

# sonen CAPITAL

Social & Environmental impact investment management

## Investor Interest in Chemical Disclosures



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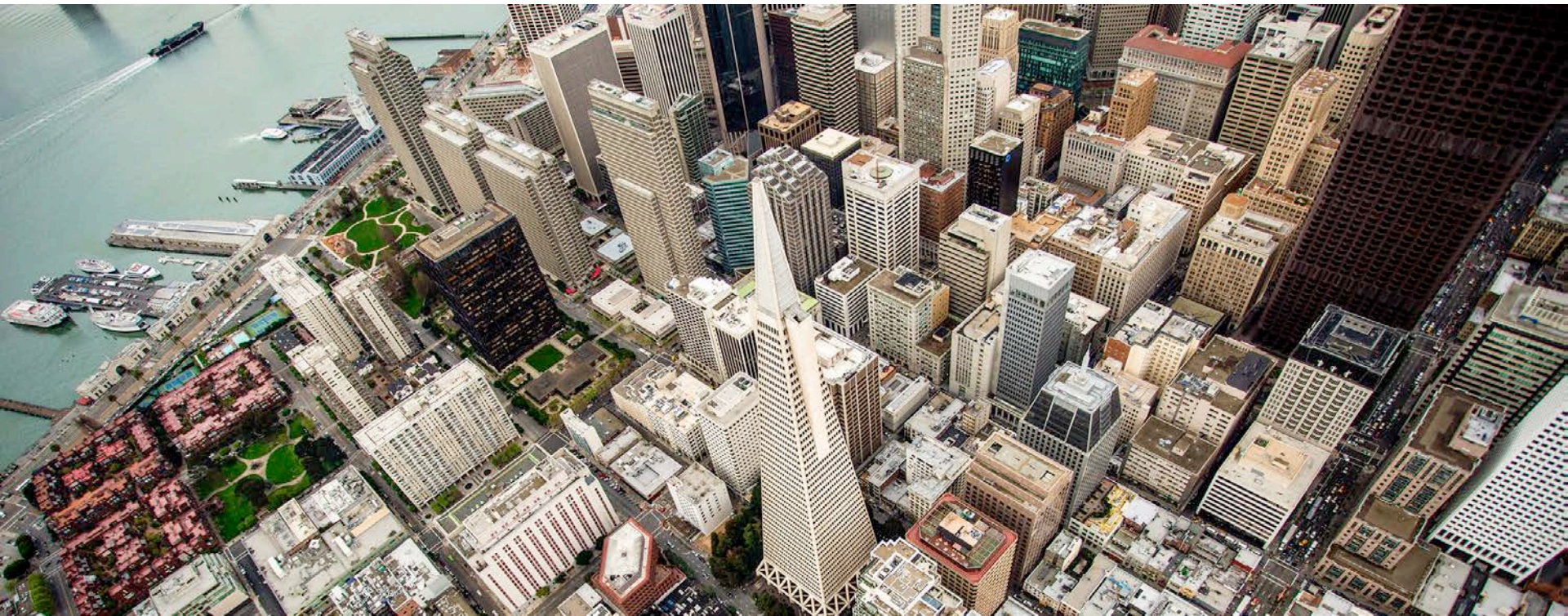
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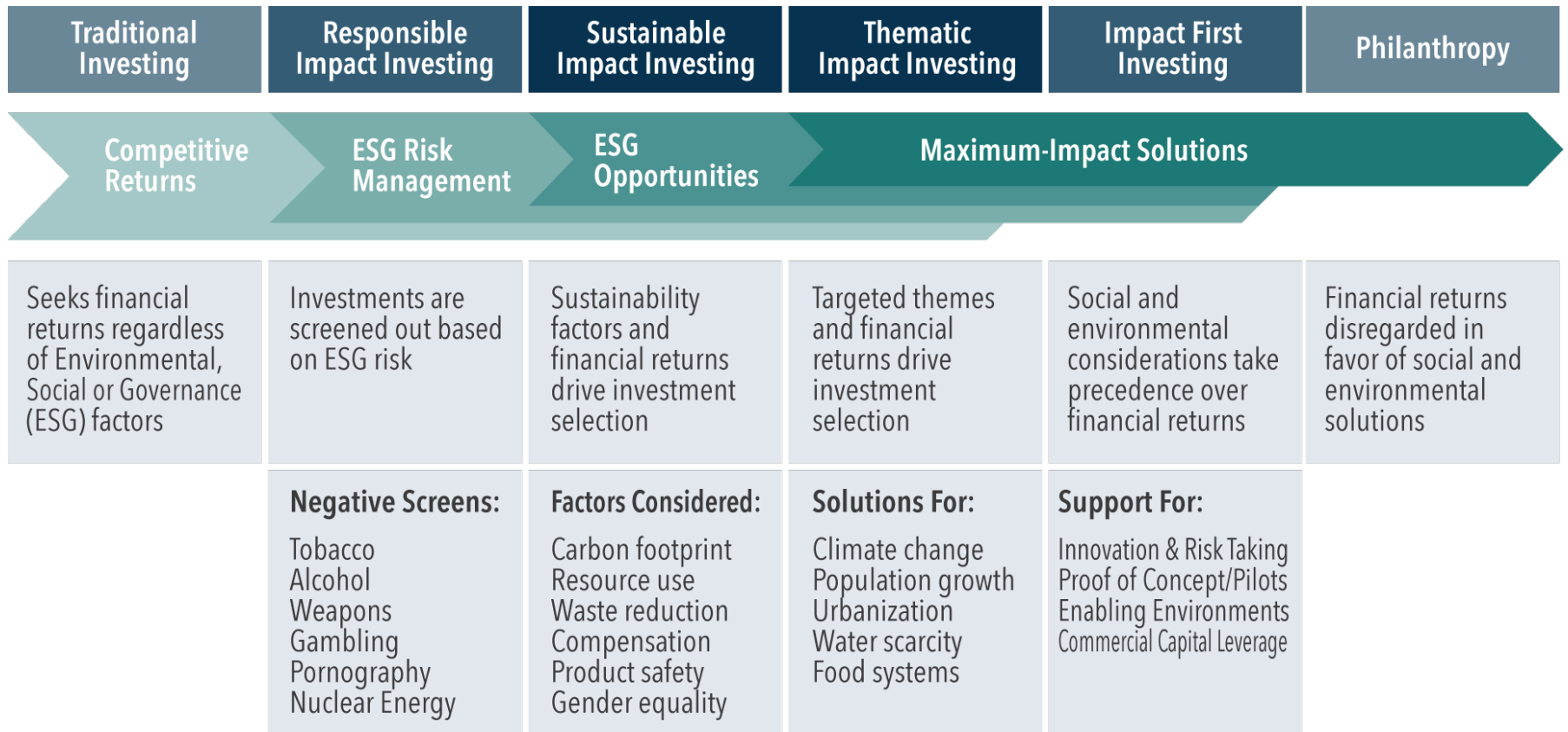


# Sonen Capital



Sonen Capital is a dedicated investment management firm deeply committed to the development of the impact investment field. Our name is derived from **S**ocial and **E**nvironmental investing, and reflects our values and our conviction that investing to generate financial returns and lasting social and environmental impact are not only compatible, but also mutually reinforcing objectives.

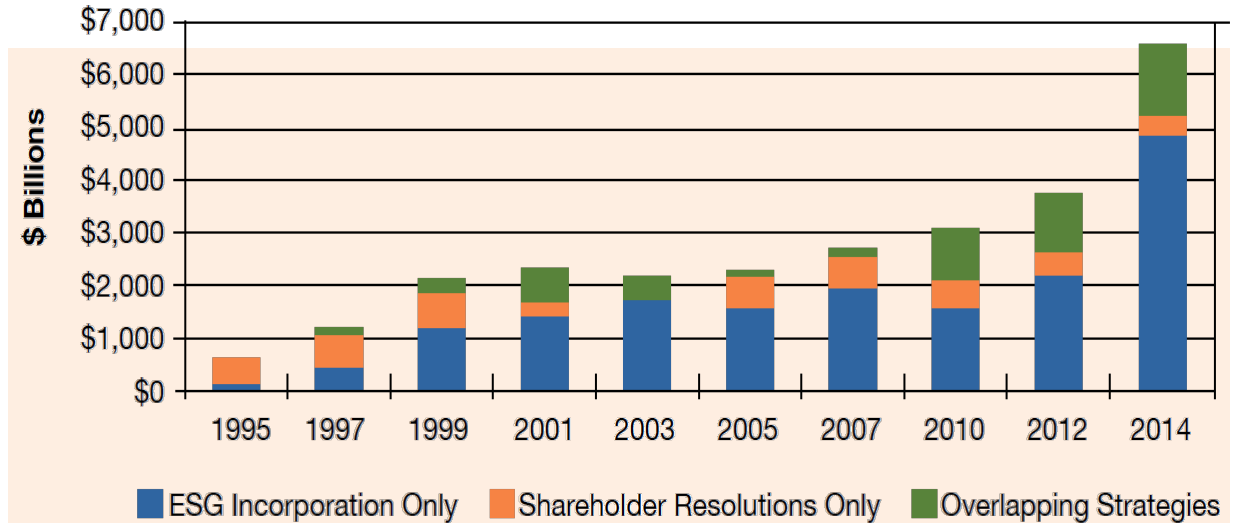
# Impact Investing Defined



# Impact – The Opportunity

- » Sustainably-managed assets growing faster than the financial industry at large.
- » Catalyzing this growth is the view that private assets, not just government and philanthropy, are needed to solve global challenges.
- » Studies have shown that social impact is important to 92% of high-net-worth individuals.

Sustainable & Responsible Investing in the United States (1995 - 2014)



1. World Wealth Report 2014: Capgemini and RBC Wealth Management  
2. Chart source: US SIF Foundation



# Sonen Impact Methodology

## Develop Strategy and Framework

- » Identify social & environmental objectives
- » Develop aligned framework for impact
- » Identify key indicators
- » Identify industry and sector benchmarks

## Implement Impact Strategy

- » Integrate impact with investment process
- » Develop assessment methodologies
- » Train impact managers on best practices
- » Management of systems and processes

## Monitor & Report

- » Dashboards for portfolio impact performance
- » Deep dive performance analyses, quantitative and qualitative reporting
- » Impact relative to sector benchmarks
- » Shareholder advocacy related to ESG improvement

# Shareholder Engagement & Advocacy



# Sonen Shareholder Engagement & Advocacy

## Climate

[Portfolio Decarbonisation Coalition](#) (UN Climate Summit)

CERES, [Investors Network on Climate Risk](#) (INCR)

[CDP Forests Program](#)

SPX Corporation – Dialogue and agreement on targets towards sustainability and carbon disclosures

Investor Statement in Support on Limiting Methane Emissions from the Oil and Gas Industry

Letter to Securities and Exchange Commission urging climate risk disclosure in financial filings by US listed companies.

[CDP \(Carbon Disclosure Project\)](#) letters sent to non compliant companies

## Human, Environmental & Animal Health

[Chemical Footprint Benchmarking Project](#)

[Farm Animal Investment Risk & Return](#) (FAIRR)

[The Business Benchmark on Farm Animal Welfare](#) (BBFAW)

Letter to companies around antibiotics overuse in livestock supply chains

Letter regarding labor rights in cotton farming

## Transparency & Governance

[Certified B Corporation](#)  
[GIIRS Rated Platinum](#) – (score: 128)

[Thirty Percent Coalition](#)

[Investors Initiative on Sustainable Stock Exchanges](#) (IISE)

Covanta – Dialogue and agreement on political transparency disclosures

Letter to Department of Labor Secretary Tom Perez regarding Shareholder Guidance



# Sonen 2015 Shareholder Engagement

Formal outreach to company regarding concern over specific ESG issues.

1

Dialogue with Company to seek agreement and resolution. Includes working with Company to improve ESG performance.

2

If no agreement is reached, filing of a shareholder proposal.

3

## Sonen's Corporate Engagement

Sonen's shareholder advocacy and corporate engagement efforts are focused on improving the sustainability performance of the companies in which our strategies invest.

While corporate policy changes are incremental in nature, we believe that over time such shifts can result in sustainability at scale, and further reflect investor intentionality.

An explicit interest in ESG issues on the part of shareholders sends a clear and important message to corporate management that it is accountable to investor expectations around sustainability performance and disclosure.

Company	Shareholder Engagement Summary and Outcomes
SPX Corporation*	<p>Sonen filed and withdrew a shareholder proposal requesting the SPX Corporation issue a comprehensive annual sustainability report addressing sustainability risks and opportunities.</p> <p>The Company agreed to disclose agreed upon sustainability information on a set timeline, beginning with a preliminary sustainability report including data on waste, water, emissions and energy.</p>

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# Chemical Regulation and Investor Risk



- **"Innocent until proven guilty"**
- **Regulation & risk**
- **Proxy for strong ESG program, corporate governance, supply chain MGMT**
- **Cost of externalities**
- **Investor interest and future disclosure requirements:**
  - Chemical Footprint Project endorsed by investors w assets totaling over \$2.1 trillion

1. The Lancet, April 2015, "*Estimating Burden and Disease Costs of Exposure to Endocrine-Disrupting Chemicals in the European Union*"

2. Clean Water Action and Clean Water Fund, August 2016: "What's in the Package"

# Chemical Regulation and Investor Opportunity

- **Trend towards health & well being**
  - ~40% of global consumers want environmentally friendly benefits and no harsh chemicals from their cleaning products. (Nielsen)
- **Market opportunities / new investments**
  - Green chemistry market expected to increase to \$100B by 2020. (2)
- **Regulation and compliance:**
  - Increased requirement from major distribution channels to comply with chemical disclosure i.e. Walmart, Target, etc.
- **Growth opportunity for brands who focus on human and environmental health:**
  - Established food co's have acquired 89 organic food brands since 2000. Of the 38 which published values, total was \$24.1B. (3)

1. Nielsen, April, 2016: "Consumers Come Clean – About Cleaning Product Preferences"

2. American Sustainable Business Council, Green Chemistry and Commerce Council, "Making the Business and Economic Case for Safer Chemistry" (April 24, 2015)

3. Safer Made research

# Investors & CFP

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- Growing stakeholder and consumer concern
- Insight into chemical management and supply chain management
- Proxy for strong supply chain management, awareness of ESG risks and strong corporate governance
- Engagement – those that do not address the issue can find themselves a target
- Investment decision ideas
- CFP as a roadmap for improvement