



IIPM Seminar: Better Equity Investments Decisions Make Better Outcomes

How Trustees can Invest for Impact

Jennifer Richards

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This communication is intended for investment professionals only and must not be relied on by anyone else.

ESG and the investment process

Traditional factors

- Sales growth
- Margins
- Cash flow
- Capital adequacy
- Market share
- Valuation

ESG factors

- Environmental
- Energy, water, pollution, cleantech
- Social
- Human rights, health and wellbeing, innovation
- Governance
- Succession, remuneration, diversity, transparency

Source: Standard Life Investments

Traditional + ESG = Stronger returns



ESG Investment – values based funds and approaches

Ability to build and tailor investment solutions

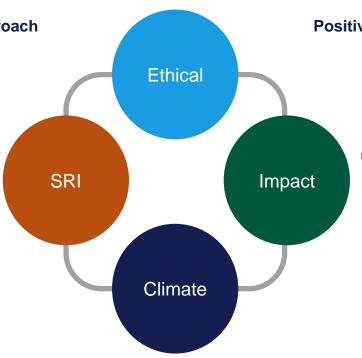
Ethical Traditi

Traditional sin-stock approach

Exclude companies involved in industries deemed unethical, such as tobacco, gambling, armaments, animal testing, or companies with poor business practices. Positive bias towards stocks that score well on RI issues. The ethical policy is overseen by an external advisory group

SRI Sustainability focused

Screen companies on their management of sustainability matters. Exclude worst performing companies, with strong active engagement approach focused on "watch list" stocks



Positively screened selection

Impact

Positive selection of companies that are delivering products and solutions to address societal challenges, such as climate change, rising inequalities and unsustainable production & consumption.

UN Sustainable Development Goals based

Carbon based

Climate

Ability to capturing climate concerns through a range of activities, including engagement, exclusions, carbon tilted portfolios and carbon foot printing



The problems



Poverty



Hunger & Malnutrition



Poor Health & Mortality



Access to Clean Water



Inequality



Climate Change

UN Sustainable Development Goals

Environmental & social challenges

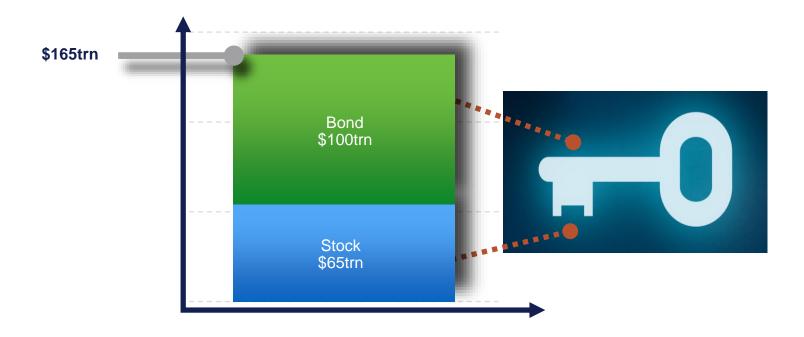


- What are the UN's global goals?
- How can we possibly address them?
- How much will they cost to achieve?- \$75 105trn
- Where will that money come from
 - Governments?
 - Private Sector?



Investment, not philanthropy

Environmental and social challenges



Source: Standard Life Investments



Impact Investing framework

UN 2030 Agenda for Sustainable Development

Key Performance Indicators





3 challenges to address

- Climate change
- Reduce inequalities
- Unsustainable production and consumption

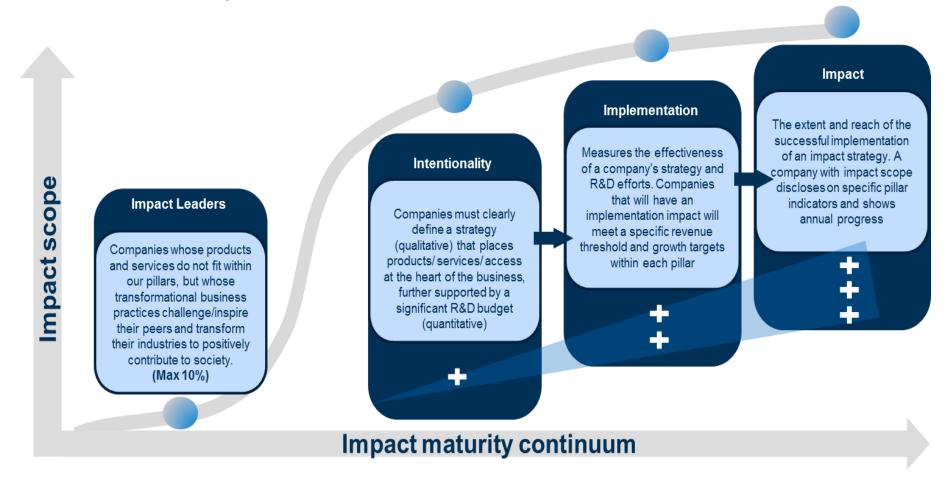
Annual Impact Report

Circular Economy Sustainable Energy Food & Agriculture Water & Sanitation Health & Social Care Financial Inclusion Sustainable Real Estate Education & Employment



Impact maturity stages

Three measures of impact are considered:





Pillar level reporting: Financial Inclusion

Holdings: Axis Bank, Bradesco, Garanti, Mastercard, Safaricom, Unifin



Underserved customers

31.9 million underserved customers open a bank account: more people than the entire population of Peru



New finance

\$10.9 billion made available to underserved customers, including rural, retail agriculture and SMEs.



Access points

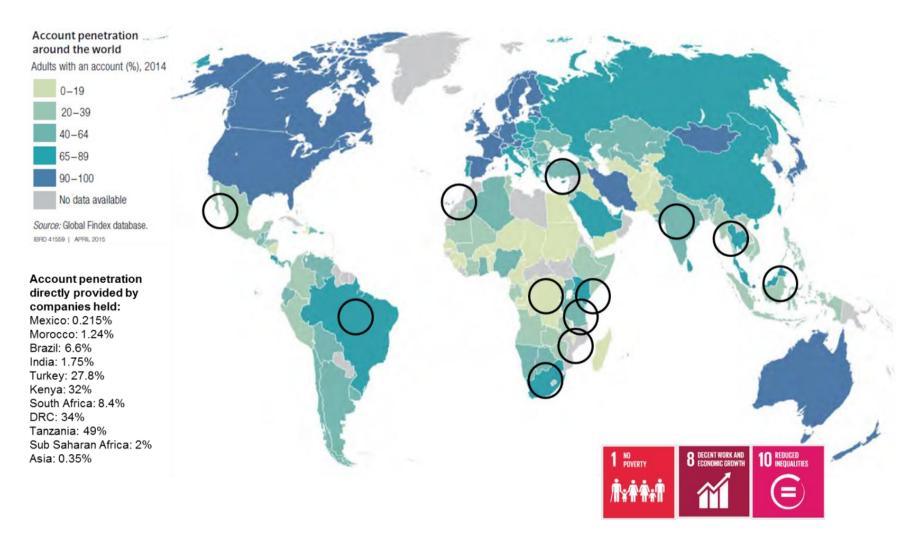
3,016 new branches in rural and underserved areas including India, Turkey and Mexico



Mobile money

66 million mobile wallet users: the equivalent **population of France**

Impact foot printing: Account penetration



Source: Standard Life Investments. December 2016



Have your cake...



- No compromise on returns
- No compromise on sustainability
- Long term
- Sustainable
- Impact investing

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