

Responsible Investment policy of Pensioenfond Detailhandel

January 2025

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 actions we have committed to, and that we report on yearly, in order to keep us accountable and geared towards sustainability outcomes. This is reflected both in our investment decisions, as well as through our active ownership efforts, and in seeking out specific collaborations.

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, high yield and the addition of a separate Green Bond portfolio to our investment portfolio.. We have set a 2050 Net Zero objective for our portfolio. To achieve this, Pensioenfond Detailhandel has laid out 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 founding member of the Global Real Estate Engagement Network (GREEN). We collaborate within PRI's initiative to advance human rights, called Advance, as lead investor 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:

- The Board signed-off on a climate action plan, aligned to the Paris climate accord.
- 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:

- We organized a 3-day 'deliberative forum' where we asked a representative group of participants to come up with responsible investing recommendations to the Board. The participants were equipped with knowledge, access to experts, and independent moderation, to complete this task, and came up with 49 recommendations. As a result, the Board has committed to taking 20 actions in the coming years to bring the RI-policy of the fund even more in line with beneficiaries' preferences.
- 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.
- We launched a website aimed at communicating better with our beneficiaries about responsible investment, www.jjjenwijnonline.nl
- Our stewardship activities through our engagement and voting provider in 2023 consisted of conversations with 493 companies resulted in 157 achieved milestones. We voted in 1.418 annual general meetings worldwide.

Ambitions

The 2025 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.

- 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 will screen our portfolios more stringent on labour and human rights related controversies;
- We committed to evaluate our stewardship policy and governance; Pensioenfonds Detailhandel will also more carefully evaluate engagement with a specific group of companies, to determine whether we should continue engaging and investing with and in these companies;
- We will evaluate our impact portfolio and will investigate whether expanding this portfolio is feasible;
- 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 and Advance among other initiatives allow Pensioenfonds Detailhandel to continue to strive to better their responsible investment policy.