
Engaging listed-multinationals
How to increase positive impacts

—
January 2018

DE PURY PICTET TURRETTINI & CIE SA

Buy & Care® integrated investment strategy



Proxy voting

- Systematic exercise of voting rights
- Executed directly by the portfolio managers
- Based on internal voting guidelines

Engagement on financially material ESG topics

- Systematic dialogue with top management (IR/CSR)
- Coordinated by the portfolio managers and our external experts
- B | Engaged Methodology (BHP)

Engagement on social impact strategies

- Assessments and dialogues on social impact strategies
- Matchmaking and Partnerships with social enterprises

“ To reconcile profitability with responsibility ”

Engagement process

Social impact follow-up

Readiness to partner assessment
Head, Heart and Hands – Alignment
Suggestions and matchmaking

Presentation of findings
Suggestions for progress
Impact and trust building

Shareholder dialogue

Quality of reporting
Preparedness on material topics
Social Impact assessment

Assessment report

Company publications and data

Sustainability reports
Databases (CDP, Bloomberg, etc.)
Media and external perspective.



Company input & Media
Sector frameworks
Portfolio manager decision.

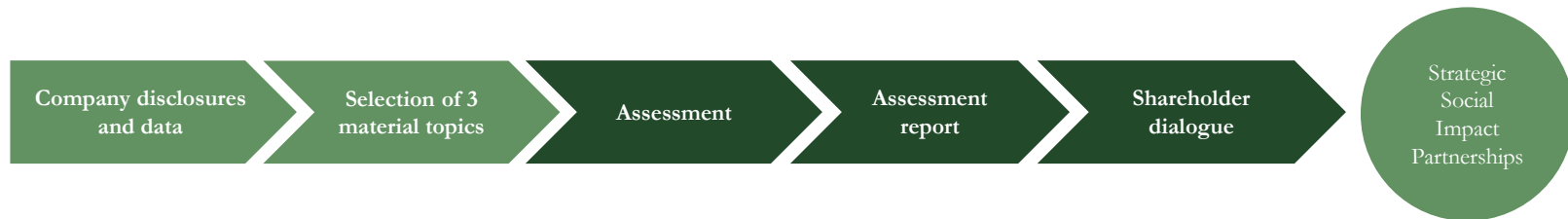
Selection of 3 material topics



Assessments

Company disclosures with reference to international frameworks: UNGP, UNGC, GRI, SDG...

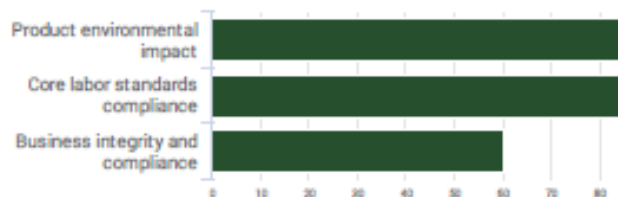
Preparedness, reporting quality and SI Readiness assessments



Preparedness

UNGP/GRI/UNGC/SDG

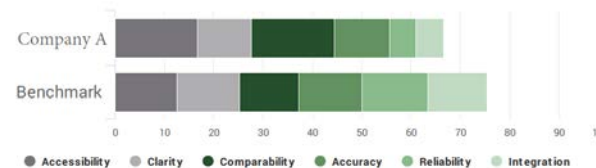
Materiality & Salience
Commitment & Strategy
Objectives & Actions
Indicators & Monitoring
Achievements & Remediation



Reporting quality

DISCLOSURE STANDARDS

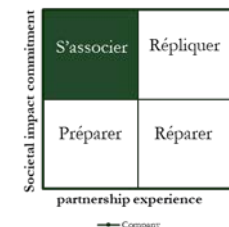
Accessibility
Clarity
Comparability
Accuracy
Reliability
Integration



Social Impact

SOCIAL IMPACT ANALYSIS

Impact commitment
Standards and bodies
Leadership commitment
Proof of past partnerships



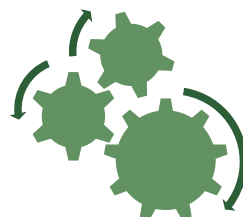
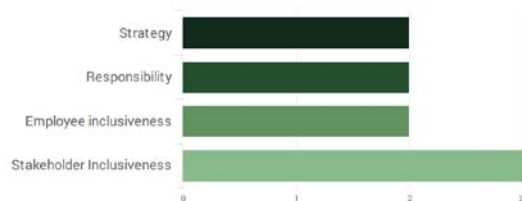
Sustainability governance and frameworks assessments



Governance

INTEGRATION

Strategy
Responsibility
Employee inclusiveness
Stakeholder Inclusiveness



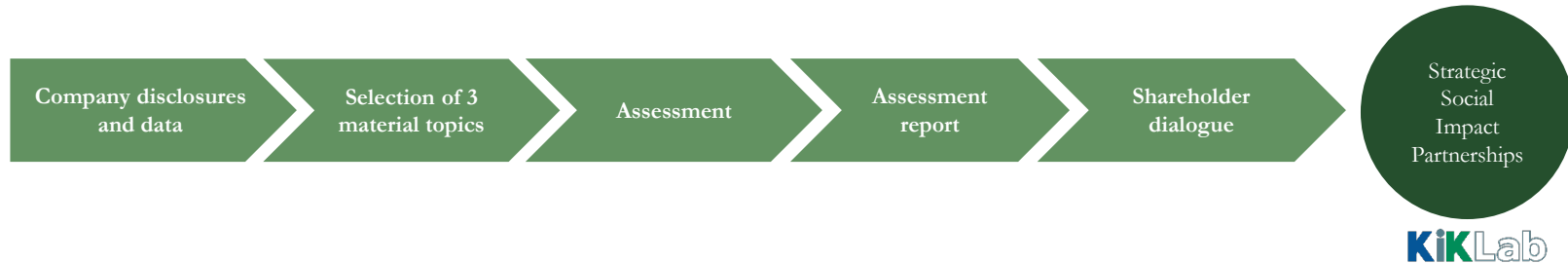
Frameworks

ADOPTION LEVEL

UN Global Compact
Sustainable Development Goals
UN Guiding Principles
Global Reporting Initiative



Social impact matchmaking process



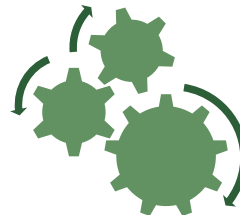
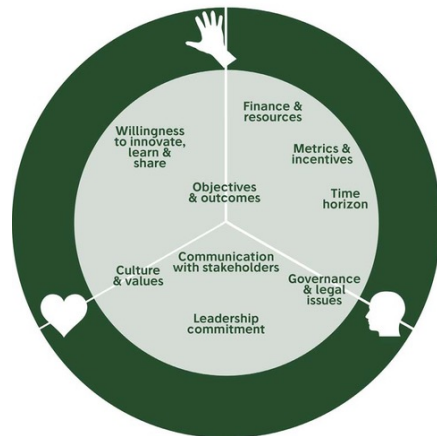
Readiness to partner assessment

- Head, Heart and Hand framework
- Tailored questionnaire and feed-back to companies

Next steps and follow-ups

- Live repository of selected social enterprises
- Financed by fund, public development agencies & companies

HHH - Alignment



Recommendations

- ➡ Executive training
- ➡ Knowledge sharing of past success/failures
- ➡ Capacity building for future partnering
- ➡ Matchmaking with social enterprises

Complementary matchmaking expertise



A joint initiative by KOIS Invest and Kite Global Advisors

Kois Invest

Firm specialized in impact investing

Charles-Antoine Janssen (Managing Director) & François de Borchgrave (Managing Director)

Strong expertise in bridging business and social projects



Kite Global Advisors

Unique capacity to build fruitful collaborations and thought leadership in sustainability

Sophie Lambin (Managing Director) & Larry Yu (Managing Director)

Based in London, Boston and New York with extensive network of experts & corporate contacts



Sattva

Collaboration with corporations for the definition and execution of a holistic sustainability

Srikrishna S Murthy (CEO) & Sanjeev Raho (Managing Partner)

Strong expertise and database of social entrepreneurs



Partnerships through innovative finance in India

Case study of a shareholder engagement from the Cadmos Funds

PROBLEM STATEMENT

In India:

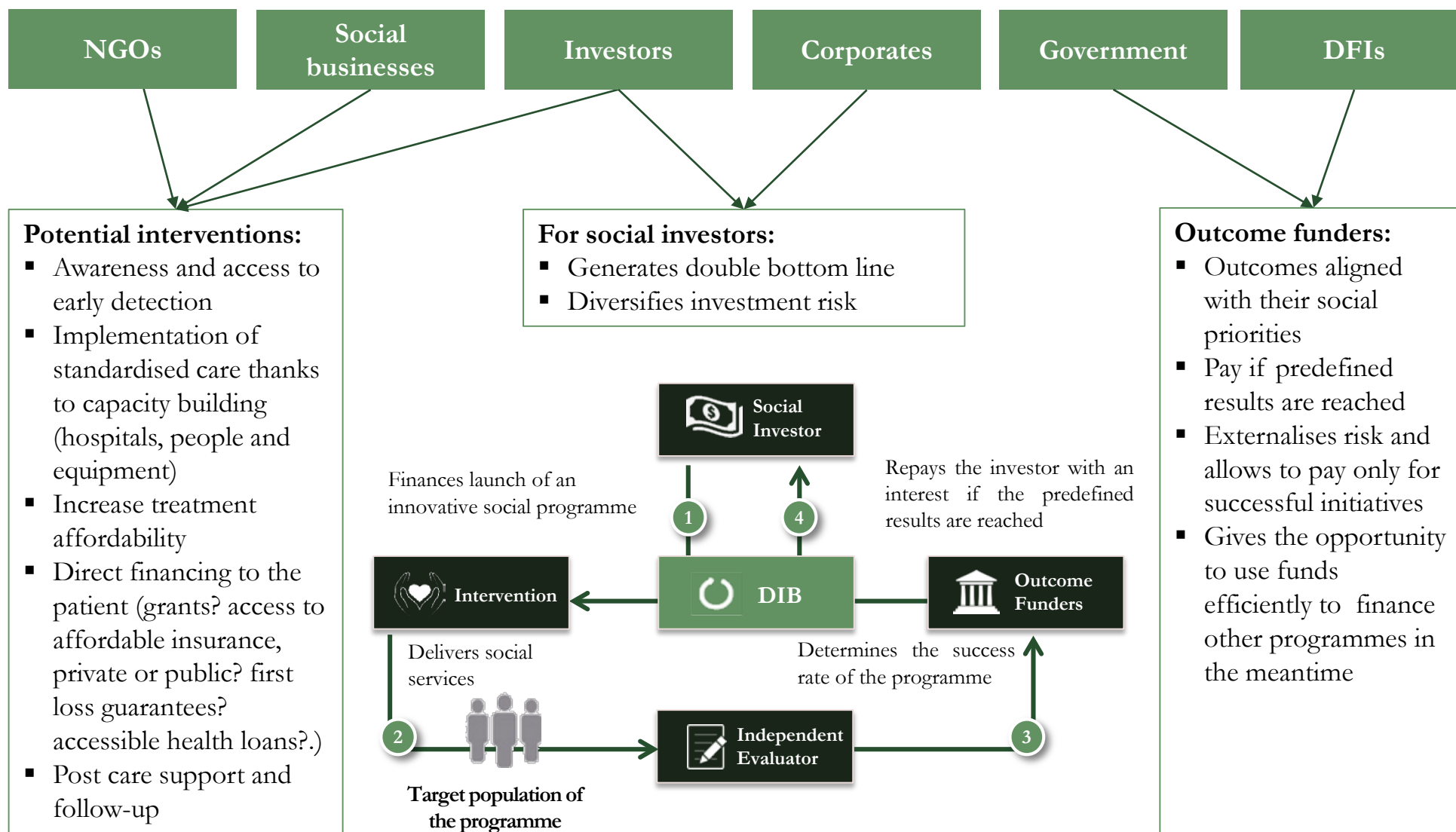
- There are approximately 150,000 new cases of breast cancer every year
- 56% of women have never heard of breast cancer and up to 35,000 women don't have access to standard care
- The ratio of patients to oncologists is 1600:1 and 50-60% of oncologists are based in the top 10 cities.

Targeted therapy has made immense progress towards improving patient outcomes of HER-2+ patients and should be made available to a wider patient pool.

CORPORATE ENGAGEMENT

- A large pharma company has asked KOIS to explore the feasibility of a Development Impact Bond (DIB) to address the issue.
- Aim is to significantly improve HER-2+ patient outcomes thanks to improved access to treatment.
- Through multiple stakeholder partnerships and benchmarking with Tata Memorial, the DIB could also provide a blueprint for the medical community on how to roll out the highest standards of care in cancer or other expensive treatment diseases.

Partnering through an impact bond for a systemic solution



Partnering for sustainable value creation

SOCIAL VALUE

- Target : double the survival rate of HER-2+ patients from 40% to 80%
- Early detection increases recovery potential and reduces treatment costs
- Banking and insurance to help prevent financial ruin caused by the onset of disease in bottom of the pyramid families

SHAREHOLDER VALUE

- Increase in market for corporate's products through a responsible process and supervised by the governance rules of the DIB
- Systemic impact that goes far beyond traditional application of ESG standards should translate into higher CSR value
- New market opportunities for banks and health insurance companies participating in the DIB

5-year proof of concept to move beyond the theory into practical implementation

Process to be self-sustainable by end of DIB

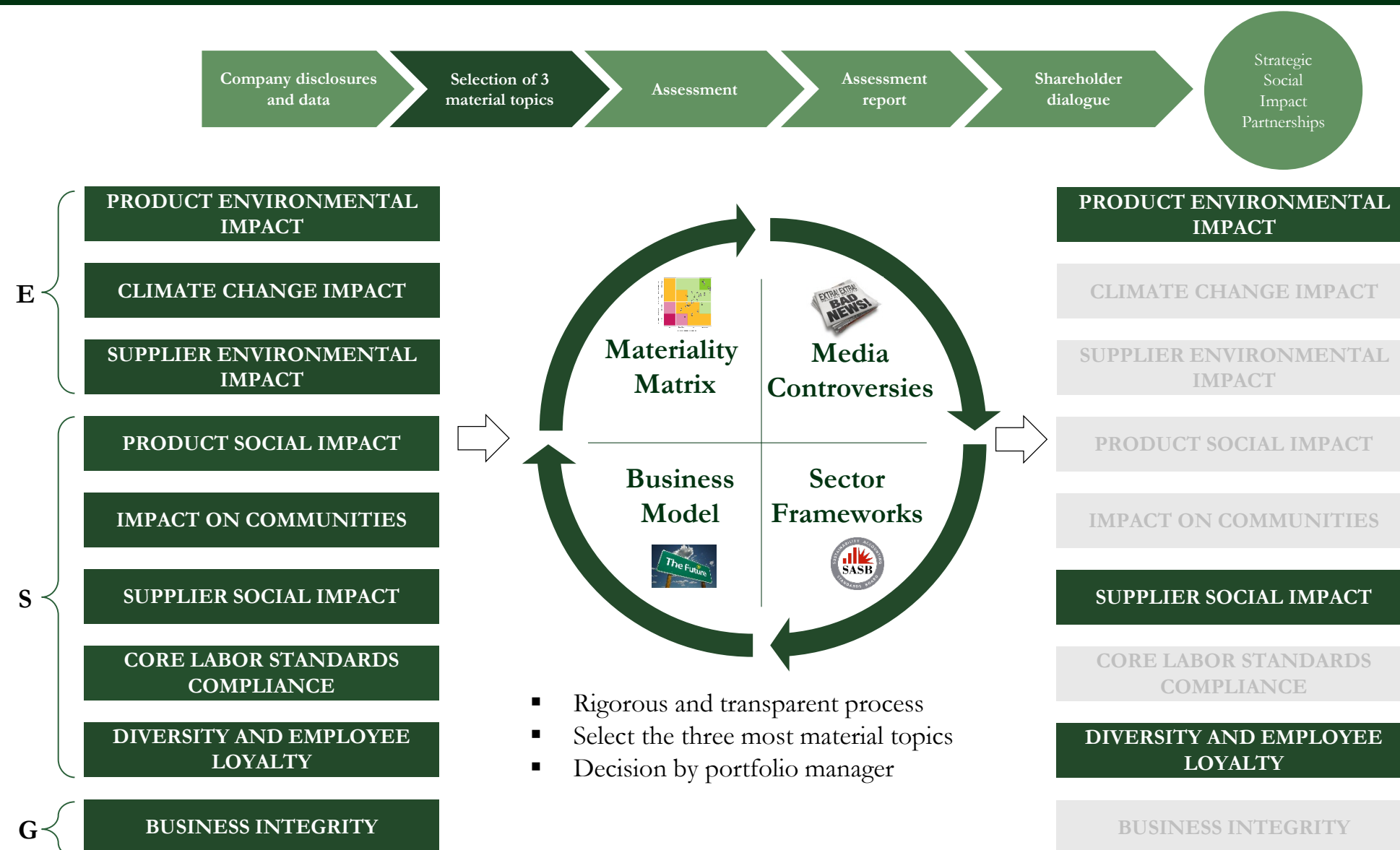
A partnership between corporate, public policy, investors, social businesses and non-profit actors for a break-through sustainable process to significantly improve patient outcomes in India

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Appendix

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Selection of 3 most material ESG topics

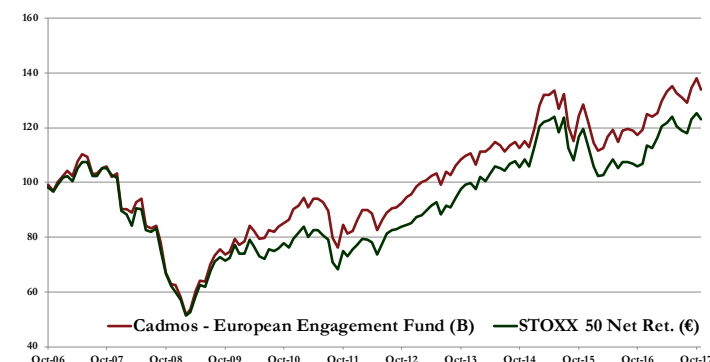


Cadmos Funds' outperformance and impact since inception

Cadmos European Engagement Fund

Outperformance +11.1% (inception - 2006)

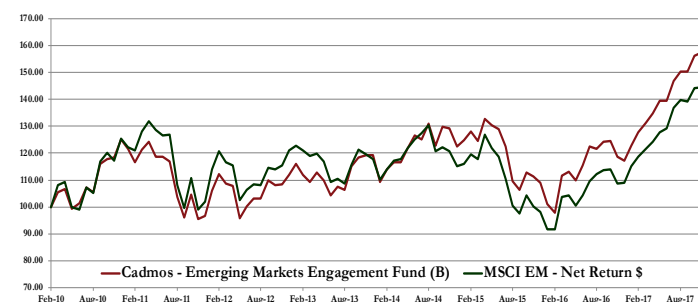
40% companies progressed based on our suggestions (89% meetings)



Cadmos Emerging Markets Engagement Fund

Outperformance 12.7% (since 03/2010) and 5star Morningstar

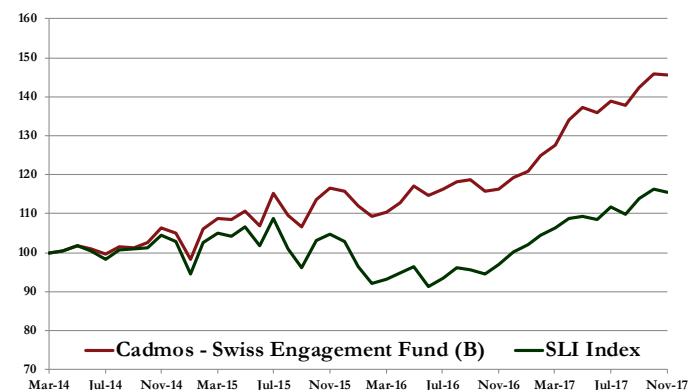
8% companies progressed based on our suggestions (51% meetings)



Cadmos Swiss Engagement Fund

Outperformance 30.2% (since launch in 04/2014) and 5star Morningstar

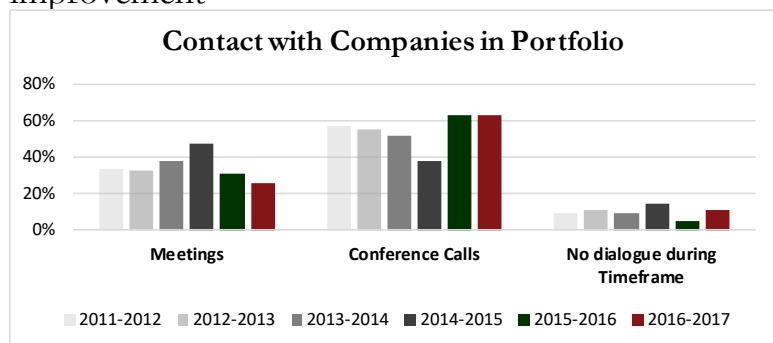
26% companies progressed based on our suggestions (81% meetings)



Cadmos European Engagement Fund – Social Impact

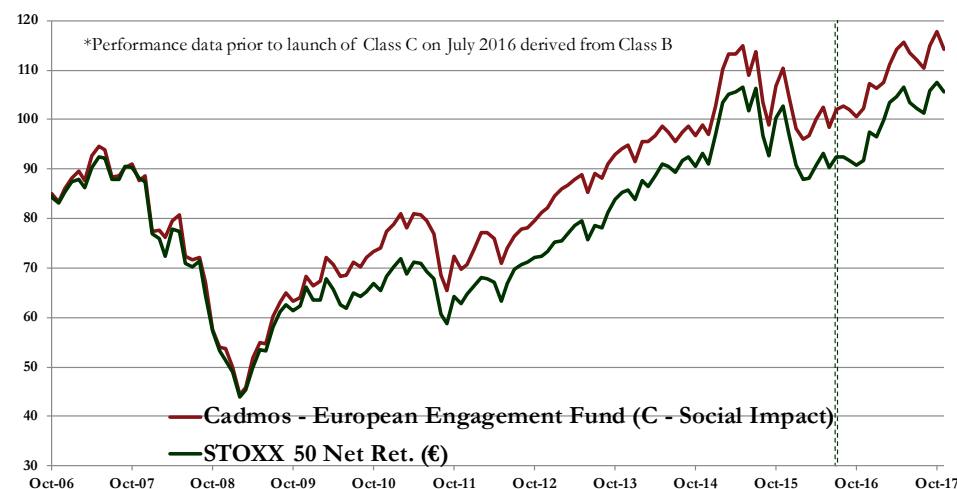
Investment thesis

- The Fund invests in quality growth companies according to Buy & Care® investment strategy
- Direct engagement with portfolio companies on the three most material topics along the B|Engaged methodology of BHP – Brugger & Partners
- Direct engagement towards the integration of social impact strategies and on the potential of partnerships with social enterprises in cooperation with Koïs Invest
- Outperformance since inception (10/2006): +11.1% vs its benchmark the Stoxx Europe 50 Index Net Return
- Open dialogue with 89% of portfolio companies: 80% display awareness and accept the principle of an annual meeting (38% in 2010) and 40% show at least one improvement



Performance overview

	11/17	2017	2016 *	2015 *	2014 *	2013 *	Since * launch
Fund	-3.0%	+6.5%	+2.5%	+7.7%	+2.2%	+15.7%	+35.1%
Stoxx 50 Nl	-1.9%	+8.2%	+0.6%	+6.5%	+6.2%	+17.1%	+25.0%
Difference	-1.1%	-1.7%	+1.9%	+1.2%	-4.0%	-1.4%	+10.1%



Key information

Daily liquidity - Luxembourg UCITS V Fund

Advisor: **KiKLab**

ISIN: LU1445676684

Investment Team – European Equities

Cadmos European Engagement Fund

Portfolio Manager – De Pury Pictet Turrettini



Christopher Quast (Portfolio manager) has 21 years of financial markets expertise. He joined PPT in 1999 and is a partner of the firm, in-charge of the asset management division. He was previously Senior Project Manager at McKinsey & Company in Zurich, New York and Geneva where he led a number of strategy and capital management projects for large banking and insurance clients. Christopher graduated from the University of Lausanne with a Degree in Economics and holds an M.B.A. from INSEAD Business School in Fontainebleau. Christopher speaks fluently French, English and German.



Paolo Bozzo (Deputy portfolio manager) has 13 years of financial markets expertise. Before joining PPT in 2015, Paolo was a Director at Merrill Lynch Capital Markets (subsidiary of Bank of America) in Zurich where he worked for 7 years as equity sales for Geneva based institutions (private banks, pension funds, hedge funds, family offices and asset managers), previous employers include Credit Suisse, Lombard Odier & Cie and Bank Sal. Oppenheim. Paolo holds a Master degree in Finance & Economics, he studied at HEC in Lausanne and at the London School of Economics (LSE). Paolo speaks fluently French, Italian and English and has a good knowledge in Spanish and German.

DE PURY PICTET TURRETTINI & CIE SA

Contact



Melchior de Muralt – (Portfolio manager) - muralt@ppt.ch

has 27 years of financial markets expertise. He joined PPT in 2001, he is a partner of the firm, in-charge of the family office services and member of the executive committee. Melchior is also Vice President of Blue Orchard Finance, a company specialized in micro-finance investments and member of the CICR (Comité International de la Croix Rouge). He was previously Senior Vice President at Lombard Odier and a member of the management, in charge of the Swiss institutional clients. Melchior holds a Ph.D in political science from the University of Lausanne. He speaks fluently French, English and German.

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