Öhman Fonder Case Study

Taking climate change into consideration across the investment process: a climate impact assessment of Swedish asset manager Öhman Fonder's public equity universe

Öhman Fonder was one of the first Swedish asset managers to sign the Montreal Pledge in 2014. Thanks to the Climate Impact Assessment from South Pole Group, Öhman can now fulfill its commitment to the Pledge and report its carbon footprint. After receiving the report from South Pole Group, Öhman will be able to engage with clients on the topic of climate change to a much greater degree: leading discussions based on facts and concrete examples will lead to a mutual understanding of problems and contribute to the development of solutions.

Equipped with better insights, Öhman can develop new products that will contribute to lower carbon emissions. Öhman is also convinced that, together with other investors, they can help companies develop smarter climate strategies, thus contributing to a low carbon future.

The context

As a responsible investor, Öhman feels that it has a responsibility to help pave the way to a low carbon economy. Öhman works with an array of institutional clients such as the Swedish church, workers' unions and foundations. Amongst these, municipalities and county councils are some of the most important actors when it comes to implementing environmental policies. Increasingly, they are also being encouraged to consider the climate impact of their investments as part of their wider environmental strategy. The assets managed can be their own capital, earmarked for future pension liabilities and/or foundations that have been donated in the past.

These institutions primarily invest in equities and fixed income globally and generally outsource management to external asset managers.

Several of the players have started to measure the carbon footprint of their investment portfolio to learn more about the inherited risks and opportunities. More and more are also prioritising asset managers that consider environmental responsibility in their investments.

> *"It is important for us to maintain an active dialogue with our fund managers in order to reduce the portfolio's carbon footprint. The degree to which the managers take climate concerns will weigh heavier in our selection process."*
>
> **Mats Widén**
> CFO, Landstinget Sörmland (Öhman's client)

The brief

Öhman's objective was to gain a better understanding of their portfolio's exposure to carbon risk. For this, Öhman enlisted the help of the South Pole Group to conduct a comprehensive portfolio carbon footprint of twelve internally managed public equity funds against their respective benchmarks. Öhman saw the work with South Pole Group as an essential first step in understanding potential climate-related risks in its portfolio.

The results of the analysis will be used to help inform Öhman's engagement strategy, as well as to develop new low carbon products and strategies going forward.

About the client

Öhman is a family-owned firm that has, for over 100 years, built its business on long-term relationships. The Swedish asset management firm is engaged in a broad spectrum of financial services and is entrusted with managing assets worth SEK 39 billion. The asset management firm offers two types of funds: cost-efficient tracker funds and active funds with a high degree of specialisation.

Having managed ethical funds for over two decades, Öhman advocates high levels of environmental and social standards and integrity in the companies in which it invests. As a responsible investor, Öhman is now taking another significant step forward by making sure their entire range of public equity funds support sustainable investments. The firm has sealed this commitment by becoming a signatory of the internationally recognized Principles for Responsible Investment (PRI) and signing the Montreal Pledge.

The challenge

Öhman faced two key challenges: the first was to meet increasing client demand for more transparency regarding the carbon footprint of investments. The second was to translate this demand into meaningful climate action.

More and more municipalities and county councils have begun to align their investment policy with their overall environmental policy. For Öhman, supporting these institutional investors in their effort was a key driver in joining the Montreal Pledge and increasing transparency regarding their investment carbon footprint.

The process

Through participation in international events, Öhman was able to gain a better understanding of the challenges linked to carbon footprinting and scope out relevant actors in the market. Öhman then approached three potential service providers, who were asked to suggest a process for evaluating the firm's equity funds' exposure to carbon risk

Öhman was looking for a partner who could deliver a high-quality service. They wanted someone with long-standing experience, relevant in-house knowledge and a solid reputation in the market. As the firm was taking its first steps to reduce its climate impact, they wanted a service provider with whom they could grow over time and fulfill their long-term ambitions.

The solution

South Pole Group delivered a Climate Impact Assessment that comprised of the carbon footprint of Öhman's underlying holdings contrasted against their respective benchmarks. Öhman was convinced by the high quality offered by South Pole Group. Furthermore, the Group's steadfast experience and expertise provided Öhman with the right environment to grow and develop their long-term ambition as a responsible investor.

South Pole Group's solution delivered the following key benefits for Öhman

1. **In-depth understanding of climate-related risks in the portfolio** - on company and sector levels and on an aggregated level.
2. **Enhanced stakeholder engagement:** The analysis gave Öhman facts and figures that could be easily communicated and discussed with clients.
3. **Internal awareness raising and training:** The carbon footprint exercise not only increased fund managers' awareness, but also equipped them with the tools to systematically integrate climate change risks and opportunities into their investment process.

Why work with us

Valuable solutions for you

With a long list of satisfied clients, South Pole Group has living proof in its ability to successfully carry out a full spectrum of services for investment climate impact assessment. South Pole Group helps clients meet their needs and prosper while, at the same time, operate in way that helps fight climate change.

"South Pole Group's solution fits well with Öhman's existing efforts within responsible investments and the brand image that we are portraying. Our clients and stakeholders value our initiative and efforts to offer them long-term solutions as opposed to quick fixes. The Climate Impact Assessment has increased our transparency and helped us lead the way in the Swedish market."

Fredric Nystöm
Head of Responsible Investment, Öhman Fonder

Global team

We are a truly global provider of sustainability solutions and services. Our team is made up of over 130 skilled and enthusiastic professionals from over 20 different countries, based in offices spanning 6 continents.

Proven impact

Since 2006, we have measured the climate impact of countless companies, projects and products worldwide. We have screened USD 50 bn+ of investments for their climate impact and we have developed 270+ projects in renewables, energy efficiency, forestry, agriculture, industry and households. Through our efforts, 50 million tonnes of CO_2 have been saved, almost as much as the annual CO_2 emissions of Portugal. We have enabled the production of 35,000 GWh of renewable energy (more than the annual electricity consumption of Denmark), and mobilised over USD 6 bn for clean energy investments in emerging markets. We have protected or restored over 250,000 km^2 of land, about as much as the total land mass of the UK. In total, our projects have helped create almost 20,000 jobs in developing countries and we saved 17,000+ hectares of forest from deforestation, about the size of 24,000 soccer pitches.

Added value

We help you grow with groundbreaking solutions that benefit your business, the environment and society.

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