

‘We will be concentrating much more on the climate change and circularity focus themes in 2024’



Kim Haasbroek has been a member of the SPF Board for a year and a half as external Board professional in asset management. She also became a Board member at Pensioenfondsen Zorg en Welzijn last March. Furthermore, Kim chairs the Stichting Pensioenfondsen voor Huisartsen audit committee and is active in two real estate funds. So it's not surprising that she has an above-average interest in both ensuring optimal pensions in a liveable world and in the sustainability theme. See below for a candid Q&A with a Board member who knows what she stands for.

Is it really logical for you to advocate for optimal pensions in a liveable world?

'I think so, yes. I started out as a property investor. From a sustainability perspective, I was very quickly confronted with ESG (Environmental, Social and Governance, ed.) policies. In other words, how can real estate contribute to a liveable world? ESG also became increasingly important from a risk management perspective, particularly regarding how to embed this in the investment process. So it was always a major focus for me, and now more than ever.'

What is your personal drive to advocate for optimal pensions in a liveable world?

'I have three children aged nine, eleven and twelve. We watch the Jeugdjournaal (news programme for young people) together every evening. My children see the impact of climate change there every day. And then they ask: 'Mum, what can we do about this? What can *you* do?'. My 11-year-old son wants to be an inventor and already comes up with all kinds of ideas to combat climate change. Or my eldest 12-year-old son asks: 'Why aren't all cars electric? The other cars stink so much'. It notices that this is a really important theme for them, which in turn makes me think about what more we can do. Not only for their generation but also for all people who will be retiring soon. It strengthens my belief that, as a financial sector, we need to contribute to a liveable world without compromising on returns.'

How would you describe SPF's sustainability policy?

'The discussions we have in the Asset Management committee address various topics including that, in principle, we don't want to exclude entire sectors, except those on our exclusion list, such as companies involved in controversial weapons. For instance, we think it's going a bit far to exclude the entire oil industry. As a committee we do, however, consider where we can make the difference because we need this industry to realise the transition. That's why we've opted for investments that contribute to this in a good way. We'll not change the world by excluding an entire sector. We prefer to use engagement. This involves entering into a dialogue with companies to make them aware of their responsibility towards ensuring a liveable world. If we don't see any change at all after three years, we no longer invest in a company. We want to see progress. And we want to make the transition together with companies. That's a huge challenge but it's a really great thing to work on every day.'

As a Board, you want your policy to align closely with members' opinions. The most recent member survey (2022) showed that people do want SPF to have a sustainability policy, but that this should not be at the expense of the returns. Is that something that goes together: a sustainability policy and good investment returns?

'I sincerely believe that as a long-term investor, which we are as a pension fund, we cannot operate without a well-thought-out sustainability policy. We need to be able to evaluate at any time whether our investments are delivering enough returns and the level of risk they carry. In today's economy, you can't avoid including sustainability as a central theme. The focus on sustainability clarifies where we should be investing as SPF. It answers the question of which investments will represent more value in the future and which investments will be worth less. You want to avoid these latter investments as this will severely affect your investment returns. Being aware of the risks *and* opportunities will enable us to make the best investment portfolio choices. What is a good match for our pension fund? What is a good match for our members? What is a good match for SABIC?'

'Here's a good example. I used to be a real estate investor in Asia and Australia. At a certain point, office investments were no longer profitable in Australia because many buildings were not energy efficient. The effect? Renters didn't want to rent the offices, buildings stood empty and the value fell sharply. And that applied to investment returns too. The market punished these real estate companies for not joining the transition towards greater sustainability.'

The SPF sustainability policy focuses on two themes: climate change and circularity. Why these two specific themes?

'As well as climate change, three other themes were prominent in the 2022-member survey: health & welfare, biodiversity and circularity. We eventually selected circularity to match the SABIC focus themes. This doesn't mean that we don't do anything on the other themes, but from the SABIC DNA we can make more of a difference on climate change and circularity. That's our priority. Apart from that, we need focus because, as a pension fund, you simply can't do everything. We really want to flesh out both themes within our investment portfolio. For example, we make so-called infrastructure investments based on our climate change theme, such as our investment in the French company Stations-e, which combines green energy, mobility and telecoms. The company installs some 2,000 new charging stations in its own country every year to make it easier for people to drive electric. They can then add extra services to these stations such as parcel collection points or locations for carpooling and car sharing.'



Exclusion is also an essential focus point in the SPF investment policy. Why?

'There are some companies we certainly don't want in our investment portfolio, such as companies involved in controversial weapons. All companies in which we invest must also comply with the United Nations Ten Global Compact principles. They may not demonstrate any unacceptable behaviour. These are minimum requirements from the viewpoint of reputational risk. It's black or white. End of.'

Based on member requests, you expanded the exclusion categories in 2023 to include coal, tar sand and tobacco. Why did you agree to this?

'You're then confronted by aspects like measurability and available data. What can you really measure so that you make the right exclusion choices. That's easy to do with tobacco, coal and tar sand companies, but it's much more difficult with companies involved in the gambling and pornography industries. For instance, you have real estate companies that operate both casinos

and shopping centres. Or what about Apple that, due to Apple Pay, is part of the gambling industry. How should you handle this? If you don't have the correct data, it's sometimes difficult to make strict choices. That's why we didn't agree to the request to exclude those two categories as well. In the coming year we'll press on in trying to uncover more usable data. As a Board, we value the outcomes of the member survey. We are committed to listening to our members and actively translating their wishes into targeted and achievable choices within our pension fund.'

Were there other refinements in SPF's sustainability policy?

'Yes. Amongst other things we aim to realise a 55% carbon production reduction in the share, US high yield and investment grade credit portfolios by 2030. Regarding engagement, we also decided that after three years of no change, we'd no longer invest in a company. And when selecting new managers, we'll always study their sustainability plan for 2030 and 2050. Finally, we also set the zero carbon target for our pension fund for 2050.'

What other sustainability wishes does the Board have?

'As a pension fund, we've made major progress in recent years, and we sought genuine alignment with the member survey. I'm proud of that. We want to communicate more about this though, which is why I'm delighted to be **having** this interview. It enables us to clarify what we're doing and why. From that viewpoint, it's essential that we reflect on exclusions, but at the same time we don't want to lose sight of the positive aspects of sustainability. This includes the impact investments we're already making and can still make within the climate change and circularity focus themes. We want to move from exclusion to inclusion, so we can really make a difference in the world.'