

Press release

ABP sets course for climate-neutral investment portfolio

Reduce coal mines and tar sands, reduce CO₂ emissions in the overall portfolio by 40% compared to 2015, invest €15 billion in sustainable and affordable energy, and invest 20% of total assets in the Sustainable Development Goals. This is what ABP wants to achieve by 2025. In its new sustainability policy, the pension fund outlines its vision for a climate-neutral investment portfolio by 2050, its ambitions for 2030, and concrete goals for 2025 to achieve that vision. For example, ABP has the ambition to stop investing in coal for generating electricity (in OECD countries) by 2030. The transition to clean energy to address climate change is one of three key transitions ABP wants to respond to in the coming years. The other important transitions are conservation of natural resources, and the digitalization of society.

Chairwoman of the Board Corien Wortmann: *“ABP will broaden its sustainability policy in the coming years. In addition to climate goals, we are also working on circularity and digitization. Because if you want a sustainable society, more effort is needed. Therefore we are going to invest more in companies that are working on the reuse of raw materials and responsible food production and in companies that are seeking digitization solutions to combat climate change and scarcity of resources. This is an important step for investors, and therefore also for us, these are new unexplored areas. Progress must also be made on this. For example, as a pension fund we want to contribute through investments in these three transitions to achieve the goals of the Paris Climate Agreement.”*

Climate change

ABP wants to accelerate the transition to clean energy generation and renewable energy sources. ABP’s ambition for 2030 is to stop investing in coal for the production of electricity without CO₂ capture in OECD countries and to reduce investment in non-OECD countries. ABP wants to bring their portfolio in line with the goals of the Paris Climate Agreement by 2030. In order to realize this, ABP has set several concrete goals that the pension fund wants to achieve by 2025; for example, the fund should have reduced investment in coal mines (with a turnover of more than 30%) and tar sands (with a turnover of more than 20%), the CO₂ emissions in the overall portfolio should be reduced by 40% compared to 2015, and should have €15 billion invested in renewable and affordable energy. ABP has previously started an Energy Transition Fund to invest in companies and startups committed to the transition to renewable energy in the Netherlands. ABP will also set additional climate criteria that companies need to meet in order to be included in the investment portfolio. Furthermore, in 2022, in line with expectations in the Dutch Climate Agreement, ABP will publish further climate targets for 2030. With this policy, ABP also responds to the call from the Accountability Body and of civil society organizations.

Natural resources

A growing world population and increasing prosperity have led to a greater demand for natural resources at the same time that supply is under pressure from, among other things, climate change and soil erosion. For a climate-neutral global economy by 2050, the transition to a circular economy is essential. ABP wants to accelerate this transition so that by 2030 efficient and socially responsible raw material supply chains are common practice in companies. For example, one of the goals for 2025 is to invest more in companies with circular business models and innovative solutions for food and natural resource scarcity. Furthermore, ABP will set criteria to assess companies on their ability to demonstrate a more efficient, sustainable, and more socially responsible use of natural resources.

Digitalization

New technologies such as 3D printing, connecting all kinds of devices online (internet of things), the platform economy, and artificial intelligence are already noticeable in the lives of participants of ABP. The digitalization of society offers opportunities and risks. Companies bear responsibility for the way they work, their products and services, as well as their effect on their employees, customers, society, and the environment. By 2050 digitalization should lead to responsible value creation and provide solutions to challenges such as climate change and the scarcity of natural resources. One of ABP's goals is to have more invested in companies that can demonstrate a contribution to this by 2025. ABP will also set criteria to assess whether companies respect the digital rights of employees, consumers, and users.

Companies respect for human rights

The three transitions are linked to and well-aligned with the UN Sustainable Development Goals. ABP aims to have 20% of its assets invested in the Sustainable Development Goals by 2025, as well as to work on building consensus around the necessary investor standards. In order for the transitions to proceed fairly, ABP considers it a precondition for companies to respect human rights. The fund will engage companies more often on this issue, as well as on working conditions. For example, one of ABP's goals for 2025 is to tighten its assessment criteria of companies so that they will align with the UN Guiding principles for business and human rights.

Work in progress

The transitions are evolving and developing. Many initiatives, particularly in the field of conserving natural resources and digitalization, are new for ABP as an investor. Companies are also at the beginning of these transitions. ABP and its asset-manager, APG, need time to develop the policy and further its objectives. In any investment decision, ABP carefully considers four criteria: return, risk, costs, and sustainability. ABP will continue to monitor the effects of the policy on risk and return. Experience and academic research strengthen ABP's conviction that it can make the investment portfolio more sustainable without compromising returns.

New policy

The pension fund has either achieved or surpassed the responsible investing goals ABP set in 2015 for 2020. In developing the new sustainability policy, ABP has researched and taken into account its participants' opinions, made use of the expertise of its service provider, APG, and held valuable conversations with representatives of key stakeholders in civil society organizations, companies, academia, social partners and international organizations. The fund cannot take every wish into account and of course, cannot not solve all the world's problems. ABP wants to offer all participants a good pension in a livable world now and in the future. We work with others on ensuring a livable, sustainable world. ABP is convinced that this new policy is taking important steps in the right direction.