



CLIMATE TRANSPARENCY REPORT

2019

Stichting Pensioenfonds ABP

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-868610F2-DED1-4E67-9873-47168F7486D9/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Stichting Pensioenfonds ABP
Signatory Category	Non-corporate pension or superannuation or retirement or provident fund or plan
Signatory Type	Asset Owner
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	Netherlands
Disclosure of Voluntary Indicators	75% from 38 Voluntary indicators

Stichting Pensioenfonds ABP

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)

Other description (1)

Quantitative targets on Responsible Investment (see SG 01.5)

Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

In November 2015 we launched our 2016-2020 Responsible Investment policy. ABP wants to generate the returns necessary to meet (future) pension liabilities in a responsible, sustainable and transparent manner. One of our investment beliefs is that ABP can invest responsibly and make the portfolio sustainable without this being at the expense of the portfolio's risk-return profile. We do this by investing world-wide, with a sufficient spread across various investment categories and sectors, fully integrating sustainability and governance aspects and criteria for corporate social responsibility in our investment decisions. What we invest in should be transparent, and so are the positions we take regarding current investment issues among our participants and in the social debate. In order to put our vision into practice, we apply a four-pronged approach:

1. Careful selection of investments and engagement (through all asset classes)
2. Identifying leaders and laggards, and investing in leaders where we can while engaging with those that have potential to improve
3. Theme-based sustainability improvement with concrete targets (environmental, social and governance themes)
4. Transparency and accountability (high quality communication and dialogue)

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Our four-pronged responsible investment approach in more detail:

5. Careful selection of investments and engagement. Responsible investors select their investments with care. We expect our investors to have thought carefully about whether an investment, in addition to being financially attractive, is also responsible and sustainable. We do not rule out certain investments, investment instruments or techniques in advance. In addition to a careful selection of investments, we also consider it necessary to remain closely involved in our investments and to exert our influence where we believe we can realize improvements. In this way, we ensure that we continue to manage the risks of our investments, we can influence the performance of the companies in which we invest and create real change on the ground.
6. Investing in leaders, stimulating promising companies. Between 2015 and 2020, we will be assessing a large part of our investment portfolio, step by step. We cannot do everything, nor can we do everything at once. On the basis of information from well-known external parties and our own experts, we will invest a growing part of our pension assets in financially attractive companies that, in comparison to similar companies, are leaders in the field of sustainability and corporate social responsibility. Financially attractive companies that are trailing in the field of sustainability and corporate social responsibility but have the possibility of catching up (promising companies) also qualify for inclusion in the portfolio, on the condition that our investors engage with them. Such companies must show demonstrable improvements within the foreseeable future.
7. Theme-based sustainability improvement with concrete targets. In the implementation of our Responsible Investment Policy, we also focus on a number of themes. We devote attention to these themes by placing them on the agenda at companies in which we invest and select investments that can make a verifiable contribution towards this.. We focus on themes that are connected to and that are current among our participants or that affect sectors in which our participants are (or have been) employed. In the 2016 to 2020 period, we will in any event be focusing on strengthening economic

structure (an important theme for the government itself), safety and security (important for defence and aid services) and education (good education and good educational facilities are important for the education sector). On the basis of social developments and interaction with our participants, themes can be added, or adjusted over the years.

8. Transparency and accountability. There is growing social pressure on companies, governments and major investors such as pension funds to treat people, resources and the environment sustainably and responsibly. Transparency is essential here. We consider it extremely important to be able to show our participants how we deal with this in the investment of pension assets. We therefore publish a detailed responsible investment report each year, regularly post news items on our website and conduct a permanent dialogue with our participants and social organization on our investments in relation to social issues. We periodically assess and survey the position of our participants in this regard. We create active dialogue and interaction with our participants through roundtables and other channels,

Our exclusion policy in more detail:

ABP prohibits its investors to invest in:

- Companies involved in products or services prohibited by Dutch or international law (e.g. companies involved in the production of antipersonnel (land)mines, cluster bombs, or chemical or biological weapons)
- Sovereign bonds issued by countries that are subject to an arms embargo by the UN Security Council.
- Companies involved in the production, distribution and sales of tobacco and tobacco related produce.
- Companies involved in the production, distribution and sales of nuclear weapons or dedicated parts thereof.

Please find an update of our ABP 2016-2020 responsible investment sustainability targets in the latest 2017 RI report:

- Double investments that contribute to the SDGs:

Achieve an investment of € 58 billion in assets that also contribute to the Sustainable Development Goals (by ABP referred to as Sustainable Development Investments).

Results for 2018: € 55.5 billion.

- A reduction of the CO₂-footprint:

Aim for a -25% CO₂ footprint reduction for listed equity.

Results for 2017: -28% [TARGET ALREADY ACHIEVED].

- Multiply investments in renewable energy by five times:

Achieve a € 5 billion investment in renewable energy assets.

Results for 2018: € 4.96 billion.

- More thematic investments:

Achieve an investment of € 1,564 million in assets contributing to education and communications infrastructure.

Results for 2017: € 2,143 million. [TARGET ALREADY ACHIEVED].

- More focused engagement:

Tangible improvements for invested companies active in the industries garment and textiles, shipping, extractives, ICT and cacao with respect to the implementation of human rights policy, the eradication of child labour and safe working conditions.

- Real Estate and Infrastructure

We expect all real estate investment funds and direct investments to achieve a 4 or 5-star rating in the GRESB. And we expect at least half of our Infrastructure investments to participate in het GRESB Infra.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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We have used scenario analysis to explore plausible future developments up to 2040 in the economic sectors that we invest in. We have used both a 'business-as-usual' scenario and a '2-degrees' scenario.

From these scenarios, we identified 44 climate factors . These are the key drivers of climate-related risk and opportunity that may impact the economic sectors that we invest in, e.g. carbon pricing, extreme heat, decreasing oil demand, flooding, rise of renewable technologies. We have categorized these climate factors in three buckets: Policy & Regulation, Technology, Market & Reputation and Physical Impact. For each sector, we assessed the most significant climate factors, and how these may impact on growth and cost levels in the sector. We have done this for 26 economic sectors covering roughly half of the portfolio, using the time horizons 2022 - 2030 - 2040.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

SG 01.8 CC	Indicate the associated timescales linked to these risks and opportunities.
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The scenario analysis undertaken used time horizons 2022, 2030 and 2040.

No

SG 01.9 CC	Indicate whether the organisation publicly supports the TCFD?
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Yes

No

SG 01.10 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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Yes

The results of our climate scenario analysis have been captured in a traffic light model, which offers insight into the most pressing risks and opportunities in 2022, 2030 and 2040. This analysis will be conducted every two years to capture the latest developments into the scenarios. Next to that, we developed a dashboard with 25 indicators that together give insight into the speed of which the transition to a low-carbon economy is going. This dashboard will be updated every half year and will be available broadly within both ABP and APG Asset Management. The two tools enable a high-level organization-wide view on the key climate related risks and opportunities in the portfolio, and the speed at which these may be manifested.

The portfolio managers and sector specialists of the various investment strategies are primarily responsible for managing of climate related risks and capturing opportunities, since at that level the specific knowledge is available on how climate change can impact investments. The organization-wide insights from the climate scenario analysis can raise points of attention and priorities for follow-up by the portfolio managers. Therefore, the portfolio managers are the so-called first line of defence within the risk management framework.

With the climate scenario analysis, our asset manager APG has made steps to further integrate climate change also into the so-called second line of defence. The traffic light model and the dashboard are available for management teams and the risk management department of APG, as well as the ABP board and executive office. In the coming years, work will be done to further integrate climate change into the second line of defence function.

Current mitigation measures include:

- Actively monitoring developments in policy, markets and technology through research, company meetings, trade fairs, conferences, in-situ visits, etc. For example, in 2018 a portfolio manager covering the Utilities sector went on a field trip to Germany to, amongst others, speak with politicians about the developments of the German Special Commission on growth, structural economic change and employment ("Coal Exit Committee"). This multi-stakeholder committee is advising the German government on the phase out of coal and lignite.
- Accounting for carbon pricing, reduced volumes of fossil fuels and other financial impacts in investment cases and CIP memos, e.g. a 15% annual reduction in coal transport for investments in US rail transport companies.
- In illiquid asset classes, an investment rationale focused on next-generation assets. Long-term risks are included in due diligence and subject to GRIG sign-off.
- Analysis of companies' transition strategies and capex plans, particularly in transition sectors such as oil& gas and automobiles.
- Engagement with carbon-intensive companies on carbon emission reductions and climate risk management.
- The client's targets on Sustainable Development Investments, renewable energy investments, and carbon footprint reduction.
- Usage of sustainability standards such as GRESB in Real Estate and Infrastructure, and FSC in timberland investments.
- No new coal-related investments in the Infrastructure portfolio, and coal-fired power capacity expansion included as a factor in the Inclusion model.
- Monitoring the energy-mix in the energy portfolio.

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

ABP Responsible Investment Report, factsheets

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:<https://www.abp.nl/images/responsible-investment-stewardship-policy.pdf>}

- Attachment (will be made public)
- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors

	URL/Attachment
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- URL

	URL
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{hyperlink:<https://www.abp.nl/images/corporate-governance-raamwerk.pdf>}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties

	URL/Attachment
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- URL

URL

{hyperlink:https://www.abp.nl/images/responsible-investment-stewardship-policy.pdf}

- Attachment (will be made public)
- Asset class-specific RI guidelines
- Sector specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/over-abp/beleggen/verantwoord-beleggen.aspx}

- Attachment (will be made public)
- Engagement policy

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/images/responsible-investment-stewardship-policy.pdf}

- Attachment (will be made public)
- (Proxy) voting policy

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/images/corporate-governance-raamwerk.pdf}

- Attachment (will be made public)
- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/over-abp/beleggen/verantwoord-beleggen.aspx}

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/images/responsible-investment-stewardship-policy.pdf}

- Attachment
- Active ownership approaches

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/images/responsible-investment-stewardship-policy.pdf}

- Attachment
- Reporting

URL/Attachment

- URL

URL

{hyperlink:https://www.abp.nl/over-abp/beleggen/verantwoord-beleggen.aspx}

- Attachment
- Climate change

URL/Attachment

- URL

URL

{hyperlink:<https://www.abp.nl/over-abp/duurzaam-en-verantwoord-beleggen/ons-standpunt.aspx>}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

Other RI considerations, specify (1)

We do not publicly disclose any investment policy components

SG 02.3

Additional information [Optional].

NOTES:

1) Please note that our Voting Policy is part of our Corporate Governance Framework

2) Responsible Investment Policy - English version: <https://www.abp.nl/english/investments/>

3) List of Holdings & External Managers: <https://www.abp.nl/english/investments/>

4) Stewardship policy: <https://www.abp.nl/english/investments/>

5) See the RI report for more information on all aspects of ABP's RI policy including member communications, sustainable development investments, human rights, sustainable financial systems, etc.

Governance and human resources

SG 07 CC

Voluntary

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

Other role, specify (1)

Other description (1)

See 07.2

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board level roles for which have climate-related issues oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The ABP board oversees climate risks and opportunities as part of its general responsibilities. The board and various board committees have spoken about climate change and the possible impact for ABP as an investor on several occasions.

APG, as our dedicated asset manager, is responsible for integrating climate change in the investment process. APG's Global Responsible Investment & Governance (GRIG) team has a coordinating role, including dedicated resources and managerial responsibility to further the climate change agenda across the organization. The various investment teams are responsible for managing the risk level within their strategies. Fiduciary Management includes climate factors in their macro-economic models and strategic investment advice to ABP.

In 2017, the ABP Investment Committee has decided to include climate change into the risk register. In 2018, ABP has commissioned APG to take this further with the aim to enable ABP to systematically monitor the developments of climate risks and opportunities in the portfolio. For this purpose, APG has installed an organization-wide steering and working group.

SG 07.7 CC	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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Several resources are available for management teams for monitoring climate risk and opportunities in the portfolio (the traffic light model and the dashboard).

APG's GRIG team has a coordinating role, including dedicated resources and managerial responsibility to further the climate change agenda across the organization, as part of the company-wide strategy AM2020.

In the coming years, further work will be done to formalize the management of climate related risks and opportunities throughout the entire investment process .

SG 07.8 CC	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors

	Describe
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We map risks for increasing technological developments and improvements through deterministic

scenarios under the title “good globalization” (similar to a 2-degree scenario). In ALM studies this scenario shows lower investment risks and substantially increases in the coverage ratio of the pension fund, allowing for a yearly inflation indexation.

- Yes, to assess future climate-related risks and opportunities

	Describe
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See question 13.4 for an elaborate discussion on climate change scenario analysis undertaken.

- No, not to assess future ESG/climate-related issues

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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	We do the following
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- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13.3	Additional information. [OPTIONAL]
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ABP works with pie-charts to score asset classes on various characteristics (e.g. return, risk, diversification, interest rate hedge and inflation hedge factors, costs, complexity and liquidity). ABP asked APG to also develop a pie-chart characteristic for responsible investment and apply this methodology to ABP's asset classes. APG Fiduciary Manager developed a methodology that provides insights into the potential of asset classes to contribute to the objectives of the ABP sustainable and responsible investment policy. These results are included in the Strategic Investment Plan of 2019-2021.

SG 13 CC	Voluntary	Public	Descriptive	General
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SG 13.4 CC	Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans.
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- Initial assessment

	Describe
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In 2018, we have mapped climate risks and opportunities in the portfolio by using scenario analysis. We have used both a 'business-as-usual' scenario and a '2-degrees' scenario. On a sector level, we have assessed the most significant climate factors, and how these may impact on growth and cost levels in the sector. We have done this for 26 economic sectors covering roughly half of the portfolio, using the time horizons 2022 - 2030 - 2040.

The image that arises from this analysis is that the effects of climate change are large and comprehensive in 2040. In the run-up to 2040, the transition is gradual for a global and diversified portfolio such as ABP's portfolio. However, the transition can be accompanied by disruptive changes and unexpected inflection points that we will have to monitor closely.

Before 2030, we see major transitions already taking place in the 2-degree scenarios, with corresponding risks and opportunities, in particular for the following sectors: utilities, real estate, cement, oil & gas, aerospace, food and consumer goods, automotive, semi-conductors and electrical equipment, agriculture, chemicals and the construction sector.

Sectors that are especially vulnerable, but also show opportunities, for the physical impact of climate change are in particular: agriculture, forestry, real estate, oil & gas, food processing, road and rail transport, mining, utilities, health care, construction and water utilities.

Apart from mapping the sector effects, we have also included climate factors in the macro-economic models that have been used in the strategic investment plan. Two scenarios in particular ('the climate trap' and 'good globalization') have included the possible effects of climate change for growth, inflation and other economic variables.

Incorporation into investment analysis

Describe

As part of our active, long-term approach to investing, our asset manager integrates climate factors into its investment processes, Some examples are:

- Accounting for carbon pricing, reduced volumes of fossil fuels and other financial impacts in investment cases, e.g. a 15% annual reduction in coal transport for investments in US rail transport companies.
- In illiquid asset classes, an investment rationale focused on next-generation assets. Long-term risks are included in due diligence and subject to sign-off by the GRIG team.
- Analysis of companies' transition strategies and capex plans, particularly in transition sectors such as oil& gas and automobiles.

Inform active ownership

Describe

For many years ABP has been engaging with companies on climate change and the energy transition. The scenario analysis has highlighted climate related risks and opportunities in other sectors which are perhaps less obvious, such as food and agriculture. These insights will be used in our further engagement with companies and investments on the impacts of climate change.

Other

SG 13.5 CC	Indicate who uses this analysis.
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- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC	Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.
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Yes

	Describe
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Depending on the specific investment strategy, the time horizon of the investment is shorter than the time horizon used in the scenario analysis (up until 2040).

No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8 CC	Indicate the climate scenarios the organisation uses.
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Provider	Scenario used
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input checked="" type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input checked="" type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1 Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Political action and global collaboration

- Other, specify(2)
- None of the above

SG 14.2 Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		5	000	000	000
Currency	EUR				
Assets in USD		5	704	465	659

Specify the framework or taxonomy used.

This reflects a target exposure to renewable energy. No specific framework of taxonomy is used.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3 Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify

other description

- Overall energy exposure of the portfolio <w:br />Climate dashboard with 25 indicators indicating speed of the low-carbon transition
- None of the above

SG 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

ABP has signed the Montreal Pledge and as such we are committed to measuring publicly disclosing the carbon footprint of our investment portfolios on an annual basis.

ABP is committed to TCFD-style reporting and we have incorporated this in our 2018 report.

Together with a group of other Dutch Financial Institutions (PCAF), our dedicated external manager has contributed to writing a report about approaches to carbon footprinting in various asset classes. The way we calculate our carbon footprint for the Listed Equity portfolio is largely compatible with the PCAF report. This report is available via <http://www.carbonaccountingfinancials.com/>

SG 14.5 Additional information [Optional]

Apart from the tools described in SG 14.3, we are tracking a set of 25 indicators to gain insight in the speed of the transition to a lower-carbon economy. Examples of indicators that are tracked are: oil and gas demand, investment in renewable energy, consumption of animal protein, number of EV's etc.

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To achieve desired exposure to climate-related opportunities	Exposure (NAV) to renewable energy	The total NAV of investments that have exposure towards renewable energy
Portfolio carbon footprint	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Achieve reduction of carbon footprint (is taken into account in investment decision)	Absolute emissions / Normalized Invested Value	The absolute carbon footprint is defined as the share (equity stake) of ABP in the scope 1+2 emissions of the companies in which is invested. The denominator is invested value. We correct the invested value to avoid the impact of large changes in market value of the portfolio as well as client allocation decisions on our carbon footprint.
Other emissions metrics	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Monitor climate/energy exposure of portfolio	NAV exposure to various energy sources (e.g. coal, oil, gas, renewables) / NAV of energy investments	Metric applies to the energy investments only. The metric is based on a look-through analysis of the portfolio. Where relevant data is available, we have further split up our position within companies towards the various fuel sources (e.g. in integrated Oil & Gas or Utilities)

SG 14.7 CC	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	2020	2015	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2020	2015	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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☉ Process for climate-related risks is integrated into overall risk management

Please describe

The portfolio managers and sector specialists of the various investment strategies are primarily responsible for managing of climate related risks and capturing opportunities, as there the specific knowledge is available on how climate change can impact investments. As part of the investment analysis and risk management, climate change risks are addressed in the short, medium and long term. APG's GRIG team has a coordinating role, including dedicated resources and managerial responsibility to further the climate change agenda across the organization. The insights from climate scenarios can raise points of attention and priorities for further analysis. Therefore, the portfolio managers are the so-called first line of defence within the risk management framework.

With the climate scenario analysis, our asset manager APG has made steps to further integrate climate change also into the so-called second line of defence. The traffic light model and the dashboard are available for management teams and the risk management department of APG, as well as the ABP board and executive office. In the coming years, work will be done to further integrate climate change into the second line of defence function.

Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

Yes

Please describe

ABP is in active dialogue with companies around TCFD adoption. We do this amongst others in the collaborative Climate 100+ engagement. In 2018, we have been able to achieve success in our dialogue with Shell, and the company will make their long-term carbon footprint reduction ambitions more concrete by setting short/medium term targets and including these in executive compensation. In 2018 we also achieved in our dialogue with Nestlé that the company committed to TCFD reporting.

No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

15

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

15

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

ABP actively seeks out attractive investments that deliver products and services that contribute to the UN SDGs (so-called Sustainable Development Investments). For this purpose, we denote the investments contributing to SDG 7 - Affordable & Clean Energy.

Renewable energy

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

15

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

ABP actively seeks out attractive investments that promote sustainability such as renewable energy. We measure our investments in renewable energy and have established a target to increase the exposure to Renewable Energy investments to €5 bln in 2020.

- Green buildings

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

50

- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

Our dedicated external manager considers Real Estate investments with a 4 & 5 star rating in the GRESB model as Green building portfolios/investments.

- Sustainable forestry

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry

% of AUM

100

- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

Our forestry investments have to meet minimum requirements addressed by standards of the FSC or a comparable forestry certification scheme.

- Sustainable agriculture

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Farmland

% of AUM

100

- Inclusive finance
- Other (1)

Brief description and measures of investment

All of our farmland investments adhere to the Responsible Farmland Principles. In addition, all of our farmland managers have signed a zero-conversion policy.

- Microfinance

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

% of AUM

1

- Property
- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

We make investments that provide solutions to sustainable development challenges, such as microfinance.

- SME financing
- Social enterprise / community investing
- Affordable housing
- Education

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

% of AUM

1

- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

When updating our responsible investment policy at the end of 2015, we decided to pay greater attention to themes with specific relevance to our participants. We selected security, education and improving economic infrastructure and translated this into the goal of increasing our investments in education and communication technology by € 1 billion by 2020 compared with 2015. A large part of these investments are in student education and school infrastructure.

- Global health

Asset class invested

- Listed equity

% of AUM

5

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure
- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

ABP actively seeks out attractive investments that deliver products and services that contribute to the UN SDGs (so-called Sustainable Development Investments). For this purpose, we denote the investments contributing to SDG 3 - Good Health & Wellbeing

- Water
- Other area, specify

Communication technology

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Infrastructure

% of AUM

10

- Commodities
- Forestry
- Farmland
- Inclusive finance
- Other (1)

Brief description and measures of investment

When updating our responsible investment policy at the end of 2015, we decided to pay greater attention to themes with specific relevance to our participants. We selected security, education and improving economic infrastructure and translated this into the goal of increasing our investments in education and communication technology by € 1 billion by 2020 compared with 2015. The investments depicted above contribute to communication technology.

No