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Head of Sustainability

Rating the Sustainability of Investment Products

Sustainability issues are leading to changing behavior

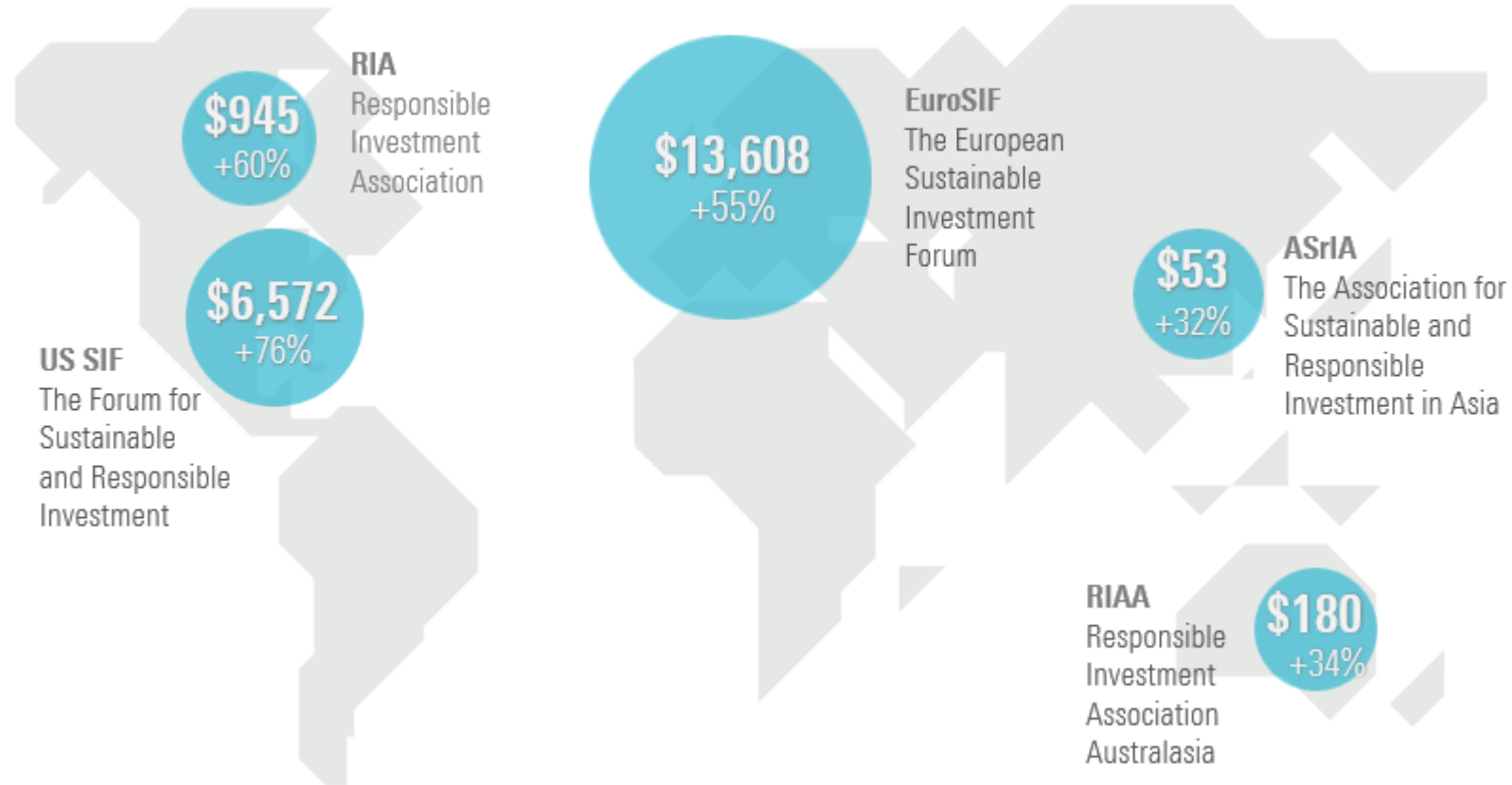


Definition sustainable investing

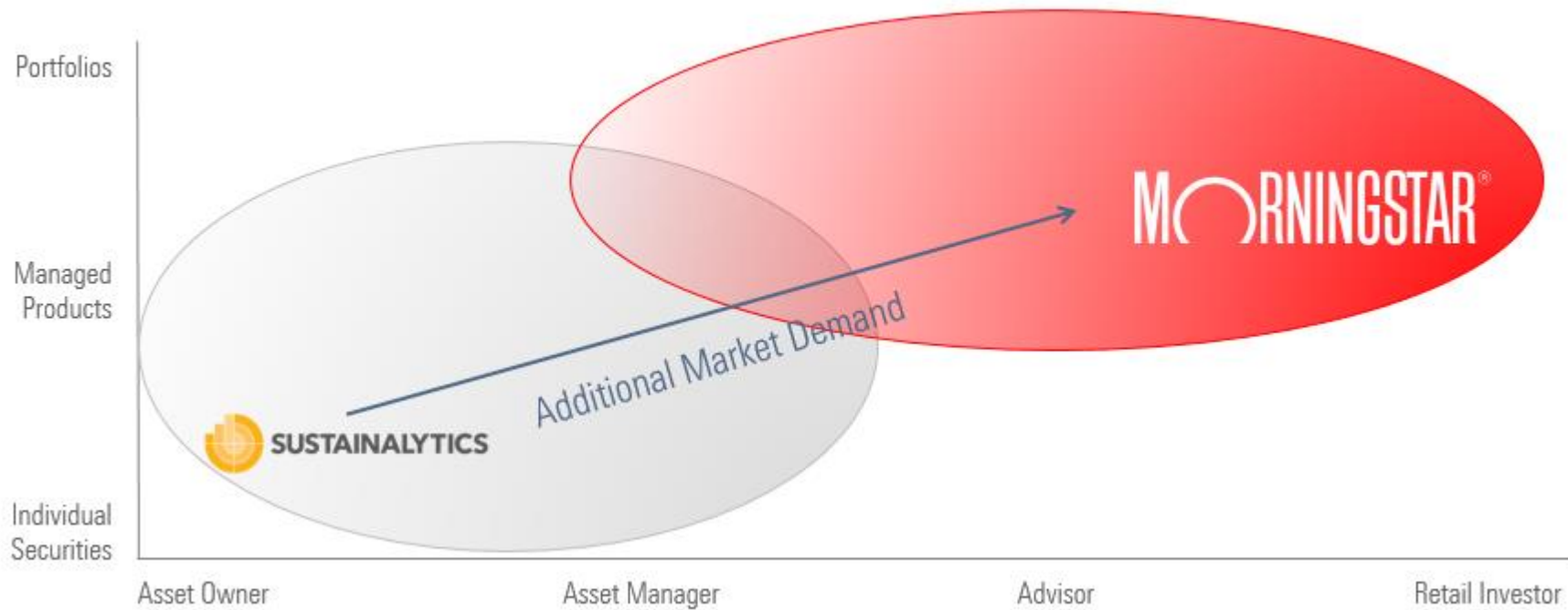
Sustainable Investing is a long-term investment approach that incorporates **environmental, social, and governance** factors in the investment process

Environmental Issues	Social Issues	Governance Issues
Climate change and carbon emissions	Product safety	Board composition
Air/water pollution	Data protection/privacy	Audit committee structure
Energy efficiency	Gender and diversity	Executive compensation
Water scarcity	Employee engagement	Lobbying
Waste management	Supply chain management	Political contributions
Deforestation	Labor standards	Bribery and corruption

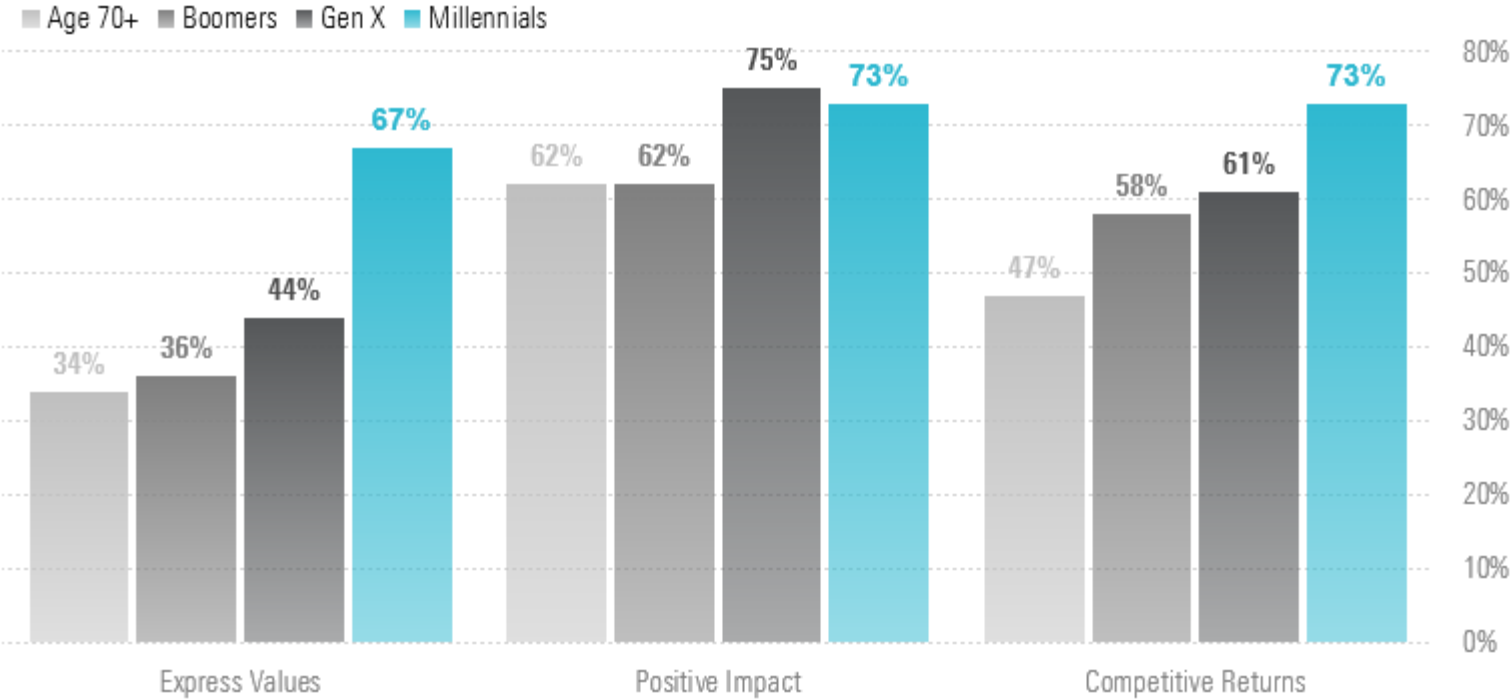
Significant growth in global sustainable investment assets



Need for Sustainable Investing shifting to mainstream



Investor motivations for Sustainable Investing



Why has Morningstar launched the Sustainability Rating?

Morningstar has launched [Sustainability Ratings & Research for managed products](#). We aim to create insight & transparency, [one ESG standard measure](#) and comparability among funds/ETPs.

We are committed to helping individuals, advisors, and asset managers invest in ways that create [better investment results](#) and are more [meaningful](#) to them.

Using deep company sustainability research as input

Company ESG Ratings

- ▶ Overall ESG Score (0–100)
- ▶ Environmental score
- ▶ Social score
- ▶ Governance score

Controversy Assessments

- ▶ Based on 10 issue areas
- ▶ Scored for severity 1 (low) – 5 (high)
- ▶ Outlook



ESG Ratings
4,600 unique issuers

Controversy Research
15,000 unique issuers

Getting from company sustainability to the fund rating

Morningstar Fund Data

+

Sustainalytics
Company-Level Research

Morningstar
Portfolio Sustainability Score

Morningstar
Sustainability Rating™

	Name	Morningstar Category
1	Fund 1	US OE Large Growth
2	Fund 2	US OE Large Blend
3	Fund 3	US OE Large Value
4	Fund 4	US OE Large Blend
5	Fund 5	US OE Large Value
6	Fund 6	US OE Large Growth
7	Fund 7	US OE Large Blend
8	Fund 8	US OE Large Growth
9	Fund 9	US OE Large Growth
10	Fund 10	US OE Large Growth
11	Fund 11	US OE Large Blend
12	Fund 12	US OE Large Growth
13	Fund 13	US OE Large Growth

1. Company ESG Scores

Overall ESG Score (0-100)

2. Controversy Scores

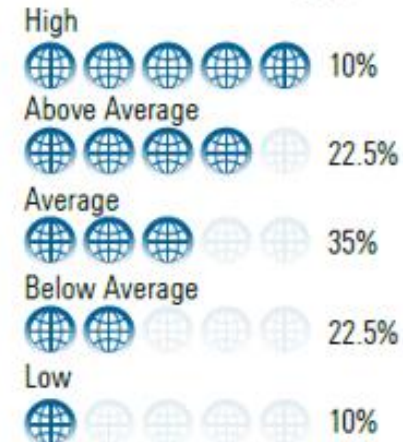
Severity (1, Low-5, High)

Controversies are incidents that impact the environment or society and pose risks to the company involved

- ▶ Sustainalytics' company ESG scores are normalized across sectors
- ▶ Asset-weighted roll up of company ESG scores with deduction made for holdings with controversies
- ▶ Company analytics apply to stocks and corporate bonds
- ▶ 50% of portfolio assets must have company ESG scores

- ▶ Portfolio Sustainability Score relative to Morningstar Category

- ▶ Percent of funds in category:



Sustainability fund information solving for market needs

Individuals 

Better align investments with personal values

Advisors 

Consider sustainability in fund/portfolio selection

Asset Managers 

Assess funds' sustainability for advisors and investors

Sustainability Rating and analytics

Morningstar Portfolio Sustainability Report | 27 June 2016

ACME Growth AMCEX

Morningstar Rating
★★★★★

Morningstar Analyst Rating*
 Gold
16 Oct 2015
01:43, GMT -5:00

Senior Equity Analyst
Ashis Dash

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Sustainability Rating



Above Average




Relative to Category **Sustainability Mandate?**
Large Value Yes | ESG Focus

Rating Calculation Score (Based on 83% of AUM)

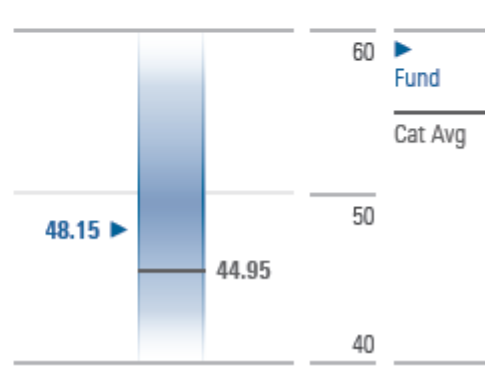
	Fund	Cat	Cat % Rank
Portfolio ESG	52	50	27
Controversy Deduction	-4	-5	19
Sustainability	48	45	26

Portfolio ESG – Controversy Deduction

Portfolio ESG Breakdown

 Environmental	48	48	34
 Social	59	59	24
 Governance	53	53	23

Sustainability Score (Out of 100)



Sustainability Ratings practical uses

- Learn how well an existing portfolio is doing on sustainability
- Assess how well an intentional sustainable fund is living up to its mandate
- Set a sustainability threshold for funds, as part of fund-selection criteria
- Ask questions of asset managers about their Sustainable process
- Report to clients on the sustainability performance of their portfolio
- Expand the universe of funds acceptable to a sustainable investor
- Build portfolios of sustainable investments

Sustainability Rating freely, globally available for everyone

On 16 Morningstar websites, for 34,000 funds, reaching 10 million investors

NN Europe Fund - P | ★★★★★ | Under Review

Hoe heeft dit fonds gepresteerd? 31-08-2016

Ontwikkeling van EUR 1000 (EUR) Uitgebreide Grafiek



	2012	2013	2014	2015	2016
Fonds	16,9	20,3	4,1	14,5	-4,5
+/-Cat	-0,9	0,7	-1,2	3,8	0,2
+/-Idx	-0,4	0,5	-2,7	6,3	-1,2

Categorie: Aandelen Europa Large-Cap Gemengd

Categorie Benchmark: MSCI Europe NR EUR

Kerngegevens

Koers	EUR 27,00
29-09-2016	
Rendement 1 Dag	0,56%
Morningstar Categorie™	Aandelen Europa Large-Cap Gemengd
Vestigingsland	Nederland
ISIN	NL0000292332
Grootte Fonds (Mil)	EUR 356,59
31-08-2016	
Grootte Fondsklasse (Mil)	EUR 135,90
31-08-2016	
Aankoopkosten (Max)	-
Lopende Kosten Factor	0,73%
27-05-2016	

Morningstar Sustainability NNEUF

Meer...

Morningstar Sustainability Rating



Bovengemiddeld

Percentiel rang in categorie: 19

Duurzaamheidsscore: 58

Gebaseerd op 98 % van beheerd vermogen

Categorie

Aandelen Europa Large-Cap Gemengd

Duurzaamheidsmandaat

- | -

Sustainability Score per 30-6-2016. Sustainability Rating per 31-7-2016. Sustainability verstrekt analyse op bedrijfsniveau die Morningstar gebruikt bij het berekenen van de Morningstar Sustainability Score. Informatie over het duurzaamheidsmandaat is afkomstig uit het prospectus van het fondshuis.

More information

<http://www.morningstar.com/company/sustainability>

Or contact your local Morningstar office

