

Letter to ABP

From:

A group of TU Delft professors (drafted by H. Vallery and A. van den Dobbelsteen)

To:

ABP

T.a.v. mw. drs. C.M. Wortmann-Kool

Postbus 75292

1070 AG Amsterdam

Dear Mrs. Wortmann-Kool,

As professors at TU Delft, please let us first express our gratitude to ABP as the organisation securing pension funds for us and our colleagues. We appreciate the efforts of ABP and its investor APG. It is, however, with great discomfort that we have followed recent critical media coverage of the ABP portfolio. We are concerned about the investments made with our pension premiums. There seems to be a severe mismatch between our sustainability values (and the promises made by ABP/APG) and the actual investment decisions made or the resistance against climate resolutions with oil companies. Therefore, we want to urge you to change the pension investment portfolio, and we will explain this in this letter.

TU Delft and sustainability

Sustainability is a key focus of TU Delft, deeply embedded in our research and education activities and on the campus.

Currently, TU Delft is also setting up a Climate Action Programme, and next year's theme of the university will be Energy Transition. Moreover, since January 2021, professor Andy van den Dobbelsteen has been appointed sustainability coordinator of TU Delft, with the aim to make our university carbon neutral and circular by 2030. Our sustainability endeavours not only refer to the energy system and our buildings, yet also to everything we do on and from the campus: construction and renovation projects, procurement, waste management, commuter travel, business travel, catering, water management, as well as our behaviour and that of our students.

We try to contribute to a better world in everything we do at TU Delft. Therefore, it is disconcerting that, in the meantime, our own pension money is invested in companies' activities that are at least partly functioning perpendicular to our mission.

Practise what you preach

At TU Delft, we convincingly demonstrate to practice what we preach by investing in our sustainability transition and Climate Action Programme. Sadly, this does not seem to apply to ABP.

In many publications and online, ABP claims to have a clear sustainability ambition, but with what we see happening, progress seems to be very slow. For instance, APG still supports quite a number of large and smaller oil companies who invest in expansion of fossil fuels. We will still need fossil fuel for a few decades more, but supporting policies that are focused on further expanding fossil fuel exploitation and thereby further contributing to climate change, instead of pushing a more sustainable agenda, is, in our opinion, the wrong strategy.

Therefore we find it hard to accept that large amounts of pension money support investments diametrically opposed to halting climate change. Instead, we had ABP rather invest this money into companies that share our values and genuinely have sustainability at the core of their business.

Stopping investment in fossil fuel is possible as a policy also for large organisations – see, for instance, the example of Achmea [1]. Another positive example for sustainable investment is

Triodos: this bank first considers the positive impact of companies regarding sustainability and looks at exclusion criteria later [2]. Furthermore, ASR, CZ, Menzis, and VGZ de-invested entirely from the weapon industry [3].

Helping companies to change direction

ABP often argues that being a shareholder of oil companies can help change the sustainability policy of these companies. However, there is no convincing body of evidence for this statement. On the contrary, on behalf of ABP, APG does not use their vote in a beneficial way. The investor has always voted against or abstained from climate resolutions proposed by 'Follow This' at shareholder meetings of oil companies [4]. This is completely juxtaposed to what was told to a delegation of Follow This and 'ABP Fossilvrij' back in 2018 when ABP promised to urge these companies to head in a sustainable direction. Therefore, at present, we see no convincing evidence that shareholder participation leads to a change of the core business models.

Sustainable is profitable

Evidence shows that investments can be both responsible and profitable [4]. So, there is no need to decide between investing responsibly and aiming for a return on investment. You also recognise this in your own publications [5][6].

ABP advocates secure investment in multiple sectors, which we fully understand. However, the list of companies supported by ABP indicates the predominance of non-sustainable sectors, which hampers an urgent sustainable transition. We think a larger share of this money could be put into sustainable businesses.

Hence, the sustainability vows are only words when there are very soft policy changes when ABP's milestones are scheduled 30 years ahead into the future. We think this is far too slow to deal with the urgency of climate change mitigation. The efforts currently made are too limited, and the bar set too low and the goals too far in the future.

Our request for change

Based on the previous, we want to ask ABP/APG to take the following steps:

- To define more specific and ambitious goals than so far, which are measurable.
- To calculate and make transparent the current carbon footprint as a benchmark and determine whether this footprint is in agreement with the Paris Climate Agreement. This means not to phrase it as a desire for future years, but to show it as it is at present, with numbers of 2021. The data thereof is available.
- To de-invest from companies that invest in fossil fuel expansion, companies that contribute to deforestation, companies that score low on the human rights benchmark [8], and other companies with irresponsible business models.
- To divert the investment towards companies whose business model is sustainable at its core. This demands inclusion criteria regarding sustainability and societal values.
- To set up and follow hard exclusion criteria for companies with unacceptable policies. At present, these criteria are very soft, which makes it impossible to make a clear judgement at what point a company needs to be excluded.
- To grow towards 100% investment according to sustainability criteria before the year 2030. This is not more than in line with the UN's Sustainable Development Goals already now. At the moment, considering sustainability, ABP only aims for 20% of sustainable investments. We think this is unacceptable.
- To install a dedicated sustainability and ethics committee for approving all future investments by APG and publish the results of its assessments online. We know that ABP has a good track record for transparency, and we therefore are confident regarding the publication. This ethics committee must include: clients, experts in sustainable investments, NGOs, and its composition must be agreed with the VSNU.
- To regularly screen all companies that ABP supports, validated by relevant information acquired from NGOs, experts, and knowledge institutes, and openly and publicly communicated, also with affected stakeholders.
- To couple financial bonus systems of APG with responsible investments.

Open for communication

We expect that you will seriously consider our requests. We are your clients, and we disagree with a large part of the current investment of our pension premiums. Working at one of the top technical universities in the world, we have to live up to our vision, mission, and ambition, and being connected to a pension fund and investor that mirror that vision, mission, and ambition is in our viewpoint simply essential and beneficial to both sides.

We are willing and available to have a dialogue with ABP and APG about the issues addressed in our letter.

Yours sincerely,
With kind regards,

TU Delft professors

Prof. Dr.-Ing. H. Vallery, 3ME
Prof.dr.ir.Andy van den Dobbelsteen, BK
<Your signatures will appear here>

Sources

- [1] <https://news.achmea.nl/achmea-bans-further-investments-in-the-oil-and-gas-sector/>
- [2] <https://www.triodos-im.com/binaries/content/assets/tim/sri-theme-documents/minimum-standards-and-exclusions.pdf>
- [3] <https://eerlijkegeldwijzer.nl/verzekeringswijzer/nieuws/2020/aegon-allianz-en-nn-group-investeren-volop-in-foute-wapenleveranciers/>
- [4] <https://follow-this.org/resolutions-results/>
- [5] <https://www.tandfonline.com/doi/abs/10.1080/14693062.2020.1806020>
- [6] <https://www.abp.nl/images/dvb-beleid-abp.pdf>
- [7] Nieuw duurzaamheidsbeleid ABP: Klimaatneutraal beleggen in 2050
- [8] <https://www.corporatebenchmark.org/>