



In partnership with

Collective action

Batseta Commercial Fund Forum



How are investors organising collectively to create change?

1. Large investors with outsized effect on market taking strategic decisions
2. Multiple financial institutions aligning against common goals
3. Clients and members driving allocation according to values

1. Large investors with outsized effect on market taking strategic decisions

- Japanese Government Pension Investment Fund
- BlackRock

- **Japan Government Pension Investment Fund: \$1.5 trillion AUM**



“When we started our ESG campaign the most commonly asked question was: is it your job to save the planet and to make society better, or to do anything other than make a better return than the markets?”

“I started questioning the traditional evaluation model of the asset manager, which is, how do you beat the markets and whether this business model is right – and then we came up with the concept of universal ownership. We own the universe, so if we own the universe, we cannot beat the universe. So, we should pay more attention to contributing to make the universe more sustainable.” Mizuno

JGPIF: The actions that followed the signal and strategy

Asset Manager (AM) engagement

- Integrates ESG into all its assets via its manager selection process
- AM required to integrate ESG into their analysis, and select critical ESG issues to engage with their portfolio company on
- AM required to disclose carbon footprint of portfolio

Product innovation

- Launched a mechanism for ensuring indexes align with its ESG mission. The pilot phase of the IPS was [launched](#) last year with the fund soliciting ideas for foreign equity ESG indices, foreign equity diversity indices, and domestic and foreign green bond indices. Now GPIF is accepting a wider variety of indices. The vast majority of GPIF's assets are passively managed.
- Launched global environmental index to promote companies that have higher carbon efficiency
- Launch RFI for inviting information on fund-of-funds infrastructure managers focusing on EM opportunities to develop product structures

Building requisite internal skills

- Appointing a new infrastructure manager specialising in emerging markets, as it looks to diversify its portfolio

- **BlackRock: \$7.5 trillion AUM**



“If I'm an investor, I may not be tilting the scales on my own, but at the collective level it starts to matter.” That the largest asset manager in the world is putting **sustainability at** the centre of its investment strategy going forward is sure to make waves throughout the financial industry.” Larry Fink in the 2020 Letter addressing climate risk

BlackRock: The actions that followed the letter

Investee engagement

- Sustainability integral to portfolio construction and risk management
- Exit investments that present a high sustainability-related risk, such as thermal coal producers
- Launching new investment products that screen fossil fuels

Engage with global and national efforts

- Founding member of the Task Force on Climate-related Financial Disclosures (TCFD)
- PRI signatory
- Vatican's 2019 statement advocating carbon pricing regimes
- Joined France, Germany, and global foundations to establish the Climate Finance Partnership to improve finance mechanisms for infrastructure investment

Provide clear guidance on disclosure

- Publish disclosure in line with industry-specific SASB guidelines year on year
- Disclose climate-related risks in line with the TCFD's recommendations

2. Multiple financial institutions aligning against common goals

- Dutch financial institutions

- **Dutch Pension Funds**



“The Dutch SDG Investing (SDGI) Agenda and report serves to reinforce our commitment and to offer concrete recommendations for 'SDGI action' in context of Dutch Investment value chains. It articulates milestone achievements to date, priorities that we will collectively undertake, as well as ways in which individual institutions will seek to make a difference. Most importantly however, it identifies areas where we believe that collaboration with the DNB and the Dutch government will unlock greater SDG investment and increase our net positive contribution to each of the seventeen SDG's - including SDG #17 which calls for greater collaboration between public and private sectors.”

Signatories



ABN AMRO Bank
Caroline Princen,
Member of the
Managing Board



Achmea
Jacob de Wit,
Chairman Achmea
Investment
Management



ACTIAM
George Coppens,
Chief Commercial
Officer



Aegon
Marco Keim,
Chief Executive Officer,
Management Board



APG
Gert Dijkstra,
Chief Strategy and
Communication



ASN Bank
Piet Sprengers,
Head of Sustainability



ASR Nederland
Jack Julicher,
Chief Investment Officer



Delta Lloyd
Ingrid de Graaf,
Executive Board
Member



FMO
Linda Broekhuizen,
Chief Investment Officer



ING Groenbank
Geert Van De Guchte,
Chief Executive Officer



MN
Gerald Cartigny,
Chief Investment Officer,
Managing Board



NIBC
Robin Willing,
Senior Sustainability
Officer



NN Group
Jelle van der Giessen,
Chief Investment Officer



PGGM
Elsie Bos,
Chief Executive Officer



Rabobank
Bas Rüter,
Director Sustainability



Robeco
Peter Ferket, Head of
Investments, Member
Executive Committee



Triodos Bank
Peter Blom,
Chief Executive Officer,
Chairman of the Board

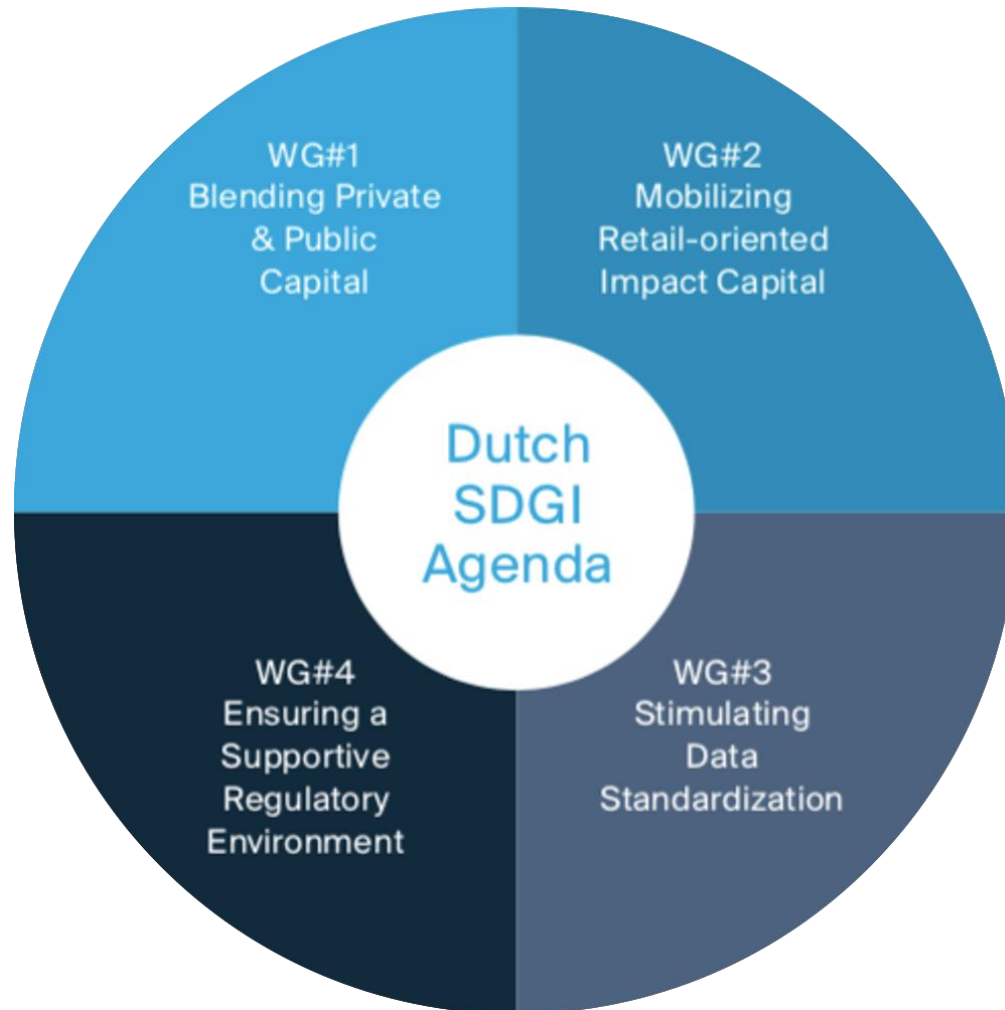


Van Lanschot Kempen
Karl Guha,
Chief Executive Officer,
Chairman of the Board

Process of aligning

- Dutch Central Bank and Dutch government, invited financial sector to recommend ways in which they can help advance SDG investment agenda
- Financial Institutions collaborated with government to develop 'Dutch SDG Investing (SDGI) Agenda' that would identify concrete recommendations for the Dutch financial sector, government, and Central Bank
- 6-month highly collaborative process starting with reaching alignment on the definitions and scope that would underlie the effort
- [The SDGI Agenda](#) was presented to the Dutch Government at the Annual Global Impact Investing Network's Forum

The goals emerging from the process of alignment



3. Clients and members driving allocation according to values

- Committee on Workers Capital (USA)
- Make my Money Matter (UK)

- Committee on Workers Capital [CWC](#)



- International labour union network for dialogue and action on the responsible investment of workers capital
- 700 participants from 25 different countries
- Connect labour activists and asset owner board members from around the world to promote information sharing and joint action in the field of workers' capital
- Joint initiative of the International Trade Union Confederation (ITUC), the Global Unions Federations (GUFs) and the Trade Union Advisory Committee to the OECD (TUAC).

CWC collective action strategies

- Asset Manager Accountability
- Trustee leadership network
- Shareholder activism working group
- Taskforce on workers rights and labour standards

CWC: Asset Manager Accountability Initiative

Three guiding principles

- Accountability at the company level: Improve conditions on the ground in specific cases brought forward by unions where companies are violating workers' rights;
- Accountability within the investment chain: Organize asset owners to reassert the balance of power by holding the asset managers they contract accountable on social issues;
- Accountability within the financial system: Provide asset owners with opportunities to press for mechanisms at the policy and regulatory levels that advocate for mandatory due diligence.

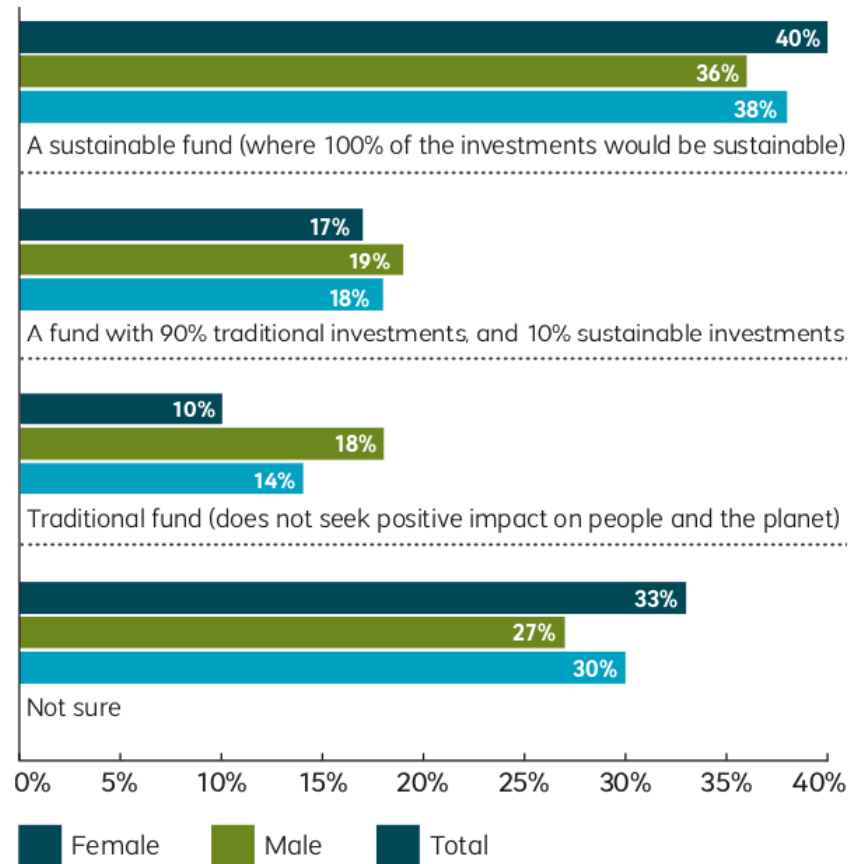
CWC: Trustee Guidance Note on Pension Fund Investment in Infrastructure

13 principles to inform the decision making of pension fund trustees around infrastructure assets

- Trustees should require that any allocation of capital to infrastructure should be brought to the full board for approval.
- Commit to undertake a quarterly assessment of performance on ESG issues, and to make an annual report covering all infrastructure assets.
- Where a pension fund is proposing to invest capital as a direct investor or co-investor in unlisted infrastructure, trustees should require fund staff to engage with the representatives of organised labour covering the workforce in the asset it intends to invest in at the early stages of a market offer process.
- Where a pension fund is proposing to invest in unlisted infrastructure through an asset manager, it must require the asset manager to engage with the representatives of organised labour covering the workforce in any asset it intends to invest in.
- [Continued here](#)

- **Make my money matter campaign**

Figure 10: Pension scheme preferences



Built on back of UK Government report (2019): [Investing in a better world](#): UK public demand for SDG investing: Majority of investors want their savings to be allocated to sustainable investment

[Richard Curtis](#), the Love Actually director and Comic Relief co-founder, has launched a [campaign](#) that aims to help move some of the £3tn in UK pensions out of industries that are harming people and the planet and into sustainable businesses.

Possible scenarios regarding infrastructure investment

1. Voluntary: each fund decides for itself
- 2. Voluntary with aspirational level/target: set by the industry**
3. Flexible Prescription: minimum %, with flexibility to choose exact infrastructure assets
4. Strict Prescription: minimum %, with pre-specified assets



Source: Malizole Mdlekeza (MDM Actuaries) 19 August 2020

Discussion points

Signaling intent

- Establish support of Forum members
- Craft evidence based collective commitment/statement and roll out procedure
- Trustee support
- Member communication

Establish baseline and track results

- Common framework to track allocation/innovation (taxonomy) including transformation/sustainability

Advanced action

- Request for information/ideas from AM/ACs
- AM/AC principles of engagement
- Determination of member preferences
- Certification of aligned AMs/ACs



“

Thank you

”