What is the focus of APG on digital finance and SDGs?
The mission of APG is to maximize pension value for our clients (occupational Dutch pension funds) and their beneficiaries. We believe that digitalization is key in helping us to achieve that goal and it is core to our 2025 vision. That materializes via advanced usage of data, information and processing throughout the value chain.

For example, we experiment with blockchain whereby a smart contract connecting beneficiaries, pension administration and authorities, will ultimately make it cheaper and easier to deliver pension payments. In asset management, among other, we are experimenting with big data and AI technology in order to generate better insights for portfolio managers, to generate higher returns, more insights on sustainable and responsible investing or higher efficiency. This empowers our investors, to add more pension value.

A strong example is Sustainable Development Investments (SDIs). APG and its clients explicitly aim to make a contribution to the UN Sustainable Development Goals through our investments. Our largest client ABP, the Dutch civil servants pension fund, has set a target to have €58 billion invested in companies that contribute to the SDGs. For that purpose, in 2016, we have defined, together with Dutch pension investor PGGM, what it means from the perspective of a pension investor to invest into the SDGs. For us it is about investing in companies that provide solutions through their products & services and hence we translated all the sub goals into investable opportunities and created our SDI Taxonomy which is used by many investors and companies around the world. In 2018 APG had invested €69 billion in SDIs.

How does digitalization help you in contributing to the SDGs?
As our clients have challenged us to invest more into Sustainable Development Investments (SDIs), which have to meet our normal financial risk and return requirements. Therefore, it is crucial for APG to be able to clearly identify SDIs.

In 2018 APG took over the data science team from Deloitte and established tech start up Entis. Entis applies its technical infrastructure and smart algorithms to help identify SDIs based upon large amounts of structured and unstructured data. In less than a year, the Entis team analyzed an investment universe of some 10,000 global companies and identified the SDIs among them. Using artificial intelligence and big data allows us to assess a very large numbers of investments on their contribution to the SDGs. We fully integrate this information into our investment process and use it as the basis for our public reporting.

We believe in bundling expertise and setting a standard together with other asset owners, not least since standardization will make investing more efficient. Therefore in September 2019, we have announced, together with PGGM, that we intend to establish the Asset Owner-led SDI Platform in Q1/2020. This will enable investors to connect around a shared objective of understanding to what extent their investments contribute to the SDGs and also allow them to shift more capital towards the SDGs. As investors use the same standard to report on their investments into the SDGs, their disclosures become comparable and provide stakeholders with more transparency. Now we can measure how much companies contribute to the SDGs and to which SDG, and how much we are invested in those companies. We recognize that the next step would be to also measure the outcomes that those companies have achieved, like the number of people provided with access to financial services. The SDI Asset Owner Platform would be well placed to take this up in the future.
There was a meeting that happened in Amsterdam on the 4th October 2019, what would be the main take away/message from that meeting?

The aim of this meeting was to bring together different parties, such as investors, regulators, policy makers and Fintechs to discuss digitalization and the SDGs and how these two can reinforce each other. Simon Zadek set the scene by giving an overview of the work from the Task Force, which was followed by a conversation between Simon, Martin Spolc (Head Sustainable Finance and Fintech from the European Commission, the policy perspective) and myself on behalf of the investor community. The day ended with a session hosted by Holland Fintech and the Sustainable Digital Finance Alliance (SDFA) who shared preliminary results of their joint “Dutch Sustainable Fintech Stocktake”. A panel with representatives from financial institutions, Fintechs and the Dutch central bank reflected also on regulatory and policy drivers. There is a low degree of policy integration in the Netherlands, even though the regulatory environment is relatively accommodating to green finance and financial innovation with a sustainability component. In addition, the incumbents (financial service institutions) are the national sustainable digital champions. This is in contrast to other countries where sustainable digital finance solutions are often emerging from new players. Overall the day triggered a lively discussion, creating new connections between a diverse group of participants who really wish to take this important agenda forward. We were pleased to be able to host this event and are keen to help accelerate the interplay between digitalization and sustainable finance.