

# Sustainable Investing: A Panel Discussion

**May 18, 2023**

**Panelists:** Tim Kretz, Bernie Pelletier, Bernie Zahren

**Moderator:** Carrie Firestone



Scan QR code to access tonight's slides!



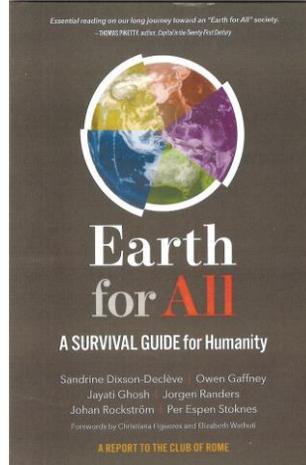
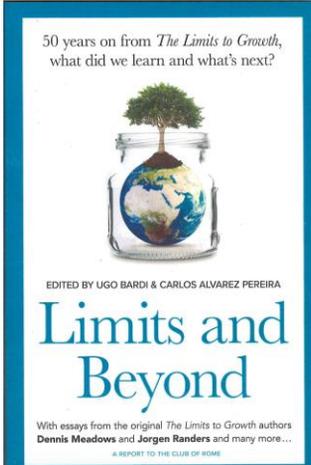
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## Setting the Stage



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# The Time is Now



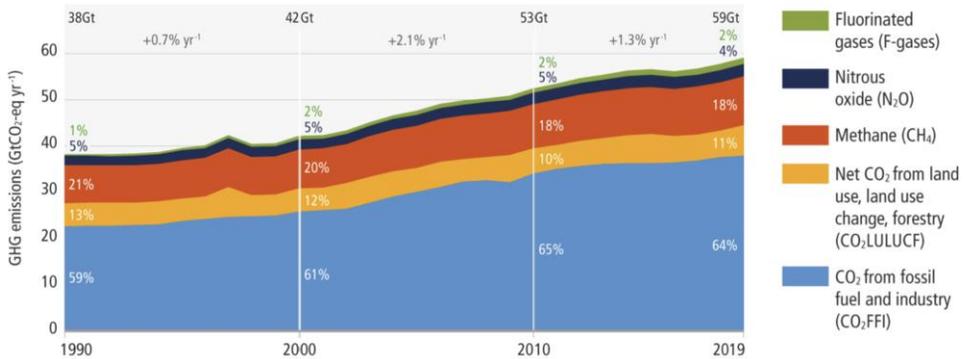
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# Success Will Require Change

Sixth Assessment Report  
WORKING GROUP III – MITIGATION OF CLIMATE CHANGE



We are not on track to limit warming to 1.5 °C.



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# How We Place Our Money Matters!

Sixth Assessment Report  
WORKING GROUP III – MITIGATION OF CLIMATE CHANGE

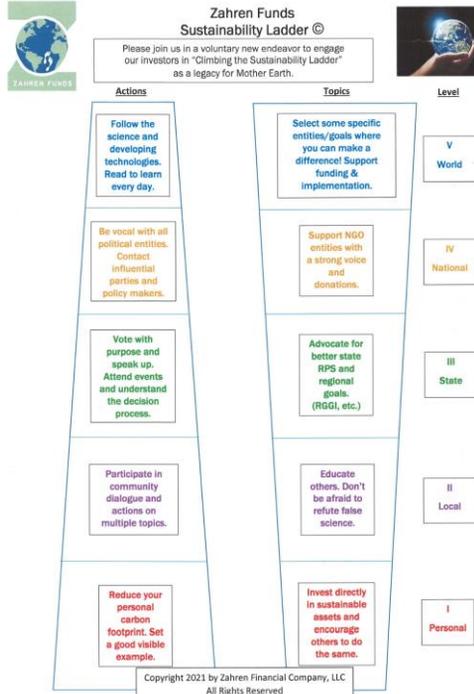
## Closing investment gaps

- financial flows: **3-6x lower** than levels needed by **2030** to limit warming to below 1.5°C or 2°C
- there is **sufficient global capital** and liquidity to close investment gaps
- challenge of closing gaps is widest for developing countries



[Tobias/Unsplash, Rwanda Green Fund /CC BY-SA 2.0]

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**Bottom up – Start where you are and work up!**

**Top down - Bring the big picture down to earth!**

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## ESG gives you the tools to act as an owner/investor

- Know what is happening in *your* company: transparent reporting
- Reporting on key metrics:
  - Environmental
  - Social
  - Governance
- Amplify your voice through ESG
  - Your fund aligns with your interests
  - Know and make use of your rights as an owner



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## How to achieve this

- Government
- Capitalists (that's you):
  - At the heart of this challenge are the shareholders who can and should hold the market and individual businesses to account. Whether it's governments, companies or individuals, we all have to adjust our economy to a new consensus, not just on climate change, but also other environmental and social priorities.



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# The Basics of ESG



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## Let's Meet E and S and G!

### KEY ESG FACTORS

There is no definitive taxonomy of ESG factors. ESG factors are often interlinked, and it can be challenging to classify an ESG issue as only an environmental, social, or governance issue, as shown in the example below

#### Environmental

- Climate Change & Carbon emissions
- Air & water pollution
- Biodiversity
- Deforestation
- Energy efficiency
- Waste management
- Water scarcity

#### Social

- Customer satisfaction
- Data protection & privacy
- Gender & diversity
- Employment engagement
- Community relations
- Human rights
- Labor standards

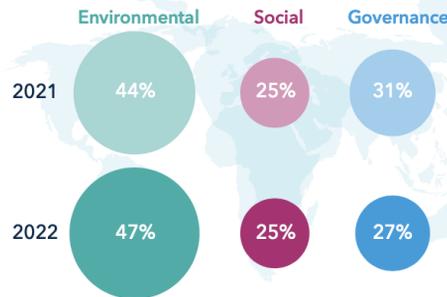
#### Governance

- Board composition
- Audit committee structure
- Bribery & corruption
- Executive compensation
- Lobbying
- Political contributions
- Whistle-blower schemes

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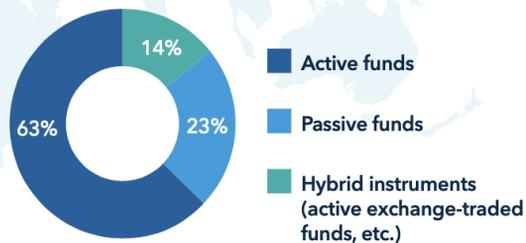
# The Drivers of ESG

The E of ESG continues to dominate investor allocations



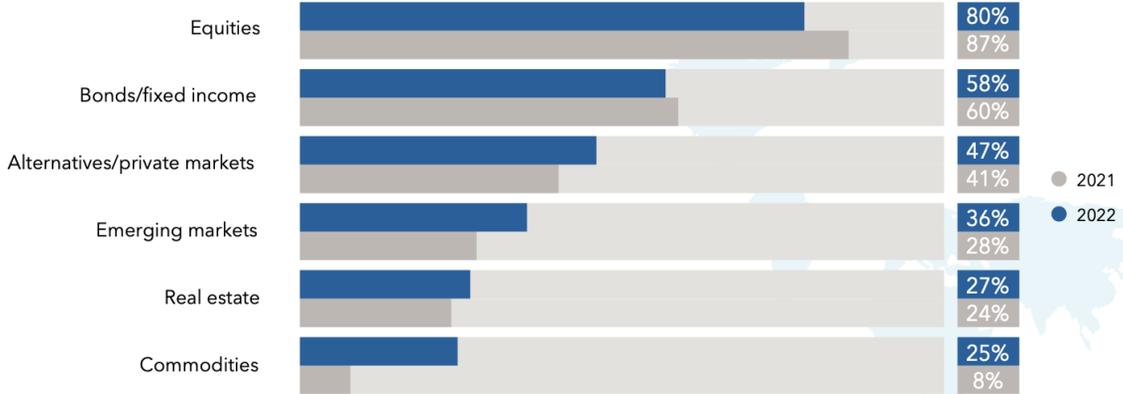
# How Investors Adopt

Active funds still the most popular route to access ESG investments



# Percent of Assets “ESG”

## ESG ASSET CLASSES



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**ESG  
Concept  
Increasing  
in  
Importance**

Given the powerful undercurrents supporting ESG investing, assets could grow to US\$14–19 trillion by 2025 and potentially US\$20–30 trillion by the end of this decade.

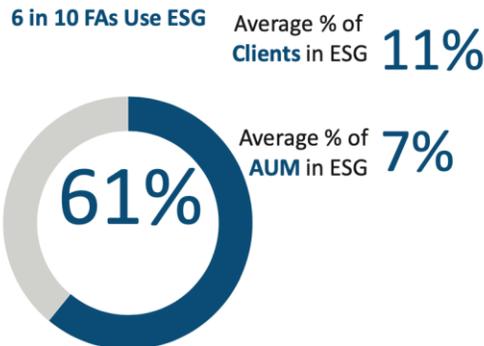


Total Retail and Institutional ESG AUM Forecasts to 2030 \$trn

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## Investment Managers / Assets Under Management

### Financial advisor use of ESG in the US



In 2010 only 2 in 10 financial advisors used ESG strategies

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## Tools to get started...

**S&P Global ESG Scores:** Unlike ESG datasets that rely simply on publicly available information, S&P Global ESG Scores are uniquely informed by a combination of verified company disclosures, media and stakeholder analysis, and in-depth company engagement.

**MSCI ESG Ratings & Climate Search Tool:** The ESG Ratings & Climate corporate search tool allows you to search over 2,900 companies that are constituents of the MSCI All Country World Index (ACWI). You can search by company name or ticker to view the ESG and climate risks and opportunities the company might face, including Implied Temperature Rise, Decarbonization Targets, ESG Ratings, ESG Controversies, Business Involvement Screens and SDG Net Alignment.

**The Forum for Sustainable & Responsible Investment (US SIF)** This public tool is meant for individual investors to compare cost, financial performance, screens and voting records of competing funds in the entire 170 sustainable mutual funds and ETF's.

**Morningstar's Sustainalytics:** Sustainalytics combines the company's exposure, or its vulnerability, to ESG risks, and the actions taken by the company's management to address the ESG issue.

**Invest Your Values:** Is free online tool that analyzes the climate and social impact of thousands of U.S. mutual funds, ETFs, and 401k plans.

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Tools to  
get  
started  
(cont.)...

Vanguard Total Stock Market Index Fund VTSAX

Environment	
<b>Fossil fuels</b> Investments in coal, oil, and natural gas energy and utility companies, and related financial companies	<b>D</b>
<b>Deforestation</b> Investments in deforestation-risk agricultural commodities, and related financial companies and consumer brands	<b>C</b>
Social	
<b>Gender equality</b> Gender equality group ranking, based on Equileap company data	<b>B</b>
<b>Civilian firearms</b> Investments in civilian firearms manufacturers, and related gun retailers	<b>D</b>
<b>Prison industrial complex</b> Investments in prisons and borders industry, including private prison operators	<b>F</b>
<b>Military weapons</b> Investments in military arms manufacturers and services companies, including nuclear weapon manufacturers and servicers	<b>D</b>
<b>Tobacco</b> Investments in tobacco and e-cigarette manufacturers, and tobacco-promoting entertainment companies	<b>D</b>

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“Personal ESG”



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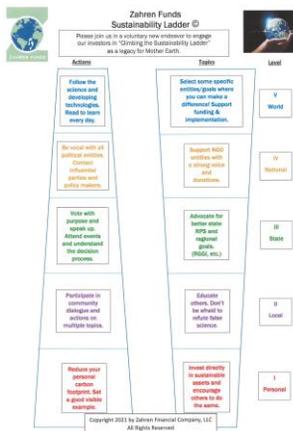
# “Personal ESG” aka Walking the Talk

- The most common way people give up their power is by thinking they don't have any – Alice Walker
- The local challenge/opportunity
  - Your home
  - Your town
  - What you buy – what you don't buy
  - Our pennies, dimes, and dollars as agents of good change



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# We are all multi-level!



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# Environmental Governance of your home!

- Install rooftop or ground-mounted solar
  - Replace old stove with induction stove. Replace refrigerator and dishwasher with energy efficient ones.
  - Replace drafty windows and doors
  - Switch to a heat pump when old AC needs replacing
- Visit our informational tables to find out more ...



- Insulate the attic, walls, and basement
- Replace inefficient dryer with heat pump dryer
- Get a HES service to seal air leaks
- Consider installing a battery backup
- Make your next car an EV
- Electrify your home heating and hot water with heat pumps

# ESG in your town: ACEC

Home » Boards & Committees

Avon Clean Energy Commission



2012 Comprehensive Energy Management Plan

2016 Comprehensive Energy Management Plan Performance Analysis

2023 Meeting Schedule

5 Ways to Recycle/Repurpose Your Pumpkin or Gourd

ACEC Charge

C-Pace

CT DEEP Invasive Species Resources

CT DEEP Pollinators in Connecticut

Connecticut Green Bank

Energize CT - Find a Contractor

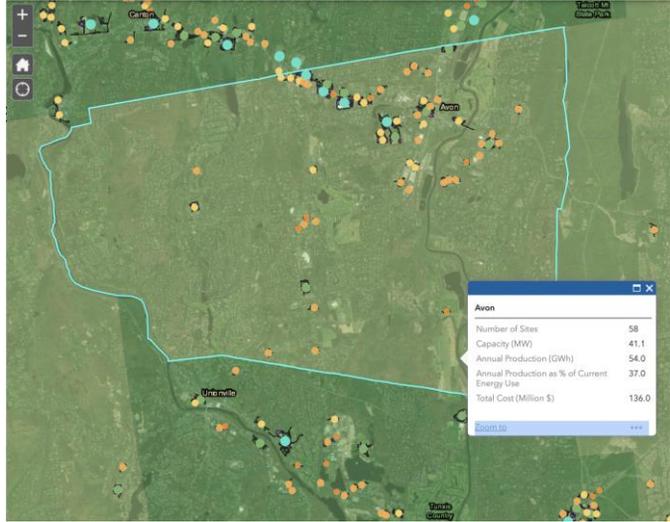
Make the Be RiverSmart Pledge!

Save Energy & Money this Winter with these Tips from Eversource

# ESG in where we get our energy

## Solar Carports!

- 58 sites
- 41.1 MW
- 54 GWh
- 37% of electricity



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# Where we get our energy: Rooftops!

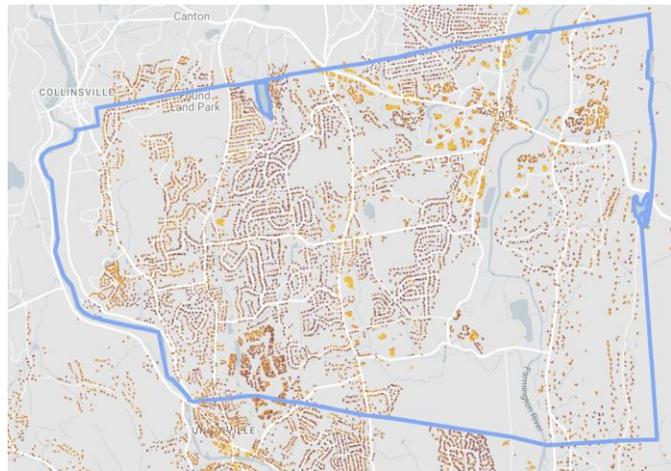
## ESTIMATED SOLAR INSTALLATION POTENTIAL



### Overall

Total estimated size and solar electricity production of viable roofs for Avon, CT

Roofs	Roofs	
58%	4K	
Roof space	Capacity	Electricity
5.1M sq ft	72 MW DC	80.3K MWh AC per yr



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# The clean energy challenge in Avon

