



Members of the Klaas Group: David Millington, Steven Connolly, John E. Klaas, Karoline O'Connor, Thomas B. Kret, and former intern Alexander Klaas.



John E. Klaas gives an introduction to the first Sustainability Forum at the Sanfilippo Estate.

Surprising Sustainability

WE NEED IT. The longevity of the environment depends on it. Future generations are expecting it. And for the first time, it is no longer considered an unreachable or costly goal, but rather a rewarding and profitable investment.

On May 25, a private wealth management team, the Klaas Group, hosted their first local Sustainability Forum at the Sanfilippo Estate. The UBS financial service team and several other sponsors such as the Sanfilippo Foundation, Barrington Area Conservation Trust, Vitality, and

Tesla discussed how their organizations reflected advancements toward sustainability.

According to UBS Chartered Financial Analyst Stephen Freedman, one of the best definitions of sustainability is, “development that meets the needs of present generations without compromising those of future generations.”

These needs are a steady balancing of communal productivity, well-being, and a greener world. Speakers at the forum elaborated that there are successful economic approaches for all companies to reduce their carbon footprints, preserve the physical and mental well-being of their employees, and give back to the community.

AN EMOTIONAL INVESTMENT

Speaker Stephen Freedman represents UBS, an organization committed to running businesses, supporting employees, and helping clients operate to maintain sustainable principles.

Freedman explained how The Millennium Project, a recent research study, identified sustainable development as one of the 15 global challenges facing humanity. And as people are becoming concerned with the larger impact of business activity, the investment community is linking companies as the solution.

As a result, a sustainable investing industry has surfaced. UBS defines sustainable investing as a set of investment strategies that incorporate environmental, social, and governance (ESG) factors into decisions.

The first approach to sustainable investing is exclusion, where investors can refuse to invest in companies that challenge ESG factors. For example, an investor can exclude companies that generate harmful products, such as weapons and tobacco. An investor could even avoid an entire country based on the authority's stance on human rights or labor standards.

Integration is the second method of sustainable investing. This strategy combines ESG factors with financial considerations in order to make investment decisions. For instance, investors focus their attention on a water scarcity fund because it applies to both environmental and financial factors.

The third approach, impact investing, desires to produce a positive social or environmental impact along with a financial return. Investments



Lisa Woolford explains how the Barrington Area Conservation Trust holds conservation easements in order to support environmental sustainability.



Stephen Freedman describes sustainability in terms of emotional investment through the UBS perspective.

in education, healthcare, and clean energy are first-hand impacts for these factors.

Freedman stresses that these approaches do not limit investors' performance, but rather give a competitive edge over companies who do not consider ESG factors.

"In 10 years, sustainability will have shifted in priority," Freedman said. "It will become default."

PRESERVING WHAT'S LEFT

Lisa Woolford, executor director of the Barrington Area Conservation Trust, summed up the organization's mission towards sustainability. "In the words of the Lorax—I speak for the trees," Woolford said.

Oak trees—to be exact—which are the masters of cleaning air. According to Woolford, one oak tree sequesters 70 pounds of carbon dioxide per year, which is equivalent to burning four gallons of gasoline.

Unfortunately, less than 20 percent of Illinois' original oak forests still exist. Prairies' role as carbon capturers also shrinks as development rips through their rich soil. And only 330,000 of nature's water purification systems, known as wetlands, exist to mitigate toxic substances and pesticides.

In order to sustain Barrington's air and water filters, as well as protect land from future development, BACT holds more than 20 conservation easements. These legal agreements allow landowners to retain their lands while protecting their environmental value. Conservation easements also offer income tax, estate tax, and property tax reductions, making it easier for landowners to pass on land to their children and future generations.

When land is open and healthy, it produces cleaner conditions that invigorate human health, proving that nature and mankind are interconnected.

A VITAL CAUSE

When juggling hectic jobs, family time, and social life, it's easy to drop the ball on health. And although companies are starting to integrate ESG factors, the big H (health) is often ignored.

Vitality Chief Health Officer Derek Yach explains how Vitality is a well-being program that encourages changes in lifestyle. In 1997, the international finances services organization Discovery Limited launched the Vitality member group as the first insurer in the world to reward healthy be-



Derek Yach stresses the importance of health in sustainability when describing the Vitality program.



Bruno Bertocci gives a simple formula to achieving sustainability and productivity—and it's not all about the profit.

avior. The Vitality Institute was later developed in 2013, which aspires to create a new culture of health by uniting leaders in both public and private sectors.

So how do leaders need to address health in their businesses? Yach lists three mediums: through employees' emotions, products, and interests with the broader community.

Simply put, an employee's performance rate lowers when struggling emotionally. So companies need to provide beneficial programs that support and strengthen individuals. "Aromatherapy is nice," Yach said. "But it doesn't reduce hypertension and depression, which contribute to the overall cost of the health care system."



Above: A Tesla Model X opens its doors for test-drives. Right: A Tesla Model S drives on auto-pilot with a greener earth in mind.

When it comes to products, organizations should present the healthiest inventory. Pharmaceutical companies can consider the size and severity of side effects of their products. Food sectors should try to avoid obesity and diabetes associated with their dishes and portions. Tobacco companies can shift to e-cigarettes.

As for the interests with the community—people just want the fresher, organic option. The three factors in food consumption were originally price, convenience, and taste. Now health has climbed its way to the top of the chain. “There’s a reason why McDonald’s is struggling compared to Chipotle,” Yach said. “Chipotle grows sustainable food.”

When companies utilize their entrepreneurial spirit and innovation for improving the health pillar in sustainability, they become more successful as a result—because brains and hearts at work affect the national budget and size of economy.

FOR THE PEOPLE

As a lead portfolio manager of global sustainable equity strategy for UBS Global Asset Management, Bruno Bertocci knows the perfect mindset when incorporating sustainability into a company: doing what the people want. “If your purpose is to make money, you’re going to fail,” Bertocci said. “But if your intentions are for the people, you will succeed.”

These are the types of non-financial values that are not measured in annual reports, but are still vital data—otherwise known as the 2+2=5 proposition.

For example, what makes Whole Foods so successful? Bertocci says that they provide high-quality products that people crave, employees as friendly ambassadors, and an overall positive atmosphere.

A safe environment makes a dramatic impact on productivity. Should a financial angle only be assessed for a profitable vehicle manufacturer if the accident rate is 10 times more than a Honda?



Ross Fumagalli lists several unique features of the Tesla automobile that make it environmentally appealing.

If conditions aren’t met for workers’ standards, their success can only go so far.

Superior business knowledge is another key ingredient in the 2+2=5 formula that turns companies into tough competitors. Google attracts the smartest engineers by offering several benefits, such as free meals at its workplace. Google shows that companies can make money in a constructive way by sacrificing a specific profit for valuable and creative workers.

SUSTAINABILITY ON AUTO-PILOT

For the final presentation, Regional Sales Manager Ross Fumagalli demonstrated the incredible safety features, unique electric engineering, and internet compatibility of Tesla—a model auto company that offers a sustainable method of automobile transportation.

The car’s battery pack is brilliantly designed within the floor, and only takes 40 minutes to fully reboot at a free charging station. Tesla also pioneers within technological advancements through features that include automatic internet updates, ultrasonic sensors, auto-pilot, and smooth traction—just to name a few.

At the end of the lecture, guests were allowed test rides in Tesla Models S and X. This event perfectly completed the forum as individuals took a thought-provoking and exciting test drive into a sustainable world. U