



About ABP

The General Pension Fund for Public Employees (Pensioenfonds ABP) is the Netherlands' pension fund for the government and education sectors. The fund has 2.9 million beneficiaries and 382 EUR billion in assets under management as of February 2017. ABP is one of the largest pension funds in the world and a leader in responsible investment.

The [ABP Board](#) consists of thirteen members representing employees, employers and retirees:

- One independent chair (no vote)
- Four trustees representing employees
- Five board members representing employers
- Three board members representing pensioners

There are approximately 40 staffers that work at the ABP executive office to support the board of trustees.

ABP's assets are entirely managed by APG. ABP owns 92 percent of APG and is also its main client. APG manages the portfolios for a number of other Dutch pension funds. It manages [80 percent of assets internally](#) and it has some external mandates (eg: private equity, infrastructure). APG is responsible for the implementation of ABPs responsible investment policy (eg: company and public policy engagements).

ABP's mission is to provide its beneficiaries with a good pension in a responsible way, now and in the future.

An Interview with José Meijer

José Meijer, an employee representative, is the Vice-President of the Board of Trustees at ABP.

As part of the CWC's new Trustee Profile Series, José was interviewed in December 2016. Our questions touched on decision making with peers at the board level and the culture of ABP. We also asked José about a salient ESG issue where she had to make challenging decisions and choices.

1. Why were you interested in becoming a pension trustee?

I really enjoy being a board member because we are entrusted with the responsibility of making decisions that help people have decent retirements. Running a pension fund also puts you at the forefront of what's going on with your beneficiaries and in society more broadly.

I was appointed to the board of ABP by the FNV, my trade union and employer. Usually, you are selected because you have experience with and knowledge about pensions and collective bargaining. You also need to pass a [screening](#) through the Central Bank of the Netherlands.

2. How do the board decisions on ESG/responsible investment reflect the values of the beneficiaries it represents?

Our new [responsible investment policy](#), which was released in 2015, obliges us to maintain regular contact with beneficiaries, as well as other stakeholders who are interested in the role that pension investments play in society. Our policy emphasizes the importance of communicating policy implementation with beneficiaries using social media platforms such as Facebook and Twitter. This communication is done by our board members and ABP's executive office. APG handles communications linked to plan administration. We also maintain contact with beneficiaries through frequent surveys and regular in-person meetings held by the ABP board. As a large pension fund in the Netherlands, we have a stake in all discussions involving responsible investment. As trustees, it's important for us to have regular contact with beneficiaries so that we understand what they want, how they're thinking, and what they expect from us.

The CWC Trustee Profile Series features interviews with union-nominated pension fund trustees and touches on the role of individual board members in driving innovation around responsible investment at their funds.

ABP's Responsible Investment Policy: Complete integration in assessment of individual investments



Source: Jose Meijer/ABP

ABP describes its new [investment policy](#) as a “different approach that centers on a conscious choice for sustainable and responsible investments.” For more information on ABP’s new responsible investment policy, visit its [webpage](#).

3. How do you reconcile the values of the beneficiaries, your personal values and the need to generate financial returns when you make decisions?

I don’t have to balance these aspects on my own because our new policy balances what our beneficiaries want, what our board thinks, ESG criteria and the returns for our beneficiaries. In every decision, we must now consider risk, returns, costs to ABP and ESG factors. ESG criteria, international norms, conventions and initiatives (such as the UN Global Compact) as well as Dutch regulations are all reflected in our responsible investment policy. We also pledged to our beneficiaries that the new policy would not compromise returns in the name of sustainability – sustainability and returns are integrated.

4. What are the elements that enable and limit your ability to consider ESG/responsible investment in the development of board policies?

A number of components enabled us to put our policy in place: pressure from beneficiaries, board members’ shared beliefs and a supportive in-house asset manager, APG. Importantly, the Dutch Pension Funds Federation developed a code for good pension fund governance, which is now a component of Dutch legislation. The code requires pension funds to develop a policy for responsible investments, on a “comply or explain” basis.

In terms of limits, not all our beneficiaries support responsible investment - some are only interested in the stability of their pensions. We have told beneficiaries that investing responsibly would not lower financial returns and this is something that we monitor.

5. As a trade union nominated trustee, what consideration do you give to trade unions calls for action around ESG issues?

It can be complicated for trustees to act when we receive trade union calls for actions on ESG issues because the board does not usually discuss individual investments.

It would be helpful for union-appointed trustees if trade unions could focus their capital stewardship strategies and develop one or two targeted campaigns to elevate the “S” in “ESG.”

I think it’s wiser for trade unions to focus calls for action on a company instead of on a broader issue. This is because it’s easier for a pension fund to take action on a single company. As a trustee, when I receive a request for action from a union, I do not necessarily take it to the board. I speak with ABP support staff and they liaise with APG – the asset manager - to assess the options. When you are asked to take action on an issue (eg: cocoa, cobalt) as opposed to a specific company, assessing how to respond is more complex.

6. What is your most memorable instance discussing and debating an ESG issue at your board?

My most memorable instance was the debate on divestment from Israeli banks in 2014. We’d received letters from beneficiaries and an online petition signed by 1.7 million people from Avaaz asking us to divest. We also faced pressure from other groups to maintain our investments. We discussed the issue at the board level, and there were many complexities and differences of opinion. We had to balance out beneficiary and civil society pressure, the views of our asset manager, the reputational risk to ABP and the veracity of the allegations around human rights violations by Israeli banks.

7. What were some of the challenges you encountered when trying to make progress on the issue?

The biggest challenge was the beneficiaries’ differing views. There were 101 opinions on what the ABP board should do.

Many of the beneficiaries’ letters were coming to my desk. I worked with the ABP executive office and APG to respond to concerns but at one point, I was saturated.

I told my board colleagues that I would no longer do media interviews or speak to beneficiaries or activists about the issue. I no longer felt that I could continue to defend the investment in Israeli banks with our existing policy; I did not feel like the policy was helping us deal with the issue. I expressed my insecurities and doubts to my board colleagues and they understood my concerns. Like me, they did not want to be exposed to ongoing public pressure.

8. How did you resolve the issue?

Over the course of my career, I've learned that it's important to be open and frank in these types of situations. In this case, I needed to have the will to tell my colleagues that I had doubts and insecurities, and that I didn't know how to respond to public criticism

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around Israeli bank investments.

The Israeli banks experience allowed us to draw lessons as we began updating our responsible investment policy. We gave ourselves five years to implement the new policy. We are carrying out reviews of how different industry sectors align with our new policy. We won't evaluate whether our investments in the banks align with the policy before the end of 2017.

Having a clear policy is a tool for thinking through our investments. As a board member, I feel responsible for investment decisions, but I do not make every investment decision. Our asset manager makes these decisions. We make the policy, and APG executes it.

As we developed the new investment policy, it was important for us to set a framework that would allow us to evaluate all sectors according to the same standard. The new policy allows us to evaluate risk, returns, costs and ESG in a holistic frame. We also include reputational risk to ABP as part of the ESG component. In certain industries, reputational risk will be higher and this will be reflected in our decisions as we assess different industry

sectors using our new policy. A clear policy is what helps us take and legitimate our decisions.

With the new policy, I am more confident that our process helps us make sound investment decisions. It also makes it easier for me to explain decisions to beneficiaries.

9. What are some of the emerging ESG issues facing pension trustees?

ABP has a good policy on E and G, but the S is lagging behind. Key social issues we need to emphasise include precarious work, freedom of association and collective bargaining. For instance, there is an issue with flexible work contracts in the Netherlands. Another important issue is the failure to pay a living wages paid to service workers employed by real estate operating companies. That's what union trustees need to work on.

These issues are complicated for a number of reasons, including challenges in obtaining reliable data. ABP is working with APG to devise a way for us to be briefed within 24 hours when we bring a request to them. This goes back to the notion of reputational risk: the reputational risk related to the investments is on ABP – the asset owner – and not APG, so we want to equip ourselves with the capacity to respond quickly.

Unions need to address the “S.” Otherwise, they are not doing their job adequately and their reputation suffers in society. This isn't the case systematically for asset owners and managers: due regard for the “S” isn't considered a reputational risk. Our biggest challenge is to give social factors within the investment chain the same strength and worth as the E and the G.

10. What is one piece of advice you would give to an individual trustee who is interested in improving the ESG policies at his fund?

Get in touch and let's discuss the issue together!

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With over 300 participants from 25 different countries, the Committee on Workers' Capital is an international labour union network for dialogue and action on the responsible investment of workers capital.