



# SRI after the crisis

European Economic and  
Social Committee  
Hearing with Stakeholders in SRO  
Madrid

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# Idea behind a SIF

- Sustainability is People, Planet, Profit.
- Big gap between PP and P
- Use money to improve sustainability
- SIF to bridge the gap
  - ‘business- NGO’



# Eurosif Key Facts

## Governance

- Governed by 8 National SIFs from European countries
- Existing European Sifs include: **UK, FR, DE, NL, IT, BE, ES, SW, DK**
- Regional Sifs: RIAA, ASRIA, SIO, US SIF

## Funding Sources

- Institutional Member Affiliates (80+)

## Mission / Benefits

- Address Sustainability through Financial Markets
- Networking and Promotion for Member Affiliates

## Activities

- Research
- Lobbying
- Events and Communications
- Partnerships





# Eurosif Member Affiliates, 2010



# Leverage and Reach through SIFs

## National SIFs in Europe:

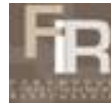
\*Belgium



Denmark



\*France



\*Germany, Switzerland, Austria



\*Italy



\*The Netherlands



\*Spain



\*Sweden



\*U.K.



\* = Board Members of Eurosif

## SIFs outside of Europe:

Asia



Australia



Canada



United States



# Eurosif activities in 2010

## Lobbying

- Follow up on EU Public Policy Position Paper
- Remuneration and other timely topics

## Research

- European SRI Market Study: fall release
- Sector/ Thematic Studies
- Benchmark Corporate Pension Funds

## Partnership Initiatives

- Transparency Guidelines revision
- Media Partnership
- Le Monde, La Stampa, El Pais, Die Zeit, Le Temps

## Events/ Comm's

- Workshops on Selected Topics
- EU Events
- Public speeches

## Core Activities

- Newsletter, Research Quarterly, EU Insider
- Coordination of EU SRI information, Regional SIF quarterly updates
- Video streaming, website.
- Member Affiliate Servicing



# Transparency

## Transparency from companies

European institutions should mandate disclosure of ESG data by publicly traded, large corporations. Such reporting would be principles-based and use a limited number of standardised Key Performance Indicators (KPIs), some of them being sector specific.

## Transparency from Institutional Investors

European institutions should introduce a mandatory Statement of Investment Principles (“SIPs”) for Investment Funds in which trustees would state the extent (if at all) to which ESG considerations are taken into account in the selection, retention and realisation of investments; and their policy in relation to the exercise of the rights (including voting rights) attached to investments.

## Shareholders Rights and Transparency

The Commission should adopt measures to allow shareholders to keep control of their rights at all times, improve accountability of service providers within the proxy voting chain, and allow issuers to know who their shareholders are at any moment so that they can communicate to them efficiently.





# National SIF's

- VBDO mission
- Stimulating a sustainable capital market
- Working with both the demand and supply side
- Research and engagement
- Opiniating and initiating



# VBDO Activities

- Engagement demand side/ corporations
  - AGM's and dialogue
- Engagement supply side/ financial markets
  - VBDO Platform and seminars
- Projects demand side/ corporations
  - Benchmark Sustainable Supply Chain Management
  - Remuneration and sustainability
  - Real estate
- Projects supply side/ financial markets
  - Benchmark pension funds, Insurance companies, Asset managers, market studies



# Results: Pension funds on track

- Participation rate increased to 84%
  - 2007 (73%), 2008 (79%)
- Policy: 71% of surveyed pension funds have one
  - 2008 (49%)
- Implementation: progress
  - 33 pension funds exclude weapons (2008: 20)
  - 15 pension funds use ESG-criteria for positive selection
  - 27 pension funds engage with companies
  - 38 pension funds have an ES and/or G voting policy
  - 20 pension funds invest in sustainable projects/initiatives
- Reporting: more work to be done
  - Little clarity into asset managers and how they implement pension funds' RI policy
  - Little clarity into investments (list of companies)



# Crisis...what happened?

- Short term focus
- Stimulated by extreme bonuses
- Creating a Virtual World
- ... Who says asset managers are conservative?



# Current situation

- No money
- No confidence
- Social contract between financial world and society cancelled





# Solution

- Focus on Long Term
- People, Planet AND Profit
- Invest in the real world
- Transparency
- (Multi-) Stakeholder dialogue



# Needed

- Focus/ relevance
- Make choices
- Involvement of stakeholders
  - Internally
  - externally
- Remuneration
- Share business dilemma's



# SRI

- Exclusion
- Best-in-class
- Sustainable projects
- Engagement: financial world can only push, we need companies to change!



# Companies: Why sustainability?

- Reputation management; charity
- Risk management
- Value creation
  - Efficiency
  - Products and services
- Company values and vision: DNA



# Needed for companies

- Dedication top management for sustainable strategy
- Address the economic value of sustainability
- Reporting system for non- financial data incorporated in current reporting system
- Remuneration system incorporates sustainable objectives
- Stakeholder dialogue
- Verification by independent auditor





# Why SRI?

## Lower risks

- Better governance
- Lower costs (energy savings, CO2 emissions)
- Better positioning of products/ services
- Value creation

## Returns at least the same

## Institutional investors take the lead

- Retail: consciousness increasing



# New era

- “Business will never be the same again”
- Sustainability integral part of strategy
- Translated in SMART objectives
- All stakeholders involved, including employees
- Translate sustainability in money
- But don't forget your ideals...





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