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SUSTAINABILITY IN PRACTICE

DELIVERING HIGHER GROWTH AND LOWER RISK

A FORUM FOR CIOs AND INVESTMENT LEADERS

Digital

September 8-9, 2021

— POST EVENT REPORT —

conexus *financial*
PTY LTD

EVENT SUMMARY

The Sustainability Digital 2021 March event delved into the pertinent issues facing asset owners this year when it comes to sustainability.

Top1000funds.com has been dedicated to issues of sustainability for more than 10 years, and in this conference we brought case studies of investors, and thought-leaders including academics and scientists on issues relating to the sustainability of portfolios.

At the conference 75 per cent of asset owners rated climate as the number one priority for 2021 and we had many speakers on this topic including Professor William Nordhaus, Sterling Professor of Economics and Professor of Forestry and Environmental Studies, Yale University; Dr Philip Duffy, president and executive director, Woodwell Climate Research Center; Victor Verberk, chief investment officer, fixed income and sustainability, Robeco; Faith Ward, chief responsible investment officer, Brunel Pension Partnership and David Zellner, chief investment officer, Wespeth.

We also tackled issues of impact with investors from Sarah Bratton Hughes, head of sustainability, North America, Schroders and Karen Kaniol-Tambour, head of investment research, Bridgewater Associates discussing their evolving frameworks for incorporating impact alongside risk and return.

This event also delved into the important topic of diversity, equity and inclusion including an exclusive fireside chat with renowned feminist Gloria Steinem and two panel discussions on implementing diversity in your organisations and your portfolios. This included insight from Jason Lamin, founder and chief executive, Lenox Park Solutions; Helena Morrissey, chair, Diversity Project; David Neal, chief executive, IFM and case studies from Ulrika Danielson, head of corporate governance, AP2; Adrian Ohmer, investment director, Kresge Foundation and Kevin Ubelein, chief executive, AIMCo.

Another important theme for the conference, highlighted by the COVID-19 pandemic, was the issue of labour rights and we were delighted to have a keynote address from Sharan Burrow, general secretary, ITUC as well as case studies from Mike Garland, assistant comptroller, New York City Comptroller's office; Anna Pot, head of responsible investment, Americas, APG and Aisha Mastagni, portfolio manager, CalSTRS on their engagement with corporates.

THE MOST BENEFICIAL ASPECTS OF THE EVENT

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It's always interesting to hear different speakers on one topic, and to explore new topics in sustainable finance
Adrian Ryser, chief investment officer, Migros-Pensionskasse

It was very professional and worked effectively. The sessions were interactive which meant they held your attention and the topics were spot on in terms of relevance but with interesting speakers who differ to others I see around at the moment
Deb Clarke, partner, global head of investment research, Mercer

The combination of investor insight and academic research. The topics and speakers were excellent
Patrick Uelfeti, deputy chief investment officer, Swiss Federal Pension Fund PUBLICA

It was front-row and excellent! They spoke from the top of the firm, very impactful
Evangelia Stroubakis, portfolio manager, private debt and infrastructure, CN Investment (Canadian National Railways Pension)

Very easy to attend, without having to travel thousands of miles. It was really well done. I found the digital presentations very seamless and had no issues whatsoever. The speakers, the slides, and the moderators were all excellent
Rajiv Silgado, board member, OMERS

Hearing practical advice from leaders in sustainable investing and markets. Always high-quality speakers at these events
Karen Lockridge, director, ESG investing, Canada Post Corporation Pension Plan

It was a great event, interesting and well conducted. Easy access from home. Congratulations to the speakers
Jordi Jofra, former president, Pensions Caixa 30

The high-profile of the speakers. The conference went beyond my expectations. I particularly commend the effectiveness of the conference: in such a short time, speakers and moderators were so effective in passing their message and make their point
Tamara Tisminetzky, ESG research lead, RepRisk

Scope of presenters views. Very thoughtful presenters
Adrian Foster, vice chair, Healthcare of Ontario Pension Plan (HOOPP)

Relevant topics on climate impact and transition
Joana Marfoh, head of Treasury and Pension Fund Management, London Borough of Islington, London CIV

It was rich in content and provided a range of experiences
Udaibir Das, advisor, IMF

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Following the Sustainability In Practice Digital Conference, we surveyed delegates to obtain feedback on each session. The below session rankings are calculated based on the following scoring:

OUTSTANDING
85-100%

EXCELLENT
75-84%

VERY GOOD
65-74%

AVERAGE
50-64%

BELOW AVERAGE
0-40%

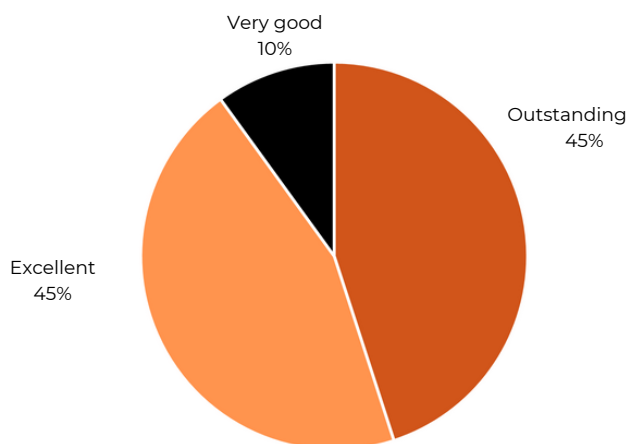
WEDNESDAY 8 SEPTEMBER

OPENING REMARKS

Victor Verberk, CIO fixed income and sustainability, Robeco (Netherlands)

Chair: Amanda White, director, institutional content, Conexus Financial (Australia)

DELEGATE FEEDBACK



"Add positive quotes here"

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IMPACT INVESTING AT A TOTAL PORTFOLIO LEVEL

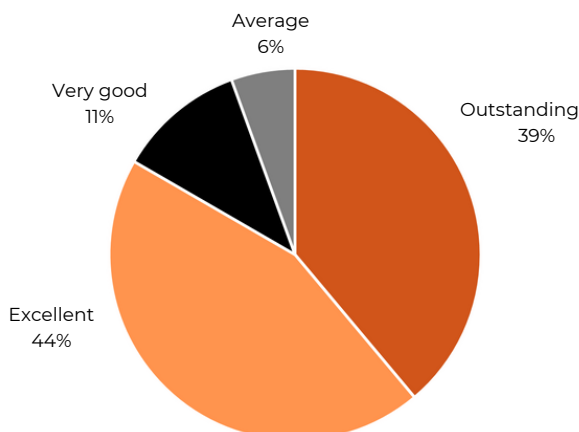
This conversation will explore how global institutional investors are approaching the challenge of balancing financial and impact goals. As co-CIO for sustainability at Bridgewater, former CEO of ATP and current board advisor to GIC and Novo Holdings, Carsten Stendeved brings a broad range of perspectives from both the asset owner and alternative asset manager perspective. He will share insights garnered from his experience building sustainability assessment capabilities to identify current and future sustainability leaders, and engineering strategic and tactical portfolios designed to deliver strong financial and impact results.

Carsten Stendeved, co-chief investment officer for sustainability, Bridgewater (United States)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

Investor response: Jaap van Dam, director of strategy, PGGM (Netherlands)

DELEGATE FEEDBACK



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SCENARIO ANALYSIS AND INVESTMENT STRATEGY - THE RISKS OF CLIMATE

Scenario analysis shows that the ability of pension funds to pay their pensions will be severely impacted by climate. Under different scenarios interest rates, GDP and bonds will all be negatively impacted with inflationary pressure rising. How can investors innovate and adjust their portfolio construction to protect their funded position from this inevitable threat?

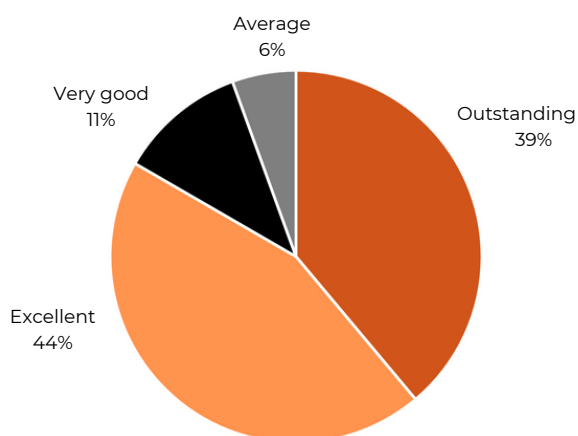
Innes McKeand, head of strategic equities, USS Investment Management (United Kingdom)

Barbara Zvan, chief executive, UPP (Canada)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

Investor response: Anne-Maree O'Connor, head of responsible investment, New Zealand Super (New Zealand)

DELEGATE FEEDBACK



"Add positive quotes here"

[View the session recording on the content hub here](#)

PORTFOLIO ALIGNMENT: HOW IT INFLUENCES DECISION MAKING

Portfolio alignment is a hot topic and key area of focus for the TCFD and COP26 private finance team. But what is it really telling us and how will it influence investment decisions? This session will look at the potential unintended consequences of the portfolio alignment metric, and how investors can incorporate forward-looking views into their analysis and how it affects investment decisions.

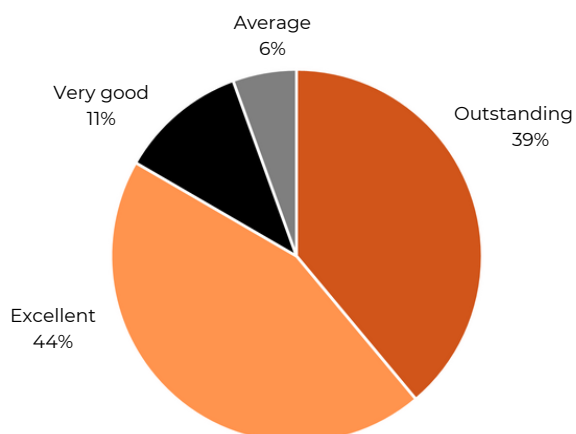
Eva Cairns, head of climate change strategy, Aberdeen Standard Investments (United Kingdom)

Dominic Tighe, policy advisor, COP26 Private Finance Hub (United Kingdom)

Adam Matthews, co-chair, Transition Pathway Initiative; director of ethics and engagement, Church of England Pensions Board (United Kingdom)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

DELEGATE FEEDBACK



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CASE STUDY: THE ROLE OF NATURAL CAPITAL IN DECARBONISING PORTFOLIOS

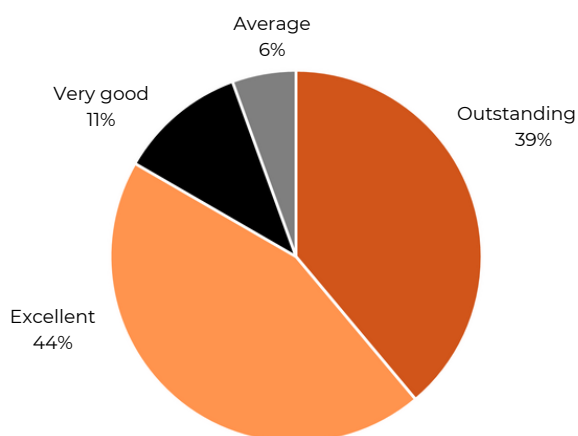
Nature is increasingly being viewed as a real economic asset - "natural capital". Identifying the natural capital assets that can be used most effectively to offset carbon, such as land and forestry, can provide a real advantage in the path to decarbonising investment portfolios. This session examines the portfolio implications of transitioning to net zero with a specific focus on what benefit an allocation to natural capital can bring.

Sarah Bratton Hughes, head of sustainability, North America, Schroders (United States)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

Investor response: Bess Joffe, head of responsible investment, Church Commissioners for England (United Kingdom)

DELEGATE FEEDBACK



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CASE STUDY: THE CHALLENGE OF SUSTAINABILITY IN REAL ESTATE

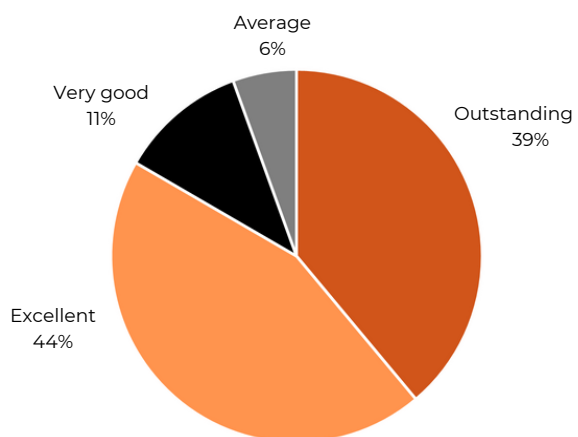
Buildings account for nearly 40 per cent of energy-related carbon dioxide emissions, according to UNEP's 2020 Global Status Report. The ecological footprint becomes even bigger when you consider how much water and raw materials are used. The long-term impact investors can have on improving buildings' ecological footprint can be huge. This session examines investors' role and outlines the importance of a common measurement framework.

Zsolt Kohalmi, global head of real estate and co-CEO Pictet Alternative Advisors (Geneva)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

Investor response: Karen Lockridge, director, ESG investing, Canada Post Corporation Pension Plan (Canada)

DELEGATE FEEDBACK



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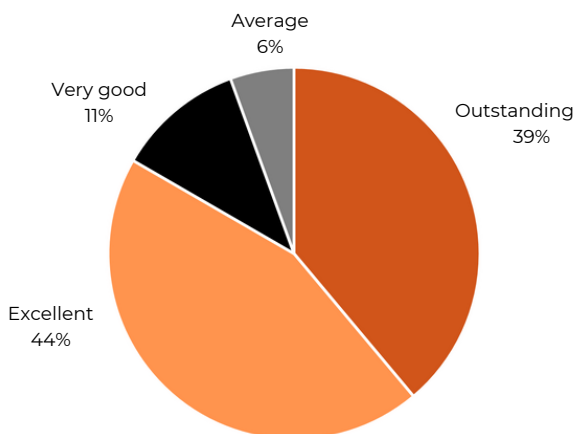
CASE STUDY: DECARBONISATION IN ALTERNATIVES

This case study will examine the approach by one of the world's leading asset owners to incorporate sustainability, AP4. By implementing measures adapted to the asset class and style of investments, AP4's team in alternative investments works to both reduce risks and capture opportunities related to the sustainability transformation.

Jenny Askfelt Ruud, head of alternatives, AP4 (Sweden)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

DELEGATE FEEDBACK



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INVESTORS SHOULD INVEST: A FRAMEWORK FOR INVESTING IN CLEAN ENERGY AND SUSTAINABILITY

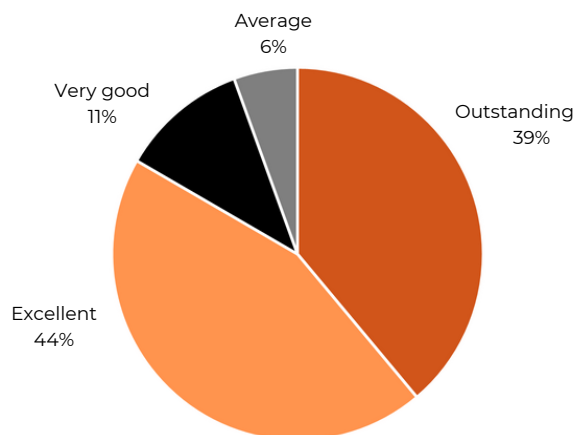
Despite its name the investment industry doesn't do much investment; it mainly shuffles ownership rights, even in private equity. The climate challenge requires new investment on a staggering scale: new generating capacity, the electrification of everything, emissions-free fuel, carbon capture and sequestration, new supply chains and infrastructure, plus the building of negative emissions technologies. This session looks at the opportunities for new investment, the risk/return trade-off and how investors should approach the opportunities.

Dr Arun Majumdar, Professor of Mechanical Engineering, Stanford University; Founding Director, ARPA-E & Former Acting Undersecretary for Energy, US Department of Energy (United States)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

Investor Response: Sonya Sawtell-Rickson, chief investment officer, HESTA (Australia)

DELEGATE FEEDBACK



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THURSDAY 9 SEPTEMBER

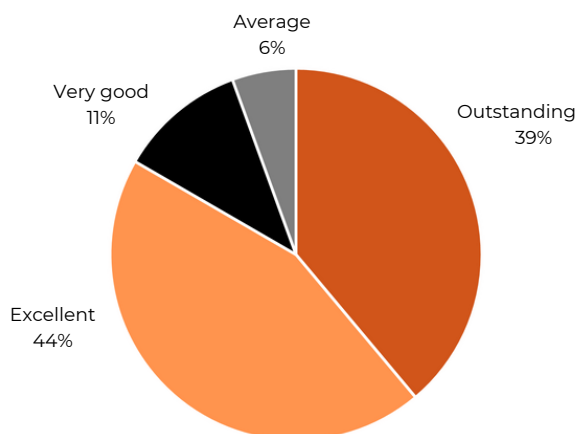
THE CURRENT PATH OF SUSTAINABILITY IS NOT SUSTAINABLE

Will there be a sustainable politics of sustainability? Professor Stephen Kotkin examines the politics of sustainability and the importance of transparency, measurement and compliance so that greenwashing does not prevail.

Stephen Kotkin, Professor in History and International Affairs, Princeton University (United States)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

DELEGATE FEEDBACK



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NET ZERO AMERICA

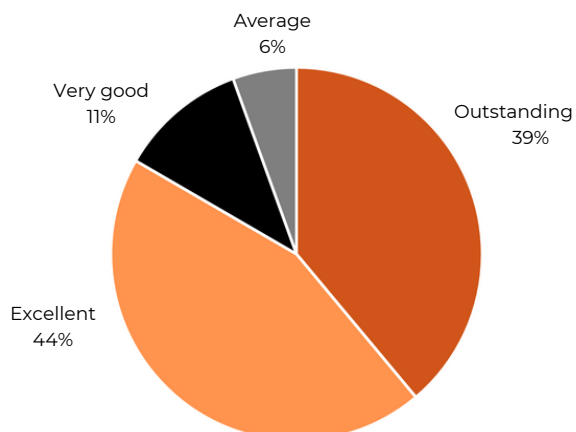
With a massive, nationwide effort the United States could reach net zero emissions of greenhouse gases by 2050 using existing technology and at costs aligned with historical spending on energy. Research from the High Meadows Environmental Institute plots a Blueprint for the next decade showing the key is overcoming execution challenges including the infrastructure deployment and the mobilisation of capital and labour. This session examines the implications for investors.

Chris Greig, Theodora D. '78 & William H. Walton III '74 senior research scientist in the Andlinger Center for Energy and the Environment, Princeton University (United States)

Chair: Stephen Kotkin, Professor in History and International Affairs, Princeton University (United States)

Investor response: Alexandra West, director, chief strategy officer - investments, Cbus (Australia)

DELEGATE FEEDBACK



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NET ZERO INFRASTRUCTURE: A PRACTICAL ROADMAP

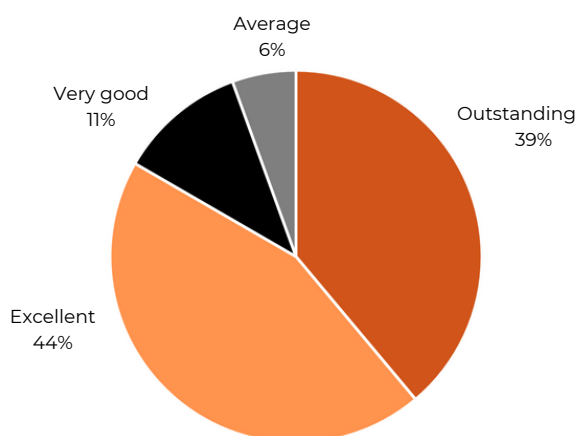
The challenge for infrastructure asset managers to achieve Net Zero by 2050 is immense. It requires detailed strategic planning, clear interim targets, critical investment, transparent insight and regular reporting, as well as strong leadership and clear governance frameworks. And all of this needs to be done inside a fiduciary responsibility to seek superior long-term net returns for investors and their beneficiaries.

David Neal, chief executive, IFM (Australia)

Michael Eisenberg, head of ESG integration, New York State Common Retirement Fund (United States)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

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CHINA'S PLEDGE TO ACHIEVE CARBON NEUTRALITY BY 2060

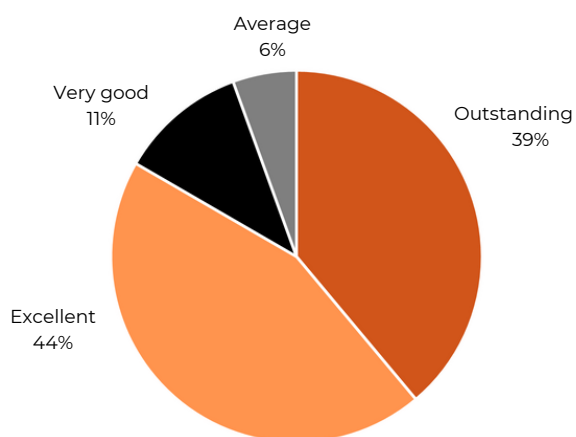
Achieving carbon neutrality by 2060 will require radical changes. Formidable challenges lie ahead, but also investment opportunities with renewables, electric vehicles and energy storage set to benefit.

Jie Lu, head of investments China, Robeco (China)

Chair: Stephen Kotkin, Professor in History and International Affairs, Princeton University (United States)

Investor response: Jen Bishop, head of asset allocation, Coal Pension Trustees (United Kingdom)

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ACHIEVING NET ZERO - THE IMPLEMENTATION CHALLENGE

What does it really mean to achieve a net zero strategy? As more and more investors make pledges for net zero they are tasked with setting a strategy to achieve net-zero. This session looked at the challenges of implementing those goals in portfolios – what behaviour changes are needed and how do investors allocate?

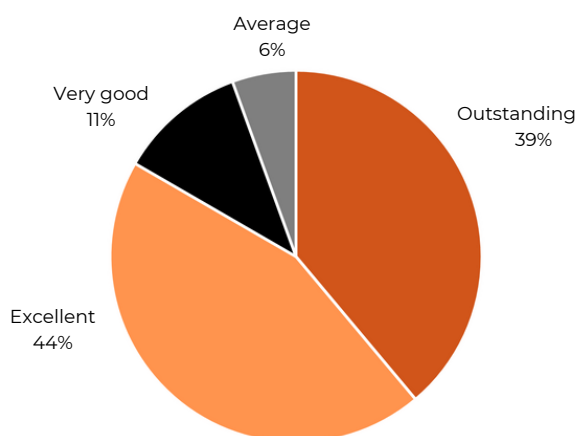
Diane Griffioen, chief investment officer, ABP (Netherlands)

Geraldine Jimenez, director of investment strategy & risk, CalSTRS (United States)

Tom Joy, chief investment officer, Church Commissioners for England (United Kingdom)

Chair: Fiona Reynolds, chief executive, PRI (United Kingdom)

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HEALTHY SCEPTICISM - THE CHALLENGES OF SUSTAINABLE INVESTING

This session examined the challenges investors face including ideology, working with boards, culture and scalable investments.

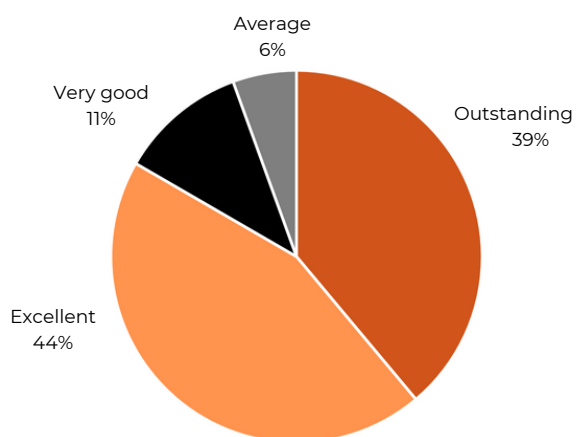
Jeb Burns, chief investment officer, MERS of Michigan (United States)

Bill Lee, chief investment officer, New York Presbyterian (United States)

Michael Trotsky, chief investment officer, Mass PRIM (United States)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

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DATA, MEASUREMENT, IMPACT AND CHANGE

This session examined the regulatory views around the world and the need for global standards for global investors.

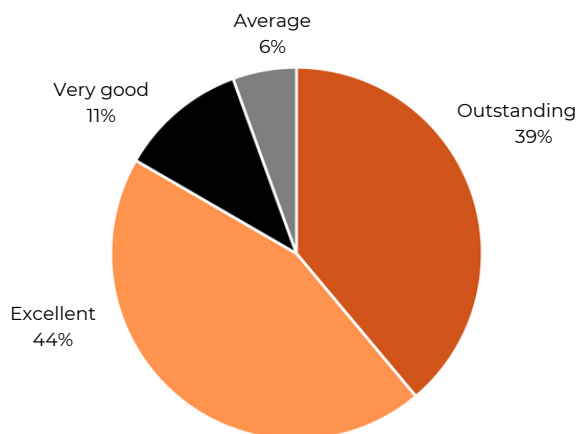
Sven Gentner, head of asset management unit, European Commission’s Directorate-General for financial stability, financial services and capital markets union (Belgium)

Janine Guillot, chief executive, The Value Reporting Foundation (United States)

Carine Smith Ihenacho, chief governance and compliance officer, Norges Bank (United Kingdom)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

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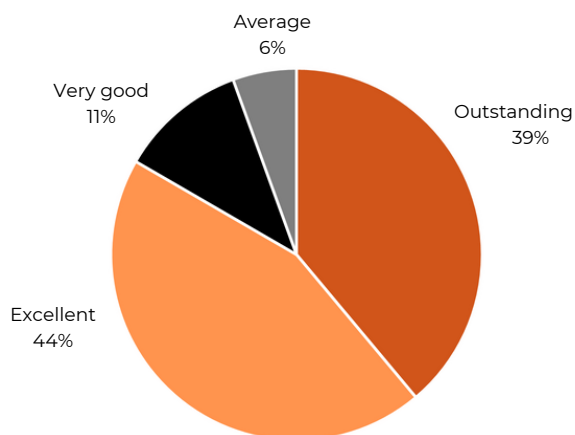
THE ENERGY TRANSITION: WHY RENEWABLES OUTPERFORM FOSSIL FUELS

A joint report by the International Energy Agency and the Centre for Climate Finance & Investment at Imperial College examines the risk and return proposition in energy transitions. It looks at publicly traded renewable power and fossil fuel companies in advanced and developing economies calculating the total return and annualized volatility of these portfolios over 5 and 10-year periods. Across all portfolios, renewable power generated higher total returns relative to fossil fuel. Annualized volatility for the renewable power was lower than fossil fuel in the global and advanced economies portfolios, but higher in the China and emerging market and developing economies portfolios.

Michael Waldron, head of investment team, International Energy Agency (France)

Chair: Colin Tate AM, chief executive, Conexus Financial (Australia)

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VALUE CREATION THROUGH DECARBONIZATION

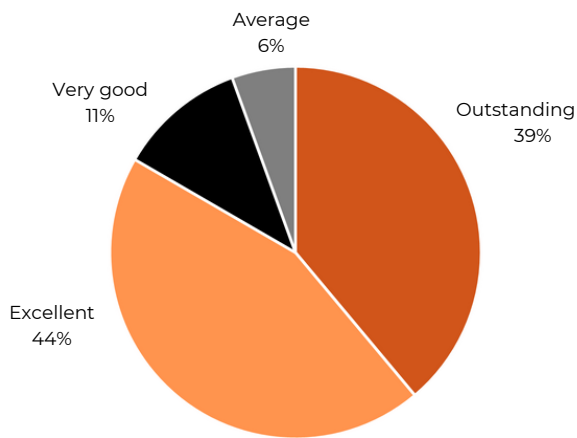
Decarbonization and value creation can go hand in hand. The Boston Consulting Group - the consultancy partner of COP26 - has worked across multiple industries and investors to transform high emitting businesses while creating meaningful value in the process. In this session, BCG will share real world examples based on their experience, including with leading asset owners.

Thomas Baker, leader energy practice, BCG (United States)

Vinay Shandal, global leader, sustainable finance, BCG (Canada)

Chair: Amanda White, director of institutional content, Conexus Financial (Australia)

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COVERAGE ON TOP1000FUNDS.COM

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**APG AND NYC TALK AMAZON PUSH BACK**

Two of the world's most influential institutional investors are hitting a brick wall in their attempts to engage with Amazon's board on workplace safety.

**BRIDGEWATER ON THE IMPACT REVOLUTION**

A key first step in integrating impact in public markets is for investors to assess what real world outcomes they actually want to impact. It involves a shift to think about investment not just in terms of risk and return, but also in terms of impact.

**DIVERSITY DOESN'T WORK WITHOUT INCLUSION**

"Inclusivity is more important than diversity. Don't underestimate how hard it is to understand what an inclusive culture looks like," David Neal, chief executive at IFM Investors, told delegates at the "Sustainability Digital: A Planet in Trouble" last week.

**DIVERSITY: HOW TO MOVE THE NEEDLE**

The \$4 billion Kresge Foundation, which works to expand opportunities in America's cities through grant making and investment, has pledged to have 25 per cent of its assets managed by diverse investment management firms by 2025.

**HOW TO FIX A BROKEN LABOUR MARKET**

In an impassioned call to delegates at "Sustainability Digital; A Planet in Trouble," Sharan Burrow, general secretary of the International Trade Union Confederation which represents 200 million workers in 163 countries called on institutional investors to do more to protect workers rights.

**MATERIAL CLIMATE CHANGE ALREADY HERE**

The impact of climate change is already material, said Woodwell Climate Research Center's Philip Duffy who warns that thawing permafrost could mean the loss of control of ever being able to manage climate change. Elsewhere, he urged investors to use their voice to bring about change.

**NORDHAUS AND 'NO REGRETS'**

Nobel Prize winner Professor William Nordhaus, Sterling Professor of Economics and Professor of Forestry and Environmental Studies at Yale University, explains his theory of 'No Regrets' whereby companies can integrate ESG at a level that brings real benefits for society but has limited impact on the corporate.

**REGULATION AND ECONOMICS CONVERGE IN ESG**

Investors from Schrodgers, Trillium and PensionDanmark discuss how a changing regulatory picture and the economics of sustainable investment are coming together to create a tipping point in ESG, but they warn their peers to look beyond the label to what is on the inside.

**SOVEREIGN ENGAGEMENT IS THE NEW FRONTIER**

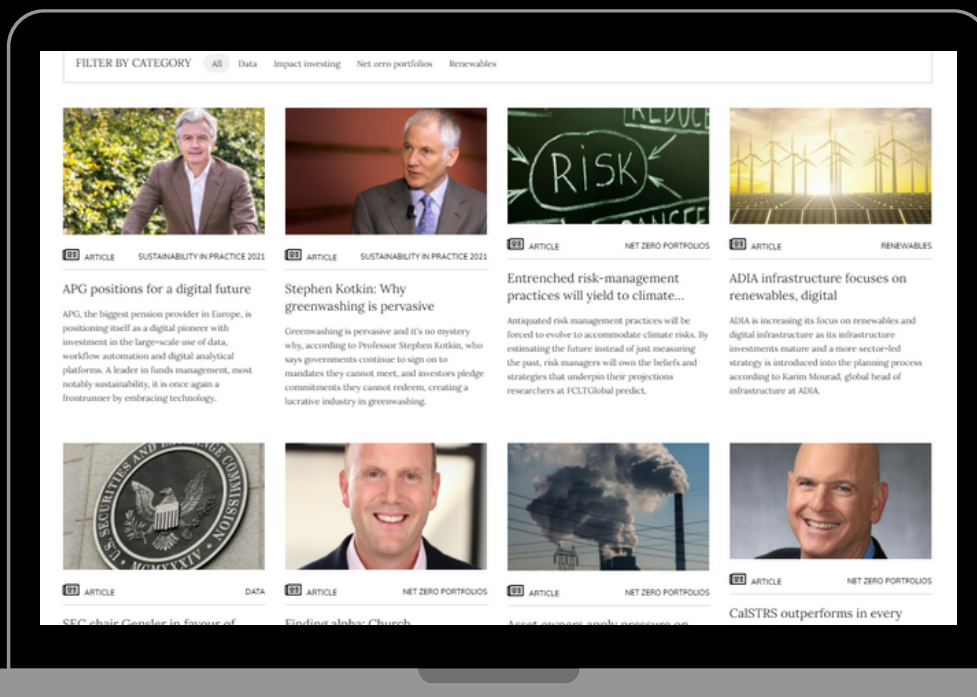
Robeco chief executive Gilbert van Hassel opened the 'Sustainability Digital: A Planet in Trouble' conference with a reminder of the opportunities in sustainability and the importance of working with others. At Robeco this now includes engaging directly with sovereign governments.

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