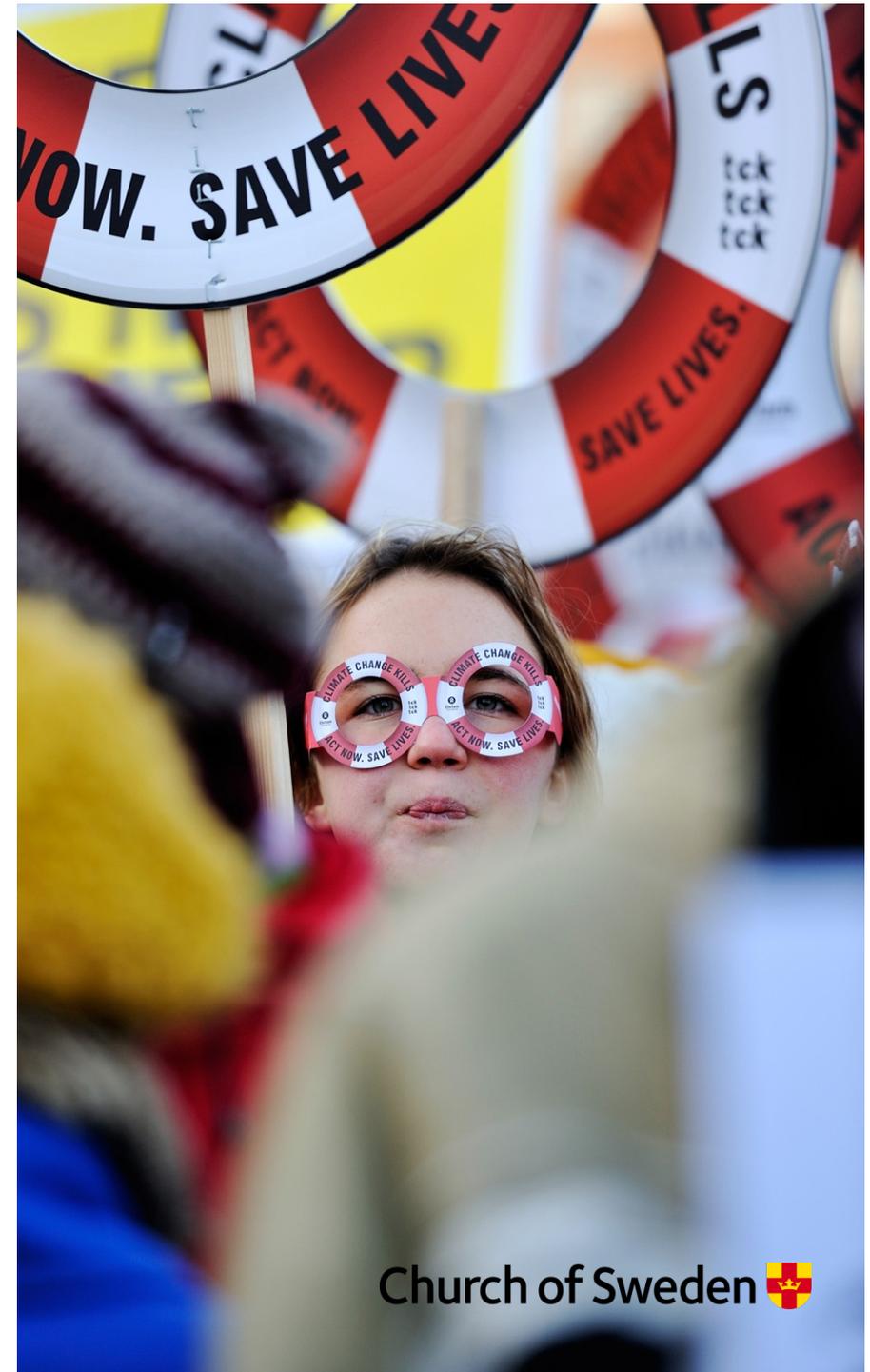


Take a stand, take action

The Church of Sweden's work
with Responsible Investment

Brussels, March 14, 2014



Take a stand, take action

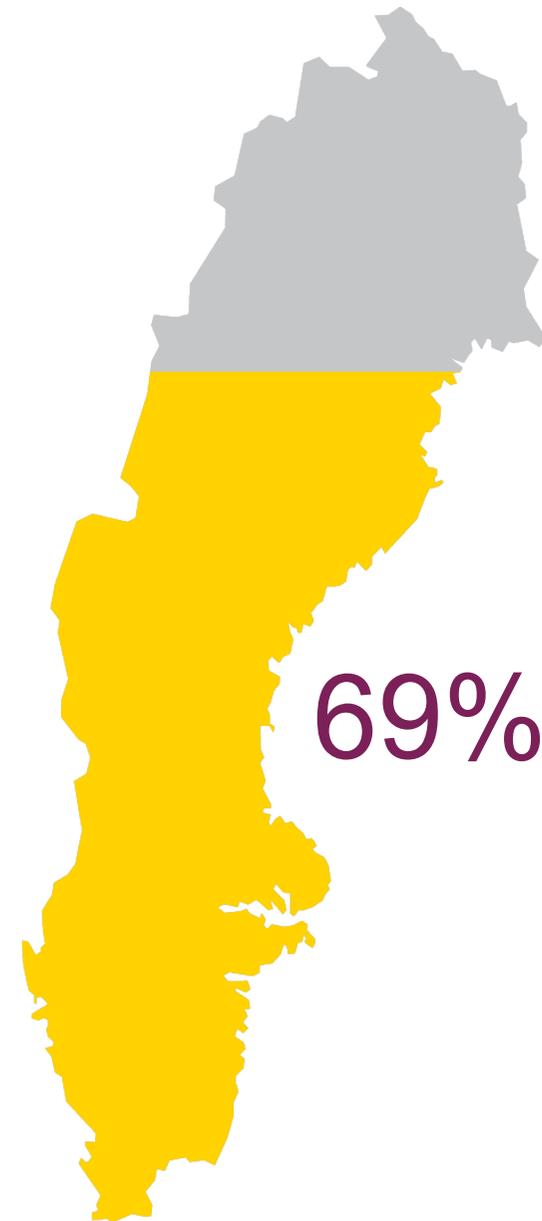
“If you do something, it might turn out to be the right thing. Or utterly wrong. Or make not the least bit of difference. If you do nothing, the risk of error will be eliminated. But nothing else will be achieved either.”



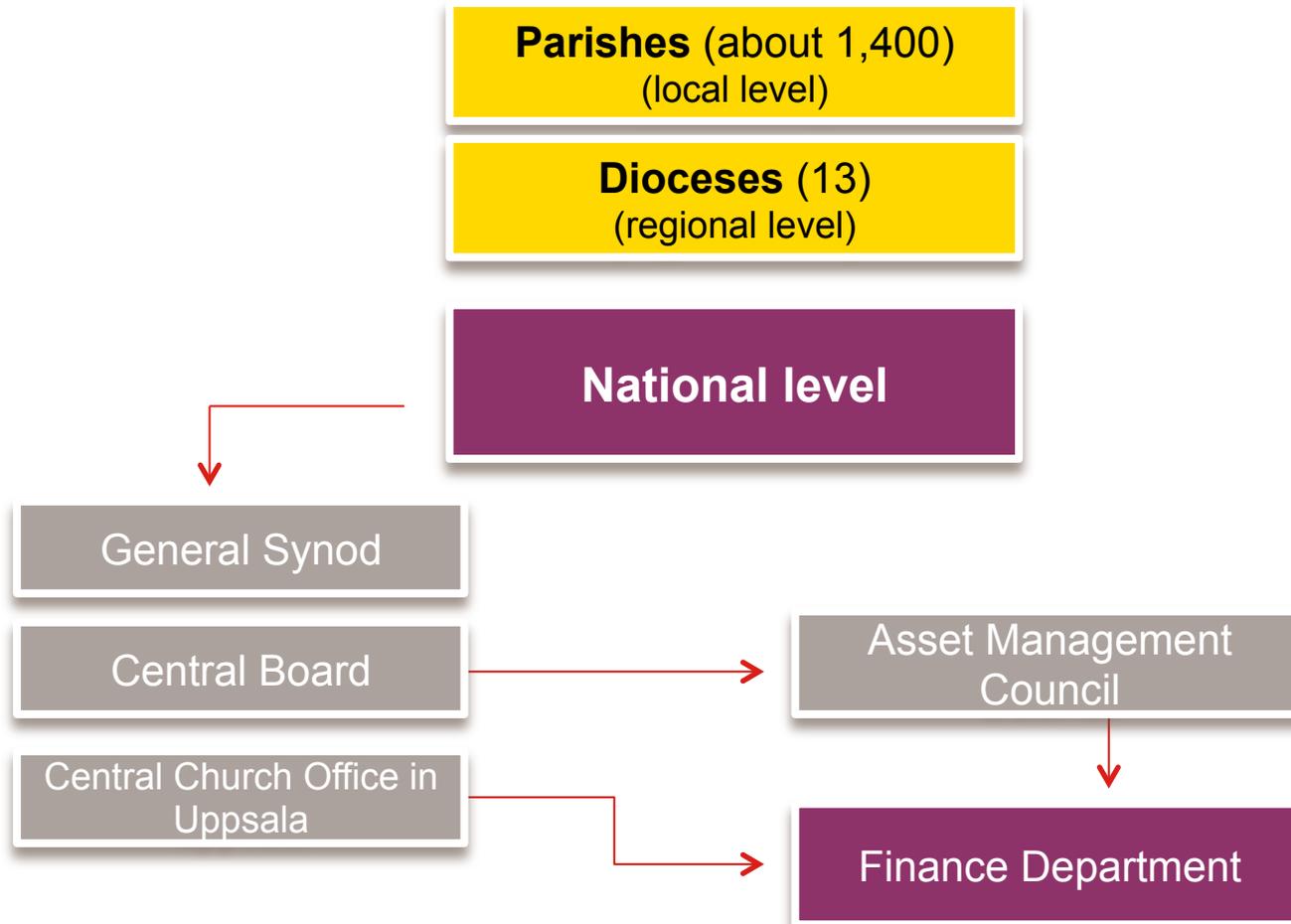
ABOUT THE CHURCH OF SWEDEN

Overview

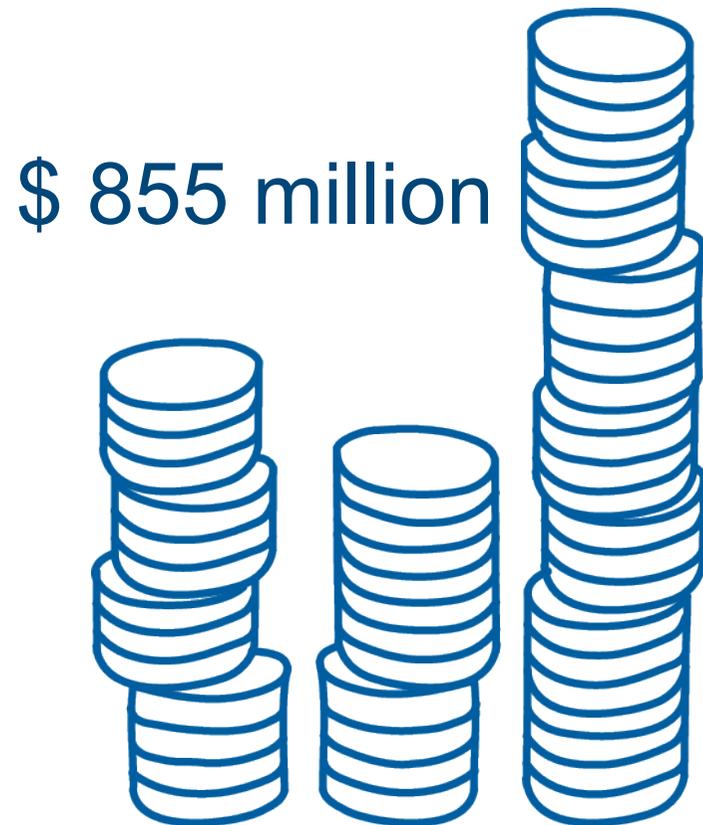
- Largest religious community and largest membership organisation in Sweden
- 6.5 million members in 2013 (69% of the population). Used to be a State Church until 2000.



Our place in the Church of Sweden



Asset management at the national level



- Funds transferred to the Church of Sweden in connection with the changed relationship to the state in 2000.
- Purpose: Buffer capital – funds available for initiatives in dioceses and parishes.

Finance department activities

Asset management:

- SEK 5,5 bn (\$ 855 million) in AUM

Liquidity management and the Church account:

- SEK 2,5 bn

Financial services:

- Advice/discussion partner both financial and RI matters
- Ethos equity and fixed income funds (0,14%, 0,50%, 0,07% managment fees for Swedish equity, global eq., fixed income)

Governed by a progressive financial policy

- Adopted by the General Synod in 2006, updated by Church Board regularly
 - Clarifying investment instructions. Necessary for AMs
- ➔ **Invest in companies that contribute to sustainable development**
 - ➔ Avoid investing in companies whose business undermines sustainable development – **weapons, fossil energy sources, tobacco**, etc.

Screening: **International norms**; **ESG**; **Controversial products**

Why a new financial policy in 2006?

- Lot of bad media attention, easy target
- UNPRI signatory – base for policy
- Shift focus from negative to positive criteria

Climate Summit November 2008

Archbishop gathered spiritual leaders from around the world to encourage hope

→ Overview of our holdings. Backtracking.

→ Climate adjustment

→ Investment committee (mostly) positive

Our policy for investing in the energy sector



Impact profiled investment products

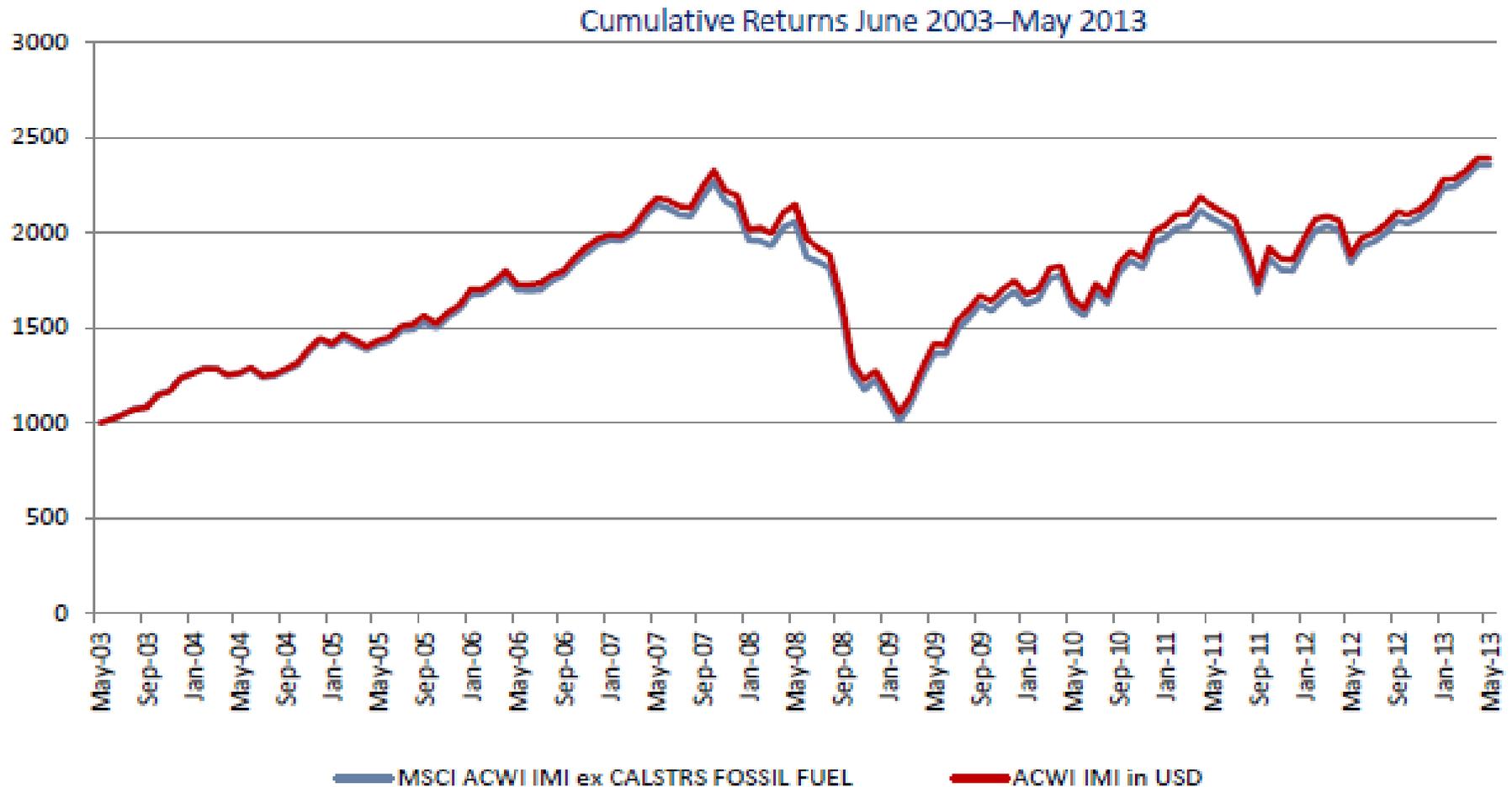
Asset management (external):

- Energy efficiency fund
- Microcredit fund
- Climate fund – forest protection, agricultural development
- Theme funds included in Ethos Global Equity fund

Liquidity asset management (internal): Green Bonds

- African Development Bank – March 2014
- World Bank
- City of Gothenburg

Back-tracking ex-fossil fuel MSCI



These results are based on a simulation. Past performance is not indicative of future results.

HOW WE WORK IN PRACTICE

Our most important tools

1.
Selecting and
influencing asset
managers

2.
Company
dialogue to
promote
change

3.
Cooperation
with other
investors

4.
Internal
coordination

Return on Investment	2013 Jan-dec		2012 Jan-Dec	
	Portfolio %	Index %	Portfolio %	Index %
Asset management				
(Model portfolio %)				
Swedish Equity (20%)	23,3	28,0	17,7	16,5
Global Equity (20%)	25,7	20,8	8,9	9,2
Emerging Markets (10%)	4,7	-3,8	22,6	11,7
Fixed Income Sovereign (35%)	0,3	0,3	3,9	3,3
Fixed Income Corporate (5%)	4,6	1,7	N/A	14,8
Alternative Investments (10%)	3,2	3,1	10,8	3,0
Total	12,4	10,0	9,1	8,5

How to ensure alignment with policy

- Try to match expectations with reality in financial policy writings and all communication
- Screening
 - Follow-up with companies and asset managers 3 times/year
- Communication
 - Yearly report on RI
 - Newsletters to dioceses and parishes
 - Website, intranet
 - Seminars (we arrange), media

Benefits & Challenges

- +/- Finding appropriate asset managers
 - Reach out to the whole Church (adopted the policy) and their various asset managers.
- + From negative to positive media attention
 - Oil, mining excluded, good returns and ESG profile
- + Improved reputation and credibility. Easier to push for more long-term financial industry (short-termism, role in transition to low-carbon economy, etc)