



Swedish Investors for Sustainable Development

Investors and the SDGs

Examples from SISD members – 2019



Introduction

Sustainable finance and socially responsible investing are emerging as new international business trends, becoming a focus of many investors worldwide.

The financial system plays a key role in achieving the UN Sustainable Development Goals (SDGs). This report looks at how members of Swedish Investors for Sustainable Development (SISD), a network comprised of a majority of Sweden's largest investment institutions, are working with the SDGs. It highlights initiatives from the past year and gives perspective on the accelerating development that has already taken place in this arena to provide further insight into the breadth and scope of sustainable finance as it is currently practiced.

From a sustainable investment perspective, the SDGs bring sustainability to a new level and dimension in the business world. The financial sector is a major actor for sustainable development, recognized both in the Sustainable Development Goals (SDG) and the Financing for Development/Addis Ababa Action Agenda. Not only do financial actors influence development by actual asset allocations, they can also influence companies and issuers of financial instruments through corporate governance, voting at Annual General Meetings of companies and through requesting reporting and disclosure that in itself will catalyze new preferred behaviors and developments.

Since 2016, when the SISD was initiated, there have been remarkable changes and visible results in the sector. The growing demand by consumers and investors for sustainable products and services, coupled with increased scrutiny and reporting on corporate responsibility, are driving companies to pay greater attention to and become increasingly specific in their SDG performance.

The results reveal that the leading investment institutions in Sweden are setting up governance and management systems to embed Environmental, Social and Governance (ESG) considerations into their operations, reporting on their SDG performance with independent validation, developing an array of SDG products, integrating ESG into their risk management systems and developing methods for screening their investments against SDG criteria.

The cases in this report illustrate how investors are integrating sustainable development objectives into their core business strategies and operations thereby benefiting their customers as well as the communities and local economies in which they operate.

This report aims to inspire other investors and development actors to work in partnerships and to take action towards the SDGs together. The SISD Network shows how competitors can share experiences and learn how to better contribute to the SDGs.

The information in this report has mainly been retrieved from interviews, key notes from best cases presented at SISD network meetings and the most recent published reports on sustainability or ESG, reflecting primarily 2018 results.



Swedish Investors for Sustainable Development

Swedish Investors for Sustainable Development (SISD) is a platform for learning and exchanging ideas and experiences regarding the Agenda 2030 – the United Nations' Sustainable Development Goals (SDGs) – for Swedish long-term investors and actors in the financial sector. The project was initiated in late spring 2016 and took shape in the beginning of 2017. Its mission is to explore long-term investors' role in Agenda 2030 from different perspectives in order to generate ideas and inspiration for the way forward. One potential result of this endeavor is exploring and possibly proposing new investment solutions to create impact in line with the goals. Another potential result is turning reporting, transparency and engagement into tools that work for the SDGs. SISD can also influence the preconditions for working with the SDGs. SISD has the mission to inspire investors around the globe to more strongly consider the SDGs when investing, engaging and reporting.

SISD's Joint Commitment

"As long-term and responsible investors, we hereby declare to strive to invest in accordance with the formulated sustainable development goals of Agenda 2030 as we are convinced that this is positive for our beneficiaries. We will focus on different development goals, depending on our specific mandate as individual organizations. These goals are also interlinked – climate change, for example, relates to all goals in Agenda 2030, directly or indirectly. We will work toward the goals based on our existing and future investments."

Other relevant commitments by SISD members

All members of the SISD Network are signatories of either Principles of Responsible Investments (PRI) or the UN Global Compact, and some have signed both. In addition, about two thirds of the members have signed the Climate Action 100+ and about two thirds of the members support the implementation of the Task Force on Climate-related Financial Disclosures (TCFD).

The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps that support UN goals. With the support of businesses and other stakeholders, the UN Global Compact's governance framework was adopted by then UN Secretary General Kofi Annan on 12 August 2005.

The Principles of Responsible Investments were launched in April 2006 at the New York Stock Exchange. Since then, the number of signatories has grown from 100 to over 2,300.

Climate Action 100+ was launched in December 2017 at the One Planet Summit, and was designed to implement the investor commitment first set out in the [Global Investor Statement on Climate Change](#) in the months leading up to the adoption of the historic Paris Agreement in 2015.

Task Force on Climate-related Financial Disclosures (TCFD) provides a global framework for translating information about climate into financial metrics. In 2018, the PRI introduced TCFD-aligned indicators to its Reporting Framework. Despite the indicators being voluntary, over 480 investors representing US\$42 trillion opted to comply with the indicators and submit responses. From 2020, it is the PRI's intention to make the climate indicators within SG 01 CC, SG 07 CC and SG 13 CC, mandatory to report but voluntary to disclose.

Members of Swedish Investors for Sustainable Development

Alecta, AMF, AP2, AP3, AP4, AP7, Church of Sweden, East Capital, Folksam, Handelsbanken Fonder, Carl Bennet AB, Industrivärden, Investor, SEB Investment Management, Skandia, SPP, Swedbank Robur and Swedfund.

Sida is a facilitator and catalyzer for the SISD platform.

Sida

Sida, the Swedish International Development Cooperation Agency, is an independent governmental agency implementing and executing the strategies for development cooperation determined by the Swedish government. Sweden is committed to contribute the equivalent of 1 per cent of GNI to Official Development Assistance, ODA.

Building partnerships and catalyzing other actors and investors for sustainable development as a means of working with the Financing for Development Agenda – Addis Ababa Action Agenda and the Sustainable Development Goals – is an important dimension of Sida's work.

Investment opportunities and good examples of sustainable development

Alecta's impact investments

Alecta manages collectively agreed-upon occupational pension plans for 35,000 businesses and 2.3 million individuals across Sweden. They are mutually owned by their customers and have SEK 877 billion in assets under management. Alecta is one of the largest shareholders on the Stockholm Stock Exchange and the fifth largest occupational pension provider in Europe.

Alecta has found investment opportunities in emerging markets through blended financial structures specifically designed to create both good financial returns and to deliver a positive social and environmental impact. These large-scale investments, set up by actors with a documented track record and experience in emerging markets, are compatible with Alecta's investment strategy, where cost-efficiency is a key component. With equity holdings largely focused on Europe and North America, and with a general approach characterized by direct investments performed by in-house asset managers, Alecta combines a specialized focus in generating returns with securing low fees. By limiting their number of holdings, they facilitate deep analyses whereby each specific analysis can have a significant impact on the performance.

During 2018, Alecta made its first investments through the Emerging Market Loans Fund by NN Investment Partner and the Dutch development bank, FMO. The Emerging Market Loans Fund was specifically developed to allocate financing to SMEs in emerging markets and to allow development of clean energy solutions and socio-economic growth. Alecta has committed USD 100 million to the first round and another USD 100 million to a second. Their impact is measured in both jobs supported and in carbon dioxide emissions avoided, well-aligned with SDG nr 8 – Decent jobs and inclusive growth – as well as SDG nr 7 – Affordable and clean energy – and SDG nr 13 – Climate action.

By March 2019, Alecta had SEK 33 billion in green bonds and about SEK 6 billion in investments with measurable environmental or social impact, sometimes referred to as impact investments. ESG factors are considered in all investment decisions, regardless of asset class. Overall, 24 investments in 16 different countries have supported over 14,000 jobs and over 6,000 tCO₂ in emissions have been avoided.

Read more about Alecta's Emerging Market Loans Fund and impact investments:

[The Emerging Market Loans Fund](#)

[Alecta's Sustainability Report 2018](#)

[Alecta's Sustainability Policy 2019](#)

Contact: *carina.silberg@alecta.se*

AMF's direct investment in Swedish wind farms

AMF is a limited liability life insurance company that is owned equally by the Swedish Trade Union Confederation (LO) and the Confederation of Swedish Enterprise. The company is run according to mutual principles entailing that AMF's profits accrue entirely to their customers. With SEK 632 billion in assets (as of 31 March 2019) managed for approximately 4 million customers, AMF is one of Sweden's leading pension companies and one of the largest owners on Nasdaq OMX Nordic Stockholm.

AMF works by the principle that sustainability should be part of all investment decisions. This is done by actively investing in companies with a high level of ESG performance, avoiding companies that fall below fundamental sustainability criteria and influencing the sustainability work of companies through active ownership. AMF aims to contribute to a sustainable development consistent with the SDGs by adopting a holistic

perspective on sustainability as an investor and owner, while also ensuring good pensions. The ambition is to generate high, sustainable returns for customers at a low cost.

In 2018, AMF acquired 35 per cent of Stena Renewable, a company that operates and develops wind farms in Sweden. In total, AMF has approximately SEK 10.5 billion directly invested in wind power where there is a growing consumer demand for clean and renewable energy. Stena Renewable is a part of the transition to a low carbon economy based on renewable energy. Wind power is considered one of the most viable sources for renewable energy. About 11 per cent of the electricity produced in Sweden comes from wind power. With the development of new technology and designs, wind farm production costs have declined significantly. The production cost in Sweden today is SEK 0.35–0.45 per kilowatt hour. Stena Renewable owns nine wind farms with a total of 96 turbines in production. AMF has an investment commitment in Stena Renewable that amounts to SEK 998 million.

Read more about AMF's direct investment in Swedish Wind farms:

"Acquisition of Sweden's Stena Renewable cleared by EC"

"AMF köper 35 procent av vindkraftsbolaget Stena Renewable"

Contact: jenny.gustafsson@amf.se

AP3 – reducing carbon foot print by half

The Third Swedish National Pension Fund (AP3) is one of five funds tasked with helping protect the Swedish public pension system for current and future pensioners through responsible investment and management of the pension buffer. The fund's unique approach to its long-term target of a 4 per cent annual real return focuses on sustainable, flexible and responsible strategies.

AP3 has a long-standing commitment to high standards in environmental and climate issues. The fund uses active stewardship to encourage investees to embrace positive change, pushing companies to measure their carbon footprint and then to adapt their operating

activities to reduce it. AP3 engages in dialogue with investees that have high carbon emissions, encouraging them to reduce their climate impact over time.

By the end of 2018, AP3 achieved its target of halving the carbon footprint of its listed equity and credit portfolios from 2014 levels. AP3 has worked through the international Carbon Disclosure Project (CDP) since 2006 to call on businesses to disclose their greenhouse gas emissions. As of 2010, the fund also works closely with the Institutional Investor Group on Climate Change (IIGCC) on drawing up clear rules to enable institutional investors to invest in a transition to a low-carbon economy. In 2014, AP3 signed the Montreal Carbon Pledge, an initiative that calls on investors to measure and publish the carbon footprint of their equity holdings annually.

During 2018, the climate impact of the AP3 listed equity portfolio continued to decrease. It has fallen by 35 per cent since 2014 and as of 31 December 2018 was 48 per cent lower than that of the benchmark global index. As a weighted average, the carbon footprint was more than 50 per cent below that of the global index.¹ Looking over all asset classes, AP3 has a portfolio that is CO₂-neutral through significant investments in stocks in forest companies and green bonds. AP3's goal was to grow its holdings from SEK 4.5 billion to SEK 15 billion during the 2015–2018 period. At the end of 2018, the market value of the fund's green bonds amounted to SEK 16.5 billion.

Read more about AP3's reducing carbon footprint:

AP3 Annual report 2018

Institutional investment into the Sustainable Development Goals

Contact: Anne-Charlotte.Hormgard@ap3.se

¹ [Trucost ESG Analysis](#), an environmental data specialist, was commissioned to measure the combined footprint of AP3's equity holdings. Their analysis found the AP3 portfolio's carbon footprint to be 27 per cent lower than the fund's global benchmark, the MSCI All Country World Index. This reflects the AP3 strategy of having higher exposure to Swedish equities relative to other equity classes and maintaining active sector weights. The results helped to further expand knowledge about the risks and opportunities attached to its investing activities.

AP4 – Decarbonizing equities since 2012

The Fourth Swedish National Pension Fund (AP4) is one of five funds tasked with helping protect the Swedish public pension system for current and future pensioners through responsible investment and management of the pension buffer, with a fund capital of SEK 349 billion as of 31 December 2018.

For a long-term investor like AP4, climate and environmental issues are weighted to have material impact on the financial value of all assets. The focus on climate and environmental issues is thus a priority and a precondition for being able to achieve any of the SDGs.

AP4 has invested in accordance with low-carbon strategies since 2012. At the time, there was limited market experience in low carbon investing. AP4 initially invested with external fund managers that developed these strategies and were able to offer such funds to other investors. A larger proportion of AP4's low carbon strategies are now managed in-house and AP4 is a co-founder of the Portfolio Decarbonization Coalition (PDC), which has amassed more than USD 800 billion in low-carbon investments. AP4 also contributed to the use of low carbon indexes.

AP4 aims at lowering climate risk in its asset portfolio by increasing the share of climate-smart and low-carbon strategies. This safeguards AP4's assets and returns with regard to expected revaluations of, for instance, carbon emissions and fossil fuel reserves. The portfolio is based on expected returns, risk and cost-effectiveness.

During 2018, the percentage of investments that lower climate risk in the asset portfolio increased to 32 per cent of AP4's global equity investments. The returns of the low carbon strategies have outperformed the index since inception. AP4's carbon footprint today is approximately 63 per cent of that of the footprint of the global equity index.

Read more about AP4's focus on climate and environment:

[AP4's focus area on climate and the environment](#)

Contact: *tobias.fransson@ap4.se*

AP7 – Corporate Climate lobbying

The Seventh Swedish National Pension Fund (AP7) is the Swedish state's default option within the Swedish premium pension system and an important part of the Swedish public pension system. AP7 currently holds more than SEK 450 billion in assets under management, approximately 50 billion USD, for more than 4 million retirement savers.

The starting point of AP 7's corporate governance is the universally accepted norms and conventions on human rights, labor rights, environmental issues and anti-corruption. Owning shares in over 3,000 companies, AP7's approach to responsible investments starts from the concept of universal active ownership. In order to deepen and develop governance activities, AP7 focuses on a few sustainability issues at a time. Each year, a new sustainability theme is introduced and runs for three years with each selected theme guiding ownership activities.

In 2017, Corporate Lobbying was launched as the selected sustainability theme. The theme has a target to address and reveal inconsistencies in companies' stated policies on climate, where lobbying activities do not align with the overall communicated climate policy.

Since the creation of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992, policies and programs for climate action have continued to develop with ever-increasing corporate requirements. These developments are targeted by a variety of organizations either lobbying to support or hinder their progress. After the failure to reach a global agreement to address climate change at the UNFCCC Conference of Parties in Copenhagen in 2009, the influence of corporations in public policy development was identified as a factor hindering development of agreements and regulations. In some cases, the publicly communicated position of a corporation on climate change policy was not aligned with the position the corporation was advocating in lobbying activities that were opposing measures to implement the Paris Agreement.

Investor expectations have since been defined and communicated through a series of reports and statements, in particular the Investor Expectations on Corporate Climate Lobbying. Through the annual climate change questionnaire, CDP (*Carbon Disclosure Project*) has been systematically requesting companies provide informa-

tion on indirect and direct activities that might influence public policy on climate change.

Among the 2,235 corporations responding to the CDP climate change program in 2017, 89 per cent provided information on engagement with policymakers on climate issues to encourage mitigation or adaptation. For many companies, the CDP report is the only communication that a company makes on this topic and is therefore an important tool for transparency.

Read more about AP7's climate lobbying:

Corporate Climate lobbying

AP7 Theme Report Climate 2015-2017

"AP7 targets anti-climate lobbying"

"Investors' Expectations on Climate Lobbying"

Contact: johan.floren@ap7.se,
charlotta.dawidowskisydstrand@ap7.se

The Church of Sweden's investment in the Luminar Ventures fund

The Church of Sweden manages about SEK 9 billion in assets at the national level. The Church of Sweden invests its capital with the ambition to, besides reaching the financial targets, make an ethical impact with the invested capital and to drive the industry towards more sustainability and long-term views. Investments are subject to ethical considerations in accordance with the fundamental values of the Church.

The Church of Sweden has a financial policy declaring that all investments should be aligned with the SDGs and contribute to societal benefit². This includes every asset class and holding. The Church of Sweden invests its capital with the ambition to, besides reaching its financial targets, make a difference with invested capital and to drive the industry towards more sustainability and long-term views.

² The Church of Sweden Investments has a balanced portfolio consisting of equities, fixed-income securities, real estate and alternative types of investments. The total assets of the Church of Sweden stood at SEK 8,297 billion in 2018 and the return on the portfolio exceeded its benchmark index for six years in a row. Viewed over a ten-year period (2007-2017), the portfolio has contributed SEK 1 453 million above the return target and SEK 3 187 million above inflation.

In 2018, the Church of Sweden invested SEK 50 million in the fund Luminar Ventures to back Swedish tech companies. The fund provides professional seed financing to early stage technology companies throughout Sweden that are looking to transform major industries with digital technologies and innovations. The companies already receiving investments are operating in areas such as e-health, e-education and other digital product and service areas that in different ways are contributing to increased sustainability in society. Companies held by the fund are not allowed to operate in areas such as weapons, tobacco and fossil-based energy sources.

The fund's stated purpose is to contribute to social benefits in terms of jobs and export revenues for Sweden. The global development goals are central, and sustainability work throughout the value chain must maintain high quality. Investors [in the fund](#) include state-owned SamInvest and the European Investment Fund, both participating with significant levels of assets. Other co-founders and minority owners in the fund include the Swedish startup organization Sting (Stockholm Innovation and Growth) and the holding company behind technical university KTH Royal Institute of Technology.

Read more about the Luminar Ventures fund:

"Svenska kyrkan investerar 50 miljoner i startup-fond"

Responsible Investment Report 2017

Contact: Gunnela.Hahn@svenskakyrkan.se

East Capital's ESG Scorecards

East Capital's investment strategy is based on in-depth company knowledge gained through proprietary fundamental analysis and frequent company meetings. Investing solely in emerging and frontier markets, East Capital has an active approach to sustainability as a natural and important component of the investment process. The ESG-related risks and opportunities are considered throughout the investment process, and East Capital favors companies with long-term sustainable growth prospects and responsible owners.

In 2016, East Capital took several steps to integrate ESG further into their investment process by developing and launching a proprietary ESG scorecard for their holdings. The decision to develop scorecards

was mainly driven by a desire to formalize and structure knowledge, experience and views of relevant and material ESG-related risks and opportunities. It was further compounded by the lack of adequate and reliable external ESG research in emerging and frontier markets. The scorecards are filled out by the relevant research analysts, portfolio managers and portfolio advisors, and are calibrated under the guidance of East Capital's Chief Sustainability Officer, ensuring that the entire investment team integrates the findings in their fundamental analysis.

In 2017, updates and additions to the scorecards were made in order to ensure the integration of the 17 SDGs, and East Capital added an SDG module to the process. The new module structures the analysis and contains questions and examples for each goal in order to help identify streams of revenue from a given company's products and services or technologies that are expected to either be impacted positively (due to greater demand in order to achieve the SDGs, e.g. clean energy, education, health) or negatively (due to lower demand or total substitution in order to achieve the SDGs, e.g. fossil assets or unhealthy food).

Some of the main benefits of the ESG scorecards are that the process identifies areas of improvement that can be addressed through constructive engagement with companies. It also allows adjusting scenarios and modeling assumptions, if needed. Furthermore, it helps focus internal resources and bring sustainability topics onto corporate agendas, paving the way for an holistic approach to sustainable company policies.

Read more about East Capital's ESG Scorecards:

East Capital Sustainable Investment Report 2017

East Capital Transparency Report 2017

"ESG has evolved to active stock picking"

Contact: magnus.lekander@eastcapital.com

Folksam's investments in climate and Agenda 2030 – strengthening returns and customers' pensions and insurances

The Folksam Group is a Swedish customer-owned pensions savings and insurance group founded in 1908. They offer occupational pensions, long-term savings to private pensions and car and home insurance for households and private individuals. Their vision is that customers should feel secure in a sustainable world. Almost half of all Swedes are insured with the Folksam Group, and more than three million people are saving in the long-term for their pensions. The Folksam Group is a leading player when it comes to insurance and pension savings and is one of Sweden's largest investors with more than SEK 400 billion in assets. The Group includes several brands, Folksam, KPA Pension and Folksam LO Pension, and has around 4,000 employees.

The Folksam Group has worked systematically on environmental and climate issues for decades. The Folksam Group has invested over SEK 25 billion in green bonds (the green bonds now represent six per cent of their total assets). It makes Folksam one of the largest private investors in green bonds globally. The Group has invested an additional SEK 5.8 billion in bonds aligned with the Group's priority SDGs. These investments contribute to projects like a climate adaptation wall in southern Sweden, electric charging infrastructure in northern Sweden, improved sanitation in India and improved healthcare for women in Argentina. The carbon footprint of approximately EUR 8 billion in foreign equity holdings has been cut by around 20 per cent.

A strategic part of the engagement strategy with companies Folksam owns is to encourage CEOs to act on risks and potential outcomes of climate change according to TCFD. Folksam also continuously acts on the risks and potential outcomes of climate change, analyzing the exposure of their equity portfolio to fossil fuels and the energy and car sectors according to a 1.75 degree scenario.

The insurances for cars, homes and holiday homes are certified with the Good Environmental Choice label. The Group is using a circular approach, using recycled materials and repairing and reusing customers' damaged goods to the benefit of the climate and insurance premiums. The Folksam Group has a goal to become fossil-free within its own operations by 2030.

Read more about Folksam's work on environmental and climate change issues:

[Annual and Sustainability report 2018](#)

Contact: michael.kjeller@folksam.se

Carl Bennet AB/Getinge AB – reducing production costs and limiting environmental impact in hospital kitchens

Getinge is a global manufacturer of medical devices and services operating in more than 40 countries (business in 38 and production in 7). The firm has more than 10,000 employees, 25,000 customers and 35,000 shareholders. According to the annual report of 2018, Getinge had sales in 139 countries, reporting SEK 24.2 billion in net sales and 4,9 per cent in net organic growth. Its financial capital is 2.593 million in cash flow from operating activities.

According to the Ministry of Environment and Food of Denmark, as much as 30,000 tons of food from hospitals, hospital cafeterias and care homes are thrown in the trash every year. This is a situation that the hospital in Horsens, Denmark, has attempted to address with the use of Getinge's solution for patient-flow management.

Several steps have now been taken to address food waste in hospitals. Data analysis and aggregation was the initial driver to get the information needed for avoiding food waste. The intention was to build decisions and action on valid data information, cost savings and limited negative environmental impact. In the case of Getinge, screens showing relevant food waste information were set up in the hospital kitchen. In a short amount of time, the hospital succeeded in reducing costs and environmental impact by introducing the following initiatives in the hospital kitchen: cross-hospital food runners, preparing only the food needed, organic instead of conventional products, switching from pre-made to home-made, cooking more on site, a "good-to-go" philosophy and enabling hospital staff to buy leftover food at half price to take home on Fridays. With access to the right data, the kitchen staff could reduce the daily menu options, reduce the amount of "buffer food" prepared and serve starters and desserts individually.

From these and other initiatives, the hospital has reduced the waste of food by 35 kg / 77 lbs per day or 12,775 kg / 28,165 lbs per year. With an average serving size of 500 grams / 1,1 lbs, this corresponds to 70 meals a day or 25,550 meals per year. Horsens is continuing their sustainability journey by identifying more opportunities to reduce their environmental impact. The next step is to explore how to reduce the use of single-use items such as plates, cutlery and cups.

Read more about how Getinge reduces food waste in hospitals:

["Reduced Food Waste in the Hospitals"](#)

[Getinge Annual Report 2018](#)

Contact: ralf.schmitt@getinge.com

Handelsbanken Asset Management's Sustainable Global Bond fund

Handelsbanken Fonder is a wholly owned subsidiary of the Handelsbanken Group, with about SEK 400 billion under management in actively managed equity, fixed income and allocation funds. The product range includes investment funds covering all major geographies with a strong focus on thematic investment including specific sustainability themed funds. The majority of the funds are managed according to an exclusion strategy omitting investments in companies with activities in fossil fuels and other controversial sectors that risk counteracting the SDG's.

Through the funds, Handelsbanken Fonder is one of the major shareholders in companies listed on the Swedish stock exchange, in which Handelsbanken Fonder works proactively in its role as an owner.

At the core of Handelsbanken Fonder's asset management is an investment process whereby structural changes are identified as investment themes. Demographics and climate change are two examples of structural themes, which leads to investments in financial inclusion, education and renewable energy. The investment opportunities identified in this thematic investment process align with the investment needs set out by Agenda 2030 and the SDGs.

During 2018, Handelsbanken Fonder continued to develop its methodology for measuring its portfolios' exposure to the SDGs. This model guides their investment analysis and decisions as Handelsbanken Fonder strive to find investment opportunities in companies that offers solutions to the SDGs in terms of products and services.

In 2018, Handelsbanken Fonder decided to apply its extended exclusion criteria to all its actively managed funds to invest more in line with Agenda 2030. This criteria means excluding companies involved in activities within fossil fuel as well as controversial sectors that risk counteracting the objectives of Agenda 2030. An important strategic decision, Handelsbanken Fonder is convinced that future success lies in investing in solutions and future-proof companies that contribute to the fulfillment of the SDGs. During the second half of 2019, the majority of all actively managed funds will be managed accordingly. This low-carbon strategy means that Handelsbanken Fonder's carbon footprint today is approximately 55 per cent of the footprint of the global equity index.

At the beginning of 2019, Handelsbanken Fonder launched a new fund, [Handelsbanken Sustainable Global Bond Fund](#), exclusively dedicated to social, sustainable and green global bonds. This is an impact fund that invests in sustainable bonds worldwide, which are specifically issued for the purpose of financing improvements to the environment, climate, poverty or one of the other 17 SDGs.

At the end of 2018, Handelsbanken Fonder published its first climate report in accordance with the recommendations of the Task Force on Climate related Financial Disclosure (TCFD). This was one step in their continuous work to further develop their process for identifying, managing and reporting risk and opportunities related to climate change while also contributing to increased transparency.

Read more about Handelsbanken Fonder's investment philosophy and climate report:

www.handelsbanken.se/aktivforvaltning

[Climate Report](#)

Contact: kaas11@handelsbanken.se

Industrivärden – integrating sustainability analysis in the active ownership process

Industrivärden is a long-term asset manager and active owner in listed Nordic companies. Industrivärden's asset management is built upon a structured investment process of continuous analysis and evaluation of existing and potential alternative holdings. Industrivärden's operations are conducted at their headquarters in Stockholm, Sweden and involve about 20 employees.

In 2016, a development work was initiated to build up Industrivärden's ability to influence sustainability-related matters. This resulted in a new framework for sustainability analysis, which was further developed in 2017 and fully integrated into Industrivärden's operational activities in 2018.

Industrivärden creates shareholder value through long-term asset management based on active ownership. The active ownership role entails a long-term investment perspective and involves a natural involvement in the portfolio companies' strategic development. Industrivärden works with a professional and transparent corporate governance model in collaboration with other major shareholders. The process is based on internal analysis, analysis of external documentation, and business intelligence. Active ownership is exercised primarily through representation on companies' nominating committees and boards and by engaging in an ongoing dialogue with the portfolio companies. During the last three-, five- and ten-year periods, Industrivärden's stock has delivered a higher total return than the Stockholm Stock Exchange.

Today, Industrivärden has a solid foundation for value-creating sustainability analysis. The framework and its work processes are being continuously developed as an integral part of Industrivärden's business model with clearer coupling to Agenda 2030. From an influence perspective, the SDGs nr 8, nr 9 and nr 12 apply to Industrivärden's portfolio companies within the framework of Industrivärden's active ownership. The SDGs nr 5 and nr 13 pertain mainly to Industrivärden's own operations. In 2018, work was conducted to more clearly explain how Industrivärden's prioritized sustainability issues are coupled to the SDGs. Also, a more in-depth stakeholder dialogue was developed with respect to target groups and levels.

Read more about Industrivärden's integration of sustainability analysis in the active ownership process:

Industrivärden's view of sustainability

Contact: sverker.sivall@industrivarden.se

Investor – integrating ESG in the ownership approach

Investor is the leading owner of Nordic-based international companies, founded by the Wallenberg family in 1916. They own significant minority or majority interests in high quality companies, supporting them to remain or become best-in-class. Investor's 92 employees are based at offices in Stockholm, New York and Palo Alto. Their holdings include, among others, ABB, Atlas Copco, Ericsson, Mölnlycke and SEB.

In 2015, Investor took the decision to further integrate ESG in its ownership approach. This included both general Sustainability Guidelines for all companies as well as company-specific focus areas. The decision to develop their approach was mainly driven by the need to formalize and structure knowledge of relevant ESG-related risks and opportunities.

The Sustainability Guidelines describe basic expectations for all companies and are monitored yearly through an annual self-assessment questionnaire. One of the expectations is that the companies commit to the SDGs. Since the portfolio is well-diversified, the company-specific focus areas vary depending on industry, development stage and the risks and opportunities that are relevant for each company. Their analysts track the development of these expectations continuously, and the company-specific focus areas are monitored through the same process and principles as for the value creation plans.

When integrating ESG into the ownership approach, it needed to be based on fundamental expectations and complemented with the most material ESG-topics for each company. This was a challenge since Investor's portfolio is well-diversified.

At the end of 2018 though, 73 per cent of Investor's companies had adopted the SDGs to measure its

impact on society and progress was visible throughout the portfolio. The combination of the company's self-assessment with Investor's analysis and dialogue was key for understanding the possibilities and challenges of each company. In order to further support the portfolio companies, Investor has a Sustainability Network with each of the companies' Heads of Sustainability.

Read more about Investor's integration of ESG in the ownership approach:

Investor AB's view on sustainability

Contact: [sofia.jonsson @investorab.com](mailto:sofia.jonsson@investorab.com)

SEB – a Nordic pioneer in the Microfinance business

SEB Life and Investment Management is a leading asset manager and life insurance player in the Swedish and Nordic markets with a growing presence in the Baltic region. SEB provides a wide range of savings and insurance solutions, which include mutual funds, pension products and life insurance. Today, SEB Investment Management is one of the largest microfinance investment managers in Europe, having launched six microfinance funds since 2013, at a total value of more than SEK 7 billion, reaching more than 23 million entrepreneurs in over 40 developing countries.

The SEB Microfinance Fund I invests in 27 emerging and frontier markets where income levels are low, reaching out to 6.1 million entrepreneurs, of which more than half were women. Microfinance enables a double bottom line return for investors, by being both socially transformative and financially attractive.

Microfinance is the provision of access to capital and financial services that meets the needs of underserved individuals and businesses in view of improving social and economic development, generally in lower-income economies. It is offered in the form of credit, savings, remittances, payment services, insurance and other basic financial products. Microfinance extends the reach of financial markets to areas they would otherwise not go. It provides low-to-middle income entrepreneurs with services they need to start or grow

a business and that increase their capacity to absorb financial shocks, access goods of first necessity, accumulate assets, and invest in human capital enterprises such as health and education.

The cumulative net returns of the SEB Microfinance Fund I to investors (July 2013–August 2018) amounted to 52.9 per cent in SEK for the A share class and 47.3 per cent in SEK for the B share class, implying annual returns of 8.9 per cent and 8.1 per cent respectively. This performance was above the targeted return.

SEB was a pioneer among Swedish banks in launching its first Microfinance Fund in 2013, enabling institutional investors to channel capital to low- and middle-income entrepreneurs in emerging and frontier markets. SEB was also the second in Europe to offer microfinance funds in local currency (unhedged) aimed at institutional investors.

Read more about the SEB Microfinance Fund:

[SEB Microfinance Fund Final Report \(March 2019\)](#)

Contact: *christina.strand-wadsjo@seb.se*

Skandia Mutual Insurance Company's World Bank bond investment

Skandia offers savings with a guarantee, fund savings, insurance for health and safety, banking services and consultation. Skandia pioneered the “MultiManager” approach, which has now been adopted by most life insurance providers. With a tradition of pioneer spirit, product development and societal engagement, they have worked to prevent and anticipate risk for more than 160 years.

Skandia continuously searches for attractive, sustainable investment opportunities and started a dialogue with the World Bank to create new ones. All bonds issued by the World Bank support sustainable development.

Skandia together with the SISD coordinators, SEB Investment Management, Handelsbanken Fonder, the Church of Sweden and the World Bank held several meetings during 2018 to explore different investment opportunities. The ESG-specialist and CIO

of Skandia collaborated with these organizations on fixing income portfolio managers in order to design a bond that would meet Skandia's investment criteria. Following the interaction with the other three investors, SISD and the World Bank (IBRD) issued a new 5-year SDG bond especially for this group of investors. The International Bank for Reconstruction and Development (IBRD/“World Bank”) is rated AAA/Aaa based on its capital reserves and prudent financial policies. The bond is issued to enable global UN SDG projects financed by the IBRD.

In October 2018, Skandia invested SEK 1.5 billion in a World Bank bond issued by IBRD that will help to enable the SDGs with a special focus on projects within Sustainable Cities and Communities, SDG nr 11. There will be regular updates on the progress and impact of the SDG projects communicated to the investors.

Skandia encourages investors and international financial institutions such as the World Bank to continue to cooperate in finding more attractive investment opportunities that support and enable the progress of the SDGs.

Read more about Skandia World Bank Bond Investment:

[“World Bank Launches Sustainable Development Bond to Focus Attention on Sustainable Cities”](#)

[“Swedish investors in World Bank bond for sustainable cities”](#)

[World Bank Bonds for Sustainable Investment \(pdf\)](#)

Contact: *[p.lindgren @skandia.se](mailto:p.lindgren@skandia.se)*

SPP Pension and Försäkring (Storebrand Group) investing in Baltic Blue Bond

SPP is part of the Storebrand Group, a leading player in the Nordic market for long-term savings and insurance. Storebrand has been at the forefront of sustainable investing since the mid-1990s and is one of the founding signatories of the UNPRI. SPP delivers sustainable investment solutions and client value through an offering consisting of pensions, life insurance, health care insurance and funds. The Group has approximately Euro 73 billion AUM, and all assets are managed according to strict sustainability criteria.

SPP has worked for years to raise awareness and educate the market on the challenges connected to blue investments while also working internally to see opportunities in new solutions to those challenges. The Baltic Blue Bond is the first blue bond introduced to the market with funding earmarked according to the Green Bond Principles.

The first ideas of a blue bond for the Baltic were discussed in 2017 in the SISD work group on SDG nr 6. At that time, SPP did not consider the market ready for a blue bond. In 2018, Stockholm Resilience Centre, an international center for resilience and sustainability science, invited SPP to a round table discussion on the topic of a blue bond. The group decided to set up two working streams: one investigating a project pipeline, the other identifying what financial measures had to be taken to create a blue bond. It was concluded that the project pipeline was sufficient and that the market was ready. The Nordic Investment Bank (NIB) was approached as a preferred issuer and the last practicalities of the project were solved through a cooperation mainly between the NIB, SEB and SPP/Storebrand. A five-year bond worth SEK 2 billion was launched under the NIB Environmental Bond Framework and issued in January 2019.

The projects funded by the bond are related to wastewater treatment, flood protection and projects aimed at protecting and restoring the marine ecosystems in the region.

Read more about SPP:s Baltic Blue Bond:

[“Baltic Blue Bond Targets Water Treatment”](#)

[“NIB issues First Nordic-Baltic Blue Bond”](#)

[“Nordic Investment Bank \(NIB\) launches an inaugural 5-year SEK 2 billion Nordic-Baltic Blue Bond”](#)

Contact: johanna.landberg@spp.se

Swedbank Roburs' Global Impact Equity Fund

Swedbank Robur is one of Scandinavia's largest asset managers and investors. Since its founding in 1967, they have evolved from a small, equity-based mutual fund company into a highly diversified provider of savings products. Swedbank Robur offers savings products and discretionary investment management for private individuals, institutional clients, governments, universities, corporations and labor unions. The product range includes investment funds covering all major regions, sectors and asset classes. Many funds are also offered as part of tax-deferred retirement programs.

Swedbank Robur, in accordance with their policy on Responsible Investments, applies sustainability throughout asset management for all asset classes through integration, exclusion and active ownership.

In May 2018, Swedbank Robur launched the fund Global Impact. This equity fund invests globally, including in emerging markets, according to four global themes: climate, basic needs, natural resources and empowerment. Each investment of the fund must contribute in fulfilling the UN's 17 global goals for sustainable development (SDG) through products and services. Potential investments include companies in the healthcare sector that develop treatments and cures for the world's most serious illnesses. They may also be companies helping to preserve the environment and biodiversity, for example through technologies for waste management, water treatment or pollution control. Other interesting companies may offer technologies that address climate change through renewable energy, energy efficiency and green buildings, or those working with sustainable food production, low-cost housing, or hygiene and sanitation. In total, 58 per cent of the sales

of the companies found in the fund directly relates to the SDGs, relative to 10 per cent for the fund's comparative index, MSCI World All Country Index.

Global Impact is a quantum-based fund in which Swedbank Robur screens all investments, matching them according to the different SDGs the companies' products or services deliver upon. The challenges in the process of setting up the fund and thereafter maintaining a relevant connection to the SDGs concern, in part, access to data, as well as not yet fully developed methods available to connect a company's revenues to an SDG. Based on the screenings, it has become clear that very few companies meet SDGs number 4, 5, 8, 9 and 10. Most align with SDG number 7 or 13, targeting and touching upon climate change. There is also a lack of risk assessment, knowledge and liquidity in impact investment, which needs to be addressed, containing both education and development of general standards linked to the industry.

The fund has been highly appreciated by customers and can be applicable to all funds as customers increasingly demand and desire to be able to follow where invested capital goes. Today, it has about SEK 2 billion in capital and is aimed primarily at retail.

Read more about the Global Impact Fund here:

Swedbank's Annual Report 2018 and PRI Report 2018

Contact: *sarah.olofsson@swedbankrobur.com*

Swedfund's Climate Investment Case – Climate Investor One

Swedfund, owned by the Swedish government, provides risk capital, expertise and financial support for investments in local companies in the developing markets of Africa, Asia, Latin America and Eastern Europe. Its mission is poverty reduction through sustainable business, contributing to economic and environmental development, as well as a positive impact on society. Swedfund's investment strategy rests on three main pillars: impact on society, sustainability and financial viability. Since 1979, Swedfund has been engaged as an active, responsible and long-term investor in more than 260 companies worldwide.

Today, around one billion people do not have access to electricity. Access to affordable, reliable and clean energy (SDG nr 7) is one of the biggest challenges for developing countries. It hinders economic growth and affects poor people the most. Encouragingly enough, the technical conditions for renewable energy are often good in developing countries, but many potential projects are not implemented due to lack of knowledge or financing. Climate Investor One (CIO) Construction Equity Fund seeks to remedy this by investing in renewable energy from solar, wind and hydropower in developing countries including those in Sub-Saharan Africa.

In June 2018, Swedfund invested USD 15 million in CIO. Swedfund's ambition is to increase capital flows from the private sector for sustainable climate projects in developing countries, acting as a catalyst for private investments. CIO can help serve as a good example of how financing facilities can be structured in order to attract different types of capital and contribute to a marked increase in sustainable energy generation in developing countries.

CIO offers tailored financing throughout the life-cycle of a project, with the overarching aim of developing renewable energy generation at a faster pace. The facility is based on the knowledge that different stages of a project's life-cycle require different types of capital from different types of financing institutions. A structure has therefore been constructed for what is known as "blending instruments," meaning that different investors are able to participate according to their own risk profile. CIO encompasses three separate but operationally interlinked funds.

The fund aims to increase the availability of renewable energy by more than 1,000 MW and contribute to creating around 10,000 jobs. Expectations are to deliver affordable clean electricity to approximately 7 million people. In addition, Climate Investor One expects to contribute to the reduction of approximately 1.8 million tons of CO₂ annually, which equates to removing around 350,000 passenger cars off the roads.

Read more about Swedfund's climate investment case:

Swedfund's annual report 2018

Swedfund expands renewable energy portfolio with USD 15 million commitment to blended finance

Contact: *gunilla.nilsson@swedfund.se*

Sida's Partnership for the goals – SDG 17

Transformative partnerships between actors and sectors are important tools for working with the Agenda 2030 and “Partnerships” have been defined as their own goal within the Agenda 2030, namely SDG nr 17. Through partnerships, companies and investors can inspire, engage and work through some of the largest challenges of our time and towards the future we want. The magic of successful partnerships is that the whole becomes greater than the sum of its parts, and the potential of creating paradigm shifts and positive impacts through partnerships is substantial.

Sida, the Swedish International Development Cooperation Agency, identified the potential of partnerships early on and started working with the private sector in 2013 with the formation of Swedish Leadership for Sustainable Development (SLSD) with 25+ large Swedish brands. SLSD has inspired companies to work with and towards the SDGs resulting in a number of public-private partnership projects (PPPs) and a heightened focus on sustainability issues within their core businesses.

Three years later, in 2016, Swedish Director Generals for Sustainable Development was founded with 62 participating governmental agencies. Participants have signed a joint letter of intent with a declaration that states all parties will contribute to the implementation of the Agenda 2030 by integrating the three dimensions of sustainable development into their activities based on their respective core missions.

“Mobilize additional financial resources for the SDGs and for developing countries” is one metric of SDG nr 17. In early summer 2016, Sida invited Sweden's largest pension funds, asset managers, insurance companies and investment companies to a dialogue around the investors' role in the SDGs. This resulted in the founding of Swedish Investors for Sustainable Development (SISD), which now has 18 participants and includes Sida as facilitator.

Investors such as pension funds, asset managers, investment companies and insurance companies have a catalytic role for long-term sustainable development because of their ability to invest, engage and ask for reporting. As investors, they are representing millions of savers, future retirees and future generations with an obligation to take their requests into consideration.

SISD actors have agreed upon a “Joint Commitment” defining their goal and purpose. Individual actors have

launched new SDG products and invested in new mandates related to the SDGs. The SDGs are also used as a reference in some actors' corporate governance guidelines. And four actors have also made a joint investment in a World Bank bond with special attention to SDG nr 11 – Sustainable cities. Actors are cooperating in working groups centered around selected goals.

SISD is an example of how competitors can work side by side around the most challenging issues of our times and at the same time find new investment and business opportunities.

An additional outcome of Sida's approach to partnership, as reflected in SISD, is that SISD has inspired other actors around the world. In April 2019, the UN Secretary General António Guterres announced the founding of a new global partnership for investors, Global Investors for Sustainable Development.



In front of the United Nations Headquarters

SISD members at the UN Headquarters in New York for the announcement of Global Investors for Sustainable Development (GISD), April 15th 2019.

From left to right: Magnus Billing (Alecta), Karin Svensson (Sida), Jesper Andersson (Folksam), Carin Jämtin (Sida), Richard Gröttheim (AP7), Liza Jonson (Swedbank Robur), Hans Ek (SEB Investment Management), Emil Foghammar (Scania, member of Swedish Leadership for Sustainable Development), Maria Håkansson (Swedfund) and Jens Henriksson (Folksam). *Photo: Sida*

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: SE-105 25 Stockholm, Sweden.
Visiting address: Valhallavägen 199.
Phone: +46 (0)8-698 50 00. Fax: +46 (0)8-20 88 64.
www.sida.se sida@sida.se

