



# The role of capital markets for sustainable investment - on impact and other ESG strategies

Dr. René Nicolodi, CAIA  
Head of Equities, Dep. Head of Asset Management

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# Agenda

- Addressing mis-conceptions about sustainable investment
- Greening the economy: the role and impact of capital markets
- Takeaways

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# Addressing mis-conceptions about sustainable investment



# Beyond ethics and reflecting more about intentionality & stewardship



# Beyond compliance and increasing transparency, standardisation & accountability



# Beyond ratings and focusing on (double) materiality & engagement





# Beyond greenwashing and building trust through consistency (& education)



# Beyond performance and ...





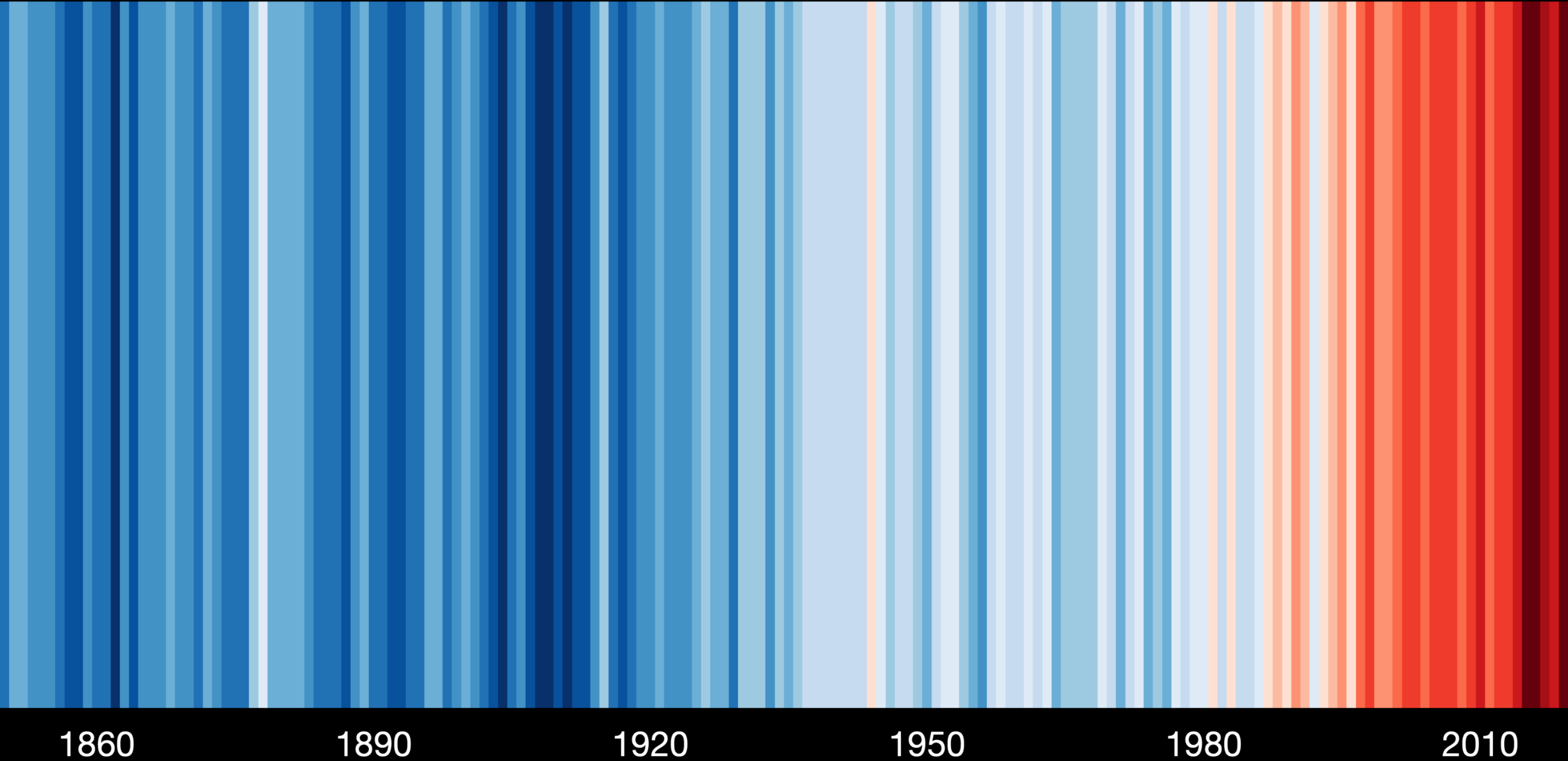
Finally: sustainable investment is about long-term, forward-thinking investing



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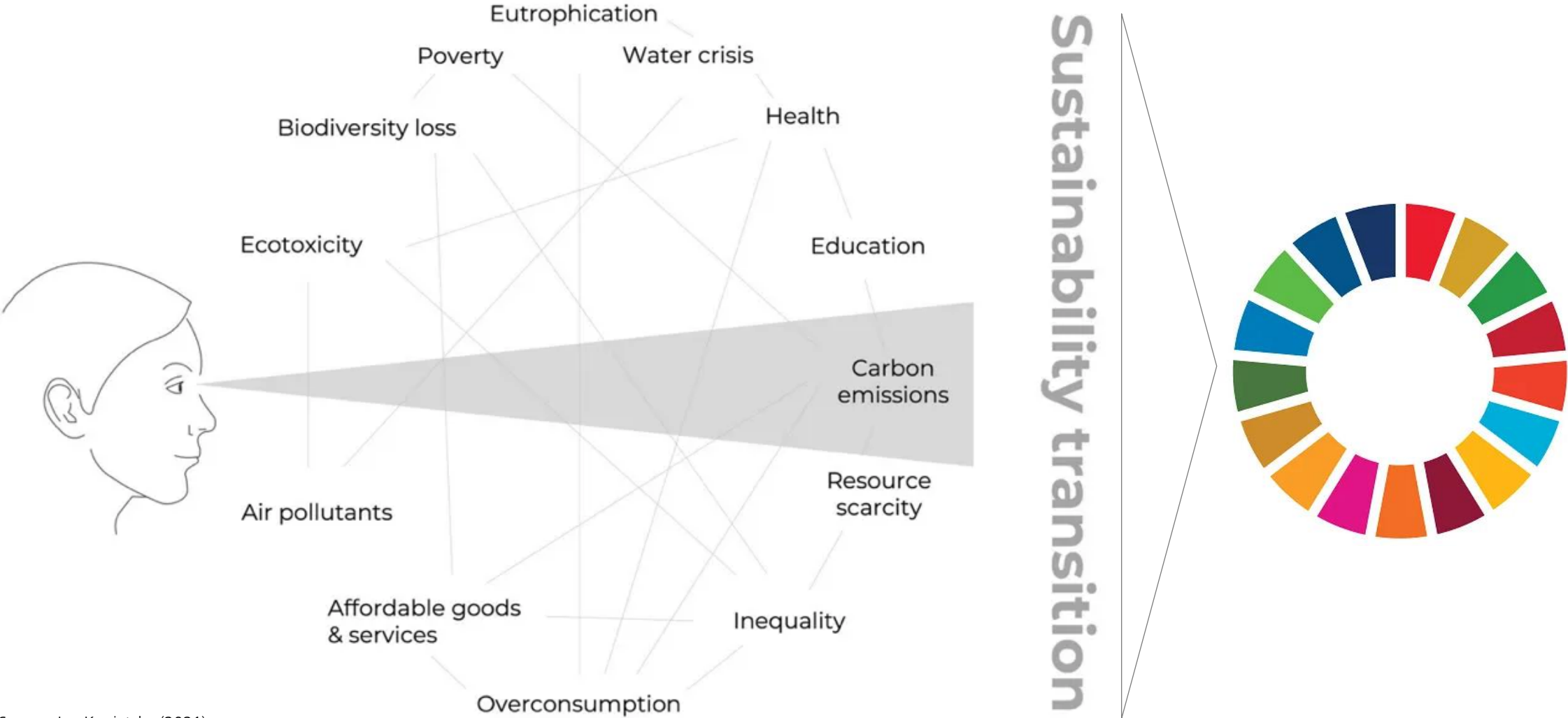
# Greening the economy: the role and impact of capital markets

# Global temperature change (1850-2019)





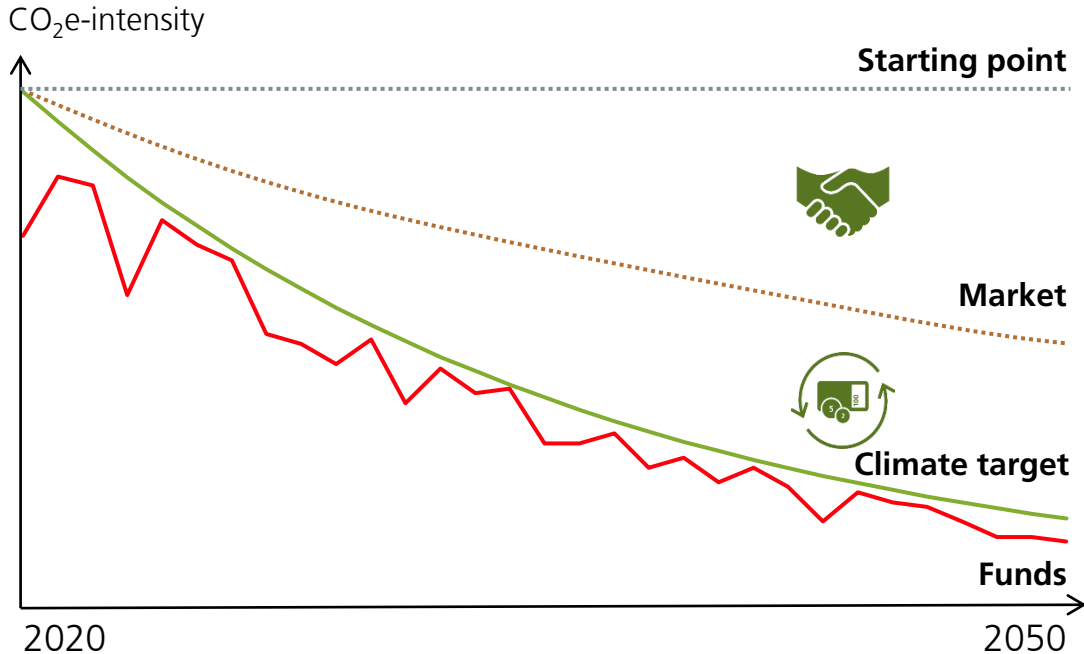
# Avoiding a carbon tunnel vision while focusing on what matters most



Source: Jan Konietzka (2021)

# Actions as an asset manager (1): implementing CO2-intensity paths for liquid assets that are in line with the Paris Agreement

## Reaching the target with voting & engagement and capital allocation



Assumption: G = 5%, Funds fulfill the Swisscanto climate strategy, the Market achieves an annual CI reduction of 1.75%. This figure was extrapolated from the reduction actually achieved in the period 2007–2016 (Global CO<sub>2</sub>e / Global nominal GDP).

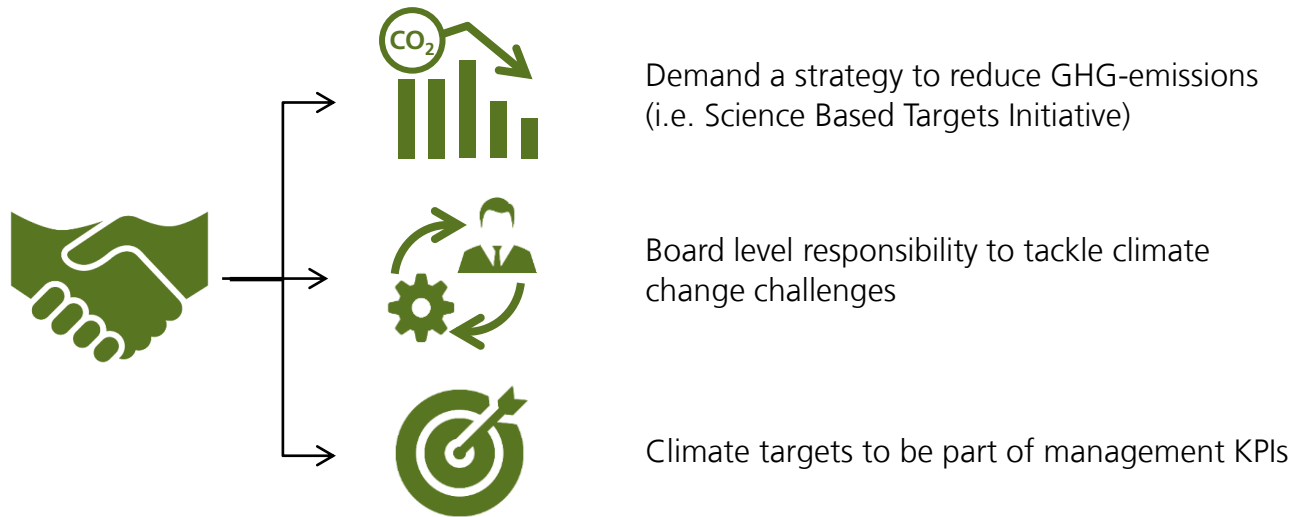
## Absolute CO<sub>2</sub>e reduction target 4% p.a.



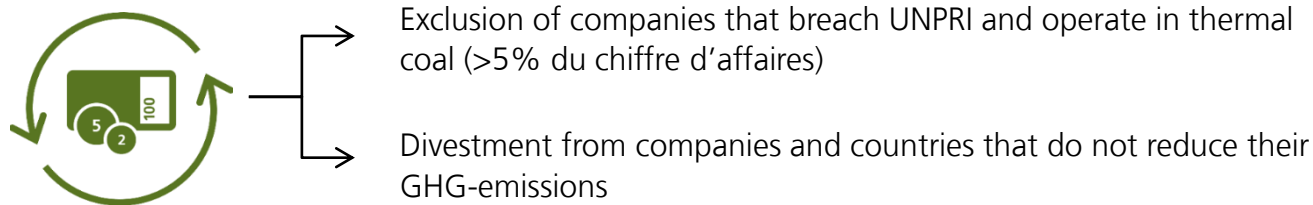
\*Assumption: Nominal GDP growth (G) = 5%  
 \*\* $1 - [(1-4\%)/(1+5\%)] = 8.57\%$

# Actions as an asset manager (2): addressing climate- and investor protection with systematic engagement processes

## Voting & Engagement



## Capital Allocation



- **Implement a strong governance framework** articulating the board's accountability and oversight of climate risks and opportunities
- **Take action to reduce greenhouse gas emissions** across the value chain in line with the Paris Agreement
- **Provide enhanced corporate disclosure** in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)





# Actions as an asset manager (3): support climate solution innovation, for instance with private equity solutions



## Energy

- Renewable energies
- Storage solutions
- Grid management
- Financing models
- Service providers

## Buildings & cities

- Energy efficiency
- Low-CO2e materials
- Utilisation efficiency
- Ventilation, heating and air cond. efficiency
- Urban planning and maintenance

## Transport & mobility

- Electromobility
- CO2e-neutral drive systems
- Logistics optimisation
- Shared mobility
- Weight reduction

## Products & services

- Resource efficiency
- Process optimisation
- Recycling and the circular economy
- Carbon capture and storage

## Food & agriculture

- Protein alternatives
- Reduction of waste, improved water and soil use
- Digitisation of agriculture

# Takeaways

A positive impact of sustainable investment strategies relies on their

- Intentionality
  - *regarding the company*
  - *regarding the environment and the society*
- Measurability
- Financial returns



Swisscanto  
**Invest**

by Zürcher Kantonalbank