RESPONSIBLE INVESTING FOR THE LONG TERM

CFA Event Future of Finance: Long-term Investing

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AFFORDABLE PENSIONS IN A SUSTAINABLE & RESPONSIBLE WAY

RI part of APG’s mission
“To help achieve a sustainable world, is an inherent part of our investment process”

RI is one of APG’s Investment Beliefs
“…responsible Investment is a way to improve the investment portfolio’s risk-return profile and simultaneously contributing to sustainable development.”

Goals of the Responsible Investment Policy
1. To contribute to risk-adjusted returns
2. To demonstrate social responsibility
3. To contribute to the integrity of financial markets
DEVELOPMENT OF RESPONSIBLE INVESTING AT ABP

Until 2008
- Focus on exclusion

2008 - 2015
- Conditions
- Focus on exclusion

From now to 2020
- Complete integration
- Inclusion (best in class & engagement)

- Deeper integration of ESG across entire portfolio
- Focus on Inclusion
- More communication with participants and stakeholder
- Making the outcomes tangible through targets and themes
FOCUS, ACCOUNTABILITY AND A CLEAR MANDATE THROUGH TARGETS

- **25%**
  Reduction in CO₂ footprint of equity portfolio by 25% in 2020

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

+ **€4 billion**
  Including investments in renewable energy: from €1 billion to €5 billion in 2020
WELL ON TRACK TO ACHIEVE TARGETS

CO₂-voetafdruk aandelenportefeuille

- 2014: 100%
- 2016: 84%
- Doel 2020: 75%

Beleggingen in duurzame ontwikkeling

- Doel 2020: 58 mld.
- 2016: 41 mld.
- 2015: 35,5 mld.

2014: 29 mld.
MANAGING LONG TERM CLIMATE RISKS

Figure 2.2: Change in world primary energy demand by scenario, 2011-2035

Note: CPS = Current Policies Scenario; NPS = New Policies Scenario; 450 = 450 Scenario.
ACTIVE OWNERSHIP FOR STRONG GOVERNANCE STANDARDS
Engaging with companies and policymakers worldwide

CIO of NPS, Samsung C&T CEO, SK C&C CEO, Woori Bank CEO, YK Park from APG) during a meeting of the Korean General Assembly

A first in Korea: a shareholder (YK Park from APG) speaks at AGM of Hyundai Motor (March, 2015)
INTEGRATION IN ALL INVESTMENT PROCESSES

Liquid Investments

- Inclusion-related ESG classification
- Engagement & voting
- Carbon budget
- Costs
- SDIs
- ESG-integrated financial analysis

Illiquid Investments

- Annual review
- Prudent Person Statement
- Due Dilligence
- Asset management / Monitoring
- Investment Committee
INTEGRATION REQUIRES INVOLVEMENT OF PORTFOLIO MANAGERS
ALIGNMENT THROUGH SECTOR WIDE STANDARD

Since 2009

REAL ESTATE

Investor Members 51
Institutional Capital $6.1 trillion
GRESB Participants 707

Property Value $2.3 trillion
assets covered 61,000
New Construction and Major Renovations Assets 4,127
Company and Fund Manager Members 87
Associate Members 28
Partners 13

Since 2015

INFRASTRUCTURE

LOGOS
SECTOR WIDE IMPROVEMENTS IN REAL ESTATE