



Swedish Investors for Sustainable Development

# Report of activities 2019

## SUSTAINABLE DEVELOPMENT GOALS



## Summary

**2019 was an active and eventful year for Swedish Investors for Sustainable Development (SISD) as the new nexus between finance and long-term sustainable development emerged more clearly. The UN Secretary General's launch of Global Investors for Sustainable Development (GISD), partly inspired by SISD, drew recognition and attention to SISD. The launch of GISD also highlights the role of partnerships as an effective and powerful tool to find solutions for the sustainable future, expressed in the 2030 Agenda for Sustainable Development.**

Financial actors, pension funds, asset managers and investment companies are important actors needed in order to achieve the Sustainable Development Goals. The Agenda 2030 needs finance and at the same time, the SDGs help investors identify sustainable investment opportunities. Currently, the financing gap to achieve the SDGs in developing countries is estimated to USD 2.5 – 3 trillion per year.<sup>1</sup>

Swedish Investors for Sustainable Development was initiated by Sida and the largest pension funds, asset managers and investment companies in Sweden in early summer 2016 to work on the investors' role for the 2030 Agenda and related opportunities. SISDs ambition and activities have increased since the start.

Comprising of the 17 largest financial actors on the Swedish market, SISD is an example of competitors working side by side with the largest challenges of our times, and a true example of Partnership for the SDGs, SDG 17. SISD works with learning, sharing experiences, voluntary projects and communication. The work is conducted in working groups and presented and aggregated to the whole group at network meetings and CEO-meetings.

Over the years SISD has attracted some international attention. In 2017 the UN system started to follow SISD closely. The year after, the idea of a global partnership of investors, taking on the features from SISD came up. This led to the formation and launch of Global Investors for Sustainable Development (GISD) by the Secretary General, in 2019. GISD is administered by UNDESA with some support from Sida and inspiration from SISD. GISD's mission is to catalyze more investments for long-term sustainable development.

During 2019 SISD held three CEO-meetings, seven networking meetings and eight other inspiration meetings. The meetings had themes such as climate reporting, biodiversity, gender and opportunities and constraints when investing in line with the SDGs. Sharing experiences between members is part of SISDs work and over the year a report of examples of the best SDG-activities from each organization was put together and distributed at both Swedish and international conferences.

During 2019, SISD worked with external communication with the purpose of inspiring other financial actors globally to see the opportunities with the SDGs. SISD-representatives were present at World Bank Spring meetings, Financing for Development Forum, the UN General Assembly and World Water Week.

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<sup>1</sup> UNCTAD (2014). World Investment Report

On the working group level activities remained high. The group around SDG 5, gender equality, was relaunched and a new group around combat climate change, SDG 13 was introduced. The group working on opportunities and obstacles when investing in line the SDGs put together a paper presenting their findings.

Entering 2020, interest in SISD, both from the UN system, from GISD-members and other international organizations remains high.

## SISD Members

Alecta, AMF, AP2, AP3, AP4, AP7, Church of Sweden, East Capital, Folksam, Handelsbanken Fonder, Industrivärden, Investor, SEB Investment Management, Skandia, SPP, Swedbank Robur and Swedfund. Sida is a facilitator and catalyzer for the SISD platform.

## Learning Sessions

The network meetings continued to engage members around areas of interest, contributing with new perspectives and sources of inspiration. Climate-related reporting, investment opportunities, SDG-bonds, the investor's perspective on human rights and biodiversity were areas covered. In addition, several inspirational meetings were held, for example one with World Bank and IFC on gender and one with Inter-American Development Bank.

Action around climate-related reporting increased as the EU:s work on sustainable finance was developed and negotiated in Brussels and as the initiative of Task Force for Climate-related Financial Disclosure (TCFD) gained momentum. SISD, together with Swedish Leadership for Sustainable Development (SLSD), organized an inspiration seminar with actors working with these initiatives.

From the investment perspective various aspects were covered. The working group on the subject presented a paper following a survey on the obstacles of SDG-investing (se below). The group had two seminars on SDG-corporate bonds where Global Compact, Swedish Export Credit Corporation (SEK), SEB, Swedbank and ANZ presented their work and activities connected to new possibilities with linking the SDGs to corporate bonds. Investment opportunities were presented by external actors UNCDF and Inter American Development Bank. Sida's unit for Guarantees and Catalytic financing for development presented the opportunities for blended finance related to Sida's guarantee tool.

### **Network meetings with the following themes:**

- *SDG Bonds* with Jerome Lavigne Delneuve, Global Compact, representatives from SEK, Swedbank, SEB and Handelsbanken invited
- *Human Rights and the investors role*, with Malin Oud, Raoul Wallenberg Institute
- *Sidas work with Blended Finance through the guarantee instrument*, with Erik Korsgren, Head of the Gaurantee unit at Sida and colleauges from the unit
- *ANZ's work with SDG Bonds*, with Katharine Tapley, ANZ. This seminar was held together with SLSD

- *Human Rights in China, focusing on Hong Kong*, with Malin Oud, Raoul Wallenberg Institute
- *Financial flows and actors behind the deforestation of the Amazon*, with Victor Galaz from Stockholm Resilience Centre (Stockholm university) and Global Economic Dynamics and the Biosphere Program (GEDB), The Royal Swedish Academy of Sciences
- *How to measure biodiversity with the tool Global Biodiversity Score (GBS)*, with Joshua Berger, CDC Bidoviersité

#### **Other Learning Sessions:**

- Presentation from Ani Kavoojkjan from *Task force for Climate-related Financial Disclosure* with SISD and sister network SLSD
- *The EU Taxonomy for sustainable finance*. Presented by Swedish representatives working on the taxonomy from the Ministry of Finance and SEB. SISD and SLSD participated.
- *The Development Impact Management tool* from IFC
- *World Bank on their partnership platform with institutional investors*
- *IFC Asset Management Company on their investment opportunities*
- Roundtable dialogue with gender representatives on *measurement and engagement around gender*, with the World Bank and IFC
- Presentation of *investment alternatives for investing in line with the SDGs* by IDB Invest
- *UNICEF Generation Unlimited* – presentation of projects where UNICEF is working to engage investors

#### **CEO meeting with the following themes:**

- *EU's new legislation for Sustainable Finance and Swedens position on the issue*, with Åsa Sterte, Finansdepartementet, Ministry of Finance
- *Corporate governance in Asia and possibilities to cooperate around the SDGs*, with Jamie Allen, founding Secretary, Nana Li, Senior Research Analyst, The Asian Corporate Governance Association (ACGA)
- *Intergovernmental support and strategic partnerships – investors' role for gender equality*, with Åsa Regnér, Deputy Executive Director, UN Women

## Sharing experiences

Sharing experiences and learning from each other within the SISD group is one important dimension of SISD's work. During the spring good examples from how the SISD members have worked with Agenda 2030 were collected in a communication piece called *Investors and the SDGs – Examples from SISD members 2019*. The examples have been shared as inspiration at national events such as the political week of Almedalen and at international meetings and with representatives of the industry. In addition members presented their examples at SISD network group for inspiration and knowledge sharing.

## International participation and communication

Communication and inspiring others is one of SISDs priority activities. A delegation of four CEOs from SISD and Sida's Director General participated in the World Bank Spring meeting in Washington. They met with representatives from IMF, World Bank and participated on a high-level lunch giving short speeches and examples on how SISD operates. In New York the delegation participated at the Financing for Development Forum. SISD and Sida also organized an event on SISD's work at the SDG I Forum. CEOs attended the high-level luncheon where GISD was announced by the Secretary General. They also met with representatives for UNDESA, World Bank and representatives of the financial community.

SISD:s representatives in GISD took part in the strategy group meeting in New York in September and the launch of the GISD Alliance in October. Richard Gröttheim, CEO of AP7, represented SISD in the CEO-group and meeting with the Secretary General and at the launch where he gave short remarks.

SISD also received attention from Swedish ministers. In March SISD met with the Minister for Financial markets to talk about and present advancement of the SISD initiative and the activities within the SDG working groups. In April the Minister for International Cooperation outlined some of the SISD-work during the announcement of GISD at a high-level luncheon at the UN. At the launch of the GISD in October the State secretary for International Development presented the SISD initiative and complemented the UN:s initiative to launch GISD.

In addition SISD participated at the following events:

- Political week of Almedalen. Sida and SISD organized a seminar *Climate change – a headache or an opportunity for investors* on the "Sverige i Världen" scene, discussing and debating the role of asset managers and pension funds on the climate agenda.
- World Water Week. SISD was represented at a panel discussion on *Transforming the financial sector to deliver a water-secure world*.

SISD also gave out the following reports:

- Report [\*Investors and the SDGs – Examples from SISD members – 2019\*](#) by SISD.
- Paper *Investment contributions to Agenda 2030 – Identified challenges and inspiring initiatives* by SISDs working group on challenges and opportunities with investing for Agenda 2030.

## Working groups

### **GOAL 5 – Gender equality**

After having been paused during the year, the SDG 5 working group was relaunched in December 2019 with a first meeting to plan the way forward and look into new opportunities and areas of engagement and activities.

## **GOAL 6 - Clean Water and Sanitation for all**

The group worked on a strategy for both engagement and investment. However, since two key actors of the group left due to shifted focus to Goal 8 and personnel turnover, there was a slow down in the activities. Nevertheless, the group participated on a panel at the World Water Week in Stockholm in the summer to give the investor perspective on how to meet the need for improved water services. The group also arranged a webinar for Swedish investors to present an investment product for water and sanitation in developing countries and held information meetings with UNCDF<sup>2</sup> regarding upcoming investment opportunities related to water and resilient cities.

## **GOAL 8 – Economic Growth and Decent work**

The working group around SDG 8 has focused on the *decent work* aspects of SDG 8 during the year. Some of the working members participated in a field visits to suppliers of food retailers as part of a focus on working conditions in the agricultural sector. Based on the insights gained, the group narrowed the research focus down to the specific actions that investors can take to contribute to real impact for improved working conditions and responsible supply chains. While there is an abundance of available findings on best practice for companies in the food and retail sector, there is little guidance to investors outside the scope of demand for ESG-indicators or requesting affiliation with sector initiatives. As part of exploring what role investors can play, the group organized a roundtable dialogue between investors and retail companies from the broader retail sector, including food, beverages and textile. The work will continue in 2020, with the aim to develop a guide for investor action.

## **GOAL 11 – Sustainable Cities**

The group arranged a seminar with SEB on how to develop a part of a city that struggles with crime, unemployment and empty apartments, into a thriving area where people feel safe and want to live, resulting in a rush to the apartments and less crime rates than in the rest of the city. Together with various real estate firms the group explored different investment models that could suit the needs of the group as well as the real estate firms. The group attended meetings with other stakeholders within the Swedish export industry ecosystem looking for business opportunities in for instance India and Great Britain, with a focus on sustainable cities.

The group also arranged a few webinars with different actors, where one topic was water services in cities. At the end of the year, after recognizing that the members of the groups on SDG6 and SDG11 were mainly the same, the two groups merged.

## **GOAL 13 – Climate Action**

Working group 13 started anew during 2019. During the spring, the group initiated a seminar on Task Force on Climate-related Financial Disclosures (TCFD) with in-depth presentation from TCFD, London, and participating members from SISD and SLSD. This ended in a group discussion between representatives of the investors and the companies. The group has been investigating possible ways to interact with TCFD in which all SISD members could take part.

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<sup>2</sup> United Nations Capital Development Fund

## **GOAL 16 – Peace and strong institutions with focus on anti-corruption**

During 2019 the group tested a questions-based framework for an exhaustive and high-quality analysis of a company's value-creating work with anti-corruption. The framework had a generic and flexible design to allow it to be used in various types of asset management operations, from pure-play portfolio managers with large numbers of holdings to active owners with a limited number of portfolio companies. Moreover, the ambition has been to – with the support of the framework – enable everything from a more general analysis to a more in-depth analysis.

The framework covers a large number of issues that are grouped under the following main headings: 1. Policy, implementation and execution, 2. Control and sanction systems, 3. Communication, reporting and collaboration, and 4. Top management commitment.

It was modelled after a number of major and well-established frameworks in the area, ISO standards, and experiences gathered from within and outside of the group.

At the end of 2019 the group broadened their work and began looking into the role that business culture plays in regards to corruption.

## **Opportunities and obstacles for Agenda 2030-investments**

During the year the group presented a joint paper identifying the most commonly perceived challenges and obstacles for institutional investors when allocating capital to (new) sustainable investments aligned with Agenda 2030 goals. Many of these challenges are general features associated with any new emerging segment of investment products. And while these to some extent related to formal challenges such as defined allocation mandates for different asset classes (such as equity, fixed income or alternative investments) or formal capital requirements, more interestingly a considerable extent is attributed to factors such as the interpretation of fiduciary duties, the view on risk, asset management's experience or competence, or conservative models for assessment of external managers. The organization's traditions and culture is an important dimension influencing attitudes. The paper also identifies successful examples of investments where different factors have helped overcome such challenges. Thus the paper can provide the financial market with better insights and promote development of investment vehicles and opportunities that are a better fit for institutional investors. It was also enclosed to the GISD for inspiration. This working group will be dissolved as investment opportunities is becoming a more integrated dimension in all respective SDG-groups within SISD.

## **Global Investors for Sustainable Development (GISD)**

GISD, inspired by SISD, was announced in April 2019 at the United Nations by the Secretary General and launched officially in October 16th. GISD is an Alliance consisting of 30 asset managers, pension funds and some companies with the over all mission to catalyze new investments for long-term sustainable development, the SDGs and especially for developing countries. The Alliance has an organizational structure consisting of one CEO-level group

convened by the Secretary General, one working strategy group and one working group level with three separate working groups with the themes:

1. Increasing the supply of long-term investment for sustainable development
2. Realizing SDG Investment opportunities in all countries, especially developing countries
3. Enhancing the impact of private investment on sustainable development

The Alliance will analyze mechanisms, legislation, regulations and systems and ensure they do not restrict but enable effective and needed investments in line with the SDGs. Financial actors have signaled that there are billions of dollars ready to be invested in sustainable development. On the other side government and multilateral organizations report on enormous investment needs especially in developing countries.

GISD is also one of the important initiatives and tools for the Secretary General in the Roadmap for financing the 2030 Agenda for Sustainable Development.

SISD has one CEO representing the whole SISD on GISD's CEO-level, a position that will rotate each year. SISD is also represented on the strategy group level and the working group level. Sida is part of both the strategy group and working group two. SISD has also inspired GISD to form around a joint statement, like the joint commitment that the SISD formed around as a steering document.

To ensure interaction between SISD and GISD, SISD's CEO-group introduced a special GISD group of six CEOs working on and around the specifics of GISD. On the working level a new reference group was established before the year ended.

## Looking ahead

Going into 2020 the interest in SISD remains high and there are several requests for participation on the international scene. SISD and Sida are planning for a conference in the beginning of June with one open conference for stakeholders and other actors in the finance sector followed by a GISD-conference for the working groups. Within GISD the SISD-experience and inspiration is asked for and most welcome.