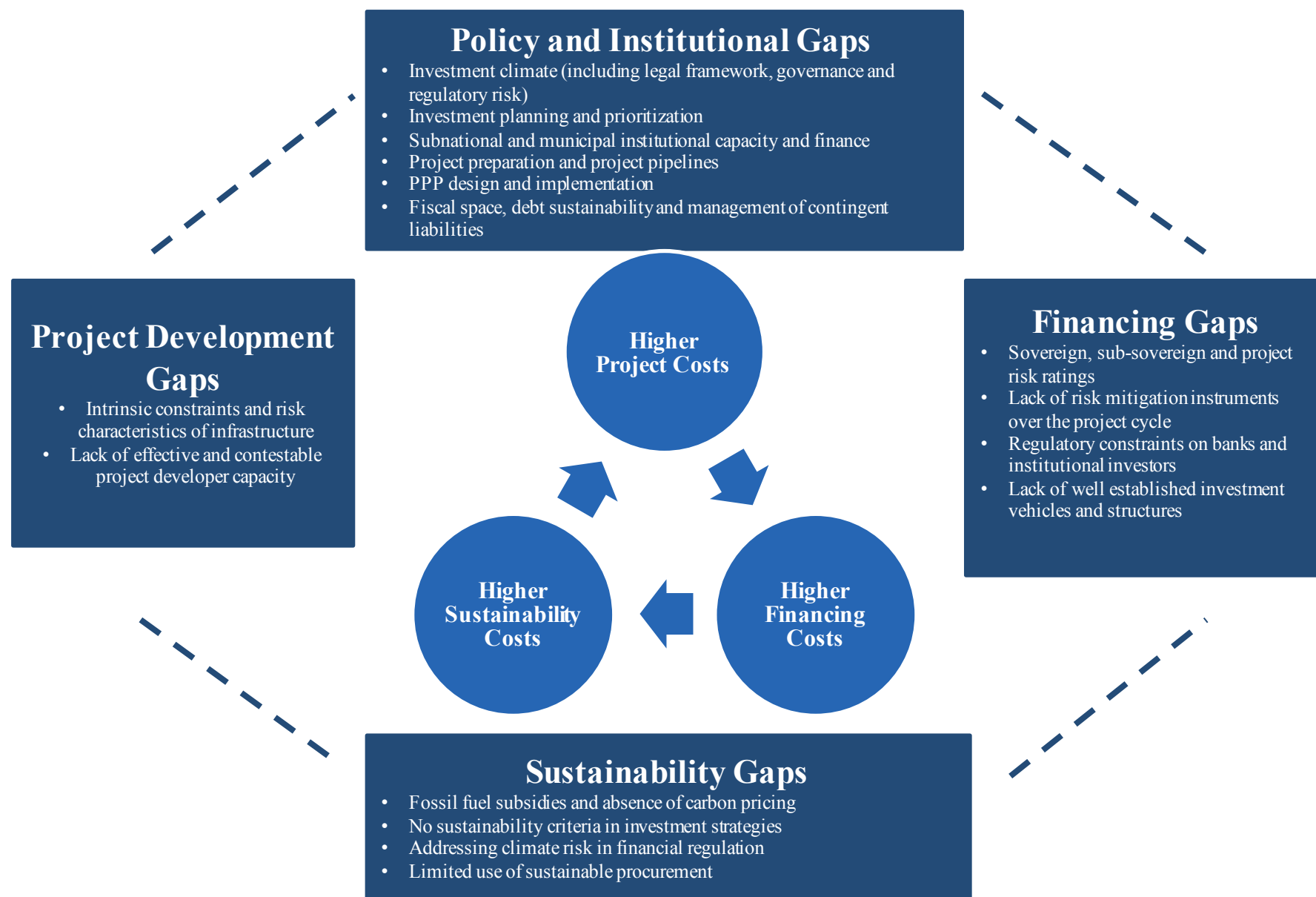


Source: Liebreich, M., 2015. *State of the Industry Keynote*. Presented at the Bloomberg New Energy Finance Annual Summit, New York, 14 April. Available at: <http://about.bnef.com/presentations/liebreich-state-industry-keynote/>.

Need to shift and scale-up infrastructure investment across the 3 key systems and beyond

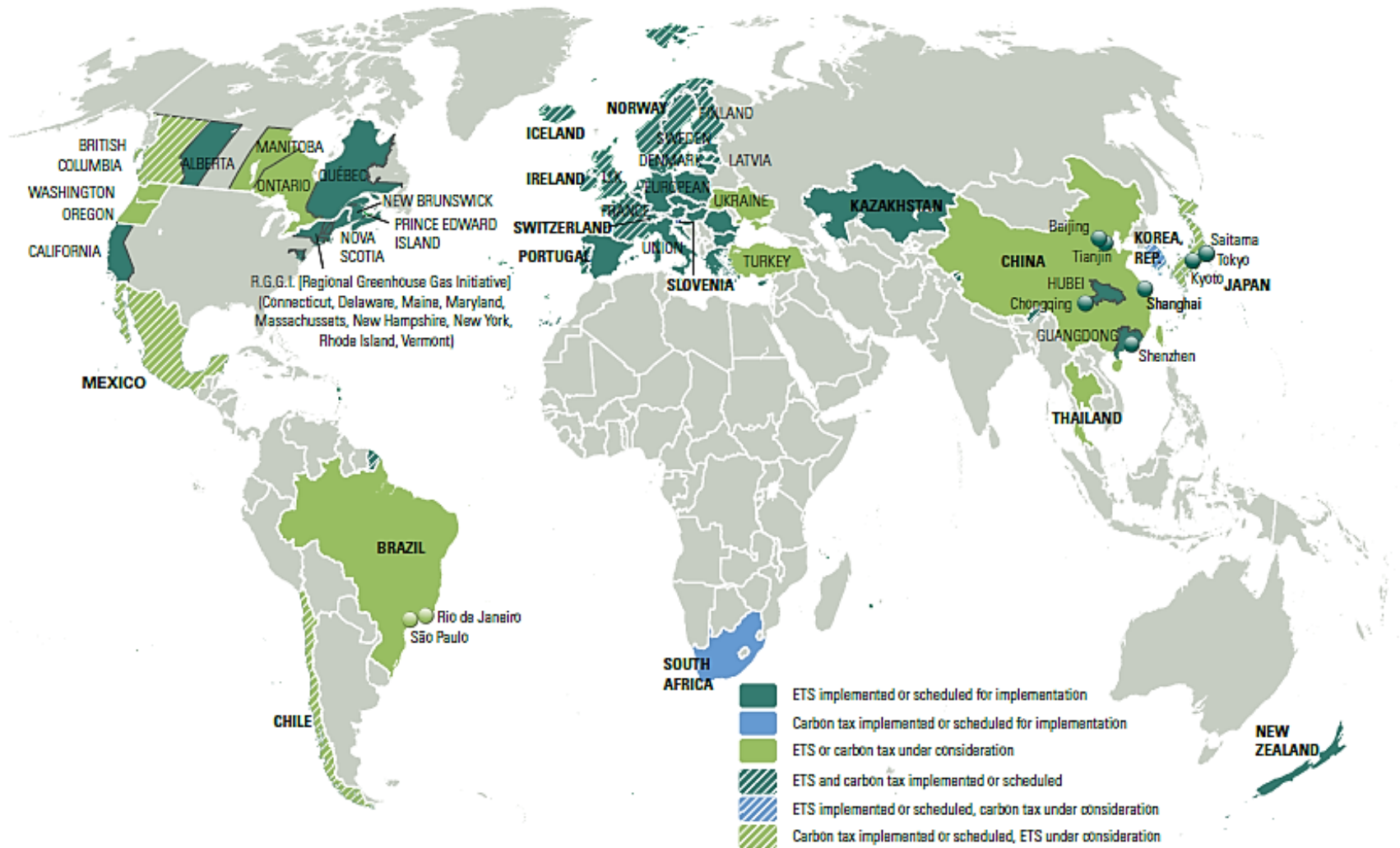


Impediments to sustainable infrastructure: a vicious cycle

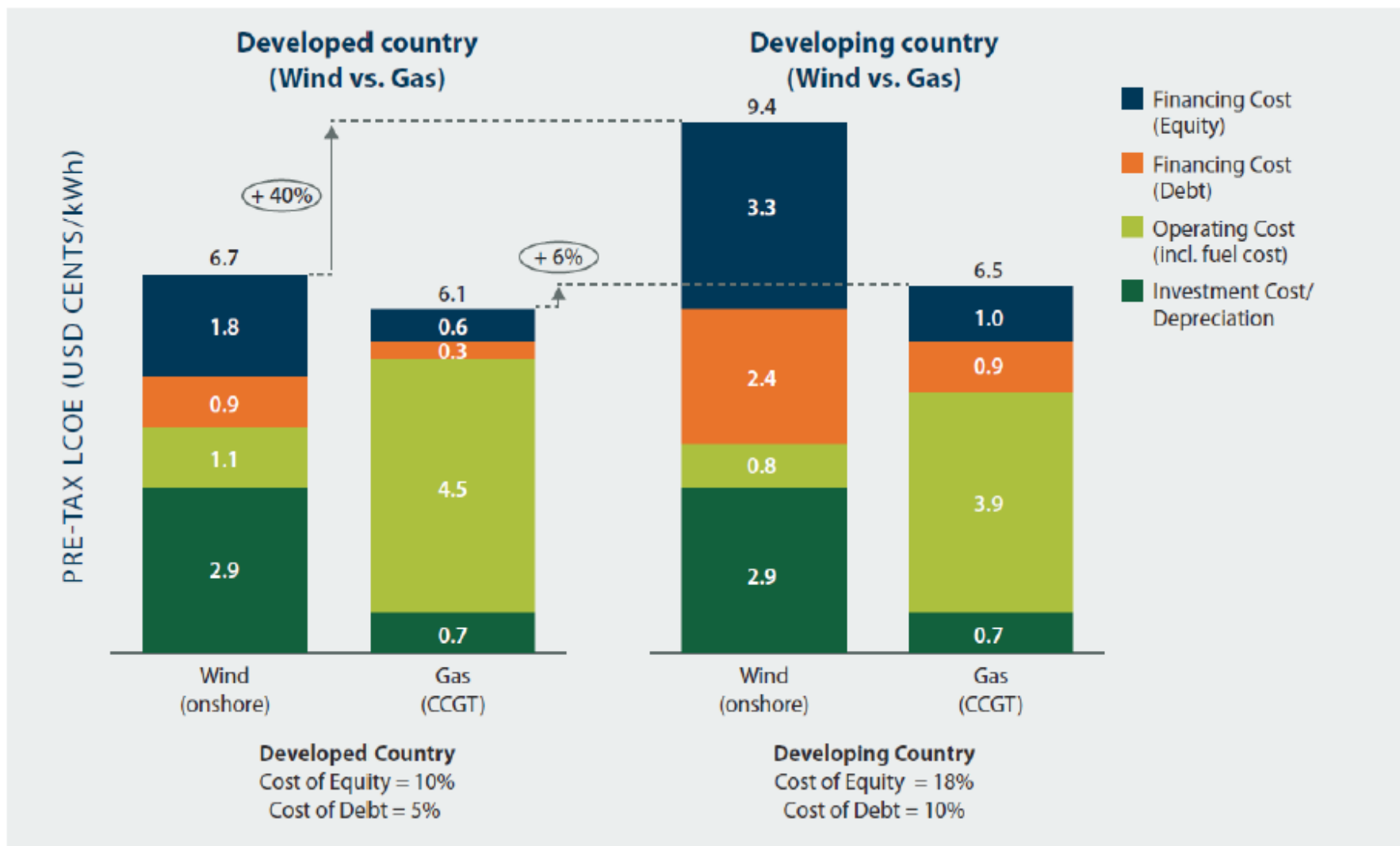


Source: Bhattacharya et al., NCE, 2016

GET THE PRICES RIGHT: About 40 national and over 20 sub-national carbon pricing schemes are underway



LOWER THE COSTS OF CAPITAL: critical for sustainability



Source: Waissbein et al. 2013

Good news! The financial sector is waking up to climate risks



The **Financial Stability Board**, at the request of **G20** Finance Ministers, have commissioned a Task Force to develop guidance for voluntary disclosure of climate-related risks in the financial sector.

Private Investors are moving: over **US\$600 billion** in assets committed to decarbonization with Portfolio Decarbonization Coalition; strong shift away from coal (including divestment campaign).

China is developing a “green financial system” including legal frameworks, fiscal and financial policy incentives, and information



Thank you!

For more information on the New Climate Economy

- Download reports, country case studies, and working papers:
www.newclimateeconomy.report
- Sign up for our mailing list:
www.newclimateeconomy.net
- Follow us on social media:
 - Follow us on Twitter @newclimateecon @hmountford4
 - Find us on Facebook: search New Climate Economy

The reality of the future energy mix, investing in green infrastructure and the climate change theme

9:35 – 10:25

Francis Condon, *Senior SI Analyst (Mining/Oil/Gas)*, **RobecoSAM**

Barry Gardiner MP, *Shadow Minister for Energy and Climate Change*, **The Labour Party**

Julia Haake, *Director International Business Development*, **oekom research**

Martin Skancke, *Chair, Board*, **Principles for Responsible Investment**

Moderator: Stephanie Pfeifer, *Chief Executive Officer*, **Institutional Investors Group on Climate Change**



Morning Networking Break

10:25 – 11:05



Faith investing plenary. Building a bridge between the world's big institutional faith investors and ESG

11:05 – 12:00

Stephen Beer, *Chief Investment Officer*, **Central Finance Board of the Methodist Church**

Omar Shaikh, *Advisory Board Member*, **Islamic Finance Council UK**

Josh Zinner, *Chief Executive Officer*, **The Interfaith Center on Corporate Responsibility**

Moderator: Peter Chapman, *Executive Director*, **SHARE**



RI Awards 2016

12:00 – 12:25

Asset Owner Awards sponsored by **Bank J. Safra Sarasin**

Asset Manager Awards sponsored by **MSCI**



J. SAFRA SARASIN



Leadership, culture and change: how do we make responsible investment mainstream?

12:25 – 13:15

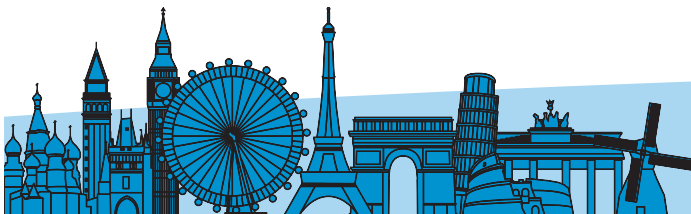
Remy Briand, *Managing Director and Global Head of Research*, **MSCI**

Louise Davidson, *Chief Executive Officer*, **Australian Council of Superannuation Investors**

Philippe Desfossés, *Chief Executive Officer*, **ERAFP**

Mary Jane McQuillen, *Managing Director, Portfolio Manager and Head of ESG Investment*, **ClearBridge Investments**

Moderator: Rob Lake, *Principal*, **Rob Lake Advisors**



Leadership, Culture and Change: How do we make responsible investment mainstream?



22 – 23 June, London

An inconvenient truth: what cannot last forever... will stop !

- ➔ For a retirement scheme « sustainability » means **not to distribute benefits that are paid by the « sacrifice » of the young contributors.**
- ➔ « *Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.* » (Bruntland report 1987)

➔ Being optimist, one can estimate it takes 50 years for an oak to grow

➔ What % of the forestry can be harvested every year?

➔ What happens, if one harvests 10% of the forestry every year?

« *Only cut as much wood as the forest can bear! As much wood as can regrow* »

Hans Carl von Carlowitz (1713).



Are we looking enough?

« These outsiders saw the giant lie at the heart of the economy. And they saw it by doing something the rest of the suckers never thought to do »



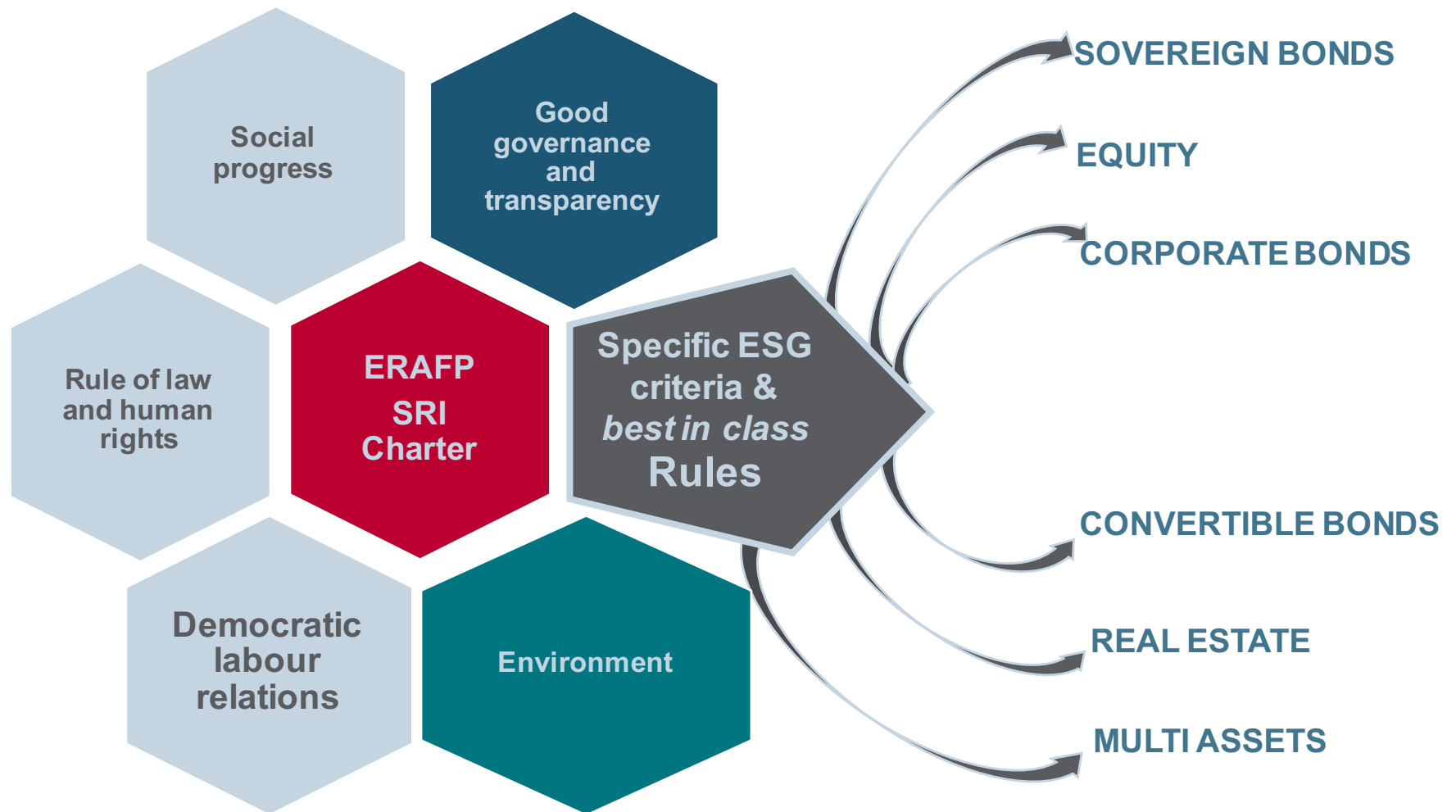
**They
looked!**

Should we take it for granted?

Very moral, very efficient, but alas not renewable at all



One overarching sri charter and various *best in class* strategies



What is at stake?

Changing our investment process to better invest?

- ➔ A new world is coming : What are the issues that no one should ignore?
 - ➔ we are discovering that scarcity will very directly impact our lives
 - ➔ externalities will be more and more « internalized ».
- ➔ Can SRI remain
 - ➔ an overlay ?
 - ➔ something that concerns just a marginal part of your assets or your funds ?
- ➔ When an investor says he is doing some investment in SRI what does it tell about the rest of its investment?
- ➔ **Best in Class makes sense** : it does not « unduly » restrict the investment universe it just make possible to:
 - ➔ Eliminate those who resist the change that is reshaping the economy ,
 - ➔ Identify those who are best positioning themselves to profit from the « new » economy (an economy that promotes sustainability).

Thank you for your attention



Key figures

45,000
employers

Mandatory, defined
contribution, fully funded
additional pension scheme

€ 24,07
Bn AUM
Fair value as of
05/31/2016

Created in 2005



100%
SRI

Positive net cash-
flows above
€2bn per year
until 2025

4,5 millions
Beneficiaries

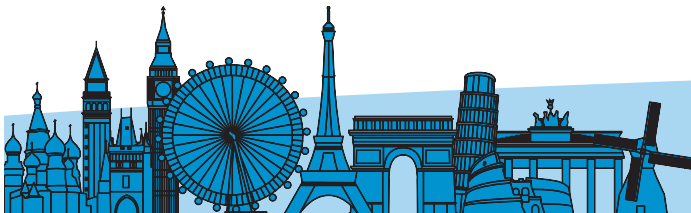
Funding ratio
112,9%

Networking Lunch

13:15 – 14:15

Sponsored by **FTSE Russell**

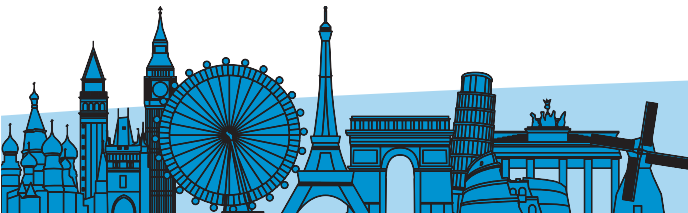
**FTSE
Russell**



Keynote Address

13:30 – 13:45

Jeroen Hooijer, *Acting Director Civil Justice, Directorate
General Justice and Consumers*, **European Commission**



Proving the value of ESG data, investment activity and governance

13:45 – 14:40

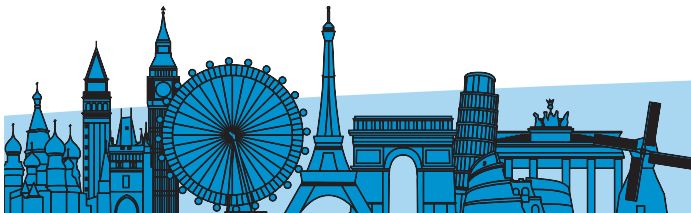
Jean-Nicolas Caprasse, *European Business Head, ISS*

Jeroen Hooijer, *Acting Director Civil Justice, Directorate General Justice and Consumers,*
European Commission

Christianna Wood, *Chairman, Global Reporting Initiative*

Diederik Timmer, *Executive Vice President, Institutional Relations, Sustainalytics*

Moderator: Daniel Brooksbank, *Editor, Responsible Investor*



Networking Break

14:40 – 15:10



Long-term investment and the future of asset management

15:10 – 16:05

Bertille Knuckey, *Head of Sustainable and Responsible Investment*, **Sycomore Asset Management**

Mark Mansley, *Chief Investment Officer*, **Environment Agency Pension Fund**

Kelly Tang, *Director, Global Research and Design*, **S&P Dow Jones Indices**

Paul Woolley, *Senior Fellow*, **London School of Economics**

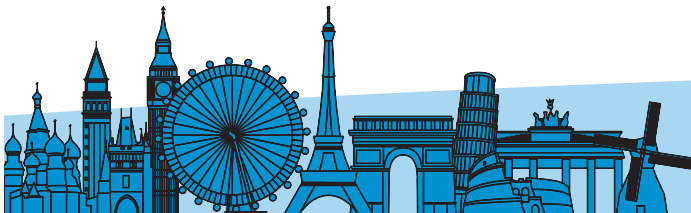
Moderator: Hugh Wheelan, *Managing Editor*, **Responsible Investor**



Book launch interview: how the financial system fails us, and how to fix it

16:05 – 16:25

Hugh Wheelan speaks with David Pitt Watson, *Executive Fellow of Finance, The London Business School* and *Chair, UN Environmental Programme Finance Initiative*



The Great Debate: two debating teams lay out their arguments over the future of ESG ratings and reporting. Then YOU decide!

16:25 – 17:20

Preamble

The ranking and rating of funds and managers on sustainability and corporate governance is at an early stage in its development and needs to improve significantly if it is to engage individual investors and beneficiaries and mainstream investment analysts and fund marketers.

...but...



The Great Debate

“This House believes that, on the issue of ranking and rating of funds and managers, our industry is moving in the right direction...”

For the Motion:

Naomi English, *Head of ESG Products for EMEA and APAC, MSCI*

Fiona Reynolds, *Managing Director, Principles for Responsible Investment*

Against the Motion:

Seb Beloe, *Partner, Head of Research, WHEB Asset Management*

Jennifer Anderson, *Investment Officer, The Pension Trust*

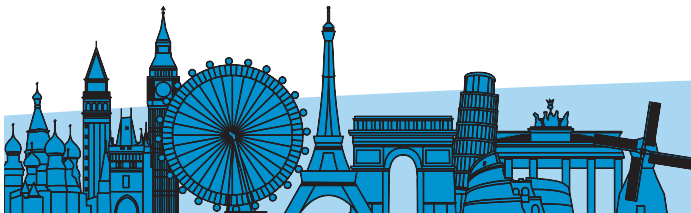
Chair: Mike Tyrrell, Editor, **www.SRI-CONNECT.com**

Roving audience provocateur: Hugh Wheelan, Managing Editor, **Responsible Investor**



Closing Remarks

17:20 – 17:25



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