

PIMCO

Sustainable Development Goal (SDG) Bonds – A Powerful Framework Creating Opportunities for Sustainable Investing in Fixed Income Markets

Objective:

Provide the participants with insights and discuss how the nascent SDG bond market can raise awareness across the broad investment community of the societal challenges we currently face – and actively address those challenges.

Background:

The U.N. Sustainable Development Goals (SDGs) cover a [wide range of sustainability issues](#), across poverty, inequality, access to health and education as well as dealing with the impact of climate change. The 17 SDGs – adopted unanimously by all 193 U.N. member states in 2016 – can be seen as a comprehensive and thorough elaboration of ESG, with the added benefit of targets and even indicators.

Moreover, and crucially, the U.N. estimates that in order to achieve the SDGs by 2030, between \$3 trillion to \$5 trillion annually will be required, with the majority of this investment needing to come from the private sector. The long-term nature of the SDGs – with its arc to 2030 – and the fact that much of the financing will need to relate to long-horizon social and environmental projects and investment means that debt instruments could be ideally suited.

PIMCO firmly believes the SDGs provide the investment community with a [well-structured framework](#) for tackling long-term sustainability challenges. The breadth of the goals should not be a barrier, but instead a tangible opportunity for [investors and issuers](#) alike to come together and address long-term issues in a clear and coherent manner. As investors we believe that bonds issued under the SDGs will be a key part of the fixed income market in the years ahead, and we call on issuers to be at the forefront of this exciting opportunity. In this context, we regard ESG investing is not only about partnering with issuers who already demonstrate a deeply integrated approach to ESG, but also [engaging](#) with those who want to improve their own initiatives and are willing to work with lenders to achieve their goals.

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Mr. Pothalingam is an executive vice president in the London office, a portfolio manager focusing on U.K. credit investing and a senior member of PIMCO's ESG (environmental, social and governance) portfolio management group. Prior to joining PIMCO in 2009, he was a credit fund manager with Threadneedle Investments in London. Before that, he was with Lehman Brothers in London as executive director, responsible for sterling credit trading. He previously spent 11 years with HSBC Holdings in London and Tokyo. He has 32 years of investment and financial services experience and holds an undergraduate degree from University College London and a diploma (niveau moyen) from L'Institut D'Etudes Francaises de Tours. He holds the Investment Management Certificate and is a member of the UK Society of Investment Professionals.

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