

Sustainable and responsible investing

Three transitions



Climate change and the energy transition



Conservation of natural resources



Digitalization of society



Why engage in sustainable and responsible investing?

ABP wants to offer all participants a good pension both now and in the future. A pension they can enjoy in a livable world. That's why we pay attention to returns, risk, costs and sustainability performance with every investment decision we make.

Recent academic research and our own experience have convinced us that it is possible to increase the sustainability performance of the investment portfolio, without this coming at the expense of the return or risk profile of our investments.

Three key transitions in society

The world is in transition. Changes are happening quickly. This presents opportunities and challenges to us as an investor. In the years ahead, there are three major transitions that we want to anticipate in our investment policy. These transitions have a decisive impact on a company's ability to add value in the long term:

1. Climate change and the transition to sustainable energy sources
2. Conservation of natural resources
3. Digitalization of society

In our view, respect for human rights is a precondition for the transitions to proceed in a just manner. Good corporate governance is also important: it is a condition for companies to be able to successfully implement the three transitions.

Sustainable Development Goals

By 2025, we aim for 20% of our assets to make a measurable contribution to the Sustainable Development Goals. To this end, we seek to collaborate with other investors, for example via the SDI Asset Owner Platform.



The precondition: respect for human rights

Our vision for 2050:

All companies respect human rights.

Our ambition for 2030:

We strive to promote human rights and just transitions and will hold companies to account for this more and more frequently. Only then will the three major societal transitions have real value for people

In this way, we contribute to these Sustainable Development Goals:



Our goals for 2025 include:

- Tightening criteria for the assessment of whether companies respect human rights.
- Engaging companies on human rights and just transitions.
- Investing more in companies that contribute to basic human needs.

How does ABP contribute to the three transitions?



Transition 1: climate change and the energy transition

Our vision for 2050:

The global economy is climate-neutral. Energy is affordable for everyone. Our portfolio is in line with the Paris Agreement and the Dutch Climate Agreement.

Our ambition for 2030:

In OECD countries, we will no longer invest directly in coal used for electricity generation that does not involve a system for carbon capture. In non-OECD countries, this type of investments will have been reduced significantly.

In this way, we contribute to these Sustainable Development Goals:



Our goals for 2025 include:

- Reducing the carbon footprint of our equity investments by 40% (against the 2015 level).
- Phasing out our investments in companies that generate more than 30% of their revenue from coal mines or 20% from tar sands.
- Determining additional criteria to better assess companies with regard to climate change.
- Investing €15 billion in clean and affordable energy (Sustainable Development Goal 7).
- Contributing to the improvement of company climate policies with Climate Action 100+.

In 2022, ABP will publish climate goals for 2030 in line with the Dutch Climate Agreement.



Transition 2: conservation of natural resources

Our vision for 2050:

To achieve a climate-neutral global economy by 2050, we must transition to a circular economy. That is an economic model aimed at the elimination of waste and the efficient use and reuse of resources which are extracted and used with due respect for human rights.

Our ambition for 2030:

At companies, the use of efficient and socially responsible commodity chains will be a matter of course.

In this way, we contribute to these Sustainable Development Goals:



Our goals for 2025 include:

- Investing more in circular companies and other smart solutions to food and resource scarcity.
- Doubling of our investments in projects with green building certification.
- Determining criteria for assessing companies in terms of how they deal with natural resources.



Transition 3: digitalization of society

Our vision for 2050:

Companies make use of digitalization in a responsible manner. Digitalization also offers solutions for sustainability challenges.

Our ambition for 2030:

Companies will take responsibility for the consequences of digitalization, but will also take advantage of the opportunities digitalization offers in a responsible manner.

In this way, we contribute to these Sustainable Development Goals:



Our goals for 2025 include:

- Investing more in companies that contribute to digital, sustainable solutions.
- Determining criteria for assessing whether companies respect the digital rights of employees, consumers and users.



Read more:
<https://www.abp.nl/images/summary-sustainable-and-responsible-investment-policy.pdf>



Work in progress

For some transitions, our objectives are more concrete than for others. Many initiatives are new and companies are still in the early stages of the transitions mentioned. Also for us as investors, much is still unknown. Over time, we will be able to fine-tune some of our objectives. In this process, we will actively seek collaboration with external stakeholders. Moreover, we want to continue to monitor what effect our decisions have on the risk and returns of our investments and to communicate transparently about this.