

## IN A CHANGING WORLD, INVEST IN THE FUTURE YOU WANT

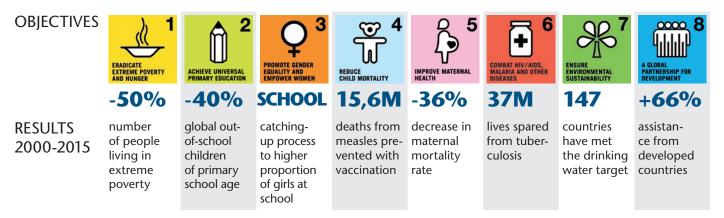
SEPTEMBER 2018

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# **SDGS** EVERY

# UN AGENDA 2000-2015: THE MILLENNIUM DEVELOPMENT GOALS

As part of the Millennium Summit, 189 member states of the United Nations have adopted the United Nations Millennium Declaration, committing to work together to reduce extreme poverty and define 2015 targets. These targets have galvanised unprecedented efforts and are known as the Millennium Development Goals (MDGs):



Source: Millennium development goals report 2015, http://www.un.org/millenniumgoals, May 2016.

# UN AGENDA 2015-2030: THE SUSTAINABLE DEVELOPMENT GOALS

On September 25<sup>th</sup> 2015, countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.

For the goals to be reached, everyone needs to do their part: governments, the private sector, civil society and people like you.



Source: http://www.un.org/sustainabledevelopment/sustainable-development-goals/, November 2016.

On 1<sup>st</sup> January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development — adopted by world leaders in September 2015 at an historic UN Summit — officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.

The SDGs build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet. They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

The new Goals are universal and apply to all countries, whereas the MDGs were intended for action in developing countries only.

A core feature of the SDGs is their strong focus on means of implementation—the mobilization of financial resources—capacity-building and technology, as well as data and institutions.

The new Goals recognize that tackling climate change is essential for sustainable development and poverty eradication. SDGs 13 aims to promote urgent action to combat climate change and its impacts.



# THE PROJECT

The World Bank (International Bank for Reconstruction and Development or "IBRD", rated AAA/Aaa) works towards achieving the United Nations Sustainable Development Goals (SDGs) through its mission of eradicating poverty and building a better future.

The SDGs Everyone project consists in the issuance of equity-linked World Bank-issued SDGs bonds, allowing investors to significantly participate in the advancement of the United Nations' Sustainable Development Goals. The SDGs Bonds are linked to the Solactive Sustainable Development Goals Indices.



"Achieving the Sustainable Development Goals will require increased collaboration from public sector, private sector, and individuals. The World Bank's twin goals – eliminating extreme poverty and boosting shared prosperity – are aligned with the SDGs. By buying World Bank bonds, investors have the opportunity to support companies in a way that supports sustainable development"

Arunma Oteh, Vice President and Treasurer, World Bank.

"We are extremely pleased to be part of this initiative promoting investments in support of projects driving sustainable growth. This equity linked World Bank bonds program is a smart and secured solution for investors and a milestone on the road to supporting the SDGs"

Nicole Notat, CEO, Vigeo Eiris.

"We are very proud to partner with the World Bank through their investment solution supporting the Sustainable Development Goals. Innovation is one of our core values and as a responsible investor we are pleased to contribute to new solutions creating performance through investments that incorporate environmental, social and governance considerations" Eric Syz, CEO, SYZ Group.



# WHAT IS THE WORLD BANK?



IBRD was created in 1944 to rebuild Europe after World War II and has been referred to as "World Bank" almost as soon as it was established.

As the original member of the World Bank Group, IBRD is an international organisation headquartered in Washington DC, owned by 189

member countries, with two main goals:

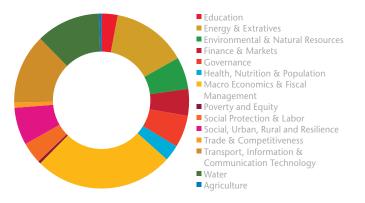
#### 1) end extreme poverty

## 2) promote shared prosperity in a sustainable manner

These "twin goals" are aligned with the SDGs

Among the World Bank's 12,000 employees in 136 offices worldwide, 10,000 are dedicated to loans management.

## WORLD BANK SUPPORT BY SECTOR



# WHY INVEST WITH THE WORLD BANK?

IBRD's AAA/Aaa rating is based on a solid financial structure, conservative financial policies and consistent performance, as well as support and capital backing from its shareholders.

#### **SAFETY**

- Issuing debt since 1947; triple-A rating for more than 60 years
- Strong balance sheet as result of prudent financial policies
- Recognised preferred creditor status
- Funds only extended to sovereigns and for sovereign-guaranteed projects

#### **DEVELOPMENT MANDATE**

- Provides financial solutions for sustainable and socially equitable economic development to end poverty and increase income equality
- The net proceeds from the sale of the bonds are used by the World Bank to finance sustainable development projects and programs in its member countries

#### **BUYBACK PROGRAM**

- World Bank **buys back its own bonds** through dealers
- Operational for over two decades, including during the 2008-2009 financial crisis, with average volumes of approx. \$2 billion annually over the last 5 years
- Confidential execution as requested

\*International Bank for Reconstruction and Development (IBRD, called "World Bank") is rated AAA/Aaa based on its capital, reserves and prudent financial policies. Source: World Bank, 2016.



## THE WORLD BANK PROJECT CYCLE

#### **PROJECT IDENTIFICATION**

The World Bank and borrowing countries jointly identify projects that support their development goals. World Bank staff monitors feasibility studies and provides assistance. They advise the borrowing country on their initial efforts and conduct an "identification mission" detailing specific objectives for the project and how they will be achieved.

#### **IMPLEMENTATION AND SUPERVISION**

After the project is approved, the country uses the funds to purchase the goods and services necessary to meet the project's objectives. The borrowing country is responsible for implementing the project. The World Bank's role is to monitor project implementation to ensure that the terms of the agreement are followed and that procurement is conducted according to the World Bank's guidelines.

#### COUNTRY DIAGNOSTIC

The World Bank undertakes studies of development issues at the thematic, country and sector level. These studies are used to improve the World Bank's understanding of development challenges.

### PREPARATION AND APPROVAL

The borrowing country is responsible for preparing the project and works closely with the World Bank to refine the objectives, components, schedule, and institutional responsibility to implement of the project. These details about the project and the terms of the World Bank loan supporting the project are reflected in a loan agreement signed between the World Bank and the borrowing country. The project is approved by the World Bank Board of Executive Directors.

## **EVALUATION**

Following completion of the project, the World Bank prepares a review of the project's implementation experience to assess its outcomes and draw lessons for similar projects. The World Bank's Independent Evaluation Group, also reviews projects and measures project outcomes against the original objectives.

## ARMENIA EDUCATION IMPROVEMENT PROJECT



**Development challenge:** Armenia preschool enrollment is currently only 65%. In addition, improvements in quality of education have not yet led to improved student performance. Poor infrastructure in high schools is unsafe for students and hampers learning.

Purpose: Improve readiness of children

entering primary education, quality of higher education, and physical conditions of secondary school.

**Expected results:** Target 2400 preschool enrollees, 120 community based preschools, 4,000 staff trained on system. 107 high schools with education resources.

#### **IBRD Financing - \$15 million**

## COLOMBIA NATIONAL URBAN TRANSIT PROGRAM



**Development challenge:** In Colombia public transportation is the cause of many problems, including serious traffic congestion, high incidences of accidents and crime, unhealthy air.

**Purpose:** improve transport efficiency and accessibility, reduce fuel use per kilometer, as well as pollutant emissions.

**Expected results:** Reduction of average travel time for low income riders. Reduction of accidents and pollution associated with bus transport services. Increased access to disabled riders.

**IBRD Financing - \$198 million** 

http://www.worldbank.org/projects/P130182/education-quality-project?lang=en

<u>Project Video: https://www.youtube.com/watch?v=\_HzUjAZvviU</u> http://www.worldbank.org/projects/P117947/support-nationalurban-transport-program-project?lang=en

# **INDEX PHILOSOPHY**

The Solactive Sustainable Development Goals World MV Index offers investors the opportunity to gain exposure to companies that contribute to the Sustainable Development Goals (UN 2015-2030 Agenda for Sustainable Development) through their involvement in sustainable products and sustainable behaviour.

The Index has been designed to offer a framework for equity investment on the Sustainable Development Goals. It selects world developed companies that incorporate global ESG (environmental, social and governance) standards, are not involved in disputable activities or critical controversies and are not part of the most intensive carbon emitters (unless they have a robust energy transition score).

But most importantly it selects companies that contribute to the Sustainable Development Goals, through their involvement in sustainable products or sustainable behaviour.

On top of that the index applies financial filters to ensure the selected companies have a sufficient level of liquidity, pay high dividends and form together a portfolio with the lowest expected volatility, while keeping a diversified exposure. The index is available in EUR.

For more information about the index: https://www.solactive.com/solactive-sustainable-development-goals-world-mv-index

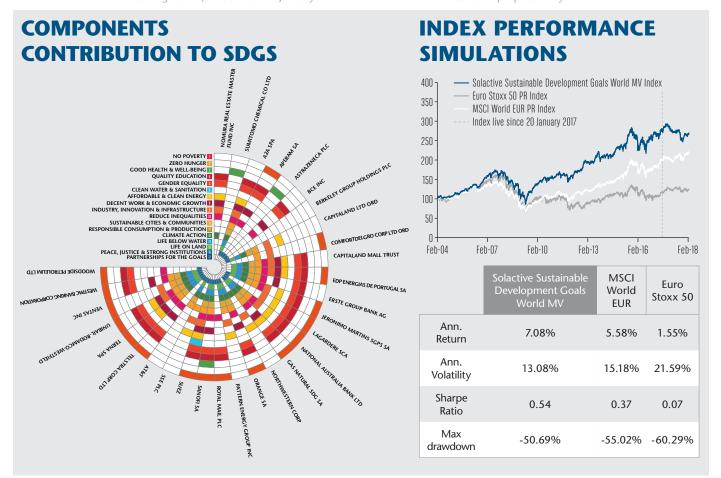


# SOLACTIVE SUSTAINABLE DEVELOPMENT GOALS WORLD MV INDEX METHODOLOGY

Investment universe: World developed listed companies assessed by Vigeo Eiris

STEP 1 ESG' Control	<ul> <li>Exclusion of companies:</li> <li>→ with an ESG score<sup>2</sup> below their region average</li> <li>→ involved in alcohol, armament, gambling, nuclear, pornography or tobacco, or in critical controversies about the environment, human and labour rights</li> <li>→ that are part of the most intensive carbon emitters unless they have a robust energy transition strategy</li> </ul>	
STEP 2 SDGs Methodology	Selection of companies contributing to the SDGs         → a significant part of their activity (at least 20%) dedicated to sustainable products         → or a leading sustainable behaviour in their sector         Ensures the final selection is suitable for equity index investing	
STEP 3 Financial Filters	<ul> <li>→ liquidity filter<sup>3</sup></li> <li>→ high dividend filter<sup>4</sup></li> <li>→ geographical and sectorial diversification<sup>5</sup></li> </ul>	<ul> <li>→ minimum expected volatility portfolio<sup>6</sup></li> <li>→ Price Return Index: dividends are not reinvested</li> </ul>
	Solactive, one of the leading providers of financial markets indices, is the Index sponsor and calculation/publication agent. For more information please visit the index webpage: https://www.solactive.com/solactive-sustainable-development-goals-world-mv-index	
30 companies rebalanced quarterly	1- Environmental, Social and Governance. 2- Vigeo Eiris rating. 3- Average Daily Volume on 1 month and 6 months above 10M EUR equivalent. 4- Among the remaining stocks, only those in the top tier in terms of estimated dividend yield can be selected. 5- Min. 10% and Max. 50% stocks from the same region (Europe, North-America, Asia-Pacific). Max. 25% stocks from the same Sector (as defined by Factset "Economy"). The weight of each stock must be comprised between 1% and 5%. 6- The final portfolio is the one meeting all the criteria aforementioned with the lowest expected volatility.	

Source: Vigeo Eiris, Solactive as of January 2017. For Information and discussion purposes only.



Performance sources: Bloomberg, BNP Paribas as of 31 July 2018. Simulated performance until 20 January 2017, historical performance thereafter. Past or simulated performance or achievement is not indicative of current or future performance. Index Bloomberg Ticker: SOLWGOAL Index. Benchmarks Bloomberg tickers: MSERWI Index, SX5E Index. Composition sources: Vigeo Eiris, Solactive as of July 2018. For indicative purposes only.

#### ABOUT SYZ GROUP

Founded in Geneva in 1996, SYZ is a fast growing Swiss banking group exclusively dedicated to asset management, through two complementary business lines: high-end private banking and institutional asset management. SYZ offers private and institutional investors comprehensive portfolio management, with an active investment style and a focus on risk reduction that is clearly committed to providing absolute performance through alpha generation.

SYZ is an independent, family-owned company with a global footprint. The Group has a solid capital base and benefits from being privately held and independent.

For the second time in less than a year, SYZ acts as the sole distributor of this kind of bonds in Switzerland, highlighting it ability to offer innovative products to its clients in line with its entrepreneurial spirit.

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