

## How Financial systems can contribute to sustainable societies?

Prof Andreas Hoepner introduced the session, elaborated that this programme has 9 different partners who have range of experience, some with more academic, others more practical. The research is divided into three areas, which are Policy, Governance and practical tools for impact measurement of sustainable markets. Åke followed, and narrated the historical pretext, and shared their dilemma of how they could invest their assets in a sustainable way. They were the first investor in generation asset management, started by Al Gore. Mistra is quite alone in this, but they are a strong believer in this. Gustav another researcher from the team continued, and explained the current governance challenges, in which social returns are perceived to be greater than private returns, and the other is a lack of investment in innovation. The reason of lack of investment on renewable energy or sustainable technologies is because of incomplete property protection (appropriation concerns), and the other is that investors don't understand the technology and inventor does not want to reveal too much. His conclusion is that we need more venture capitalist and angels who can finance this gap. Better accounting standards and investor protection would drive down the cost of capital as well. They will be mapping the Swedish angel and VC community in the future.

Andreas takes over and he talks about universal owners (pension funds), he talks about risk and uncertainty. He shares the challenge of universal owners, who can not disinvest or sell large portions of their shares without influencing the market price of the company they hold in a major way. Another major achievement would be that by 2020, they will be 100 percent traceability of all stocks. One of the major things he shared was the implementation of ESG, has shown reduction of risk, so green rated companies are exposed to much less risk in the market.

Johan from AP7 concludes the workshop by sharing the following

- In Sweden the sustainable finance is full of energy, but there is too much happening, and know one knows the best strategy. So very excited about the Mistra project, as it helps collect best practice and evidence for the industry.
- There is no one ESG strategy which works for everybody, diversification is the starting point, we like to buy the whole market. We are voting in all our companies. We are interested in the whole market, not single companies. We try to agree on sustainable principles. ESG integration can be done in a technical way, but it can also be done generic way.
- ESG should be part of the entire company, integration could be good, but there is a lot of resistance. Climate risk is not factored in a uniform manner.
- If we have a problem, we could either make money from it, or actually solve it