

# FINANCE AND INVESTOR PERSPECTIVES ON ZERO CARBON

Martijn Olthof

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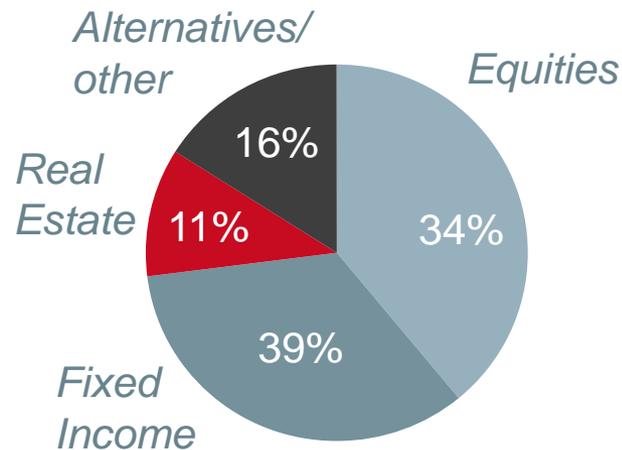


# Who is APG Asset Management?

## APG

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- APG (All Pensions Group) provides services to pension funds
- APG Asset Management invests roughly €450bln on behalf of its clients



## Martijn Olthof

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- 6 years with APG
- Portfolio Manager Listed Equities
- Responsible for Energy and Utilities Sectors



# How can €450bln of investments be useful for the energy transition? There's no shortage of ideas...

ABP  
**FOSSEL  
VRIJ**



## Loek Sibbing (NLII): 'Geen verwijt, maar investeringen kunnen beter'

**19-03-2015** Pensioenfondsen en verzekeraars moeten hun miljarden minder in het buitenland en meer in Nederland gaan beleggen. Dat is de opdracht van de Nederlandse Investeringsinstelling (NLII) onder leiding van Loek Sibbing. Institutionele beleggers moeten in het gat springen dat banken laten vallen.

De Nederlandse economie loopt tientallen miljarden mis aan geld van pensioenfondsen en verzekeraars. Die beleggen in totaal 1,3 biljoen euro (twee keer zoveel als het Nederlands bruto binnenlands product), waarvan een groot deel in het buitenland. Er zou een groter deel van dat geld beschikbaar kunnen komen voor het Nederlandse bedrijfsleven. Dat mogelijk maken is de opdracht van de Nederlandse Investeringsinstelling. Projecten op het gebied van onder andere infrastructuur en energie, maar ook het midden- en kleinbedrijf moeten geschikt worden gemaakt voor deze institutionele investeerders.



MEEST



### KRITIEK OP KOLENINVESTERINGEN PENSIOENFONDS AMBTENAREN



15 mei 2017 7 reacties

Ambtenarenpensioenfonds ABP investeerde afgelopen jaar fors meer in de fossiele energie-industrie ten opzicht van een jaar eerder. En daarmee spreekt het pensioenfonds zichzelf tegen, omdat het juist aankondigde vol te willen inzetten op duurzaamheid. Dat concluderen Both ENDS, het Duitse Urgewald en Fossielvrij.NL maanden na een onderzoek

## Our clients want us to invest responsibly, and have set a number of ambitious targets



- CO<sub>2</sub> footprint reduction in the listed equities portfolio of 25% by 2020 (vs 2014) – this is an absolute target, not relative to sales or anything else
- Investments in renewable energy to grow from €1bln to €5bln. This is across asset classes.
- Double the Sustainable Investments from €29bln to €58bln – this is linked to the UN Sustainable Development Goals (i.e. is broader than the energy sector)

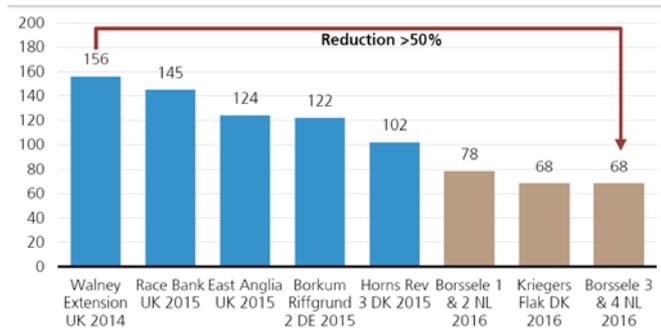
# What is the role of investors in the energy transition

- Our clients want to use their influence, hence they have among others set these targets regarding their investments. On top of that, we are engaging with energy companies on climate change, among other topics.
- More and more investors are moving into this direction, as their ultimate clients expect from them, however providing a good return on our investments is always the overarching objective. **The vast investments required to transition to a carbon-free economy will therefore only happen if the returns are attractive, on a risk-adjusted basis.**
- Investors like us will engage with energy companies, critically examine their investments plans, divest if necessary. Ultimately, however, for investments in liquid equities or credits the **strategy is formulated by the board and executed by management**. It doesn't often make sense for investors to become too prescriptive and try to take over that role.
- Investors can be **active and vocal in making sure that the right conditions for these investments prevail** however

# What kind of conditions do we need for successful low-carbon energy investment?

- Innovation and technological breakthrough

Figure 12: Levelised cost of energy for offshore projects (LCOE, €/MWh)



Source: DONG Energy, UBSe



- Ambitious, but realistic, achievable, and above all **stable regulatory policies**

## *Spain's Green Disaster a Lesson for America*

*"Politicians told us some years ago that they found a new way of investing or doing public investing in a new sector ... But what the Spanish got was a big helping of a Solyndra style business debacle: a lot of taxpayer money down the drain and jobs that cost a fortune to create"*

CBN News, December 2011

- **Customer awareness**, on a large scale. Investments will follow

