

The background image shows a vast, arid landscape under a dramatic sky. The foreground is dominated by a field of dry, cracked earth, with deep, irregular fissures creating a textured pattern. Scattered across the middle ground are several low, rounded green bushes. In the distance, a flat horizon line separates the land from a sky that transitions from a deep blue at the top to a bright orange and yellow near the horizon, where the sun is setting or rising, casting a warm glow over the scene.

actiam

Financial Perspective on Upscaling Building with Nature
Ecoshape Conference

Utrecht, 27 June 2018

Agenda

ACTIAM and sustainability

1

How do we assess sustainable financing?

2

Which knowledge/insights do investors miss?

3

Introduction

- ACTIAM delivers investment solutions with maximum long term financial, environmental and social returns
- ACTIAM believes that the financial sector has a fiduciary duty to facilitate the transition to a sustainable society. We see technology as the key driver for change in our industry
- Euro 57 bln. AuM
- 1 ESG fundament
- 100% of the rated funds receive 4 or 5 Morningstars

Our investment flavours

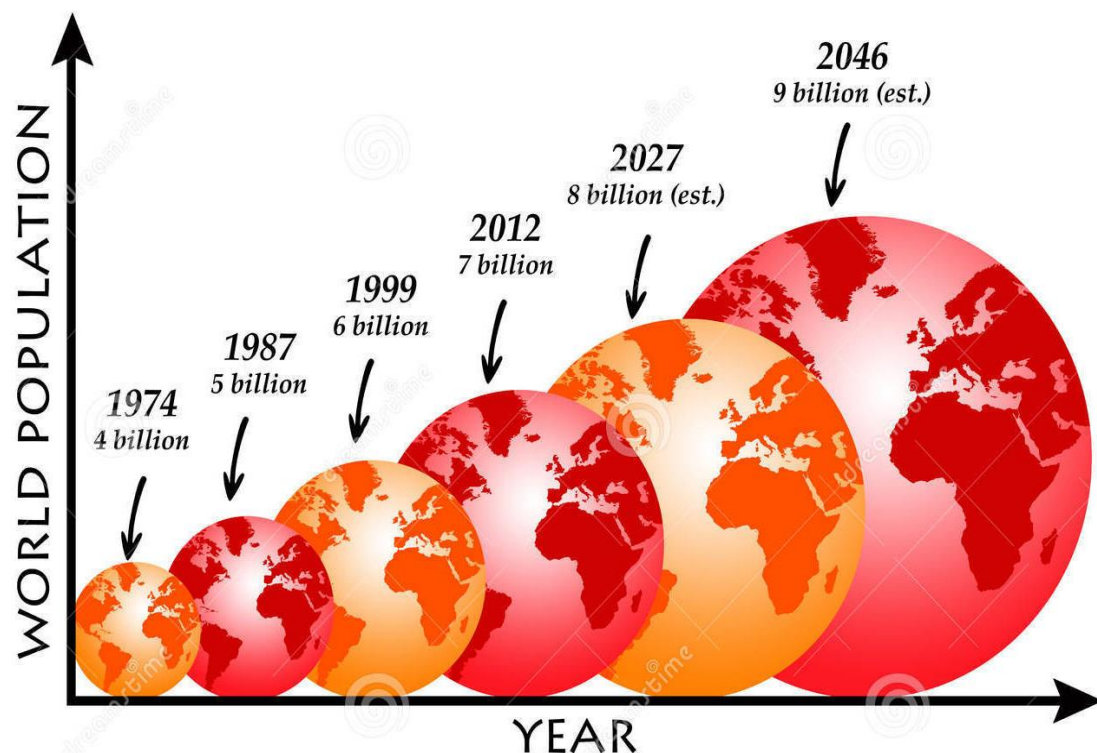
Responsible investment

Sustainable investment

SDG Impact

Direct Impact

1 Population growth and increasing material demands



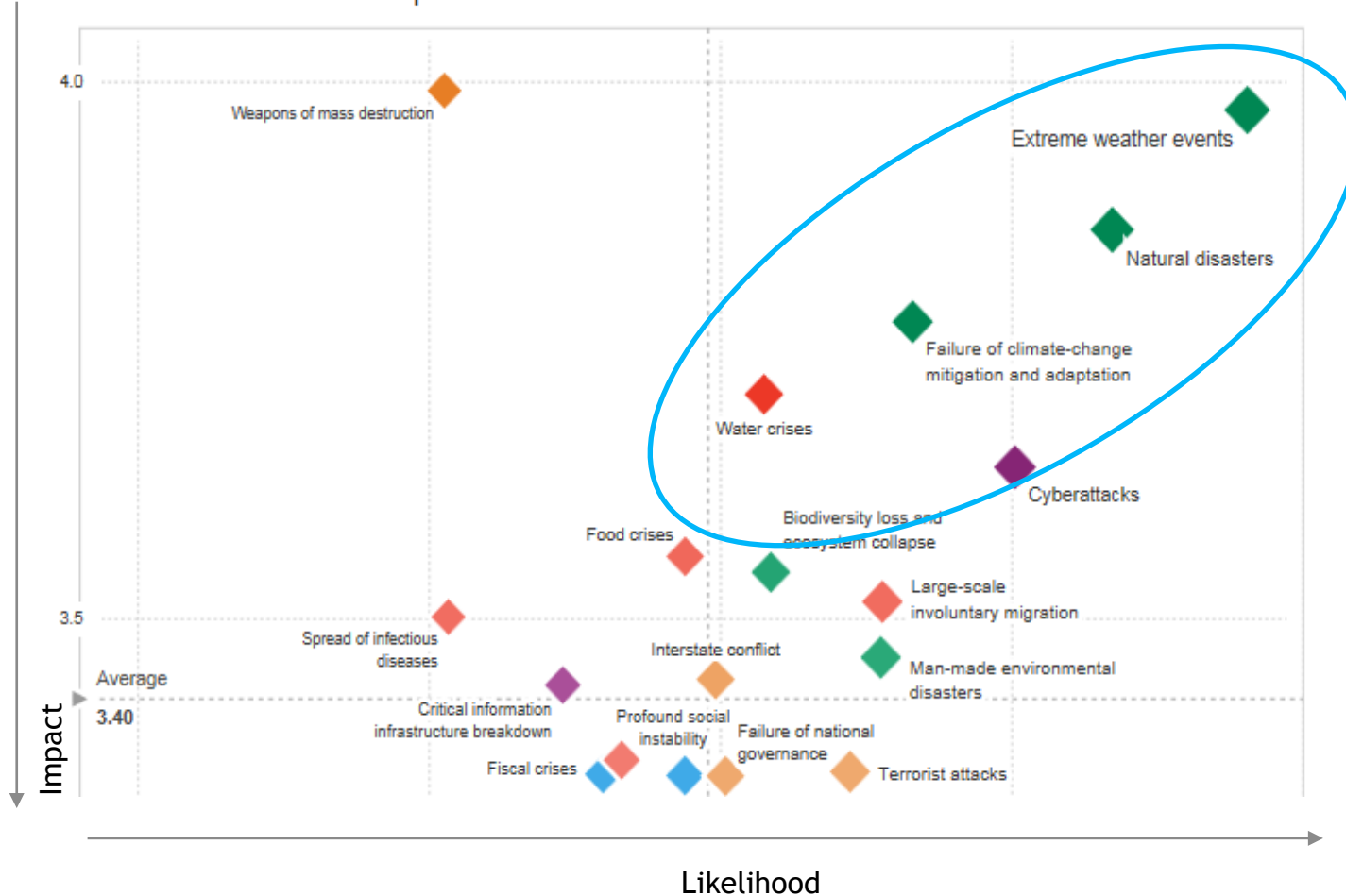
'In our supervision we stimulate the financial sector to understand the sustainability-related risks and where necessary mitigates'.

With a population of 8.3 billion people by 2030, we'll need:



Macro-economic opportunities and risks

The Global Risks Landscape 2018



Top 5 Global Risks in Terms of Likelihood

	2008	2018
1st	Asset price collapse	Extreme weather events
2nd	Middle East instability	Natural disasters
3rd	Failed and failing states	Cyberattacks
4th	Oil and gas price spike	Data fraud or theft
5th	Chronic disease, developed world	Failure of climate-change mitigation and adaptation

Source: WEF Global Risks Landscape (2018)

What is ACTIAM's aim?

Our starting points

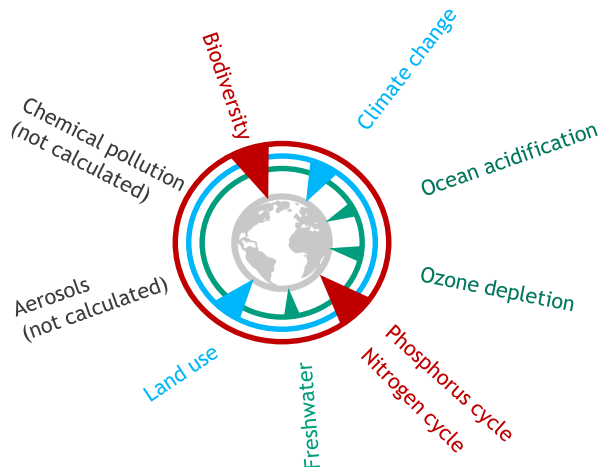
Change in the real economy

Financial materiality

Contribution to the SDGs

Within the planetary boundaries

Science-based approach



Three focus themes and targets



Climate

-40% GHG emissions in 2040



Water

Water-neutral in 2030



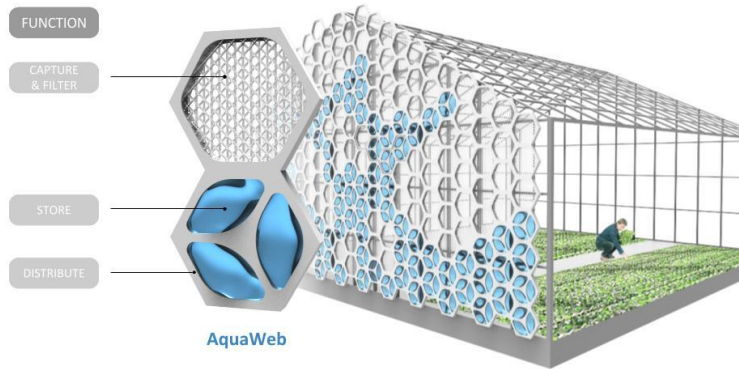
Land

Zero deforestation in 2030

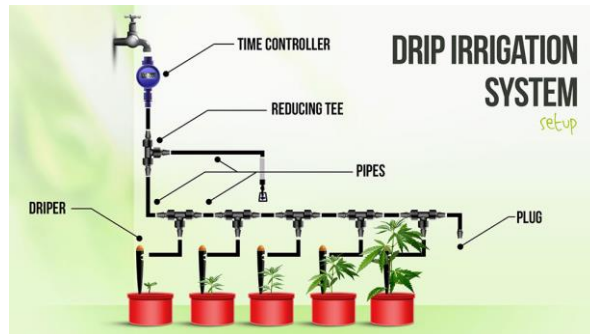
Addressing SDGs



2 How can we invest sustainably?



Water collection systems

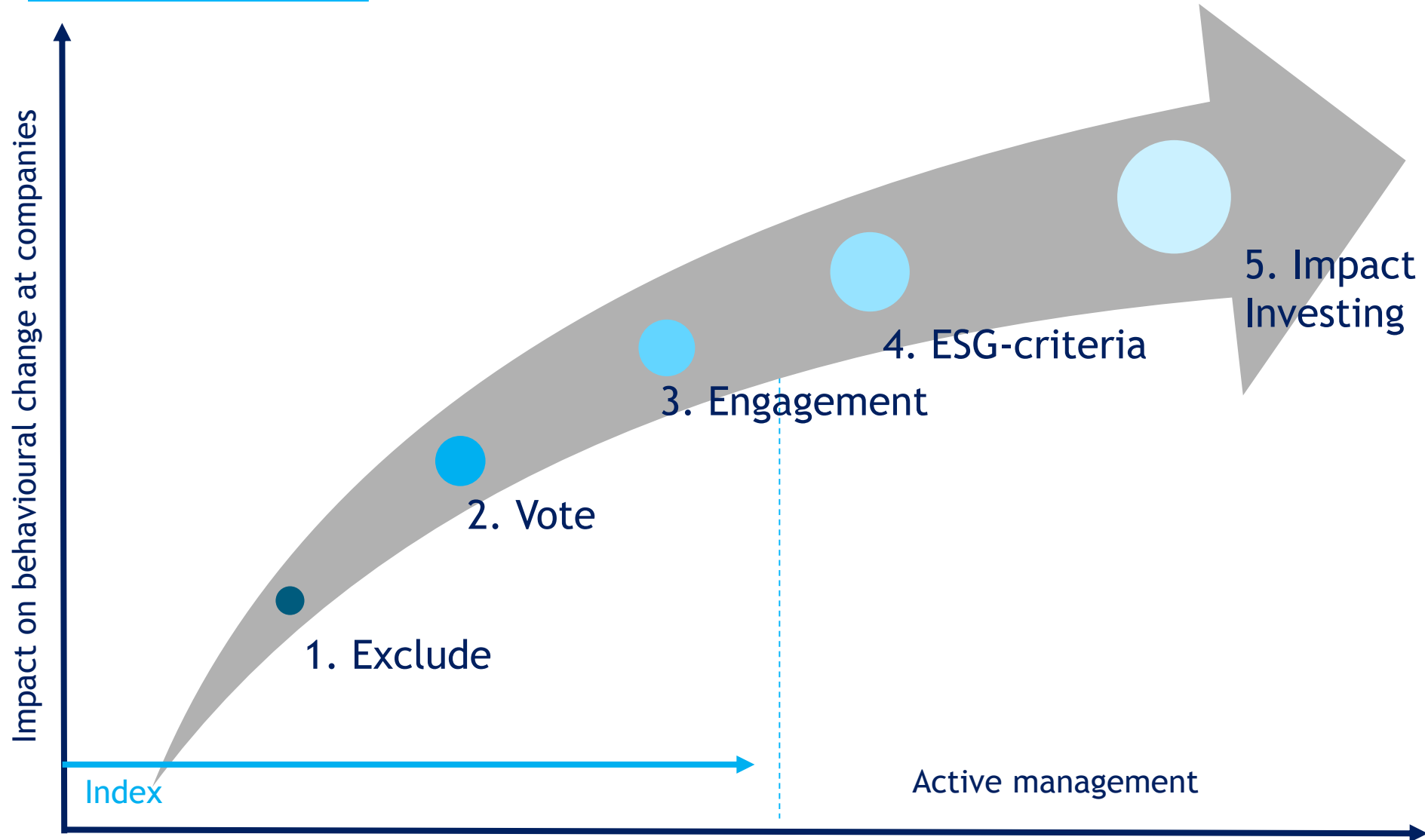


Drip irrigation technologies

New solutions with
environmental, social and
financial returns



2 Criteria for sustainable performance

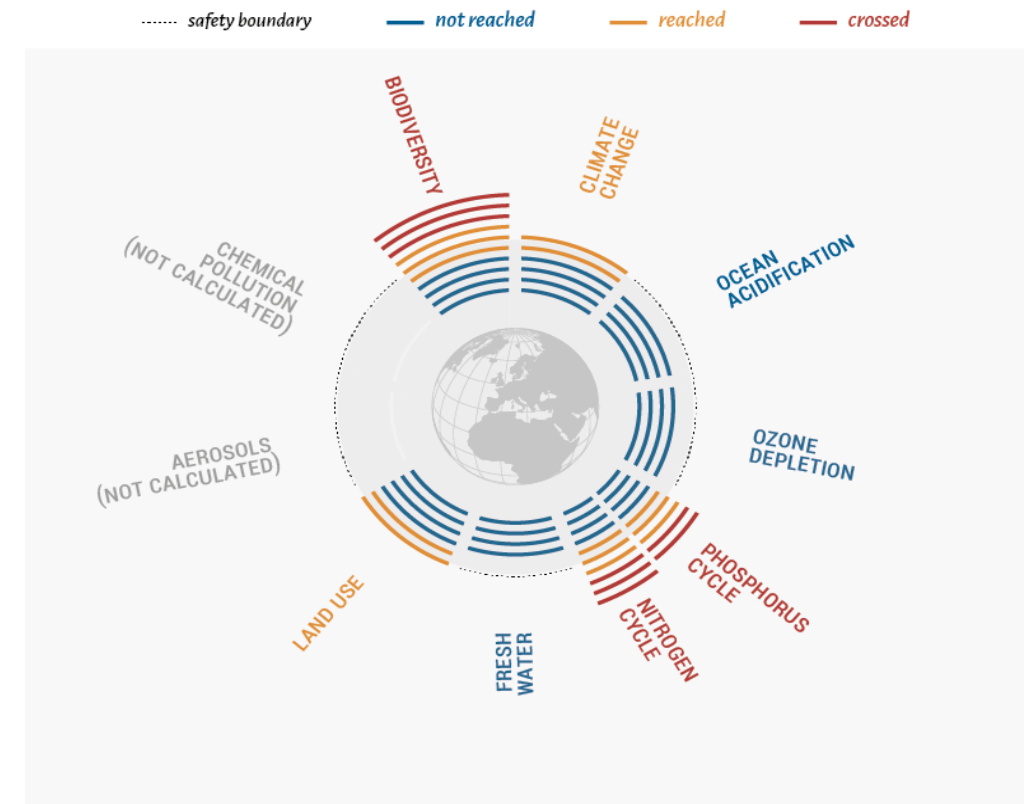


Futureproof: SDGs and planetary boundaries

Measurement and steering based on the SDGs

Measurement and steering on 'planetary boundaries'

SUSTAINABLE DEVELOPMENT GOALS



Our criteria for financial performance



- Risk/return profile of the investment



- Benchmark against alternatives



- Commitment and/or intention of other investors (for certain financial instruments)

2 What other aspects do investors consider?

- Nature of the issuer
- Performance/track record of the issuer
- Scalability or size of the investment
- Additionality of the investment, so not purely refinancing

Specific questions:

- How does the financial instrument fit the *broader strategy* of the issuer?
- To what extent does the instrument concern a *green or social* project?

Example: green bond project



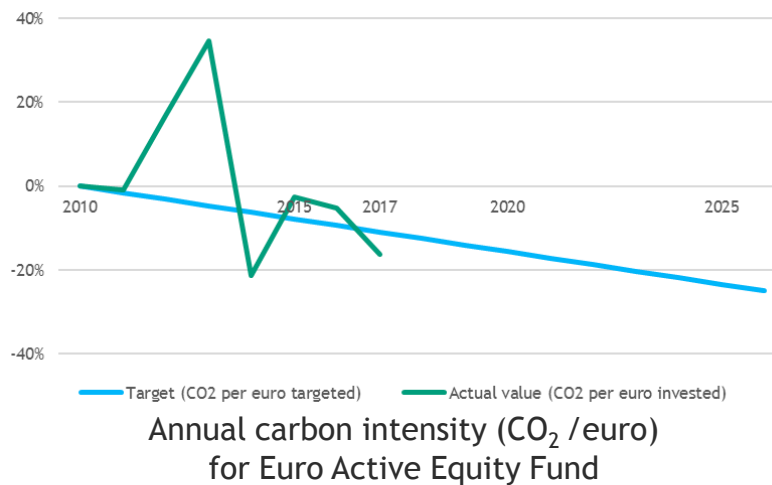
EUR 500 MN investment in green projects e.g. windmill park

1.000 households supplied with wind energy

Footprinting: going beyond a paper reality

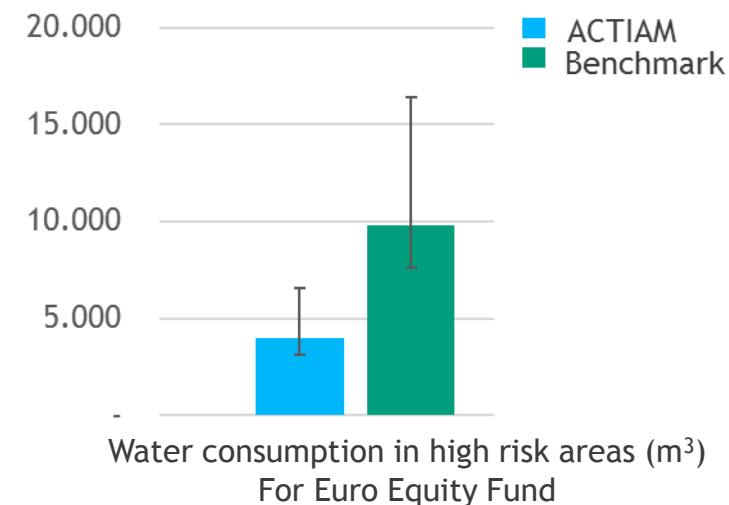
Carbon footprint

What is the impact of our assets on climate change?



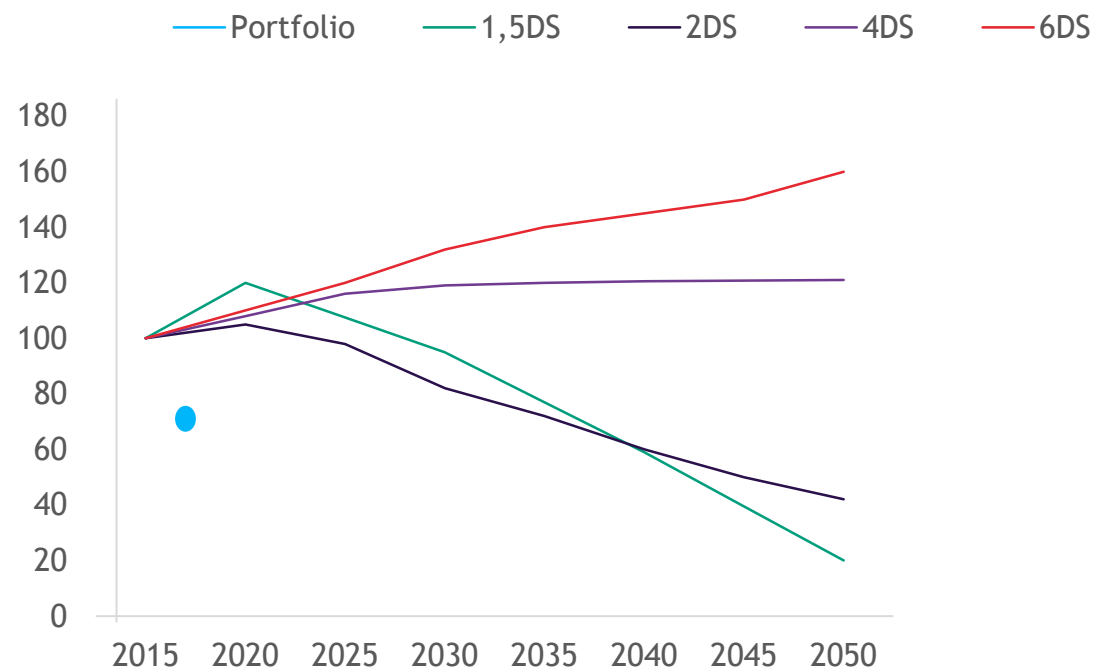
Water footprint

What is the impact of our assets on freshwater consumption in high risk areas?

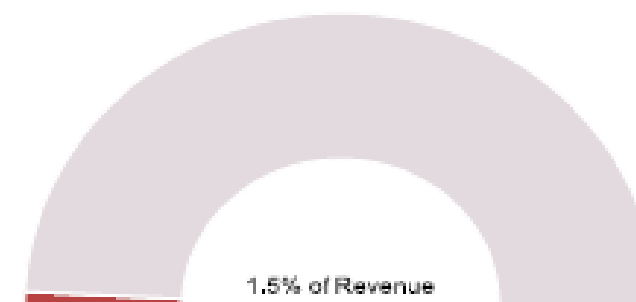


3 But footprinting is not enough: scenario analysis

Portfolio carbon risk exposure



Financial sensitivity to global \$10 carbon price



Cost of Carbon	
1.5% Revenue	55.3% Net Income

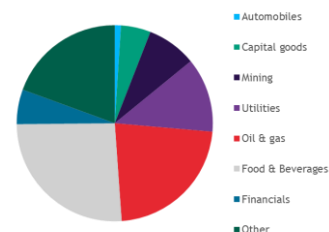
3

Moving from insight to impact

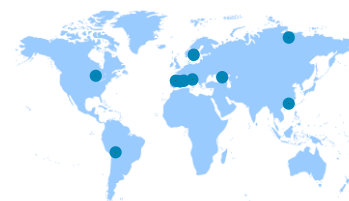
Financial Performance



Sector breakdown

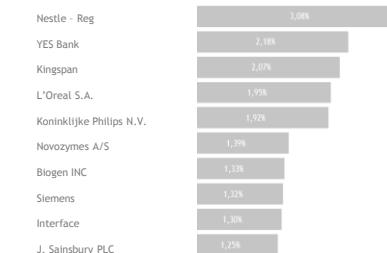


Country breakdown



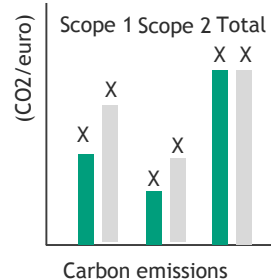
Select:
☒ Investments
☐ Engagements
☐ Voting

10 largest holdings



Planetary boundaries performance

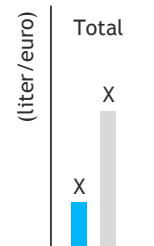
Climate change



Carbon emissions

■ Portfolio
 ■ Benchmark

Freshwater consumption in high risk areas

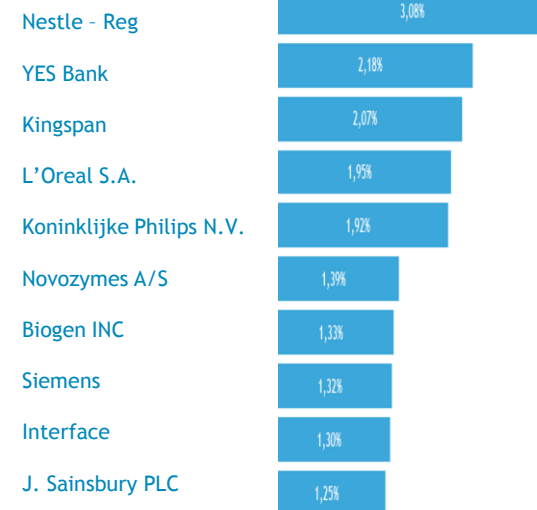


Water consumption

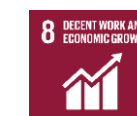
■ Portfolio
 ■ Benchmark

Social and environmental performance

Top 10 companies (freshwater consumption)



SDG



Portfolio

Benchmark

XXXX

XXXX

liter water/year

XXXX

XXXX

jobs created/year

XXXX

XXXX

mn. ton waste recycled/year

XXXX

XXXX

ton CO2/year
 # houses electricity consumption/ year

3 Challenges and trends on sustainability knowledge

Challenges

Trends

Impact measurement

For example standardized measure to assess the impact of land degradation or biodiversity reduction

Platform for Biodiversity Accounting of Financial Institutions (PBAFI) and other international organisations like WRI are working on this

Data availability

Many companies lack data on specific impacts

Standardized reporting for example by engaging companies through CDP questionnaire

Conservation/ restoration finance

Scalability of projects with a positive impact on natural capital so they match risk/return profile of institutional investors

Several initiatives work on this to launch new forms of bonds and close the knowledge gap between conservation organisations and finance institutions, e.g. CPIC

3 Knowledge building and standard setting

Sector-wide uptake



Impact measurement



Knowledge sharing across sectors





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