19/12/2022

# Stichting Pensioenfonds Staples

# SRI policy

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# 1. About this document

This document describes the policy of Stichting Pensioenfonds Staples (hereinafter: the Staples Pension Fund or the pension fund) with regard to socially responsible investing (SRI).

The Staples Pension Fund sees the development of its SRI policy as an iterative process, that has not yet reached a definitive conclusion. The pension fund refines its policy and its objectives during this process as necessary, in order to arrive at a comprehensive SRI policy. This is therefore a living document, which will be amended during this process.

At the same time, the provider market is developing and will most likely offer more and better products (from asset managers) and tools (from data providers), allowing the pension fund to further formulate and implement its policy. The Staples Pension Fund is following these developments because it considers it important that its SRI policy is practically feasible within the possibilities that are available to it.

The SRI policy of the Staples Pension Fund presented here is based on the findings of a survey of its trustees and has been established by the Board of Trustees.

This document describes:

- The vision and objective of the SRI policy of the Staples Pension Fund (section 2).
- The basic principles of the SRI policy of the Staples Pension Fund (section 3).
- How the Staples Pension Fund aims to implement this policy (section 4).
- How the Staples Pension Fund will give account of its policy and its future development (section 5).

# 2. Definition, vision, investment belief and objective of socially responsible investing

First of all, this section explains the definition and vision of the Staples Pension Fund with respect to socially responsible investing. This is followed by an account of the investment belief of Staples Pension Fund regarding socially responsible investing and its SRI objective.

**Definition**
Socially responsible investing is an approach to investment in which explicit account is taken of environmental and social aspects and good corporate governance.

**Vision**
For a pension fund, the investment policy is, along with the other financial management measures, of crucial importance in order to provide a good and affordable pension. The vision of the Staples Pension Fund is that socially responsible investing contributes to its long-term objective. At the Staples Pension Fund, socially responsible investing is seen in the context of the primary objectives of the pension fund.

**Investment belief**
The importance of socially responsible investing is also established in the investment beliefs. The pension fund's investment belief regarding SRI is as follows:

*The inclusion of ESG (Environment, Social and Governance) criteria in the selection of individual investments can lead to an improved risk-return profile in both financial and social terms over the long term.*

**Objective**
The SRI objective of the Staples Pension Fund is twofold:
1. Portfolio objective: With its socially responsible investing, the Staples Pension Fund takes account of ESG measures in its actual allocation across investment categories, companies and countries. The fund's objective here is that over the longer term, the portfolio will have a better risk-return profile than a portfolio in which no account is taken of ESG factors.
2. Influence objective: Secondly, the Staples Pension Fund aims to exercise influence over the businesses in which it invests. The Staples Pension Fund believes that each of the three ESG factors are important in this respect. The instruments used to achieve this are firstly voting, and also initiating a dialogue with the business or country in question on matters that are important to the fund (engagement).

# 3. Basic principles

## 3.1. General principles

The Staples Pension Fund believes that socially responsible investing is important, and is aware of the influence it can bring to bear as a long-term investor. At the Staples Pension Fund, socially responsible investing is seen in the context of the primary objectives of the pension fund.

The Staples Pension Fund does not aspire to be a leader in the field of socially responsible investing, but it does not wish to be in the rearguard on this issue either. The Staples Pension Fund classifies its SRI ambition as a 'Follower' in the table below.


The Staples Pension Fund sees socially responsible investing as an integral part of its investment process. This means that socially responsible investing is considered at every step of the investment cycle, in every investment decision. Staples Pension Fund takes account of information on ESG factors in all its investment decisions as well as the usual financial considerations. SRI is therefore always considered in combination with (expected) returns, risk and costs.

The objective of the Staples Pension Fund is to pursue a responsible policy, with which its participants can also identify. The fund strives to be transparent regarding the policy it applies, and the effects of this policy, to the extent this is directly visible.

**Costs**
The pension fund is aware of the potential for higher costs. In the shorter term, responsible investing may lead to slightly higher costs (a few basis points), but this should not have any negative impact on the long-term risk-return profile of the portfolio. Any additional costs must be justifiable. The Board of Trustees considers these various aspects in its decision-making.

**Themes**
All three ESG factors are important. The Board of Trustees has designated the SRI themes of human rights, labour standards and climate change as important ones. These themes are periodically recalibrated with any new specific risk areas that emerge from the ESG due diligence analysis. In its implementation however, the Staples Pension Fund prefers to focus on the general ESG factors. The pension fund takes the view that these sustainability factors are interrelated and accordingly prefers to include them in its policy in combination.

## 3.2. Regulation

The Staples Pension Fund is subject to various laws and guidelines with respect to socially responsible investing. These include the Sanctions legislation, the Market Abuse Decree (*Besluit Marktmisbruik*), the Pensions Act (*Pensioenwet*), the Pension Funds Code (*Code Pensioenfondsen*), the IORP II Directive, the Shareholders Rights Directive (SRD) II and the Sustainable Finance Disclosure Regulation (SFDR). A disclosure on this legislation and regulation is provided in the appendix.

There is moreover EU and other legislation under development that may be relevant to the Staples Pension Fund in the coming years, such as the EU taxonomy, low-carbon benchmarks and a European standard for green bonds. The Staples Pension Fund is following developments in this area and will adjust its SRI policy as necessary.

## 3.3. The ICSR covenant, OECD guidelines and UN Guiding Principles

The Staples Pension Fund is a signatory to the ICSR covenant.

**ICSR covenant**

The ICSR covenant is the result of a cooperative agreement between Dutch pension funds, NGOs, the Dutch government and trade unions to promote socially responsible investing. Under the covenant, it is agreed that the pension funds will obtain insight into their investments and act in accordance with the OECD (Organisation for Economic Cooperation and Development) guidelines and the UN Guiding Principles on Business and Human Rights (UNGPs).

**The OECD guidelines** | **UNGPs**

The Staples Pension Fund endorses the OECD guidelines for multinational enterprises and the UN Guiding Principles. The Staples Pension Fund also uses the OECD guide for institutional investors as a guiding principle. The OECD guidelines for multinational companies are formulated to assist globally operating businesses to structure their business operation in a socially responsible manner. The guidelines cover issues such as human rights, labour rights, environmental impact, combating bribery and corruption, consumer interests and a responsible approach to taxation. The guidelines are accordingly an important basis for the Staples Pension Fund in the formulation of its SRI policy.

The Staples Pension Fund also expects external asset managers, ESG service providers and companies in which it invests to act in accordance with these international standards and to publicly demonstrate this. When the Staples Pension Fund enters into new contracts with managers, these will include provisions relating to observance of the OECD guidelines.

*Note on the ICSR covenant.*

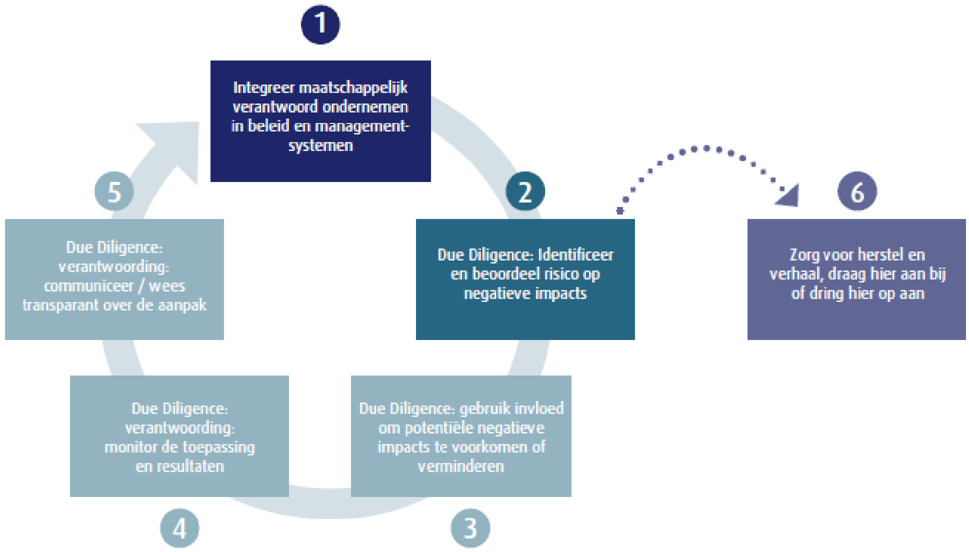
**Long-term value creation**

The pension fund has set itself the aim of making an active contribution to the maintenance of a sustainable pension scheme that is widely trusted and in addition provides for an affordable scheme that continues to be attractive for all stakeholders, young and old. The pension fund has long-term obligations in this respect and has structured its portfolio so that it is likely that it will be able to meet its long-term objective. Socially responsible investing is an integral part of this investment policy, and the Staples Pension Fund believes that socially responsible investing contributes to the realisation of this long-term objective.

The Staples Pension Fund aims for long-term (social) value creation with its investments. The Staples Pension Fund also makes agreements with its external service providers involved in the implementation of its asset management (or a part of it) to ensure that they also apply the fund's SRI policy as an integral part of their investment processes.

**ESG due diligence**

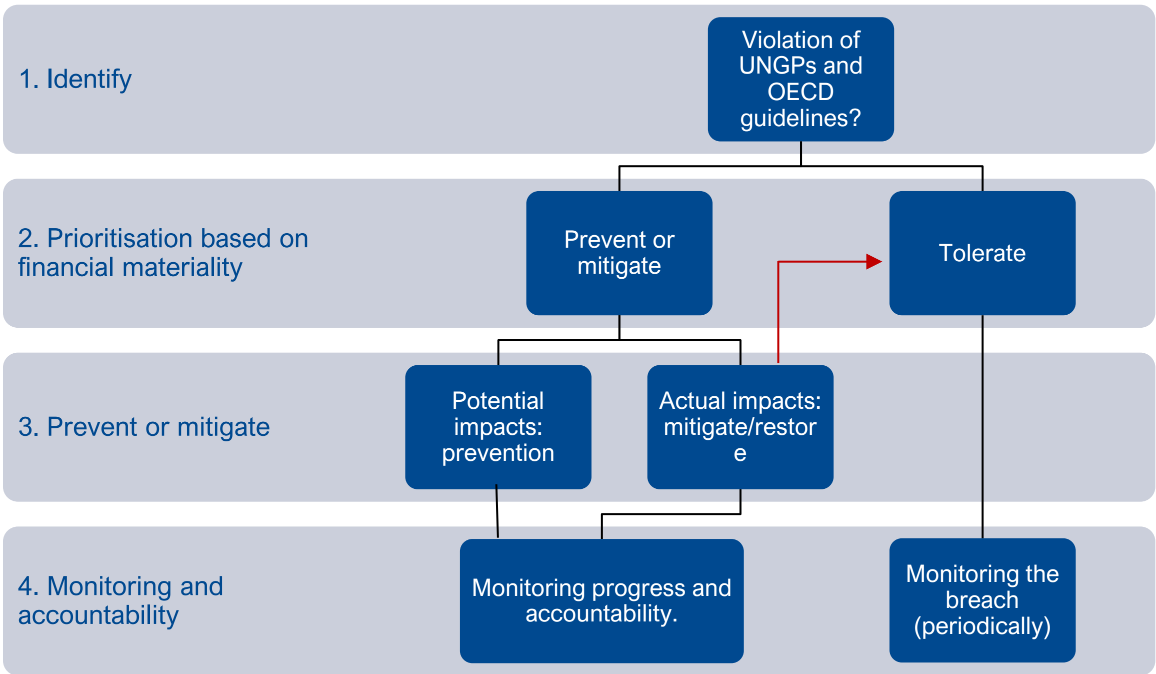
The Staples Pension Fund endorses the ESG due diligence steps in accordance with the OECD guidance. The OECD guide states that for the purposes of the OECD guidelines, due diligence is seen as the process whereby companies can *identify, prevent or mitigate and account for* the actual and potential adverse impacts of their investments on stakeholders in the supply chain.




*Due diligence cycle (source: Instrumentarium Convenant Internationaal Maatschappelijk Verantwoord Beleggen Pensioenfondsen)*

The Staples Pension Fund has structured its ESG due diligence process as follows. Given its size, the pension fund adheres to the proportionality principle concerning the influence it can exercise.

The due diligence framework below shows Staples Pension Fund's decision-making process when assessing identified (potential) adverse risks in the portfolio.




Staples Pension Fund carries out the above steps of the decision-making process under the following descriptions.

1. Description of the identification

Staples Pension Fund uses Sustainalytics' Global Standards module to identify violations of OECD guidelines and UNGPs. This screening is carried out every six months by the pension fund's custodian, CACEIS, which provides a report on it, giving various insights. The Global Standards module can be applied to listed equities, listed real estate and corporate bonds (issued by listed companies). As it is not within the Pension Fund's capabilities to apply screening to all asset classes, Staples Pension Fund operates the proportionality principle. It considers the categories listed as the most important in identifying potential ESG risks as the influence Staples Pension Fund can exercise to mitigate these risks is greatest for these categories.

Staples Pension Fund excludes companies guilty of violating the UNGC principles (see also section 4.3 of this SRI policy). A zero-tolerance policy is operated for mandate investments and Staples Pension Fund tolerates a combined exposure to excluded companies of no more than 0.5% per investment fund for fund investments.
The OECD and UN GP violations that follow from screening using the Global Standards module are also violations of the UNGC. This means that OECD and UN GP violations identified based on the Global Standards module are excluded in line with the current SRI policy.

Staples Pension Fund prioritises its exclusion policy. This is combined with the zero-tolerance policy within mandate investments; OECD and UN GP violations can only occur within investment funds. The follow-up steps below therefore only apply to the identified (potential) negative impacts within the investment funds.

*From the analysis of the first screening in the ESG due diligence cycle, no specific risk areas have yet emerged that could be additionally included in the SRI policy based on the identified (potential) negative impacts. This will be periodically evaluated through the same cycle and screening.*

2. Description of prioritisation

The OECD guidance for institutional investors stipulates the prioritisation of identified negative impacts by severity, scale and irreversibility. However, the Global Standards module does not provide this insight. Given its size, the pension fund has limited options for obtaining suitable and usable data on these criteria. Based on the principle of proportionality, the pension fund therefore prioritises identified violations based on financial materiality. The pension fund considers its impact negligible if the invested assets in the company causing negative impact are less than 1 bps of the pension fund's total invested assets, currently around €100,000. In this case, and only if the company does not fall within Staples Pension Fund's exclusion policy, the pension fund chooses to tolerate the negative impact and monitor the violation. If the financial materiality is 1 bps or more, the pension fund will consider whether there are potential consequences to be avoided or actual consequences to be mitigated or remedied.

3. Description of avoidance or mitigation

If the financial materiality of the negative impact is assessed as significant, the OECD guidelines do not expect Staples Pension Fund to offer recovery itself. However, it does require the pension fund to use its influence over the company to ensure it takes appropriate measures to mitigate impacts or enable recovery or redress for disadvantaged parties.

Staples Pension Fund uses its influence through active share ownership, i.e. engagement or voting at shareholder meetings[1]. In extreme cases, the pension fund may decide to disinvest. Any potential or actual negative consequences of the disinvestment for society or the environment will also be considered.

Given its size, the fund has limited options in the structure and implementation of its portfolio, and for practical reasons follows the engagement policy of its asset managers for both its investments in funds and its discretionary mandates.

If there are no existing engagement activities with asset managers, the pension fund has to make a choice depending on the type of investment:

a. Mandate investment: Staples Pension Fund engages with the asset manager on engagement opportunities. If engagement is not possible, the pension fund may consider exclusion. In this case, exclusion will apply if there is no active engagement through another manager and the exclusion does not conflict with the passive execution of the mandate. When considering whether to exclude, the pension fund considers the breach's outlook, history and extent. In other cases, given its limited influence and capabilities, the pension fund may choose to tolerate the negative impact.
b. Fund investment: Staples Pension Fund is aware that in the case of fund investments it is expected to have limited influence on implementing engagement. Staples Pension Fund does accept its responsibility to engage with the asset manager and highlight the identified violation. If this is unsuccessful, the pension fund will tolerate the breach. If this is unacceptable to the pension fund, it considers whether it is within its capabilities and cost vision to switch to another fund investment.

## 4. Description of monitoring and accountability

*Based on its own beliefs and considerations, Staples Pension Fund has identified human rights, labour standards and climate change as important focal themes in its SRI policy's implementation. These themes are periodically recalibrated with any new specific risk areas that emerge from the ESG due diligence analysis.*

Staples Pension Fund monitors both the development of identified negative impacts that it tolerates based on its size and capabilities as a pension fund and the development of engagement pathways with its asset managers to mitigate the identified negative impacts. The pension fund periodically assesses whether progress and development still fit within the framework of its due-diligence policy.

The pension fund annually accounts for the engagement processes through the websites of its asset managers. The pension fund also annually renders account to all its stakeholders by publication in its annual report and on its website. Further details of how the fund reports on each instrument are given in section 4.

NOTES: The relevant asset managers have issued a written statement to Staples Pension Fund indicating that the expectations based on Articles 4 and 5 of the CSR covenant are being acted upon.

[1] The voting and engagement policy of the Staples Pension Fund are described in section 4.

# 4. Implementation

In applying its SRI policy, the pension fund makes use of solutions available through asset managers or data providers with an adequate track record in the field. These solutions moreover must be appropriate to the fund's size and view with respect to cost, and must be applicable in practice.

The Staples Pension Fund has chosen to apply a number of the instruments listed below. The numbering in the list refers to the paragraphs in this section, in which these instruments are discussed.

**Available instruments**

Building blocks

**Integration of ESG**

4.1 Integration of ESG factors

**Systematic integration of environmental, social and governance factors in investment research and decisions.**

- Investment cycle: Inclusion of ESG impact in decision-making.
- Investment portfolio: investment cases and choice of benchmark.

Positive screening

**Preference for businesses based on certain criteria.**

**Active shareholdership**

4.2.1 Voting policy

**Use of voting rights to influence businesses.**

- Inclusion as a criterion for the selection and monitoring of asset managers.
- Scope: listed equities.
- Publication on website.

4.2.2 Engagement

**Use of access to businesses for dialogue on social, governance and/or environmental performance.**

- Established themes and prioritisation.
- Scope: listed equities and corporate bonds.
- Annual reporting.

**Investment universe**

4.3 Exclusion

**Exclusion of individual businesses, countries or sub-sectors.**

- Controversial and nuclear weapons, UNGCP, international, EU and UN treaties, UN arms embargo.
- Scope: government bonds, corporate bonds and equities.
- Zero tolerance.
- Publication on website.

Best-in-class

**Selection of the best-performing businesses in a sector based on their social and/or environmental**

**Focus**

Impact investing

**Investment in projects/businesses that aim to improve E, S or G.**

- Themes: Climate, Water, Human Rights and Local Enterprise.
- Scope: listed equities.
- Annual reporting.

Themed investing

**Selection of businesses based on specific sustainability themes.**

*Schematic representation of instruments used in the SRI policy of the Staples Pension Fund.*

## 4.1. Integration of ESG

The Staples Pension Fund sees socially responsible investing as an integral part of its investment process. This means that SRI is part of the decision-making in every step of the investment process and every decision with respect to the investment policy, in addition to the usual financial considerations.

**Scope**: the whole portfolio.

**Integration of ESG in the investment cycle**

SRI is therefore always considered in combination with (expected) returns, risk and costs. The ESG impact is quantified where possible, otherwise a qualitative or descriptive assessment is sufficient.

**Integration of ESG in the investment portfolio**

The integration of ESG in the investment portfolio varies for each investment category, depending on the opportunities and the importance of socially responsible investing in each category.

**Investment category**

The potential for application of an SRI component in the various investment categories is assessed and substantiated in the investment case.

- The Staples Pension Fund wishes to evaluate whether the inclusion of SRI objectives is feasible in practice in each investment category. The objectives in each investment category are studied in the regular cycle of evaluation of the investment cases.
- This includes the monitoring of the feasibility of the objective in practice. If application is no longer appropriate to the pension fund's primary objective, adjustments are made.
- In its regular cycle, the Staples Pension Fund will study the possibilities for an ESG benchmark and also implement this if appropriate to the fund's view of costs. The principle here is to use already available ESG benchmarks that are not too strict.
- The pension fund has implemented the MSCI ESG Leaders benchmark for developed country equities. This involves operating a Best-in-class methodology where companies with the highest ESG scores, up to 50% of market capitalisation, are tilted by sector. In addition, companies are excluded based on activities in thermal coal, tar sands, tobacco, controversial, nuclear and civil weapons, UNGC violations, alcohol, gambling and nuclear power.
- The Staples Pension Fund will ensure that the fund's primary objective, the payment of pensions, is not hindered by an SRI policy that is too strict.

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| **Selection and monitoring of managers**<br><br>**Reporting and monitoring** | Since the Staples Pension Fund has delegated its asset management operations, it will also communicate its SRI objectives to its asset managers so that these can be included in the delegated activities.<br>ESG criteria are explicitly included in the selection and monitoring of investment funds.<br>• <u>ICSR</u>: Part of the selection process concerns the assessment of whether a manager and investment fund can comply with the ICSR covenant, including the items relating to ESG due diligence.<br>• <u>Principles for Responsible Investment</u>: The Staples Pension Fund selects only managers who have signed the United Nations Principles for Responsible Investment (PRI).<br>• The Staples Pension Fund applies ESG scoring to its portfolio to obtain insight into the impact and/or improvements that the fund can achieve through its investments with respect to SRI and giving account of the objectives in its SRI policy.<br>• To achieve this, the pension fund receives the portfolio's ESG score and the benchmark of its manager quarterly.<br>• Pension fund Staples also plans to start monitoring carbon emissions. To this end, the pension fund receives the Carbon report from CACEIS on a periodic basis. |

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| **Follow-up** | In 2022, the pension fund will monitor the development of ESG scores and ESG risk ratings reported by its outsourcing parties to get a feel for their development and thus set appropriate and practically achievable targets for the pension fund.<br>Annually, the pension fund continues to explore the potential for fleshing out ESG benchmarks and corresponding SRI objectives by asset class, as far as this fits within the regular cycle and the fund's cost vision. |

## 4.2. Active shareholdership

The Staples Pension Fund sees voting and engagement as the instruments that fall under active shareholdership.

### 4.2.1. Voting policy

The right to vote is one of the most important rights of a shareholder. A high level of attendance at shareholder meetings leads to stable decision-making, widely supported decisions and prevention of small groups of shareholders taking control of the meeting. Active exercise of voting rights contributes to the creation of long-term shareholder value and is part of a responsible investment policy.

**Scope**: listed equities.

**Objective**
The Staples Pension Fund takes the view that voting at shareholder meetings has a positive effect on the risk-return profile of businesses, and sees the exercise of its voting rights as part of its social responsibility.

**Implementation**
From the IMVB covenant, there is a request that the thematic focus areas should also be reflected in the voting policy. When investing in investment funds, the Staples Pension Fund has limited opportunity to apply its own voting policy, and therefore it follows the voting policy of the asset manager concerned. The Staples Pension Fund also follows the voting policy of the asset manager(s) when investing in discretionary mandates because it is more practical to delegate this, also due to the limited assets involved. The Staples Pension Fund also believes that there is a more effective impact if voting rights are combined.

The voting policies of the managers of the equity portfolio are disclosed on the websites of the equity managers concerned. The Staples Pension Fund collects all this information and publishes the voting policies of its managers or a summary thereof on its own website.

The asset managers' voting activities policies align with the already identified focus areas of Staples Pension Fund. An asset manager's voting policy is one of the criteria explicitly included in the selection and monitoring of asset managers.

**Reporting and transparency**
In accordance with legal requirements, the Staples Pension Fund publishes a report on its website of whether and how it has voted (or given voting instructions) at general meetings at least once a year.

## 4.2.2 Engagement

With its engagement, the Staples Pension Fund wants to exercise its influence as a shareholder and bring about positive changes at the companies in which it invests, and encourage companies to take measures to prevent contraventions in the future. The Staples Pension Fund believes it is important to enter into a dialogue in order to use the opportunity for positive changes, and thus to contribute to the quality, sustainability and continuity of businesses and markets.

**Scope**: listed equities and corporate bonds.

The Staples Pension Fund prefers engagement to exclusion. The fund believes it can exercise influence on the situation in question more effectively through dialogue, whereas exclusion means this is actually no longer possible and therefore there is no increased likelihood of positive change.

**Implementation**
Based on the CSR covenant, it is requested that the thematic focus areas are also reflected in the engagement policy. Given its size, the fund has limited options in the structure and implementation of its portfolio, and for practical reasons follows the engagement policy of its asset managers for both its investments in funds and its discretionary mandates. The Staples Pension Fund also believes that there is a more effective impact if voting rights are combined.

The asset managers' policy on engagement activities aligns with the already identified focus areas of Staples Pension Fund. The Staples Pension Fund also considers a manager's engagement policy in its selection and monitoring process.

**Reporting and transparency**
The Staples Pension Fund gives account of its engagement policy and its implementation in accordance with legislation and regulation.

## 4.3. Exclusion policy

The Staples Pension Fund does not wish to invest in companies or countries whose products or core activities conflict with international treaties or the principles of the Staples Pension Fund. The Staples Pension Fund has an exclusion list for this purpose.

**Scope**: government bonds, corporate bonds and listed equities.

**Exclusion policy for companies**
In accordance with statutory requirements, the Staples Pension Fund does not in any case invest directly or indirectly through funds in companies involved the production, sale or distribution of controversial weapons (such as cluster munitions) or crucial elements thereof.

In addition, companies guilty of serious and permanent contraventions of the UN Global Compact Principles are excluded. The Staples Pension Fund has made this decision because it endorses the UN Global Compact Principles and companies that are in serious and permanent violation of these principles are not compatible with the principles of the Staples Pension Fund.

The Staples Pension Fund also does not invest in companies involved in the production, maintenance or trade of controversial and/or nuclear weapons. The pension fund excludes companies where more than 5% of turnover is related to the production, maintenance or trading of controversial or nuclear weapons.

**Exclusion policy for countries**
The basis for the exclusion policy for countries are the international treaties to which the Netherlands is a signatory, or by which the Netherlands is bound through its membership of the EU and the UN. If a country is subject to sanctions, the Staples Pension Fund will not invest in government bonds issued by that country or in businesses that have their head office in that country.

**Implementation**
The exclusion list will be established on the basis of the set criteria each year by the Board of Trustees. The list is evaluated regularly and updated when necessary.

The pension fund applies portfolio screening every six months to identify companies within the portfolio that do not comply with the exclusion policy. For this purpose, the pension fund uses Sustainalytics' Product Involvement and Global Standards modules through CACEIS. Given that the pension fund has both fund and mandate investments and different options apply here, the pension fund applies the following tolerance limits:

- Mandate investment: If there are mandate investments, the pension fund applies a zero-tolerance principle. That means that no investment of any kind in the excluded subjects is permitted. The Staples Pension Fund requests its managers to apply the exclusions explicitly for its discretionary mandates.
- Fund investment: In cases where an investment fund is involved, Staples Pension Fund is dependent for its SRI policy on the manager of the fund it invests in and cannot itself specify which individual companies the pension fund wishes to exclude. Staples Pension Fund considers fund allocations below 0.5% as non-material allocations and therefore tolerates a combined exposure to excluded companies of up to 0.5% per investment fund in fund

investments[2]. If the combined exposure exceeds 0.5%, a discussion with the asset manager will be initiated first. If this does not lead to improvement, the investment will be dropped. Under the principle of "comply or explain", Staples Pension Fund will account for its decision-making regarding whether or not to drop the investment.

**MSCI ESG Leaders**
Staples Pension Fund has implemented MSCI ESG Leaders for its equity portfolio. In addition to the above exclusions that follow in principle from the pension fund's policy, this also excludes companies involved in activities in thermal coal, tar sands, tobacco, civil weapons, alcohol, gambling and nuclear power.

An investment fund's exclusion policy is one of the criteria explicitly included in the selection and monitoring of investment funds.

**Reporting and transparency**
The Staples Pension Fund gives account of its exclusion policy and its implementation in accordance with legislation and regulation.

[2] The pension fund is aware that this may lead to different results if the investment funds themselves use a different provider, since providers use different criteria.

# 5. Reporting and evaluation of policy

## 5.1. Accountability

The Staples Pension Fund accordingly regularly renders account of its SRI policy to its stakeholders in accordance with the requirements of legislation and regulation. The Staples Pension Fund records its actions and the results thereof for both its portfolio objective and its influence objective:

1. Portfolio objective: The Staples Pension Fund considers it important that the effects of its SRI policy are visible and measurable. This includes the use of ESG scores for businesses and countries. The Staples Pension Fund regularly calculates (or arranges for calculation of) the portfolio's score on ESG criteria in order to continually measure the effectiveness of its SRI policy. Quantification makes it possible to monitor the desired continuous improvement of the policy and awareness of its effectiveness.
2. Influence objective: The Staples Pension Fund will regularly issue information on the influence it has exercised in order to achieve improvements in relation to SRI.

The Staples Pension Fund reports on this in its annual report and on its website.

## 5.2. Policy evaluation

The SRI policy is evaluated by the Board of Trustees at least once every three years. The policy and its implementation will be adjusted if this evaluation shows this is necessary. The most recent evaluation of the fund's SRI policy by the Board of Trustees was made in 2021.

# 6. Appendix

## 6.1. Overview of legislation and regulation

The following section presents further information on legislation and regulation relating to socially responsible investing that is relevant to the pension fund.

- Sanctions legislation: international legislation from the United Nations under which pension funds are required to comply in accordance with the measures imposed in sanctions lists and regimes that have been established. A pension fund may therefore not invest in entities appearing on these sanctions lists.
- The Market Abuse (Financial Supervision Act) Decree (*Besluit marktmisbruik WFT*), Section 21a: prohibition of the acquisition of financial instruments issued by or to be invested in companies involved in the production, sale or distribution of cluster munitions. Units in index funds and externally managed collective investment schemes that have less than 5% invested in such companies are explicitly excluded from this prohibition.
- The Pensions Act (*Pensioenwet*), Section 135: pension funds must state in their report of the Board of Trustees how their investment policy takes account of environmental and climate-related aspects, human rights and social relationships.
- The Pension Funds Code (*Code Pensioenfondsen*): this Code concerns the three aspects of good pension fund governance: management, supervision and accountability. This concerns a request to pension funds to ensure that their decisions with respect to responsible investing are supported by their stakeholders.
- The IORP II Directive: A European directive implemented in the Netherlands through the Pensions Act. This calls on pension funds to take account of ESG and ESG risks in their own-risk assessment, to publicise their policy in relation to ESG aspects in their investment policy and risk management, to include their ESG policy in their Statement of Investment Policy Principles and layer 1 of Pension 123 in their report of the Board of Trustees.
- Shareholder Rights Directive II (SRD II): The SRD II calls on institutional investors to provide greater transparency on their voting and investment policy. A pension fund is thus expected to publish information on its engagement policy. This policy concerns the principles established for the conduct of active shareholdership towards the companies whose shares the fund owns. Active shareholdership concerns the voting policy and the engagement policy.
- Sustainable Finance Disclosure Regulation (SFDR) The SFDR is a product of the EU Action Plan on Sustainable Finance. The aim of the SFDR is to increase transparency with respect to sustainability, thus making it easier for end users to understand the role of sustainability in their investments and also to enable comparison of investments. The aim here is to prevent greenwashing.