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Sustainability in Capital Markets

Financing the transition to a sustainable low-carbon economy

Pension Funds Case Study

Case Study – PGGM

PGGM is a not-for-profit cooperative pension fund manager headquartered in the Netherlands with over €227 billion assets under management (AUM) for 4.3 million participants.[i] PGGM's mission is to offer affordable and sustainable pensions that support the financial future of people working in the healthcare and social care sectors. The firm invests in shares, bonds, private equity, infrastructure and real estate, among other asset classes.

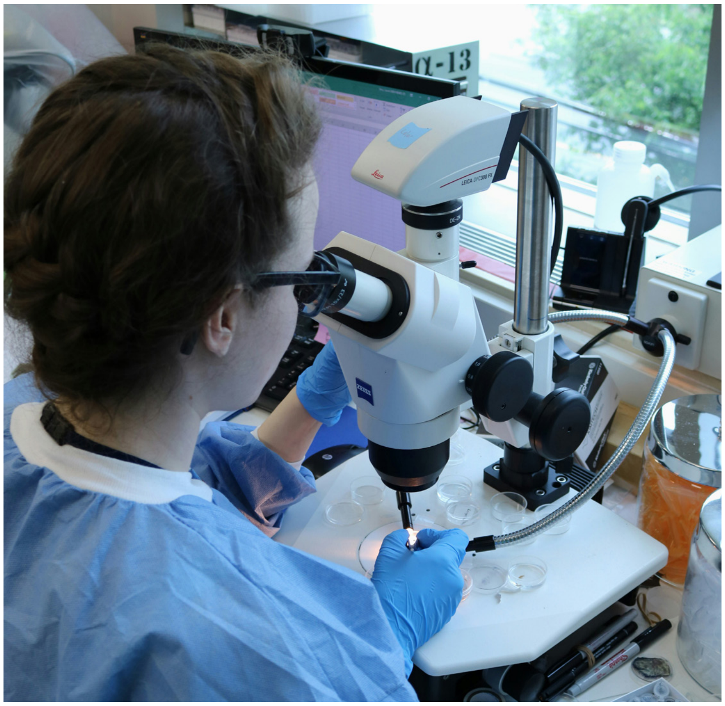
PGGM strives to set the tone in sustainable and long-term investment management and therefore is intentional about using its influence to push sectors where there is significant potential for sustainability improvement, in particular regarding climate, health and well-being. Until 2022, PGGM managed part of the pension assets of six pension funds, but as of 2023, it moved its investments to a single client firm, Pensioenfonds Zorg en Welzijn (PFZW). As PFZW's pension service organization, PGGM is responsible for risk management, fiduciary advice on investment policy, and the actual management of all investments, both internal and external to PGGM.

System-level investing strategy related to climate change

PGGM's system-level investing strategy is demonstrated through its stated belief that PGGM depends on the health of the financial system to generate returns in its portfolios. As the financial markets and overarching economy continue to rely on short-term returns to generate value, rather than prioritizing long-term returns, the financial system is at risk of failing.

PGGM began systematically building its ESG strategy in 2013 after suffering significant losses in its almost entirely passive public markets strategy during the 2008 financial crisis. That year, PGGM and PFZW, the second-largest pension fund in the Netherlands, completed an 18-month process to rebuild their investment principles governed by the question, "What if we could start investing from scratch?"[ii] The project revealed a clear stance on sustainability that is very much aligned with a system-level investing perspective: "*The PFZW investment beliefs and principles on sustainability are based on the idea that PFZW assumes a responsibility for contributing tangibly to a sustainable world and that, at the same time, a sustainable world is a necessary condition for generating adequate returns over long investment horizons. In other words, taking the long view, PFZW cannot afford to see a sustainable world as an externality.*" This project resulted in a Strategic Investment Plan for 2014-2020, which outlined a roadmap for PGGM to evolve its strategy from incremental to transformational change.[iii]

2011	2016	2017	2021	2022	2024
Initiated an 18-month process to rebuild its investment principles, which resulted in a strategy plan for 2014-2020	Focused on limiting the carbon footprint of its equity investments	Created the SDI Taxonomy to classify investments based on their contribution to the UN SDGs	Developed a strategy plan for 2020-2025 following on from its 2014-2020 plan	As a core part of its 2020-2025 plan, launched an active ownership program for oil and gas holdings called "Smart Engagement" with a goal to only remain invested in those companies whose strategies are aligned with the Paris Agreement; and created the Dutch Climate Coalition	Meeting the third deadline of the "Smart Engagement," formally stopped investing in oil and gas companies that "still do not have a convincing plan in line with the Paris climate agreement," and focusing attention on the 2030 strategic vision



In 2021, PGGM implemented a new 2025 investment policy, with the goal of continuing to shift its strategic goals towards a future of more sustainable investing. To ensure that beneficiaries' investments are aligned with their sustainability values, PFZW signed a commitment to be a Net Zero Asset Owner by 2050 and thus PGGM's climate strategy focuses on having a net-zero portfolio by 2050 aligned with the Paris Agreement goal of limiting the global average temperature to 1.5°C above pre-industrial levels. PGGM recognizes that meeting net-zero commitments "*requires a systems approach with substantial changes in the supply and demand of energy, changes in agricultural production, and changes in consumption patterns.*" The core focus of its strategy is engaging with portfolio companies and assisting them in setting and implementing decarbonization plans that amply incorporate these factors.[iv] The firm has a high standard for transparency from its investee companies regarding carbon emissions, targets, and risks, and encourages adoption of the Task Force on Climate-related Financial Disclosures (TCFD) framework.[v] More detailed views on the imperative for addressing climate change as a systemic risk—and PGGM's approach for doing so—are outlined in PGGM's Policy Paper: Climate Change, Pollution and Emissions.[vi]

Most recently, the firm has been particularly focused on the 2030 strategic vision, in which the emphasis will be on moving to an integrated "3D" approach to impact and focusing more acutely on PGGM's levers for influence in enabling the energy transition.[vii] With this vision, it believes its responsibility as an investor is to know all of its investments and be able to account for each position. In other words, it "*can explain for each investment why it is in the portfolio and what it contributes to the objectives: risk-return-impact. This explanation is based on a combination of fundamental analysis, data-driven and systematic analysis.*"[viii]

Extending Conventional Tools

Statement of investment beliefs

PGGM and PFZW's statement of investment beliefs is rooted in their commitment to ensuring a "*good and affordable pension*" by focusing on "*the long term at an acceptable level of risk.*" Their investment beliefs, upon which their investment policy is based, detail their long-term approach and the need for a system-level lens:[ix]

- Taking investment risk leads to a higher return for our participants in the long term.
- Market developments are certainly difficult to predict in the short term.
- Diversification of investments improves the risk-return profile of the portfolio but has a diminishing additional yield.
- Including ESG opportunities and risks in investment decisions leads to a better portfolio.
- As a long-term investor, PFZW can make a valuable contribution to a more sustainable world.
- The guiding principle is a pension package at a low price. High costs are only acceptable if they are in the interests of the participants.

PGGM's 2025 Investment Policy outlines its goal to measure the success of its funds across three-pronged criteria of return, risk, and impact, reflecting the firm's commitment to aligning its investments with its values and mission. PGGM's acknowledgement of the relationship between its investments and the financial, social and environmental systems is core to how it positions itself as a system-level investor. Its goal of contributing to responsible, stable, good investment results for its clients is rooted in three responsible investment beliefs:[x]

- Responsible investment pays off: We firmly believe that sustainability factors materially influence the risk-return profile of the investments and that this influence will steadily increase in the future.
- No good and stable return in the long term without sustainable development: We firmly believe that sustainable development is necessary in order to generate stable and good investment returns for our clients in the long term.
- The driving force of capital: We firmly believe that in addition to providing a stable, good pension for our clients' beneficiaries, we also have to consider how we can make a positive contribution to sustainable development through our investment decisions. This can be achieved, for example, by investing in solutions which contribute to sustainable development, such as investments in renewable energy.

These beliefs are further supported by ten "foundations" upon which PGGM pursues its responsible investment activities, for which a few of the descriptions nicely demonstrate a system-level perspective and warrant highlighting:[xi]

- PGGM recognizes that it depends on the health of the broader financial system to generate returns for clients and therefore looks "*critically at its own behavior and the investment activities.*" It also "*uses its influence to encourage behavior among other parties in the financial sector with a long-term focus*" in order to achieve a stable and sustainable financial system.
- As an active owner, PGGM acts "*to influence the quality, sustainability, and continuity of companies and markets*" through tools such as dialogue with companies and regulators, voting at shareholder meetings and shareholder litigation.
- Harnessing its long-term focus and the scale of its asset, PGGM invests "*through various asset classes in innovative and/or scalable solutions to current and future sustainability issues which matter to our clients and their beneficiaries or which can materially affect the investment portfolio. We expressly see the transition to a circular economy as one of the solutions.*"
- Collaboration with institutional investors and other market participants "*enables PGGM to deploy its resources more effectively and increase its influence*" thus leading to greater impact.

In addition to its beliefs and foundations, which serve as the basis for its Responsible Investment Implementation Framework, PGGM has also developed implementation guidelines for each asset class in which it invests, ensuring consistent approaches to ESG integration by internal and external managers. These guidelines are reviewed annually and revised based on changes in laws and regulations, developments within the investment class, and changes in policy.[xii]

Although not distinguished as a formal investment belief, PGGM's Policy Paper: Climate change, pollution and emissions also provides detailed information on the firm's position on climate change. Select views include:[xiii]

- "*To mitigate climate change, it is necessary to decarbonize the economy. Putting a price on carbon and other GHGs that reflects their true costs to society...will create incentives for more sustainable consumption, create a level playing field between renewable and non-renewable energies, and create new investment opportunities for financing the energy transition.*"
- "*We aim to contribute to the transition to a low-carbon economy by reducing the footprint of our investment portfolios, and by investing in low-carbon solutions. A low-carbon portfolio is not a substitute for action in the real economy: policies to reduce the demand for fossil fuels are equally, if not more, important.*"
- "*...we have indications that markets appear to be underestimating some climate-related financial risks. As markets become more familiar with the risks of climate change, and policy uncertainty hopefully diminishes, mispricings of risk should shrink and ultimately disappear.*"

Security selection & portfolio construction

For PGGM, non-inclusion of investments in the portfolio can be pursued as: **1.** immediate exclusion, which involves excluding entities concerned with the production of or trading in products that are inconsistent with the identify of PGGM and its clients, such as controversial weapons, tobacco companies, or other selected exclusions, or **2.** exclusion after engagement, which involves a critical assessment of the behavior and activities of the entities and determination that those "*undermine a sustainable world,*" warranting termination of the investment if change fails to materialize. By excluding companies based on these considerations, PGGM seeks to cultivate a portfolio that does not include investments that are "*contributing financially to practices incompatible with the standards and values of PGGM, its clients and their beneficiaries.*"[xiv]

Since 2016, PGGM has been focusing on limiting the carbon footprint of its equity investments.[xv] In its most recent investment policy, it noted new exclusions and stricter policies against oil and gas companies and has confirmed that it will only continue investing in firms with strategic plans to operate within the Paris Agreement.[xvi] As noted in the 2023 stewardship report, this means that companies engaged in oil and gas production and/or refining are investable if, by 2030, they derive at least 30% of their energy production from low-carbon alternatives to oil and gas.[xvii]

PGGM uses the SDI taxonomy[xviii] (described in a subsequent section of this document) to understand the impact of its investments. PGGM has set a goal to invest 20% AUM in SDIs in 2025 and 30% of the total investment portfolio in SDIs by 2030, half in climate solutions.[xix] As of 2022, PGGM's largest client, PFZW, held 21% of its investment portfolio in line with the SDI Taxonomy.[xx]

As a result of its efforts, in 2022 PGGM's absolute emissions within its portfolio reduced by 45%, indicating strong progress towards net-zero commitments. However, as prices increased in the energy sector in 2022, the overall portfolio's allocation of energy stocks increased and CO2 intensity in the portfolio increased by 7%, as expressed in tons of CO2 per million Euro turnover.[xxi]

However, also in 2022, PGGM launched a dedicated active ownership program for oil and gas companies, with a goal by the end of 2023 to only remain invested in oil and gas companies whose strategies are aligned with the objectives of the Paris Agreement. By the end of 2022, PGGM had divested from all 114 of its oil and gas companies that did not have emissions reductions goals and added portfolio exclusions for companies that mine in the Arctic and those that invest in coal and tar sands.[xxii] Voting and engagement serve as the foundation of this program, as well as collaboration with other investors through the Dutch Climate Coalition and Climate Action 100+.[xxiii]

While engagement is PGGM's preferred approach, divestment remains a necessary tool as part of active ownership when a company does not demonstrate willingness or ability to change. In February 2024, PFZW stopped investing in oil and gas companies that "*still do not have a convincing plan in line with the Paris climate agreement.*" This means that PFZW is no longer an investor in Shell, BP, and TotalEnergies, while it retains holdings in seven listed oil and gas companies that appear to be committed to the transition from fossil fuels to sustainable energy.[xxiv]

Engagement

PGGM identifies as a universal owner and invests across a range of strategies globally—the risk and return of which are "*highly dependent on efficient markets, economies, sectors and companies.*" PGGM actively uses its influence as a shareholder to support ESG improvements, thus contributing to the "*quality, sustainability and continuity of companies and markets. PGGM does so in the belief that this ultimately contributes to a better social and/or financial return on investments*" for its clients. In its most recent stewardship report, PGGM's Head of Responsible Investment, Piet Klop, notes that, "*As PFZW's asset manager, engagement is our way of expressing the views of PFZW and its participants on critical sustainability issues. When companies tackle these issues, we believe it aligns with PFZW's ultimate goal: securing a good pension in a livable world.*"[xxv] PGGM runs four thematic engagement programs: climate change, access to healthcare, human rights, and biodiversity and nature.[xxvi] PGGM focuses on accelerating the transition to a sustainable low-carbon economy by actively encouraging—and requiring—firms to develop robust decarbonization and climate transition plans aligned to the goals of the Paris Agreement. Engagements can be pursued based on two different rationales: an intention to prevent, mitigate and solve negative matters ("responsible bias"), or to strengthen positive contributions to the SDGs ("sustainable world").[xxvii]

PGGM's climate active ownership approach includes the development of a scorecard for each company consisting of approximately 10-15 indicators, which focus on targets set by companies to reduce their material scope 1, 2, and 3 emissions and their strategy to reach them. When a company does not progress, PGGM uses several escalation measures including a private letter to the company's board, a public statement, filing a shareholder proposal, and voting against the re-election of incumbent board members.[xxviii]

PGGM's Global Voting Guidelines, which fall under the umbrella of its Responsible Investment Implementation Framework, explicitly state the firm's fiduciary duty to manage ESG considerations as a universal owner: "*Our voting decisions must contribute to our clients' fiduciary duty and are based on our clients' interests as universal investor and (long-term institutional) shareholder, the impact of these resolutions on the sustainable long-term value creation, the company's business continuity, license to operate and the impact to the ESG performance of the company as a result of these resolutions.*" The PGGM Investments Global Voting Guidelines 2024 provide practical guidance on PFZW's voting activities (detailed further below).[xxix]

PGGM's voting guidelines on climate change are aligned to a system-level investing approach, noting that the interaction between companies and climate is two-fold: **1.** climate change poses a financial risk to companies and **2.** the companies PGGM invests in directly impact the climate. When voting on climate issues, PGGM assesses proposals and only votes for decarbonization strategies that are consistent with the goals of the Paris Agreement. Decarbonization strategies should include elements such as:[xxx]

- Science-based emission reduction targets for all Scope 1, Scope 2, and Scope 3 (where material) emissions;
- Capital expenditure plans to support those targets;
- Sufficient board oversight on climate and climate-related key performance indicators in executive compensation; and
- Disclosure of climate-related risks and opportunities, in most cases through the TCFD framework.

Additional requests that PGGM will pursue through shareholder proposals include asking for enhanced disclosure on climate-related risks and opportunities, requesting more transparency on corporate lobbying and membership of industry organizations, and asking for executive pay to be linked to climate change targets.[xxxi] PGGM has also published voting guidance on biodiversity and nature loss, encouraging companies to address their contribution to direct drivers of biodiversity and nature loss using guidance provided by the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science-based Targets Network (SBTN).[xxxii] In 2024, PGGM will be exploring a new nature and biodiversity engagement program for several industries, including chemicals, food, and metals and mining.[xxxiii]

In 2021, PGGM engaged in 48 company dialogues regarding climate, five of which were oil and gas producers engaged through PGGM's participation in Climate Action 100+. It also engaged 25 food-related companies to push for deforestation-free supply chains by 2030. Additionally, it engaged with 16 Asian banks involved in the financing of fossil fuel assets through the Asia Transition Platform, a collaborative initiative that PGGM launched in collaboration with five other investors.[xxxiv] In 2022, PGGM engaged with 170 companies on at least one of the following topics, with multiple companies engaged on two or more topics: anti-competitive behavior, biodiversity and land use, business ethics, corporate governance, human rights, labor rights, poverty, good health & well-being, clean water, and climate action.[xxxv]

Also in 2022, PFZW started an intensive two-year engagement program to encourage companies to "*make a concrete and demonstrable contribution to limiting global warming,*" through which it confirmed that oil and gas companies are not acting with enough urgency or scale. The firm believes that using its "*voice as a shareholder can pack a bigger punch in influencing companies*" than selling its share. However, through the engagement program, only seven oil and gas companies were able to convince PFZW that they were investing sufficiently in alternatives such as solar and biofuels.[xxxvi] Thus, the engagement exercise resulted in 310 companies sold with a total value of €2.8 billion. As the implementing organization of PFZW, PGGM was closely involved with the development and implementation of this program.[xxxvii] PGGM will be launching a fresh climate engagement program in 2024, focusing on the transportation value chain including companies such as Lufthansa, Caterpillar, and Toyota.[xxxviii]

In 2023, PGGM conducted 82 meetings with companies in its thematic climate, healthcare, and human rights engagement programs. Of these meetings, 58 were with companies whose operations and/or supply chains have significant carbon footprints in the sectors of oil and gas, materials, utilities, and food and agriculture. Also in 2023, PPGM voted on 57,726 proposals, including 790 shareholder proposals. Relatedly, it voted against the re-election of board members at 370 companies because they lacked a carbon reduction target. In total, it supported 80% of environmental, 75% of social, and 52% of governance-related shareholder proposals.[xxxix]

Adopting Advanced Techniques

Self-organization

Alongside likeminded investors, PGGM has joined and founded multiple sustainability-focused organizations to advance industry-wide efforts to address climate change. It was one of the drafting signatories of the Principles for Responsible Investment (PRI), part of the group that developed the EU Taxonomy, a member of Climate Action 100+, participant in Eumedion and the Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative, and has joined various initiatives to improve data quality such as the Carbon Disclosure Project (CDP), Valuing Water Finance Initiative, ESG Data Convergence Initiative and GRESB. For example, PGGM provided funding for an investor-led initiative to help real estate investors and managers to assess, manage and mitigate climate risk and develop climate scenario-based strategies. The research that underpins this initiative is being conducted by the Austria-based Institute for Real Estate Economics with the support of GRESB, with co-funding by APG and Norges Bank Investment Management (NBIM).

In 2023, PGGM participated in CDP's Non-Disclosure Campaign, together with 287 other CDP signatories representing nearly $29 trillion in assets, to send a letter to 1,590 companies who had declined to respond to CDP in 2022. The letter asked the companies to disclose to CDP via its climate change, forests, and water surveys, resulting in 217 of the 1,590 targeted companies (20%) responding and disclosing to CDP in 2023.[xl]

Notably, PGGM also worked alongside large institutional investors to establish the Dutch Climate Coalition (DCC), which calls on oil and gas companies to commit to the 1.5 degree warming pathway outlined in the Paris Agreement. DCC outlines three recommendations:[xli]

Boost the availability of low-carbon solutions: Scope 3 emissions can only be achieved in tandem with decarbonizing businesses. DCC urges companies to boost the availability of low-carbon solutions, which, coupled with comprehensive engagement strategies, will help shift demand away from fossil fuels.

Explain how natural gas acts as transition fuel: Natural gas will play an important role as a transition fuel to replace coal and in solving intermittency issues with wind and solar power. However, it is still a fossil fuel and should only be used to meet near-term demand while facilitating a transition to low-carbon alternatives.

Do not use high oil prices to increase oil investments: The International Energy Agency's net-zero emissions scenario points to a reduction in oil supply from 30% of the energy mix in 2020 to 8% by 2050. DCC urges companies to implement Paris-aligned targets and advises against using high oil prices to increase oil investments.

Guiding its commitment to accelerate the transition to a low-carbon economy, PGGM pledged to be net zero in its operations by 2050, in line with the Paris Agreement. Further, PGGM abides by the Greenhouse Gas Protocol[xlii], in which its Scope 1 emissions are projected to be net zero by 2030 and Scope 3 emissions reduced by 55% by 2030 and net zero by 2050. PGGM's Scope 2 emissions have already reached net zero.[xliii] Additionally, PGGM has been a member of the Asia Energy Transition Platform since 2021, which aims to engage banks and utility companies in East and Southeast Asia, which allows the firm to "influence those financing fossil fuels despite having sold most of our direct investments."[xliv]

Interconnectedness

PGGM has published several publicly available policy papers on systemic issues, one of which is climate change.[xlv] These papers provide a detailed overview of the importance of the issue, including policy responses and associated financial risks and opportunities; PGGM's approach to addressing the issue in its investment decisions and how activities can be implemented to mitigate the issue; and further steps. Aligned with the system-level investing best practice of justifying a systemic issue as the first step to implementing a system-level investing strategy, these policy papers serve as useful primers on the rationale for investors to address certain systemic issues as well as PGGM's own approach for doing so.[xlvi]

Usefully, the public policy paper on climate change can be a resource for other investors and stakeholders to succinctly ingest the causes and consequences of—and policy response to—climate change. The paper goes on to provide a framework for addressing climate change, pollution and emissions in the investment portfolio, identifying key financial risks and opportunities that investors should be aware of.[xlvii]

Standards setting

PGGM was one of the first large institutional investors to systematically gather and structure information on the environmental and social impacts of its investments. Dating back to 2011, PGGM piloted a project to understand the expected societal value of its ESG investments based on an academic literature review—a groundbreaking exercise for an investor of its size and type. This project culminated in a reporting template that included a theory of change for each investment's intended impacts, policies, and procedures used to manage ESG issues, including negative impacts, and investment-specific output metrics reported on by fund managers.[xlviii] The firm's desire to develop a framework for understanding the impact of its investments has continued to evolve, most recently demonstrated in initiatives such as the SDI Taxonomy.

Guided by an objective to increase portfolio alignment with the Sustainable Development Goals (SDGs) in a standardized way, in 2017 PGGM partnered with several other pension funds and administrators to create the SDI Taxonomy, which classifies investments based on their contribution to each of the Sustainable Development Goals.[xlix] Together, PGGM, APG, Australian Super, and British Columbia Investment Management established the SDI Asset Owner Platform, an asset owner-led platform committed to accelerating the market adoption of Sustainable Development Investments (SDIs), solutions that contribute to the UN SDGs.[l]

Using the SDI taxonomy, data science partner Entis continuously analyzes an SDI dataset of 10,118 entities (as of March 2024) on their positive and negative contributions to the SDGs using data from annual reports, financial reports, investor presentations, websites, and product pages. It determined, for example, that if more than 10% of the revenue of a company has a distinctly negative contribution to one or more of the SDGs (e.g. fossil fuels, tobacco, landfills and single-use plastics, tobacco and gambling), it should be classified as a "Non-SDI."[li]

PGGM uses the taxonomy to review overall portfolio exposure to SDGs, identify potential impact investments for its actively managed long-term equity strategy, and explore how it can tilt the SDI weighting of its passive indexed portfolios.[lii] This classification system has been made available to other financial institutions through analytics and index provider ISS STOXX. SDI data has been designed with regulatory reporting in mind, as a taxonomy for defining sustainable investments. Subscribers to the platform include firms such as BlackRock, UBS, Bridgewater, Cbus and Hesta.[liii]

Solutions

PGGM has an "investing in solutions" portfolio that focuses on "*one or a cluster of issue areas where social or environmental need create a commercial growth opportunity for market-rate or market-beating returns*." This portfolio is intended to achieve regular risk/return expectations and "*to support positive impact on at least one of the selected [environmental or social] themes.*"[liv] By investing to "*make visible impact on the issues important to the participant and help contribute to important transitions,*" PGGM seeks to play an influential role in those transitions. It recognizes that its contribution to these transitions matters, as does the impact of the transitions on its investments – which gets at the foundational concept of the synergies between portfolios and systems that underpins system-level investing.[lv]

In one specific example, Fudura is one of several investments in PGGM's portfolio that is playing a key role in accelerating the energy transition. In 2022, PGGM invested in Fudura, a Dutch energy technology company that develops solutions to meet challenges regarding energy supply. The company develops new sustainable products in the field of mobility (charging, infrastructure for electric transport), generation (solar energy), and storage (batteries).[lvi] Also in 2022, PGGM entered into a partnership with the European Bank for Reconstruction and Development (EBRD) on behalf of PFZW. PFZW and EBRD will work alongside each other over the next three years to "*jointly finance loans for sustainable projects in the bank's working areas*."[lvii]

Evaluate results

Sustainability, inclusive of climate risk, is included in PGGM's financial risk management processes. To evaluate ESG and climate risk in public market portfolios, the firm is developing new dashboards that cover ESG, reputation, and carbon-related metrics. Currently, assessment of climate risk is based on its monitoring of carbon emissions of companies in its portfolio.[lviii] However, it recognizes that good climate risk stress tests should be forward-looking and take into account both transition and physical climate risk. In 2022, PGGM began building an internal ESG database that will enable investment teams to access, use and report relevant ESG data for ESG integration purposes and meet various regulatory requirements, voluntary commitments, and client demands. This will include a new climate risk stress testing tool that will enhance its capabilities to accurately monitor climate risk in its investment portfolios.[lix]

Challenges and Looking Ahead

While optimistic about the enormous technological progress that is being made with regard to climate solutions, PGGM recognizes that the friction has been largely rooted in being able to scale solutions at the speed that is necessary to meet net-zero goals. It recognizes that progress requires many stakeholders to be thinking in alignment on system-level goals related to climate change. Thus, one of the primary challenges is varying levels of intrinsic motivation to leverage capital and influence to accelerate progress. Internally, PGGM is similarly focused on fostering alignment across its Board, investment managers, and other key stakeholders. Though priorities may change with broader market dynamics, PGGM is keen to maintain its focus on facilitating the success of the energy transition in concert with its Dutch pension community. It is hopeful that the focus on investor influence is gaining traction, which is essential for getting investors to ask themselves how they can change the system rather than just individual companies.[lx]

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High Meadows Institute is focused on the role of business leadership in society. Our mission is to contribute to sustainable economic and social progress in a global economy and society. High Meadows Institute was founded in 2013 by a small group of senior business and finance leaders with deep experience in the private and non-profit sectors. The Institute works in close partnership with other leading think tanks and academic and business organizations to advance its mission.

The Investment Integration Project (TIIP)'s mission is to help investors understand how healthy social, environmental, and financial systems can benefit their portfolios. TIIP provides consulting services, applied research, and a turnkey solution (SAIL) that supports investors' pursuit of system-level investing, an advanced approach to sustainable and impact investing that focuses on managing systemic risks and investing in solutions to systemic problems.

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