

IIPM Seminar: Better Equity Investments Decisions Make Better Outcomes

How Trustees can Invest for Impact

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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

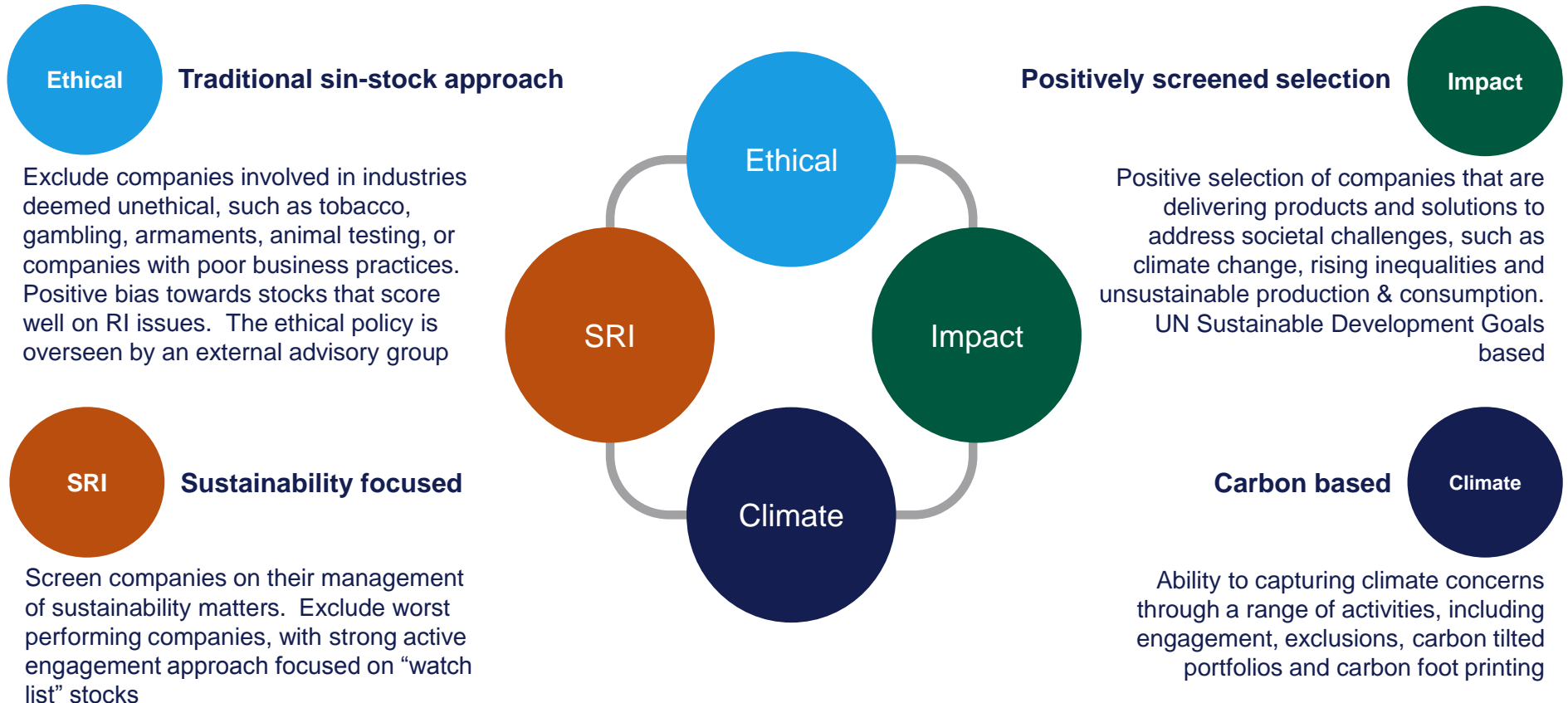
- **Environmental**
- Energy, water, pollution, cleantech
- **Social**
- Human rights, health and wellbeing, innovation
- **Governance**
- Succession, remuneration, diversity, transparency

Source: Standard Life Investments

Traditional + ESG = Stronger returns

ESG Investment – values based funds and approaches

Ability to build and tailor investment solutions



The problems



Poverty



Hunger & Malnutrition



Poor Health & Mortality



Access to Clean Water



Inequality



Climate Change

UN Sustainable Development Goals

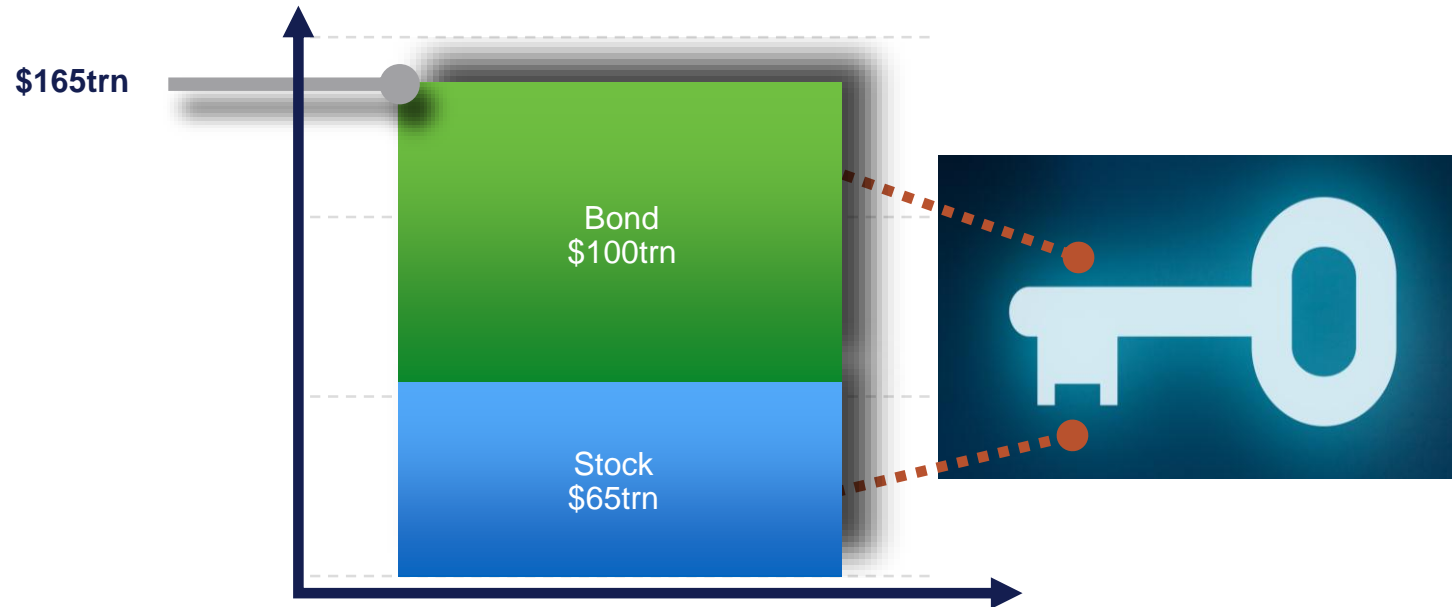
Environmental & social challenges



- 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?

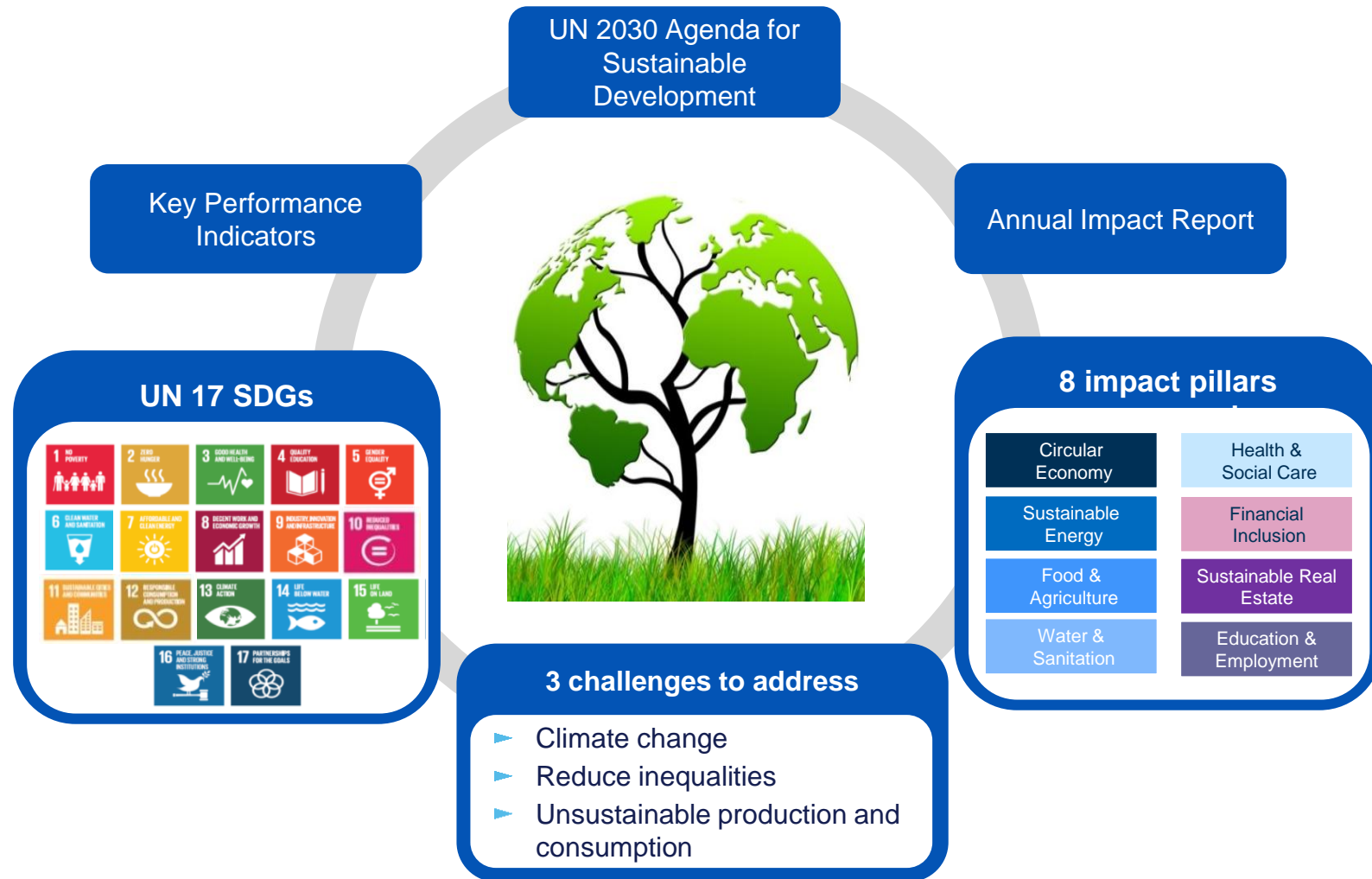
Investment, not philanthropy

Environmental and social challenges



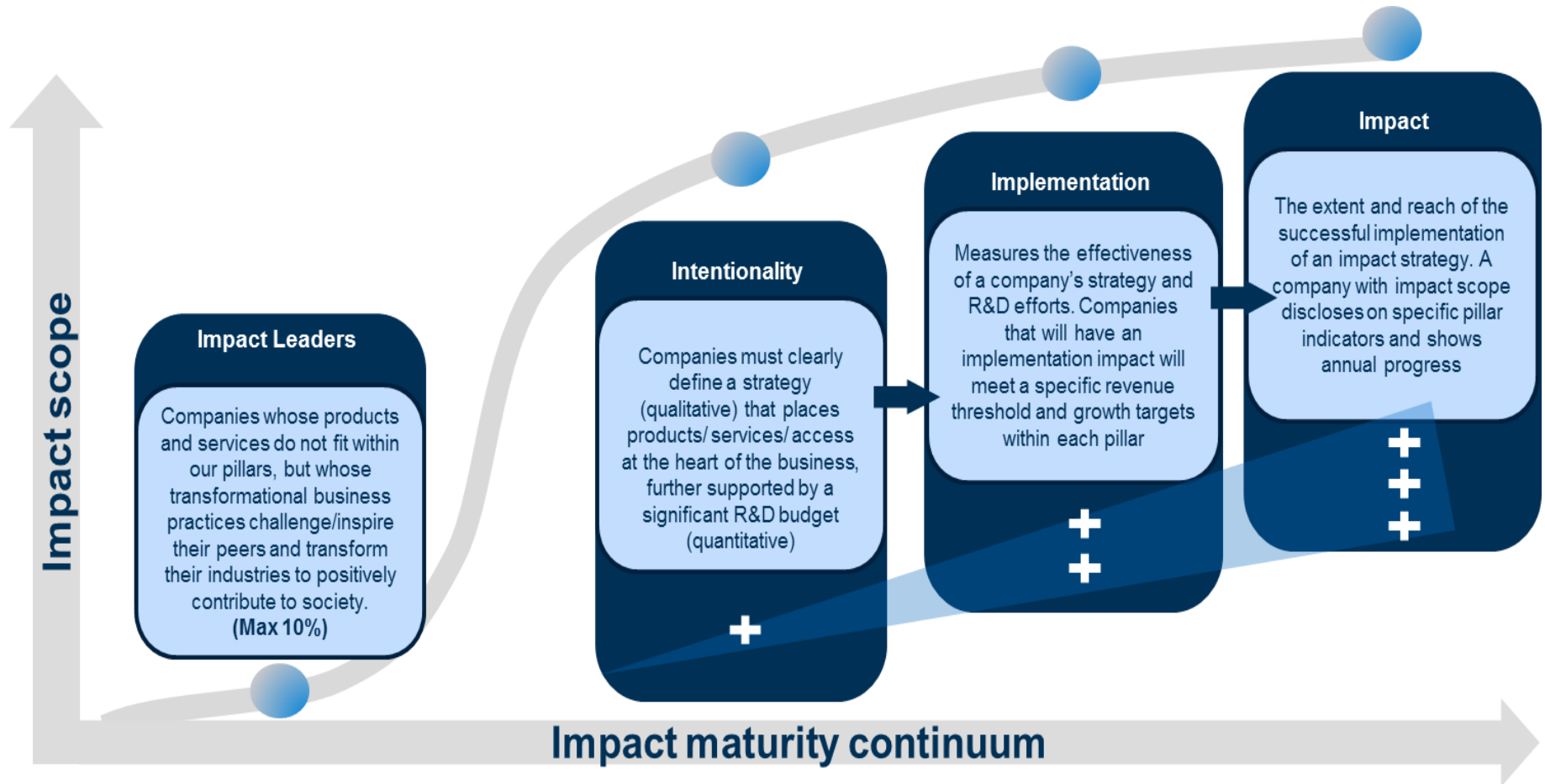
Source: Standard Life Investments

Impact Investing framework



Impact maturity stages

Three measures of impact are considered:



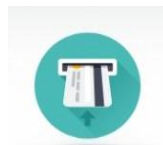
Pillar level reporting: Financial Inclusion

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**



Access points

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



Financial Inclusion



New finance

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



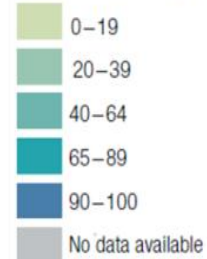
Mobile money

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

Impact foot printing: Account penetration

Account penetration around the world

Adults with an account (%), 2014

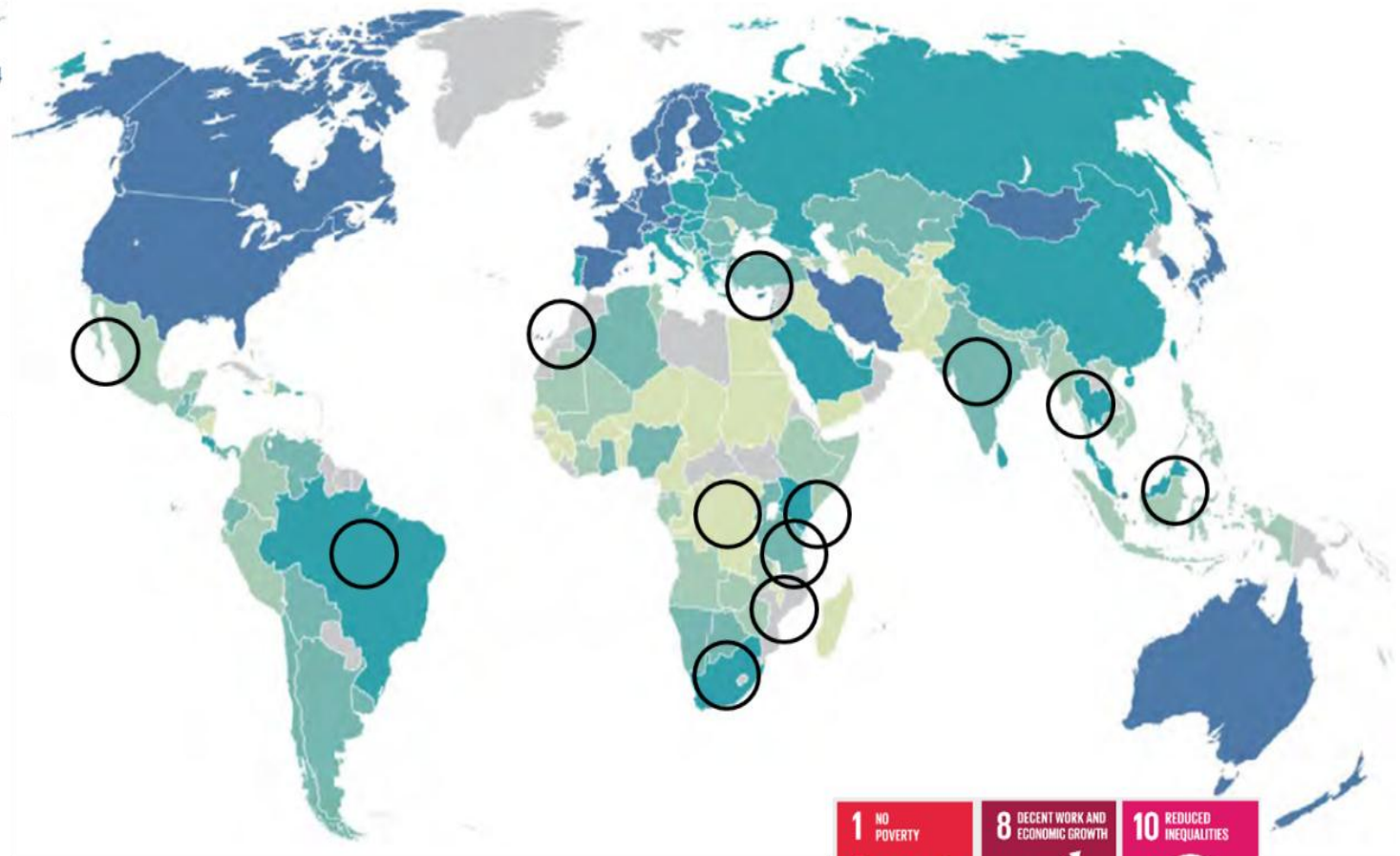


Source: Global Findex database.

IBFD 41509 | APRIL 2015

Account penetration directly provided by companies held:

Mexico: 0.215%
 Morocco: 1.24%
 Brazil: 6.6%
 India: 1.75%
 Turkey: 27.8%
 Kenya: 32%
 South Africa: 8.4%
 DRC: 34%
 Tanzania: 49%
 Sub Saharan Africa: 2%
 Asia: 0.35%



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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