



Swedish Investors for Sustainable Development

Report of activities 2020

SUSTAINABLE DEVELOPMENT GOALS



Summary

2020 brought a number of unexpected challenges, but also a number of opportunities, for the network Swedish Investors for Sustainable Development (SISD). The COVID-19 pandemic disrupted financial markets and caused increased challenges for sustainable development efforts. A key question considered by the SISD network was the role of investors in building back better and creating an inclusive and sustainable recovery. Amongst other things, this was the topic of a digital conference that SISD co-hosted together with the Global Investors for Sustainable Development Alliance (GISD) in June 2020. SISD's working groups worked intensively on various Sustainable Development Goals and a number of important outcomes were achieved during the year, including a joint commitment to support the Task Force for Climate-Related Financial Disclosures and a guide to help investors improve working conditions in global supply chains.

Financial actors, pension funds, asset managers and investment companies are important actors needed in order to achieve the [Sustainable Development Goals \(SDGs\)](#) agreed by UN member states in 2015. The SDGs need to be financed and at the same time, the SDGs help investors identify sustainable investment opportunities. Even before the COVID-19 pandemic, the financing gap to achieve the SDGs in developing countries was estimated to USD 2.5 – 3 trillion per year.¹ The global economic recession and financial turmoil created by the COVID-19 crisis has created further challenges to sustainable development. The need for sustainable financing and investments has never been greater. At the same time, the pandemic showed the value of economic, social and governance-themed investing and demand for sustainable investments has skyrocketed in the wake of the pandemic.

[Swedish Investors for Sustainable Development \(SISD\)](#) was initiated by Sida and the largest pension funds, asset managers and investment companies in Sweden in 2016 to explore the role of investors in the SDGs and related opportunities. SISD's ambition and activities have increased since the start.

Today comprised of 21 of the largest financial actors on the Swedish market, SISD is an example of competitors working side-by-side to address the biggest challenges of our times, and a true example of SDG 17, partnership for the goals. SISD works with learning, sharing experiences, voluntary projects and communication. The network focuses on investors' role in three key areas: investing, reporting, and corporate governance. 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 international attention. In 2017 the UN system started to follow SISD closely. The year after, the idea arose to form global partnership of investors, inspired by the example of SISD. This led to the formation and launch of the [Global Investors for Sustainable Development Alliance \(GISD\)](#) by the UN Secretary General in 2019. SISD is a member in the GISD Alliance and continues to provide expertise, experience, inspiration and input into GISD's work. In 2020 a GISD conference was hosted by Sida and SISD, providing an opportunity to strengthen the links between the networks and lift the role of investors in achieving the SDGs.

¹ UNCTAD (2014). World Investment Report

Recognizing the potential synergies between the work with Swedish investors in SISD and Swedish-based companies in its sister network [Swedish Leadership for Sustainable Development \(SLSD\)](#), in 2020 Sida created a team with responsibility for the two networks and a number of joint activities were held during the year.

During 2020, SISD held three CEO meetings and seven network meetings. The meetings had themes such as climate reporting, biodiversity and impact measuring. On the working group level, activity remained high. The group around SDG 5, gender equality, was re-launched and a new group around combat climate change, SDG 13 was introduced.

SISD also worked with external communication with the purpose of inspiring other financial actors globally to explore the opportunities with the SDGs. Although a number of events were cancelled due to the pandemic, Sida and the UN Department of Social and Economic Affairs (UNDESA), with contributions from SISD, hosted a digital conference with GISD in June 2020 which reached a large audience due to its online format.

SISD participated actively in the work of GISD, organized by a specific committee and working group within SISD. Amongst other things, SISD members contributed to a [major report to the European Commission](#) with recommendations on how to encourage sustainable finance, and a definition on sustainable investing that has since been issued to all UN member states.

Entering 2021, interest in SISD, both from the UN system, from GISD-members and other international organizations remains high.

SISD Members

During the year three new members joined the network: Nordea Asset Management, Nordea Life and Pension, and Kinnevik. This brought the total number of members to 21: Alecta, AMF, AP2, AP3, AP4, AP7, Carl Bennet AB, Church of Sweden, East Capital, Folksam, Handelsbanken Fonder, Industrivärden, Investor, Kinnevik, Nordea Asset Management, Nordea Life and Pension, SEB Investment Management, Skandia, SPP, Swedbank Robur and Swedfund. Sida is a facilitator and catalyzer for the SISD platform.

Learning Sessions

Seven network meetings were held during the year, engaging members in issues of joint interest and contributing to learning and inspiration in the group. The topics reflected SISD's focus on corporate governance, reporting and investing. For example, UNCTAD presented a suggested [framework of core indicators for SDG reporting](#) by companies and UNDP presented its [SDG Impact Management initiative](#) and mapping of investment opportunities in developing countries.

Not surprisingly, the COVID-19 pandemic was a key topic for the network during 2020. In May, the CEO meeting focused on the effects of COVID-19 in developing countries and how development and financial actors can work together to build back better. This was further discussed at the joint conference with GISD, as mentioned below.

Biodiversity, climate and nature-related risks continued to be key topics raised both at the network and CEO meetings during 2020. Biodiversity gained momentum as a core sustainability issue both in Sweden and globally. Meetings focused on the role that investors can play in protecting biodiversity and mitigating nature-related risks, including emerging frameworks such as the [Taskforce on Nature-Related Financial Risks](#) and [Science Based Targets for Nature](#), as well as other tools for reporting and managing nature-related risks. Sida also shared its work with climate and environment, including the initiative [Power Africa](#) and guarantees for green bonds.

Finally, the work of GISD was presented and discussed at network and CEO meetings. In October, GISD members Allianz, Standard Chartered and Citi presented key milestones from the initiative, including a [major report](#) with 64 policy recommendations on sustainable finance directed to the European Commission.

Network meetings with the following themes:

- *Core indicators for SDG reporting by companies*, with Isabel Garza Rodriguez, Economic Affairs Officer från UNCTAD
- *Members' work with and indicators for sustainable investing*, with representatives from Kinnevik, Investor and Nordea Asset Management
- *Sida's work with climate and environment, including the initiative Power Africa and guarantees for green bonds.*
- *UNDP's SDG Impact Management initiative* with Elizabeth Boggs-Davidsen and Rosemary Addis from UNDP, *Mapping of investment opportunities in development countries* with Sebnem Senner, UNDP and *UN Global Compact's CFO Task Force initiative* with Howard Li and Jerome Lavigne-Delville UN Global Compact
- *"Investing with SDG-Outcomes: A five-part framework"*, with Kaori Shigiya from UN Principles for Responsible Investment (PRI) and Lina Sandström from AP2
- *Biodiversity and nature-related risks* with Magnus Emfel, WWF International and Business for Biodiversity and the Ecogain Biodiversity Index, with Anders Enetjärn from Ecogain
- *2020: the year in review*, where SISD's working groups presented their results from the year and reflected on the key themes, activities and ways of working to focus on during 2021.

Other Learning Sessions:

- Presentation and subsequent updates from the Ministry of Foreign Affairs on discussions on a proposed EU legislation on mandatory human rights due diligence
- Learning session on blended finance, together with Canadian think-tank Convergence
- Invitation for SISD to participate in presentation of investment opportunities as part of GISD's work to realize SDG investment opportunities in developing countries
- Workshop with the Financial Alliance for Women on Investing to Champion the Female Economy

CEO meeting with the following themes:

- *Biodiversity and nature-related risks*, with Vicki Lee Wallgren from WWF and Maria Schultz from Vi-Skogen

- *Effects of the COVID-19 pandemic and building back better*, with Johan Borgstam, EU's ambassador to Ethiopia; Eric Usher from UNEP Financial Initiative; Sida's Chief Economist Susanna Gable; and Vera Songwe, Executive Secretary for the United Nations Economic Commission for Africa (UNECA).
- *GISD: one year of collaboration*, with Claus Stickler, Managing Director, Co-Lead Allianz Investment Management; Daniel Hanna, Global Head of Sustainable Finance at Standard Chartered. Presentation of GISD's report "Renewed, Recharged and Reinforced: Urgent actions to harmonize and scale sustainable finance" by Jay Collins, Vice Chairman, Banking Capital Markets Advisory at Citi.

Sharing experiences

Sharing experiences and learning from each other within the SISD group is an important dimension of SISD's work. A key deliverable during the year was an inspiration session on 2 June that SISD held for GISD on the SDGs as a framework for investment and engagement, as outlined in the section below.

During the year members also presented examples of their work to fellow members as part of inspiration and knowledge-sharing at network meetings. For example, new members Kinnevik and Nordea Asset Management presented to the group on how they work with the SDGs. Likewise, Investor shared with the group new indicators that they have developed to measure and report on their sustainability efforts within their portfolio. AP2 shared its experiences using PRI's [five-part framework on investing in SDG outcomes](#), with a focus on human rights due diligence. Knowledge-sharing was also a key part of the working groups' efforts within specific SDGs.

International participation and communication

One of SISD's priorities is to communicate externally and inspire other investors to align behind the SDGs. The COVID-19 crisis meant that this year a number of events that SISD would usually participate in were cancelled.

Nonetheless, a key activity during the year was SISD's involvement in the GISD conference "*Finance and development leaders in joint action - Building back better from Covid-19 pandemic through long-term investment in sustainable development*" from 2-4 June 2020. This conference was originally expected to take place in Stockholm but shifted to a digital format due to the pandemic. On 2 June, SISD held a seminar to share SISD's experiences with GISD members and inspire the work of the newly-formed alliance. In this seminar, SISD members shared the experiences, lessons and results from five of its working groups. This was followed by a panel discussion between SISD and GISD members on the role of investors in the SDGs and Agenda 2030. On 3 June, the main [GISD conference](#) was held and streamed live via YouTube. The conference had many high-level speakers, including HRH Crown Princess Victoria of Sweden, the UN Deputy Secretary-General and Sweden's Minister for International Development Cooperation and Minister for Financial Markets. SISD's CEO-representative in GISD, Richard Gröttheim of AP7, presented opening remarks at the conference and participated in a panel discussion on the role of GISD in scaling-up long-term investment for a sustainable recovery. With its digital format, the conference was able to reach a wide audience and today has been viewed around 10 000 times.

SISD representatives also participated in the annual CEO meeting of Sida's other network with the private sector, Swedish Leadership for Sustainable Development (SLSD). At this meeting, the CEOs of BlackRock and APG discussed the changing expectation of global investors when it comes to environmental, social and governance issues, and Alecta's CEO participated in a panel discussing leadership for a transformation.

SISDs engagement in GISD

SISD participated actively in the work of GISD throughout the year. Members participated in a working group focused increasing the supply of long-term investment for sustainable development. A key output from this work was the report [“Renewed, Recharged and Reinforced: Urgent actions to harmonize and scale sustainable finance”](#). Directed primarily to the European Commission, but relevant for policy-makers globally, this report sets out 64 key recommendations and strategic considerations that, if followed, would enable leaders from the public and private sectors to harmonize objectives, coordinate global standards and align efforts to facilitate, promote and scale up investment towards the SDGs.

SISD also participated in GISD working groups on realizing SDG investment opportunities in all countries, especially developing countries, and another on enhancing the impact of private investment on sustainable development. Here, SISD's working group representative helped develop and pilot a new definition of sustainable investing, [Sustainable Development Investing \(SDI\)](#) which has since been sent out by the UN Secretary-General as a model to be used by UN member states.

SISD participated in GISD's strategy group and in other CEO events. On 10 June, the UN Secretary General called an Extraordinary Meeting of GISD's CEO group in order to discuss the COVID-19 crisis and how investors can help in a response and recovery. Richard Gröttheim from AP7 participated and spoke on behalf of SISD. Similarly, Richard Gröttheim represented SISD at the annual GISD meeting in October 2020, where GISD announced new task teams focused around five key deliverables.

Working groups

GOAL 5 – Gender equality

After a relaunch at the end of 2019, the SDG 5 working group focused its work on understanding how investors can, and do, promote gender equality in their investments and corporate governance activities. This included a specific interest in how investors have adopted the [Women's Empowerment Principles](#), established by UNDP and UN Global Compact. The group developed a survey which was sent to members of SISD and GISD and their preliminary results were published in an [article](#) in a Swedish newspaper. The results of this survey will be released in 2021.

GOAL 6 - Clean Water and Sanitation for all and GOAL 11 – Sustainable Cities

In late 2019 the working groups for SDG 6 and 11 had merged into a common group, recognizing that many of the questions relate to large-scale investments in sustainable infrastructure. During the year, the group focused on how Swedish investors can work with

the public sector to increase financing for clean water and sanitation and sustainable cities. As a part of this work, the working group met with the Swedish National Debt office and were also in dialogue with a number of Swedish municipalities. In November 2020, the working group wrote a letter to the Swedish parliament's Finance Committee calling for increased cooperation between the financial market and the public sector in order to realize the SDGs and the goals of the Paris Agreement. The letter, which was covered by an [article](#) in a Swedish newspaper, requested that the government urgently provide structures that enable the financial market to invest in sustainable development together with public capital. The letter was sent before a bill on Agenda 2030 was to be discussed by parliament.

GOAL 8 – Economic Growth and Decent work

In 2020 the SDG 8 working group continued to explore the role that investors can play to improve working conditions in global food and retail supply chains. Following on from a field visit and roundtable discussions in 2019, the group prepared a [guide for investor action](#) based on its insights. This guide was published in July 2020 along with an [opinion piece](#) in one of Sweden's major newspapers to raise awareness on the topic. In December 2020, the group held a dialogue with companies in the network Swedish Leadership for Sustainable Development to validate and ground the report's findings in other sectors. Also participating in the dialogue was the Ministry of Foreign Affairs, who presented the latest updates on human rights due diligence legislation in the EU, and the [Ethical Trading Initiative Sweden](#), which provides hands-on support and knowledge to companies who wish to improve working conditions in their supply chain. The group intends to summarize the outcomes of its work in a short publication.

GOAL 13 – Climate Action

Recognizing that financial markets are not yet adequately taking into account the risks and opportunities of climate change, the SDG 13 working group focused on the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). In June 2020, 15 members of SISD signed a Joint Commitment to individually implement the recommendations of the TCFD and report according to the TCFD recommendations. The Joint Commitment was also a call from SISD to other investors worldwide to commit to TCFD.

In late 2020, the group shifted its focus to the issue of climate lobbying. There is a growing awareness among investors of the influence that corporations and their trade associations have over global climate policy. The issue of corporate climate lobbying has risen to the top of the agenda of initiatives like [Climate Action 100+](#), with shareholder resolutions being filed at annual shareholder meetings, major companies publishing reports on the topic, and a new global standard under development. In December the group, together with Swesif, organized a [webinar](#) on "Corporate climate lobbying – Why does it matter and what are investors' expectations on companies". The webinar included speakers from the climate lobbying analyst Influence Map and the Church of England Pensions Board. This work is expected to continue in 2021.

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

During 2019 the group tested a framework to analyze a company's value-creating work with anti-corruption. A discussion was initiated with the Stockholm School of Economics, who

indicated an interest in further developing and testing the framework. However, this work was paused due to the COVID-19 crisis.

Looking ahead

The devastating effects of COVID-19 have increased the need for investment in developing countries, in sustainable development and recovery. The finance sector plays a crucial role in building back better and partnerships between financial and development actors are needed more than ever. SISD continues to play a key role both in Sweden and internationally in terms of promoting new forms of collaboration and lifting the important role that investors can play in sustainable long-term development that leaves no-one behind.

There is a significant momentum within SISD. This can be seen in the working groups, which continue to produce new insights and actions in areas such as gender equality, decent work and climate action. It can also be seen in the growing engagement in GISD, which itself is gaining momentum and traction. GISD's reorganization around new deliverables in late 2020 can open up further opportunities for SISD to engage at the global level. The creation of a joint team at Sida to manage both the SISD and SLSD networks is also expected to open up new opportunities for dialogue, engagement and collaboration that support the SDGs.