



How to integrate the SDGs into investment practices

Brussels, October 23 2018



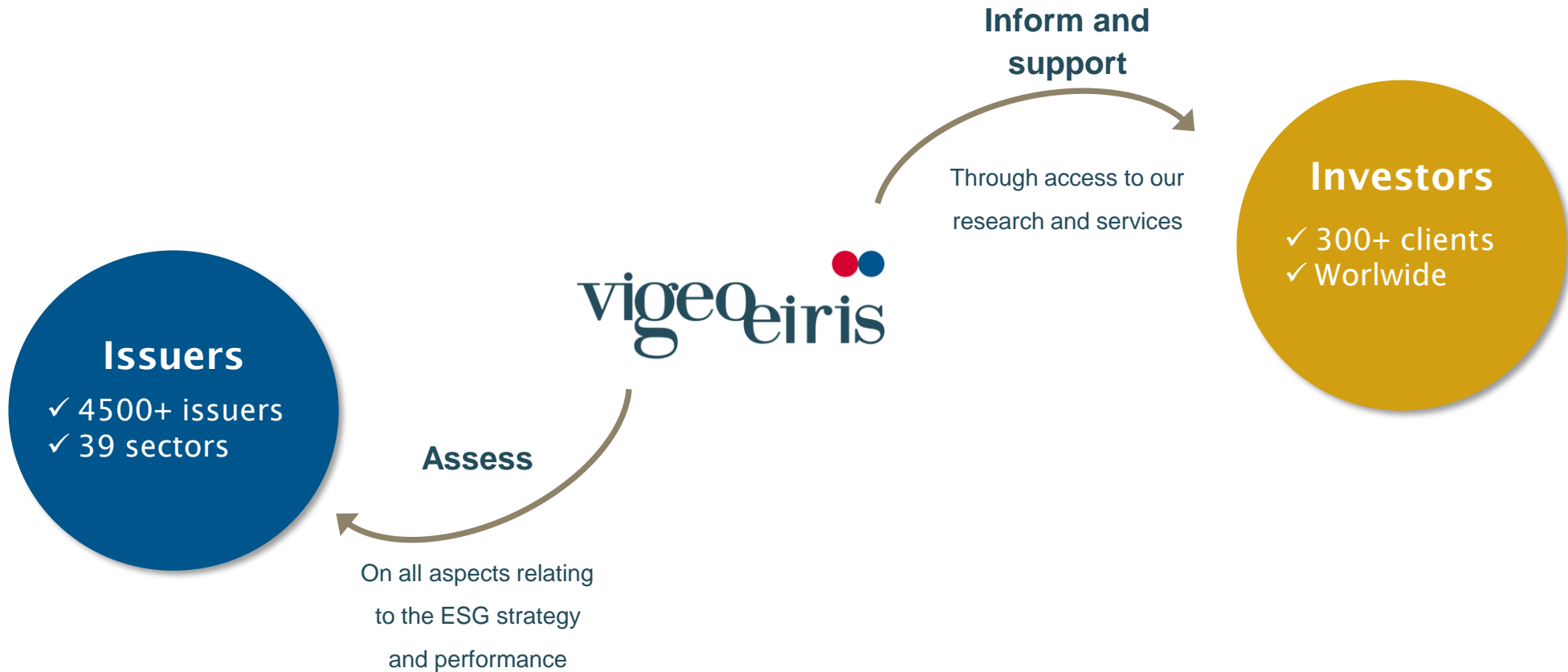
▶ What is a Sustainability Rating Agency?	03
▶ Why providing data on issuers' commitment to the SDGs	07
▶ How can we calculate the contribution of an issuer to the SDG	10
▶ What are the results of our research	13
▶ How can this data be used	15

What is a Sustainability Rating Agency?

Who is Vigeo Eiris

The role of a Sustainability Rating Agency

Vigeo Eiris services to investors



Vigeo Eiris' Global Network

Presence in **15** countries, including **6** exclusive partners

240-strong team of **28** different nationalities

15+ years' experience in ESG research

Solutions for Investors:

Decision-making support covering all sustainable and ethical investment approaches, across multiple asset classes and regions:

- ▶ Ratings, databases, sector analyses, portfolio analyses, structured products, indices and more
- ▶ ESG, Controversies, Climate, Sustainable Development Goals and more
- ▶ Up to 7,000 issuers covered: companies, local authorities, states
- ▶ More than 300 clients and partners worldwide: institutional investors, asset managers, civil society organisations

Solutions for Companies & Organisations:

Supporting the integration of ESG criteria into business functions and strategic operations:

- ▶ Second Party Opinion for sustainable, green and social bonds / loans
- ▶ Supporting implementation of ESG-linked revolving credit facilities
- ▶ Services for rated companies, including communication tools and benchmarks
- ▶ Company solicited sustainability ratings
- ▶ CSR evaluations and labels
- ▶ More than 700 projects completed in 41 countries since 2002

- ▶ Comprehensive and **proprietary methodology** based on international standards, reviewed by an independent **Scientific Committee**
- ▶ Research and analysis processes adhere to the highest **quality standards**

Solutions
for all ESG
approaches

CUSTOMISED SOLUTIONS

POLICY SUPPORT

- RESPONSIBLE INVESTMENT STRATEGIES |
- PRI REPORTING |
- LABELS & CERTIFICATIONS (ETHIBEL, TEEC) | CUSTOMISED INVESTMENT UNIVERSES |

Up to 7,000
issuers
covered

ESG & THEMATIC RESEARCH

ESG RESEARCH

- CORPORATE & SOVEREIGN SUSTAINABILITY RATINGS |
- SECTOR & THEMATIC STUDIES |
- GLOBAL COMPACT COMPLIANCE |

Coverage on all
asset classes and
geographical
regions

CLIMATE RISK ASSESSMENTS

- CARBON FOOTPRINT |
- ENERGY TRANSITION |

PRODUCT SUPPORT

- SUSTAINABLE STRUCTURED PRODUCTS / UNIVERSES |
- PORTFOLIO & PROJECT ANALYSES (ESG - CLIMATE - SUSTAINABILITY IMPACT ASSESSMENT) |
- INDICES (EURONEXT VIGEO EIRIS, ESI) |
- PRIVATE EQUITY / DEBT FUNDS / INFRASTRUCTURE |

POSITIVE IMPACT ANALYSES

- **SDG ASSESSMENT** |
- ESG IMPACT INDICATORS |
- SUSTAINABLE GOODS & SERVICES

CONTROVERSY RISK ASSESSMENTS

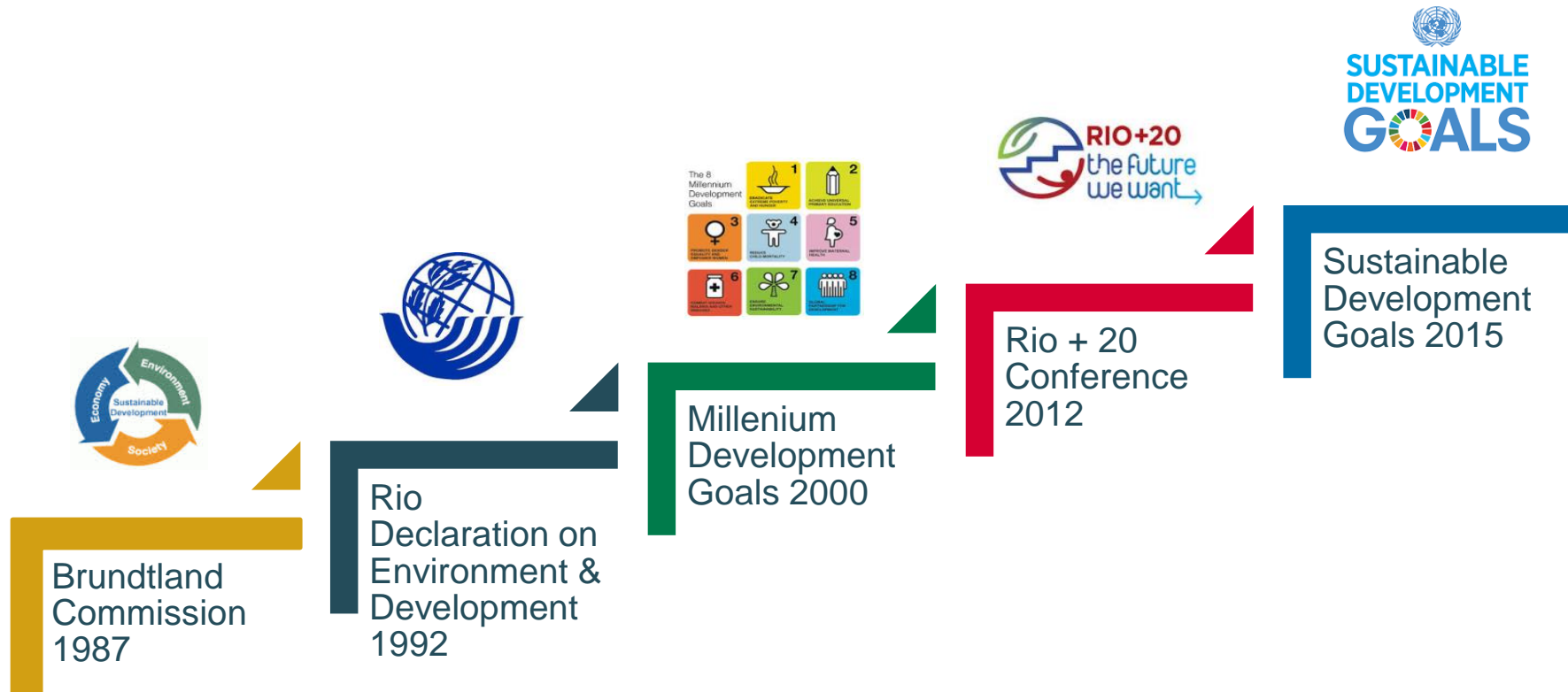
- CONTROVERSIAL ACTIVITIES & WEAPONS SCREENING |
- CONTROVERSY RISK ASSESSMENTS |
- SUDAN INVESTMENT SCREENING |

Why providing data on issuers' commitment to the SDGs

An opportunity for investors

Investing in SDGs

Common framework



Investing in SDGs

Common framework



- ✓ **193 States** have committed to the SDG
- ✓ **90%** of citizens say it's important for business to sign up to the SDGs
- ✓ **71% of businesses** say they are already planning how they will **engage** with the SDGs
- ✓ **41% of businesses** say they will embed SDGs into **strategy** and the way they do business, within five years
- ✓ **13% of businesses** have identified the tools they need to **assess** their **impact** against the SDGs

Source: UN, pwc

Investing in SDGs

Source of business opportunities

- ▶ Achieving all SDGs requires between **\$2 - 7 trillion per year**, more than the public sector has
- ▶ The SDGs therefore **rely heavily on the private sector** for success.
- ▶ With \$300 trillion of assets managed, **the global financial system has a strong role to play** in achieving the SDGs.
- ▶ Achieving the SDGs also creates important **incentives for the private sector** (with at least USD12 trillion in market opportunities (BSDC)).
- ▶ The **cost of mitigating action** has been estimated at 1% of GDP (Stern Review).



*“You recognize that responsible businesses have enormous power to create **decent jobs**, open **access to education** and **basic services**, **unlock energy solutions** and **end discrimination**. I count on you to drive global progress.”*

- Ban Ki Moon, Former UN Secretary General

How can we calculate the contribution of an issuer to the SDG

Vigeo Eiris methodology

Measuring impacts

Corporate-oriented framework



Practices

BUSINESS ETHICS: *behaviour* in preventing corruption, anti-competitive practices, ensuring transparent and ethical dialogue with public authorities, and maintaining sound relationships with customers and suppliers.

CORPORATE GOVERNANCE: *behaviour* in ensuring efficient Board functioning, the integration of ESG issues, responsible audit and internal controls, fair and transparent executive remuneration, and the respect of shareholder rights.

People

WELL-BEING: *behaviour* in protecting human rights, promoting peace, developing inclusive societies, and paying fair taxes.

DECENT WORK: *behaviour* in protecting and promoting its workforce through the promotion of diversity, responsible labour relations, fair remuneration, and safe working conditions, including those of its suppliers.

Prosperity

BASIC NEEDS: *products* that meet global food, health, water and sanitation needs in a responsible manner.

DEVELOPMENT TOOLS: *products* that allow access to information, promote education and employment, develop SMEs, support financial inclusion and provide needed infrastructure.

Planet

CLEAN TECHNOLOGY: *products* and services which promote the use of renewable energy, improve energy efficiency, reduce GHG emissions, protect the environment, and remediate damage.

NATURAL RESOURCES: *behaviour* in reducing its environmental footprint, including energy use, emissions, water use, and waste creation, and including those of its suppliers.



Measuring Impacts

Behaviour & Products

PRODUCTS

SUSTAINABLE OPPORTUNITIES



Sustainable Goods & Services
Assessment

Highly Positive

Positive

Marginal

Adverse

Highly Adverse

Measuring Impacts

Behaviour & Products

PRODUCTS

BEHAVIOUR

SUSTAINABLE OPPORTUNITIES



Sustainable Goods & Services Assessment

HARM REMEDIATION & MITIGATION



Controversial Activities Screening

Controversy Risk Assessment

Carbon Footprint & Energy Transition Performance

ACTING RESPONSIBLY



EQUITICS© ESG Rating

Highly Positive

Positive

Marginal

Adverse

Highly Adverse

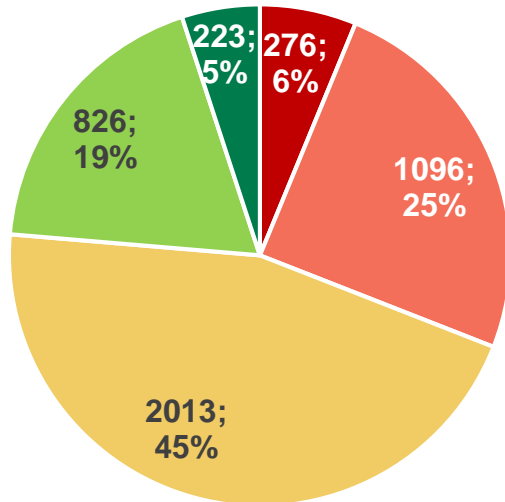
What are the results of our research

Insight on the research

Vigeo Eiris SDGs assessment

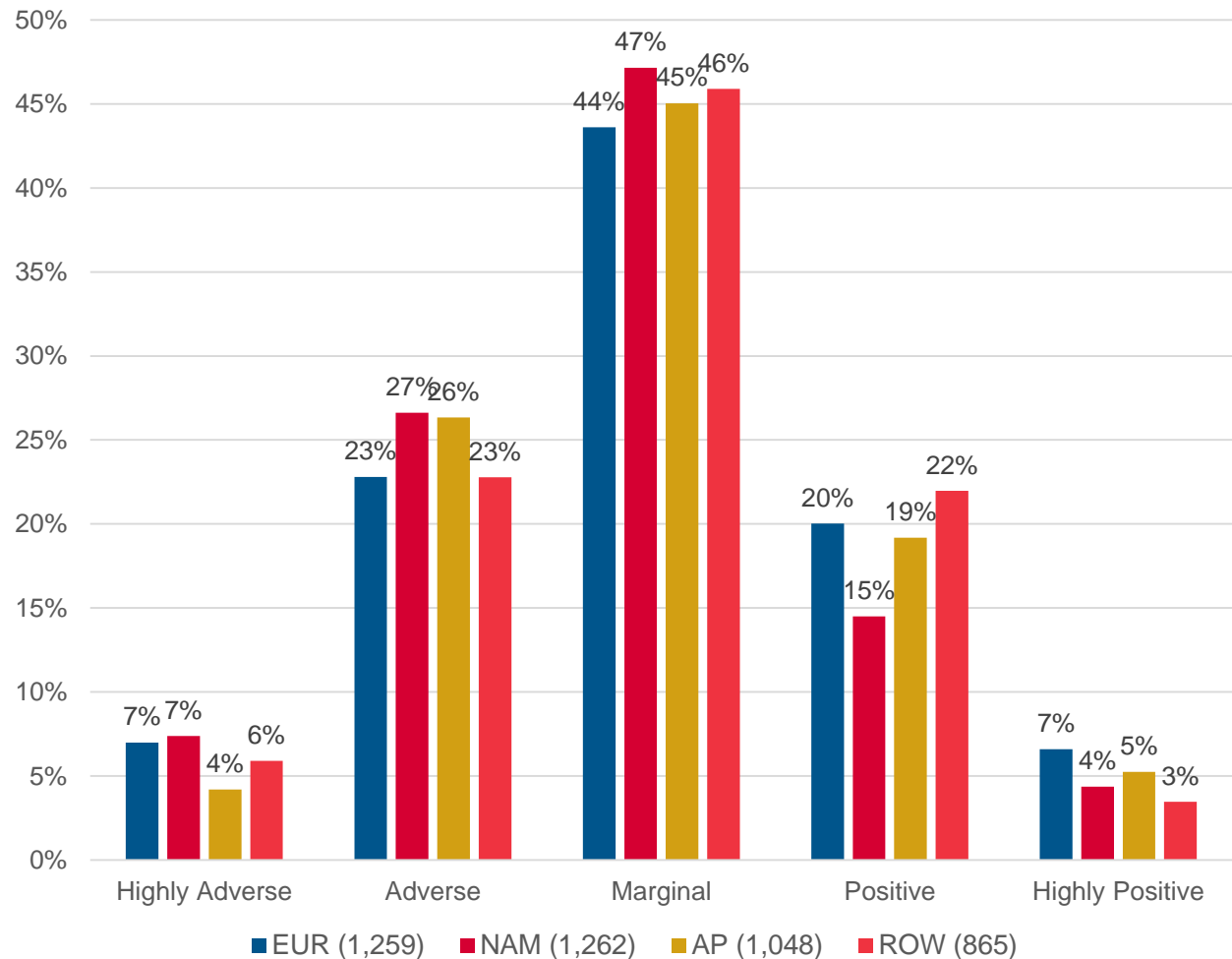
Spread of contributions

Issuers' SDGs contribution



- Highly Adverse
- Adverse
- Marginal
- Positive
- Highly Positive

Issuers contribution by zone



How can this data be used

Example of best practices

PRESS RELEASE | March 9, 2017

World Bank Launches Financial Instrument to Expand Funding for Sustainable Development Goals

Washington, DC, March 9, 2017 –The World Bank (International Bank for Reconstruction and Development, IBRD) has issued bonds that for the first time directly link returns to the performance of companies advancing global development priorities set out in the Sustainable Development Goals, including gender equality, health and sustainable infrastructure.

The equity-index linked bonds raised a total of EUR163 million from institutional investors in France and Italy. The World Bank will use the proceeds to support the financing of projects that advance its goals of eliminating extreme poverty and boosting shared prosperity, and that are aligned with the Sustainable Development Goals or SDGs.

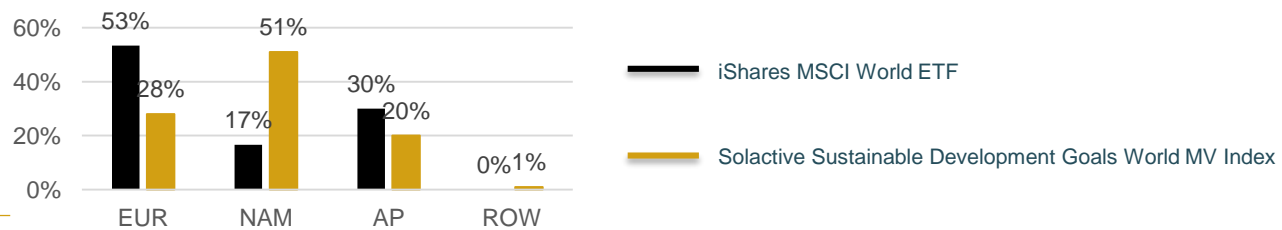
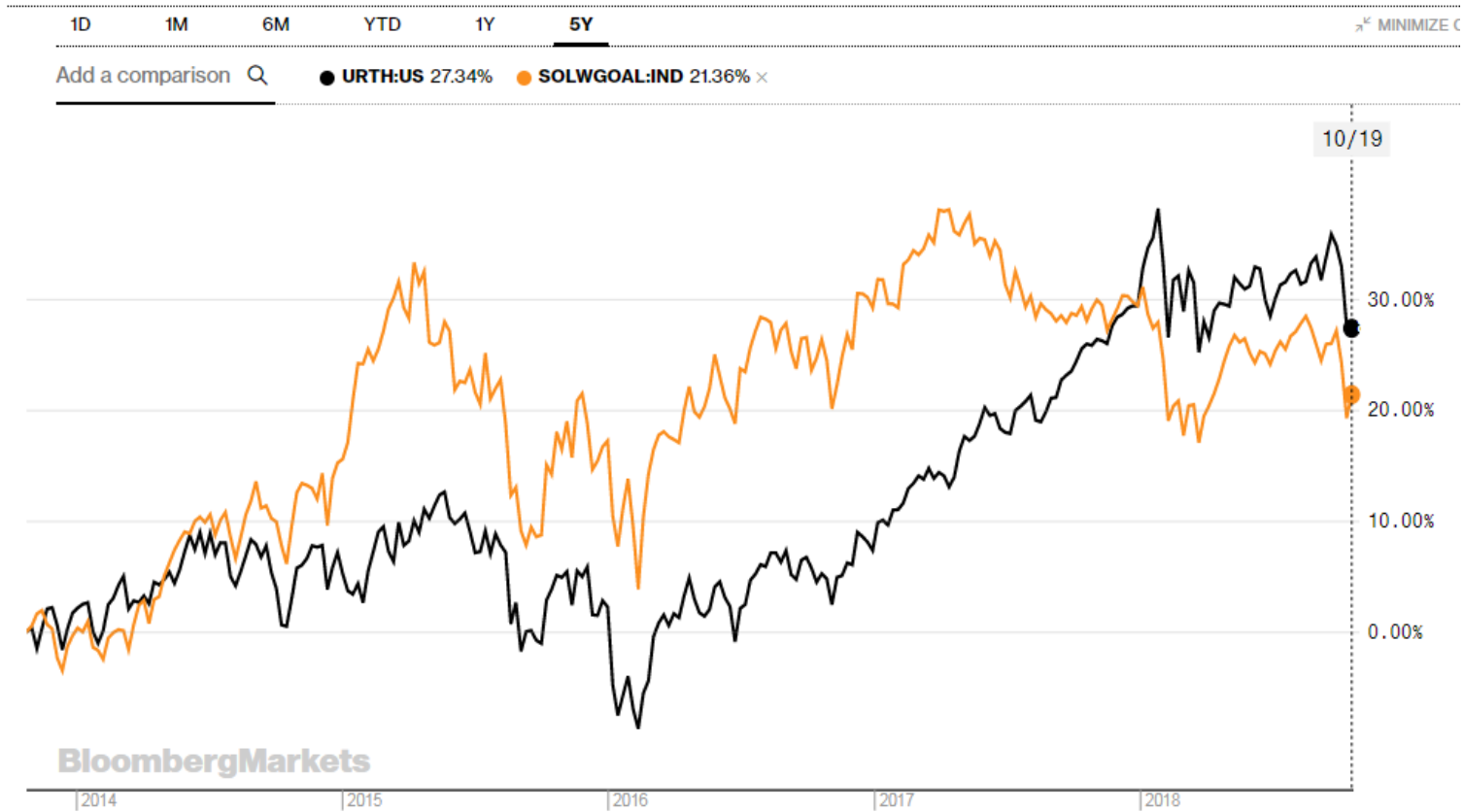
The return on investment in the bonds is directly linked to the stock performance of companies included in the Solactive Sustainable Development Goals World Index. The index includes 50 companies that, based on methodology developed by Vigeo Eiris' Equitics, dedicate at least one fifth of their activities to sustainable products, or are recognized leaders in their industries on socially and environmentally sustainable issues.

RELATED

[WORLD BANK](#)[World Bank Treasury](#)

Performance of Sustainable Index

In line with market trend





Ludovic d'Otreppe

Head of market – Belgium, Netherlands and Germany

T : +32 2 206 67 99

Ludovic.dotreppe@vigeo-eiris.com

Vigeo Eiris

Vooruitgangstraat 333 b 7

Rue du Progrès

B - 1030, Brussels

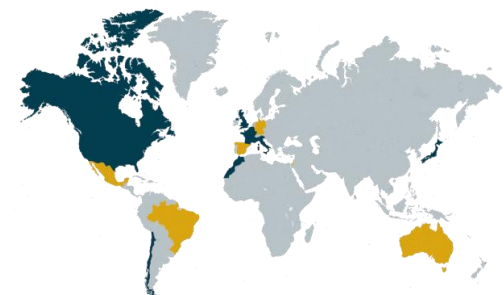
www.vigeo-eiris.com

OUR OFFICES:

Paris . London . Boston . Brussels . Casablanca . Milan . Montreal . Santiago de Chile . Tokyo

OUR PARTENERS :

Canberra . Hanover . Jerusalem . Mexico City . Rio de Janeiro . Zaragoza



Extra slides

Examples of assessment

	Behaviour		Products		
	Acting Responsibly	Harm Remediation	Harm Mitigation	Sustainable Opportunities	
EDP Renovaveis	Above peer ESG performer (62/100 versus 37/100 for EUR)	No critical controversies No presence on Warning List	No involvement in harmful products and services	Major involvement in renewable energy (100% of turnover)	Highly Positive
Pernod-Ricard	Above peer ESG performer (63/100 versus 37/100 for EUR)	No critical controversies No presence on Warning List	Major involvement in alcohol (100% of revenue)	No involvement in sustainable goods and services	Marginal
Volkswagen	Below peer ESG performer (23/100 versus 37/100 for EUR)	Presence on Warning List	Major involvement in armament (0-5%) Major involvement in fossil fuels (0-10%)	Minor involvement in sustainable goods and services (0-10%, notably in sustainable transportation, electric vehicles)	Highly Adverse