

The Nobel Foundation footprints its listed equity portfolio for SDG alignment using Impact-Cubed

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The Nobel Foundation has enlisted the help of Impact-Cubed to complete a full sustainability footprint on its listed equity portfolio, consisting of ten externally managed strategies. The underlying funds were all footprinted individually in addition to the aggregate analysis.

The total portfolio footprint showed that the aggregated investments have a positive net sustainability impact overall, with especially strong results on environmental externalities (carbon, waste and water efficiency) and SDG alignment of products and services.

'A net positive outcome across a total portfolio is not at all a given even for an asset owner who select their managers based on sustainability criteria', says Impact-Cubed founder Larry Abele. 'There is a large variation in the focus and strategies employed by ESG funds, which can result in them cancelling out each other's benefits at total portfolio level. If an asset owner is not paying attention to this, they may be invested in a climate fund and a governance quality fund who when put together yield a set of climate and governance exposures indistinguishable from an index-tracking portfolio. This is not the case for the Nobel Foundation who have selected their managers in such a way that the foundation's equity portfolio has a strong sustainability profile.'

The Nobel Foundation will repeat the footprinting exercise every six months to track the sustainability performance of their equity managers individually and in aggregate. The foundation's CIO Ulrika Bergman who spearheaded the initiative commented: 'We have a strong commitment to investing sustainably and this involves adopting innovative practices. Integrating sustainability into the selection and monitoring of individual managers is becoming established practice, but we are also thinking about impact in a systematic way in terms of our entire equity portfolio.'

Recognizing that asset owners are in need of accessible and scalable tools in order to push the frontier of responsible investment practice, Professor Magnus Dahlquist who sits on the investment committee of the Foundation was among the academics who supported the development of Impact-Cubed's

methodology in its early years. The portfolio model has since won the IRRIC Institute Research Award in 2018, further validating the approach. 'The Impact-Cubed model is really innovative. It is great to see it applied to Nobel Foundation's portfolio after many years of following its development. I hope that we can inspire other asset owners to approach the sustainability of their investments in this holistic manner.'