



# Cambridge Institute for Sustainability Leadership

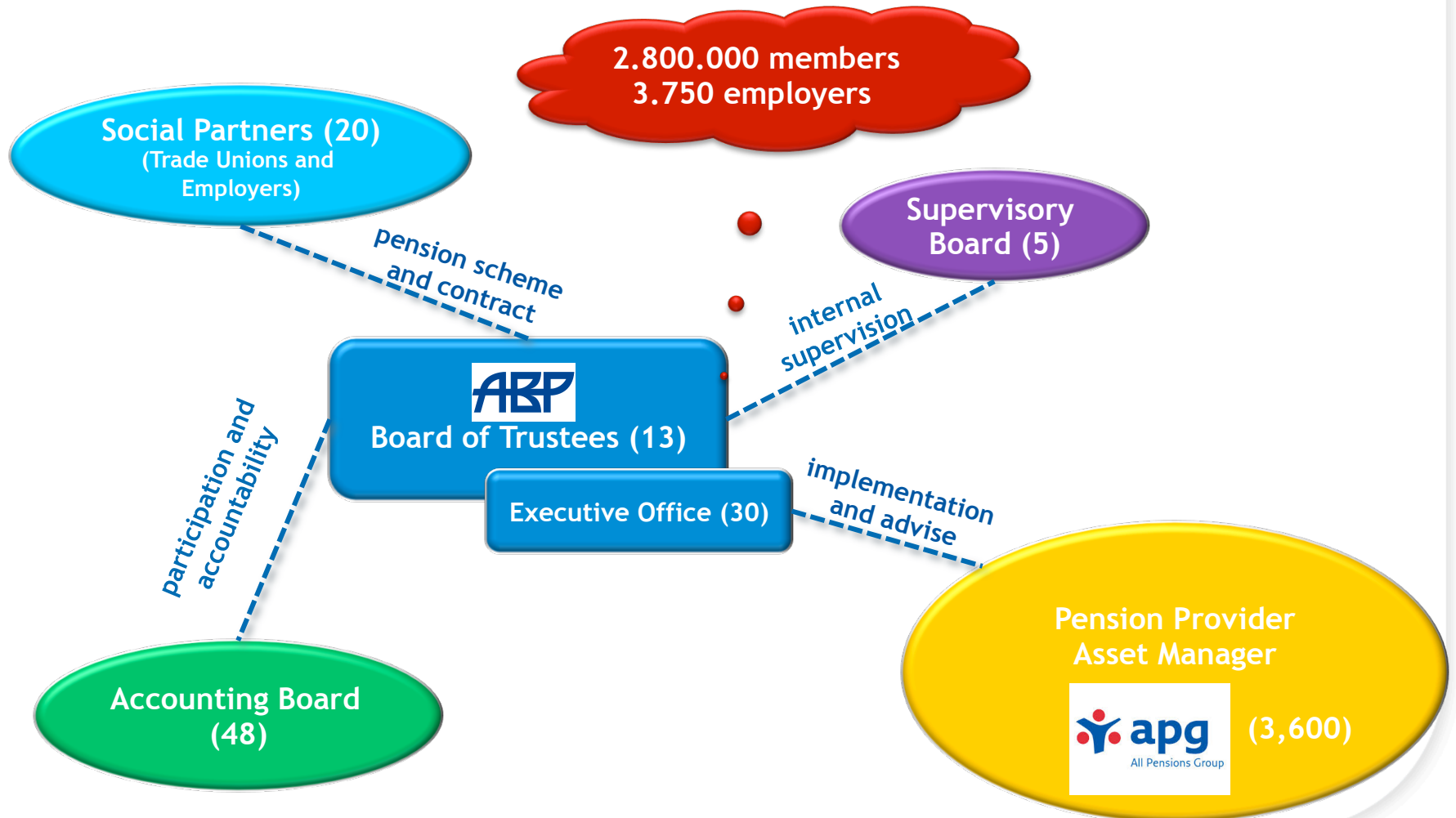
A long-term horizon: embracing the potential, a new responsible investment policy

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# ABP organisation & governance



# Why a new Responsible Investment Policy?

- ABP participants and the (global) public increasingly demand more responsible investments.
- Vision 2020: ABP wishes to realize returns in a responsible and sustainable manner.
- Sustainable companies perform better in the long run.
- ABP wants to use its influence as a major investor.
- That is consistent with our character as a long-term investor.
- **The starting point for an ambitious new approach towards 2020**

# What does the new policy involve?

**Complete integration** of objectives for sustainability and corporate social responsibility with profit targets.

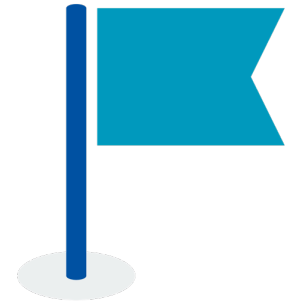
**Targeted selection** of companies in which we *do* wish to invest (inclusion) and apply our influence for improvements (engagement).

**Concrete objectives** for:

- Investments
- Engagement (involvement/dialogue with companies)

**Open** about and **accountable** for policy.

ABP seeks a dialogue with participants and stakeholders.



Policy was set in **close cooperation with our asset manager APG** and based on **academic research and findings**.

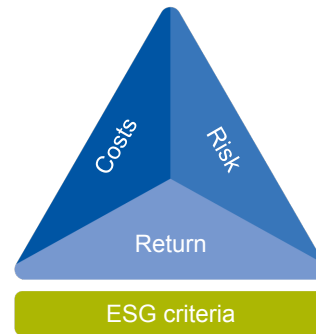
**A good pension for participants remains the priority.**

# Complete integration in assessment of individual investments

**Until 2008**

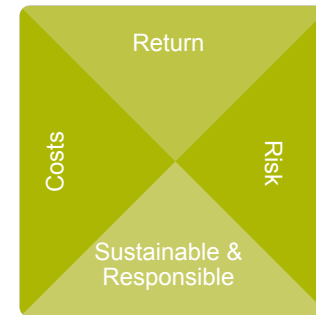


**2008 - 2015**



Conditions  
Focus on exclusion

**From now to 2020**



Complete integration  
Inclusion (best in class & engagement)

- Integration into the total portfolio
- Five years of implementation
- It is a journey together with APG including the external asset managers!

# New policy calls for a different *approach*: targeted selection

- The bar will be raised for inclusion in the ABP portfolio
- Targeted selection of investments and more stringent requirements
- Engagement will get an even more important role
- The approach and time path will differ for each investment category

## **Consequences:**

- The portfolio will hold less titles and more manageable (for example estimated 1500 less names in the equity portfolio)
- More focused approach to engagement possible

# Specific selection of listed investments: Leaders and promising companies



# Targeted selection: non-listed investments

- Careful selection of external managers, strategies and investments based on the integrated approach
- Every new fund manager is subjected to an ESG check
- Engagement aimed at introducing ESG in underlying portfolios
- Leading role in industry-wide initiatives to raise the ESG standards and assessment of investments:
  - Global Real Estate Sustainability Benchmark (GRESB) for Real Estate & Infrastructure
  - Work in progress: Private Equity (ESG Reporting Template) and Hedge Funds (Responsible Investment Implementation Guidelines)



# Concrete *investment* objectives for 2020 <sup>(1)</sup>

## Climate change

Reduction in CO<sub>2</sub> footprint of equity portfolio by 25% in 2020



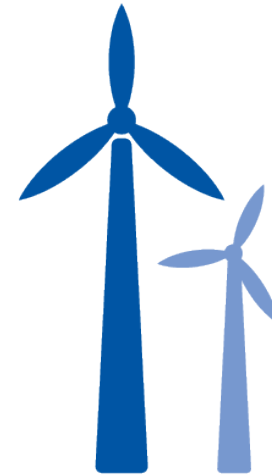
- 25%

Investments that contribute to a better and cleaner future: from €29 billion to €58 billion in 2020



+ €29 bn

Including investments in renewable energy: from €1 billion to €5 billion in 2020



+ €4 bn

# Investment objectives (2)

- **€1 billion extra theme-based investment**
  - Investments in education-related real estate and infrastructure
  - Communication infrastructure



- **Active best-effort approach** to realize these investments in the Netherlands



# Concrete engagement objectives for 2020

- An **extra** engagement focus is on ABP specific themes:

## Education and Safety



### Safe working conditions

Textiles  
Shipping  
Infrastructure



### Respect Human rights

Textiles  
ICT  
Energy



### Ban Child labor

Cocoa

# Continued engagement....

- Engagement applies for the total portfolio (all investment categories)
  - UN Global Compact Principles
- Human rights violations
- Labour circumstances
- Environmental issues
- Anti-bribery and –corruption
- Company Governance structure
- Remuneration and Executive Pay

# Dialogue and accountability

ABP aims to be transparent and accountable for its policy

- Dialogue with participants on policy
- In talks with NGO's, listening to signals about our investments and having debates in order to achieve common objectives
- Annual report on the policy implementation, the results and the challenges we face
- Annual evaluation and possible adjustment of policy and objectives

# Start of the journey towards 2020...

- This year we start with this ambitious new approach.
- ABP and APG get to work on the implementation of the new policy ... that will take time.
- Ambitious policy requires substantial adjustments in the investment organization at APG.
- Each year we will report on progress, objectives and milestones (such as CO<sub>2</sub> reduction)
- ✓ Together with APG we are on our way towards a more sustainable ABP!