

Organised by:



Co-Hosted with:

PLATINUM *Circle*

State of ESG Investing



Wednesday, 30th Nov 2022



4pm to 5pm SGT



**Session will
begin soon.**

Thank you for your patience.

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State of ESG Investing



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WELCOME

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Housekeeping



- To ensure better connectivity, please mute your microphone and turn off the camera. You may communicate with us after the event or during the Q&A.
- Please share your questions in **Q&A icon** (right bottom) where we will try to provide answers whenever possible. Do identify yourself so we can respond to any unanswered questions.
- If you need real time speech-to-text translation, please select your preferred language in the bottom left **CC icon**.
- Please complete a one-minute poll survey at the end of the session.

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The Paris Climate Agreement has spurred the growth of public sector initiatives by OECD, G20 Sustainable Finance Working Group, UN as well as the private sector's adoption of climate-aligned approaches over the past decade.

Despite efforts to achieve positive ESG investing outcomes, much remains to be done with tools and methods for communicating and evaluating ESG values, investment and nonfinancial objectives, preferences, mandates and frame.

Where are we at in the progress of ESG investing in Singapore and how can we improve the frameworks that support reporting, evaluation and measurable outcomes? Our panel of experts share their insight into the state of ESG investing including real-time challenges and opportunities for Singapore businesses, government organisations and industry players.

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Welcome Address



Moderator

Lionel Lee
Chairman
Platinum Circle

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Speaker Profile



Eric Nietsch

Head of ESG, Asia

Manulife Investment Management

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Speaker Profile



Dr. Jodi York
Chief Impact Officer
Kilara Capital



Kilara's impact integrity

Kilara Capital defines impact investing as investing with the dual mandate of financial return and intentional positive climate impacts that matter to people and planet.

We are committed to measuring and managing the actual positive and negative impact of our investments, whether intended or unintended.

We align our own incentives to the impact performance of our investments through impact-specific hurdles.

We choose to support the growth of impact investing by aligning our language, reporting and actions with international norms and standards such as the UN Sustainable Development Goals and Impact Practice Standards.

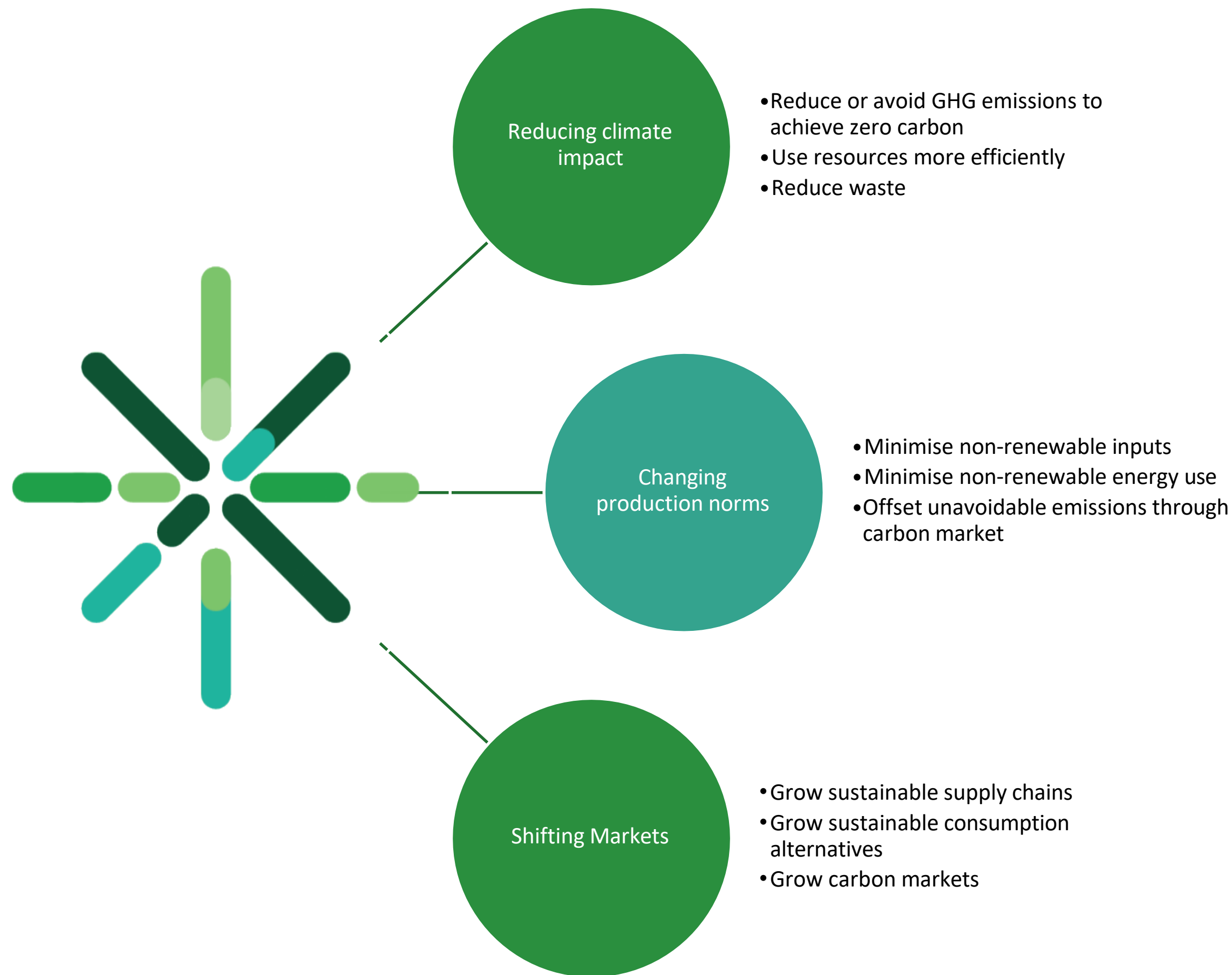
Our Agenda - Zero Carbon by 2050

Kilara is working to drive down global GHG emissions from 50 billion tonnes CO₂e to zero by 2050.

Burning fossil fuels—coal, oil and gas—for energy accounts for 75% of total greenhouse gas emissions. We're addressing this directly through backing energy transformation innovations that are **clean, resilient, smart, circular, and efficient**

The amount of energy and natural resources used in a product or process is closely linked how much GHG emissions and waste it creates. We're backing opportunities to replace existing products, services, and processes with more sustainable alternatives offers. This creates opportunity to **deliver scalable impact across the value chain by shaping overall energy and resource demand.**

- * **Reduce major emissions sources**
- * **Increase resource efficiency**
- * **Reduce material footprint**
- * **Enable more people to make climate-smart choices**





Our impact goals & measures



GHG Emissions Mitigated



Natural Resource Intensity Reduced



Climate-Smart Choices Enabled

Emissions avoided outside of a product's life cycle or value chain, but as a result of the use of investee company product or service

+

Emissions reduced within investee company value chain

+

Sequestered through capturing and storing atmospheric CO₂.

Reduced waste, energy use and/or water use within investee company value chains

+

Reduced waste, energy use and/or water use as a result of using investee company products and services.

Growth of environmental markets for offsetting unavoidable emissions and to fund carbon sinks

+

Growth of sustainable supply chains and sustainable consumption alternatives in terms of producers, volume, and certification levels



How we contribute to impact



Consistently communicating our contribution and the goals of individual investments using globally-agreed headings, enables investors to compare investments within “impact classes” (i.e. with similar impact characteristics) in the same way that asset classes describe expected risk and return.



Signal that impact matters

Kilara invests with the intent to deliver **significant, measurable** environmental benefit, within the constraints of the its financial goals.

Kilara integrates environmental impact considerations throughout its investment process, and requires that companies share impact data through diligence and the investment period.

Kilara holds its investee companies accountable for their environmental as well as financial performance.

If all investors did this, it would ultimately lead to capital markets pricing in effects on people and planet.



Engage actively

Kilara shares its experience on impact measurement and management with investees to build capability and to improve environmental and social performance Kilara may:

- * provide specialist sector expertise to improve performance
- * help with impact data analysis to drive impact management decision-making
- * draw on their networks to help with management team capacity building or strategy
- * use voting rights to influence decision-making on a particular environmental issue



Grow undersupplied capital markets

Kilara fills a gap in capital markets: small-mid size companies requiring scale-up capital whilst seeking to deliver significant climate outcomes.

- * environmental markets
- * sustainable food systems
- * energy transformation, and
- * low carbon infrastructure such as clean energy developments.

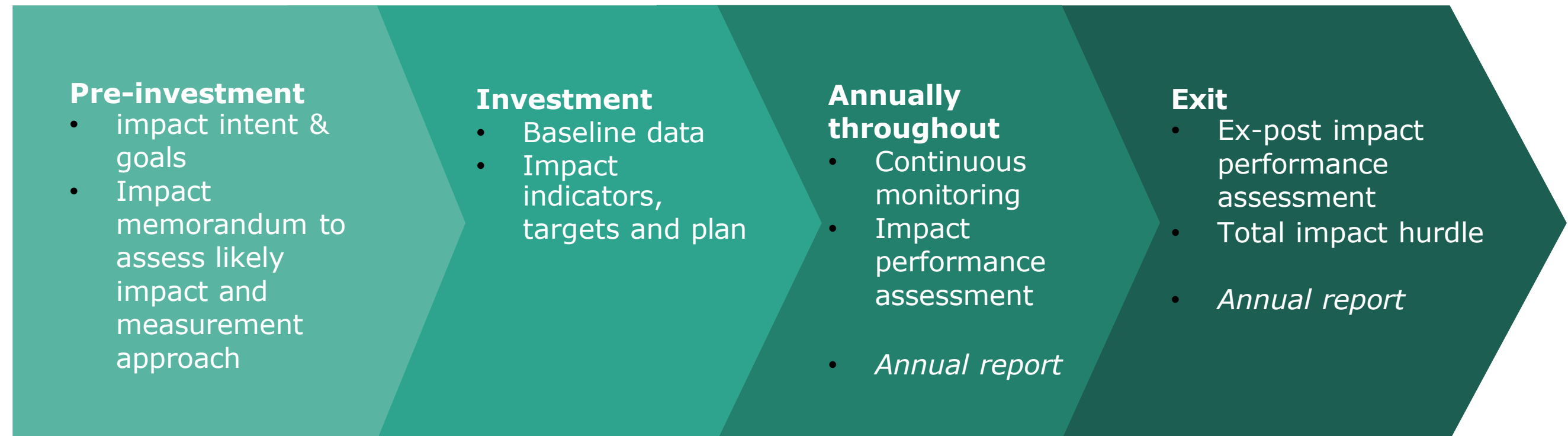


Impact Information

Impact information is most valued when it is credible, balanced, comparable and integrated into strategic decisions by all parties involved.

- * Investees and investors are critical partners in the value created by impact management—investees in *reporting* consistently and transparently, and investors in *using* the information created to guide their decisions.
- * We offer investors credible, easy to use and easy to understand impact reporting that can be compared and aggregated with other that of investments.
- * By focusing on relevant indicators and data quality, selected metrics are meaningful for investee companies and can be integrated with investees' strategy & governance, where information has the potential to mitigate risks, reduce costs and improve customer satisfaction.

Impact information outputs, by stage¹



We identify KPIs based on the IRIS+ taxonomy for each portfolio company, which are linked to the Sustainable Development Goals (SDGs). We also identify a range of indicators that can be monitored to understand the positive, negative and unintended outcomes of each business, as well as Kilara's contribution in terms of additionality.

¹ **External reporting *in italics*.**

How the tools fit together

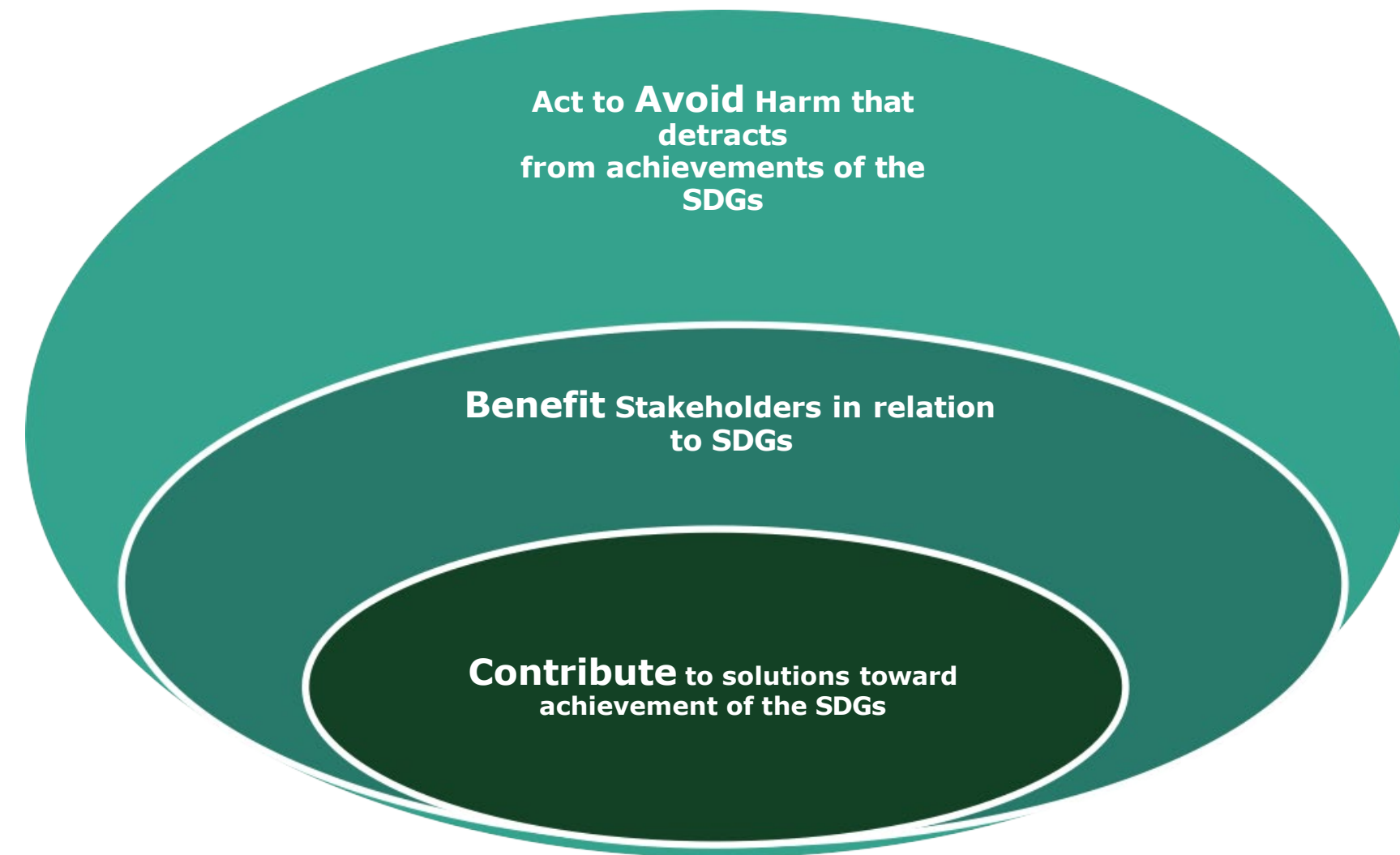


Taken together, this toolset supports the entire impact management process from goal-setting to exit. Using these tools together helps drive credible impact investment funds, sectors and themes – while maintaining flexibility and relevance at the underlying investment level.

IMP framework creates rich impact data
No single metric is sufficient to understand an impact; rather, metrics are selected as a set across all dimensions of impact.

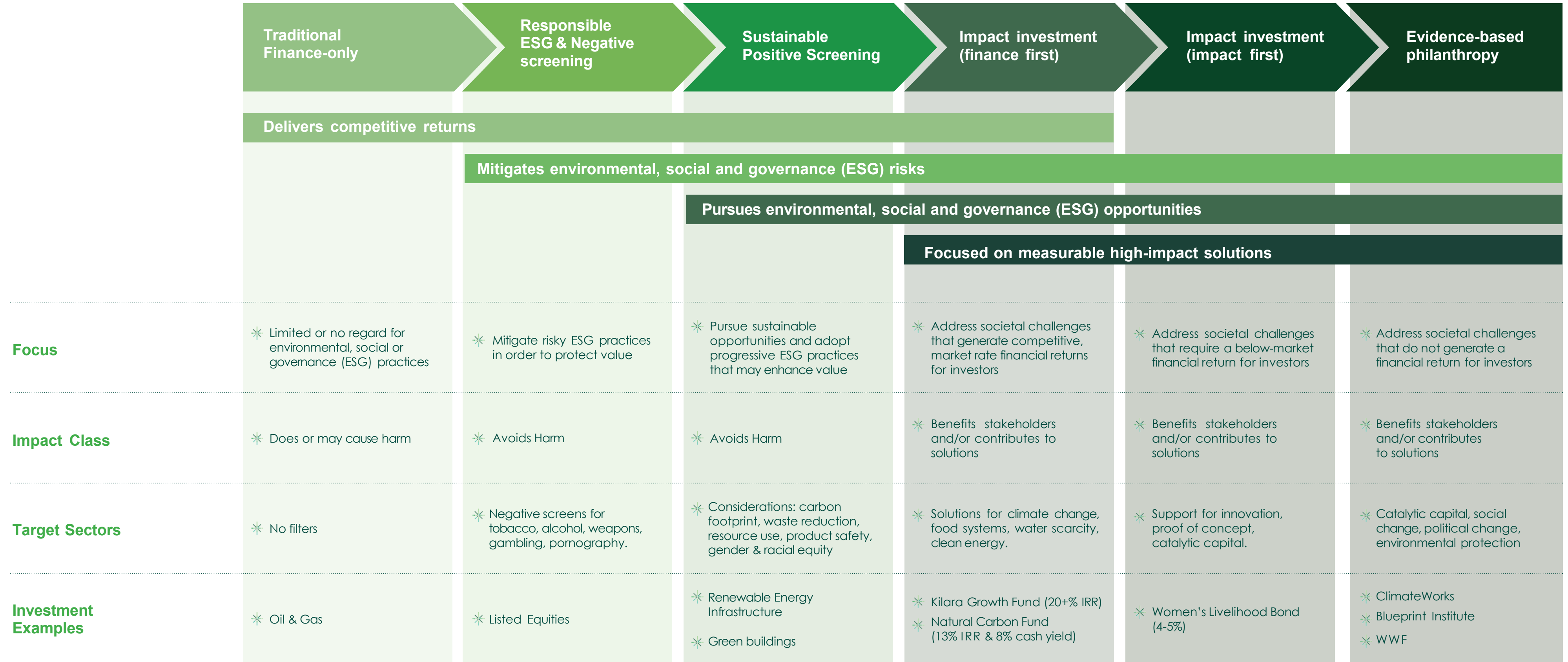
Use standardised taxonomy to report impact in 5 dimensions & up to 15 data categories

Strong underlying process enables flexibility & relevance in setting metrics at the underlying investment/enterprise level while aggregating up to reliable & comparable results at the Fund level



Enables confident reporting of % of fund invested in A,B, C impact strategies, impacting which SDGs

CAPITAL CONTINUUM



This continuum has been adapted from frameworks developed by Bridges Capital, Soren Capital and the Impact Management Project

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Speaker Profile



Nanwani Vishal Ramesh

*Senior Portfolio Manager
Golden Equator*

3 FRASER STREET, #05-28 DUO TOWER, SINGAPORE 189352 T: +65 6887 8124 F: 6887 8134

GOLDEN EQUATOR
WEALTH

BEYOND WEALTH, FOR GENERATIONS





SWA: State of ESG Investing

Presentation Overview

Who Are We

We are a business focused on helping families preserve and grow both their wealth as well as their financial knowledge across generations

- 1 Our Approach**
Asset Allocation Scope, Team and Usage of Data Providers
- 2 Our Difficulty**
Lack of Transparency, Weak Data, Inconsistent Results, What is Ethical
- 3 Our View on the Solution**
How we incorporate ESG Data into our decisions, What will improve the output and hence, our reliance
- 4 The State of ESG Investing as we see it**
More, needs to be done but let's not lose where we have gotten to

OUR SYNERGISTIC ECOSYSTEM



A **curated workspace** designed to provide an authentic community experience, along with the connections and resources needed to expand innovative businesses.



An **app for professional communities** that seek to inspire and create positive impact, through knowledge-sharing, interest groups, collaboration and connection.

GOLDEN EQUATOR WEALTH

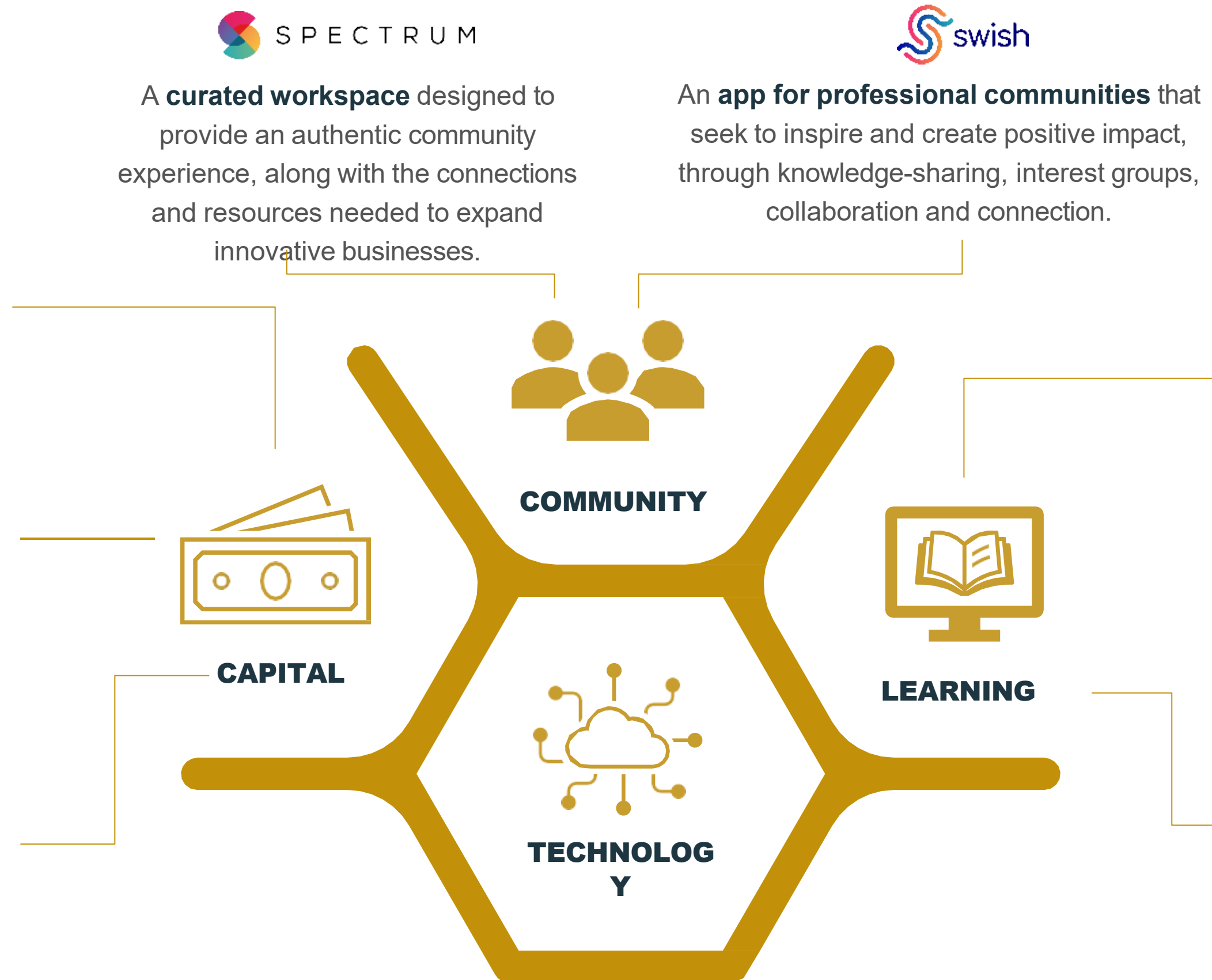
A **multi-family office** that provides UHNW families and individuals with comprehensive wealth and legacy preservation solutions.

GOLDEN EQUATOR PARTNERS

A **private capital firm** that offers mezzanine, growth, and acquisition financing solution, adding value to investment opportunities.



A **venture capital firm** that invests in visionaries and high-growth technology companies that fuels innovative transformation.



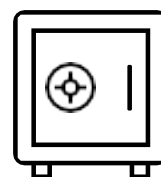
A **learning and development initiative**, spanning NextGen empowerment and upskilling, entrepreneurship bootcamps and executive learning.



A **personal finance media platform** that aims to improve the financial literacy of young adults, through simple and engaging multimedia content.

OUR APPROACH

Our primary objective is to honour the sacrifices made by the founder and family to provide their future generations with stability and opportunities to grow



CAPITAL PRESERVATION AND GROWTH

Investment markets regularly undergo periods of inefficient pricing. By being disciplined and analytical, this provides investment opportunities to **maximise returns** in the long-term while minimising risk.



ABSOLUTE RETURN FOCUS

The cyclical nature of markets affects investor's ability to compound their assets over time. Thus, our focus on absolute returns aims to **minimise the negative impacts** of such swings while harnessing positive returns for portfolios.



SUSTAINABLE INVESTING

Target investments that **maximise financial returns** based on good governance and strategic intent to create a **positive impact** on the community and environment.

OUR APPROACH

Our MFO Team

- A 16 person team internally dedicated to our clients
- We support them from Investment management to wealth planning and everything in-between
- Including: Operations, Compliance, Family Constitution construction and adherence, Risk management and etc

Asset Allocation Scope

- To achieve the best results we narrow the scope of our work. Our investment team thus focuses on a
- Fund of Fund approach for majority of our assets
- We have recently started our Direct Fixed Income Portfolio
- We do expect to launch our Direct Equity portfolio soon and are building our models to achieve this

Our Approach

- We use independent research organisations and larger financial institutions (banks, asset managers) to compliment our team and provide us with their assessment of
 - Macroeconomic shifts
 - Changes in fundamental structures of sector groups
 - Company fundamentals
 - ESG ratings
- We perform the role of the researcher of the researchers to decide if we agree or disagree with each of the thesis laid out.

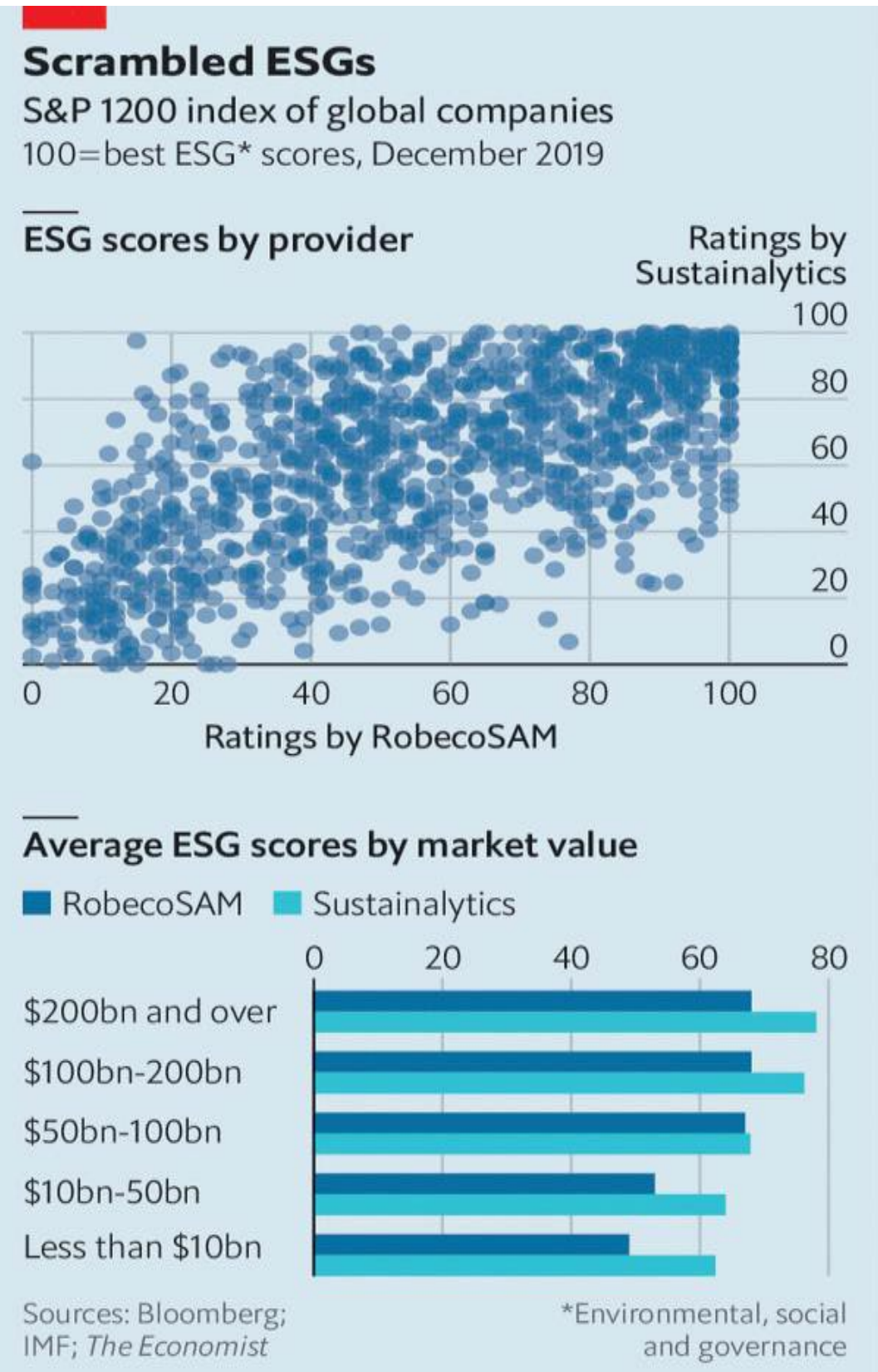
Our Results

- The results of our study, testing and decisions get placed into our inhouse models to provide us with a direction we take in the construction of portfolios.
- We have thus far performed well wherein we protected portfolios and grown them over time. Below are the result of our Multi-asset portfolios. They began at the start of 2019
 - Prudent : YTD -7.82%, SI: 32.36%, CAGR: 7.42%
 - Balanced YTD -8.91%, SI: 34.02%, CAGR: 7.76%
 - Bold: YTD -11.95%, SI: 37.89%, CAGR: 8.55%
 - Direct FI : Yield: 5.5%, 4 year duration, Baa1
 - Hedge Fund Portfolio : CAGR 11.1

The Inherent Conflict

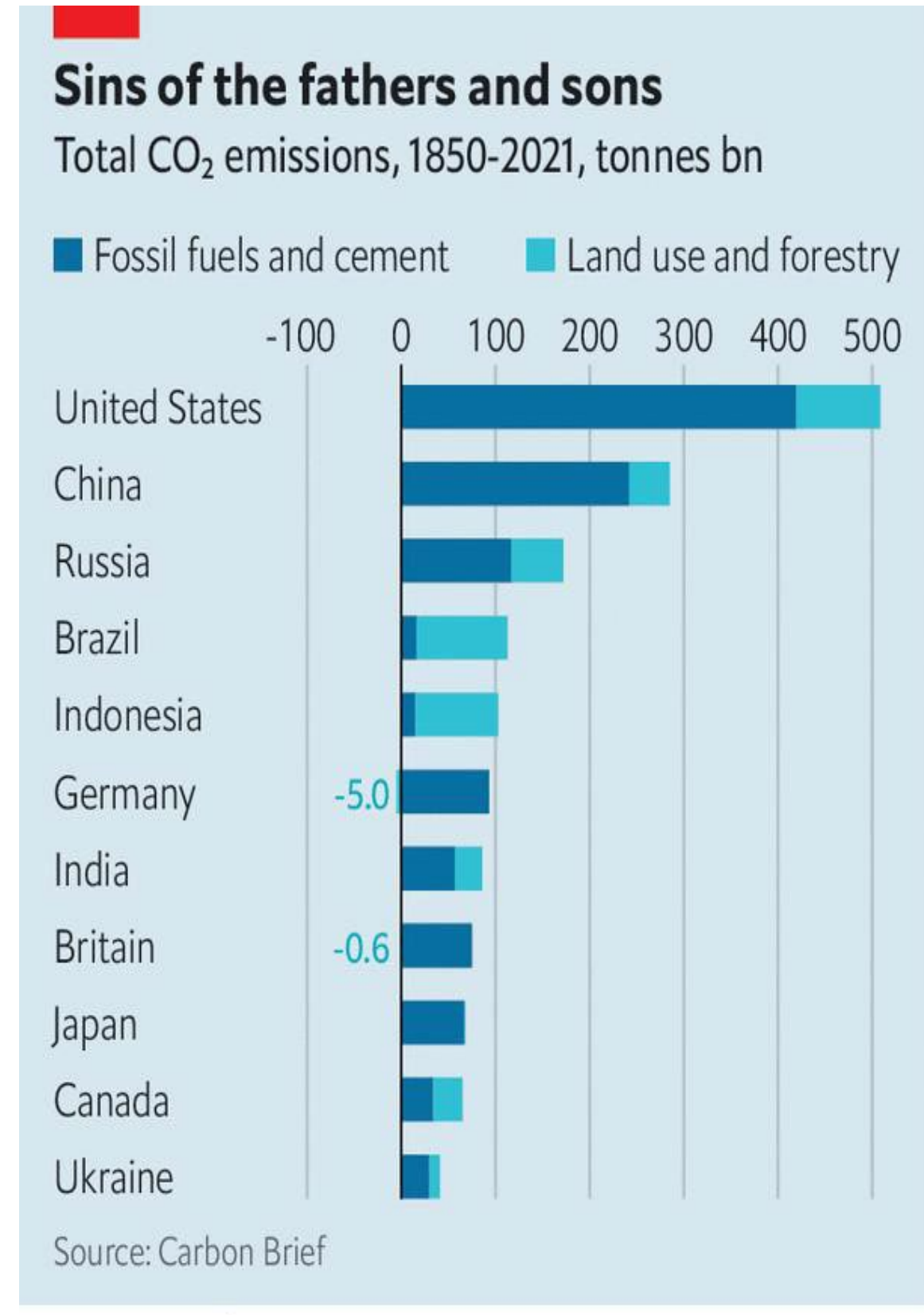
- Our primary objective is the preservation and growth of capital.
 - Achieving this requires us to not be invested in areas where there is significant crowding of capital
 - In the past year we have seen the collapse of the ESG winners and the proclaimed tech innovators.
 - This resulted not from a change in business model but rather the crowding of capital that forced up prices, reducing the current and expected yield receivable from those companies.
 - Therefore, when interest rates rose so the growth required to achieve an acceptable yield expanded aggressively causing the overall collapse
- Anticipating this, we are not always allowed to stay with the market convention and thus must find an acceptable balance

Our Difficulty



- Dispersion of results
- Lack of Transparency
- Greenwashing
- Cost of developing a rating system

- Who is responsible for the damage? Who should pay?
- Are we putting developing nations at a disadvantage?
- How do we balance the concerns between E, S and G

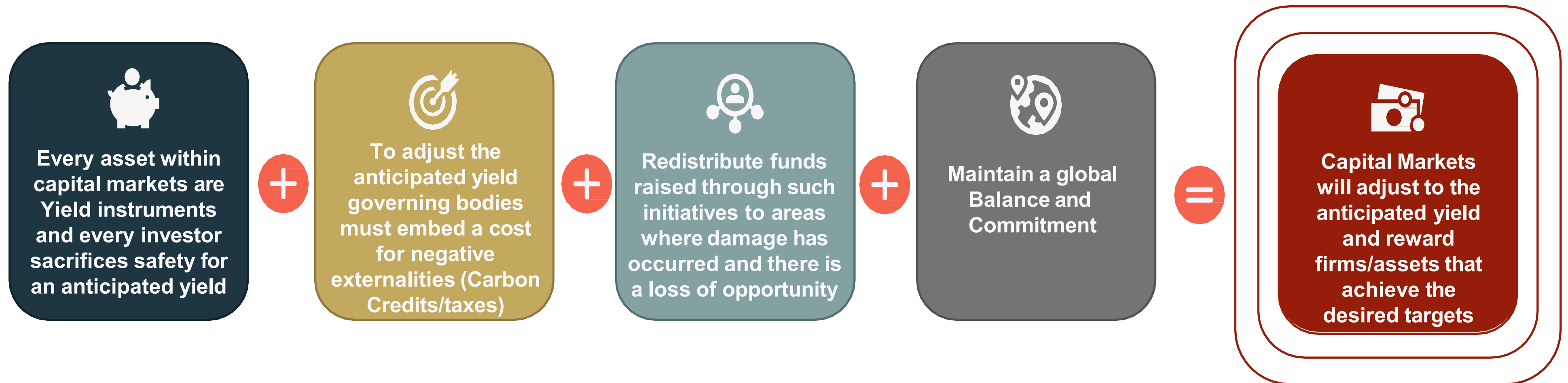


The Economist

The Economist

Our View on the Solution

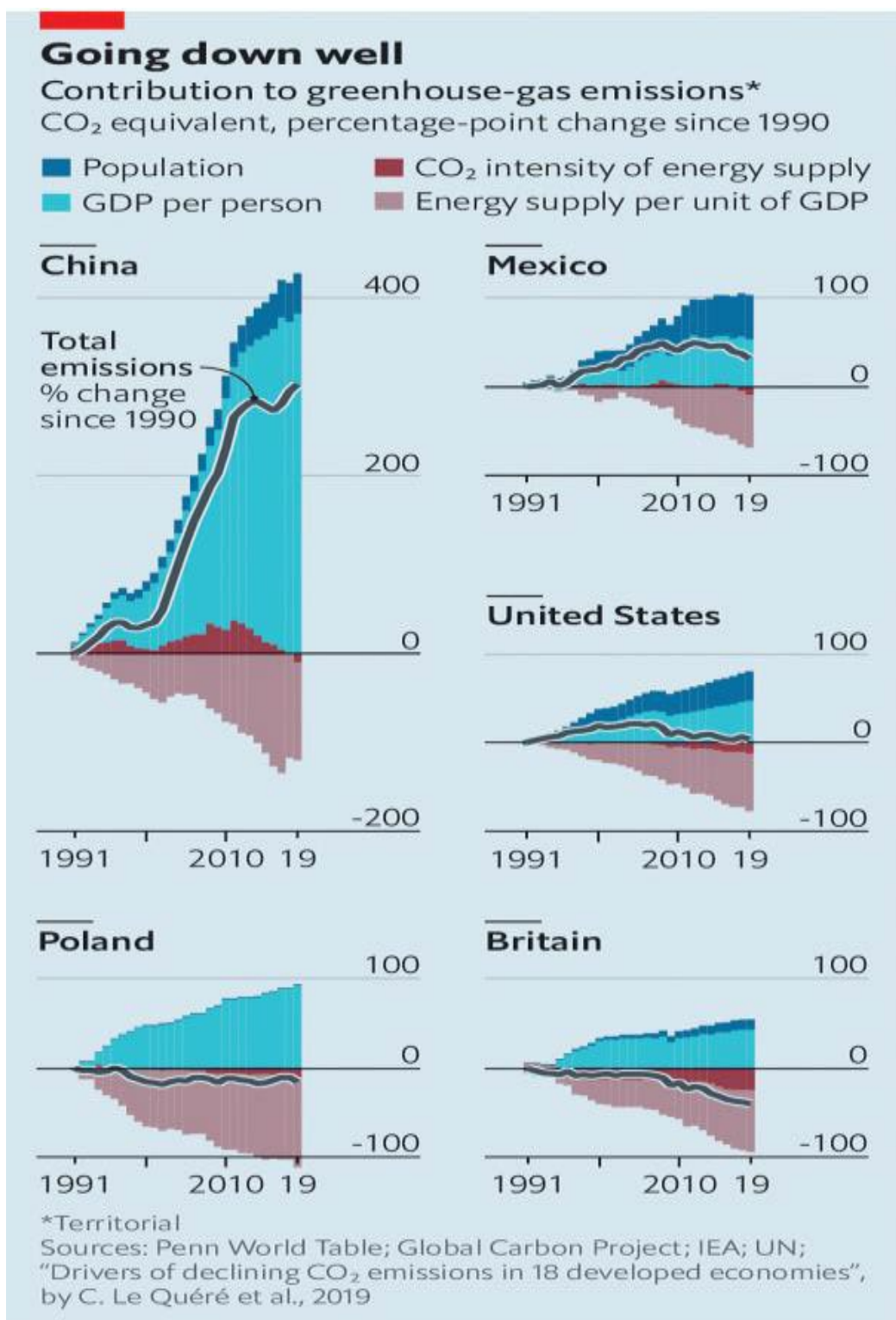
Capital Markets react to incentives and run from one extreme to the next. Thus, governing the cost of externalities remains a role governments must perform in unity.



In the current environment, we depend on our rating providers for their insights and trust they are doing the best they can. By setting a minimum bar we will not cross we hope to achieve the flexibility required to be an investor while still ensuring we contribute to the enhancement of ESG as a force for investing

The State of ESG Investing as we see it

Our asset allocation framework harnesses strong risk-adjusted returns within a defined risk profile



The Economist

Global Effort

Companies responding

COP27

Long way to go

- Developing countries are industrializing even as their carbon emission have been reducing
- Major Companies are responding the growing influence of ESG focused capital
- A breakthrough was achieved in relation to Loss and Damage
- In every aspect of ESG we have a long way to go in terms of credibility building and aligning incentives.

= A glass half full is better than an empty one



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Q & A

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1-min Poll

Upcoming Events

- **AsiaWater 2022 – Kuala Lumpur**
 - Technology Business Mission 5th – 7th Dec
 - Singapore Pavilion 7th – 9th Dec
- **Ozone and AOP: Going Beyond Traditional Wastewater Treatment** (by De Nora)
12th Dec 2022
- **[Site Visit] Takeda Manufacturing (Woodlands)**
16th Dec 2022
- **[Site Visit] Keppel Marina East Desalination Plant**
11th Jan 2023
- **Singapore Water Industry Nite (SWIN)**
2nd Feb 2023





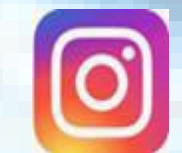
+65 6515 0812



enquiry@swa.org.sg



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Singapore Water Association (SWA)

SCAN ME



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Thank You