



# Investing With Your Values Can Build a Regenerative Economy



AS YOU SOW

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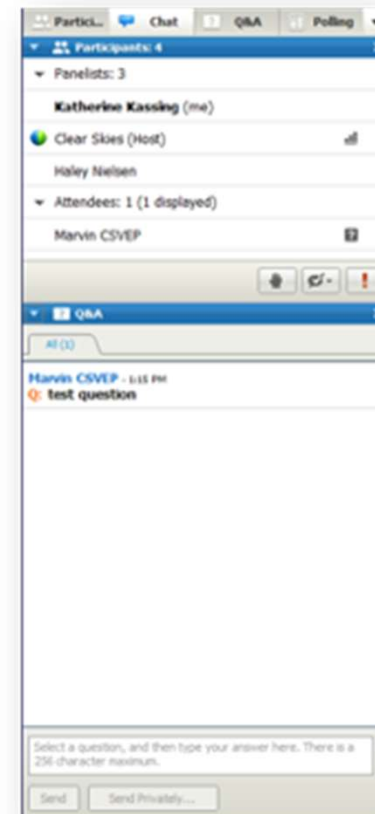
Invest Your Values Webinar  
Wednesday, June 24, 2020

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# General Information

- Use the Q&A window to send us your questions
- After the webinar, you will receive an email link to the recording.





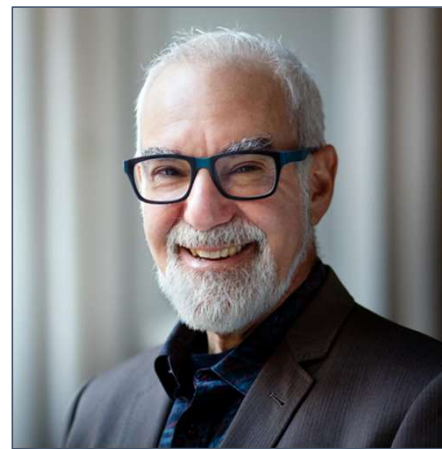
# Meet the Panelists



**Meg Voorhes**  
Director of Research, US SIF



**Jamison Ervin**  
Manager, United Nations  
Development Programme



**Andrew Behar**  
CEO, *As You Sow*



**Jeff Conant**  
Senior International  
Forests Program  
Manager, Friends of the  
Earth US



# Meg Voorhes

Director of Research, US SIF



**Meg Voorhes** is director of research of US SIF: The Forum for Sustainable and Responsible Investment and of the US SIF Foundation. She is the author or co-author of several US SIF Foundation publications, including its biennial *Report on US, Sustainable, Responsible, and Impact Investing Trends*. Before joining US SIF in 2008, Meg directed environmental, social and governance research for RiskMetrics Group's Financial Research and Analysis division. Meg spent much of her career at the Investor Responsibility Research Center. From 1996 through 2005, she headed IRRC's Social Issues Service, where she directed research for institutional investor and corporate clientele on the environmental, human rights, and other social issues raised by shareholders at U.S. companies. Previously, Meg specialized in issues related to multinational investment and corporate responsibility in South Africa. From 1990 through 1996, she directed IRRC's Southern Africa Service.



# An introduction to US | SIF

## **Mission Statement:**

Rapidly shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts.

## **Vision Statement:**

Environmental, social and governance (ESG) impacts are meaningfully assessed in all investment decisions resulting in a more sustainable and equitable society.

## **Our Members:**

Asset management firms, asset owners, financial advisors and other service providers, community investing institutions, nonprofit organizations collectively representing \$3 trillion in assets under management



# What is sustainable investing?

- Sustainable investing is an investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.
- Other terms: ESG investing, responsible investing, socially responsible investing, impact investing.



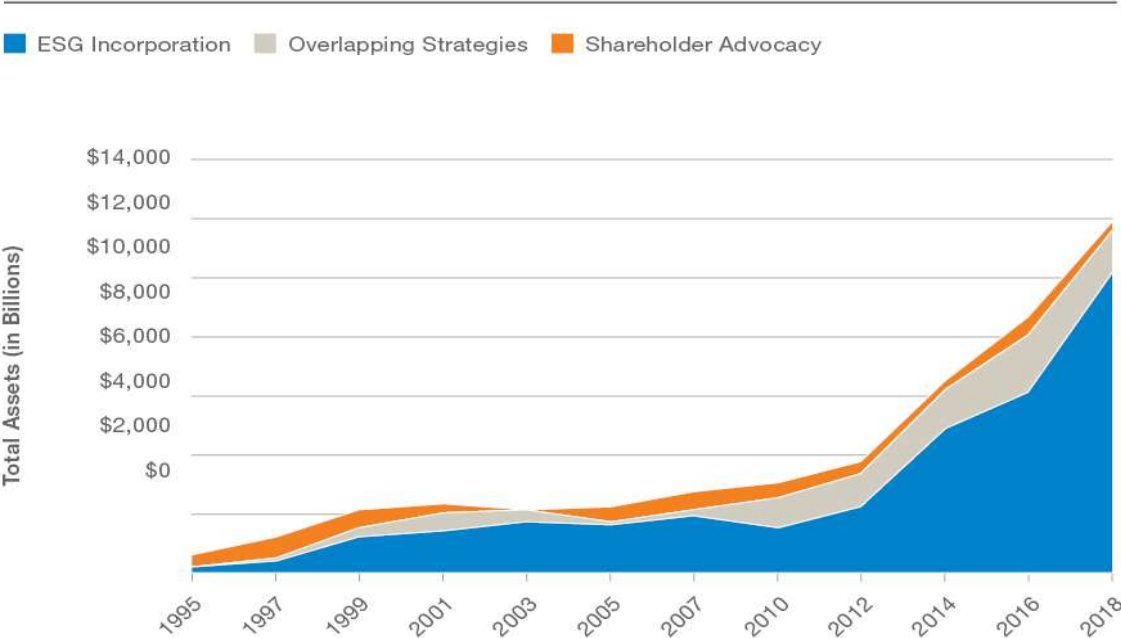
Source: US SIF Foundation

# US sustainable investing is growing rapidly

It totaled **\$12.0 trillion** in 2018.

That represented:

- 26% of the \$46.6 trillion in all US assets under professional management
- 38% growth since 2016
- 18-fold growth since 1995



SOURCE: US SIF Foundation.



# How US SIF measures sustainable investing

### ESG Incorporation

- By Money Managers on Behalf of Individual/Retail Investors **\$3,032 Billion**
- By Money Managers on Behalf of Institutional Investors **\$8,601 Billion**

Overlapping Strategies (\$1,401 Billion)

### Filing Shareholder Resolutions

- Institutional Investors **\$1,561 Billion**
- Money Managers **\$202 Billion**



SOURCE: US SIF Foundation.

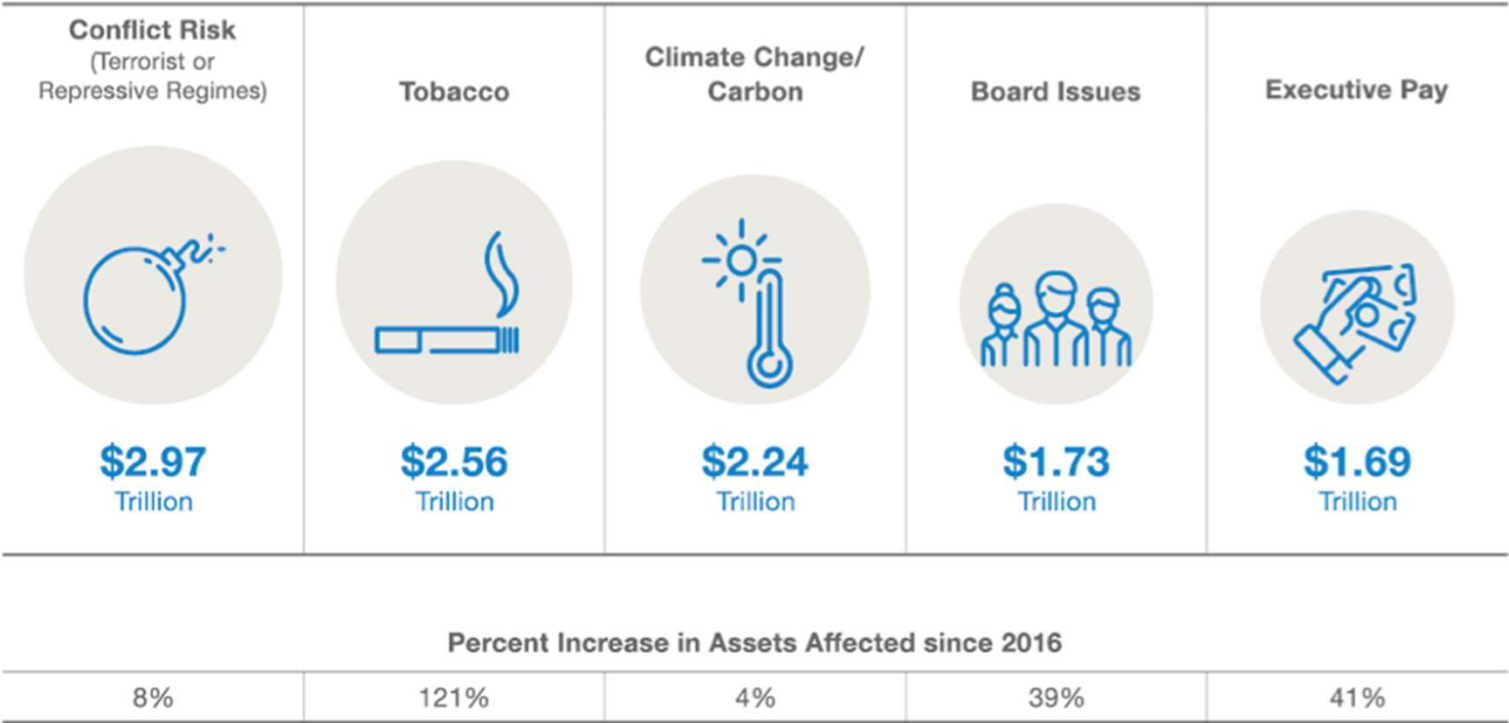


# The top 5 ESG issues for money managers



SOURCE: US SIF Foundation.

# The top 5 issues for institutional asset owners

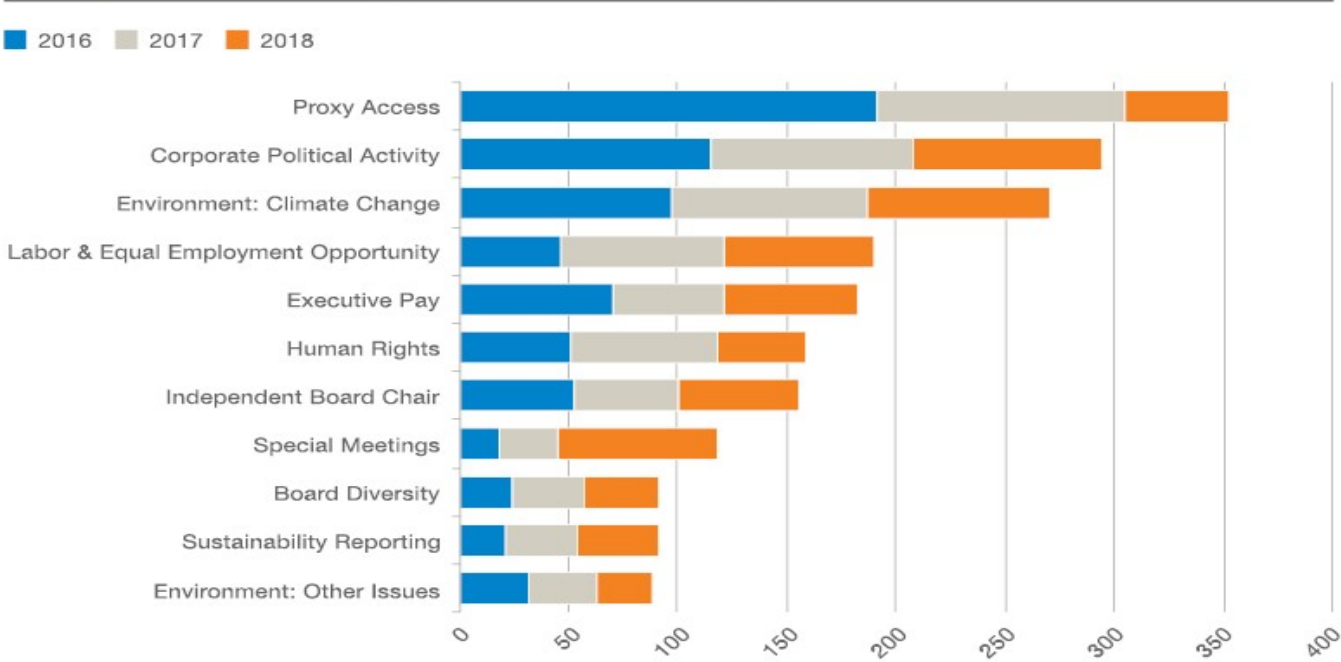


SOURCE: US SIF Foundation.



# The top ESG issues raised in shareholder resolutions

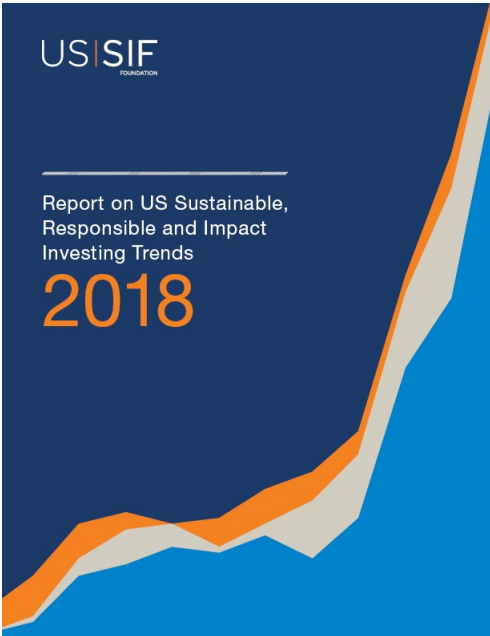
Leading ESG Issues 2016-2018, by Number of Shareholder Proposals Filed



SOURCE: ISS, Sustainable Investments Institute.  
NOTE: Data for 2018 show numbers of proposals filed for 2018 meetings through July 15, and all vote results known as of July 15.

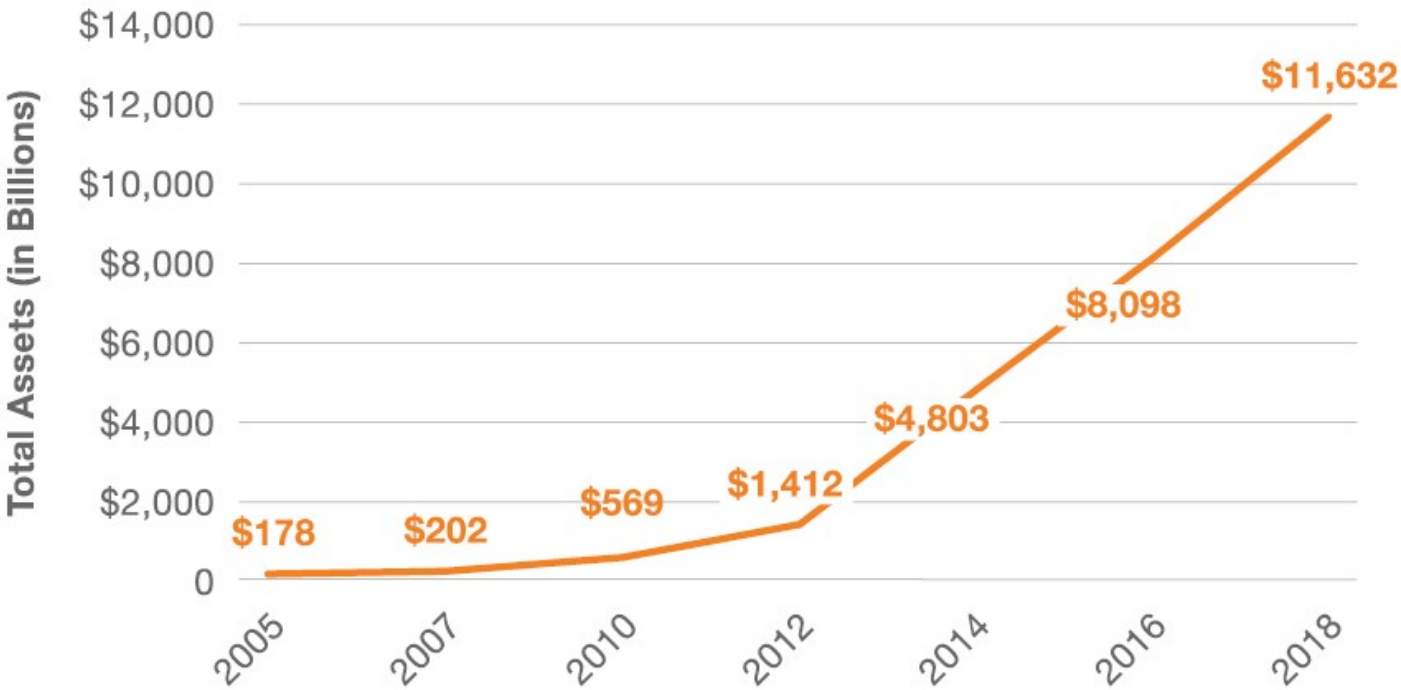


# A Closer Look at ESG Incorporation by Money Managers





# Growth of ESG Incorporation by Money Managers 2005-2018



SOURCE: US SIF Foundation.



# Reasons Money Managers Consider ESG Factors 2018

Reason	Number of Money Managers	% of Managers Responding	ESG Assets (in Billions)
Client Demand	115	82%	\$4,160
Mission	114	81%	\$2,509
Social Benefit	112	79%	\$2,494
Returns	107	76%	\$3,696
Risk	106	75%	\$4,026
Fiduciary Duty	82	58%	\$3,986
UN Sustainable Development Goals	57	40%	\$2,151
Regulatory Compliance	31	22%	\$1,864
<b>Total Responding</b>	<b>141</b>		<b>\$4,180</b>

SOURCE: US SIF Foundation.

NOTE: Managers of community development loan funds who responded to these questions are also included. Respondents could choose multiple reasons, so counts and percentages do not sum.



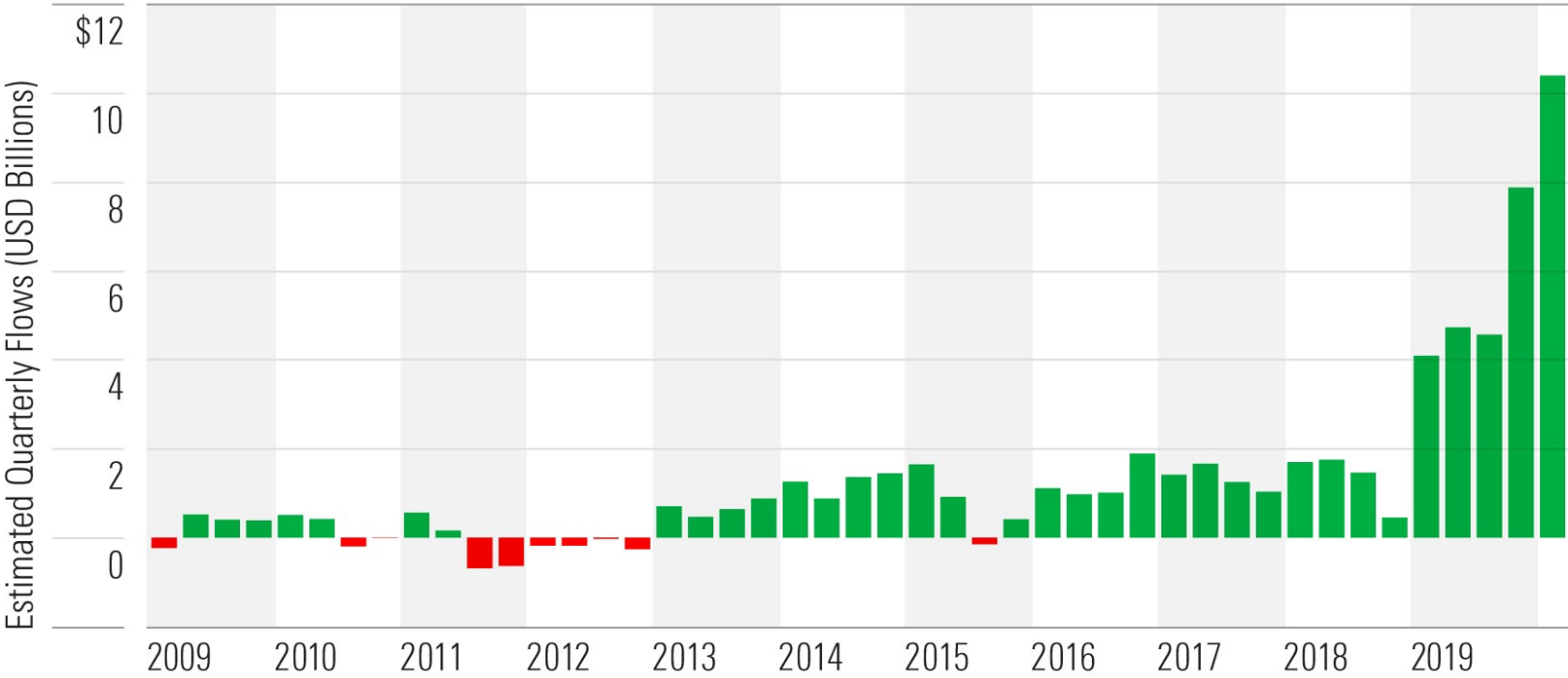
## ESG Incorporation Strategies by Money Managers 2018

	Number of Money Managers	% of Managers Reporting	Assets Affected (in Billions)
<b>ESG integration:</b> the systematic and explicit inclusion by investment managers of ESG risks and opportunities into traditional financial analysis	98	75%	\$2,578
<b>Negative/exclusionary:</b> the exclusion from a fund or plan of certain sectors or companies based on specific ESG criteria	87	66%	\$2,149
<b>Positive/best-in-class:</b> investment in sectors, companies or projects selected for positive ESG performance relative to industry peers	81	62%	\$299
<b>Impact investing:</b> targeted investments, typically made in private markets, aimed at solving social or environmental problems	80	61%	\$80
<b>Sustainability themed investing:</b> the selection of assets specifically related to sustainability in single- or multi-themed funds	71	54%	\$212
<b>Total Responding</b>	<b>131</b>		<b>\$3,156</b>

SOURCE: US SIF Foundation.



# Sustainable Funds Quarterly Flows



Source: Morningstar Direct. Data as of 3/31/2020. Includes open-end and exchange-traded funds available to U.S. investors. Includes funds that have been liquidated; does not include funds of funds





# Jamison Ervin

Manager, United Nations Development Programme



**Jamison Ervin** is manager of the United Nations Development Programme's Nature for Development Program. Her 30-year career has focused on the intersection of nature, climate and sustainable development. She holds a Ph.D. in Natural Resources from the University of Vermont.

# WHAT MAKES A GREEN RECOVERY GREEN?

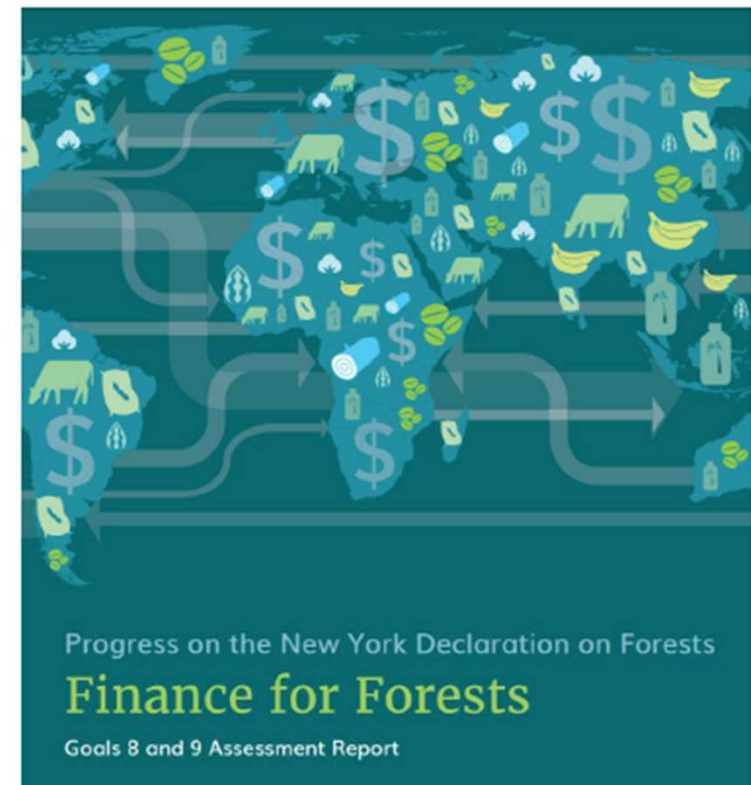
## Transforming the Future of Finance & Forests



# New York Declaration on Forests



- Launched at the UN Secretary General's Climate Summit in 2014
- 10 goals to end forest loss by 2030
- 200 endorsers: governments, indigenous peoples & local communities, financial institutions, corporations and NGO, including 8 Financial institutions; 50 commodity supply chain companies:
- NYDF Global Platform, launched 2017:
  - Convenes endorsers and partners to catalyze action
  - The NYDF Assessment evaluates progress towards meeting the goals



# New York Declaration on Forests



End natural forest loss by 2030



Eliminate deforestation from agricultural commodities, especially: palm oil, soy, paper, and beef



Reduce deforestation from other economic sectors (mining, extraction, and infrastructure)



Support alternatives to deforestation for basic needs



Restore 350 million hectares of degraded landscapes and forestlands by 2030



Anchor forests in the SDGs



Reduce emissions in accordance with global climate agreement



Provide finance for forest action



Reward results by countries and jurisdictions: scale-up payments for verified emission reductions and private-sector sourcing of commodities



Strengthen governance and empower communities

# New York Declaration on Forests



Realizing NYDF Goals would reduce annual carbon emissions by up to 8.8 billion tonnes CO<sub>2</sub> per year

An amount roughly equivalent to the entire annual emissions of the United States

# Haven't We Been Here Before?

## The intention-action gap:

- We have seen a flurry of forest pledges
- Deforestation rates continue to rise; we lose every 6 seconds

2014: NYDF

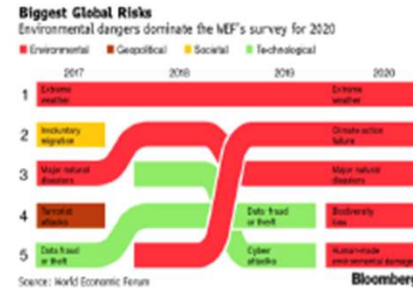
2015: Paris Agreement

2019: UN Climate Action Summit

2020: Super Year for Nature?

## 2020 is our opportunity for action:

- Financial institutions and corporations sound alarm on risks in response to COVID-19.
- Demand for nature-aligned action remains top of mind for consumers and citizens during Covid-19 crisis



**Revealed: UK banks and investors' \$2bn backing of meat firms linked to Amazon deforestation**

Investigation uncovers ties between financial institutions and three Brazilian firms connected to environmental destruction

Thu 4 Jun 2020 04:00 EDT

## Global Survey Finds People as Concerned about the Climate Crisis as COVID-19

BY CARLY LOGG AMERICA'S ASIA EUROPE OCEANIA | MAY 27th 2020 | 2 MINS



More than 330 Major Businesses Call on U.S. Congress to Build Back a More Resilient, Sustainable Economy from COVID-19

## Bloomberg Green Finance

### Investors With \$12 Trillion Call for Green EU Recovery Plan

By Jess Sharkievan  
June 5, 2020, 2:00 AM EDT  
Updated on June 5, 2020, 2:29 AM EDT

- ▶ Asset managers, insurers want climate-aligned stimulus package
- ▶ U.K., French central bankers say crisis is climate opportunity



Asset Allocation November 5, 2019

### Green Coalition: Pension Plans Miss Billions by Not Divesting from Fossil Fuels

Environmental groups say CalPERS, CalSTRS, and Colorado PERA missed \$19 billion by keeping fossil fuel stocks in their portfolios.



Finance & economics

Sep 14th 2019 edition

Down cover

Changing weather could put insurance firms out of business



## 3 Steps to Recover Our Future

- 1. Build A New Normal:** Use green stimulus packages to build back better by tackling forest issues and addressing the current unsustainable patterns of consumption and production
- 2. Value the Role of Forests:** Align recovery efforts with the Paris Agreement, the post-2020 Global Biodiversity Framework, and the Sustainable Development Goals, recognizing the role of forests in SDGs
- 3. Invest more in protecting and restoring forests as a long-term strategy** for a more resilient future and to cope with future disasters and shocks

# Step 1 | Reset & Build A New Normal

**Use investments to build back better by tackling forest issues and addressing unsustainable patterns of consumption and production.**

- We invest 100 x more in the destruction of forests than in forest protection, restoration
- Nature provides 38% of global climate mitigation needs, but receive 3% of global climate finance.
- We spend \$5.2 trillion on fossil fuel subsidies; \$700 billion in agricultural subsidies
- The global economy receives US\$ 125 trillion – ~ 1.5 times global GDP – worth of ecosystem services
- the financial sector has not been responsive to the risks of nature and biodiversity loss.

**The Opportunity:** Customers and shareholders are demanding transparency on nature-smart actions, returns and risks. Investing in green stimulus packages can yield a return-on-investment of up to 10:1.





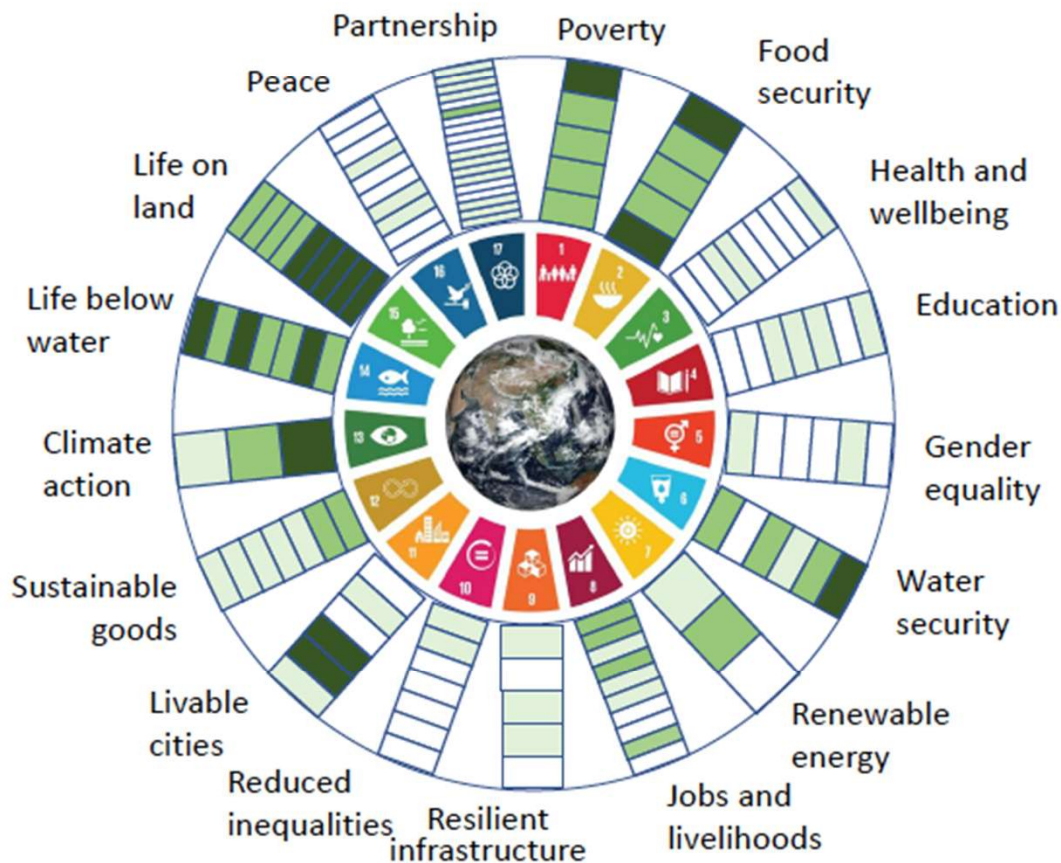
# Step 1 | Reset & Build A New Normal

**Use investments to build back better by tackling forest issues and addressing unsustainable patterns of consumption and production.**

- **Transparency:** Improve financial accounting and transparency for corporates and private sector finance, through mechanisms such as CDP disclosure. (E.g., Unilever is putting Carbon Labels on 70,000 products).
- **Private finance:** Create a more diverse offer of nature-forward products that moves beyond just measuring Green House Gas emissions. Using the full stack of tools from divestment to active corporate engagement to ensure nature-related risks are minimized
- **Public finance:** Redirect existing harmful subsidies and expenditures to forest-positive, carbon-neutral, inclusive investments.
- **Metrics:** Redefine metrics for measuring human and planetary well-being by putting nature at the heart of prosperity.



# Step 2 | Value the Role of Forests



## Align recovery efforts with the Paris Agreement, post-2020 Global Biodiversity Framework, and the SDGs

- Half of all SDGs targets are partially or dependent on nature, including targets related to food security, water security, livelihoods, health, disaster risk reduction, climate
- The SDGs are integral and indivisible, and investing in forests can catalyze progress across multiple SDGs at low cost.



## Step 2 | Value the Role of Forests

**Align recovery efforts with the Paris Agreement, post-2020 Global Biodiversity Framework, and the SDGs**

**The Opportunity: Nature is an SDG powerhouse**

- Intact forests, with their diverse, multi-layered ecological structures, can sequester as much as six times the carbon as less intact forests.
- Investing in forest protection could improve water security for 700 million people in the 100 largest cities at a cost of less than \$2 per person annually, and doing so would have significant boosts in national GDP
- Forests sustain 1.6 billion livelihoods

## Step 2 | Value the Role of Forests

### Align recovery efforts with the Paris Agreement, post-2020 Global Biodiversity Framework, and the SDGs

#### The Action:

- Proactively value forests and forest-based solutions in your portfolio (AXA, AVIVA)
- Ensure safeguards for indigenous peoples and local communities; invest in effective and equitable governance on indigenous lands.
- Select forest investments that maximize benefits for carbon, SDGs





## Step 3 | Invest in Forests as a Long-Term Strategy

**Invest in forests as a long-term strategy for a more resilient future and to cope with future disasters and shocks**

### Why:

- **Intact forests can help prevent future zoonoses.** 75% of new diseases are zoonotic. Maintaining forest intactness is a key strategy
- **Agricultural commodities are responsible for deforestation** – beef, soy and palm oil are primarily responsible.
- **Nature-based livelihoods and MSMEs** capture a large % of the world's economy: > 2 billion people depend on forests, agriculture, and fisheries, and MSMEs comprise over 90% of all firms, and account for up to 70% of total employment and 50% of global GDP.

### The Opportunity:

- Sustainability is a meta trend. Attitudes to consumption are being rewired and rewritten: from eco-pressure to eco-shame and eco-status to eco-standard.
- Countries have developed 'Green New Deals' that put nature at the heart of sustainable development. These can be translated into 'Green Recovery Plans'. (e.g., [EU's € 1 trn plan](#) to jumpstart a green circular economy, decarbonize the energy sector and promote nature protection and restoration)

## Step 3 | Invest in Forests as a Long-Term Strategy

**Invest in forests as a long-term strategy for a more resilient future and to cope with future disasters and shocks**

### **The Action:**

- **Create a mechanism for nature-related financial disclosure** to redirect finance from nature negative to positive investments. Work is under way to with financial institutions to enhance TCFD with a nature-focus.
- **Invest in deforestation-free supply chains.**
  - Sustainable supply chains, such as Mars inc.:
  - New corporate-community partnerships for resilient supply chains (e.g., Estee Lauder and Australia's Kutkabubba aboriginal community)
  - New corporate-government-community partnerships (e.g., Cocoa Forest Initiative)
- **Invest in green micro-small-and medium-sized enterprises (MSMEs) and support forest-based livelihoods in their supply chains.**





Virtual Global Series



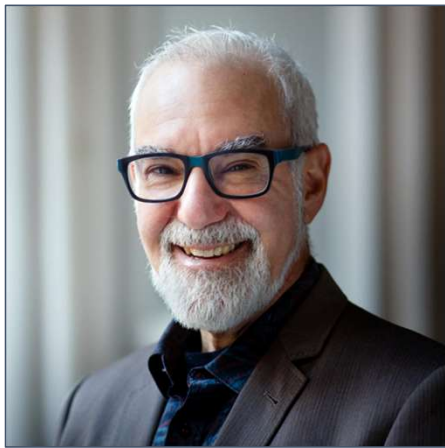
**Join Us 20-21 July!**  
**Register at: <https://tinyurl.com/F4N2020>**





# Andrew Behar

CEO, *As You Sow*



Andrew Behar, *As You Sow* CEO, has 30 years of experience as a Senior Executive and strategist in the cleantech, communications, and life science sectors. Prior to joining *As You Sow*, Andrew founded and was CEO of a start-up developing innovative fuel cell technologies. He served as COO for a social media agency focused on sustainability and has been a strategic consultant in the nonprofit sector. He is a member of the board of US Social Investing Forum (US-SIF) and is a member of the UN Sustainable Stock Exchange Green Finance Advisory Group. His book, *The Shareholders Action Guide: Unleash Your Hidden Powers to Hold Corporations Accountable* was published in November 2016 by Berrett-Koehler.





# Invest Your Values

a project of  AS YOU SOW



[AsYouSow.org/invest-your-values](https://AsYouSow.org/invest-your-values)



# Jeff Conant

Senior International Forests Program Manager, Friends of the Earth US



Jeff Conant directs Friends of the Earth’s international forests program. The program’s primary campaign, “Landgrabs, Forests and Finance” pressures institutional investors and consumer brands to address the material risks associated with rainforest destruction. Recent successes include supporting CalPERS to expand its ESG policies to recognize deforestation, biodiversity, and land rights as material investment risks, and pressuring several multinational consumer brands to cancel contracts with abusive palm oil suppliers in Guatemala.

Jeff has worked on issues of international development justice for two decades, including advocacy for climate justice at the U.N. and other global arenas. With International Accountability Project he co-authored A Community Guide to the Environmental and Social Safeguards of the Asian Development Bank; and with Hesperian Health Guides he co-authored A Community Guide to Environmental Health, a grassroots manual published in over a dozen languages. Jeff is also author of A Poetics of Resistance, about Mexico’s Zapatista movement, and translator of Wind in the Blood: Mayan Healing and Chinese Medicine.

He holds a Bachelor’s Degree from Boston University and a Master’s in Rhetoric and Communications from New College of California.



deforestationfreefunds.org



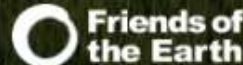
# Are you invested in deforestation and climate change?

Every year, the world loses an area of tropical rainforest the size of the United Kingdom.

Find sustainable, deforestation-free investment options.  
Move your money. That's your power.

[Top-scoring funds »](#)

A project of



# Deforestation links many ESG concerns



## **Climate: 2nd largest contributor to climate crisis**

- IPCC: 23% of emissions come from land use change
- Agricultural commodities drive 80% of deforestation
- Indonesian peatland destruction releases GHG emissions equivalent to Spain

## **Biodiversity: Widespread biodiversity loss**

- Near extinction of orangutans, Sumatran rhinos, great apes

## **Labor abuses: child labor, forced labor.**

## **Land rights: Huge areas of land, often claimed by local people = *conflict***

- 3000 social conflicts in Indonesia alone
- Assault on indigenous peoples' lands in Brazil, Guatemala, Peru, Liberia, Papua

## **Governance: Widespread corruption.**

- Example: Up to 82% of Indonesian timber lacks permits.

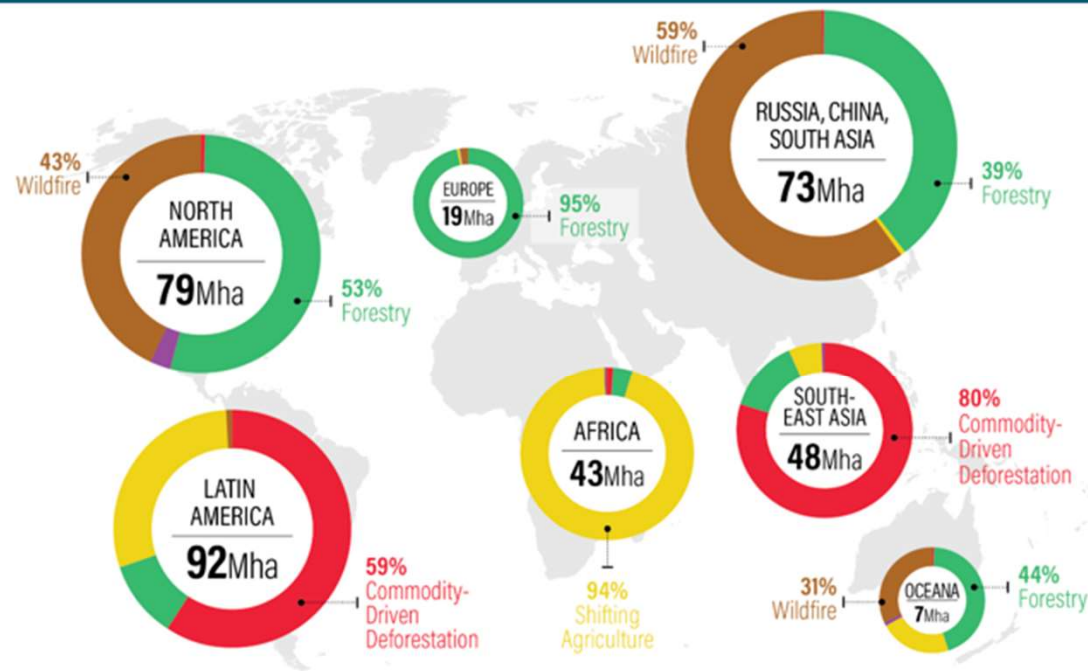
## Tree Cover Loss by Dominant Driver (2001-2018)

In the tropics, almost half of total loss was driven by agriculture

\*Permanent Deforestation  
 \*\* May or may not lead to permanent deforestation

### Key commodities

- Palm oil
- Cattle
- Paper/pulp
- Soy
- Timber
- Rubber



\* Permanent deforestation  
 \*\* May or may not lead to permanent deforestation

Note: Numbers reported as of March 3, 2020  
 Source: Global Forest Watch

20.02.18



WORLD RESOURCES INSTITUTE



# PALM OIL

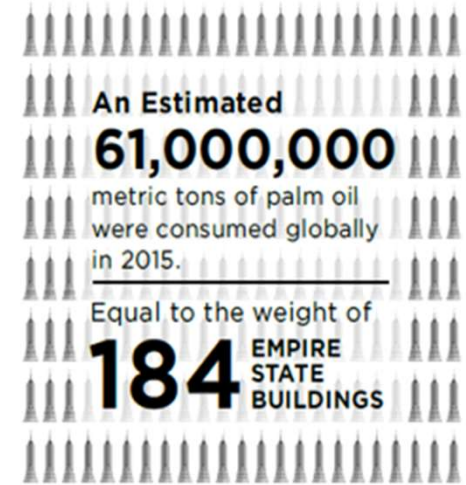
THE OTHER OIL CRISIS

Palm oil is pressed from the fruit of the oil palm tree. Because it generates high yields at low costs in countries with lax environmental laws, palm oil is the most widely used vegetable oil in the world, accounting for 65% all vegetable oil traded internationally.

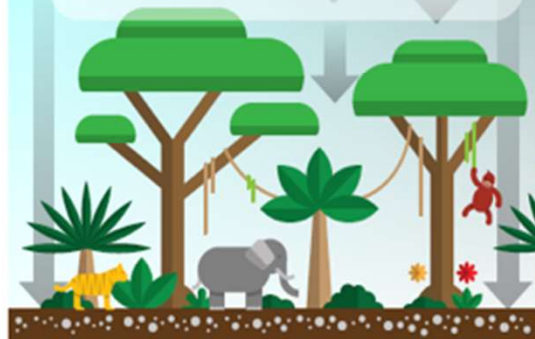


PALM OIL INDUSTRY REVENUE

Palm Oil is found in about **50%** OF THE PACKAGED GOODS SOLD IN SUPERMARKETS TODAY.



Healthy tropical rainforests store massive amounts of carbon.



**FROM CARBON SINK...**  
AND WILDLIFE HABITAT

As these forests are cleared, all of that stored carbon is released into the atmosphere.



**TO CARBON SOURCE...**  
AND WASTED LANDSCAPE

Conventional palm oil production exploits people and pollutes the environment.



**TO INDUSTRIAL FARMS**  
AND DIRTY BUSINESS

# Deforestation-related risks as material financial risk (UNEP)

## Risks to financial institutions

### Non-performing loans:

clients unable to service debts on time or in full

### Asset values:

Assets may become stranded as markets shift and require decoupling production from forest impacts

### Profitability:

Market value may deteriorate as revenue is impaired

## Supply chain risks

### Operational risk

Resource scarcity  
biodiversity loss  
ecosystem damage & social conflict

### Reputational risk

Public awareness leads to brand damage

### Market risk

Change in consumer behavior drives market shifts

### Regulatory risk

Non-compliance with existing & emerging regulations

### Legal risk

Failure to manage ESG risks: corruption, fraud, bribery



Forest

Producers

Traders

Processors

Retailers



Consumers

*Soft commodity supply chain actors have direct or indirect impacts on forests*

## Follow the money

Track the deforestation-risk of your investments



Palm oil



Paper/pulp



Rubber



Timber



Beef



Soy



### Deforestation-risk agricultural commodity producers and traders


Companies that produce and trade palm oil, rubber, soy, cattle, timber and pulp & paper and have a past record or a significant risk of contributing to deforestation, land grabbing, and human rights abuses.

[View producers and traders](#) ▾




Deforestation Free Funds

Menu

 **Deforestation-risk agricultural commodity producers and traders**


Companies that produce and trade palm oil, rubber, soy, cattle, timber and pulp & paper and have a past record or a significant risk of contributing to deforestation, land grabbing, and human rights abuses.

[View producers and traders](#)

 **Banks and lenders**

Financial institutions directly and indirectly involved in underwriting and lending to deforestation-risk producers and traders.

[View banks and lenders](#)

 **Major consumer brands**

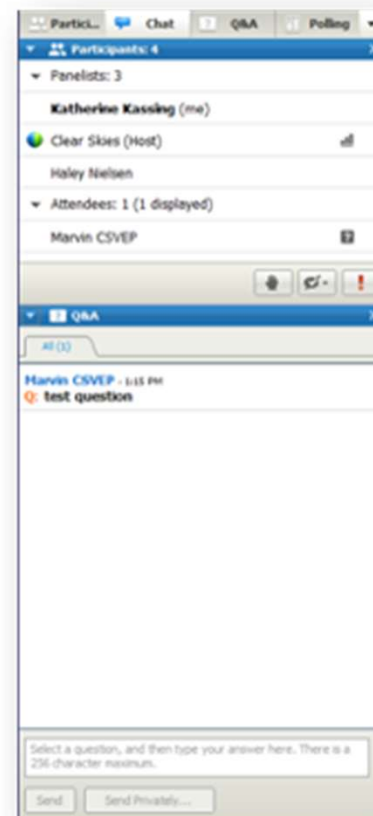
Consumer goods retailers that source palm oil, rubber, soy, cattle, timber and pulp & paper from deforestation-risk producers and traders and sell it to consumers worldwide.



# Questions and Answers

- For technical support call 1-855-888-6094
- Use the Q&A window to send us your questions

**Q&A Window**





# Investing With Your Values Can Build a Regenerative Economy



AS YOU SOW

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Wednesday, June 24, 2020

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Thank you for  
joining us today!



***As You Sow***

Stefanie Spear

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[AsYouSow.org/invest-your-values](https://AsYouSow.org/invest-your-values)