Report of activities 2018
Summary

2018 was a year of actions, events, new initiatives and work with indicators for Swedish Investors for Sustainable Development. It was also a year of international recognition as the United Nations put more focus on the role of investors in realizing the SDGs. The SISD-group was enlarged with two new members, Swedbank Robur and Swedfund, and now consists of 18 members: Alecta, AMF, AP2, AP3, AP4, AP7, Carl Bennet AB, Church of Sweden, East Capital, Folksam, Handelsbanken Asset Management, Industrivärden, Investor, SEB Life and Invest, SPP, Skandia, Swedbank Robur, and Swedfund, with Sida as coordinator.

Swedish Investors for Sustainable Development has during 2018 shown strong and committed leadership for the SDGs, with members working side by side with and around the role of financial actors on the Agenda 2030. SISD is a network where participants stimulate each other and other actors to work constructively with learning, sharing experiences, voluntary projects and communication around the SDGs. The dimensions covered are reporting, engaging (corporate governance), and investing. Members are also taking action on a company level, as new investments and products linked to the SDGs emerge.

The United Nation has, through UNDESA (UN Department of Economic and Social Affairs), taken a special interest in the work within SISD, following the Secretary General’s special focus on financing the SDGs and the financial sector’s role. A new UN strategy for financing the SDGs for sustainable development, was launched on September 24th, 2018 in New York.

UNDESA has expressed an interest in forming a global CEO network for asset owners and managers with inspiration from SISD.

During 2018 SISD held three CEO-meetings, hosted by Sida’s Director General; seven regular Operative Network meetings and combined learning sessions; and several special learning sessions with the working groups on specific themes.

Learning sessions

Learning sessions included the following themes and external actors.

**Investment Opportunities:** African Development Bank (AfDB), International Fund for Agricultural Development (IFAD) and FMO (the Dutch Development Bank), UN Capital Development Fund (UNCDF), ILX and Swedish Export Credit Cooperation (SEK). Green Bonds with Mats Andersson the Swedish Government’s special commissioner.

**Reporting (internal learning within SISD):** Indicators to measure action around SDG 5, indicators and questions to relate to anti-corruption, SDG 16, sharing experiences from working with the SDGs.
Reporting (invited external actors): Learning session with Global Impact Investing Network (GIIN), World Benchmarking Alliance, Global Reporting Initiative (GRI) and members of Swedish Leadership for Sustainable Development (SLSD), the Dutch pension fund PGGM on the Dutch taxonomy for the SDGs and IFC on impact measurement.

Other Learning Sessions:
- Investors’ role in advancing the climate agenda with WWF and Greenpeace
- Investors’ role and child rights – Swedish Save the Children and UNICEF
- Water seminar together with SLSD
- Presentation of Stockholm Sustainable Finance Centre
- Seminar or Blended Finance together with Convergence
- Meeting with the new ambassador for Sustainable Business, Jakob Kiefer
- WWF and Gold standard on water issues, Human rights and business (Foreign ministry) and Solvatten

CEO meetings’ themes:
- Anti-Corruption – Carl Bennet and Edge
- Johannes Oljelund on the priorities for financial sector of the Swedish Government
- Environment – the IPCC report by Stockholm Environment Institute (SEI)

Sharing experiences
At a workshop held in January, participants outlined their actions within the organizations to align and work with the SDGs, resulting in an internal report with examples for learning and stimulating each other. The work of the working groups and the work of SISD was collected and published in a brochure presenting SISD.

Members have also been encouraged to share experiences during the meetings of the operational SISD-group as well as in the different working groups around the SDGs and investment opportunities.

Communication
In April, Sweden took an active part in the Financing for Development Forum (FfD Forum) in New York preparing a report1 with nine examples on how Sweden works with the FfD and Addis Ababa Action Agenda. SISD was one example that was put forward.

A delegation of Alecta, Folksam, SPP and Sida represented SISD at the FfD Forum on April 23rd – 26th as well as at the SDG Investment Fair on April 22nd. Folksam was invited to take part on an expert’s panel in the official UN program and Alecta and Folksam took part at a panel at the official side event organized by Sweden in the UN building. SPP presented the SISD work at a round table on innovative finance organized by the World Economic Forum (WEF). In addition, SISD visited and held discussions with UN Global Compact, UNCDF, WEF

and World Bank. The Swedish newspaper Dagens Nyheter made an article on internet ahead of the UN meetings. Participants from Alecta and Folksam participated in a video-interview by the Swedish mission to the UN which was published on Facebook.

In May, for the second year in a row, Sida hosted a conference together with Global Reporting Initiative (GRI), UN Global Compact and UN Principles for Responsible Investments (PRI) around the investors’ role on the SDGs. Folksam and Alecta were co-hosts. During the conference the document “Stockholm Declaration” was sharpened to also include corporate governance as a tool for investors to work with the SDGs. In total 80 participants from 50 organizations attended the conference. At a presentation carousel, where attending actors made short individual presentations, it was evident that there is increased action around the SDGs, compared to the year before.

On a panel in Almedalen (political week) and on the stage “Sverige i Världen”, Sida organized and moderated a seminar on the “Investors role on the SDGs”, where CEOs of AP7, Folksam, Handelsbanken Asset Management, SPP, chair of East Capital, CIO of AMF and Sida’s Director General, discussed the role of their organizations on the SDGs.

During World Water Week in August, Sida and SISD, through the working group focused around SDG 6 (Clean Water and Sanitation), together with Sida’s Africa department, SIWI and OECD-DAC, organized a seminar in the form of a “world café” around the challenges of investing in water infrastructure. Attendance was good with around 80 persons attending, and the outcome was documented in an event summary.

In the beginning of September many participants within the SISD attended the conference “PRI in Person” in San Francisco. East Capital was invited to represent the network on a panel on the SDGs - “Emerging practices across asset classes”.

Sida was invited to present and to inspire with the work of SISD at the sustainability conference on ”Hållbart närlingsliv” organized by media houses Dagens industri and Aktuell Hållbarhet on November 27th and at World Impact Investing Forum in London on December 6-7th.

At the G20 meeting in Sao Paolo in late November Alecta, AP4, AP7 and SPP Funds were invited to a special meeting for investors on climate. In an Op Ed preceding the meeting, the four CEOs of the organizations declared their participation and expressed the need for a global partnership among investors.

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2 https://www.dn.se/ekonomi/global-utveckling/svenska-pensionspengar-stottar-fns-hallbarhetsarbete/
3 Stockholm Declaration
4 https://www.youtube.com/watch?v=Ybl0neF6ffo&index=9&list=PL_LWP_hSVnMaHNf7EX-n11_gaVwrNijyW&t=0s
5 https://www.realtid.se/debatt/globala-finanssektorn-maste-ta-sitt-klimatansvar
International participation

SISD has taken part in Global Compact’s platform for Financial innovation – resulting in a framework for an SDG-bond⁶ to be issued by the private sector. The work continues in 2019 with focus on “financial intermediation” as means of financing the SDGs.

Alecta, Foksam and Sida are members of the Multi-stakeholder Committee of GRI and Global Compact on reporting in line with the SDGs⁷.

SISD has inspired the UN to form a global partnership for investors. A first meeting around a potential partnership was held at the Swedish Permanent Mission to the United Nations in September 2018 with participation from private actors and organizations focusing on the financial market, Sida and UNDESA. AP7, SPP and Sida represented SISD and emphasized the advantages and the power of working together with the SDGs and the great challenges of our future. Efforts for global partnership was communicated on UNDESA’s website⁸.

Investing

Activity in investing in line with the SDGs picked up during the year, both from individual members and from groups of members. Handelsbanken Fonder, SPP and Swedbank Robur respectively launched funds with a direct connection to the SDGs. The working group around Sustainable Cities – SDG 11 – made a joint investment of SEK 2.5 billion with the World Bank in a bond with special attention to Sustainable Cities. The investors were Skandia, SEB Life & Investment Management, Handelsbanken Fonder, and Church of Sweden. Folksam invested in a World Bank Bond labeled “SDG-bond” and both Alecta and Folksam increased their investments in Green Bonds extensively. Individually, SISD members also invested in other SDG-related products, for example IDA-bonds, a vehicle with Dutch FMO and with Green Cornerstone Fund.

Working groups

GOAL 5 – Gender equality

This group focuses on the potential that lies in empowering women, women’s labor market participation and women’s representation in leadership positions in invested companies.

Examples – Gender equality

The group was formed in 2017 with AMF and Handelsbanken Fonder as members. Both members are large asset owners in several Swedish companies and have since many years worked within nomination committees for increased gender equality on the boards.

⁶ https://www.unglobalcompact.org/library/5639
⁷ https://www.globalreporting.org/information/SDGs/Pages/Reporting-on-the-SDGs.aspx
The working group has explored ways for investors to contribute and invest for increased gender equality in line with SDG 5, in overall asset management of global equities. The group has during the year worked for increasing awareness, through dialogues with other investors, data providers and stakeholders, about how investors can contribute and impact companies to measure, report and progress on gender equality. The group has also presented examples on how to use SDG 5 as a thematic approach in investment strategies. Both AMF and Handelsbanken Fonder are member of several nomination committees and will continue to work for increased gender equality on the boards. In addition, during 2018 both investors started to express their expectations on gender equality in executive management teams.

**GOAL 6 - Clean Water and Sanitation for all**
The group focusing on SDG 6 has throughout the year gathered the following members: SPP Pension och Försäkring, Church of Sweden, AP7, AP3, East Capital and Swedbank Robur.

During the year, the group has primarily focused on spreading knowledge about their interest in the theme as investors and on highlighting the challenges for investments both locally and globally. Among the activities carried out is a knowledge-sharing seminar together with representatives from our sister network, Swedish Leadership for Sustainable Development, on how we as investors view and analyze water risks. The group also co-hosted a workshop during the World Water Week in Stockholm together with SIWI, OECD, Sida and the European African Partnership Program. The theme of the workshop was "Water Infrastructure Finance Constraints: Shared lessons from Africa and Sweden" and it focused on finding measures to unlock barriers to providing sustainable financing solutions for water infrastructure globally. Overall it has become evident that the main obstacle is not the interest in the topic from investors or the opportunities. The main problem rather seems to be that most projects are not bankable in terms of scale or that decision makers lack overall knowledge to clear necessary investments. The group will reconvene in 2019 to decide on a strategy to meet this new insight. The work-shop gathered around 80 participants from various countries.

**GOAL 8 – Economic Growth and Decent work**
The main focus of the working group around SDG 8 is currently the project that GES operates on working conditions in the “green economy”, i.e. the food chain. The project is set out for three years and the focus is on preventing child labor, “modern slavery” and work for living wages related to cultivation of a number of crops where the risks are assessed to be the greatest. About 20 companies are involved in the dialogue with the aim of finding lasting solutions and tools of influence for investors to use in dialogue and when investing. The working group is currently discussing the possibility of extracting results on an ongoing basis, and above all, compiling a collection of examples of initiatives taken within the food industry that give lasting results and with the target to reduce and prevent harmful child labor, prevent modern slavery and actions taken for positive results in living wages. The purpose of the examples will be to showcase “best practices” and to provide analysts and managers and their organizations with “reference frameworks” for dialogue with companies where risks of “indecent work” are identified.
There have also been dialogue meetings with the ILO, the Workers Disclosure Initiative (UK Initiative) and child rights organizations.

GOAL 11 – Sustainable Cities

During 2018 a group of investors collaborated to develop an investment opportunity to promote SDG 11 on Sustainable Cities and Communities. The group explored various solutions together with the World Bank to find an investment instrument that would provide a suitable structure for investors to invest in line with the SDGs. In October 2018, as a result of the collaboration and efforts from the group, the World Bank through International Bank for Reconstruction and Development (IBRD) launched a SEK 2.5 billion 5-year bond to support the financing of sustainable development activities around the world. This issuance aims to raise awareness for Sustainable Development Goal 11: Sustainable Cities and Communities. The investors were Skandia, SEB Life & Investment Management, Handelsbanken Fonder, and Church of Sweden.

The group is pleased that it was able to create an investment opportunity and hope to inspire other investors and the World Bank commented9:

*We are pleased to partner with Swedish investors to raise awareness on critical development challenges such as building sustainable cities. The capital markets are an excellent way to engage investors and the private sector to achieve the Sustainable Development Goals, especially as cities face growing populations, strained infrastructure and mounting demands for services.* says Arunma Oteh, World Bank Vice President and Treasurer.

Comments from the members of the group:

“At Skandia we constantly work to generate long-term financial growth for our clients through promoting sustainable companies and positive progress in the society at large. Creating this SDG bond in collaboration with the World Bank is a great example of how this can be achieved and we hope to inspire other investors.” says Frans Lindelöw, Chief Executive Officer, Skandia.

“In cooperation with other investors and together with the World Bank, we have made it possible for an investment combining an interesting return profile aligned with a clear purpose for our customers. This investment will especially promote SDG 11, Sustainable Cities and Communities, an urgent topic considering the rapid urbanization around the world.” says Martin Lundvall, Head of Core Fixed Income, SEB Investment Management.

“Within Handelsbanken Fonder we have a strong focus on finding investment opportunities that align with the 2030 Agenda. We are happy to have been part of this investor group that has worked in close collaboration with the World Bank to promote investments in SDG 11.” says Carl Cederschiöld, Chief Executive Officer, Handelsbanken Fonder.

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“Making cities more sustainable is critical if we are to limit global warming to two degrees, which the world agreed upon in Paris in 2015. As a long-term investor, we see huge investment potential in the SDGs and in greening the cities. This promising collaboration is one step towards that goal.” says Gunnella Hahn, Head of Sustainable Investment, Church of Sweden.

“It is ground-breaking that asset owners and asset managers within the SISD network cooperate in this way to finance sustainable development in the world. We hope to give inspiration for more innovative solutions for today’s major challenges. Sustainable Development Goal 11, Sustainable Cities, is an important goal, a great deal of the challenges and solutions of the future lie here.” says Carin Jämtin, Director-General, Sida.

The World Bank issues between US$50-60 billion in Sustainable Development Bonds in the global capital markets every year and proceeds of the bonds are used to support the financing of development programs that are aligned with its mission to end extreme poverty and boost shared prosperity and the Sustainable Development Goals. This includes, for example, projects that are helping to build livable and sustainable cities amid unprecedented urban growth. World Bank projects are helping to finance improvements in water supply and sanitation, waste management, transport infrastructure and services, energy supply, and address challenges from climate change.

GOAL 16 – Peace and strong institutions with focus on anti-corruption
Group members are Industrivärden, SEB, and Swedfund.

During 2018 the group created a questions-based framework for an exhaustive and high-quality analysis of a company’s value-creating work with anti-corruption. The framework has been given 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 for assessing a company’s value-creating work with anti-corruption is designed to be able to be used at three levels. The first level allows an overarching “sanity check” that provides an indication of whether the company has fundamental elements in place. This step of analysis is based on the framework’s overall structure. The second analysis level enables an assessment of material areas in anti-corruption for the purpose of gaining an own impression of how qualitative and effective a company’s work with anti-corruption is. The third level enables monitoring/follow-up and can involve gathering basic data about the company (portfolio companies), following up progress of anti-corruption work as a whole, following up specific activities that the company conducts in order to improve its anti-corruption work, or performing comparative analyses of several companies.

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.

In November 2018 the work group’s first draft of a framework for SISD’s operational member group was distributed for views and feedback. An updated draft will be compiled and distributed within SISD in spring 2019.

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

The initiative is based on a desire to understand the existing obstacles to move form “billions to trillions”. During the year actors have made a survey among members giving different indicators of challenges associated with “SDG investments” including risk-adjusted return and lack of history of performance, size of investments, resource-consuming processes and fees. The next step in the working group is to complete a memo with observations from the survey, highlight good examples of completed investments and its motives and determine how the results should be used. The group discusses a number of ideas going ahead, including links to to the framework for a corporate SDG-bond completed by UN Global Compact’s platform for Financial Innovation.