

## Call for a transparent and sustainable investment strategy of the VBL

The Versorgungsanstalt des Bundes und der Länder (VBL) manages our occupational pensions, as it does for 4.8 million other insured public-sector employees.<sup>1</sup>

The VBL invests its funds (about €26 billions) in a way we deem problematic for two reasons: First, the investment decisions are intransparent. Second, the VBL does not commit itself to clear social and ecological standards. It only excludes producers of chemical and biological weapons and cluster munitions from its portfolio, which are anyways banned by the United Nations.<sup>2</sup> Investments in coal, other weapons, or firms that tolerate inhumane working conditions or child labor are therefore, in principle, possible. With this un-ambitious strategy, the VBL as a public institution misses the opportunity to explicitly invest into future-oriented sectors like renewable energies, or the decarbonization of our economy.

This investment strategy is incompatible with the values we stand for as an academic institution. We advocate future orientation and social responsibility not only in research and teaching, but also when it comes to the investments for our pensions.

To reach the internationally agreed climate targets of the Paris agreement, a sustainable orientation of the financial sector is essential. The VBL, an institution supervised by the Federal Ministry of Finance, should in particular support the transition towards a low-emission economy and contribute to the Federal Government's proclaimed aim to make Germany a leading center for sustainable finance<sup>3</sup>.

To reach the internationally agreed climate targets of the Paris agreement, a sustainable orientation of the financial sector is essential. The VBL, an institution supervised by the Federal Ministry of Finance, should in particular support the transition towards a low-emission economy and contribute to the Federal Government's proclaimed aim to make Germany a leading center for sustainable finance.<sup>4</sup> Worldwide, 1,318 financial institutions

---

<sup>1</sup> Sources for numbers of the VBL: VBL(2019). Zeitreise. Arbeit. Freizeit. Auszeit. Der Geschäftsbericht 2019. Online abrufbar unter [https://www.vbl.de/de/die\\_vbl/auf\\_einen\\_blick/geschaeftsbericht/](https://www.vbl.de/de/die_vbl/auf_einen_blick/geschaeftsbericht/) (15.04.2021).

<sup>2</sup> Source: VBL 2020. Online available at [https://www.vbl.de/de/die\\_vbl/vermoegensanlage/grundsaeetze\\_der\\_anlagepolitik/](https://www.vbl.de/de/die_vbl/vermoegensanlage/grundsaeetze_der_anlagepolitik/) (10.10.2020). Zur Nachhaltigkeit verweist die VBL lediglich auf einen "Engagementansatz", ohne jedoch ein genaues Vorgehen, die Partner oder erzielte Erfolge eines solchen Ansatzes zu nennen.

<sup>3</sup> Source: BMF (2019). Finance Ministry initiates sustainable finance strategy, online available at [https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial\\_markets/Articles/2019-03-19-sustainable-finance.html](https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Financial_markets/Articles/2019-03-19-sustainable-finance.html) (16.06.2020).

<sup>4</sup> Source: NRW Landesportal 2019, online available at <https://www.land.nrw/de/pressemitteilung/pensionsfonds-der-laender-nordrhein-westfalen-baden-wuerttemberg-brandenburg-und> (14.07.2020)

have committed themselves to stop investments into fossil fuels.<sup>5</sup> In practice, this is achieved by excluding firms that are part of the Global Coal Exit List or the *Carbon Underground 200* (i.e. the 200 listed companies managing the largest coal, oil and gas reserves).

Recent research in sustainable finance suggests that a sustainable investment strategy does not entail any financial disadvantages. In contrast, investments in fossil fuels bear high financial risk due to the regulatory and transitory uncertainties.<sup>6</sup>

**We therefore demand:**

1. Transparency about all investments of the VBL.
2. The development and enforcement of binding ecological and social standards for all investments of the VBL.
3. The exclusion of investments into coal, gas (exception: biogas), oil and nuclear energy from the VBL's portfolio.

*Council of Doctoral Students of the University of Mannheim*

*Council of the Academic Staff of the University of Mannheim*

*Employee representatives of Department B of the MZES*

*Council of Doctoral Students of the Heidelberg University*

*Doctoral Students Representation of the University of Göttingen*

---

<sup>5</sup> Source: 350.org 2020, online available at <https://gofossilfree.org/divestment/commitments/> (14.07.2020)

<sup>6</sup> References: Friede, G., Busch, T. & Bassen, A. (2015). ESG and financial performance: aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment* 5(4), 210-233; Caldecott, B. et al. (2016). *Stranded assets: a climate risk challenge*, Inter-American Development Bank Monograph 481.; Carbon Tracker (2020). *Decline and Fall: The Size & Vulnerability of the Fossil Fuel System*, available online at <https://carbontracker.org/reports/decline-and-fall/> (14.07.2020).