

Data-driven Environmental Social Governance (ESG) Assessment for Sustainable Investing

CONTEXT

Fidelity International (FIL) offers world class investment solutions and retirement expertise to institutions, individuals and their advisers around the world. Our vision is to deliver innovative client solutions for a better future. FIL understands the growing consumer demand for sustainable activity, including sustainable investing and notes how the UN Sustainable Development Goals (SDGs) are being adopted by companies to guide their actions and respond to the expectations of their customers.

Investors and consumers are increasingly focused on the importance of considering non-financial factors when making their investment decisions. These three factors, environmental, social and corporate governance, to measure and evaluate how a corporate behave towards sustainability, has long been integrated throughout FIL's investment process.

A 'Sustainable Family' of funds has marked our next step in our evolving approach to sustainable investing in order to meet the growing demands of our clients around the world. Fidelity's Sustainable Family offers two investment categories - best-in-class and sustainable thematic - with the best-in-class funds actively seeking to select companies that are high ESG performers relative to peers. As for the sustainable thematic funds, it uses an investment approach that contributes to addressing sustainability challenges or creating a positive value-add to society and the environment.

We are therefore very interested in being able to quantify the sustainable impact of a fund/ portfolio. What impact does a fund have and to what degree?

Some of the issues for why there is not yet a technology driven solution to assess sustainable impacts of a portfolio of stocks are:

- Many differing approaches and measurements to what is meant by sustainability and impact
- Quantifying relevant factors that can capture degree of ESG/sustainable impact
- How best to capture exposure to relevant ESG's factors within the funds
- ESG data may not be fully disclosed by certain companies or is disclosed across different filings and locations

Therefore, FIL is seeking to encourage a digital solution to measure a fund's sustainable impact that may include assessing the non-financial characteristics and actions of companies in a portfolio, against ESG performance indicators, key ESG best practice criteria and other frameworks such as the UN's SDGs.

PROBLEM STATEMENT

How can we use technology to better quantify sustainable (ESG) impact of a portfolio?

WHAT ARE WE LOOKING FOR?

A prototype solution/tool that can identify, quantify, gather, and track the sustainable (ESG) impact of a portfolio of specific stocks.

- A credible and clearly explainable approach and methodology that underpins the framework supporting the tool.
- Presentable, clean output that adds value to our understanding of the sustainable impact of our funds that can be provided to our investment team and clients.
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POSSIBLE USE CASES

1. A client asks what the sustainable impact of one of our funds is and is provided with a report that outlines its impact and how this was assessed.
2. A client wishes to invest in the fund that has the most sustainable impact. Our fund managers are able to quickly generate a user friendly report that recommends a list of funds that meet the criteria.
3. Our Fund Managers use the new solution to analyse a portfolio of investment products and are able to generate a report that highlights the degree of sustainable ESG impact based on the developed ESG measurement framework.

WHAT'S IN IT FOR YOU

- SGD \$50,000 of prize money for each winner of this challenge (see Award Model)
- Partnering with FIL who has deep industry knowledge of the problem statement, is recognised for its commitment to sustainable investment, and has the industry context across global markets
- Opportunity to develop a future product with global scaling potential, or other long-term partnership for mutual gain

- Co-creating a solution that is applicable to other regulated environments and jurisdictions
- Collaborate with IMAS (Investment Management Association of Singapore) to reach out to the greater community for exposure, refinement and deployment
- Opportunity to pitch to industry audience in:
 - IMAS Digital Accelerator Program Showcase in March 2020
 - IMAS-Bloomberg Investment Conference in April 2020
 - For more information, visit www.imasdap.com

EVALUATION CRITERIA

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| Solution Fit | To what extent does the proposed solution address the problem statement effectively? |
| Solution Readiness | How ready is the proposed solution to go to the market? Is there any evidence to suggest capacity to scale? |
| Solution Advantage | Is the solution truly innovative, does it make use of new technologies in the market, and can it potentially generate new IP? |
| Company Profile | Does the product have user and revenue traction? Do the team members possess strong scientific/technical background? |

AWARD MODEL

30% of the prize money will be awarded to each selected finalist at the start of the prototype development process, with the remainder 70% to be awarded during the prototype development process, based on milestones agreed between FIL and the solver.

Note that a finalist who is selected to undertake the prototype development process will be required to enter into an agreement with FIL that will include more detailed conditions pertaining to the prototype development.

DEADLINE

All submissions must be made by **14 February 2020, 1600 hours (SGT/GMT +8)**.
FIL and IMDA may extend the deadline of the submission at their discretion. Late submissions will not be considered.