Benchmark Responsible Investment by Pension Funds in the Netherlands 2019

Making the Right **Impact**

Colofon

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Met dank aan FNV

About VBDO

The Dutch Association of Investors for Sustainable Development (VBDO) is a not for profit multi-stakeholder organisation. Our mission is to make capital markets more sustainable. Members include insurance companies, banks, pension funds, asset managers, NGOs, consultancies, trade unions, and individual investors. VBDO is the Dutch member of the international network of sustainable investment fora. VBDO's activities target both the financial sector (investors) and the real economy (investees) and can be summarised as follows:

Engagement

Since more than 20 years ago, the core activity of VBDO has been engagement with 40+ Dutch companies listed on the stock market. VBDO visits the annual shareholders' meetings of these companies, asking specific questions and voting on environmental, social and governance (ESG) themes. The aim of this engagement is to promote sustainable practices and to track progress towards the companies becoming fully sustainable, thereby providing more opportunities for sustainable investments.

Thought leadership

VBDO initiates knowledge building and sharing of ESG-related issues in a pre-competitive market phase. Recent examples of this include: three seminars on climate change related risks for investors; the development of guidelines on taking Natural Capital into account when choosing investments and organizing round tables about implementing human rights in business and investor practices. Also, we regularly give trainings on responsible investment both to investors as well as NGOs.

Benchmarks

Benchmarks are an effective instrument to drive sustainability improvements by harnessing the competitive forces of the market. They create a race to the top by providing comparative insight and identifying frontrunners, thus stimulating sector wide learning and sharing of good practices. VBDO has extensive experience in developing and conducting benchmarking studies. VBDO has conducted annual benchmarking exercises, for example, since 2007 about responsible investment by Dutch pensions funds, and since 2012 responsible investment by Dutch insurance companies.

This has proven to be an effective tool in raising awareness about responsible investment and stimulating the sustainability performance of pension funds and insurance companies. VBDO is one of the founding partners of the Corporate Human Rights Benchmark, which ranks the 500 largest companies worldwide on their human rights performance, and makes the information publicly available, in order to drive improvements. VBDO's Tax Transparency Benchmark ranks 64 listed multinationals on the transparency of their responsible tax policy and its implementation.

For more information about VBDO, please visit our website: http://www.vbdo.nl/en/

Table of contents

Ranking

Ranking 2019	Change	Ranking 2018	Name of pension fund	Overall score 2019	Governance	Policy	Implementation	Accountability	Stars
1	0	1	Pensioenfonds ABP	4,6	5,0	5,0	4,2	5,0	★★★★
2	1	3	Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW)	4,5	4,6	5,0	4,3	4,9	★★★★
3	-1	2	Pensioenfonds Zorg en Welzijn (PFZW)	4,4	4,6	5,0	4,1	4,9	★★★★
4	-1	3	BPL Pensioen	4,3	5,0	4,3	3,9	4,7	★★★★
5	2	7	Pensioenfonds Metaal en Techniek (PMT)	4,2	3,8	4,7	4,0	5,0	★★★★
5	1	6	Pensioenfonds van de Metalektro (PME)	4,2	3,3	5,0	4,0	5,0	★★★
5	0	5	Pensioenfonds voor de Woningcorporaties (SPW)	4,2	4,6	5,0	4,0	3,6	★★★★
8	0	8	Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf	3,7	5,0	4,5	3,5	2,5	★★★
8	4	12	Spoorwegpensioenfonds	3,7	4,4	4,2	3,3	3,8	★★★
10	3	13	Pensioenfonds Openbaar Vervoer (SPOV)	3,6	4,4	4,2	3,2	3,6	★★★
11	-3	8	Algemeen Pensioenfonds Unilever Nederland 'Kring Progress'	3,3	2,3	3,8	3,7	2,9	★★
11	-3	8	Pensioenfonds SNS REAAL	3,3	1,9	3,0	3,7	3,8	★
11	4	15	SBZ Pensioen	3,3	2,9	3,8	3,2	3,4	★★
14	10	24	Pensioenfonds PGB	3,2	3,8	4,5	2,7	3,0	★★
14	-6	8	Bedrijfstakpensioenfonds voor de Media PNO (PNO Media)	3,2	3,3	2,6	3,2	3,7	★★
16	8	24	Pensioenfonds Horeca & Catering	3,1	3,8	4,0	2,3	3,9	★★
17	9	26	Pensioenfonds DSM Nederland	3,0	2,7	4,0	2,5	3,7	★★
18	-1	17	Pensioenfonds KPN	2,8	1,9	3,8	2,9	2,7	★
18	8	26	Pensioenfonds Achmea	2,8	2,9	3,2	2,5	3,2	★★
18	-3	15	Pensioenfonds Werk- en (re)Integratie	2,8	3,5	3,2	2,3	2,9	★★
18	-1	17	Pensioenfonds Post NL	2,8	3,3	4,3	2,0	2,8	★★
22	4	26	Pensioenfonds voor de Architectenbureaus	2,6	2,7	2,3	3,0	1,7	★
22	11	33	Bedrijfspensioenfonds voor de Koopvaardij	2,6	2,7	2,1	3,1	1,3	★
24	25	49	Bedrijfspensioenfonds voor het Bakkersbedrijf	2,5	2,9	3,1	2,5	1,6	★
24	2	26	Philips Pensioenfonds	2,5	3,1	2,8	2,4	1,7	★
26	-6	20	Rabobank Pensioenfonds	2,4	2,5	2,1	2,5	2,3	★
26	-3	23	Bedrijfstakpensioenfonds voor de Detailhandel	2,4	3,1	2,5	1,9	3,3	★
26	9	35	Pensioenfonds TNO	2,4	2,7	2,9	2,1	2,4	★
26	15	41	Shell Pensioen Fonds (SSPF)	2,4	1,7	3,3	2,4	1,9	★
30	-17	13	Ahold Delhaize Pensioen	2,3	2,5	2,8	2,0	2,6	★
30	-11	19	Heineken Pensioenfonds	2,3	2,1	1,8	2,4	2,9	★
30	3	33	Pensioenfonds APF	2,3	2,1	3,3	1,8	2,9	★
30	-10	20	Pensioenfonds Vervoer	2,3	2,9	2,5	1,9	2,7	★
30	6	36	ABN AMRO Pensioenfonds	2,3	2,7	2,6	2,1	2,3	★
30	6	36	Pensioenfonds voor Fysiotherapeuten	2,3	2,1	2,5	2,3	2,3	★
30	10	40	Pensioenfonds UWV	2,3	2,1	4,1	1,8	2,2	★
37	-1	36	Pensioenfonds Medisch Specialisten (SPMS)	2,2	2,3	2,3	2,0	2,7	★
38	-12	26	Bedrijfstakpensioenfonds voor het Schoonmaak- en Glazenwassersbedrijf	2,1	2,5	2,5	2,0	1,8	★
38	8	46	Bedrijfstakpensioenfonds Mode-, Interieur-, Tapijt- en Textielindustrie (MITT)	2,1	1,9	2,1	2,3	1,3	★
40	-14	26	Bedrijfstakpensioenfonds voor het Levensmiddelenbedrijf	2,0	1,7	2,8	1,7	2,5	★
40	-14	26	Pensioenfonds Wonen	2,0	2,3	2,1	2,1	1,4	★
42	-6	36	Pensioenfonds IBM Nederland (SPIN)	1,9	2,1	3,5	1,5	1,7	★
42	3	45	Algemeen Pensioenfonds KLM	1,9	2,7	2,6	1,4	2,0	★
42	4	46	Pensioenfonds KLM Cabinepersoneel	1,9	2,3	2,6	1,4	2,0	★
45	5	50	Pensioenfonds Vliegend Personeel KLM	1,8	2,7	2,6	1,4	1,6	★
46	-26	20	Pensioenfonds voor Huisartsen (SPH)	1,7	1,0	2,3	1,5	2,4	★
47	-6	41	Pensioenfonds Hoogovens	1,4	1,7	1,9	1,3	1,1	☆
47	1	48	Bedrijfstakpensioenfonds voor de Meubelindustrie en Meubileringsbedrijven	1,4	1,7	3,7	0,7	1,0	☆
49	-8	41	Pensioenfonds ING	1,3	0,4	1,6	1,4	1,4	☆
50	-6	44	Pensioenfonds Medewerkers Apotheken	1,1	1,7	1,8	0,9	0,2	☆

Preface

The VBDO's 13th benchmark study offers valuable insight into the status of responsible investment in the Dutch pension sector. It shows that overall performance of Dutch pension fund regarding responsible investment has gradually increased over the years. Nevertheless, we are still seeing that performances on responsible investment vary widely. We hope this report will push pension funds further in responsible investing.

In the past years, the increasing urgency of climate risks and other environmental and social issues, have become more and more apparent. Our local economies, societies and environments are all intertwined, all depend on each other for sustainability and stability on a global scale. The fast changing climate might act as a reality check, and it is necessary to ask ourselves if we are ambitious enough. This means it's not just the responsibility of a government or company to take action, it's all of ours. It is therefore in my opinion the responsibility of pension funds to also address these issues, just as and even because it is their fiduciary duty to have a robust risk management.

I would also like to take the opportunity to challenge pension funds in finding even more and better ways of cooperation, as greater cooperation in the sector can make knowledge and experience more widely available. Something that is, in my mind, of vital importance, particularly for the smaller funds. I also hope to create a dialogue between pension funds, asset managers and financial regulators to develop further understanding. Top performing pension funds, which often have more resources available, are well positioned to take leadership and initiate the conversation between pension funds.

For many of you, this benchmark could also help as guidance. Some might not see the wood for the trees, as initiatives and reporting standards are growing in numbers. Our strenuous research, together with our impartiality, grants us in a unique place within sector. As such, the VBDO can help point the way.

It makes me proud to say that the response rate this year is 100%. The amount of evidence the pension funds have provided was greater than ever, which illustrates the growth of RI activities. This allowed us to make a thorough and detailed analysis which makes the ranking well-considered. We find that both for the pension funds, as for VBDO, the challenge is to be clear and savvy on the different shades of green these activities represent.

My belief is that reflection is essential to continuously develop the standard for responsible investment. Therefore, a consultation meeting is held every year to create a platform where feedback to the questionnaire and process is received. Resulting from this feedback, this year an online tool was introduced that made answering the questions easier, and I am glad to see that this change has been received positively. I would therefore like to thank everyone involved for their valuable input.

Finally, I would like to thank our sponsor FNV and our members for making this report possible and, of course, I am also very grateful to the participating pension funds for their indispensable contributions.

I hope you will all take interest in reading the benchmark and gain the appropriate and valuable insights, where it may concern its results.

Angélique Laskewitz
Executive Director VBDO

Utrecht, October 2019

Introduction

This report, published by the Dutch Association of Investors for Sustainable Development (VBDO), provides a detailed overview of the current status quo and developments relating to the responsible investment practices of the 50 largest Dutch pension funds. These 50 largest pension funds have a combined amount of assets under management (AuM) of €1.230 billion, representing 92% of the assets in the Dutch pension fund sector.

The pension funds are assessed based on how they govern, formulate, implement and report on their responsible investment policy. The report covers a one-year period, the calendar year 2018. VBDO's assessment resulted in a ranking in order of performance. Also a star ranking was added, ranging from 0 to 5 stars.

Key findings

All pension funds apply responsible investment approaches on at least a basic level. Although this is a welcome development, VBDO encourages pension funds to be more ambitious and clear in their responsible investment activities. Several steps could be taken to further integrate responsible investment in the overall strategy of the pension fund. From formulating a clear long-term strategy and vision, to selecting an asset manager that is aligned with the pension fund's own principles and beliefs. With regards to ESG integration, pension funds could opt for more comprehensive and in-depth approaches. These are for example approaches which ensure that ESG factors are fully incorporated and individual holdings are influenced to make positive changes. ESG integration furthermore ideally covers specific criteria and is tailored to specific asset classes.

As sustainability issues are becoming more mainstream in the investment process, a great deal of new information needs to be retrieved and processed. It can be challenging for an individual pension fund to keep up with all these new insights, methods and metrics. Collaborating with other pension funds or experts can make the process much easier. Transparency on RI is key in making clear to participants and other stakeholders the reasoning behind, and impact of a fund's RI practices.

Methodology

Since 2007, VBDO has conducted annual benchmarking studies on responsible investment by Dutch institutional investors. This has proven to be an effective tool in raising awareness about responsible investment and stimulating the sustainability performance of insurance companies and pension funds. The fundamentals of the scoring methodology have been developed thirteen years ago and the assessment criteria have continuously improved over the thirteen years that VBDO has been conducting the benchmark.

Every year the relevancy of the assessment criteria have been reviewed and possible adjustments are discussed in consultation with the participants of the benchmark. This year, the methodology has been revised to better reflect the developments in responsible investment. A question on mortgage investments has been added as a result of the above-mentioned consultation with pension funds. Because of a growing importance, this year questions have been added on how climate change is included in the policy of the pension funds. Later this year, VBDO will publish a more detailed report on the results of the climate change questions. Due to the revision, scores and star rankings of this year are not fully comparable to the previous year.

Outline of the report

The report is structured as follows: chapter 1 highlights the overall results. Chapter 2 details how the funds have scored on the four categories; chapter 3 states the most important conclusions of this research; and, finally, chapter 4 contains VBDO's recommendations. Some results of the added questions related to climate change can be found in the climate change section on page 16. More detailed information about the methodology, categories and scores can be found in the appendices.

1. Overall performance

This chapter gives an overview of the overall results of the benchmark study. The benchmark results indicate that a large discrepancy exists between the top and bottom performers of the benchmark, with a maximum score of 4.6 and minimum of 1.1, as can be seen in the ranking on page 5. The total average score of 2.7 indicates that responsible investment (RI) needs to be significantly improved in the pension fund sector. Some individual pension funds have risen sharply in the ranking, putting more pressure on the pension funds that remain in the lower ranks.

Leaders

This year, a more clearly defined group of leaders is taking shape. The top performers have largely maintained their position compared to 2018 and are increasing their lead over the middle group. These leading pension funds all have a well-defined RI policy. This includes incorporating all five RI instruments, taking a comprehensive ESG integration approach for the majority of investment decisions, and forging the way ahead for the rest of the sector. These pension funds have shown themselves to be at the forefront of the development of RI strategies and measurement methods and frameworks. They are starting to consider climate risks when making asset allocation decisions. In addition, they are improving the way they report on responsible investment by integrating a vision and future ambitions into their RI report and reporting on results.

Middle group

This year, it is notable that the mid-ranking pension funds have very similar scores, and that competition between them to rise up the ranks is clearly fiercer than ever. However, as mentioned, the gap is growing between them and the frontrunners. Funds in the middle group all have a clearly developed RI policy and systematically use most RI instruments. Many mid-performers typically incorporate responsible investment across all asset classes on at least a basic level, but often still lack a long-term vision.

Low performers

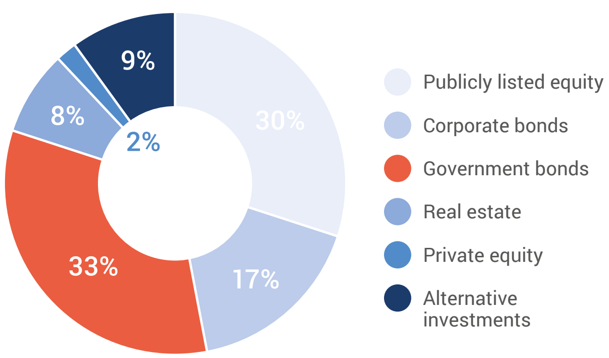
Some pension funds are still in the process of defining and implementing their RI policy. Some of these pension funds have yet to even acknowledge the importance of a well-structured RI policy. However, encouragingly others do recognise that they need to improve and are working to shape or strengthen their policies.

Most improved

As mentioned, scores are very similar across the middle group and competition is fierce. A small improvement in a fund's score can lead to a significant change in its ranking. Therefore, it is necessary for funds to keep improving in order to maintain its position.

Bpf voor het Bakkersbedrijf is the most improved pension fund compared to last year. It has demonstrated that it is in the process of considerably improving on all categories, which has seen it move from the bottom group to the middle one, and its position jump from 49 to 24. Significant improvements have also been made by Shell Pensioenfonds, which has advanced from place 41 to 26, and Bpf Koopvaardij (33 to 22).

Figure 1 | Average asset allocation



Pensioenfonds PGB also deserves a mention, as it is one of the most improved funds for the second year in a row. With an increase from place 24 to 14, Pensioenfonds PGB has significantly improved its ranking yet again and is rising up through the large middle group.

Best performing in relation to size

The largest two pension funds have almost as much assets under management (AuM) as the other 48 combined (€ 597 billion, representing 49% of the total assets in the scope of this benchmark). For other pension funds, the differences in score are not always explained by their size. The following table shows the best three and worst two performing pension funds in each size category. Some smaller funds are clearly outperforming larger funds when it comes to responsible investment, particularly Stichting Pensioenfonds Openbaar Vervoer (10th in the ranking and 40th in size) and Pensioenfonds Schilders (8th in the ranking and 28th in size). One of the larger funds, Pensioenfonds ING, is clearly lagging behind when viewed from this perspective (48th in the ranking and 7th in size).

Table 1 | Best and worst performing pension funds in groups of size.

Ranking 2019	Name of pension fund	Overall score 2019	AuM (x € 1 million)
Large pension funds (> 30 billion AuM)			
1	Pensioenfonds ABP	4,6	398.585
2	Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW)	4,5	57.255
3	Pensioenfonds Zorg en Welzijn (PFZW)	4,4	198.999
5	Pensioenfonds Metaal en Techniek (PMT)	4,2	72.136
5	Pensioenfonds van de Metalektro (PME)	4,2	46.451
Medium- large pension funds (30 < AuM > 10 billion)			
4	BPL Pensioen	4,3	17.010
5	Pensioenfonds voor de Woningcorporaties (SPW)	4,2	12.536
8	Spoorwegpensioenfonds	3,7	16.250
46	Pensioenfonds voor Huisartsen (SPH)	1,7	10.339
49	Pensioenfonds ING	1,3	27.208
Medium- small pension funds (10 < AuM > 5 billion)			
8	Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf	3,7	6.856
11	SBZ Pensioen	3,3	5.415
14	Bedrijfstakpensioenfonds voor de Media PNO (PNO Media)	3,2	5.859
45	Pensioenfonds Vliegend Personeel KLM	1,8	8.630
47	Pensioenfonds Hoogovens	1,4	7.079
Small pension funds (< 5 billion AuM)			
10	Pensioenfonds Openbaar Vervoer	3,6	3.884
11	Algemeen Pensioenfonds Unilever Nederland "Kring Progress"	3,3	4.967
11	Pensioenfonds SNS REAAL	3,3	3.354
47	Bedrijfstakpensioenfonds voor de Meubelindustrie en Meubileringsbedrijven	1,4	3.120
50	Pensioenfonds Medewerkers Apotheken	1,1	2.941

2. Results per category

2.1 Governance

In this benchmark, governance refers to the role and responsibility of the board and senior management regarding each pension fund's responsible investment (RI) policy. Good governance is crucial for a successfully implemented policy and relies on several factors, such as sufficient knowledge on responsible investment at the board level, insight into the preferences of participants, and clear guidance from the board to the asset manager when it comes to targets and the measurement of results.

Overall performance governance

The average score for Governance is a 2.8, with a range of 0.4 to 5.0. 98% of pension fund boards are formally responsible for the RI policy.
This is a clear sign that the pension sector is serious about sustainability. The difference in score is mostly due to the level of external communication: both the level of communication with participants and other stakeholders, and communicating preferences to asset managers differ significantly.

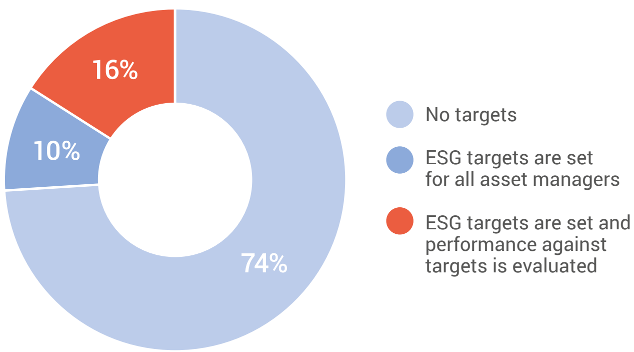
Almost three-quarters of the pension funds do not set sustainability goals for their asset managers.
Most pension funds have an external asset manager who acts as a trustee based on the investment mandate given by the pension fund. Communicating long-term goals on RI to external asset managers enables the board to successfully improve, evaluate, and shape the RI policy. VBDO's view is that the asset owner, rather than the asset manager, should set these goals. This enables pension funds to align the goals set for asset managers with those set in the pension fund's own RI policy, maintaining consistency between the two. The goal can be further strengthened by short-term, measurable targets in order to ensure the fund stays on track. Additionally, these goals can form part of the selection and monitoring process of external managers and be formalised in mandates.

In total, 26% of the pension funds set sustainability goals for their asset managers (figure 2).

The most frequently mentioned goal concerns reducing the CO_2 emissions relating to the investment portfolio. VBDO encourages funds to also set goals on other environmental or social issues such as the Sustainable Development Goals (SDGs).

16% of all pension funds periodically evaluate performance against their own targets. The most common way of measuring performance is by measuring the carbon footprint of the investment portfolio or individual assets. Measuring and evaluating the performance of targets ensures that the asset manager is operating in line with the goals that are set by the asset owner. However, the results of this benchmark show that it remains challenging for funds to set clear and measurable targets for their asset managers.

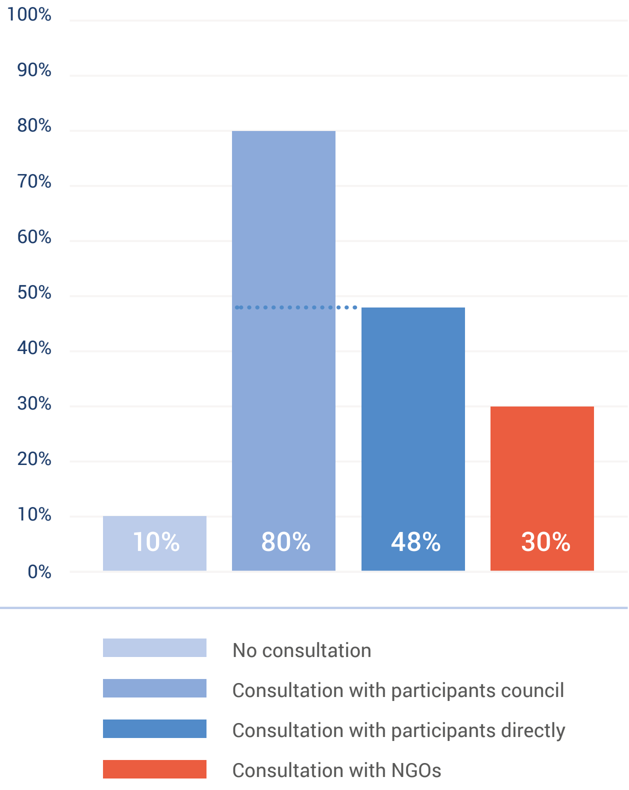
Figure 2 | Targets to asset managers



Participants as an accelerator of responsible investment?

Surveys and meetings with participants and pension fund beneficiaries are essential for finding out how stakeholders view sustainability issues. Ideally, such consultations should be organised on a regular basis, especially given the increasing awareness around the urgency for action on sustainability issues that have a severe effect on our society. When conducting these meetings and surveys, it is advisable to ensure that stakeholders are not given the incorrect impression that they must be prepared to sacrifice financial returns if they wish funds to invest responsibly.

Figure 3 | Consultation

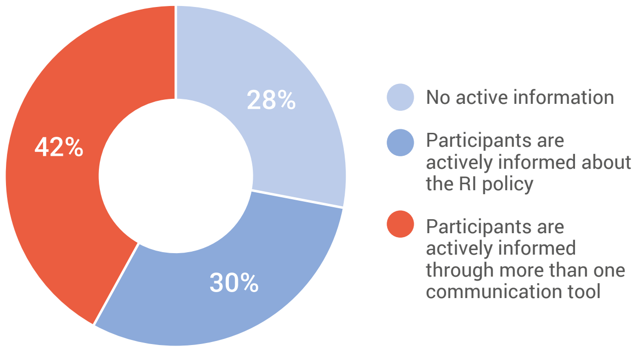


In line with this, and especially as responsible investing continues to evolve, pension funds are also expected to consult with wider society, non-governmental organizations, and with peers to keep up with new insights and developments on RI. As can be seen in figure 3, there is still much room for improvement in regularly consulting participants and NGOs by pension funds.

The findings also stress the importance of properly informing participants. Pension funds are accountable to their participants and therefore need to be transparent about their RI policy. However, the average participant can't be expected to seek out information about how responsible investment is embedded and implemented within the fund. Therefore, the responsibility lies with the pension fund to create awareness and provide clarity. Magazines, social media, newsletters, websites, and short videos are some of the tools that can be employed to provide information on the RI policy. Surprisingly, some pension funds that are performing well on responsible investing, fail to actively inform the participant about their successes through multiple communication tools. Only a few pension funds have provided examples of active communication through social media posts.

As seen in figure 4, 42% of all pension funds inform participants about their RI policy and implementation through more than one communication tool. More details about how the pension funds communicate about their responsible investments can be found in the accountability chapter.

Figure 4 | Active information



The DNB sector letter 'Sectorbrief Duurzaam beleggen pensioenfondsen' (2018)[1] emphasises the importance of explaining the pension fund's RI policy to their participants, employees and the wider sector. Targeting investments in line with themes that are deemed important to the participant, and also explaining investment choices, helps to ensure that participants remain engaged, according to the DNB sector letter. Therefore, it is important to measure the preferences of the participants.

[1] DNB (2018), Sectorbrief duurzaam beleggen pensioenfondsen: Inzichten in de praktijk. https://www.toezicht.dnb.nl/binaries/50-237366.pdf

2.2 Policy

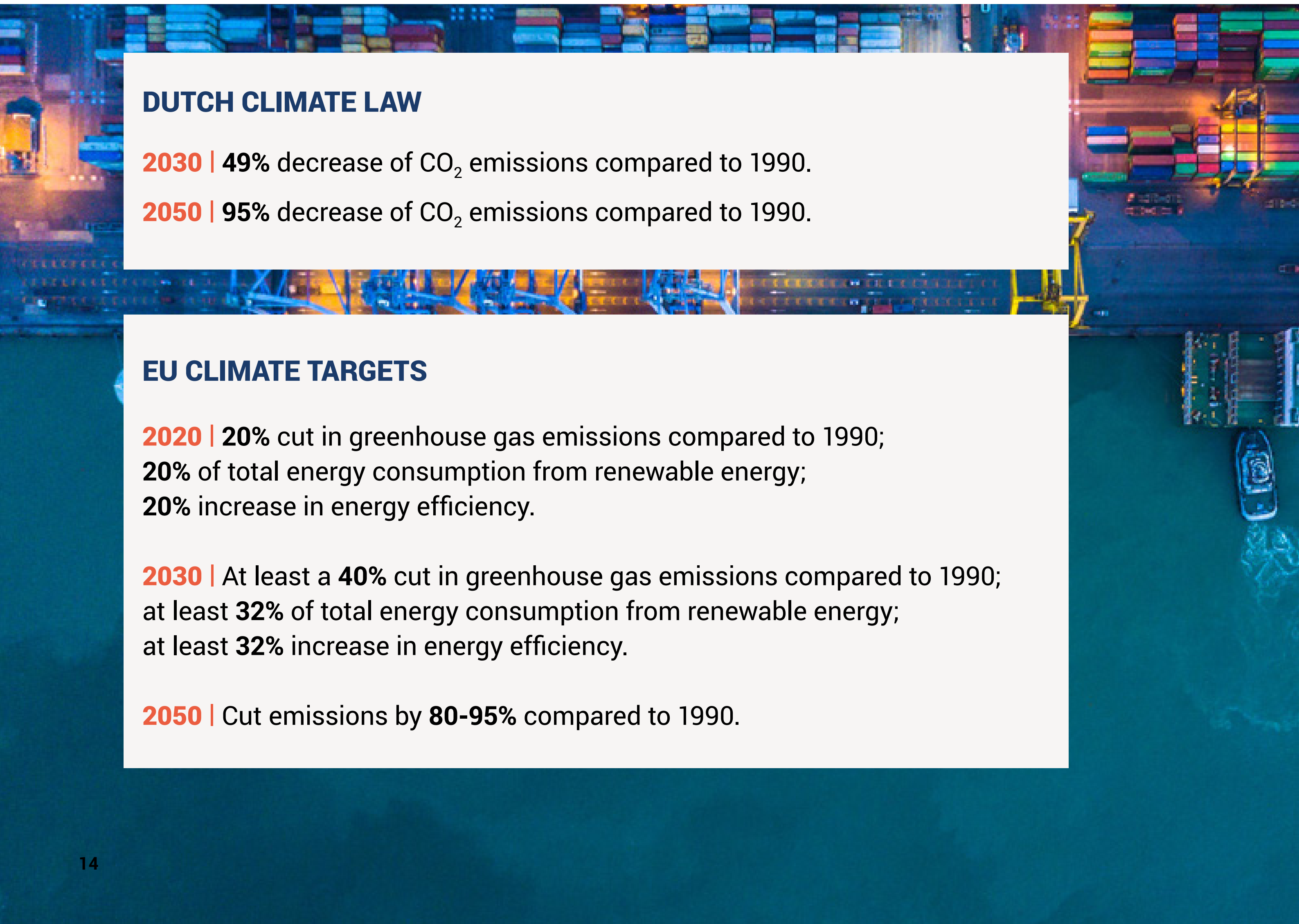
The following section covers the responsible investment (RI) policies of pension funds. A comprehensive RI policy establishes a clear investment framework that reflects the values of the pension fund and its participants by formalising the vision, key principles, and approach to RI. Formulating a long-term vision that includes RI strategies and specific sustainability goals, is crucial. Such goals can be translated into measurable targets to increase the fund's responsible investment ambitions on a yearly basis by keeping track of progress and evaluating the improvement of the fund in relation to the RI policy. Additionally, the policy should cover environmental (E), social (S), and governance (G) themes and these should be applied to all asset classes where the next step can be to integrate ESG information and climate change risks into strategic asset allocation (SAA) and asset liability modelling (ALM). Lastly, it is important to be transparent and make the RI policy publicly available.

Overall performance policy

The average score for policy is a 3.3, with a range of 1.6 to 5.0. Multiple pension funds stated that they are currently improving and refining their RI policy, which will hopefully be visible in next year's policy score, as well as in implementation and accountability scores.

100%

OF THE PENSION FUNDS COVER RESPONSIBLE INVESTMENT IN THEIR INVESTMENT BELIEFS



DUTCH CLIMATE LAW

2030 | **49%** decrease of CO_2 emissions compared to 1990.

2050 | **95%** decrease of CO_2 emissions compared to 1990.

EU CLIMATE TARGETS

2020 | **20%** cut in greenhouse gas emissions compared to 1990;
20% of total energy consumption from renewable energy;
20% increase in energy efficiency.

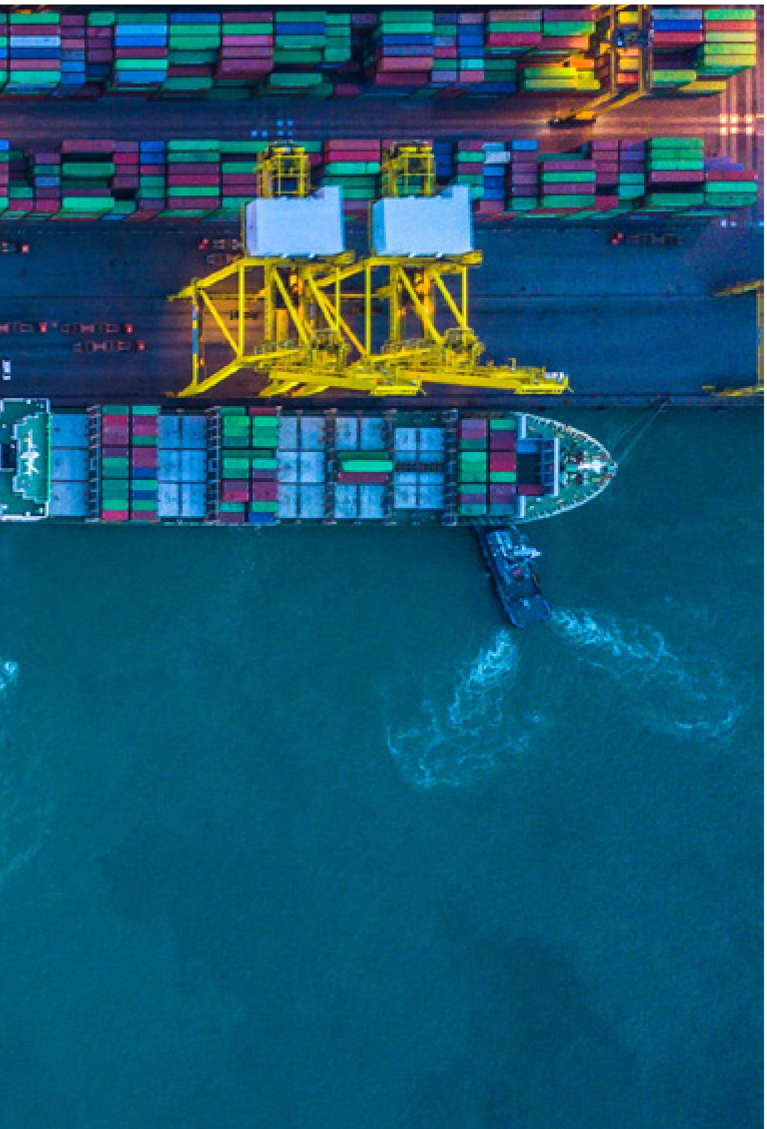
2030 | At least a **40%** cut in greenhouse gas emissions compared to 1990;
at least **32%** of total energy consumption from renewable energy;
at least **32%** increase in energy efficiency.

2050 | Cut emissions by **80-95%** compared to 1990.

Prior to formulating an RI policy, it is essential to develop clear investment beliefs. Investment beliefs set the direction for investment policy, strategy, and practice. They help to define how the pension fund creates investment value, in the context of future uncertainty, risk, and opportunity. An increasing number of pension funds believe it is their fiduciary duty to integrate ESG considerations into their investment approach. VBDO's results show that 100% of the pension funds cover responsible investment in their investment beliefs, illustrating that responsible investing is becoming a core part of pension funds' investment decisions and activities.

Increase in amount of long-term goals

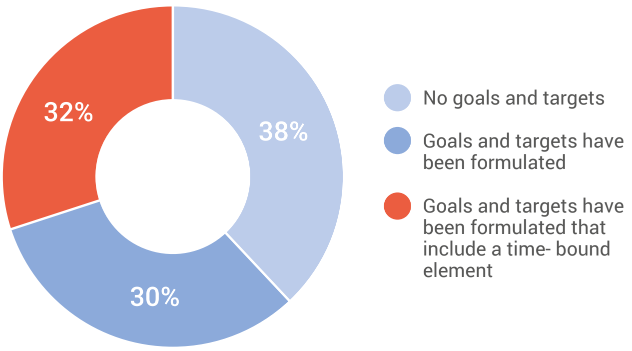
In the previous two benchmarks, 50% of the pension funds indicated that sustainability goals were mentioned in their long-term strategy and vision. This year, this number increased to 62%. This is a welcome development, as formulating goals and targets helps funds to take positive action, evaluate progress, and improve the performance of their RI policy. Ambitious goals and clear targets send a strong message to all stakeholders, and enable asset managers to align the investment portfolio with the pension fund's goals.



32% of all pension funds also set a time-frame for achieving at least some of the goals, ranging from 2020 to 2030 (figure 5). The most frequently mentioned goals and targets cover climate change, through reducing the portfolio's carbon footprint and by increasing investments in renewable energy. This is not too surprising, as (inter)national rules and regulations have made clear the importance of reducing CO_2 emissions to maintain a habitable planet. Although the Paris Climate Agreement has been instrumental in this , few pension funds align their goals with the Agreement. Doing so could provide guidance and help pension funds to set measurable targets in line with the global goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels. This is especially important when investing in high-impact, CO_2 intensive sectors, such as fossil fuels, energy generation, transport, agriculture and other primary industries.

Additionally, more pension funds set out other goals directly relating to their members or beneficiaries such as increased investments in education, health, and affordable housing. VBDO was pleased to see pension funds that are currently low-performers working to develop their RI policies, for example by adding additional RI instruments or improving currently employed instruments.

Figure 5 | Goals and targets



Pension funds and climate change

It is widely accepted that the effects of climate change have considerable impact on the financial sector. This varies from financial risks to opportunities for investing in solutions. In order to reach the goals set out by the Paris Climate Agreement, and to keep the increase in global average temperature to well below 2°C above pre-industrial levels, an energy transition to low-carbon and renewable energy sources is crucial.

The financial sector can play an active role in the worldwide transition to a carbon neutral economy. If we do not keep the rise to below 2°C, the effects could be catastrophic. For this reason, climate change is a key factor in determining the level of responsible investment (RI) of pension funds in this year's report.

SOCIAL-ECOLOGICAL RESILIENCE DEFINED BY IPCC:
"The capacity of social, economic, and environmental systems to cope with a hazardous event or trend or disturbance, responding or reorganising in ways that maintain their essential function, identity, and structure, while also maintaining the capacity for adaptation, learning, and transformation." (IPCC, 2014)

Different types of climate risks

The Task Force on Climate-related Financial Disclosures (TCFD) is working on guidelines for climate-related financial disclosures for use by companies in providing information to investors and other stakeholders. The TCFD identifies transition risks and physical risks as the two main risks driving financial impacts on companies and investors.[2]

Transition risks

So far, most investors have placed the emphasis on transition risks and on portfolio decarbonisation. Transition risks are financial risks which could arise for pension funds from the transition to a low-carbon economy. These transition risks include the re-pricing of carbon-intensive financial assets, and the speed at which such re-pricing might occur. Transition risks are highly likely to have a substantial impact on financial stability, and also on the wider economy. For this reason, The Dutch Central Bank modelled a stress test of the potential impact of the energy transition and its related financial risks.[3] The conclusion was that pension funds should anticipate a value loss between 3% and 10% of their assets in case of a disruptive energy transition scenario, impacting their equity and bond portfolio.

Therefore, pension funds need to incorporate the potential risk of a disruptive energy transition in their risk analysis and management in order to respond to the risks, and align their investments so that they contribute to the energy transition.

Physical risks

In the event that the Paris Agreement is not met and global warming is not kept well below 2°C, adaptation to the physical risks of climate change will become increasingly relevant. Physical climate risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. Investors will need to understand how to adapt their investment portfolios to physical climate risks, financially as well as with regards to the protection of their real assets. Ultimately, financial or asset resilience can only exist in a resilient world, and it is also in the long-term interests of investors to aim for real world social-ecological resilience of our environment.

As well as assessing climate risks to their assets, investors should ideally also assess the impact of their assets on the social-ecological resilience of the region or location. Doing so enables investors to become part of the solution by adapting to the real world effects of climate change.

General findings

In this year's benchmark, the pension funds were assessed on the following topics:

- Level of detail of the climate change policy
- Commitment to specific climate change related initiatives, such as measurement frameworks
- Consultation of experts on climate change
- Specific climate-related themes included in the policy, along with a specification of regions or sectors
- (Research on) the effect of climate risks and global warming scenarios on strategic investment decision making
- Active ownership on climate change
- Reporting on climate change

In November, a separate study will be published that analyses the climate specific results of both insurance companies and pension funds. The following pages highlight two of the topics listed above: how pension funds include climate-related themes in their policy, and the effect of climate risks and global warming scenarios on strategic investment decision making. Overall, it can be concluded that the way the effects of climate change are integrated in policy-making varies greatly between pension funds.

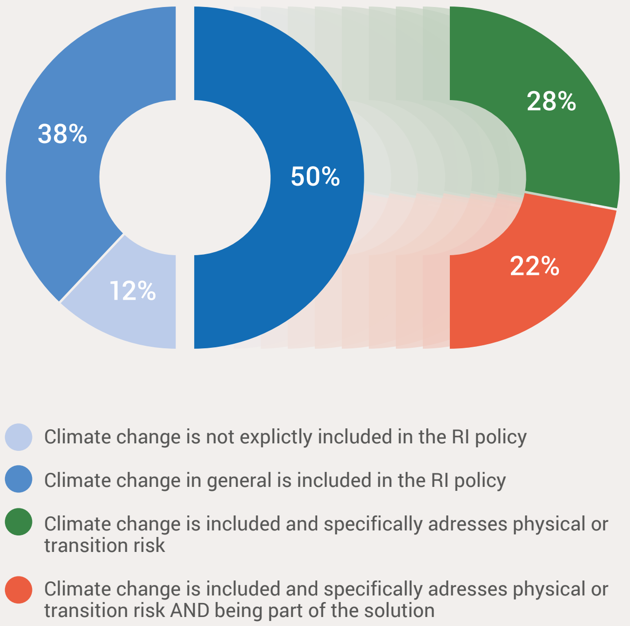
[2] TCFD (2017), Recommendations of the Task Force on Climate-related Financial Disclosures. https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf

[3] DNB (2018), Overzicht financiële stabiliteit. https://www.dnb.nl/binaries/114869_OFS_Najaar_2018_WEB_tcm46-379387.PDF p. 43 - 46

Level of detail of climate change policy

12% of the pension funds do not have an explicit climate change policy at all. About a third of pension funds (38%) include climate change in general terms, e.g. related to carbon footprint measurements. These pension funds have clearly acknowledged climate change as a topic in their RI policy, but have not yet followed this up with specific action.

Figure 6 | Level of detail of climate change policy



Reducing climate change risks …

Half of the pension funds have included climate change more specifically in their policy. The majority that do this, referred to reducing the carbon footprint of their investment portfolio. Some include how they are working to reduce transition risks, by aligning investments with the 2°C climate goal. Only a few pension funds include adaptation to physical risks as a specific part of their policy.

… and being part of the solution

22% of pension funds actively include 'being part of the solution' in their policy. They do this by increasing investments in climate change mitigation, for instance by investing in renewable energy or green infrastructure projects and explaining how these investments contribute to climate change solutions. The next step is to include criteria relating to the real world adaptation to the physical risks of climate change, ultimately leading to social-ecological resilience. None of the pension funds have mentioned this yet.

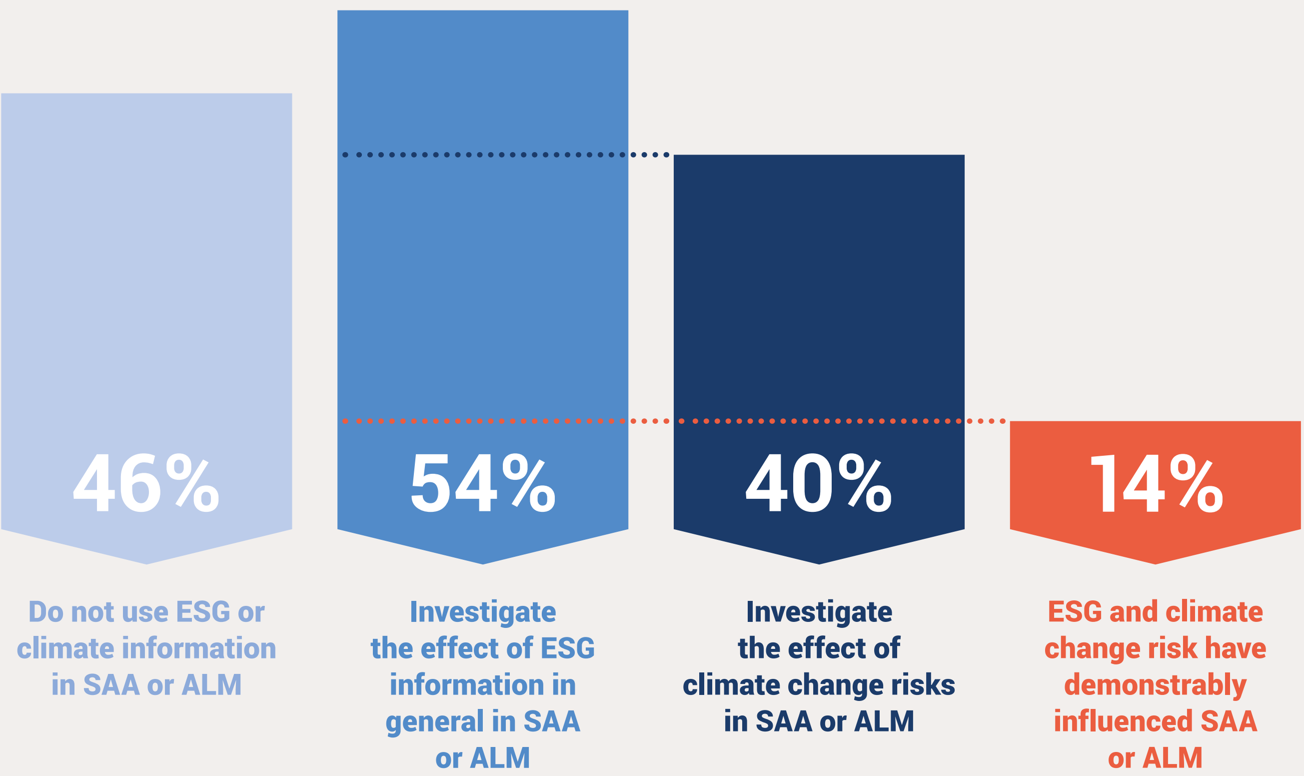
Climate scenarios

Managing climate-related financial risks is becoming increasingly important for investors, as they are recognised as being a systemic risk. New insights, metrics, and investment solutions are continuously being developed to make responsible investing more accessible across all asset classes. However, these approaches do not yet always consider top-down integration of ESG and climate-related risks into asset liability modelling (ALM) and strategic asset allocation (SAA).

According to the results of the survey, some pension funds investigate the effects of ESG information on SAA or ALM; some also investigate the effects of (physical and transition) climate-related risks on their strategic investment decisions. Yet, it is still unusual for pension funds to actively analyse how 1.5°C, 3°C and 4°C global warming scenarios will affect the risk/return of their investment portfolio.
These scenarios have a variety of climate change risks attached to them that can result in financial risks, and are therefore useful and important indicators for pension funds.

Currently, 14% of the pension funds have shown that ESG or climate change information demonstrably influenced SAA or ALM analysis.

Figure 7 | ESG in strategic asset allocation



Responsible investment instruments

The translation of ESG criteria into responsible investment instruments is vital in achieving the goals and targets defined in the RI policy. Table 2 (below) shows the percentage of pension funds that apply each RI instrument. Even though RI instruments may be included in the RI policy, differences remain in the quality and depth to which these instruments are being implemented. Only effective implementation will result in sustainable investment decisions. This will be discussed in the next chapter: Implementation.

Table 2 | Responsible investment instruments

EXCLUSION	100%	An exclusion policy indicates what type of investment a pension fund chooses not to include in its investment universe. This can be done on legal grounds or from a reputational standpoint, ethical belief or sustainability perspective. It can exclude companies, sectors, and/or countries.
ESG INTEGRATION	96%	ESG integration refers to the process by which ESG factors are integrated into the investment decision making process complementary to financial data. This holistic approach ensures that ESG factors are identified and assessed to form an investment decision.
ENGAGEMENT	96%	Engagement is exerting influence on companies by entering into dialogue. By influencing companies that the fund invests in, engagement can help to optimise long-term value and manage reputational risk.
VOTING	98%	Pension funds hold a position in the publicly listed companies they invest in. Through voting at shareholder meetings, they can influence and steer corporate policies. Shareholder resolutions can also be initiated or supported in this regard.
IMPACT INVESTING	58%	Impact investments are investments made with the intention of achieving a positive societal impact whilst generating a competitive financial return.

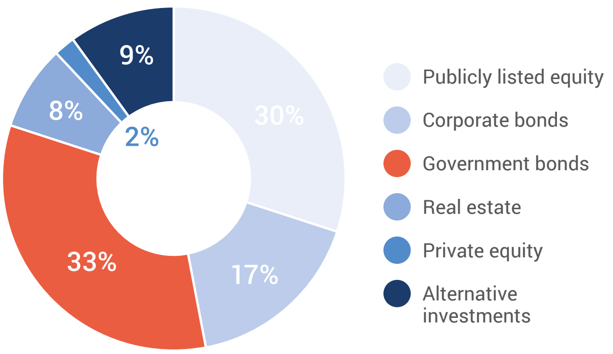
2.3 Implementation

Overall implementation results

Implementation demonstrates how well the responsible investment (RI) policy is being executed. VBDO analyses implementation for the various asset classes and the applicable responsible investment instruments (table 3). The results per asset class and instrument are detailed in the following pages. In this benchmark, the category of implementation accounts for 50% of the total score.

Figure 8 shows the average weight of the asset classes in the portfolios of the pension funds in 2018.

Figure 8 | Average asset allocation



The allocation of assets determines the final score on implementation. Allocating more assets to an asset class that has a comprehensive RI policy will positively affect the total implementation score. In general, the scores on public equity and government bonds will strongly determine the final score on implementation. Similar to previous years, implementation has the lowest average score of all categories with 2.5, indicating that it remains challenging for pension funds to implement their sustainability objectives.

Results per responsible investment instrument

2.3.1 Exclusion

An exclusion policy indicates what type of invesments a pension fund chooses not to make. Exclusion can be done for various reasons – legal grounds, reputational risks, ethical beliefs, or sustainability considerations – and can be applied to companies, sectors, and countries. Exclusion is a relatively basic step to take, but does require a vision on controversial issues. In this, the benchmark only acknowledges exclusion criteria beyond legally binding requirements, such as the Dutch law inhibiting investments in cluster munitions. All but one of the pension funds demonstrably exclude beyond legally binding requirements.

Table 3 | Responsible investment instruments and their (possible) application to the asset classes included in the benchmark.

	Publicly Listed Equity	Corporate bonds	Government bonds	Real estate	Private equity	Alternatives
Exclusion						
ESG integration						
Engagement						
Voting						
Impact investing						

For companies, the most frequently given reasons for exclusion are controversial weapons (other than legally inhibited cluster munitions) and United Nations Global Compact violations. While human rights and tobacco are also frequently mentioned, environmental or climate-related issues are rarely included.

For the government bond portfolio, exclusion criteria are mostly based on official sanction lists (e.g. United Nations, European Union). Few pension funds use additional sustainability-related country considerations to exclude countries from their investment portfolio.

In general, pension funds hold different approaches to exclusion, depending on their beliefs and vision; while some might apply a zero-tolerance threshold for certain activities, others might consider engagement with exclusion a more effective means of influencing companies than pure exclusion.

2.3.2 ESG integration

Meaningful ESG integration

ESG integration refers to the process by which Environmental, Social and Governance (ESG) factors are being integrated into the investment decision making process. This integrative approach ensures that ESG criteria are identified and assessed in order for the fund to make an investment decision. ESG criteria can expose risks that might otherwise remain undiscovered, and can identify investment opportunities. There are several approaches to ESG integration, with varying impacts on investment decisions and outcomes (see table 4).

Table 4 | Approaches of ESG integration

Basic value alignment	ESG information is used in an elementary form, for example by requiring asset managers to be a signatory of responsible investment guidelines (UN Global Compact, UN Principles for Responsible Investment).
Nuanced & proactive approach	ESG information is used in a structured manner, for example through the use of the company's sustainability performance.
In-depth & comprehensive	ESG information has a systematic and ongoing effect on individual holdings, for example by an automatic under or overweighing in company stock based on ESG criteria. A best in class approach is the process where only the best performing holdings in a certain universe, asset class or category are selected.

VBDO analysed to what extent pension funds integrate ESG criteria into their investment decisions. It can be concluded that a majority of the pension funds use ESG information in their investment decisions in some (elementary) way (figure 9). They mostly do this by being (or requiring their asset managers to be) a UN PRI signatory.

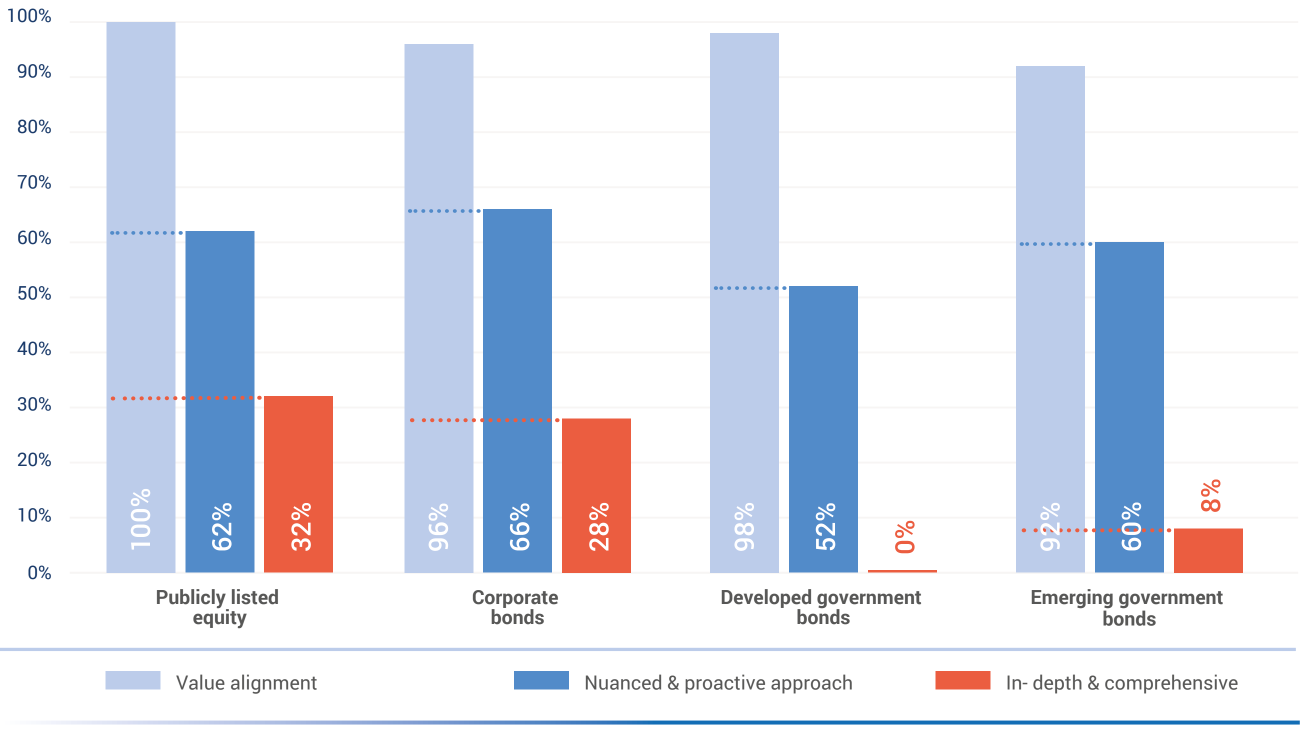
Figure 9 also shows that 62% of pension funds take a nuanced and proactive approach to integrate ESG in their publicly listed equity portfolio and 66% in their corporate bonds portfolio. This is, for instance, done by using the company's sustainability performance, and by analysing how ESG related risks potentially influence a company.

To fully integrate ESG in investment decisions, pension funds and portfolio managers should take a comprehensive approach and integrate ESG factors in the core of all their investment processes. What separates a comprehensive ESG approach from the above approaches is that ESG factors are fully incorporated and influence investment decisions. The results of our benchmark show that few pension funds are taking a comprehensive approach to ESG integration so far.

ESG integration in government bonds

As can be seen in figure 9, ESG is taken into account in a nuanced and proactive approach by only 52% of the pension funds for developed markets bonds and for 60% for emerging market bonds. Nonetheless, some pension funds have been able to develop detailed ESG

Figure 9 | ESG integration



country screenings. The following characteristics are examples that can potentially influence the ESG performance of a country:

- macro-economic developments such as unemployment rates
- elections or the changing influence of labour unions
- governance effectiveness factors
- vulnerability to natural disasters
- energy and food sovereignty

As opposed to equities and corporate bonds, incorporating ESG factors into investment processes remains at an early stage in developed market government bonds. This is especially the case for pension funds that only invest in government debt in North-West Europe where the differences in ESG scores seem minor. However, it is certainly possible that country specific ESG factors will become more relevant in the future. On the other hand, 8% of the pension funds have been able to demonstrate that their country ESG score have an impact on individual holdings for emerging market bonds, as seen in figure 9.

Table 5 | ESG integration in alternatives

54%	formalise the ESG requirements for private equity investments in deal documentation such as a side letter.
50%	require private equity funds to report on additional ESG criteria.
27%	have set specific ESG minimum standards as a requirement for hedge fund managers.
None	set specific ESG criteria for physical commodities or agricultural commodities.
36%	consider environmental and social issues in mortgage investments (such as inclusion criteria or energy labels).

ESG integration in alternatives

Most pension funds are using generic ESG screening approaches for various alternative asset classes. For alternative investments, it is recommended to use screenings that include criteria specific to the various asset classes.

Table 5 on the previous page summarises the results for some alternative investment classes (as a percentage of pension funds that invest in the asset class). This illustrates the variety of ESG issues that are relevant to these investments.

ESG integration in real estate

On average, pension funds have allocated 8% of their assets to real estate. In a rapidly urbanising world, real estate has great potential to accelerate sustainable development, considering its substantial use of materials and land, but also because the lives of people are centred around buildings.

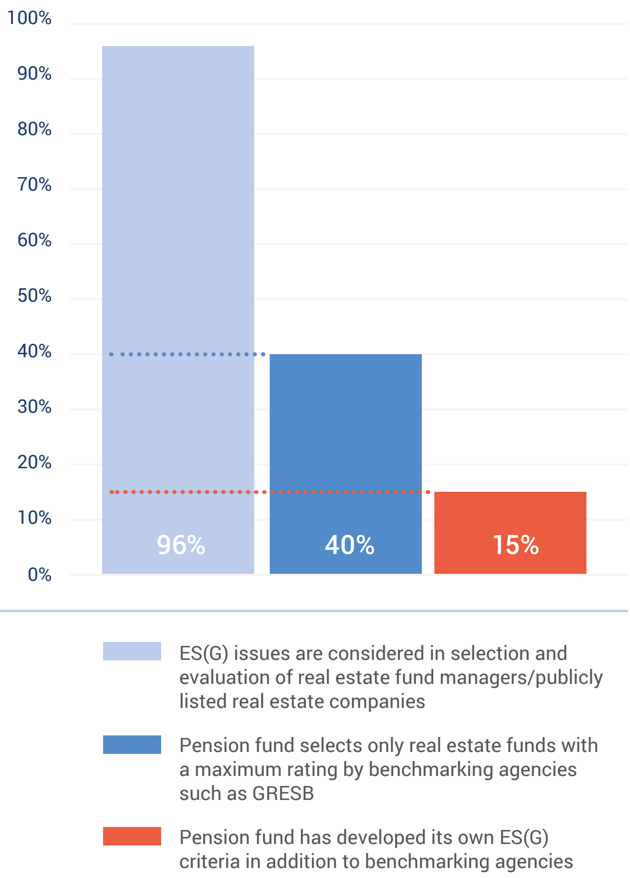
22% of all pension funds invest in direct real estate. 82% of these funds consider minimum standards for all new real estate and in the reconstruction of existing real estate physical objects. Certification schemes are used to indicate the sustainability level of these objects, such as the assessment methods Building Research Establishment Environmental Assessment Method (Breeam) and Leadership in Energy and Environmental Design (LEED). 18% of direct real estate investors specifically invest in low-carbon real estate objects or in circular lifecycle buildings.

96% of all pension funds invest in indirect real estate. 96% of these funds consider ES(G) issues in the selection and evaluation of real estate fund managers or publicly listed real estate companies. 40% only select managers and companies that receive a maximum rating by benchmarking agencies such as GRESB, and 15% developed their own ES(G) criteria in addition to such ratings.

All sectors, including real estate, need to significantly change to accomplish CO_2 neutrality and a climate resilient society by 2050. With the 'Klimaatwet', the Dutch government is stimulating the development of sustainable real estate, for example by implementing a minimum energy label C requirement for office buildings as of 2023. Besides that, the 'Activiteitenbesluit Wet Milieubeheer' and the Energy Efficiency Directive (EED) impose measures to improve the energy efficiency of real estate. The Bijna Energieneutrale Gebouwen (BENG) regulation specifies that from January 1, 2020, all new buildings in the Netherlands have to be near energy neutral. This means pension funds will need to take new standards and regulations into account when making investments in real estate, with a particular focus on energy use, elimination of natural gas, and use of green energy.

These developments have been embedded in this years' benchmark. Focusing on sustainability in real estate offers investment opportunities that help mitigate and adapt to the effects of climate change through, for example, low-carbon real estate, green roofs, and circular buildings.

Figure 10 | ESG integration in real estate



ESG integration in infrastructure

Infrastructure is a key driver of economic growth and development. 54% of pension funds include infrastructure in their investment portfolio.

Investors can consider a broad range of material ES(G) issues that these investments might face over the assets' lifetime. Specific ESG factors can be included that are relevant for infrastructure investments, such as greenhouse gases, climate change adaptation, ecological enhancement, sustainable supply chain, and labour-, health and safety standards.

67% of pension funds that invest in infrastructure demonstrably consider both environmental and social issues in the selection of infrastructure investments (figure 11).

Experts believe that climate change mitigation alone already needs an annual $6 trillion USD of investments. In comparison, around $3 trillion USD is currently spent on infrastructure annually. Green infrastructure investments can play a vital role in mitigating and adapting to climate change, as they are able to provide ecosystem services such as water purification and water flow, temperature regulation, biodiversity, and coastal and erosion protection, while also being able to play a fundamental role in societies by enhancing quality of life. The results show that pension funds rarely take this into account. Only 22% of infrastructure investors have indicated to consider green infrastructure.

Overall, climate-related effects are especially relevant for this asset class. It is not only important to account for the physical risks related to the asset, but also to support the crucial role infrastructure can play in mitigating and adapting to climate change effects, such as sea level rise, extreme weather events, and higher temperatures.

Investors should focus on making their infrastructure portfolio more sustainable and future-proof by investing in solutions with ecological and societal benefits, as well as going beyond the assessment of ESG risks.

Figure 11 | ESG integration in infrastructure

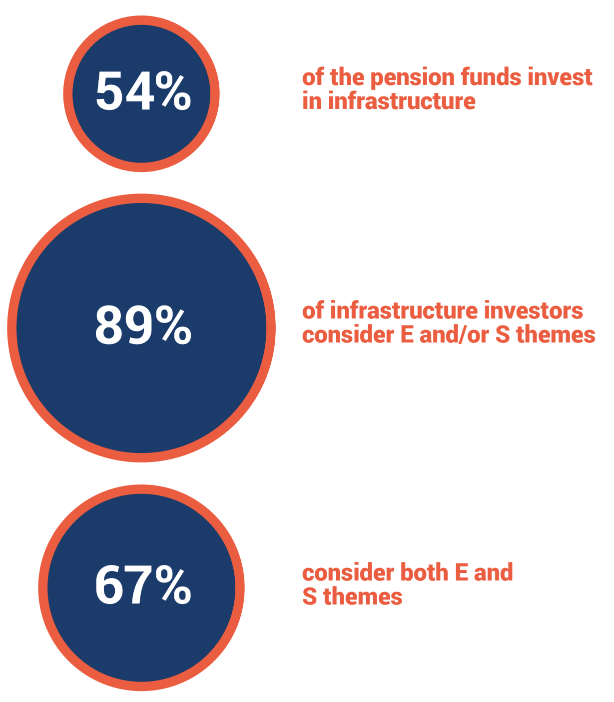
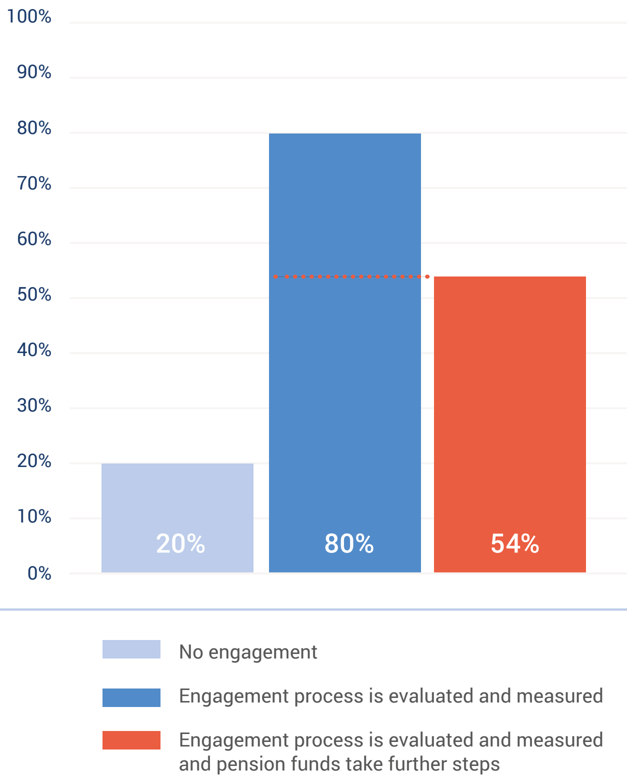


Figure 12 | Engagement



2.3.3 Active ownership: engagement

As shareholders of the companies they invest in, pension funds can actively influence the policies of those companies by entering into dialogue (also known as engagement). Engagement can help to optimise long-term value, manage reputational risk, and bring about positive social and environmental change. Monitoring and evaluating progress of the engagement activities is crucial in preventing it from becoming a box-ticking exercise. Pension funds can practice engagement in various forms. In a few cases, they undertake focused engagement with certain core companies, but the most common method is by outsourcing to parties such as BMO, Hermes EOS, and GES. 64% of pension funds use collective engagement by organisations such as Eumedion, to accompany their case-by-case engagement.

A total of 88% of the pension funds practice engagement on ESG criteria for their public equity or corporate bond portfolio. Most pension funds engage on each of the three ESG themes, and often choose engagement themes that are linked to the profession of their participants, or by aligning efforts to the Sustainable Development Goals. However, not all engagement activities are evaluated, making it difficult to estimate the actual positive impact on companies' practices. Currently, 80% of the assessed pension funds monitor and evaluate the publicly listed equity engagement process. 54% take further steps based on the engagement results. Most pension funds take further steps through exclusion after unsuccessful engagement (figure 12). This year, an interesting case appeared of a pension fund filing a shareholder resolution as an escalation strategy after unsuccessful attempts to get in touch with a company about their corporate social responsibility (CSR).

ENGAGEMENT IN FIXED-INCOME

Several pension funds combine equity and fixed income engagement practices. As lenders of capital, bondholders have unique opportunities to engage with companies.
Pension funds can consider engagement in specific situations such as during investor roadshows, at debt reissuance, and in collaboration with other bondholders. At the point of refinancing, bond holders could use their power to push companies to tackle climate change. On those occasions, pension funds could demand transparency and encourage companies to disclose information on ESG risks based on broader market disclosure frameworks.

Real estate lags behind

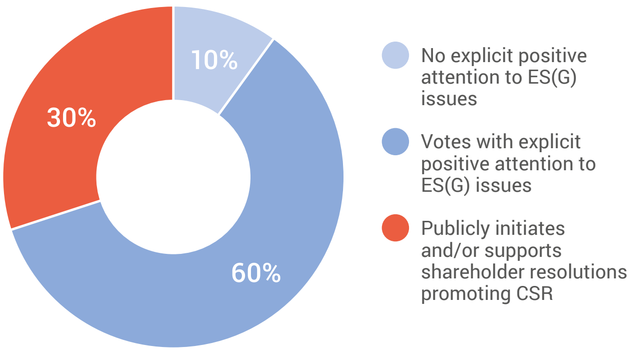
Although the share of real estate in the total asset allocation is small, pension funds could pay more attention to practice engagement on ESG issues. 58% of pension funds that invest in indirect real estate, engage with real estate funds, and monitor and evaluate the engagement process. They mainly focus on the improvement of benchmark ratings. Only 15% of all indirect real estate investors take further steps based on the engagement results.
In general, pension funds could do more to follow up on engagement. By setting targets and using clear evaluation methodologies, pension funds can track progress and report on ESG outcomes of engagement.

SHAREHOLDERS NEED TO MAKE SURE THAT VOTING TO SUPPORT POSITIVE ACTION TO BATTLE CLIMATE CHANGE BECOMES THE NORM.

2.3.4 Active ownership: voting

Pension funds can influence and steer corporate policies through their voting-rights as a shareholder. The results of our survey show that 90% of the pension funds positively voted on ESG issues in 2018. Most pension funds focus their voting on governance-related topics, while environmental and social themes are getting less prominent attention. The majority of the pension funds rely on the advice of proxy voting providers to support their investment decisions. From the results of our benchmark, it seems that very little has changed in these firms' policies, especially regarding issues such as climate change. The question is whether these firms are doing enough to develop their guidance on environmental and social issues.

Figure 13 | Voting



The next step: initiating and publicly supporting shareholder resolutions

Even though shareholder meetings mostly focus on corporate governance, environmental and social issues do occasionally come up. Shareholder resolutions are an important part of influencing company behaviour on environmental and social issues. 30% of pension funds have initiated or publicly supported shareholder resolutions on ES(G) issues in 2018. One example is the shareholder resolution by Follow This, where a group of shareholders advocated and aimed to push Shell to commit to specific targets regarding the Paris Climate Agreement. Several of the pension funds indicated they supported this particular shareholder resolution. This initiative, and other collaborative engagement initiatives which lead climate-related shareholder resolutions, illustrates how combined efforts can help to create awareness and push for positive change. However, many pension funds currently neglect this opportunity.

2.3.5 Impact investing

Impact investments are investments done with the explicit intention of achieving a positive, measurable environmental and social impact whilst also generating a competitive financial return.

The growing impact investment market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, microfinance, and affordable and accessible basic services including housing and healthcare.
Its dual intention and the commitment to track and measure investments' non-financial impacts distinguish impact investing from other approaches such as ESG integration. A key point is that any positive environmental and social impacts are intended from the outset, and not side-effects. Currently, impact investment is the least employed RI instrument by pension funds, used by 58%. VBDO encourages pension funds to be more active in impact investing.

Green bonds

Green bonds are classified as impact investments in fixed income holdings. They are issued by companies and governmental institutions to finance specific projects that have a positive environmental or social impact (table 6).
Green bonds are becoming increasingly popular with institutional investors. Their simplicity (they have the same recourse to the issuer as traditional debt), their long investments horizons, growing awareness of environmental factors in investment philosophies, and regulatory support, make green bonds attractive to institutional investors. Currently, 54% of the pension funds invest in green bonds.
An increasing number of investors have taken on stricter assessments to select and evaluate green bonds in comparison to previous years and are demanding greater transparency.

SOVEREIGN GREEN BOND OF THE KINGDOM OF THE NETHERLANDS

In May 2019, the Dutch government issued its first green bonds that need to contribute to the climate goals on both national and international level. The proceeds of the investments will be used to finance a number of green projects such as sustainable housing and reinforcing the Afsluitdijk against sea level rise. This provides an opportunity for investors who aim to contribute to climate mitigation and adaptation in the Netherlands.

Figure 14 | Green bonds - Corporate bonds | **SSA bonds**

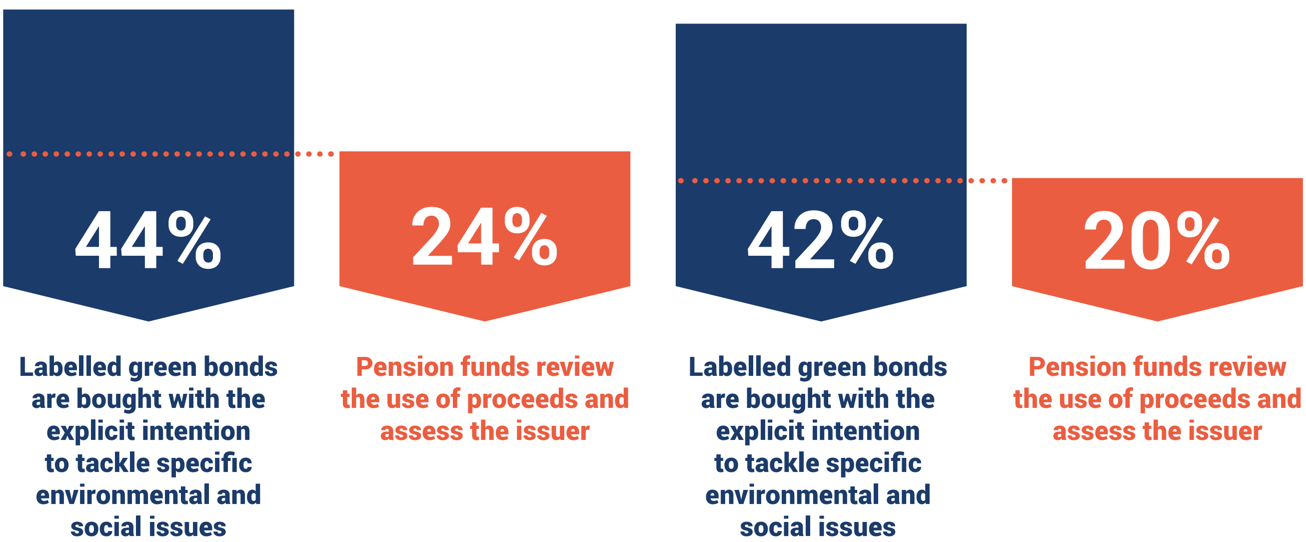


Table 6 | Examples of green bonds, *Environmental Finance Spring 2019.*

Issuers green bonds	Example	Positive social/environmental impact
Agency	Fannie Mae	Affordable, environmentally sustainable and resilient housing
Corporate	EDF	Renewable energy solar and wind projects
Municipal	New York Metropolitan Transportation authority	Development of New York's public transport system
Sovereign	Republic of Ireland	Renewable energy projects and electric vehicle charging infrastructure
Supranational	European Investment bank	Renewable energy and energy efficiency projects

When investing in green bonds, investors need to be able to "separate the wheat from the chaff". Pension funds should take several criteria into account. Firstly, it's important to assess the issuer of the green bond. In this analysis, pension funds (and their asset managers) should be aware of the underlying criteria of ESG data and ratings they use from rating providers. Secondly, pension funds should pay attention to the underlying projects and whether these are actually used for sustainable ends. If this is not the case, green bond investments might not have the positive social and/or environmental impact they are perceived to have. As the EU taxonomy will set a standard on what is green, there will be less cause to doubt the environmentally friendly characteristics of future green bond issuances.

A BOLD AGENDA TO MOBILISE CAPITAL TOWARDS GREEN ACTIVITIES

In June 2019, the European Commission released its 'taxonomy' of green activities. It includes 67 varied economic activities across 8 sectors covering climate change mitigation and adaptation. This identification and disclosure tool is intended to help redirect capital flows to meet targets in the Paris Agreement on climate change, which are set out in the EU's Sustainable Finance Action Plan. The taxonomy acts as a classification system that enables investors and companies to identify environmentally friendly economic activities.

To identify as green, or 'taxonomy-eligible', an investment needs to contribute substantially to one of six environmental objectives, without causing significant harm to any of the others.
The six objectives are:

- **climate change mitigation;**
- **climate change adaptation;**
- **sustainable use and protection of water and marine resources;**
- **transition to a circular economy, waste prevention and recycling;**
- **pollution prevention and control; and**
- **protection of healthy ecosystems.**

In addition to the taxonomy, the 'EU Green Bond Standard', 'EU climate benchmarks and benchmarks' ESG disclosures', and 'Guidelines on the disclosure of environmental and social information', were published by the European Commission Technical Working Group on Sustainable Finance (TEG).

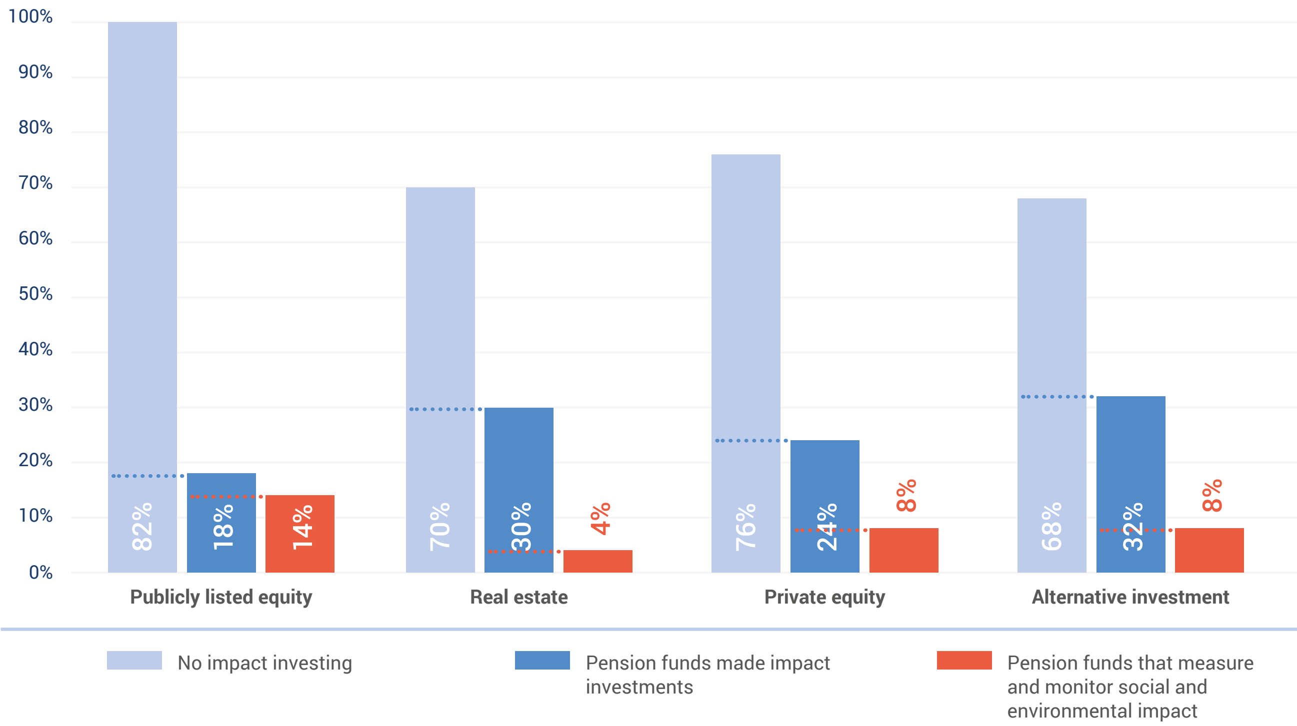
Impact investments in other asset classes: From impact measurement to impact evaluation

The definition of impact investments as stated on page 28 describes how the explicit intention and the commitment to track and measure investments' non-financial impacts distinguish impact investing from other RI approaches.

Connecting achieved impact (measured with an impact assessment) to expected impact (measured with an impact evaluation), is necessary to move from 'the intention to have an impact' investments towards 'actually achieving an impact' investments. Therefore, it is necessary to not only measure the output of impact investments, but also to formulate impact investment expectations and to re-evaluate investments. The Global Impact Investing Network (GIIN) have framed this as "Impact measurement & management is more than counting metrics. It means considering information about risks, returns, and impact to learn, adjust, and improve investment decision-making".

Figure 15 shows the percentage of pension funds with impact investments per asset class, along with the pension funds that evaluate the achieved impact of their investments.

Figure 15 | Impact investing



2.4 Accountability

Proper accountability includes frequent reporting on strategies, goals, results, and impacts of the responsible investment (RI) policy. Information in such reports can be the starting point for communication with and accountability to participants of the fund, while also being informative for other relevant stakeholders.
To a large extent, reporting on responsible investment is encouraged by voluntary codes, guidelines and standards. However, mandatory legislation and current (inter)national developments indicate that disclosure standards are likely to become stricter and legally-binding. Current legislation and guidelines include:

- **The Dutch Pension Act (2014) requires pension fund boards to explain how the fund's investment policy takes account of the environment and climate, human rights and social relations (Article 135(4)).**
- **The Pension Fund Code (2018) specifies that the board's considerations regarding RI should be available to stakeholders, and that the board should ensure that there is support among stakeholders for the choices made in relation to responsible investment.**
- **The European Directive IORP II requires that pension funds assess the ESG risks of their investments following a specific set of criteria, and that ESG risks acquire an equal level of attention compared to operational, liquidity or asset risks. The transposition into Dutch legislation took place in January 2019.**
- **The Pension Fund Code (2018) requires pension funds to define a responsible investment strategy and disclose it publicly.**
- **The IMVB Covenant for pension funds will make transparency increasingly important over the coming years. The objective of the Agreement is for the signatory parties to prevent, mitigate, and remediate the negative social and environmental consequences of investments by pension funds. The IMVB Convenant specifies that frequent and consistent reporting should be part of a good RI policy and is therefore a key requirement.**
- **EC High-Level Expert Group (action 7 of the comprehensive EU Action Plan on sustainable finance) requires asset owners and asset managers to clarify how sustainability is considered to be part of their fiduciary duty.**
- **The EU Disclosure of Non-Financial Reporting Directive (NFRD) requires to disclose certain non-financial information, including non-financial key performance indicators on environmental matters and human rights.**
- **The Task Force on Climate-related Financial Disclosures (TCFD) guidelines recommend that reporting on material climate risks is integrated into companies' ordinary financial reporting. The TCFD divides its recommendations into governance, strategy, risk management, and metrics and targets.**

With these developments in mind, pension funds should ensure that they comply with relevant environmental regulatory standards and recommendations. Also, the RI policy and reporting on its implementation should be easily accessible through an RI report or substantial reporting in the pension fund's annual report. Ideally, these reports should be verified by an external auditor.

Level of detail in reporting varies

The average score for Accountability is a 2.7, with a range of 0.2 to 5.0. The biggest differences between pension funds are visible in the depth of their reporting; while some pension funds only explain their policy, others provide insightful overviews and concrete results. All pension funds do at least have a substantial, general explanation of responsible investment in their annual (RI) report or on their website.

The next step in accountability would be to not just report on the approach to responsible investing, but to also evaluate the responsible investment performance by stating strategic objectives, performance against these objectives, and future ambitions. 24% of the pension funds incorporate such information in their annual (RI) report (figure 16). Over half of the pension funds have their annual (RI) report audited by an external auditor, 16% include an audit of the output of responsible investment instruments. Additionally, more than half (56%) of the pension funds publicly disclose a (partial) list of investments.

Figure 16 | RI report

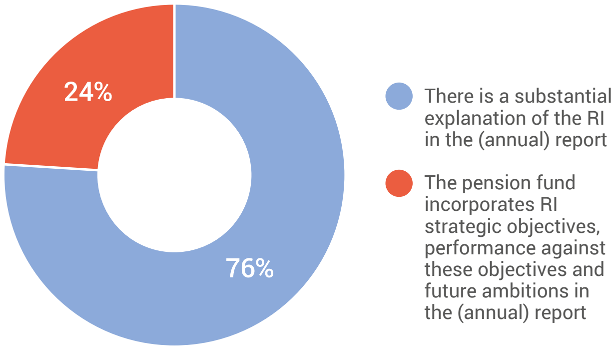


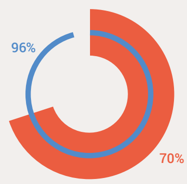
Figure 17 | Transparency on implementation

The figure on the right gives an overview of transparency per responsible investment instrument. Almost all instruments are properly explained by most pension funds, but the level of depth to which pension funds report on outcomes leaves room for improvement.

EXCLUSION

96% of the pension funds publicly explain their exclusion policy.

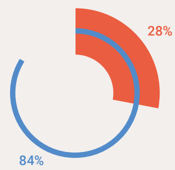
A total of 70% include a list of excluded companies and countries, and the reason for the exclusion.



ESG INTEGRATION

84% of the pension funds publicly explain the methodology for ESG integration.

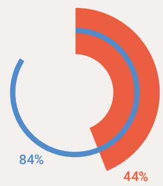
28% include an overview of results.



ENGAGEMENT

84% of the pension funds publicly explain their engagement policy.

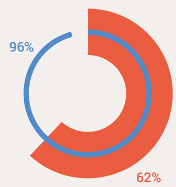
A total of 44% report on concrete results.



VOTING

A total of 96% of the pension funds publicly explain their voting policy.

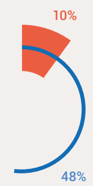
62% disclose a complete and detailed voting report.



IMPACT INVESTING

48% of the pension funds publicly report on impact investing.

10% report on the achieved impact.



3. Conclusion

This chapter presents the final conclusions based on VBDO's analysis of the results presented earlier.

Difference between leaders and midfield is large; difference within these groups is small

This year, a more clearly defined group of leaders is taking shape. The top performers from 2018 have not only maintained their leadership position, but are increasing their lead over the middle group. The leading pension funds are in the forefront of the development of responsible investment (RI) strategies. For example, they are starting to include climate risks into asset allocation and are being more transparent in communicating their ambitions and results in their annual RI report.

Funds in the middle group all included RI in their investment beliefs, they have a clearly developed RI policy and incorporate RI instruments across all asset classes on at least a basic level, but they have a long way to go before they catch up with the front runners. While individual differences can be seen within the four assessed categories, the overall scores are very similar across the middle group. Some pension funds score well on one or more categories but badly on others, while other funds achieve an average score across all categories.

Importance of engaging with wider society is not fully recognised

In order for pension funds to develop and define a clear vision on RI, it's essential that boards and portfolio managers actively inform themselves about societal developments and how their investments impact society. Only a third of funds consult with wider society such as non-governmental organisations, academics and other experts. What's more, actively informing participants (through multiple communication channels) about the pension fund's RI objectives and successes is not yet common practice.

Improvement in setting targets

This year showed a clear increase in the number of pension funds that have set targets around RI. This is a welcome development, as formulating goals and targets helps funds to act, evaluate progress, and continue to improve RI practices. Ambitious goals and clear targets send a strong message to all stakeholders, and direct asset managers to align the investment portfolio with the pension fund's goals. A third of all pension funds set a time-frame for achieving some of their goals, ranging from 2020 to 2030. The most frequently mentioned goals and targets cover climate change mitigation, through reducing the portfolio's carbon footprint and by increasing investments in renewable energy.

ESG integration is widely adopted but not yet on a comprehensive level

All RI instruments (exclusion, ESG integration, engagement, voting and impact investing) are applied in various degrees by a majority of the funds. Most pension funds have integrated ESG criteria in their decision-making process on at least a basic level. ESG integration is, however, more effective when it's fully integrated into existing processes. This requires in-depth ESG integration that impacts all individual holdings and is asset-class specific.

Climate change poses new challenges

The way that climate change effects are integrated in policy-making varies greatly between pension funds. Half of the pension funds have included a specific climate change policy. Managing climate-related risks is becoming increasingly important for investors. Some pension funds investigate the effects of climate-related risks on their strategic investment decisions. However, it is still unusual for pension funds to actively analyse how global warming scenarios will affect their investment portfolio.

Varying levels of detail in reporting

Transparency on RI is key in making clear to participants and other stakeholders the reasoning behind, and impact of a fund's RI practices. Reporting on the RI results differs between the pension funds, especially in terms of the level of detail and the extent of reporting. The next step in accountability would be to not just report on the approach to RI, but to also evaluate the fund's performance by stating strategic objectives, performance against these objectives, and future ambitions.

4. Recommendations

This chapter sets out VBDO's main recommendations.

Collaborate with peers and experts in the field

As this report shows, addressing sustainability and translating it to responsible investment (RI) strategies has been implemented on at least a basic level by the majority of the pension funds. However, as RI practices constantly evolve and are becoming more complex, it is challenging for each pension fund to keep up with all these new insights. Collaborating with other pension funds and experts makes staying informed much easier. We recommend that the middle group and low performers take advantage of the knowledge and expertise of the leading pension funds and other experts in the field. This will enable them to increase their performance and decrease the gap between them and the leading pension funds.

Engage with wider society

Pension funds need to consult and inform participants and seek constructive dialogue with other stakeholders. Consultation with stakeholders such as non-governmental organisations, academics, societal interest groups, and other experts and peers can provide input and tools for pension funds to gain new insights and keep up with developments on RI.

We encourage pension funds to also actively inform participants about their RI strategy. They should be transparent about their RI policy and report on practices, results, and progress in a clear and meaningful way.

Define long-term goals

We urge pension funds to be bold and formulate ambitious, measurable, and time-bound targets, both for themselves and for their asset managers. Long-term goals solidify the fund's guiding vision, whereas short-term goals and targets make achieving that vision manageable. The Paris Climate Agreement and the UN Sustainable Development Goals are international frameworks that can serve as a guide when establishing both short and long-term goals.

Be clear and savvy

There are many ways to substantiate RI and also a wide range of products, services, and investment solutions are available to choose from. These can vary greatly in 'shades of green'. Pension funds should therefore be clear in what they look for, and savvy in what to opt for. For instance, with regards to green bonds, pension funds could demand greater transparency on the use of proceeds and on the sustainability performance of the issuer. With regards to ESG integration, pension funds should take a more comprehensive and in-depth approach. Such an approach ensures that ESG factors are fully incorporated and individual holdings are influenced to make positive changes. ESG integration should furthermore address specific criteria and be adjusted to specific asset classes.

Address climate-related risks and opportunities

The considerable impact of climate-related risks on the financial sector makes it critically important for pension funds to explicitly include climate change in their RI policy and into their investment processes. Both transitional and physical climate risks need to be considered. While it is crucial to address climate-related risks, funds should also seek to take advantage of the considerable investment opportunities open to them, such as renewable energy, new technologies and energy efficiency.

Appendix I. Methodology

Over the years, the benchmark has developed significantly and it has become a relevant tool to measure responsible investment by pension funds in the Netherlands. The study is impartial and its most important aim is to, together with the Dutch pension funds, enhance the sustainability performance of individual pension funds, but also sector-wide.

Underlying presumptions

The most important underlying presumptions in this benchmark are:

I. The scope of the benchmark is determined by selecting the 50 largest Dutch pension funds derived from the figures of the Dutch Central Bank.
II. The assets that are included in this benchmark are the assets of Dutch pension funds, independent of where these are being managed.
III. The implementation of the responsible investment policy is considered to be the most important element, because here the actual impact is being made. Therefore, this receives 50% of the total score. Governance, Policy and Accountability account for the remaining 50%.
IV. The topic 'Governance' is to be considered from the viewpoint of the management of the pension fund, not from the asset manager's perspective.
V. The total score for 'Implementation' is dependent on the different scores of the asset classes (publicly listed equity; corporate bonds; government bonds; real estate; private equity and alternative investments). The weight of the asset classes in the determination of the implementation score is dependent on the asset allocation. Other assets, such as cash, interest swaps and currency overlays, are not included in this benchmark study.
VI. Within each asset class it is determined which ESG instruments are (reasonably) implementable. Each question receives an equal weighting.
VII. VBDO is indifferent if an investor takes an active or passive and direct or indirect investment approach and assesses what responsible investment strategies are being applied.

The abovementioned underlying presumptions are based on VBDO's consultation with the pension funds participating in this study. This consultation is based upon an annual physical meeting with a selection of participating pension funds. Key in this meeting are the quantified survey results.

The benchmark

The VBDO Benchmark 'Responsible Investment by Pension Funds in the Netherlands 2019' compares the responsible investment performance of the 50 largest pension funds in the Netherlands based on data of 2018. VBDO assesses responsible investment through detailed profiles of each pension fund.
This year, the methodology has been revised to better reflect the developments in responsible investment. A question on mortgage investments has been added as a result of the abovementioned consultation with pension funds. Also several questions on climate change have been added. Due to the revision scores and star rankings are not one on one comparable to the previous year.

Approach

The benchmark is set up to stimulate pension funds to inform themselves about their current status of responsible investment. The research process consists of two phases:

I. VBDO executes a preliminary analysis, which is shared with the pension fund after completion.
II. In the second phase, the pension fund comments on the preliminary analysis and substantiates it with evidence which VBDO interprets, integrates, further elaborates upon and finalises.

Setup

The questionnaire is composed of four themes:

I. Governance
The first theme regards the governance of pension funds on responsible investment, including the role of the board, the frequency of board meetings about responsible investment, targets set to asset managers and the consulting of participants.

II. Policy
This theme focuses on the responsible investment policy in place. Its applicability to the entire portfolio, its depth, and its quality are surveyed.

III. Implementation
The implementation of the responsible investment policy applies to six different asset classes. Table 7 shows the asset classes with the corres-

ponding responsible investment strategies that are covered in the study. VBDO believes that the asset owners should take responsibility for the investments made on their behalf. Therefore, all implementation questions include the whole investment chain from pension fund to asset manager or fund of a fund manager. They are directed towards the state of implemented strategies in 2018.

IV. Accountability

This section discusses transparency about responsible investment policies, strategies, results and reports.

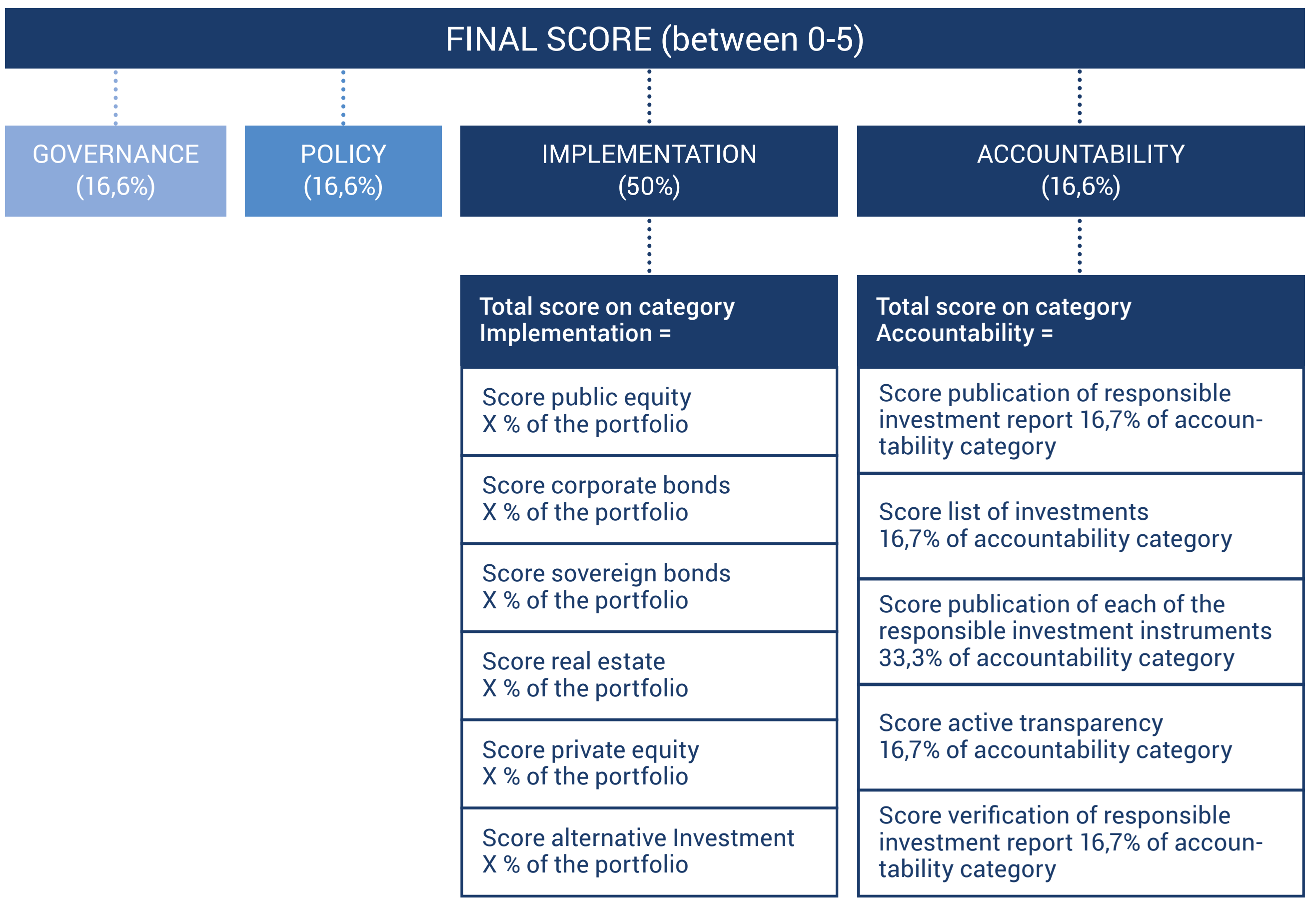
Table 7 | Responsible investment instruments and their (possible) application to the asset classes included in the benchmark.

	Publicly Listed Equity	Corporate bonds	Government bonds	Real estate	Private equity	Alternatives
Exclusion						
ESG-integration						
Engagement						
Voting						
Impact investing						

Scoring model

The categories are weighted differently. Governance, policy, and accountability each account for 16.7%, and implementation for 50% which makes a 100% in total. The weighted percentage for implementation is 50% because this theme determines the final output and quality of the responsible investment practices of a pension fund. In the governance and policy category, all questions are weighted equally. The final score for implementation is determined by multiplying the score of each asset class by the percentage of the portfolio invested in this asset class. All question are weighted equally within asset classes. In the accountability category, 5 sub categories are distinguished. Publication of the responsible investment policy, list of investments, active transparency and verification of the responsible investment report each account for 16.7% of the accountability score. Transparency on implementation accounts for the other 33.3% and is assessed per responsible investment instrument. Figure 18 gives an overview of the scoring model.

Figure 18 | Overview of the scoring model.



Star ranking

This is the third year VBDO uses the star ranking based on a 0 - 5 star range instead of only a 1-50 ranking in numbers.
The star ranking is based on the total score and on the scores of the individual categories of the pension fund; governance, policy, implementation and accountability.
These minimum standards might be expanded in the future.
The following scores and minimum standards determine the number of stars awarded:

★★★★★
5 STARS
A score of at least 4.5 on all categories
(governance, policy, implementation, accountability)

★★★★
4 STARS
A total score of at least 4.0
A score of at least 3.5 on all categories
(governance, policy, implementation, accountability)

★★★
3 STARS
A total score of 3.5 up to and including 3.9
A score of at least 2.5 on all categories
(governance, policy, implementation, accountability)

★★
2 STARS
A total score of 2.5 up to and including 3.4
A score of at least 2.0 on all categories
(governance, policy, implementation, accountability)

★
1 STAR
A total score of 1.5 up to and including 2.4
A score of at least 1.0 on all categories
(governance, policy, implementation, accountability)

☆
0 STARS
A total score below 1.5

Appendix II. Responsible investment strategies and asset classes

Responsible investment strategies

Based on reviews of implementation practices by investors worldwide and its own vision on responsible investment (RI), VBDO has identified a range of responsible investment instruments that are applicable to one or more asset classes:

- **Exclusion**

Certain products, processes or behaviour of some companies and governments, are at such odds with international agreements and treaties that they should be excluded from the investment portfolio. Merely taking general issues such as human rights violations into consideration offers insufficient means of judgment for the exclusion of specific companies. It is important to specify these issues and use well defined Environment, Social and Governance (ESG) criteria or international guidelines, in order to exclude companies and governments.
Concerning the exclusion of government bonds, pension funds can exclude countries based on official sanction lists of, for example, the EU and UN or based on other criteria. In January 2013 the legal ban of investments in cluster munitions came into force in the Netherlands. In the opinion of VBDO responsible investment should be a practice that goes beyond merely following legal obligation. Therefore, the pension funds can only receive points for exclusion criteria that go further than merely excluding on the basis of cluster munition.

- **ESG integration**

Even when the excluded companies are left out, large differences in terms of corporate responsibility sometimes remain between companies in which institutional investors invest. Where one company may only abide by the current environmental and social laws of the country in which it operates, the other may pursue high social and environmental standards in every country in which it is active. Institutional investors should consider this in developing their investment policy and should give preference to companies that perform well in relation to corporate responsibility. VBDO defines ESG integration as the process by which ESG criteria are incorporated into the investment process. This involves more than screening the portfolios against exclusion criteria, but does not mean that an investor merely selects the best-in-class companies. ESG integration can go one step further by identifying and weighing ESG criteria, which may have a significant impact on the risk return profile of a portfolio. Therefore, VBDO distinguishes between investors making ESG information available to the portfolio manager on the one hand and investors systematically incorporating ESG criteria into each investment decision on the other hand. The latter is rated higher because this truly meets the idea behind ESG integration. An example of ESG integration is positive selection, this is defined as choosing the best performing organisation out of a group of corresponding organisations (sector, industry, class) with the use of ESG criteria. In this case, ESG criteria do not guide the investment decision process, but form the basis for selecting companies that perform above average on ESG issues. Integration of ESG criteria in the investment selection can be applied to all of the selected asset classes in this research. Regarding publicly listed equity and bonds, the assessment in this benchmark takes into account both the extent and the volume of ESG integration.

- **Engagement**

Pension funds can actively exert influence on companies in which investments are made by entering into dialogue with them. If the policy and behaviour of a company are at odds with the RI policy, pension funds should to some extent use their influence to alter the conduct of companies in which investments are made. Institutional investors that have formulated an engagement policy, actively seek dialogue with companies outside the shareholder meeting. In order to obtain optimal engagement results, it is essential to evaluate and monitor the engagement activities and take further steps based on the outcome of the engagement activities. Engagement can be used to publicly listed equity as well as corporate bonds and real estate funds.

- **Voting**

Institutional investors can actively exert influence on companies in which they invest by voting during shareholder meetings. Many institutional investors vote at shareholder meetings, but their voting policy is limited to subjects regarding corporate governance. This might push companies towards a better sustainability policy, but that is in itself not enough. A clearly defined voting policy is required, one that explicitly emphasizes social and environmental issues. By pro-actively introducing or supporting resolutions about sustainable development and corporate social responsibility, companies can be pushed towards improvement and corrective action. Voting is examined only at the asset class publicly listed equity.

- **Impact investing**

Impact investing implies active investments that are made in companies or projects, which lead in terms of sustainability or clearly offer added value for sustainable development. Examples are investments in sustainable energy sources, innovative clean technology, affordable medicine against tropical diseases, microcredit and sustainable forestry. Impact investing might look like positive selection, because it may be using the same positive ESG criteria and can be done by investing in specially constructed funds, but it is not a best in class approach. Rather, investors choose a specific theme or development and search for companies or projects that contribute to this development and thus create added value for society in a way that can hardly be compared with mainstream industry or solutions. VBDO values the measurement and evaluation of the actual environmental and social impact of the investments. The instrument is applicable to all asset classes.

Asset Classes

- **Publicly listed equity**

The public equities market consists of the publicly traded stocks of large corporations. The risks and opportunities connected to ESG issues are important for the analysis and adjustments of an equity portfolio. Both exclusion and selection of companies within the portfolio, as well as voting and engagement gives the investor many ways to integrate ESG issues into its investment decisions. Emerging markets deserve special attention from investors, since these are increasingly reported as interesting opportunities because of their economic growth. Due to the growing demographic and resource challenges, and the potential dangers for the environment, a more sustainable approach to economic development is crucial for emerging markets. In many sectors economic development shows that these countries are already responding to the abovementioned challenges (think of, for example, the leading role in solar power of China). Nevertheless, extracting the relevant ESG data on emerging market companies can require a large amount of research. It is also possible to take ESG criteria into account with passive investments, by following a sustainable index or by using an engagement overlay.

- **Corporate (including covered) bonds**

For corporate bonds responsible investment activities can be similar as for equities, however corporate bonds do not have voting rights and bring a fixed return. This reduces the financial risk, but also offers fewer opportunities to take advantage of high returns and to influence the policies of a company. Because bondholders lack the voting power shareholders have, most ESG integration activity has been in equities. But with growing client demand, bond managers are working to integrate ESG factors in fixed-income portfolios.

- **Government / sovereign bonds**

Like corporate bonds, government bonds (together often referred to as fixed-income) are generally regarded as one of the safer, more conservative investment opportunities. They are issued to fund public services, goods or infrastructure. The first association about responsible investment and this asset class may often be exclusion of countries with dictatorial regimes, because of their human rights violations. This is a clear example of the results of an ESG risk analysis. ESG rating agencies increasingly offer products to screen bonds portfolios on corporate governance regulatory practices, environmental policies, respect for human rights and international agreements. Investors can also seek those government bonds that support the creation of public goods, such as needed infrastructural improvements, support for schools, or the development of sustainable energy sources and purchase government debt targeted to a specific activity.

- **Real estate**

Real estate investments encompass a wide range of products, including home ownership for individuals, direct investments in rental properties and office and commercial space for institutional investors, publicly traded equities of real estate investment trusts, and fixed-income securities based on home-loans or other mortgages. This assessment is limited to direct investments in buildings and indirect investments via real estate funds. Investors could screen their portfolio by developing ESG criteria for the construction of new buildings, their locations and the maintenance of existing buildings, machines and other facilities within buildings, such as environmental efficiency, sustainable construction and materials and fair labour practices. For real estate (investment) that is managed externally, the selection of fund managers based on experience with and the implementation of ESG is an important tool. Additionally, the managers of real estate funds can be engaged to improve their social and environmental performance.

- **Private equity**

With regard to private equity, an institutional investor can stimulate innovative and sustainable companies because it can directly influence management, encourage entrepreneurs to focus on developing business with high-impact social and/or environmental missions. This can be done especially in regions and communities that are underserved, and promote creation of local business and jobs. With this in mind, integrating the RI policies in the selection process can be an important tool for institutional investors.

- **Alternative investments**

Depending on the asset allocation and definitions of an investor, alternative investments can include many kinds of assets, while at the same time experiences with and strategies for responsible investments are in their infancy. Also because the investments are a small part of total investments, this research limits this asset class to hedge funds, infrastructure, commodities, mortgages and impact investments. Information provided on other asset classes will not be taken into account. The following opportunities were derived from literature:

I. Although hedge funds are often handled as a separate asset class, the underlying assets are generally publicly listed securities (stocks and bonds) and their derivative products. Thus, investors could consider an ESG analysis of underlying assets and theoretically use the same tool for ESG management as for public equity and fixed income. Likewise, integrating the RI policies in the selection process can be an important tool.

II. Infrastructure is widely considered to have a positive social impact. Infrastructure investors should take into account a broad range of material ESG issues that these investments might face over the assets' lifetime. Examples of ESG issues could involve; biodiversity impact, labour-, health and safety standards, resource scarcity and degradation, extreme weather events and supply chain sustainability. It is therefore relevant to monitor how ESG is integrated in infrastructure investments.

III. Regarding commodities, investors could direct capital to commodities with better ESG profiles and consider the source (region) of the commodity. As there are few ways to foster positive ESG changes, investors may advocate change on a broader level within commodities exchanges. Also integrating the RI policies in the selection process of commodity investments or asset managers can be an important tool for this category.

VBDO Benchmark Responsible Investment By Pension Funds

Since 2007, VBDO has conducted annual benchmarking studies on responsible investment by Dutch institutional investors. This has proven to be an effective tool in raising awareness about responsible investment and stimulating the sustainability performance of insurance companies and pension funds. The fundamentals of the scoring methodology have been developed thirteen years ago and the assessment criteria have continuously improved over the thirteen years that VBDO has been conducting the benchmark.

50 PENSION FUNDS

new

Thematic climate questions added

50 QUESTIONS

4 CATEGORIES

- **Goverance**
- **Policy**
- **Implementation**
- **Accountability**

Accounts for 50% of the total score

Asset classes

- Publicly listed equity
- Corporate bonds
- Government bonds
- Real estate
- Private equity
- Alternatives

Responsible investment instruments

- Exclusion
- ESG Integration
- Engagement
- Voting
- Impact Investing

Did you know

- The funds represent 92% of the pension assets in the Netherlands and a total of more than € 1,230 billion in investments.
- On average 26 documents were provided by each pension fund.
- Our research had a 100% response rate.

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