

Sustainability and investment

Force for good or source of superior returns?

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Sustainability and investment

Force for good or source of superior returns?

- A note on sustainability
- Part of a bigger picture
- Ethics vs returns
- CO₂ as example



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A note on sustainability

Introduced for environmental purposes 30 years ago

sustainability

/səsteɪnəˈbɪlɪti/ ⓘ

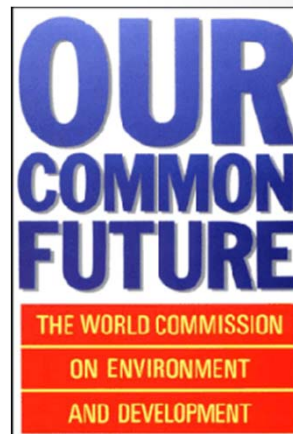
noun

the ability to be maintained at a certain rate or level.
"the sustainability of economic growth"

- avoidance of the depletion of natural resources in order to maintain an ecological balance.
"the pursuit of global environmental sustainability"

Oversett sustainability til ▼

1. bærekraft



Socially responsible investment (SRI)

Three areas of special attention (ESG)



Climate impact and greenhouse gas (GHG) emissions, energy efficiency, air and water pollution, water scarcity, biodiversity, and site restoration.



Human rights, local community impact and employment, child labour, working conditions, health and safety, and anti-corruption.

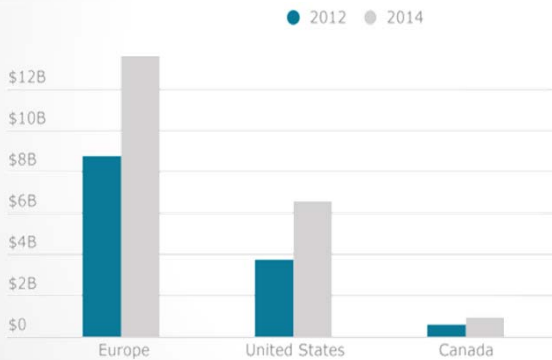


Alignment of interests, executive compensation, board independence and composition, and other shareholder rights.

Socially responsible investment (SRI)

Three main strategies

“Doing well by doing good”
SRI by region (2012 and 2014)



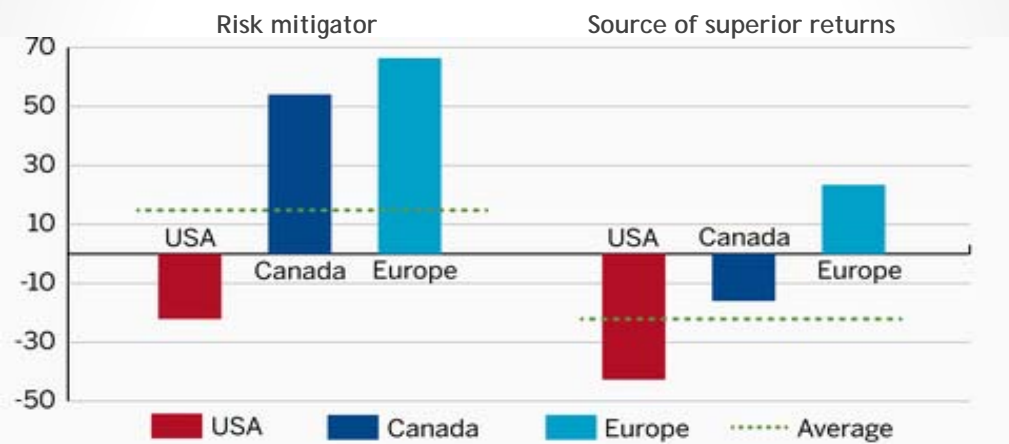
- Positive filtering
- Negative filtering
- Active ownership



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Socially responsible investment (SRI)

Net ratings of investors' belief in ESG issues



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Source: RBC Global Asset Management.

Against the tide: The VICE Fund

Net ratings of investors' belief in ESG issues



UN Sustainable development goals

You better get used to them, the sooner the better

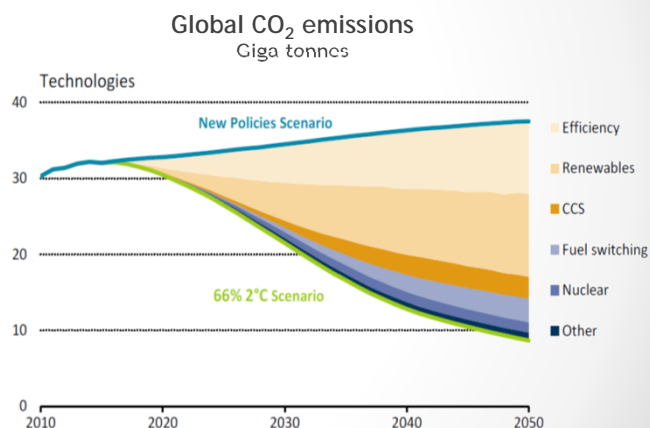


Global warming: a massive challenge

Any relation to investment behaviour?



COP21-CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE



Divestment of fossil fuel shares

A tale of two discussions

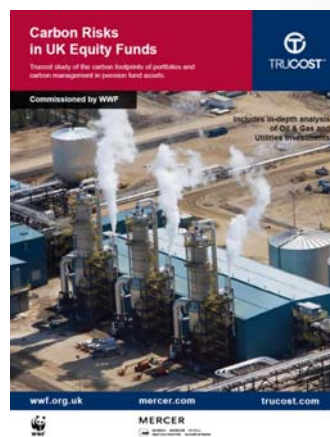
- Diversification
 - Oil and gas exposure
 - National wealth perspective
- Climate concerns
 - Asset management guided by climate policies



Asset management and climate policies

Some thoughts on effectiveness and efficiency

- Active vs passive strategies
 - Green venture investments
- Carbon footprint reporting
 - Development of data
 - Get the incentives right
 - Challenges: reporting and restructuring
- Total restraint on climate risk
 - Let NBIM work out implications
 - Industry-neutral framework



Sustainability and investment

Force for good or source of superior returns?



- No obvious source of excess return
- Risk mitigation makes sense
- Preferences define strategy