FNG Forum Nachhaltige Geldanlagen

GNG Gesellschaft für Qualitätssicherung Nachhaltiger Geldanlagen mbH

FNG-Siegel
Qualitätsstandard für Nachhaltige Geldanlagen

Ergebnisse
2017 / 2018

FNG-SIEGEL 2018 — auditiert durch Novethic

FNG-SIEGEL 2018 — auditiert durch Novethic

FNG-SIEGEL 2018 — auditiert durch Novethic

FNG-SIEGEL 2018 — auditiert durch Novethic

Sicherung der Qualität Nachhaltiger Geldanlagen

Inhalt

- Marktdurchdringung 2017
- Ergebnisse FNG-Siegel 2018
- Ausblick 2018

Marktdurchdringung

FNG-SIEGEL 2018

auditiert durch Novethic

Roadshows + Rückmeldungen

- ☑ Frankfurt Jan. / Feb. + Apr (11 Termine)
- ☑ Zürich Feb. / Mrz (10 Termine)
- ☑ Wien Apr (6 Termine)
- ☑ Paris (5 Termine)

☺

Qualität

FNG als Name

Learning-Tool
(sparring-Partner)

☹

Marktdurchdringung

Infomaterial

“Gebrauchsanweisung Mindestkriterien”

Broschüre

Newsletter

FNG-SIEGEL 2017
auditiert durch Novethic

GNG-Newsletter – Nr.3 / 2017

INHALT

I FNG-SIEGEL
II NEUES VOM SRI-MARKT
III MARKTDURCHDRINGUNG
IV PRESSE
V NEUIGKEITEN DER SIEGELTRÄGER
VI Vorschau

Veranstaltungen

- ✓ Fondskongress Mannheim (Jan)
- ✓ FNG im Dialog, Zürich, (Feb)
- ✓ FNG im Dialog, FfM (Jun)
- ✓ AG "Products & Services" Dt. Börse, FfM (Sep)
- ✓ Invest & more, Berlin & Stgt (Sep)
- ✓ Börsentag Berlin, (Okt)
- ✓ Sustainable Finance Summit, FfM (Okt)
- ✓ Börsentag Frankfurt (Feb)
- ✓ Qualitates-Marktplatz, Ladenburg (Mai)
- ✓ HLEG public hearing, Brüssel (Jul)
- ✓ PRI in Person, Berlin (Sep)
- ✓ Investmentfondstage (Börsen-Zeitung), FfM (Okt)
- ✓ Konferenz "Nachhaltige Geldanlagen" Frankfurt School (Nov)

Kooperationen

finvesto

BB Bankhaus Bauer Privatbank

Marktplatz für Nachhaltige Investments
QUALITATES
Nachhaltig von Beratern für Berater

FondsDISCOUNT.de
Ihr Fondsvermittler im Internet

CDP
DRIVING SUSTAINABLE ECONOMIES

finanzwerte
Berater in Geldanlagen

Netzwerk Weitblick
Verband Journalismus & Nachhaltigkeit e.V.

Öko-Institut e.V.
Institut für angewandte Ökologie
Institute for Applied Ecology

wallstreet:online

Rat für Nachhaltige Entwicklung

ebase

VISUALVEST

Wertpapier-Verwaltungs-gesellschaft mbH

Absolut research

Mein Geld
Anlegermagazin

B2MS Börsentag Frankfurt

Label Online

Weiterhin im Nachhaltigen Warenkorb RNE

Rat für NACHHALTIGE Entwicklung

Finanzen

Mit gutem Gewissen Rendite erzielen

Vielfalt nachhaltiger Finanzprodukte – Sie haben die Wahl
Die Vielfalt an nachhaltigen Finanzprodukten erleichtert es Anlegerinnen und Anlegern zunehmend, je nach Risikoneigung und Renditeorientierung ihre individuellen ethischen Prinzipien bei der Geldanlage zu verwirklichen. Es gibt für jede Anlageform eine nachhaltige bzw. ethische Alternative, z.B.

- nachhaltige Riester-Renten, Aktien- oder Rentenfonds,
- ökologische Lebensversicherungen oder Direktversicherungen,
- Tagesgeldkonten bei Banken, die Nachhaltigkeit im Kerngeschäft verankert haben,
- Fondssparpläne und Anleihen, die sozialethische Investments tätigen und nachhaltige Geschäftsmodelle fördern,
- Crowdinvesting in nachhaltige Projekte.

Die richtige Bank
Fragen Sie Ihre Bank, welchen Stellenwert Nachhaltigkeit in der Praxis für sie hat, ob sie ihre Klimawirkungen kennt, bei Investments die Achtung der Menschenrechte berücksichtigt. Prüfen Sie, ob die Produkte der Bank Ihre Werte repräsentieren. Fragen Sie Ihr Finanzinstitut, ob und wie es Nachhaltigkeit im Kerngeschäft verankert hat und wie es darüber berichtet. Ab 2017 gilt eine Berichtspflicht, mit der die Europäische Kommission insbesondere Banken und Finanzdienstleister anspricht. Unternehmen, die sich in ihrer Berichterstattung beispielsweise an den Kriterien des Nachhaltigkeitskodex orientieren, finden Sie unter: www.nachhaltigkeitskodex.org

Deutscher NACHHALTIGKEITS Kodex

Das richtige Anlageprodukt
Wie werden die Unternehmen für einen Fonds ausgewählt und welche Maßstäbe gelten? Informationen finden Sie unter www.ecoreporter.de, www.nachhaltiges-investment.de sowie bei den Fondsvergleichen der Stiftung Warentest im Finanztest.

Das FNG-Siegel für Publikumsfonds zeichnet Fonds aus, die eine konsequente und stringente Nachhaltigkeitsstrategie verfolgen. Es beinhaltet Mindestanforderungen sowie Nachhaltigkeitskriterien in den Bereichen Menschen- und Arbeitsrechte, Umweltschutz sowie Bekämpfung von Korruption und Bestechung. Je nach Erfüllungsgrad erhält der Fond null bis vier Sterne. Nicht bewertet werden finanzielle Aspekte, Verbraucher sollten sich also immer zusätzlich beraten lassen. Namensgeber und Initiator des Siegels ist das Forum Nachhaltige Geldanlagen e.V. (FNG), der Fachverband für nachhaltige Geldanlagen im deutschsprachigen Raum. Da auch Anbieter von Geldanleihen und dementsprechend Siegelnehmer im Branchenverband vertreten sind, kann dem Siegel keine vollständige Unabhängigkeit attestiert werden. www.fng-siegel.org, www.g-ng.de

FNG-SIEGEL
auditiert durch Revethic

Presse (Auszug)

Handelsblatt

responsible-investor.com
ESG and sustainable finance

ARD.de

Absolut impact

MANNHEIMER MORGEN

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND

Wirtschafts Woche

BR FERNSEHEN

wallstreet:online

WESER KURIER
TAGESZEITUNG FÜR BREMEN UND NIEDERSACHSEN

ntv

Mein Geld
ANLEGERMAGAZIN

Börsen-Zeitung
Zeitung für die Finanzmärkte

NRW-Pensionsfonds

Ministerium der Finanzen des Landes Nordrhein-Westfalen

AuM EUR 10,4 Mrd. / NNI: EUR 200 Mio.

Die in § 4 der **Anlagerichtlinien** aufgeführten Kriterien **orientieren** sich darüber hinaus an den für das Qualitätssiegel des Forums Nachhaltige Geldanlagen e.V. **(FNG-Siegel)** geforderten Ausschlüssen.

§ 4
[…]

(a) Eindeutige Verstöße gegen die in den Prinzipien des **UN Global Compact** niedergelegten Grundsätze verantwortungsvoller Unternehmensführung in den Bereichen Menschenrechte, Arbeit, Umwelt und Korruptionsbekämpfung,
(b) Herstellung **kontroverser Waffen** (Streubomben, Landminen, ABC-Waffen),
(c) Herstellung **konventioneller Waffen**, falls der Umsatz aus diesen Geschäften **5%** vom Gesamtumsatz des Emittenten überschreitet,
(d) Betrieb von **Kernkraftwerken** oder Herstellung **wesentlicher Komponenten**, falls der Umsatz aus diesen Geschäften **5%** vom Gesamtumsatz des Emittenten überschreitet.

Quelle: www.finanzverwaltung.nrw.de

Ergebnisse FNG-Siegel 2018

FNG-SIEGEL 2018

auditiert durch Novethic

Methodik-Anpassungen 2017 / 2018

FNG-SIEGEL 2018 auditiert durch Novethic | FNG-SIEGEL 2018 auditiert durch Novethic | FNG-SIEGEL 2018 auditiert durch Novethic | FNG-SIEGEL 2018 auditiert durch Novethic

Mindestkriterien

KONTROVERSENPRÜFUNG
IMPACT BONDS
(Green Bonds, Social Bonds)

<u>Emittent</u> vs. Projekt

Stufenmodell

Institutionelle Glaubwürdigkeit:

- CSR- → SRI-Politik
- Klimawandel ⬆ (Divestment, Dekarbonisierung)

Produktstandards:

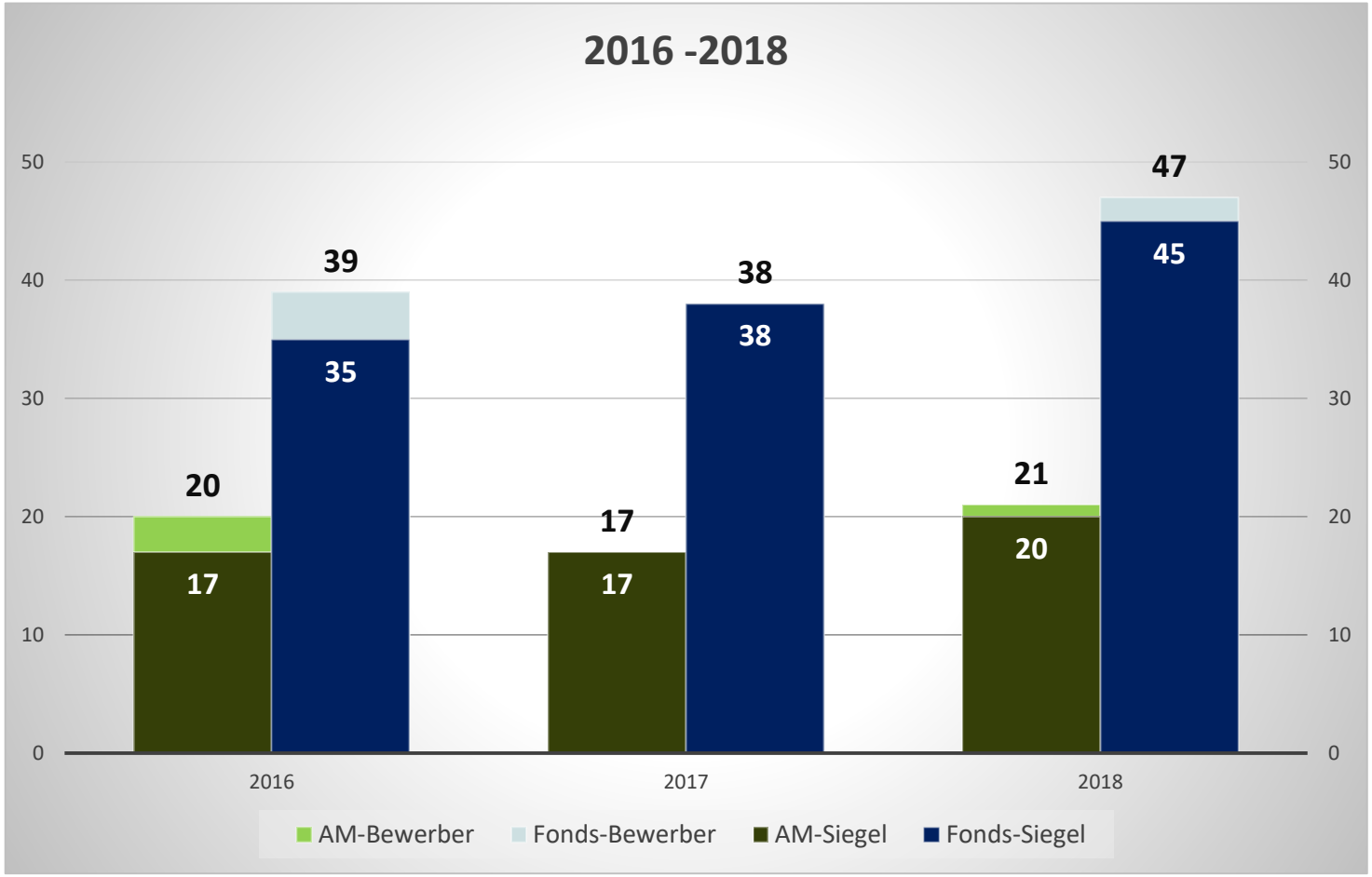
- Verhältnis SRI- / Finanzanalyst

Transformation / Wirkung:

- Ausschlußkriterien (Anzahl, Intensität)
- Stimmrechtsausübung → Engagement

25% Wachstum ⇧

(Bewerbungen: von 17 AM / 38 Fonds auf 21 / 47)



TREU (15)

PICTET 1805 · LBBW Asset Management · Triodos Bank · ACATIS · prima Fonds · Steyler Bank · GENERALI INVESTMENTS · Raiffeisen Capital Management · HAUCK & AUFHÄUSER PRIVATBANKIERS SEIT 1796 · COMMERZBANK · Kempen · ERSTE Asset Management · Union Investment · SALM-SALM & PARTNER GmbH · BANKHAUS Schelhammer & Schattera

NEU (+6)

FISCH Asset Management · JAR CAPITAL · Bank für Sozialwirtschaft · Nordea · avesco Financial Services AG

WEG (-2)

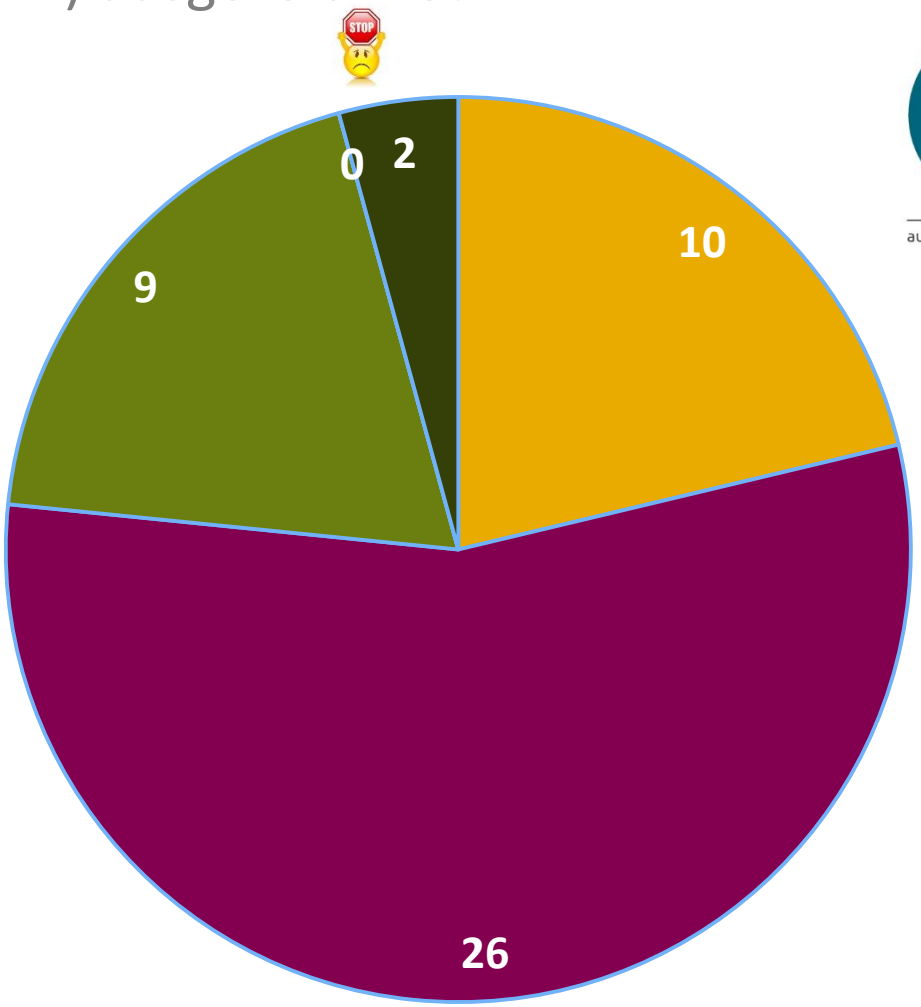
NEUE INVESTMENTKATEGORIEN

Aktien Emerging Markets

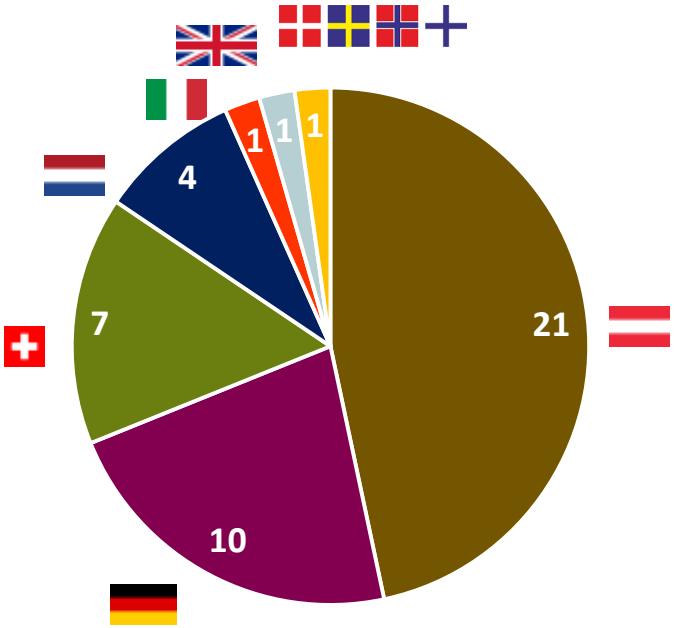
High Yield Bonds

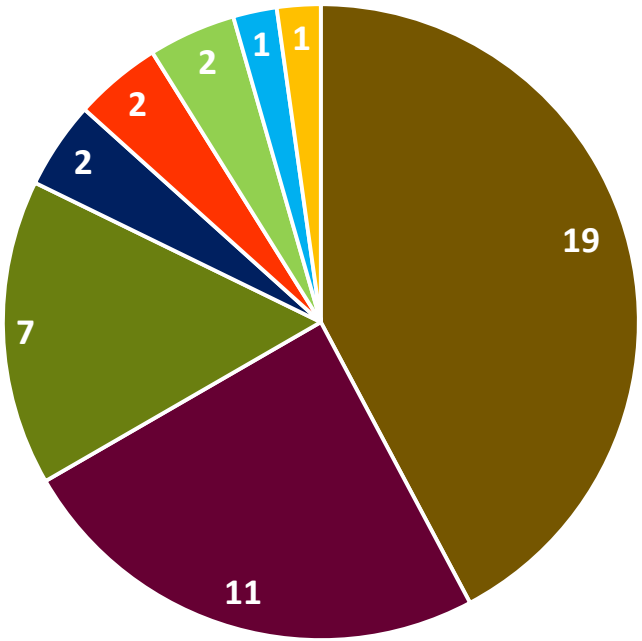
FNG-Siegel 2018

45 Fonds (20 AM) ausgezeichnet



FNG-Siegel 2018 – Herkunft & Fondsart





- Aktienfonds
- Mischfonds
- Anleihenfonds
- Aktien Em.Markets
- Wandelanleihen
- Green Bonds
- High Yield
- Anleihen Em.Markets

Ergebnisse FNG-Siegel 2018

Stefan Fritz, Head of Certification Development, Novethic

Einige Zahlen zum Auditprozess

- **2** Analysten
- Rund **1.000** Stunden Audit-Gesamtaufwand
- Mehr als **2.000** Dokumente insgesamt (Analysen, Kalkulationen, Research, Reportings, usw.), bis zu **200** Dokumente pro Kandidat
- **450** Seiten Auditberichte, mehr als **100** Seiten Protokoll
- **3 Stunden**: längstes Telefonat mit Kandidaten
- Im Durchschnitt **20-30** Mails pro Kandidat

Was uns gefallen hat…

- Hohe Bereitschaft, sich zu verbessern
- Hohe Reaktionsbereitschaft
- Kritische, aber konstruktive Gespräche

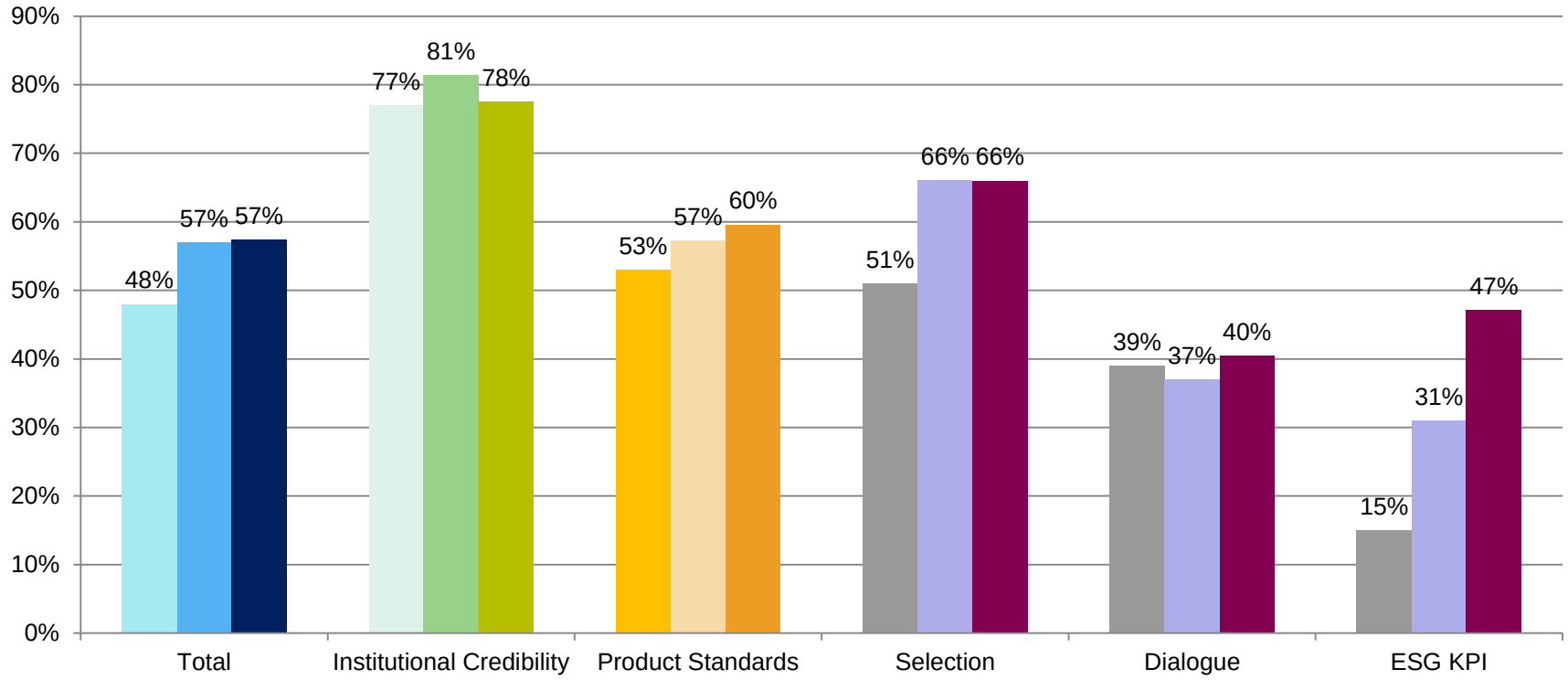
…und was nicht:

- Antwortqualität der Fragebögen mitunter schwach
- Teilweise fehlende schriftliche Dokumentation

Mindestanforderungen – einige Anmerkungen:

- Qualität der Transparenzkodizes und FNG-Profile verbessert sich
- Die ESG-Analyse und Kontroversenmonitoring wird v.a. durch externe Anbieter sichergestellt
- Folge: z.T. nur schwaches internes Know-how zu kontroversen Titeln (Fall LafargeHolcim)

Stufenmodell - Das ist das Ergebnis:



2017 – Säule rechts
2016 – Säule Mitte
2015 – Säule links

Die Kandidaten nehmen Nachhaltigkeit ernst:

- Im Kandidatenfeld wie bereits in den vergangenen Jahren viele ethische Anbieter, die 100% Ihrer Assets nachhaltig verwalten
- Große Anbieter: Das Thema wird zunehmend durch Komitees, Teams, etc. institutionalisiert
- Interne ESG-Schulungen führen zu bereichsübergreifender Akzeptanz von ESG-Aspekten

ABER:

- Häufig keine Definition und Berichterstattung zu spezifischen SRI-Themen

Welche Ansätze wir positiv gesehen haben

Focus areas

We have four areas for our stewardship and active ownership activities within ESG: climate change, water, corruption and human rights. We engage on these issues at company, industry sector and policy level. In addition, we engage with companies that are identified through our norm-based screening process. All of Nordea's funds are screened annually for verified violations of international norms regarding environmental protection, human rights, labour standards and business ethics. We also engage with companies that we have identified as underperforming in terms of ESG and where we see material risks that may not be adequately managed or opportunities that may not be fully capitalised on.

Focus area: Climate change

The World Economic Forum's Global Risks Report 2016 ranks failure of climate change mitigation and adaptation as the highest ranking global risk in terms of impact.

Paris agreement
The agreement made at the successful COP21 meeting in December 2015 in Paris was ratified by USA and China on September 3, 2016. Although some concerns have been raised after the US-election, countries are now bound by a ratified agreement to keep global temperatures from rising more than 2°C by 2100, with an ideal target of keeping the temperature rise below 1.5°C. The agreement will affect markets, regulation and operations.

- We played an active part in calling for the agreement and have during 2016 continued to push for a transition to a low-carbon economy.
- In September and ahead of COP22, Nordea was one of 130 investors that signed a letter calling on G20 to take steps to meet the Paris climate agreement.
- We participated in the COP 22 climate conference which took place in Marrakech, Marocco in November 2016.

Aiming for A
In 2016 Nordea joined the shareholder coalition called "Aiming for A", requesting that the companies stress test their business strategies against a scenario where climate change is limited to two degrees Celsius or less as agreed in the Paris agreement. The shareholder initiative filed shareholder resolutions at the largest UK-listed extractives and utilities companies' annual general meetings (AGM), demanding deeper disclosure of climate change risk and opportunity management.

Climate change
The World Economic Forum's Global Risks Report 2016 ranks failure of climate change mitigation and adaptation as the highest ranking global risk in terms of impact.

Water
Water-related risks and opportunities are becoming increasingly important for our investments.

Corruption
We have seen growing evidence of a correlation between corrupt business practices and negative effects on long-term financial returns.

Human rights
We expect companies to observe internationally recognized human rights principles and to prevent negative effects and manage their impact on human rights.

At the AGMs of Anglo American, Rio-Tinto and Glencore, the Aiming for an initiative won landslide victories with 96 per cent, 99 per cent and 98 per cent of the votes.

Climate lobbying
We continued being part of the IIGCC investor initiative on corporate lobbying in an EU climate and energy policy context during 2016. A letter signed by 50 investors from eight countries representing over EUR 4.4 trillion in assets under management was sent to 75 companies.

We continued our participation in the collaborative investor engagement on Climate Lobbying with more than 60 investors coordinated by the PRI. The initiative calls for improvements in practice and transparency from investee companies on their climate change lobbying practices.

We are a long-standing member of the CDP (Carbon Disclosure Project), which aims at encouraging companies to measure and disclose through self-reporting climate change, water and forest-risk data. This information is used in our ESG analysis and investment decision-making.

Carbon footprint disclosure
We believe that increased transparency of funds' carbon footprints contributes positively to tackling climate change. We signed the Montreal Carbon Pledge launched on 25 September 2014 at PRI in Person in Montréal and supported by the Principles for Responsible Investment (PRI) and the United Nations Environment Program Finance Initiative (UNEP FI). By signing this pledge we commit to measuring and publicly disclosing the carbon footprint of our investment portfolios on an annual basis. In December 2015 we disclosed the carbon footprint as part of the ESG score cards for our STARS funds. Going into 2017, we are expanding the disclosure and will initially be publishing carbon footprints for all of our equity funds.

Focus area: water

Water-related risks and opportunities are becoming increasingly important for our investments.

Water pollution in the pharma supply chain
The pharmaceutical industry is one of the fastest growing segments of the Indian economy. The market is expected to grow to $100 billion by 2025.

As part of our engagement with pharmaceutical companies regarding their supply chain management and the evidence of poor waste water management within pharmaceutical manufacturing in India found during Nordea's visit to Hyderabad and Visakhapatnam in April 2015, we commissioned an on-the-ground report on water pollution in Hyderabad and Visakhaptanam in early 2016 from the NGO Changing Markets. The resulting report documents and show local impacts of drug pollution and severe contamination of waterways and agricultural lands. The report can be accessed through our website: Nordea.com.

We have continued to work on this issue with the pharma companies and the industry-led organization PSCI (Pharmaceutical Supply Chain Initiative). In April 2016 we were invited to present Nordea's expectations on pharma supply chain management and manufacturing practices at the PSCI annual meeting. Our expectations were well received by PSCI members and PSCI have initiated several initiatives to address our concerns. We have also been in contact with other relevant stakeholders.

CDP Water Advisory Council
In 2016 Nordea continued our work with CDP's Water Advisory Council and another collaborative engagement initiative that we continued with is the PRI-coordinated project focusing on water risks in agricultural supply chains.

Welche Ansätze wir positiv gesehen haben

"Involvement in corruption results in a substantial financial and reputational risk for the company. The consequences of major company corruption scandals can be significant."

Alain van der Heijden,
Head of Credits

Thematic paper: Corruption

Materiality of the theme

Corruption can be defined as the misuse of entrusted power for private gain. Corruption indicates that resources are diverted to improper use and the quality of services and materials used for development is seriously compromised. Bribery of a government official or business can be viewed as corruption.

Corruption is a violation of the UN Convention against Corruption, which is also incorporated in principle 10 of the UN Global Compact, which states: "Businesses should work against all forms of corruption, including extortion and bribery." Corruption is also mentioned in guideline VII of the OECD Guidelines for Multinational Enterprises. Involvement in corruption results in a substantial financial and reputational risk for the company. Major company corruption scandals can lead to significant reported losses. These costs represent direct costs such as fines and penalties and indirect costs such as legal and compliance costs, loss of access to markets, limited corporate action and reputational costs. Furthermore, companies can be blacklisted by international organisations, such as the World Bank, or by the countries in which they operate, which increases the financial cost of corruption even further. If companies ignore the risks and refuse to improve their anti-corruption systems, the violations can result in a financial risk for the company and for its stakeholders, including Kempen.

INTERNATIONAL CONVENTIONS, ACTS AND INITIATIVES

- UN Convention against Corruption, 2003
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997
- Inter-American Convention Against Corruption, 1996
- Council of Europe Conventions on Corruption,1997-1999
- The African Union Convention on Preventing and Combating Corruption, 2003
- US Dodd-Frank Act, 2012
- EUR Transparency Directive, 2013
- CleanGovBiz initiative
- World Economic Forum's Partnering Against Corruption Initiative (PACI)
- Extractive Industry Transparency Initiative (EITI)
- UN Global Compact Working group on the 10th Principle
- Anticorruption Working Group (G20)

\ 25

Our Actions and Results

Over recent years, Kempen has challenged a number of companies on corruption. As a result of our engagement these companies have significantly improved their anti-corruption systems and some companies are now even considered leaders in this area. Research has shown that major corruption scandals can serve as a catalyst for reforms. The resulting changes can boost company anti-corruption programmes and reduce the likelihood of future violations. For example, some of the strongest anti-corruption programmes are in place at companies that have previously faced significant prosecutions. Engagement with companies on corruption focuses on the improvement of a company's policies, programmes and monitoring systems.

Suggested engagement objectives
Most of the engagement targets under this theme focus on improving corporate anti-corruption systems, including:

Transparency

- Public disclosure of the anti-corruption programme and its implementation;
- Public disclosure of external assurance of the anti-corruption programme.

Policy commitment

- Formulation and publication of a robust anti-corruption policy, including a commitment to comply with local laws and a commitment to implement an anti-bribery policy;
- Detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses;
- An anonymous, third party-operated whistle-blower hotline for complaints relating to the anti-corruption policy.

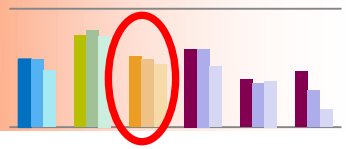
Assessments and mitigation

- Implementation of anti-corruption policies in all business entities;
- Training for all staff in the code of conduct and relevant staff via in-person tailored anti-corruption training courses. Assessment of staff via exams and publication of the results;
- Communication of the anti-corruption policy and its implementation to employees, business partners and other stakeholders;
- Payment of compensation, damages, fines and settlements.

Sector Initiatives

The company needs to explain its involvement (or lack thereof) in anti-corruption initiatives (e.g. UN Global Compact) and is encouraged to take part in existing anti-corruption programmes.

Kandidaten vertrauen sehr auf externes Research



- Nur wenige Anbieter mit dezidiertem internen ESG-Researchkapazitäten
- Häufig Einsatz von IT-Plattformen, die externe Daten intern verarbeiten sowie selektive Researchtätigkeiten (Kontroversenmonitoring, Themenstudien, Engagementdialoge)
- Nachhaltigkeitskomitees häufig bei kleinen Anbietern anzutreffen
- 2017 zwei neue Anbieter mit ausgefeiltem Research

Was internes ESG-Research leistet:

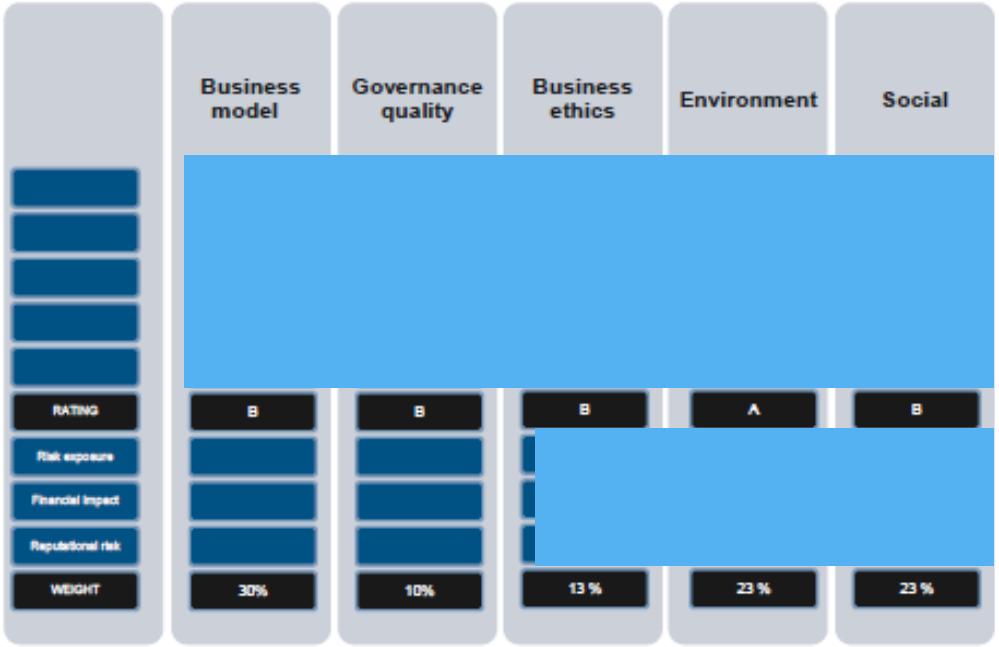
- Materialitätsanalyse (welche ESG-Kriterien sind relevant)
- Spezifische Gewichtung von ESG-Faktoren

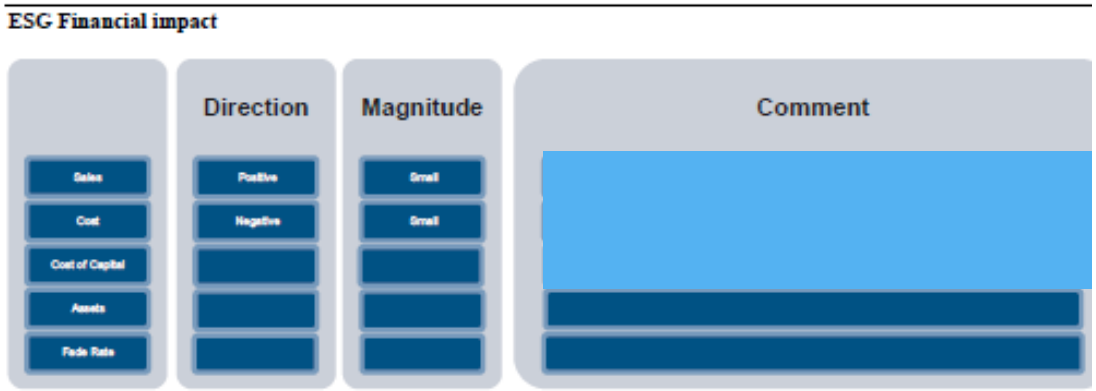
SECTOR	% ENVIRONMENT	% SOCIAL (EXTERNAL)	% SOCIAL (INTERNAL)
Capital Markets	25	75	0
Commercial Banks	20	80	0
Insurance	20	80	0
Utilities	20	80	0
Food, Beverage, Tobacco	50	33	17
Food Retailing	50	33	17
Transport & Infrastructure	40	40	20
Metals & Mining	40	20	40
Construction & Engineering	43	29	29
Diversified Telecommunications Services	33	50	17
Media	20	60	20
TOTAL	33	53	14

SECTOR	RELEVANT ISSUE
CAPITAL MARKETS	• Safety • Quality • Green products and services • Bribery
COMMERCIAL BANKS	• Green products and services • Safety • Quality • Community impact • Bribery
INSURANCE	• Greenhouse gases (climate change) • Safety • Quality • Access & Responsible Use
UTILITIES	• Greenhouse gases • Quality • Access & Responsible Use • Community impact • Bribery
FOOD, BEVERAGE, TOBACCO	• Environmental : Waste Management, Greenhouse gases, Purchasing & Consumption • Ext. Social : Quality, Safety • Int. Social : Work Conditions
FOOD RETAILING	• Environmental : Waste Management, Greenhouse gases, Purchasing & Consumption • Ext. Social : Quality, Safety • Int. Social : Work Conditions
TRANSPORT & INFRASTRUCTURE	• Environmental : Greenhouse Gases, Green products and services • Int. Social : Work Conditions • Ext. Social : Quality, Safety
METALS & MINING	• Community impact • Biodiversity • Greenhouse gases • Social dialogue • Working Conditions
CONSTRUCTION & ENGINEERING	• Greenhouse gases • Biodiversity • Green Product & Services • Health & Safety • Ethics • Local impacts • Human Resources
DIVERSIFIED TELECOMMUNICATIONS SERVICES	• Environmental : Waste Management, Greenhouse gases • Int. Social : Work Conditions • Ext. Social : Access and responsible use, Unfair competition, Safety
MEDIA	• Environmental : Purchasing & Consumption • Int. Social : Career management • Ext. Social : Community impact, Safety, Bribery

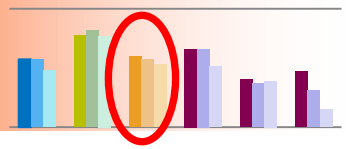
Was internes ESG-Research leistet:

- Kombination von Finanzanalyse und ESG-Analyse
- Direkte Integration von Kontroversenmonitoring in ESG-Analyse





ESG-Daten sehr unterschiedlich kommuniziert



- Uneinheitliches **Format**: Eigenes Reporting, Fondsmanagerkommentar, Newsletter, Präsentation, …
- Uneinheitliche **Kennzahlen**: Von aggregierter ESG-Score ohne Benchmark bis hin zu integrierter Darstellung von Engagement-Dialog-Aktivitäten
- Uneinheitlicher **Rhythmus**: von monatlich bis jährlich

Wie ein strukturiertes Reporting aussehen kann:

ESG PERFORMANCE INDICATORS

We use a set of four indicators to provide a consistent and objective measure of the Environmental, Social and Governance performance of our portfolios against their benchmarks. The definition and calculation methodology of each indicator are provided below.

CARBON FOOTPRINT

In order to curb climate change and support the transition to a low carbon economy, companies are under increasing pressure to drastically reduce CO2 emissions and other greenhouse gases (GHG). This indicator compares the carbon intensity of the portfolio against its benchmark. GHG emissions include direct emissions from companies' operations (e.g. electric utilities) as well as indirect emissions associated with energy and material supplies (e.g. agriculture) and product use by end consumers (e.g. automobiles). In order to provide meaningful comparisons, total GHG emissions are expressed in tonnes of CO2 (tCO2 eq.) divided by company revenue. Final results are based on company weights in the portfolio and benchmark.

CORPORATE GOVERNANCE

In response to increased pressure from regulators and shareholders for stronger corporate governance, companies are expected to strengthen board competence and independence, to adopt executive remuneration plans based on long-term performance, to respect minority shareholder rights, and to reinforce risk control and audit functions. This indicator provides the portfolio breakdown v. its benchmark according to three levels of corporate governance (*robust, average, risky*). Results are based on total company weight in each category.

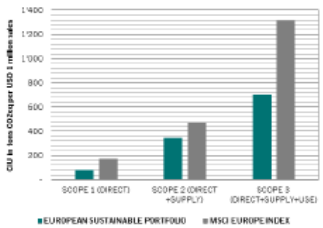
PROXY VOTING

Voting rights are systematically exercised at general assembly meetings in accordance with Pictet Asset Management voting policy. Corporate governance forms part of our evaluation prior to investment and, for the most part therefore, we expect to support management of investee companies. Our voting policy takes account of internationally recognised standards of corporate governance and, subject to the comments above, we would vote against resolutions that are not in shareholder interest.

ESG CONTROVERSIES

This indicator measures the extent to which companies are impacted by ESG controversies such as bribery, corruption, product recalls, pollution incidents and conflicts with local communities. Controversies are evaluated based on their degree of severity and recurrence, as well as company accountability and reliability of information sources. Controversies are measured on a relative scale from 0 (no controversy) to 5 (significant controversies) and categorised into eight different themes. Final results are based on company weights in the portfolio and benchmark.

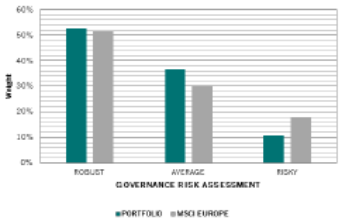
Carbon Footprint



Source: InRate, Pictet AM

The portfolio is less carbon intensive than MSCI Europe Index. This good result is mainly due to the absence of major carbon emitters in Oil & Gas (eg: *BP, Shell and Total)* and Materials (eg *Rio Tinto, Anglo American, BHP Billiton, Glencore)*, together with the inclusion of companies with low carbon emissions such as Vestas Wind Systems.

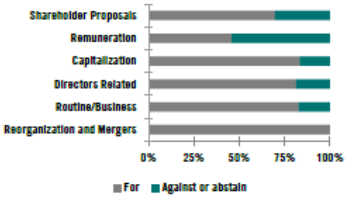
Corporate Governance



Source: ISS, Pictet AM

Compared to its benchmark, the portfolio is more exposed to companies with robust governance practices (e.g. *Givaudan, National grid, Unilever, Swiss Re, BASF, Johnson Matthey*). By contrast, the portfolio is not exposed to companies with significant governance weaknesses (e.g. *HSBC, Volkswagen, Lindt, Carnival, Telecom Italia*).

Proxy Voting



Source: Ethos, Pictet AM

Between January and December 2016, we exercised voting rights at 85 general assembly meetings and supported 1264 out of 1637 resolutions. We opposed almost 30% of proposals covering executive remuneration, and voted against a number of unfavourable proposals related to appointment of directors and capital increases.

ESG Controversies

Source: Sustainalytics, Pictet AM

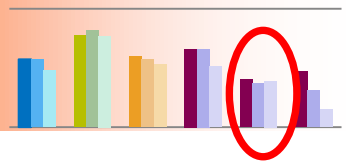
The portfolio is on average subject to fewer controversies than MSCI Europe. Examples of companies in which we do NOT invest include *Volkswagen, HSBC, Deutsche Bank* and *Barclays* due to allegations of market abuse, *Alstom* due to bribery allegations, *Syngenta* due to product-related controversies, as well as *Glencore* and *BHP Billiton* due to multiple pollution incidents.

Kandidaten sind weiter sehr selektiv

- Strenge Ausschlusskriterien (v.a. ethische AK wie Tabak, Glücksspiel, usw.) gepaart mit hoher Selektivität bei vielen Kandidaten vorherrschend
- Stärkere Fokussierung neuer Kandidaten auf Positivkriterien
- 3 Impact Fonds (2x Green Bonds + 1x Social/Green Bonds) mit strengen Kriterien

Ausgewählte Quoten	
Quoten Ausschlusskriterien	
Insgesamt	17%
Weltweite Universen	19%
Europa-Universen	12%
Quoten ESG-Selektivität	
Insgesamt	47%
Weltweite Universen	44%
Europa-Universen	50%

ESG-Themen selten gezielt angesprochen



- Nachhaltigkeitsüberlegen spiegeln sich selten bei Abstimmungen wider
- Deutschsprachiger Raum hat unveränder Nachholbedarf bei Engagementdialogen
- Fortgeschrittene Ansätze zeigen sich vor allem bei Kandidaten mit großen internen ESG-Researchkapazitäten
- Nur vereinzelt vollständige Integration von Dialogaktivitäten im Investmentprozess

Best Practice: Engagementdialog Animal Welfare

Ausgangslage:

- Portfoliomanagement zeigt Interesse an Investments in Food-Sektor und beauftragt internes ESG-Research, Nachhaltigkeitsqualität der Unternehmen zu untersuchen

- Ergebnis: schwache ESG-Performance der Unternehmen (Tierwohl), bei manchen Unternehmen eigener Mindeststandard nicht erfüllt

1. Runde 2014:

- Versand eines Briefes an betroffene Unternehmen mit Darstellung ihrer Performance, Verweis auf *Business Benchmark on Farm Animal Welfare* und Bitte um Call/Meeting

- Kontakt mit fast allen angeschriebenen Unternehmen

Best Practice: Engagementdialog Animal Welfare

2. Runde 2015:

- Analyse der Ergebnisse des aktuellen Benchmarks
- Maßgeschneiderte Verbesserungsvorschläge für Unternehmen
- Beitritt zu Farm Animal Investment Risk and Return (FAIRR) – Initiative, um Engagement zu stärken

3. Runde 2016:

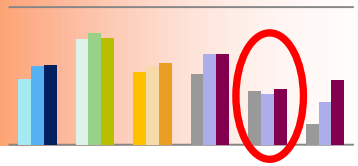
- Erneuter Kontakt um Entwickung zu diskutieren
- Schwache Unternehmen wurden aus dem Investmentuniversum ausgeschlossen

Best Practice: Engagementdialog Animal Welfare

Fazit:

- Ausführliche Diskussion mit Unternehmen zum Thema konnte erreicht werden
- Investor hat durch Benchmark Überblick zu Verbesserungen der Unternehmen
- Engagement macht mehr Sinn, wenn Titel im Portfolio ist
- Angeschriebene Unternehmen haben erstmals am Benchmark teilgenommen und ihr Ranking verteidigt/verbessert
- Mindestens 2 Analysten notwendig, um Dialog mit Unternehmen aufrecht zu erhalten und objektiv Prozess zu beurteilen

Best Practice: Engagement-Reporting



Engagement goals

Goal	Result
Increase response rate	to 91%
Increase the number	48 companies
Improve the performance of at least 8 companies on animal welfare	Significant change at Compass Group, Metro, Colruyt, Whitbread and Whole Foods Market

Klares Ziel + Ergebnis

The Global Animal Partnership 5-Step®Animal Welfare Standards

The 5-Step® Animal Welfare Rating programme assesses the welfare of animals on-farm, during transport, at collection points and at slaughter. The programme aims to promote continuous improvement in animal agriculture. It provides more detailed information about the level of welfare of farm animals, thus better informing consumers about the production systems they may choose to support. The programme provides a unique approach to farm animal welfare certification. Each set of species-specific – e.g. beef cattle, broiler chickens and pigs - welfare standards has its own requirements that must be met before a farm or ranch can receive a 5-Step certificate. Authorized, third-party certification companies perform the audits and issue Step certificates. As such, producers, consumers, and retailers alike can be confident that Step ratings are fair, accurate, and free from conflicts of interest.

Next steps

Although the companies in our universe are making good progress, they still have to deal with a number of obstacles. Making on the financial capacity of fa obstacles helps us to develop universe are already leaders i expect to see the leading com food. We will therefore continue our engagement efforts with companies in our investment universe.

Beschreibung der nächsten Schritte

Case study: Animal welfare

In 2014, we started engaging for improvement of farm animal welfare practices in relation to the food retail and restaurant industries. Our goal was to improve the standards of at least five companies of the ten companies contacted. After two years of in-depth engagement with the companies contacted we were able to conclude that our goal has been achieved.

In 2016, Triodos Research followed up with companies in the food retail and restaurant industries with whom we engaged and provided recommendations in 2014. At the time of that initial dialogue, our goal was to encourage the tightening of animal welfare policies and standards. The Five Freedoms, a core concept in animal welfare that originated in a UK government report in 1965, are our leading framework. The Five Freedoms state that an animal's primary welfare needs can be met by safeguarding the following five freedoms: freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, freedom to express normal behaviour, and freedom from mental suffering.

Frontrunners

Several companies have significantly improved their practices, and have started new activities to improve farm animal welfare in their supply chain that go beyond the required legal minimum standards. Among the frontrunners are Colruyt, Whitbread and Whole Foods Market.

Colruyt – improved guidelines and monitoring

The Belgian supermarket retailer clearly addressed our recommendations and its progress is impressive. The company has implemented clear general animal welfare guidelines, and substantially improved its reporting, and developed new standards for chickens, animal ingredients in non-food products and the use of antibiotics. Its monitoring and evaluation system has also been strengthened and is an important pillar of the company's approach. Improved procurement policies and procedures concerning all animals in its supply chain are also top of the agenda. The company seeks close collaboration with its suppliers to progressively develop better standards. We would like to see Colruyt extend its commitment and publish more concrete standards, and to extend its scope beyond Belgium.

Whitbread – improved transparency

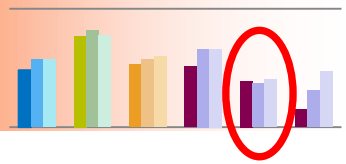
In the past, Whitbread's external communication about animal welfare lagged behind industry standards, but it has improved since we last engaged with them. As the United Kingdom's largest hotel, restaurant and coffee shop operator, Whitbread had a number of policies in place, but they were never publicly available. A new, concise animal welfare policy, including a number of clear and good standards, has been released, covering such topics as mutilation, the use of antibiotics and growth hormones, slaughter practices and transportation. The company has also set a target on farm animal welfare improvements and has committed to cease trading with suppliers that demonstrate persistent disregard for its animal welfare policy. The company's next step will be to develop specie- specific animal welfare standards.

Whole Foods Market – GAP system advocate

Animal welfa years. As the and offering almost non-e issue, the con and differenti (GAP), an inte advocacy org welfare stand standards are its own stand out in other c

Nennung der Unternehmen und Performance

Carbon Footprint wird Standard



- Berichterstattung über Klimabilanz wird zum Standard
- Allerdings fehlt häufig in Reportings eine kritische Diskussion zu methodischen Schwierigkeiten in der Erhebung von Daten
- Darüber hinaus werden wie im vergangenen Jahr vereinzelt weitere Indikatoren (Wasser- oder Abfallintensität) erhoben

Best Practice: Nachhaltigkeitsindikatoren

[redacted]

Nachhaltige Rendite

[redacted]

Der [redacted] investiert weltweit nur in Unternehmen, deren Produkte und Dienstleistungen einen positiven Einfluss auf die Umwelt haben. Dadurch trägt Ihre Investition zu einer nachhaltigen Entwicklung bei. Der Fonds investiert in folgende Bereiche per 10/2016:

Der Fonds hält Aktien von ca. 90 Unternehmen, die in diesen Bereichen tätig sind. Die folgenden Zahlen verdeutlichen den positiven Beitrag zum Umweltschutz, den diese Unternehmen insgesamt jedes Jahr erzielen.[1)]

Sauberes Trinkwasser
34,1 Mio. Menschen
werden mit sauberem Trinkwasser versorgt.

Stromversorgung
13,3 Mio. Haushalte
konnten 2015 mit erneuerbarer Energie versorgt werden, was eine Einsparung von 28 Millionen Tonnen CO_2 bedeutet. Die gesamten Kapazitäten an erneuerbaren Energieträgern belaufen sich 2015 auf 245 Gigawatt, was 46 Mal dem größten Kohlekraftwerk Europas entspricht.

CO_2-Reduktion
808 Mio. Tonnen CO_2
durch 2015 neu installierte erneuerbare Energieträger eingesparte Emissionen.*

*gerechnet auf die gesamte Lebensdauer der Anlagen

Mobilität
35,5 Mio. Tonnen CO_2
werden durch den Transport per Schiene an CO_2-Emissionen im Jahr 2015 eingespart.

Müll recycelt
15,8 Mio. Tonnen
Das entspricht 14 mal dem Müllaufkommen der Stadt Wien im Jahr 2015.

Energiemix im Fonds
100 % Erneuerbare Energien
Das ist ein vier Mal höherer Anteil erneuerbarer Energien als im weltweiten Energiemix, der zu 77% aus fossiler und Nuklearenergie besteht.

Ausblick 2018

FNG-SIEGEL 2018

auditiert durch Novethic

Ausblick 2018

- **Marktdurchdringung** ⇧
  - Maklerpools
  - Beraterverbände
  - Family offices
  - Unabhängige Vermögensverwalter
  - Asset Owner
  - Medienarbeit

- **Internetauftritt**

FNG-SIEGEL 2018
auditiert durch Novethic

Mindestkriterien

KONTROVERSENPRÜFUNG
IMPACT BONDS
(Green Bonds, Social Bonds)

Emittent → <u>Projekt</u>

Ausschluss Kohle?

Kernbotschaft (mehr denn je)

Umfassendes **Qualitäts**-Siegel

Ganzheitlichkeit

Gesamte Infrastruktur

Inter-level

Verschiedenste SRI-Strategien

Analysetiefe

> 80 Fragen

Intra-level

Qualitativ + Quantitativ

- Unabhängig (Audit + Komitee)
- Breit abgestützt (Multi-Stakeholder)
- Transparent (Verfahrensbedingungen u.a.)
- Fair (Dialog mit Bewerber + 2 Feedbackrunden)
- Nachvollziehbar (Dokumentation / Gesprächsprot.)

FNG-SIEGEL 2018

auditiert durch Novethic