

# **Breakfast Inspiration Session – Listed Equities**

**13 February 2024**

## Program of the Day

1. Welcome and opening: Laure Wessemsius-Chibrac
2. Presentation: Wouter Koelewijn
3. Presentation: Hilde Veelaert
4. Presentation: Narina Mnatsakanian
5. Presentation: Frank Wagemans
6. **Q&A**
7. Closing: Laure Wessemsius-Chibrac

**NAB**  
**The GIIN**  
**Cardano**  
**UBS Asset Management**  
**Achmea Investment Management**



NAB

**Laure Wessemius-Chibrac**

Managing Director

NAB

# 10% Target Program

To achieve the SDGs, over \$4 trillions of private capital must be mobilised yearly.

Currently a mere 4-6% of total Dutch AuM is allocated to impact, with less than 1% directed towards emerging markets. Dutch institutional investors are willing to shift their portfolios to support the SDGs but face barriers to scaling up their impact investments.

The [10% Program](#) is an initiative by the NAB to encourage and support the decision-making process towards issuing a target of **allocating 10% into impact investments by 2025 with a specific 4% allocation to EM**. To accomplish this ambitious goal, we seek a deeper understanding of the current challenges faced by organizations like yours. In light of this, we kindly ask your contribution by completing a brief survey.

Please click on the link below and answer our survey if you are associated with a **Bank** incorporated in The Netherlands

[NAB 10% Program Survey \(Banks\)](#)

Please click on the link below and answer our survey if you are associated with **Pension Funds, Insurance Company, Asset Manager** incorporated in The Netherlands

[NAB 10% Program Survey](#)



The Global Impact Investing Network

**Wouter Koelewijn**

Senior Advisor



# *Pursuing Impact in Listed Equities*

Wouter Koelewijn

Senior Advisor Europe (The Netherlands, Belgium, Luxembourg)

Global Impact Investing Network

# Definition of Impact Investing

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

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# The 4 Core Characteristics of Impact Investing

1. Intentionality
2. Use Evidence and Impact Data
3. Manage Impact Performance
4. Investor Contribution

**WHAT ARE THE CORE CHARACTERISTICS OF IMPACT INVESTING?**

IMPACT INVESTORS ADHERE TO FOUR PRACTICES THAT DEFINE IMPACT INVESTING. THEY DESCRIBE THESE AS:

- 1 Intentionally Contribute to Positive Social and Environmental Impact through Investment alongside a Financial Return.** We intentionally finance solutions and opportunities for social and environmental challenges.  
This includes:
  - Setting transparent financial and impact goals
  - Articulating an investment thesis that is explicit about these goals and the strategies we will use to realize them.
- 2 Use Evidence and Impact Data in Investment Design.** We use the best quantitative or qualitative impact data and evidence that we can to increase our contribution to positive impact. This includes:
  - Identifying a social or environmental need aligned with empirical evidence or well-established science as well as one expressed by the population or environmental community the investment seeks to serve
  - Using the best evidence accessible to us to:
    - Set targets about our investment's contribution to improvement of that need
    - Design investment strategies based on solutions effective in addressing the needs we identified and an understanding of potential negative impacts in the context of the investments
    - Identify the qualitative and quantitative indicators we will use to gauge performance against our targets
    - Improving our capacity to conduct impact analytics over time to improve the rigor of our activities.
- 3 Manage Impact Performance.** We use impact performance data in decision-making to manage our investments towards achievement of our social and environmental objectives. This includes:
  - Embedding feedback loops through the life of the investment as feasible
  - Identifying risks to achieving our stated impact goals and developing mitigation plans
  - Seeking to mitigate the negative consequences of our actions
  - Disclosing actual impact performance data to investors and investees, in as comparable a manner as possible.
- 4 Contribute to the Growth of Impact Investing.** We take action to enable more investors to make impact investments effectively. This includes:
  - Being transparent about our degree of use of these impact investing practices
  - Committing to using shared conventions, approaches, and standards for describing our impact goals, strategies, and performance
  - Considering the impact performance and quality of impact management practices of prospective co-investors and investees in our decision-making
  - Sharing non-proprietary or non-private positive and negative learnings, evidence, or data.

To learn more about the GIIN, please visit [www.thegiin.org](http://www.thegiin.org)

# Impact investing is an intentional strategy designed to deliver impact objectives

Investing that  
is Impactful



“Investing that  
made a difference”

Impact  
Investing



“An investment strategy  
**designed to deliver** an  
impact objective”



# GUIDANCE FOR PURSUING IMPACT IN LISTED EQUITIES

The GIIN's Listed Equities Working Group

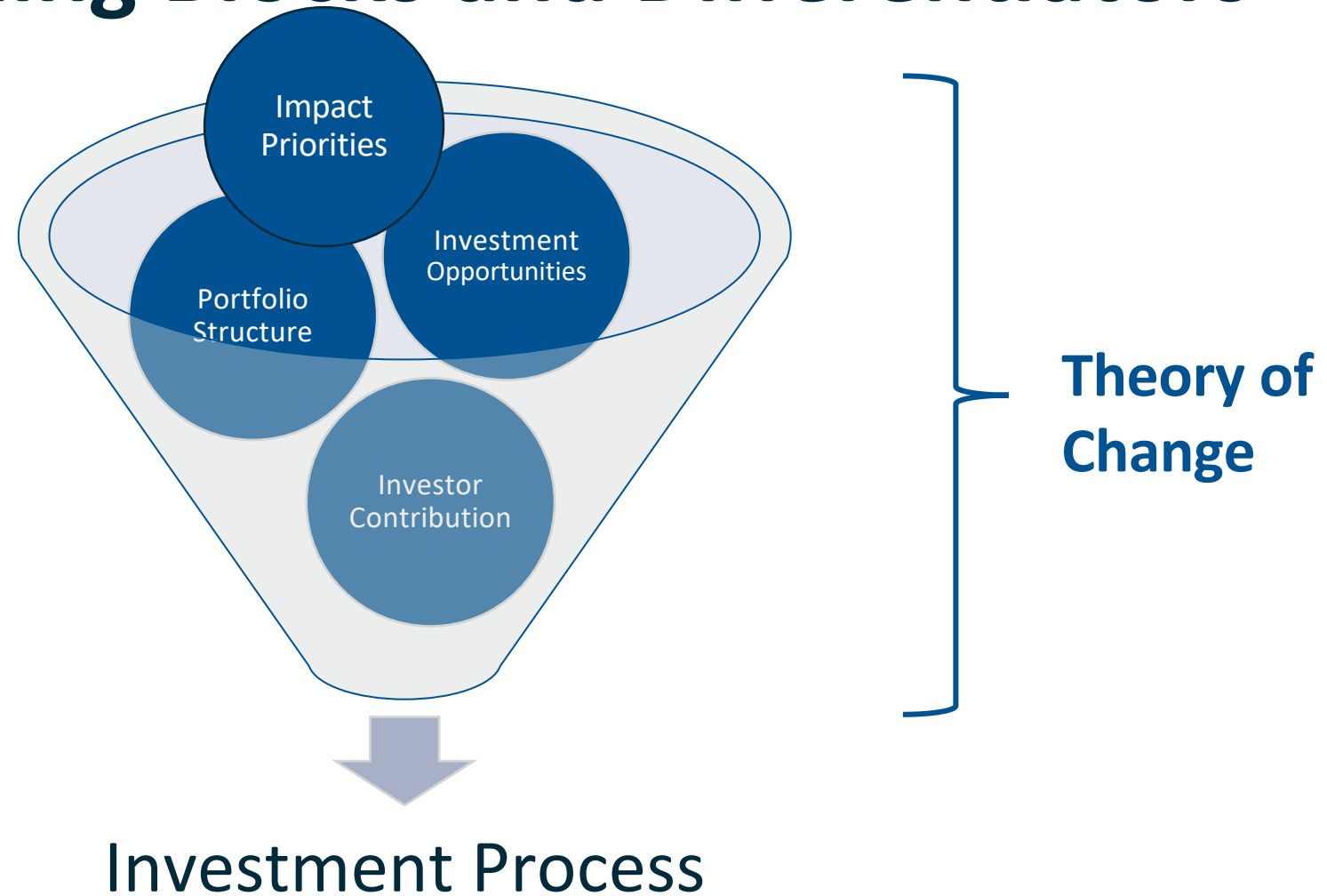
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MARCH 2023



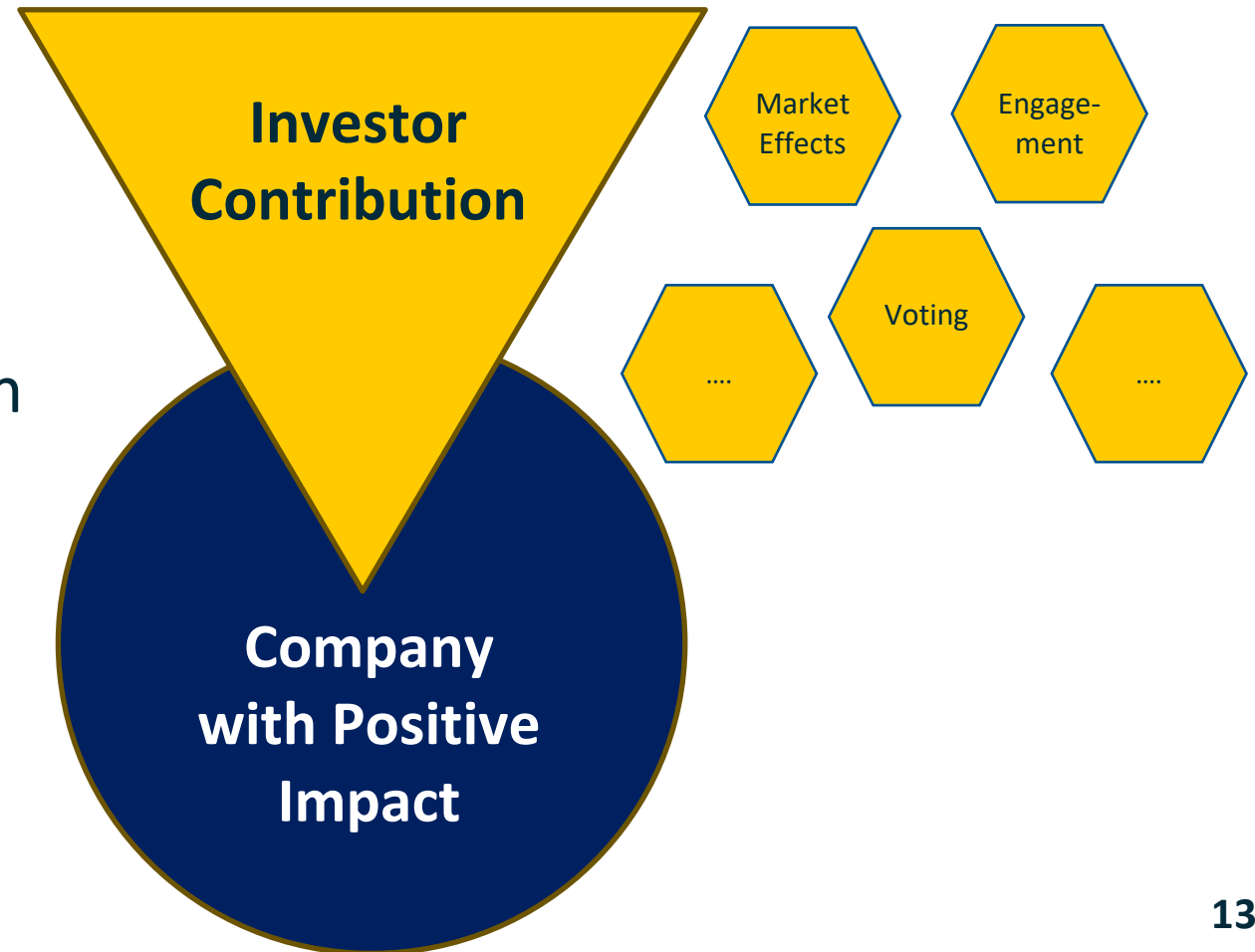
[www.thegiin.org/research](http://www.thegiin.org/research)

# Concept #1 : Strategy and Theory of Change are the Building Blocks and Differentiators







# Concept #2: Investor Contribution is Necessary

Aligning investments is important, but not sufficient on its own to be impact investing. An investor must also explain **their own contribution**.



# Pursuing Impact in Listed Equities: The Investment Process

- 1  **Setting fund or portfolio strategy**, including articulating a problem statement and **theory of change**
- 2  Identifying positive impact solutions through **portfolio design & selection**
- 3  **Engaging** with portfolio companies to support and improve impact performance
- 4  **Using performance data** to measure and manage social and environmental outcomes

**Thank you!**



Cardano

**Hilde Veelaert**

Chief Investment Officer





# cardano

## Investing with positive impact

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Public Equities

cardano



# Uganda



# Safaricom



Safaricom is a telecommunications company in Kenya and East Africa.

Safaricom's mission is to improve the quality of life of its customers. People in East Africa do not have easy access to financial services, education and medical care.

Their **goal** is to contribute to, among other things, SDG 10 through offering the M-Pesa payment service, SDG 3 through saving for affordable healthcare with the e-wallet M-Tiba and SDG 4 through the Shupavu learning platform.

Their **impact** existed in '22, among other things. From >204 Mn financial transactions, 4.8 Mn M-Tiba customers received medical care, 0.6 Mn people received training

## Biggest areas of impact



# Cardano: Transition towards a sustainable society

SUSTAINABLE INVESTMENT FRAMEWORK	
POSITIVE IMPACT	
SUSTAINABLE	
ADAPTING	
AT RISK	
NON-ADAPTING	
HARMFUL	
INTERNATIONAL STANDARDS	

## Multiple transitions are needed



**Outer ring** – Environmental transitions based on Rockström  
Climate Change, Biodiversity loss, Sustainable Water Use, Materials use and waste

**Inner Ring** - Social Foundations based on UN SDGs:  
Basic Needs, a Fairer Society, Social License to Operate

## Real World Targets

**Net zero by 2050,  
-50% in 2030 vs 2020, -75% in 2040 vs 2020**

**Zero deforestation in 2030**

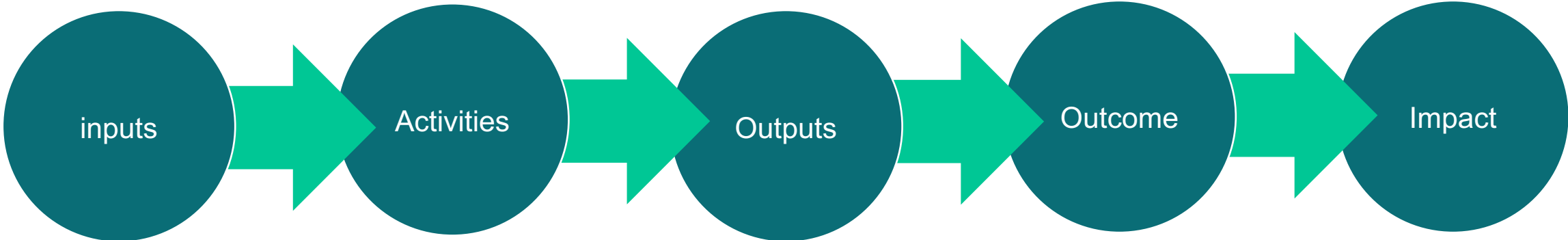
**Water neutral in 2030**

**Zero waste by 2050**



# Theory of Change: Climate example

Linking activities with desired impact – additionalness of the investee



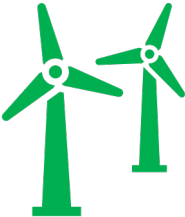
Investments in:  
clean energy,  
energy efficiency,  
clean  
transportation  
related companies

Investees promote  
and develop clean  
energy and  
increased energy  
efficiency

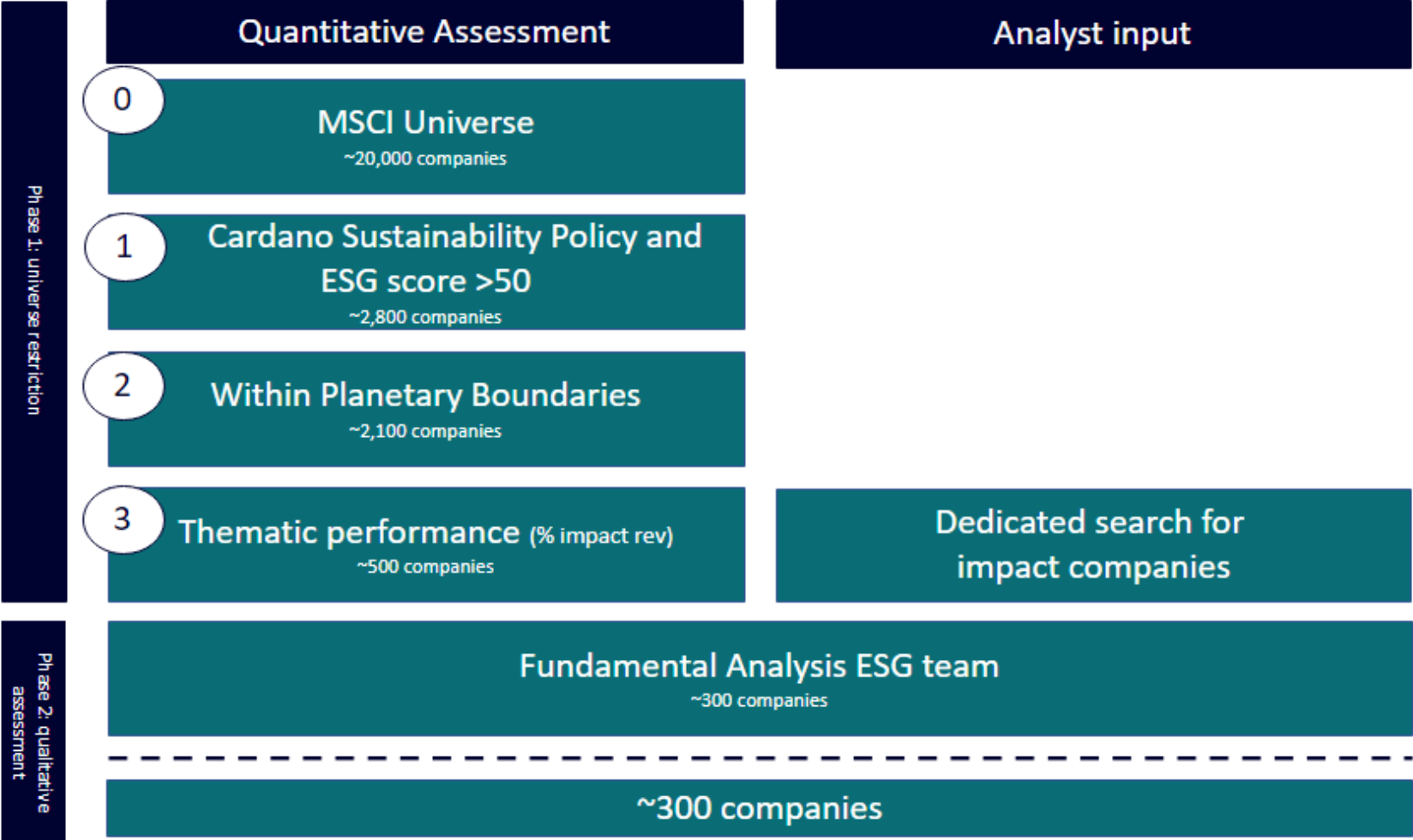
Increase in clean  
energy generation  
and usage  
More efficient  
usage of available  
energy

Reduced GHG  
emissions

An economy that  
operates within the  
Planetary Boundaries,  
higher GHG emissions  
trigger climate change



# Creation of the investable Impact Universe



# Qualitative Review

## Five Dimensions of Impact:

- **What** outcomes is the company contributing to and how important are these to stakeholders?
- **Who** are the impacted stakeholders and how underserved were they prior to the company's effect?
- **How much is** the number of stakeholders that experienced the outcome, what degree of change did they experience and for how long?
- **Contribution** assessment of whether an enterprise's and/or investor's efforts resulted in outcomes that were likely better than what would have occurred otherwise
- **Risk** assessment of the likelihood that the impact will be different from what was expected

## Intentionality

- What is the priority level assigned by the company to create impact?

## Negative check

- Are there any adverse impacts that are or might be generated by the company?





## Example: eligible for investment



### Positive Impact Description: 'the five dimensions'

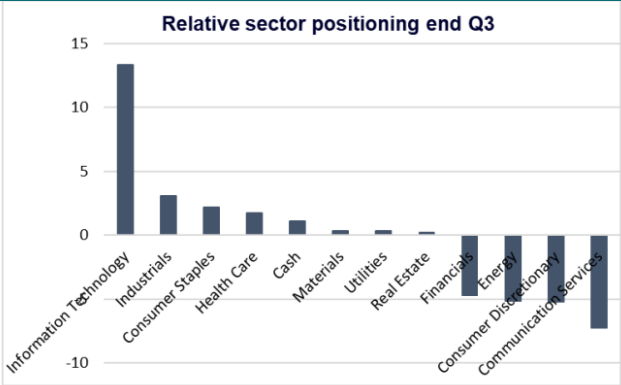
- **What:** Through its insulation products, Rockwool contributes to saving energy and reducing emissions. This creates a positive impact, helping communities and society to decarbonize.
- **Who:** Rockwool's products are used to isolate houses and other building, thus facilitating energy efficiency, fire safety, noise reduction and comfortable climate. The majority of the sales of Rockwool come from Europe.
- **How much:** The total taxonomy-aligned net sales amount to 59 percent.
- **Contribution:** The stone wool building insulation sold in 2022 saves in its lifetime more than 100 times the energy consumed and CO2 emitted in its production.
- **Risk:** toxic emissions and waste management.

### Intentionality

- Rockwool is committed to providing solutions that contribute to a more sustainable society, through seeking broad alignment with the SDGs, which set out the basis of the company goals, and through a circularity strategy.
- Rockwool measures its progress towards the SDGs to which it has committed through a combination of handprint and footprint metrics
- Targets on Scope 1, 2, 3, submitted to and validated by the Science Based Targets Initiative.

# Sector and style exposures vs MSCI ACWI

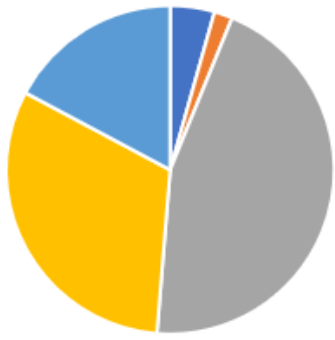
## Sector positioning



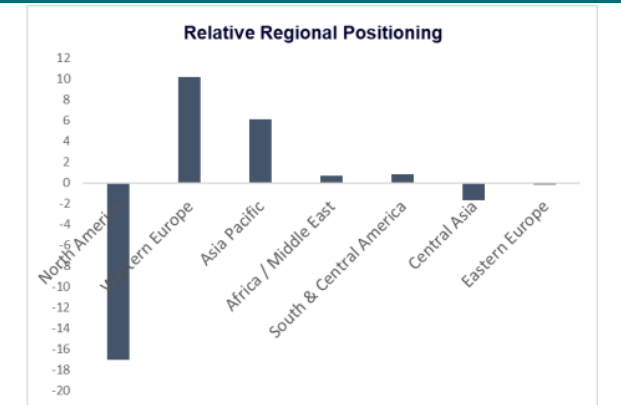
## Factor vs non-factor exposure



## Factor exposure



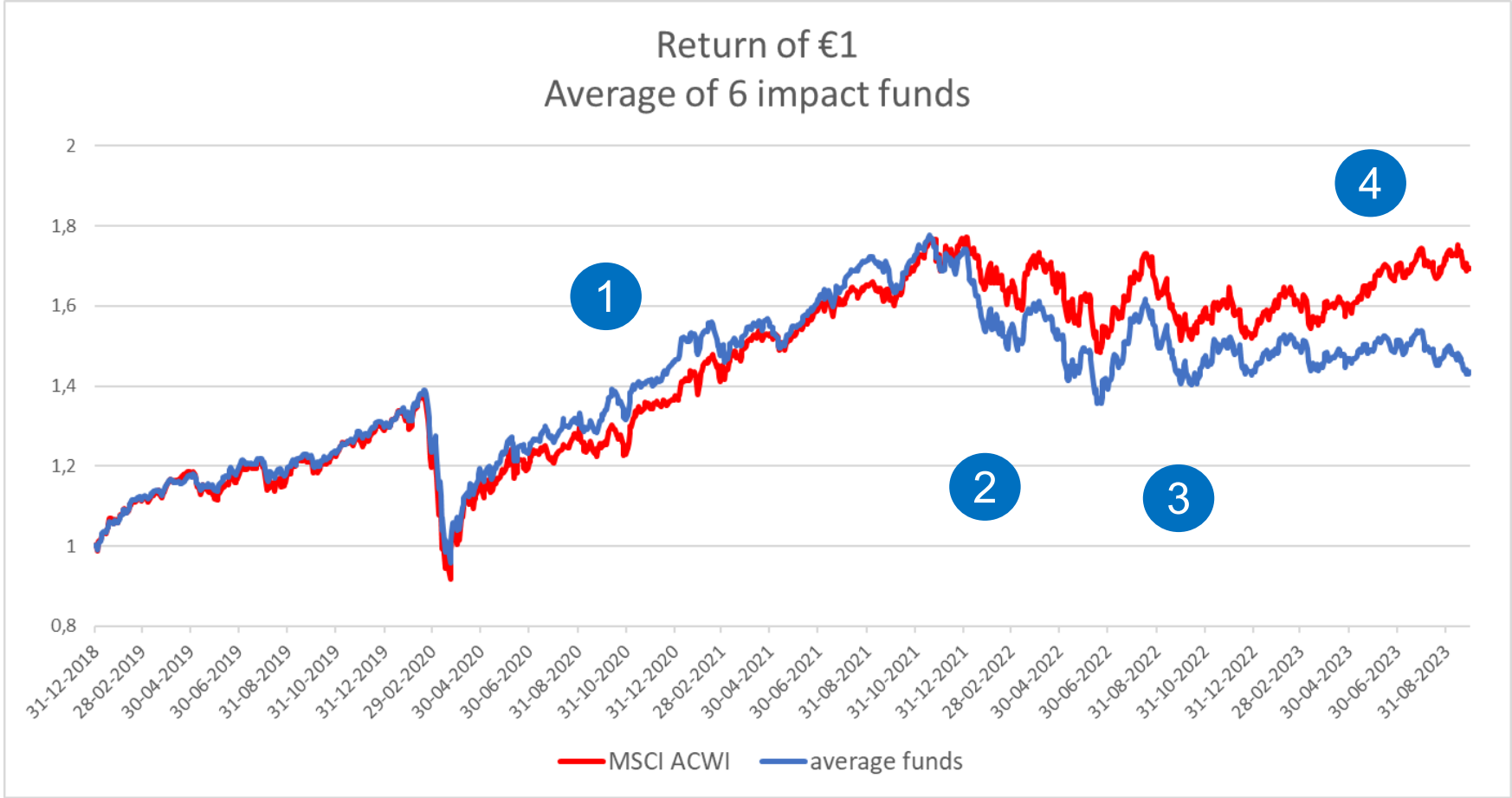
## Regional positioning



■ factor ■ non-factor

■ market ■ country ■ style ■ industry ■ Currency

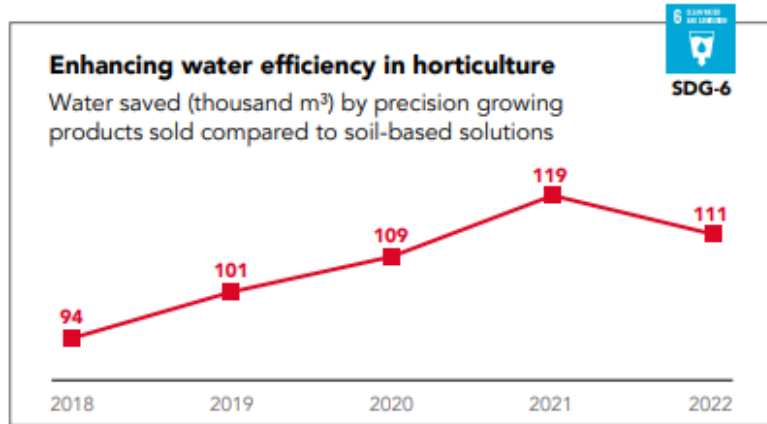
# Performance Impact Style versus MSCI ACWI: Perfect Storm



- 1 Green boom
- 2 Rising Interest rates
- 3 Rising oil price
- 4 Big tech rally

# Engagement Rockwool: Enhancing Impact

## Contribution of the manager



- Engagement with Rockwool about improving impact of its water solutions
- Encouraged consideration of regional context for its product offering to improve impact > focus on sales in regions where water savings most needed
- Asked for meaningful reporting about product & service impacts on water

### Progress:

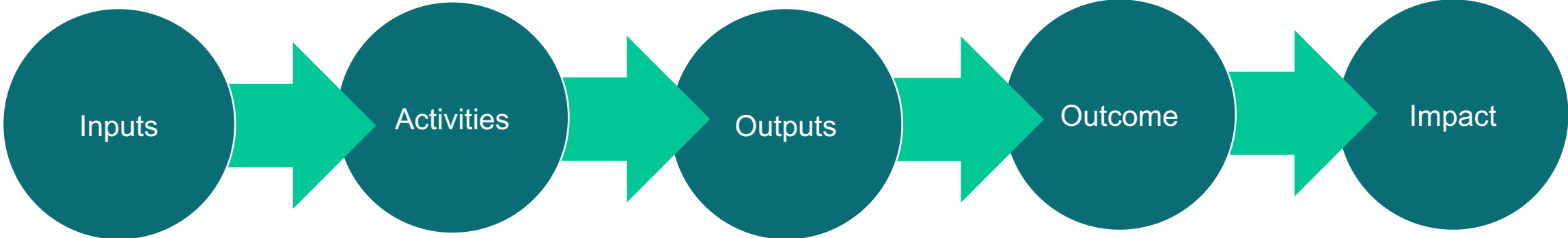
- In its 2022 Sustainability report, it published the addition of SDG 14 Life Below Water as a priority
- It reports on both 'handprint' (product positive impact) and 'footprint' (impact of operations)

### Next steps:

- Set targets for improving water 'handprint': *sales to water scarce areas and improving technology*
- Ambition for full water circularity and neutrality to limit absolute water use increases throughout the business

# Theory of Change: Rockwool Engagement

Contribution of the investor + outcome oriented milestones



Developing engagement objectives linked to the focus theme

In this case, water neutrality



Initiate engagement with investee company via letter writing and calls

Log milestones achieved

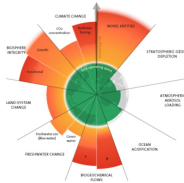


Track progress of engagement against our initial objectives and refining goals to company-specific scenario



Improved water savings by Rockwool and its customers through the use of its products

Water use ↓



An economy that operates within the Planetary Boundaries for freshwater use, as it is essential for ecological and human health

# Real world impact: progress monitoring



Metrics on portfolio level vs metrics on company level

coverage rate \*

Not all progress can be caught in output metrics

## Conclusion

Impact investing is different and asks for craftsmanship

Theory of Change

Output based engagement

Measurement and reporting

cardano

**Thank you !**







Achmea Investment Management

**Frank Wagemans**

Senior Engagement Specialist



# Why, When and How? *Engagement as a lever for impact*

Frank Wagemans, Achmea Investment Management, 13-02-2024

# Why, When and How? *Engagement as a lever for impact*

## Perspectives

**Achmea IM as a fiduciary manager and as a fund manager**

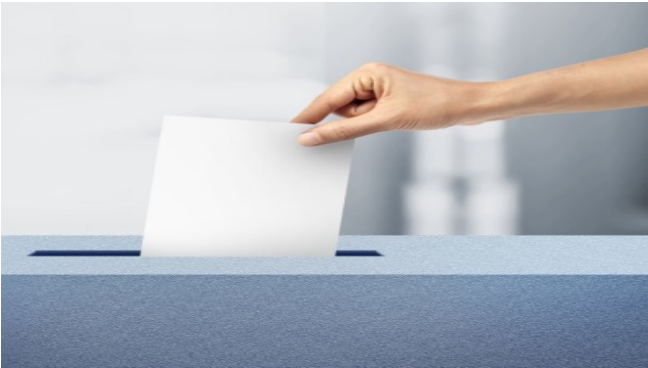
**Senior Engagement Specialist, Achmea IM**

- Health
- Human Rights
- Water management

**PhD-project at Wageningen Universiteit**

**Chair Access to Nutrition Initiative**

# What is engagement?



A screenshot of a BBC News website article. The top navigation bar includes 'Home', 'News', 'Sport', and 'More'. The main heading is 'NEWS'. Below the heading, there are several category links: 'Business', 'Market Data', 'New Economy', 'New Tech Economy', 'Companies', 'Entrepreneurship', 'Technology of Business', 'Global Education', 'Economy', 'Global Car Industry', and 'Business of Sport'. The article title is 'Investors threaten drug maker bonuses over vaccine access'. The author is 'Jonathan Josephs', a Business reporter for BBC News. The article was published '48 minutes ago'. A red box highlights the text 'Coronavirus pandemic'.



Investors want four of the biggest coronavirus vaccine manufacturers to make access fairer

# Engagement and Impact investing in listed equity

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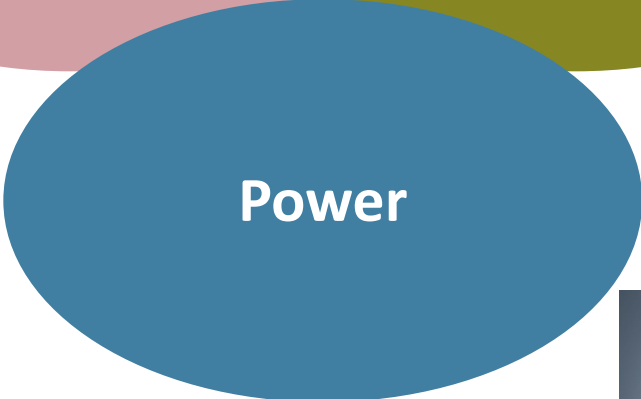
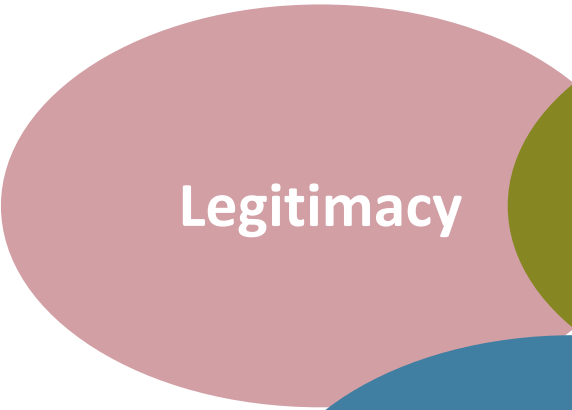
The remainder of the paper is organized around four aspects of fund design:

- 1** Defining the fund or portfolio strategy to include a social or environmental problem statement and/or theory of change;
  - 2** Selecting investee companies that provide social or environmental solutions and/or generate positive impacts;
  - 3** Engaging with portfolio companies on impact performance; and
  - 4** Measuring and managing for social and/or environmental outcomes.
- 

*GIIN: IMPACT INVESTING IN LISTED EQUITIES*

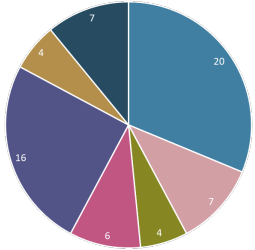
# When is engagement effective?

Shareholder Salience by Gifford

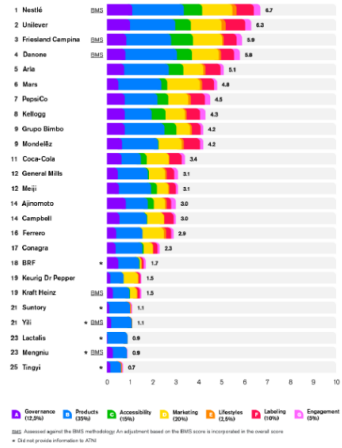


# Theory of Change & Engagement Strategy

## The trinity of Strategy



■ Packaged Foods, & Meats  
 ■ Distillers & Vintners  
 ■ Food Retail  
 ■ Soft Drinks & Non-alcoholic Beverages  
 ■ Brewers  
 ■ Restaurants  
 ■ Consumer Staples Merchandise Retail



- Strategy towards healthy products
- Accessibility and affordability
- Marketing
- Progress on strategy
- Reporting



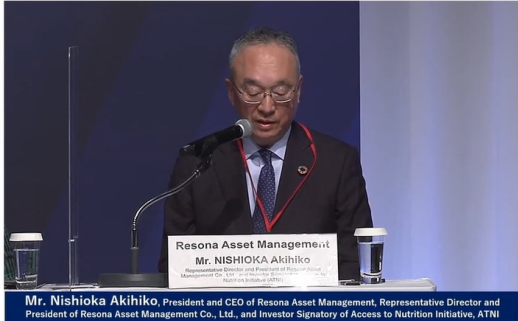
# Theory of Change & Engagement Strategy

## The trinity of Strategy



*Shareholders request that The Coca-Cola Company adopts an enterprise-wide policy to move **toward more healthy products**, to be defined in the discretion of the Company and beyond sugar reduction*

Session 2 (Commitment from Constituency Stakeholders)





# Measuring & Reporting on the Impact of Engagement

Not as easy as it looks:

- Attribution
- How significant is a commitment or change?
- Effort  $\neq$  Result

4 perspectives:

1. Process
2. Commitments and steps
3. Data-providers
4. Qualitative assessment



# Final thoughts

- We need to take an extra step to make engagement as effective as possible
- Linking it to a theory of change and long-term engagement strategy:
  - Important & Necessary
  - Not business-as-usual
- Use the tools at your disposal and make sure there is sufficient:
  - Mandate
  - Capacity
  - Knowledge
  - Measurement and reporting expertise
- Teamwork makes the dream work.

# Q&A

Thank you for attending this event!

Please fill out the Evaluation Form. 7 questions and takes only 2 mins



Next Breakfast Inspiration  
Workshop - Health  
Date : 21<sup>st</sup> March