

## Responsible Investment policy of Pensioenfonds Detailhandel

### Investment beliefs

We engage in Responsible investment for two main reasons, both laid out in our investment beliefs.

1. We believe our investment policy should align with the preferences of our beneficiaries.
2. We believe responsible investment contributes to long-term value creation.

The responsibility we have as a pension fund is thus one key driver. Our investments and investment policies should align with the norms and values of our beneficiaries; and should reflect their preferences. It should also reflect the role we have as an asset owner and a good steward of assets. The other driver is our belief that responsible investment contributes to long-term value creation, for our portfolio in terms of risk-adjusted return, as well as in terms of real-world outcomes.

### Supporting the *Sustainable Development Goals* and the *Paris Climate Accord*

Our overall approach to responsible investment is supporting the Sustainable Development Goals, as well as the Paris Climate Accord.

In line with our beneficiaries' preferences, we have prioritized four specific SDG's, namely SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action, and SDG 16: Peace, Justice and Strong Institutions. We would like to advance these goals and subgoals by our efforts. Our focus on the SDG-agenda is in turn translated to KPI's that keep us accountable and are geared towards sustainability outcomes. This is reflected both in our investment decisions, as well as through our active ownership efforts.

### ESG-integration and SDG-alignment

We have committed to align our portfolio towards the four selected SDG's. In listed categories, this has led to custom SDG-indices created in partnership with FTSE Russell in developed and emerging equity, corporate bonds, emerging market debt and the addition of a separate Green Bond portfolio to our investment portfolio. We have also commenced working on a custom SDG-index for high yield in the reporting year (2022), expected to launch late 2023. We have set a 2050 Net Zero objective for our portfolio and are members of the Net-Zero Asset Owner Alliance (NZAOA). We have committed to a climate action plan including specific targeted actions and 2030 and 2050 objectives.

### Stewardship

Stewardship is an important aspect to complement our SDG-tilted investment approach in our listed portfolios. We believe engagement, voting and other ownership activities, both done individually and in collaboration with others, helps us to further use our leverage to advance the SDG-agenda and to contribute to a net-zero economy. Our stewardship policy consists of engagement and voting by our responsible engagement overlay manager. To complement the efforts of our responsible engagement overlay manager, we co-founded the collaborative initiative Dutch Engagement Network. Furthermore, we are member of the Global Real Estate Engagement Network (GREEN) as from January 2021. We collaborate within PRI's initiative to advance human rights, called Advance, as lead engagement party and member of the Advisory Committee. Our RI-policy also covers our non-listed (private) asset classes. We have made an effort to integrate the four prioritized SDG's in our private real estate funds and as members of GRESB and together with our real estate advisory partner, Finance Ideas, we engage with private real estate managers. Lastly, we dedicate 1% of our portfolio to direct impact in private debt. We have created two dedicated impact funds with asset managers, one focusing on emerging markets and one in Western-Europe and are cornerstone and founding investor in a third fund dedicated to contributing to a circular economy in the Netherlands.

# Pensioenfonds Detailhandel

## Responsible investment policy improvements

The Board of Pensioenfonds Detailhandel signed-off on a new responsible investment policy. The most notable improvements that were made since its last iteration of the responsible investment policy include:

- In 2022, the Board signed-off on a climate action plan, aligned to the target-setting within the Net-Zero Asset Owner Alliance.
- We have created custom Emerging Market Debt-indices, transferring our EMD-portfolios (approximated size €3 billion) to these new indices. As a result, Pensioenfonds Detailhandel no longer invests within these portfolios in the 20% worst-scoring countries when it comes to SDG's, as well as no longer invest in countries that are deemed 'non-free' by Freedom House. These custom indices are based on a newly designed SDG-model for sovereigns in emerging market, developed by our index provider FTSE in close collaboration with Pensioenfonds Detailhandel.

## Responsible investment results

Our responsible investment policy has led to achievements as outlined below:

- Pensioenfonds Detailhandel has met its targets in terms of carbon reduction, SDG-alignment in listed categories, green bond allocation of 5% in fixed income, and impact allocation of 1% of our entire portfolio.
- Our impact funds have issued their first loans, resulting in much-needed financing for projects and businesses worldwide.
- The Global Real Estate Engagement Network (GREEN)-initiative has led to the first worldwide collaboration in engaging real estate companies. In 2021, Pensioenfonds Detailhandel was a starting member of GREEN.
- Pensioenfonds Detailhandel won the PensioenPro Award for best ESG policy (Dutch pension award)
- We launched a website aimed at communicating better with our beneficiaries about responsible investment, [www.jijenwijnonline.nl](http://www.jijenwijnonline.nl)
- Our stewardship activities through our engagement and voting provider in 2022 consisted of conversations with 546 companies resulted in 197 achieved milestones. We voted in 1240 annual general meetings worldwide.

## Ambitions

The 2022 update of our responsible investment policy outlines specific targets and objectives, contributing to our commitment to responsible investment in the next two years and well-beyond.

- Most importantly, our climate action plan and the ambitious targets we have set keep Pensioenfonds Detailhandel accountable to continue working on climate-related actions in the next two years;
- We committed to evaluate our stewardship policy and governance starting in 2022, resulting in a renewed stewardship approach in 2023;
- Specific KPI's that are already met by the Pensioenfonds Detailhandel are continued to be monitored, such as the green bond allocation and impact allocation:
- Collaboration in GREEN, Advance, NZAOA among other initiatives allow Pensioenfonds Detailhandel to continue to strive to better their responsible investment policy.

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