

To measure is to know, and that includes human rights.



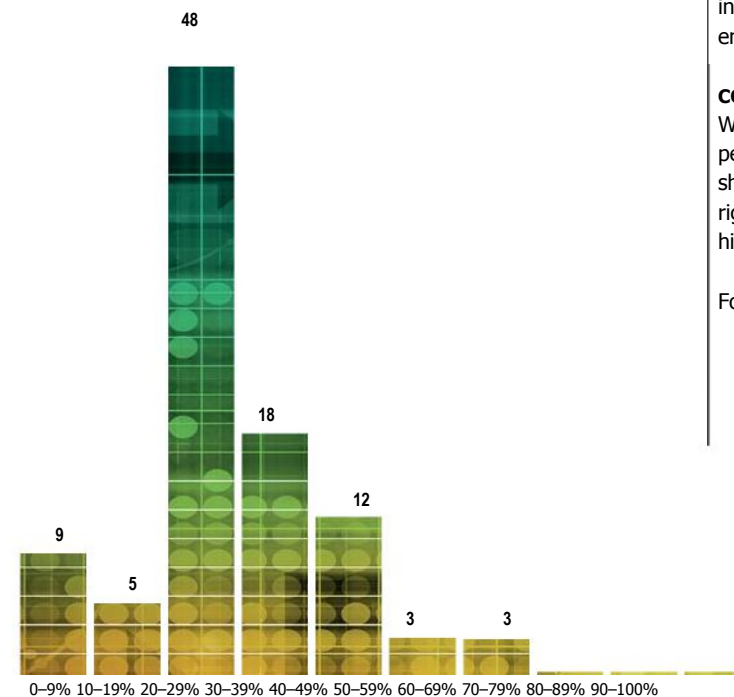
THE FIRST CHRb FINDINGS

On March 13 of this year, the first CHRb rankings were published. The list ranks 98 of the world's largest companies in the agricultural products, clothing, and extraction of raw materials sectors. These three industries were selected in consultation with various stakeholders due to their high risks in relation to human rights, the degree of earlier efforts in this area, and their global economic significance. The 98 listed companies in these sectors were selected on the basis of their size (market capitalization) and turnover, as well as their geographical position and industry share.

With the underlying objective of increasing the transparency that companies maintain in the area of human rights, they are solely assessed on the basis of publicly available information and information that the companies supplied to the CHRb Disclosure Platform. It is therefore possible that companies have access to information about their performance relating to human rights that is not publicly available and that is therefore not reflected in the 2017 results.

The results of the analysis are not particularly encouraging: the companies researched an average score of 29 percent. The highest score was in the 60 to 70 percent category. That means that there still is great deal of room for improvement, even among the front-runners in the various sectors. For example, this concerns the development of an effective complaints mechanism where local communities that are inconvenienced by the company's activities can address their complaints. This is good for these people because they are heard, but it is also good for the company because this way it becomes aware at an early stage of any concerns on the part of their stakeholders. When problems can be solved quickly this can avoid escalation—protests, negative media coverage, strikes.

Aside from the fact that there is room for front-runners to improve, the benchmark primarily shows that the common denominator is a need to pull out all the stops. The 14 companies that scored below 20 percent still have a great deal of work to do in terms of implementing their policy in practice.



The CHRb results show there still is a lot of room for improvement even among the front-runners in the various sectors.

WHERE TO FROM HERE?

The human rights yardstick will be further developed over the coming years. The ultimate intention is to create a list that ranks 500 companies and provides insight into the performance of companies in various sectors. In the next period an assessment will be made to determine the sectors to be added to the current three sectors.

WE EXPECT MANAGEMENT TO TAKE ACTION TO IMPROVE THEIR PRACTICES

In addition, there will be another consultation round with government organizations, companies, NGOs, and knowledge organizations to reinforce the methodology used for the first round.

APG—together with a group of investors that jointly represent some \$5.3 billion—have written to the 98 companies covered by the benchmark to point out the importance investors attach to these results. We expect the management of these companies to take the results to heart and to take action to improve their policy and especially their practices. We will stay in contact with these companies and keep a finger on the pulse to ensure they improve their performance.

CONCLUSION

While APG and our CHRb partners have taken the lead in identifying the performance of companies, these companies in turn are now expected to show leadership and account for their efforts in safeguarding human rights in their activities. Hopefully the number of companies with a higher score on the CHRb list of rankings will increase at a rapid pace.

For additional information about the CHRb see www.corporatebenchmark.com.
certainty and leadership
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WHY IS APG PARTICIPATING?

Before delving into the findings of the first CHRb publication, we consider it important to explain why APG decided to take a leading role in the creation of the benchmark as a member of the CHRb Steering Committee, together with Aviva Investors, the Business & Human Rights Resource Centre, Calvert Investments, the Eiris Foundation, the Institute for Human Rights and Business, Nordea Wealth Management, and the Association of Investors for Sustainable Development (VBDO).

APG invests the pension assets of some three million Dutch citizens on behalf of the ABP, bpfBOUW, SPW, and PPF APG funds, totaling approximately €450 billion. This money must be invested such that it will yield solid returns over the long term. Furthermore, the participants in these pension funds expect us to invest their money in companies engaged in sustainable and responsible enterprises.

THE DEGREE TO WHICH A COMPANY OPERATES IN A RESPONSIBLE AND SUSTAINABLE WAY HAS BECOME MORE IMPORTANT

In 2015, under the leadership of the ABP pension fund, an innovative responsible investment policy was developed which was translated into a different investment approach. In short, what this means is that the weighting of the degree to which a company operates in a responsible and sustainable way has become more important. As a result, the selection of investments in listed companies is focused on a preference for front-runners that demonstrably perform in more responsible and sustainable ways. In addition, a group of companies is selected that has the potential of belonging among the front-runners, and we encourage companies that are lagging to make improvements. We are convinced that this focus helps us make better investments for achieving sustainable long-term returns.

APG and the funds for which we invest consequently have a preference for companies that take the protection of human rights seriously. A human rights policy is no longer a nice-to-have for companies. It has become essential for the company's credibility and continuity. The violation of human rights puts the company's reputation at risk, can lead to legal proceedings, negatively influence profitability, and can result in people, especially younger people, refusing to work for the company. The CHRb helps in assessing the policy and activities of these companies, including in comparison to other companies. To be able to make informed investment decisions, APG must have access to solid, company-specific research that measures performance in terms of key aspects, such as dealing responsibly with people and the environment. The CHRb makes relevant research about how companies deal with human rights usable for investors by producing a comparison among companies. As a long-term investor, APG is focused on engaging the companies where we invest in discussion. As such, the results of the CHRb research first of all serve as input into our company analysis and assessment. Second, this is an item on the agenda of our meetings with the companies in which we already invest or are considering to invest. Third, it encourages company executives to share more material information about their performance relating to human rights with the outside world.

Demonstrating leadership means taking the lead in difficult situations. Combining something statistical, such as investing, with a broad concept such as human rights is a such a situation. But at the same time this is something that pension investors, who select and manage millions in investments in a responsible way on behalf of participants, cannot circumvent. The realization that a way had to be found to measure in a structured and standardized way how companies deal with human rights, was broadly shared. This is why in 2013, a number of international investors, including APG, joined forces with social organizations and jointly established the Corporate Human Rights Benchmark. The objective of the Corporate Human Rights Benchmark (CHRb) is to rank companies after completing an assessment based on a hundred indicators that provide some information about their human rights policy and practice, such as working hours, remuneration, physical working conditions, and preventing child labor. Aside from this, the benchmark specifically looks at the way in which companies respond to allegations of irresponsible behavior. The analysis is conducted on the basis of public information and input provided by the companies themselves. The first CHRb ranking was published in March 2017.



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