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Pensioenfonds
Detailhandel

Deelnemersdialoog

Report

Never before have a group of pension fund participants entered into a dialogue with each other, as part of a “mini-public”, to produce recommendations on responsible investment. For more information see: [Deelnemersdialoog](#).

This project was a collaboration between Pensioenfonds Detailhandel, Dr Emmeline Cooper (project design and management) and Professor Rob Bauer.

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Deelnemersdialoog Report.

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01

About the
Deelnemersdialoog

02

Deelnemersdialoog
Design

03

Deelnemersdialoog
Day 1

04

Deelnemersdialoog
Day 2

05

Deelnemersdialoog
Day 3

06

Deelnemersdialoog
recommendations

07

Evaluation



Executive summary

About the Deelnemersdialoog

The Deelnemersdialoog (Member Dialogue) is a new way for Pensioenfond Detailhandel to engage with its members, the ultimate asset owners. Around 50 members (“dialogue-makers”) participated, together representing the member base of Pensioenfond Detailhandel on social, demographic, member status and attitudinal characteristics. The Deelnemersdialoog has produced 49 member recommendations for Pensioenfond Detailhandel’s responsible investment policy. The board will respond to the Deelnemersdialoog recommendations by September 2024, and will address these in their decision-making on responsible investing policy.

During three days in February and March 2024, the Deelnemersdialoog informed dialogue-makers about pension funds, responsible investing, and Pensioenfond Detailhandel’s policy. It provided them with the opportunity to express their views and hear the views of others. Together, these dialogue-makers discussed their perspectives on the type of future world they want to live in, and which values are important to them for investing. Building on these foundations, they developed and voted on 49 recommendations to guide the responsible investing policy of Pensioenfond Detailhandel.

Pension funds are important not only as institutions realising their members’ investments and retirement, but also as institutions that contribute to the shaping of our society and environment. Reflecting this, in recent years many pension funds have developed responsible investing policies. Naturally, it is vital that these responsible investing policies are informed by the interests, views and recommendations of a fund’s members. This close engagement with members is particularly valuable in pension systems, such as the Netherlands, where employees cannot choose their own pension fund, but it is mandatory to be a member of a sectoral or company pension fund, where members contribute a substantial part (around 20%) of their salary. By bringing together a representative group of members, the Deelnemersdialoog provides Pensioenfond Detailhandel with an unparalleled in-depth picture of their members’ perspectives on the future, their values, and on their collective recommendations for responsible investing. This Deelnemersdialoog extends Pensioenfond Detailhandel’s previous approach to consulting with its membership on responsible investing.

The Deelnemersdialoog design was shaped by the practice and implementation of similar “mini-public” models, such as citizens assemblies, widely used in public governance to address complex policy decisions. The project was informed by democratic thinking on how citizens can come together to deliberate on complex questions and influence decision-making.

Deelnemersdialoog design

The Deelnemersdialoog's remit addressed the question of what Pensioenfonds Detailhandel should focus on in its responsible investing policy. This remit was designed to be sufficiently open to enable dialogue-makers to develop recommendations addressing a broad range of themes, without requiring technical know-how on investing. The process was designed so that everyone, whatever their knowledge and experience, could participate.

A central element of the Deelnemersdialoog were the deliberations among dialogue-makers. These mainly took place in small group discussions and were guided by professional facilitators. The Deelnemersdialoog was designed to encourage dialogue-makers' full participation, and the expression and exploration of diverse viewpoints. Seven principles underscored the design: inclusive engagement, deliberative communication, informed engagement, transparency, influence, articulating value, and feasibility.

In addition to these deliberations, professional expertise was integrated into the Deelnemersdialoog process. On Day 1, experts provided knowledge on pension schemes, investing, and responsible investing. In addition to this, on Day 2 dialogue-makers invited a further seven experts, each of whom discussed varied perspectives on responsible investing.

The perspective of Pensioenfonds Detailhandel was included in the Deelnemersdialoog programme. Pensioenfonds Detailhandel provided dialogue-makers with an introduction to their responsible investing policy, and the types of trade-offs involved.

Dialogue-makers were selected using a thorough sortition process. Sortition involves randomly selecting people from a population and inviting their participation, and then using targets ("stratified sortition") to achieve a group of participants who broadly reflect the population as a whole, for example in terms of age, gender, region or attitude towards a particular issue. By using sortition, everyone has an equal chance of being selected to participate.

In the Deelnemersdialoog, a distinction was made between different types of members: members who are actively contributing to the fund (active); pensioners who are receiving a pension from the fund; and members who have contributed in the past to the fund, but now contribute to another sectoral or company fund (inactive). These three different types of members participated in the Deelnemersdialoog in different proportions. For pensioners, the proportion participating in the Deelnemersdialoog was based on the total number, as a proportion of all fund members. For active and inactive members, the average value of the pension liability per person was used to inform the numbers that would be selected.



Other member characteristics were also considered to ensure the Deelnemersdialoog reflected the membership base. The “stratified sortition” process took into account the social, demographic, and attitudinal characteristics of members who had registered an interest in participating. The selection mechanism was set to approximate as closely as possible the “target” representation for each criterion, based either on Pensioenfonds Detailhandel’s membership data or on Netherlands population data. Targets were set for gender, age, country of birth, membership status, postcode and prioritisation of either the environment or the economy (to ensure a mix of attitudes).

To enhance the quality of the design of the Deelnemersdialoog, an advisory group of international experts on responsible investing and on deliberative “mini-publics” provided guidance throughout the project, along with Pensioenfonds Detailhandel Board members and executives. The Advisory group members were: Mathijs van Dijk, Professor of Finance, Erasmus University, Rotterdam; Caroline Flammer, Barton Hepburn Professor of Economics, Columbia University, New York; Henk Groot, Head of Investments, Pensioenfonds Detailhandel; Louise Kranenburg, Manager Responsible Investment and Governance, Pensioenfonds Detailhandel; Renate Pijst, Board member Pensioenfonds Detailhandel; Gert-Jan Seffinga, Board Member of Pensioenfonds Detailhandel; Graham Smith, Professor of Politics, University of Westminster, London; Laura Starks, Professor of Finance and George Kozmetsky Centennial University Distinguished Chair, University of Texas, Austin; René Upperman, Director, Pensioenfonds Detailhandel.

Deelnemersdialoog Day 1

The first day of the Deelnemersdialoog was focused on informing dialogue-makers, orientating their perspective towards the long-term, and encouraging them to consider what types of expertise they would like to hear from. Three expert speakers from academia and industry (Professor Rob Bauer, Maastricht University, Dr. Rieneke Slager, University of Groningen and Mart Keuning, ABP) provided dialogue-makers with an introduction to pensions, investing, and responsible investing, and answered dialogue-makers’ questions on these topics.

To introduce a long-term perspective, dialogue-makers considered their expectations for the future. Together, they discussed their hopes and aspirations for the world in 2034. This deliberation identified a broad range of issues, with 15 of these frequently highlighted as significant issues shaping the future. These focal themes were: peace, war, and weapons; immigration and emigration; climate; quality of life and environment; technology; families and caring; intergenerational issues; justice, equality, and poverty; consumption patterns; housing; togetherness and loneliness; action, influence, and power; and sustainability.

Dialogue-makers shaped the design of the Deelnemersdialoog by identifying which further responsible investing topics they would find interesting to hear in the Day 2 programme. In response, the organisers invited expert speakers who could discuss these topics to Day 2.

Deelnemersdialoog Day 2

Dialogue-makers' broadened their knowledge around the topic of responsible investing, and the trade-offs involved in this investment approach during Day 2. First, they engaged with guest expert speakers in small group presentations and discussions. Following this, dialogue-makers deliberated on what is important to them, and their values in the context of investing. Together, they prioritised eight top themes: sustainability; impact/long-term investing; living and working conditions worldwide; housing market; financial return; transparency; human rights, and the position of employees. These themes represented their values and provided the central foundations of their recommendations for Pensioenfond's Detailhandel.

To inform dialogue-makers and provide context, Pensioenfond's Detailhandel presented and discussed its responsible investing policy, and the types of trade-offs and dilemmas involved. In response to this, dialogue-makers considered and deliberated the weighing up of the different options in responsible investing.

Deelnemersdialoog Day 3

The goal of the three-day Deelnemersdialoog process – the delivery of dialogue-makers' responsible investment recommendations for Pensioenfond's Detailhandel – was achieved on Day 3. Using the prioritised themes developed on Day 2 as a starting point, each small group worked together, with the support of the facilitator, to deliberate and draft their recommendations. To enhance the quality and appeal (to other dialogue-makers) of the recommendations, groups received feedback on their recommendations from other dialogue-makers, before they were finalised. After dialogue-makers presented all 49 recommendations, they individually voted on each of these.

Deelnemersdialoog recommendations

The Deelnemersdialoog recommendations, and the results of the voting on these, are illustrated in full in Chapter 6. These recommendations cover a breadth of thematic issues relating to the responsible investing policy of Pensioenfond's Detailhandel. In addition, the recommendations provide an indication of dialogue-makers' views towards different responsible investing approaches, and of the potential and limits of these. In essence, the 49 recommendations, and the voting results, express the voice of the dialogue-makers – a “mini-public” reflecting the wider membership – on responsible investing.

Deelnemersdialoog evaluation

To evaluate the Deelnemersdialoog, dialogue-makers were asked about their experience of, and satisfaction with, participation. This evaluation examined the extent to which the Deelnemersdialoog realised its design principles in practice. When asked if they would recommend participating in a “mini-public” to others, almost all said they would definitely recommend (27) or think they would recommend (12) participating in a similar process. Overall, these very positive evaluation results indicate dialogue-makers highly rated the Deelnemersdialoog experience.

01 About the Deelnemersdialoog

What is the Deelnemersdialoog? The Deelnemersdialoog (Member Dialogue) is a new way for Pensioenfond Detailhandel to engage with its members, the ultimate asset owners.

It brings together a mix of approximately 50 members, selected to accurately reflect the member base of Pensioenfond Detailhandel on several core characteristics, in particular demographics (e.g. gender, age, country of birth). In this report we will use the term “dialogue-makers” for those Pensioenfond Detailhandel members who participated in the Deelnemersdialoog.[1]

The goal of the Deelnemersdialoog was to inform about responsible investing, create inclusive dialogue and facilitate the development of member recommendations for Pensioenfond Detailhandel’s responsible investment policy.

The Deelnemersdialoog 2024, a three-day process, informed dialogue-makers about pension funds, responsible investing, and Pensioenfond Detailhandel’s policy. It provided them with the opportunity to express their views, and hear the views of others, on these issues. Together, these dialogue-makers discussed their perspectives on the type of future world they want to live in, and which values are important to them. Building on these foundations, they developed shared recommendations to guide the responsible investing policy of Pensioenfond Detailhandel.

This report provides a description of the Deelnemersdialoog, and the results of this process, which led to the development of the Deelnemersdialoog’s main output: dialogue-makers’ recommendations, and their voting on these recommendations (Chapter 6). These recommendations will be considered, and addressed, by the Pensioenfond Detailhandel Board, to inform future policy on responsible investing. The Board will respond to the Deelnemersdialoog recommendations by September 2024, and will address them in their decision-making on responsible investing policy.

Along with these recommendations, this report provides, as follows: a description of the Deelnemersdialoog design and its process; summaries of expert speakers’ contributions and the questions posed by dialogue-makers to experts; and the outcomes of dialogue and the prioritisation themes. In line with similar reports of citizen engagement processes, this report focuses on the Deelnemersdialoog process and outputs, with a particular emphasis on its final output: the dialogue-makers’ recommendations.

[1] The term ‘member’ is used to describe everyone who is paying into, or has paid into, a Pensioenfond Detailhandel pension. This includes active members (currently paying in), pensioners (currently receiving a pension), and inactive members (those who are not currently contributing to a Detailhandel pension but have done so in the past).

This report is written, first and foremost, for the fund's membership, Pensioenfonds Detailhandel's Board, and the wider public. The project raises many interesting questions on how preferences to responsible investing are created in dialogue. The Deelnemersdialoog project also seeks to understand the value and effectiveness of this approach for the formation and elicitation of responsible investing preferences. This further academic research, which will explore these issues in greater depth, will be published by the authors at a later stage.

The Deelnemersdialoog approach is informed by models of citizen engagements commonly used in public governance, often called "mini-publics", and shaped by democratic theories and the practice of new democratic forms. Within the "mini-public" approach there are a range of models, at different scales (e.g. from 12 to 500 citizens), with citizens' assemblies of around 50 citizens one of the most widely used models. Although specific designs and sizes differ, these processes bring together a group of citizens who are broadly representative of a nation, region or place. Citizens are asked what they think about a policy question affecting their lives, and what they would recommend to a governing institution.



The Deelnemersdialoog is, as far as we are aware, the first time this governance approach has been used in a pension fund or scheme to engage with members on the topic of responsible investing.

By bringing the voice of members – the ultimate asset owners – into responsible investing policy-making and strategy, it represents a significant governance innovation for the pensions industry.

Why organise a Deelnemersdialoog? Pension funds are important for their members' retirement and their investments contribute to the shaping of our society and environment. Reflecting this, in recent years many pension funds have developed responsible investing policies. It is important that these responsible investing policies are informed by the interests, views, and recommendations of a fund's members. This close engagement with members is particularly important in pension systems, such as the Netherlands' system, where employees cannot choose their own pension fund, but where it is mandatory to be a member of a sectoral or company pension fund and members contribute a substantial part (around 20%) of their salary. By bringing together a representative group of members, the Deelnemersdialoog provides Pensioenfonds Detailhandel with an unparalleled in-depth picture of their members' perspectives on the future, their values, and on their collective recommendations for responsible investing.

Who are the “dialogue-makers”? As previously highlighted, in this report we use the term “dialogue-makers” to describe the Pensioenfonds Detailhandel members who participated in the Deelnemersdialoog process.

As a group, the Deelnemersdialoog represented the membership of Pensioenfonds Detailhandel by mirroring the age and gender characteristics of the fund as a whole. It also represented the fund in terms of membership types and included not only active members (currently paying into the fund), but also pensioners and inactive members (“sleepers”, those who previously paid in to the fund but are no longer paying in). On other key demographic and attitudinal characteristics, the Deelnemersdialoog represented the Netherlands as a whole (country of birth, postcode area, and prioritisation of either the environment or the economy).

What is the background of the Deelnemersdialoog? In 2022, Pensioenfonds Detailhandel published its current responsible investing policy, [Beleid Maatschappelijk Verantwoord Beleggen 2022](#), which provides an overview of its strategic approach to responsible investing, and its implementation.

Prior to that, in 2018 and 2020, the fund surveyed, and responded to, its members’ preferences on responsible investing. In collaboration with Maastricht University, Pensioenfonds Detailhandel asked its members if they wanted to increase the investment focus on the UNs Sustainable Development Goals (SDGs) by engaging with companies that underperformed on the selected SDGs. Members were informed that their vote on this proposal was consequential for the whole pension plan, and that it would be implemented. As a result of strong support for this proposal, the Board of Trustees increased its engagement efforts. Support for portfolio screening among surveyed members also led to the implementation of portfolio screening. In 2020, a follow-up survey identified continued support for these policies.[2]

Building on this experience, the Deelnemersdialoog now seeks to strengthen Pensioenfonds Detailhandel’s understanding of its members’ preferences and enable members themselves to craft specific recommendations for Pensioenfonds Detailhandel to implement. To achieve this, the Deelnemersdialoog process:

- brought together a representative group (based on social, demographic and attitudinal characteristics) of Pensioenfonds Detailhandel members as dialogue-makers;
- informed dialogue-makers on (a) responsible investing by professional experts, (b) Pensioenfonds Detailhandel’s strategic approach, and (c) other dialogue-makers’ perspectives;
- enabled a diverse range of dialogue-makers’ perspectives to be expressed, shared and explored, addressing both individual and wider societal and environmental interests;
- facilitated the expression of shared preferences and areas of common agreement, as well as the expression of minority viewpoints; and
- provided clear, specific recommendations to Pensioenfonds Detailhandel, with an indication of the degree of agreement (or not) with each of these.

[2] Bauer, R., Ruof, T., and Smeets, P.2021. Get Real! Individuals Prefer more Sustainable Investments. The Review of Financial Studies 34(8):3976–4043. <https://doi.org/10.1093/rfs/hhab037>

What principles underpin the Deelnemersdialoog? The detailed foundations of the Deelnemersdialoog lie in an academic conceptual framework,[3] which specifies seven quality characteristics for pension fund member voice on responsible and sustainable investing. These quality characteristics guided the design of the Deelnemersdialoog.

- **Inclusive engagement:** all relevant members are involved, they are sufficiently representative of the fund as a whole, and they are able to participate fully in the dialogue.
- **Deliberative communication:** participants engage in respectful dialogue with each other, they can express diverse perspectives, and they are able to develop commitment to forms of consensus, agreement, or constructive decision-making.



- **Informed engagement:** participants are informed by expert and professional perspectives, as well as becoming informed by the perspectives of other participants. As a result of the process, executives and board members are informed on member perspectives.
- **Transparency:** the process, its results, and recommendations are transparent to participants, to the membership as a whole, and the wider public. Opportunities are provided to respond to the process, its results, and the recommendations.
- **Influence:** the recommendations have an impact on fund policy, strategy, and related decision-making through forms of formal or informal impact.
- **Articulating value:** value describes what members' see as a "a good deal". Articulating value describes how participants express and articulate their diverse perspectives on what value looks like to them (including financial and/or non-financial value), and what they believe a pension should deliver in this context.
- **Feasibility:** the process is practical to participate in, and practical for the pension fund to organise, and respond to.

[3] Cooper, E. 2021. Pension Schemes, Sustainable Investing and the Promise and Challenge of Governance Innovations. PhD thesis University of Westminster Social Sciences. <https://doi.org/10.34737/v67v8>

Report overview

The following chapters discuss the design of the Deelnemersdialoog, along with its process, dialogue-makers' viewpoints and perspectives, and prioritisations that emerged.

In Chapter 2, the Deelnemersdialoog design is discussed in depth, including the three-day programme, project management and governance, and sortition and recruitment.

In Chapters 3, 4, and 5 the activities of Day 1, Day 2, and Day 3 of the Deelnemersdialoog are discussed respectively, including summaries of the contributions of expert speakers and the questions, deliberations, and prioritisations of dialogue-makers.

Chapter 6 outlines dialogue-makers' final recommendations. These recommendations are the main output of the Deelnemersdialoog, representing the voice of members in Pensioenfonds Detailhandel.

Finally, in Chapter 7, the Deelnemersdialoog is evaluated drawing on survey feedback from dialogue-makers.

02 Deelnemersdialoog design

This chapter outlines and explains the design characteristics of the Deelnemersdialoog. Design decisions shaped the Deelnemersdialoog's focal question (the "remit"), how good-quality dialogue was achieved, as well as the integration, and types, of professional expertise.

The design also defined which types of members participated and how they were selected, to ensure the Deelnemersdialoog represented the wider membership. These design characteristics established the context for developing dialogue-makers' recommendations.

What ideas have informed the Deelnemersdialoog design? The Deelnemersdialoog design is informed by the practice and implementation of "mini-publics" in government decision-making, such as the citizens' assembly model. Citizens' assemblies and other "mini-public" models ask a group of randomly selected citizens, to develop recommendations to address complex policy issues. Commissioning institutions respond to these recommendations and integrate citizens' recommendations into their policies.

What question does the Deelnemersdialoog address? The invitation sent to members to participate in the Deelnemersdialoog specified its remit:

"You can help shape Pensioenfonds Detailhandel's future investment approach! What should we focus on in responsible investing?"

This remit was chosen because it is sufficiently broad to enable dialogue-makers to identify investment themes and other issues in their recommendations. But equally, it is specific enough to enable dialogue-makers to develop recommendations that directly address responsible investing, without requiring in-depth technical know-how on investing strategies, instruments, and their implementation.

How long was the Deelnemersdialoog? The Deelnemersdialoog ran over three days in the first quarter of 2024: 26 February, 11 March and 18 March, 09.30-16.30, at Fort aan de Klop, Utrecht.

Why did it run over three days? The Deelnemersdialoog was designed to provide an opportunity for dialogue-makers to: (a) become better informed about expert opinion; (b) enter into dialogue and deliberation, expressing their own perspectives and hearing the perspectives of others; and (c) converge over shared areas of concern, priorities and recommendations. Three days were required to meet these aims, with informing processes taking place largely on Days 1 and 2, and with dialogue and convergence processes taking place largely on Days 2 and 3.

What was the “dialogue”? Dialogues took place predominantly in small group deliberations, taking place on tables with seven to eight dialogue-makers. For some activities, dialogue-makers were allocated tables to ensure a good mix of age, gender, and varied attitudes to the environment and the economy. For other activities, dialogue-makers themselves decided which tables they joined, enabling their participation in the issues they found most interesting. During Day 3, dialogue was created between tables, with pairs of tables providing feedback on each table’s recommendations. Additional forms of dialogue also took place in plenary sessions. In some of these, dialogue-makers fed back their key points or recommendations from the small group discussions to the whole group. In others, they asked questions to the expert speakers. Naturally, there were also more informal conversations that spilled over into lunch and coffee breaks.

What design features were used to ensure a good dialogue? The three-day Deelnemersdialoog process involved a mix of different design features to enhance dialogue and dialogue-makers’ participation, as detailed below.

- Dialogue rules describing how to have effective dialogue were introduced and agreed with dialogue-makers on Day 1 at the start of the process. These were (a) listen to each other; (b) give each other space; (c) be respectful; (d) don't try to convince each other (of your own opinion); (e) focus on the question and topic; (f) keep it concise; and (g) respect others’ privacy (including no social media posts of others) (see Appendix 1).
- The lead facilitator, facilitators, and note-takers were provided by Energized, an organisation independent from Pensioenfondsen Detailhandel and the pensions and finance industry. They provided expertise in group facilitation, enhancing the accessibility of the dialogue to dialogue-makers, by avoiding implicit professional assumptions and jargon.
- Table discussions were designed to include a diversity of people and perspectives. Dialogue-makers changed groups several times so that they engaged with a mix of fellow dialogue-makers over the three-day process.
- Dialogue-makers could choose which expert speakers they wanted to hear from on Day 2 (see Chapter 4), and the values or issues for which they wanted to develop recommendations.
- Facilitators encouraged full engagement in discussions by all, using advanced facilitation techniques, and reflexive thinking in de-brief sessions.

- Dialogue-makers discussed and developed their questions as a small group before they posed questions to expert speakers in Q&As. This encouraged full participation by all dialogue-makers in the Plenary Q&As.
- Dialogue-maker safety and well-being was addressed during the three-day process, with various options available to ensure dialogue-makers' individual needs were met.

Who contributed to the Deelnemersdialoog? The three-day Deelnemersdialoog process was guided by an independent lead facilitator. The lead facilitator welcomed and explained the Deelnemersdialoog process, introducing and outlining each day's activities. She guided the dialogue-makers through each day, leading on plenary session activities (e.g. leading the future vision, moderating Q&As, moderating feedback from the small group discussions and from collective voting activities). The lead facilitator also highlighted to dialogue-makers the opportunities available for them to provide anonymous feedback (through a post-box for comments) or to write their ideas and suggestions on a large flipchart poster. This process was set up to enable dialogue-makers to highlight any views or comments which they felt had not been acknowledged or considered.

Each table discussion involving a group of seven to eight dialogue-makers was guided by an independent professional facilitator. Facilitation involved (a) providing prompt questions and suggestions to help guide the dialogue; (b) ensuring all dialogue-makers participated fully and had the opportunity to express their perspective; (c) supporting the group in identifying areas of common ground and agreement, helping them navigate areas where they had different views; and (d) helping the group achieve their tasks. Additionally, note-takers supported the project by (a) writing down the views and perspectives expressed in the group; and (b) observing the effectiveness of the small group dialogues.

Expert speakers involved in Day 1 provided a background to the social and environmental context, pension schemes, pension investments in general and responsible investing. Further expert speakers were chosen by dialogue-makers to present on Day 2 on a range of topics relating to responsible investing.

Executives from Pensioenfond's Detailhandel were involved in Day 2 to present the current Pensioenfond's Detailhandel policy, and the trade-offs and dilemmas involved in this policy.

The Co-Chair of the Pensioenfond's Detailhandel Board of Trustees was involved in Day 3; she provided the Board's perspective on the Deelnemersdialoog, highlighting the strong interest of the Board in hearing the dialogue-makers' views on responsible investment.

What prior knowledge did dialogue-makers have on responsible investing? The Deelnemersdialoog was designed for members of Pensioenfonds Detailhandel without knowledge of investing or responsible investing. At the recruitment stage, it was made clear that no prior knowledge was required to participate. Dialogue-makers had very different levels of knowledge about investing and responsible investing. For example, on Day 1 one dialogue-maker asked an expert speaker “what is investing?” whereas another asked “what is the average tracking error of a responsible investment fund?”. The facilitators ensured that everyone in a small group discussion participated, whatever their knowledge levels.

What information did dialogue-makers receive before and during the process? At the end of each day dialogue-makers received an email summarising the day’s activities and outputs and informing dialogue-makers of the activities for the following day. Links were provided to relevant materials, such as Pensioenfonds Detailhandel responsible investing policy, and expert speakers’ answers to the questions recorded at the dialogue tables on Day 1 (see Appendix 2).

How did dialogue-makers express their preferences on responsible investing? Dialogue-makers expressed their views, perspectives and preferences throughout the three-day process. Most of these preferences were expressed in the non-anonymous open setting of small group deliberations. Some preferences were expressed in non-anonymous open voting (e.g. Day 2’s sticker voting). At the end of Day 3, dialogue-makers anonymously voted on the final recommendations using an online survey. They also provided further details about their preferences in confidential research surveys administered at the beginning of Day 1 and the end of Day 3.[4]



[4] These surveys were developed by Professor Rob Bauer (Maastricht University) and Dr. Emmeline Cooper (Cranfield University) in collaboration with Professor Paul Smeets, University of Amsterdam, and Dr. Bram van der Kroft, Massachusetts Institute of Technology (MIT). Surveys measured levels of knowledge, preferences towards different responsible investing approaches, and experience of the Deelnemersdialoog.

How was a good balance of expert opinion achieved? The design of the Deelnemersdialoog involved a number of steps to ensure it included a good mix of expert opinion:

- an advisory group provided feedback and suggestions on the remit of the Deelnemersdialoog, and the expertise necessary to answer the remit;
- all expert speakers were briefed in online briefing sessions on the aims of the Deelnemersdialoog and the need to present information in an easily accessible way; and
- Day 1 expert speakers were briefed to provide an overview perspective, which reflected the “professional consensus” that is expressed in the industry and in academic teaching (as much as this is feasibly possible in an emerging field of practice and knowledge).

Day 2 speakers were briefed to provide their own professional or organisational perspectives, which would, together, reflect a breadth of opinion, and different ways of looking at the matter.

How could dialogue-makers shape the agenda and their role? On Day 2, dialogue-makers were given the opportunity to choose which expert speakers they wanted to hear from and on Day 3, to choose which values they wanted to develop recommendations for. In this sense, dialogue-makers helped to shape the mix of expert opinion presented by experts and the direction of the programme, as well as shaping their own role and contribution to the process.

Deelnemersdialog programme

Day 1, February 26	Day 2, March 11	Day 3, March 18
<p>09.30 Welcome and introductions Welcome from Pensioenfonds Detailhandel</p>	<p>09.30 Welcome and introductions</p>	<p>09.30 Welcome and introductions</p>
<p>Break</p>	<p>10.00 Invited expert speakers present to small groups at table; followed by Q&A</p>	<p>09.45 Welcome from Selma Skalli, Co-Chair of Pensioenfonds Detailhandel board</p>
<p>11.00 Expert speaker 1.1: Prof. Rob Bauer, Maastricht University, followed by Q&A</p>	<p>Break</p>	<p>10.00 Dialogue-makers choose values to develop recommendations for, dialogue in small groups</p>
<p>12.00 Lunch</p>	<p>11.00 Invited expert speakers present to small groups at table; followed by Q&A</p>	<p>Break</p>
<p>13.00 Expert speaker 1.2: Prof. Rieneke Slager, University of Groningen, followed by Q&A</p>	<p>12.00 Lunch</p>	<p>Dialogue-makers build draft recommendations, 'Our responsible investing strategy should...'</p>
<p>14.00 Dialogue on 'How do we imagine our future in 2034?'</p>	<p>12.40 Dialogue on 'What values are important to us?' in small groups, followed by break and voting</p>	<p>12.00 Lunch</p>
<p>Break</p>	<p>Break</p>	<p>13.00 Listening to other groups' recommendations and providing feedback to them</p>
<p>15.00 Expert speaker 1.3: Mart Keuning, ABP, followed by Q&A</p>	<p>14.00 Interview with Pensioenfonds Detailhandel on responsible investment policy, followed by Q&A</p>	<p>Break</p>
<p>16.00 Dialogue-makers discuss list of potential speakers for day 2 and individually vote</p>	<p>Break</p>	<p>14.00 Finalising recommendations</p>
<p>16.30 Summary and thank you</p>	<p>15.30 Pensioenfonds Detailhandel presentations on trade-offs in investing, followed by dialogue in small groups on the day's information and learning</p>	<p>15.00 Presentation of each group's recommendations to plenary, including break</p>
	<p>16.30 Summary and thank you</p>	<p>16.00 Dialogue in small groups on recommendations, followed by polling, and presentation of results to plenary</p>
		<p>16.30 Summary and thank you</p>

Deelnemersdialoog projectmanagement and governance

The Deelnemersdialoog project planning began early 2023, for delivery in 2024. The project was a collaboration between Pensioenfonds Detailhandel, Dr Emmeline Cooper (project design and lead) and Professor Rob Bauer, and partners: Remco van der Stoep, the Sortition Foundation, G1000 Netherlands, and Energized. Remco van der Stoep, G1000 Netherlands, and Energized contributed to the design of the facilitation of the three-day process, bringing in expertise on citizen-driven models, developed during G1000 citizen engagement processes. The Sortition Foundation led the sortition and recruitment process, alongside Pensioenfonds Detailhandel. Energized provided facilitation and note-taking, and event management. The project steering group of Pensioenfonds Detailhandel contributed to key design decisions, contributed to the briefing of guest external speakers, and supported the Deelnemersdialoog during the three-day process, and through its wider communications.

Timeline

Design, concept and planning <ul style="list-style-type: none">• Process design• Establishing collaborations with partner organisations• Programme planning and logistics• Advisory Group meeting 1	March- November 2023
Sortition Process <ul style="list-style-type: none">• Invitation and registration• Dialogue-makers onboarding and confirmation• Advisory Group meeting 2	January- February 2024
Delivery phase <ul style="list-style-type: none">• Deelnemersdialoog 26 February, 11 March and 8 March 2024• Advisory Group meeting 3• Pensioenfonds Detailhandel and dialogue-makers receive report	February-May 2024
Pensioenfonds Detailhandel respond to the report	September 2024

The advisory group

An external advisory group is commonplace in citizens' assembly models and was used to provide external expertise on the Deelnemersdialoog. The advisory group membership includes internationally recognised experts in “mini-public” models; experts on responsible and sustainable investment for institutional investors; representation of Pensioenfonds Detailhandel's Management; and representation of Pensioenfonds Detailhandel's Board. The members of the advisory group are listed below:

- Mathijs van Dijk, Professor of Finance, Erasmus University, Rotterdam;
- Caroline Flammer, Barton Hepburn Professor of Economics, Columbia University, New York;
- Henk Groot, Head of Investments, Pensioenfonds Detailhandel;
- Louise Kranenburg, Manager Responsible Investing and Governance, Pensioenfonds Detailhandel;
- Renate Pijst, Pensioenfonds Detailhandel Board member;
- Gert-Jan Seffinga, Pensioenfonds Detailhandel Board member;
- Graham Smith, Professor of Politics, University of Westminster, London;
- Laura Starks, Professor of Finance and George Kozmetsky Centennial University Distinguished Chair, The University of Texas, Austin; and
- René Upperman, Director, Pensioenfonds Detailhandel.

The advisory group met three times at key stages of the project to provide quality assurance on the Deelnemersdialoog project. It provided advice on: the Deelnemersdialoog's remit; process design, planning arrangements, and preparations; expertise presented at the Deelnemersdialoog, to address objectivity, impartiality, relevance, accessibility, and balance; and transparency and reporting.

Sortition and recruitment

How were dialogue-makers recruited? The selection of participants for deliberative dialogue processes is commonly based on a process called sortition. Sortition allows organisers to randomly select people from a population to achieve a group of participants who broadly reflect the population as a whole, for example in terms of age, gender, region or attitude towards a particular issue. By using sortition, everyone has an equal chance of being selected to participate.

The organisers of the Deelnemersdialoog worked with the specialist organisation, the [Sortition Foundation](#), to carry out a two-stage sortition process among the members of Pensioenfonds Detailhandel. The aim was to bring together a group of 50 members who represented the fund's member base of 1.3 million people in their social, demographic, and membership characteristics, and in their prioritisation of either the environment or the economy, reflecting attitudes across the Netherlands population as a whole.

What was the first step for recruiting dialogue-makers? In a first step, 20,000 members of Pensioenfond Detailhandel were selected from their database of members, and were sent a letter inviting them to register for the Deelnemersdialoog. A distinction was made between three groups of members to account for the different relationships members have with the pension fund: members who are actively contributing to the fund; pensioners who are receiving a pension from the fund; and members who have contributed in the past to the fund, but now contribute to another sectoral or company fund, described as inactive (“sleepers”) (see Chapter 1). These three different types of members participated in the Deelnemersdialoog in different proportions.

The proportions were calculated in a two-step procedure. The proportion of pensioners participating was based on the total number of pensioners, as a proportion of all fund members. For active and inactive members, the average liability per person (i.e. the average pension “pot”) was used to inform the numbers that would be selected. This scheme was used to ensure that active members – those who are currently contributing to a pension – would have a greater probability of being selected. These members are currently paying into a Detailhandel pension, typically have a larger pension “pot”, and are most likely to be interested in engaging with the pension fund.

The table below provides an overview of the different groups and summarises how many letters were sent to each group as a result of this process: 13,200 to active members; 4,800 to inactive members; and 2,000 to pensioners.

Active members	Inactive members	Pensioners
Currently paying in to Pensioenfond Detailhandel pension	Have previously paid in to Pensioenfond Detailhandel pension	Currently receiving pension from Pensioenfond Detailhandel
335,000 (26%)	842,000 (64%)	132,000 (10%)
€33,500 average liability per person	€13,100 average liability per person	€42,250 average liability per person
13,200 invited (66%)	4,800 invited (24%)	2,000 invited (10%)

The letters were sent by post to the selected members. The letter explained the Deelnemersdialoog, why Pensioenfonds Detailhandel wanted to hear their views, details of the process, and how members could register. It was also specified in the letter that dialogue-makers would receive a thank-you gift of € 360 for taking part in the three-days, as well as travel expenses, childcare expenses and translation expenses, if required. The letter included both a web address and a phone number, so that members could register in a way that was most convenient to them. In total, 154 people registered to participate in the Deelnemersdialoog, approximately 0.8 percent of those who were invited.[5]

Following this, at the registration stage members answered a series of questions about their social and demographic characteristics, as well as their relationship with Pensioenfonds Detailhandel and whether they place, on balance, more importance on the environment or the economy. The latter question was included to ensure that the Deelnemersdialoog included a representative mix of attitudes which could influence views towards responsible investing. Their responses to these questions informed the second step of the sortition process: the selection of 50 dialogue-makers out of the 154 members who had registered.

The purpose of this step in the sortition process was to select a group of 50 dialogue-makers for the Deelnemersdialoog that would closely resemble the Pensioenfonds Detailhandel's member base in all its diversity. To achieve this, the Sortition Foundation carried out another round of sortition – so-called “stratified sortition” – which took into account the registered members' characteristics. The selection mechanism was set to approximate as closely as possible the “target” for each criterion, which would be based either on data about Pensioenfonds Detailhandel's member base or on data for the Netherlands' population. Targets were set for gender, age, country of birth, membership status, attitudes (prioritisation) to the environment or economy, and postcode (to capture regional representation).

All targets were achieved in the initial participant selection, indicating a good level of representativeness of the member base (and in some instances, for the Netherlands as a whole) for all the criteria included in the sortition process. After confirming (and replacing some of) the initially selected participants, this was still the case for nearly all criteria, with only a few postcode areas slightly wide of the target. The table overleaf shows which criteria were applied, which targets set, and how they were met (see also Appendix 3).

[5] Given this was the first sortition process to seek registrations at a national level, for a pension fund or scheme, on the topic of responsible investing, it is hard to make useful comparisons with other projects. The response rate did not impact upon the representativeness of the Deelnemersdialoog as the recruitment targets were met.

Criterion (target data source)	Categories	Target	All respondents	Confirmed
Gender (PD member database)	Female	60%	53.2%	60.4%
	Male	40%	46.1%	39.6%
Age (PD member database)	16-29	21.2%	23.4%	20.8%
	30-44	32.1%	25.3%	32.1%
	45-64	34.8%	24.0%	34.0%
	65 en ouder	11.9%	27.3%	13.2%
Country of birth (CBS figures for NL)	Netherlands born, and both parents Netherlands born	75.3%	76.6%	75.5%
	Netherlands born, parent(s) born abroad	11.6%	7.8%	9.4%
	Foreign born	14.5%	15.6%	15.1%
Membership status (PD member database - adjusted)	Active member	64.6%	57.1%	62.3%
	Inactive member	25.3%	18.2%	26.4%
	Pensioner	10.1%	24.7%	11.3%
Prioritisation of environment or economy (World Values Survey)	Environment	61.8%	49.4%	60.4%
	Economy	23.5%	40.3%	28.3%
	Don't know	14.7%	10.4%	11.3%
Postcode area (CBS figures for NL)	1000-1999	16.4%	25.3%	18.9%
	2000-2999	13.9%	14.9%	13.2%
	3000-3999	16.4%	19.5%	20.8%
	4000-4999	8.1%	6.5%	3.8%
	5000-5999	13.5%	9.7%	13.2%
	6000-6999	10.2%	11.7%	13.2%
	7000-7999	10.0%	4.5%	9.4%
	8000-8999	6.1%	3.2%	5.7%
	9000-9999	5.4%	4.5%	1.9%

How did the organisers ensure that selected members would attend? As soon as the second round of sortition was completed, selected members received both an email and a text message confirming they would be taking part in the Deelnemersdialoog. The Sortition Foundation immediately contacted selected members so that each selected member could confirm their participation and have their questions answered.

A small number of the initially selected members were unable to confirm their participation. Additional participants were selected to take their places. The total number of selected participants was set at 55 rather than 50, to mitigate for a drop in numbers because of last-minute cancellations due to illness or personal circumstances.

One week after the confirmation call, each participant received another phone call with further information about their participation, also giving them the possibility to ask further questions. The personal contact beforehand ensured that the organisers could respond to any needs members had in relation to their participation, facilitating their engagement.

How many dialogue-makers were present during the Deelnemersdialoog? After the initial communications by phone and e-mail, 53 participants confirmed that they would take part in the three days of the Deelnemersdialoog. The attendance on the first day of the dialogue was 49. The vast majority of these attended all three-days. Where participants dropped out between the first and third day, this was almost exclusively because of illness, with a flu epidemic recorded in the Netherlands between 15 January and 17 March 2024.

Stage/activity	Number of respondents/ participants
Registered	154
Selected Initial selection Replacements and additional	61 50 11
Confirmed participation	53
Participated Day 1 (26 February)	49
Participated Day 2 (11 March)	48
Participated Day 3 (18 March)	44

Summary of design considerations

The Deelnemersdialoog was designed to enable dialogue-makers to become informed about responsible investing, converge around shared interests and develop recommendations for Pensioenfond's Detailhandel. To achieve these aims, the design focused on facilitating good, high-quality dialogue, allowing the full expression and development of dialogue-makers views and preferences, involving a good balance of expert opinion, and enabling dialogue-makers themselves to shape the direction of the programme. The advisory group and the project partners helped ensure a good Deelnemersdialoog design.

By using a sortition process, participation in the Deelnemersdialoog was offered to a random selection of Pensioenfond's Detailhandel's 1.3 million members. And by following the second step of stratified sortition, the design ensured that participating dialogue-makers sufficiently represented the fund (or the Netherlands), in terms of key social, demographic characteristics, membership status, and attitudes to the environment and the economy. By taking this approach, the Deelnemersdialoog resembled the wider membership of Pensioenfond's Detailhandel.



03 Deelnemersdialoog Day 1

The Deelnemersdialoog included all types of members, with a range of different knowledge levels on pensions and responsible investing.

The first day was designed largely to inform dialogue-makers, providing a very basic introduction to pensions, investing, and responsible investing. Given the long-term focus of pensions investing, and responsible investing, dialogue-makers' hopes and expectations for 2034 were a second important focus of this day and were explored in dialogue with others. The final element of this day provided dialogue-makers with the opportunity to consider which further types of expertise they wanted to hear, involving them in the thematic scope of the Deelnemersdialoog programme for Day 2.

How did dialogue-makers start the Deelnemersdialoog? After being welcomed to the Deelnemersdialoog by Pensioenfonds Detailhandel, dialogue-makers were introduced to the the Deelnemersdialoog, its aims, and the important role it will play in providing recommendations to Pensioenfonds Detailhandel's responsible investing policy. The Deelnemersdialoog's guiding remit was highlighted, to ensure clarity to the dialogue-makers:

"You can help shape Pensioenfonds Detailhandel's future investment approach! What should we focus on in responsible investing?"

The lead facilitator introduced the importance of good dialogue, outlining the dialogue rules, and the opportunities available to raise concerns and voice opinions through anonymous feedback. Dialogue-makers then introduced themselves to the fellow dialogue-makers at their tables and spoke about why they had decided to participate, and what their expectations were.

How were dialogue-makers informed about responsible investing during Day 1?

Dialogue-makers heard presentations from expert speakers on the context of responsible investing in pension schemes. Three expert speakers were invited to give an overview of: (a) the background to the issue; (b) what responsible investing is; and (c) what it can and cannot achieve and the conditions required for its effectiveness. More specifically, Professor Rob Bauer, Maastricht University, provided an introduction to the social and environmental context, pension schemes as institutions, pension schemes as investors, and responsible investing. Following this, Dr. Rieneke Slager, University of Groningen, introduced responsible investing, its principles, approaches, and methods. And finally, Mart Keuning, Senior Policy Advisor, ABP (the government and education sectoral pension fund), addressed the potential and the limitations of responsible investing.

Expert speaker perspectives

The summaries below briefly illustrate the three expert speaker presentations and examples of the types of issues covered. After each 20-minute presentation, dialogue-makers had the opportunity to develop questions (in their small groups) and then ask these to the expert speakers. As well as responding to a selection of these questions on the day, these expert speakers responded in writing to all of the questions developed by each group, and these were emailed to dialogue-makers after Day 1. These questions and answers are provided in Appendix 2.

Speaker: Professor Rob Bauer, Maastricht University

What did Rob Bauer speak about? Professor Rob Bauer, Maastricht University, provided an introduction to pensions, pension funds, and responsible investing. He illustrated how people's pensions are typically made up of three pillars: the state pension, the employee pension managed by a pension fund, and a person's individual additional pension arrangements. Rob indicated that the Deelnemersdialoog would address the second pillar, where Pensioenfondsen Detailhandel has a role.

Next, Rob illustrated the context for the dialogue about responsible investing. He mentioned various global developments that were impacting our future: multiple wars in regions not very far away, the impact of climate change in the Global South and in places near our home, the impact of biodiversity loss and its potential consequences for the global economy, and the issue of social inequality which is linked to the production and supply chains of our products.

He went on to explain how this links to decisions that pension funds need to make in relation to how they invest. To make sure they can pay a decent pension to all their members, pension funds need to achieve a good return on the funds they invest. They tend to spread their investments across companies, regions, and investment categories so that the financial risk is low. However, both from a financial and from an ethical point of view, pension funds have to think about more than financial performance metrics alone. This is where responsible investing comes in.

From Rob's perspective, responsible investing involves taking into account considerations on sustainability, social policy, ethics, and governance when making investment decisions. Responsible investing is not an optional add-on: financial regulators demand that pension funds consider climate-related risks alongside financial risks. According to Rob, a pension fund needs to make a number of strategic choices in relation to responsible investing. For example, they need to decide which themes to prioritise, how to deal with potential trade-offs and dilemmas, and how to engage with their members on these topics.

What questions did dialogue-makers ask Rob Bauer? In the question round after Rob's presentation, dialogue-makers asked him to elaborate on some of the key principles and mechanisms around responsible investing. He was asked what "investing" means in practice, how pension funds are making investment choices, and the implications for people's pensions. Rob explained that investing is a way to make money with money that you have, with better potential returns than keeping it in a savings account. This is related to the willingness to take on some risk: investing in stocks or property means that the value of your share can go up or down. Pension funds tend to spread their money over a large and varied number of investments, so that they can be confident that they will be able to pay out their members' pensions.

Another theme in dialogue-makers' questions to Rob was the practice of responsible investing: they asked how they can be certain that investments are responsible and whether responsible investing can achieve good financial returns. Rob responded that research and checks are done on companies and financial products and that ratings are given to ensure that they do what they promise to do – but also that this is still work in progress. Rob indicated that it is possible to create broadly diversified portfolios that, to a degree, address sustainability issues, without affecting returns.

Speaker: Dr. Rieneke Slager, University of Groningen

What did Rieneke Slager speak about? Dr. Rieneke Slager, Groningen University, highlighted the various instruments that investors can use to put responsible investing into practice. One approach is screening and divestment. This involves assessing the performance of companies against certain criteria (e.g. sustainability) and divesting from companies whose performance is poor. Alternatively, shareholders can engage with companies by entering into dialogue and by voting at shareholder meetings. Thirdly, investors can integrate so-called ESG (environmental, social, governance) considerations into their decision-making about future investments. Finally, investors can invest directly into companies which are developing (innovative) solutions to social or environmental issues. This is called impact investing.

Rieneke distinguished three main themes that are commonly guiding responsible investment:

- environment, including climate biodiversity, and deforestation;
- social, including human rights, working conditions, and diversity; and
- governance, including good corporate governance, fair tax policies, and anti-corruption policies and practices.

She explained that pension funds can have various reasons for investing responsibly. These can be financial reasons, acknowledging that responsible investments are likely to be financially beneficial in the longer term. Other reasons can be the need to comply with regulation or international commitments, or the responsibility towards members and their priorities.

To conclude, Rieneke emphasised the importance of collaboration between investors to achieve impact and explained that impacts from responsible investing are often indirect, which makes them difficult to measure.

What questions did dialogue-makers ask Rieneke Slager? Dialogue-makers posed a range of questions to Rieneke. Specifically, Rieneke was asked what a share precisely represents. Rieneke explained that owning a share means that you are owning part of a company, and that as a shareholder you have some influence over this company. Shareholders typically own a very small percentage of the shares in a company and will need to work together with other shareholders if they want the board of the company to make changes, for example to become more sustainable.

Dialogue-makers' also asked Rieneke about the impact of responsible investing: how can one Dutch pension fund make a difference, especially if the problems the fund is trying to address are occurring far away? Rieneke responded that it is common for pension funds to invest in a variety of places and that this can make it complex to verify whether companies are as sustainable as they say. She added that pension funds can mitigate this by working together, for example exchanging information and jointly engaging with companies.

Speaker: Mart Keuning, ABP

What did Mart Keuning speak about? Mart Keuning, Senior Policy Advisor, ABP, spoke about how responsible and sustainable investing by pension funds can be effective. First, his presentation concentrated on the role of investors. Mart explained that an investor can have different relationships with companies in which it invests. Pension funds are often shareholders. As a shareholder, you are benefiting from the profits the company makes, and you have the right to vote in shareholder meetings. But other relationships are also possible; for example, an investor can become an impact investor and have a direct relationship with a company, enabling it to grow or innovate for a specific purpose.

Next, Mart explained why investors would prioritise responsible and sustainable investing. He indicated that there can be a variety of reasons for this, the first one being risk mitigation – as less sustainable investments run the risk of losing value in the long term. Responsible investing may also be driven by a commitment to: reducing negative impacts; having a positive impact on the world or society; changing companies for the better; or investing according to ethical principles.

Mart highlighted that engaging with companies can be part of a responsible investing strategy. He emphasised that this will only be effective if an investor is well-prepared by having clear objectives and ways of measuring progress. Investors need to own enough shares to have real influence, and if not, they can seek to work together with other shareholders. The first step of engagement is usually dialogue. If a company is not responsive, the investor can try to escalate an issue through voting for or tabling resolutions or, ultimately, by divesting from the company.

Divestment is another approach that is often part of responsible investing strategies. According to Mart, for divestment to be effective an investor needs to have a vision as to why they choose to invest. On this basis, clear conditions for eligibility can be set for investing, and for divesting, if certain conditions are not met. Mart emphasised that investors should assess their so-called ESG (environment, social, governance) risks from an ethical as well as a financial perspective.

Mart briefly touched upon impact investing and highlighted that this too, requires clear objectives and an analytical approach in order to be effective. He concluded his presentation by contrasting what an investor can and cannot achieve: they can influence companies and legislators, reduce or achieve impacts and make moral choices, but they cannot change the economy, and they cannot “keep their hands clean”.

What questions did dialogue-makers ask Mart Keuning? Dialogue-makers' questions to Mart focused on how pension funds could exert influence as investors. They asked Mart how a pension fund would go about this in practice. Mart responded that a pension fund would set out its goals and rules in policies, and use that to assess when to act, which could involve seeking to make changes to how a company operates. Investors can work alongside other investors to put a proposal to the board or the shareholder meeting. If the board fails to address the issue, then a pension scheme could, for example, vote against the appointment of board members, or ultimately divest from the company by selling shares. Mart explained that this sort of engagement with companies is usually delivered through an independent professional, operating on behalf of the pension fund, and in line with the fund's responsible investment policies.

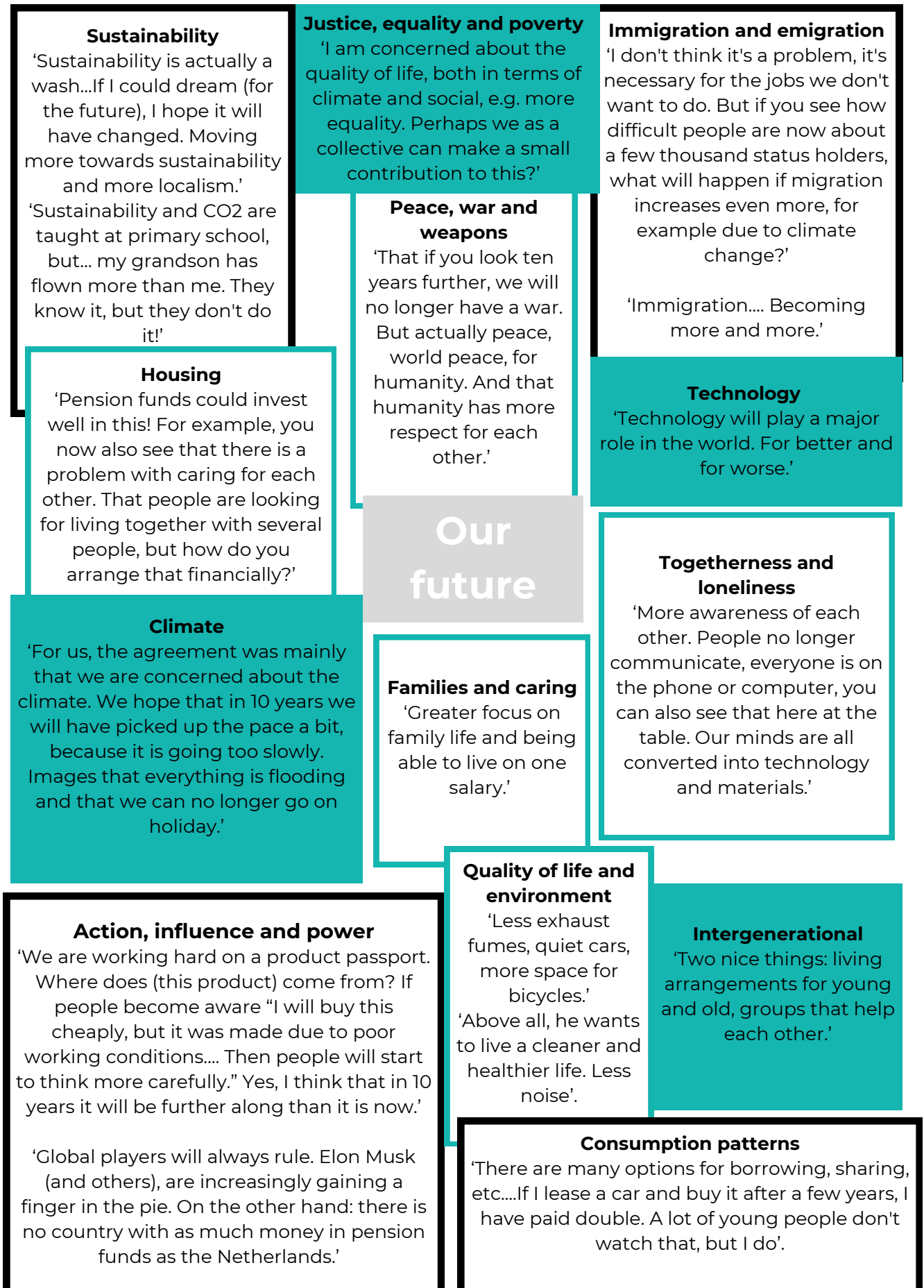


Deliberation in focus: Our future?

How did dialogue-makers consider the long-term future? Dialogue-makers entered into dialogue with each other and envisaged what the world could look and feel like in 2034. This deliberation identified dialogue-makers' aspirations and expectations for the future, and what they would like to see more and less of in 2034. Through this conversation, dialogue-makers' became orientated towards the longer-term, and expressed their values as they discussed their hopes and concerns.

In this wide-ranging discussion, some themes were more frequently mentioned than others by dialogue-makers. The focal themes (which were mentioned by at least three tables of small group discussions) were: peace, war and weapons; immigration and emigration; climate; quality of life and environment; technology; families and caring; intergenerational issues; justice, equality and poverty; consumption patterns; housing; togetherness and loneliness; action, influence and power; and sustainability. These top themes are summarised, along with illustrative quotes, overleaf. Appendix 4 provides an overview of all the themes that were mentioned by dialogue-makers during this deliberation.

Our future: Top themes



Choice of guest expert speakers

What further perspectives did dialogue-makers want to hear? At the end of Day 1, dialogue-makers deliberated on which further perspectives they would like to hear about. They were given the opportunity to choose expert speakers to invite to Day 2. To help them, they were provided with a list of 14 additional expert perspectives and a brief summary of their expertise. Without having access to specific names or organisations, dialogue-makers discussed what types of perspectives could be interesting or not interesting. To complete the activity, dialogue-makers individually chose which speakers they would like to hear from on Day 2 (see Chapter 4).

Day 1 summary

Day 1 was largely focused on informing dialogue-makers, orientating their perspective towards the long-term, and encouraging them to consider what types of expertise they would like to hear. Dialogue-makers were provided with a brief background in pensions, investing, and responsible investing by presentations from three expert speakers from academia and industry, followed by a Q&A with these speakers. To introduce a long-term perspective, dialogue-makers entered into a consideration of their expectations for the future, discussing their hopes and aspirations for the world in 2034 with others. To finish, and to set the scene for the next stage in the process, dialogue-makers considered the further sources of expert opinion they would find interesting to hear and indicated the types of expertise to be included in the Day 2 programme.

04 Deelnemersdialoog Day 2

The process of informing dialogue-makers continued during Day 2, along with a focus on deliberation.

Dialogue-makers were informed on wider responsible investing topics by guest expert speakers. Following this, dialogue-makers were informed on Pensioenfonds Detailhandel's policy, and the trade-offs and dilemmas involved.

Dialogue, deliberation and prioritisation were also integrated into Day 2. Dialogue-makers were asked to enter into dialogue with each other about what values and issues were most important to them, when considering investing. Through dialogues in small groups, and a subsequent individual voting process, dialogue-makers identified their most important values or issues. These provided the foundations for their recommendations on Day 3.



How did dialogue-makers decide which additional perspectives they wanted to hear? At the end of Day 1, dialogue-makers identified which additional perspectives they wanted to hear. After a table conversation to exchange ideas, each dialogue-maker individually indicated their preferences on a form. Dialogue-makers could write their own suggestions of a topic they wanted to hear more about, or they could choose from a list of 14 suggested topics (see table overleaf).

The seven most important topics were identified by the number of votes, and guest expert speakers were invited to present on these topics on Day 2.[1] Dialogue-makers mostly focused their choices around the 14 suggested topics, but some dialogue-makers also asked for more information on how Pensioenfonds Detailhandel currently manages its investments. Given that this topic was already part of the Day 2 programme, the focus of the morning session remained on the seven presentations of external expertise.

The table overleaf gives an overview of the topics that dialogue-makers could choose from, the selection of speakers (names and organisations were not provided to dialogue-makers), and their scores. The topics receiving the top seven scores were invited to present on Day 2.

[1] Although 14 potential guest speakers had been lined up to present on 14 topics, only those presenting the seven top scoring themes were invited to Day 2.

Rank	Score	Topic	Name of speaker (if topic selected)
1	195	The power of your pension money vis-à-vis oil and gas companies	Mark van Baal (Follow This), member organisation for shareholder engagement
2	132	How pension money can contribute to solutions for people and environment as well as delivering returns	Laure Wessems-Chibrac (NAB) Netherlands Advisory Board on impact investing, non-profit organisation
3	131	Why it is important that companies are well governed and how to assess this	Frank Wagemans (Achmea), insurance company
4	115	The importance of companies paying a living wage	Ellen Kunst (MN), asset management company
5	109	How external influence made pension funds in the Netherlands increase responsible investing	Will-Jan Jacobs (Pension Federation), industry organisation of Dutch pension funds
6	99	Impact of companies and investments on people and human rights	Kees Gootjes (ABN-AMRO), bank
7	92	How collaboration is crucial for better investments	Rik Teeuwen (PRI), industry organisation
8	83	Why it is important for pension funds to take climate change into account	(not selected)
9	75	How investments can help enhance nature and combat nature loss	(not selected)
10	68	Why pension funds should do more about climate when investing, and how	(not selected)
11	50	How pension funds should also address labour rights close to home	(not selected)
12	39	Why companies should do more about human and labour rights	(not selected)
13	34	Why it is important that (your) fashion is made in a fair manner	(not selected)
14	32	Why pension funds should consider biodiversity	(not selected)

Who were the guest expert speakers on Day 2 and what perspectives did they represent? The seven guest expert speakers came from the finance sector, industry organisations and NGOs. They joined the Deelnemersdialoog on the morning of Day 2 to present their perspectives on responsible investing. They were briefed by the organisers in advance that:

- their role was to provide their own professional or organisational perspectives on the most important issues at stake. Unlike the Day 1 speakers, they were not expected to provide an overview of the “professional consensus”, but rather address the topic from their own vantage point; and
- they should present their perspective in a short and accessible manner, for example by avoiding jargon and presenting their viewpoint simply so members could engage with the issues and understand them.

To facilitate full engagement, these presentations took place informally in small group discussions and presenters were encouraged to bring hand-outs if helpful.



How did the seven guest expert speakers present their viewpoints? Each guest expert was seated at a table, and dialogue-makers could choose which table they joined, with a broadly equal number of dialogue-makers participating at each table. To help their choice, dialogue-makers were informed beforehand by email which topics had been chosen and which speakers would be present to discuss each topic.

There were four rounds of table presentations and discussions, involving a short 10-minute presentation by the guest expert speakers, introducing themselves, their background and their expertise on the topic. Following this, the remaining 10 minutes was dedicated to a table conversation among the seven to eight dialogue-makers and the speaker about their topic of expertise. After each 20-minute round, dialogue-makers chose another speaker on another table until each dialogue-maker had heard from four of the seven different perspectives that were on offer.

Expert speaker perspectives

The seven expert speaker presentations, and discussions that followed with dialogue-makers, are illustrated in brief overleaf. These summaries offer an insight into the types of issues presented, and the questions asked by the dialogue-makers. Despite the challenge of presenting their perspective in very simple terms in only 10 minutes, the guest expert speakers succeeded in generating lively conversations among the dialogue-makers. Dialogue-makers asked many questions, focusing on a specific speaker's topic, addressing broader cross-cutting issues, or linking the varied speakers' perspectives together.

How do we have the power through our pension money to make companies in the fossil industry more sustainable?

Mark van Baal, who leads Follow This, discussed how shareholders can influence the choices that companies make. Follow This works with pension funds and other institutional investors to get fossil companies moving to align their activities with the goals of the Paris Agreement. Pension funds, as shareholders, can submit resolutions to commit a company to achieving those climate goals and/or vote for resolutions to that effect. According to Mark, this approach has already succeeded in influencing five oil companies, and these successes prove the effectiveness of remaining involved as an investor in large fossil fuel companies. He stated that large companies are needed for the energy transition. As a shareholder, if you leave those companies because you do not want to invest in fossil fuels, you also lose your influence. Put simply, you will not have a seat at the table anymore.

What questions did dialogue-makers ask Mark van Baal? Dialogue-makers asked Mark about the real influence that pension funds can exert as shareholders, and what they achieve. Mark indicated that much more change is needed and not only from the fossil fuel companies, but also from the government and consumers. He emphasised that influencing fossil fuel companies is an important part of the solution. According to Mark, investors such as pension funds can bring about even greater change at fossil fuel companies. In his view, pension funds have the power, but there is not yet sufficient action. Pension funds should continue to influence rather than exit, because shareholders who are less critical will return, and take their place.

How can pension money contribute to solutions for people and environment as well as delivering returns?

Laure Wessemius-Chibrac, Managing Director of the trade association of impact investors in the Netherlands, discussed how impact investing focuses on making positive change possible, and setting goals to achieve this. It is a different approach from responsible investing, which is often primarily about preventing damage to people and the environment.

She explained that innovation is of great importance, especially in a world where we are dealing with the effects of climate change and war. Investing in solutions, for example in the field of clean energy, can have a major impact on the future. According to Laure, pension funds have a responsibility to focus on long-term impact in addition to returns in the interests of their members. In her opinion, pension funds should invest a larger part (10%) of their assets through impact investing. In the short term, this can result in slightly higher costs and returns that come less quickly. But, she argued, this is compensated by the greater impact and good returns in the long term: not only a good pension but also a liveable world.

What questions did dialogue-makers ask Laure Wessemius-Chibrac? Dialogue-makers asked for examples of impact investing, with Laure mentioning the role of Tesla, along with other companies, in accelerating the transition to electric cars. She also mentioned further examples of achieving impact such as through building affordable housing and investing in the energy transition in the Netherlands; supporting small businesses in emerging countries through microcredit; or investing in innovations in education and healthcare. Dialogue-makers explored trade-offs between impact investing and “traditional investing” and how pension funds deal with this. According to Laure, pension funds are still quite cautious investors, because they experience pressure to achieve high returns in the short term. However, in her view, pension funds are long-term investors par excellence.

Why is it important that companies are well governed and how can investors assess this?

Frank Wagemans, Senior Engagement Specialist, Achmea, is involved in influencing companies in which Achmea and others invest. To illustrate his work, he presented a few investment examples to the dialogue-makers.

One example focused on a company that wanted to pay a very high bonus to its top executive because of good results. Should shareholders agree with this? Frank indicated that investors deal with such a question in different ways. For most investors, it is ultimately about financial considerations, while according to Frank there are many relevant social considerations at play.



In another example, a company nominated a new board member who, like all existing directors, was a man over 50. Should shareholders agree with this? Frank said that Achmea recently voted against such a proposal, because they believe that a board with different backgrounds and perspectives ultimately performs better. He highlighted how, in addition to voting (against), shareholders can also have influence by building a relationship with a company through dialogue and engagement.

What questions did dialogue-makers ask Frank Wagemans? Dialogue-makers discussed with Frank how influencing companies works in practice. Frank explained that Achmea often owns only a very small part of the shares in companies. Nevertheless, Achmea can vote on annual shareholder meetings and start a dialogue with companies it targets, often also by acting together with other institutional investors. According to Frank, most shareholders make too little use of the influence they can exercise, and a majority rarely votes against a proposal. In his view, companies are sensitive to the opinions of shareholders, and as an investor you can also exert influence through dialogue or seeking media attention.

Why is it important that companies pay a living wage?

Ellen Kunst is Advisor for Responsible Investment at pension provider and asset manager MN. This organisation invests on behalf of several Dutch pension funds, and the theme of the discussion at the table was the importance of fair wages.

Ellen explained that employee wages are directly related to several aspects of human rights. In many countries there is no minimum wage, or you cannot live well on a minimum wage as it does not allow you to afford good housing or food. Drawing on the clothing industry as an example, Ellen discussed how the production of a garment often has a long supply chain and there are often poor working conditions and underpayment of employees. As an investor working on behalf of pension funds, Ellen has raised the issue of the rights of employees throughout the supply chain to companies. By bringing together the assets of multiple investors, they have increased their influence as shareholders. In her view, impact can be achieved through this type of dialogue, by addressing the standards required for companies, sectors or supply chains.

What questions did dialogue-makers ask Ellen Kunst? Dialogue-makers asked Ellen whether it is effective to focus on wages, or whether a broader consideration of the working and living conditions of workers would be better. Ellen indicated that companies that pay a fair wage often also operate more responsibly in other areas. She discussed this issue by providing dialogue-makers with a summary chart which classified clothing companies according to how well they pay their workers in their supply chains. Dialogue-makers were curious whether these rankings and classifications motivate companies to do better. In Ellen's view, the use of industry benchmarks can be effective in addressing underperformers.

How have external influences made Dutch pension funds increase their responsible investing?

Will-Jan Jacobs is Responsible Investing Policy Advisor at the Pension Federation, the trade organisation of pension funds in the Netherlands. He talked about the origins of pension funds in the Netherlands and the development of how they invest. Since the end of the last century, investing has become much more international as a result of diversification, involving the allocation of investments to many different regions, sectors and types of investments.

According to Will-Jan, the downside of extensive diversification was that pension funds no longer knew what they were investing in. Since the scandal surrounding investments in cluster munitions, more responsible investing policies have been developed on this, for example by identifying companies or sectors in which they are no longer allowed to invest. Nowadays, most pension funds are actively concerned with how responsible their investments are, including positive impact investments. Pension funds also have to address the legislation and supervision that encourage responsible investing: for example, the DNB (Dutch National Bank) includes climate risks in analyses and AFM (Authority for Financial Markets) intervenes when companies or investors engage in greenwashing (an inaccurate or fraudulent claim about a firm's or investment's sustainability performance).

What questions did dialogue-makers ask Will-Jan Jacobs? Dialogue-makers asked questions about investing in weapons. Will-Jan explained that there is only a ban on investing in cluster munitions and that pension funds usually invest in other weapons that they do not consider controversial. There is now a lot of public attention on this, as well as attention from politicians in the context of current geopolitical conflicts. Questions were also raised about the role and influence of the Pension Federation. Will-Jan said that pension funds themselves are responsible for their investment policy, and that the federation helps, among other things, to promote cooperation between pension funds, to exchange knowledge, and to represent the funds to the outside world.

What is the impact of companies and investments on people and human rights?

Kees Gootjes, Business & Human Rights Advisor, ABN AMRO, explained that there have been all kinds of forms of responsible investing over the centuries, but that in the second half of the 20th century the focus had shifted to profit instead of ethics. Moreover, due to globalisation, products are now often produced far away from consumers, so that possible negative impacts remain out of sight.

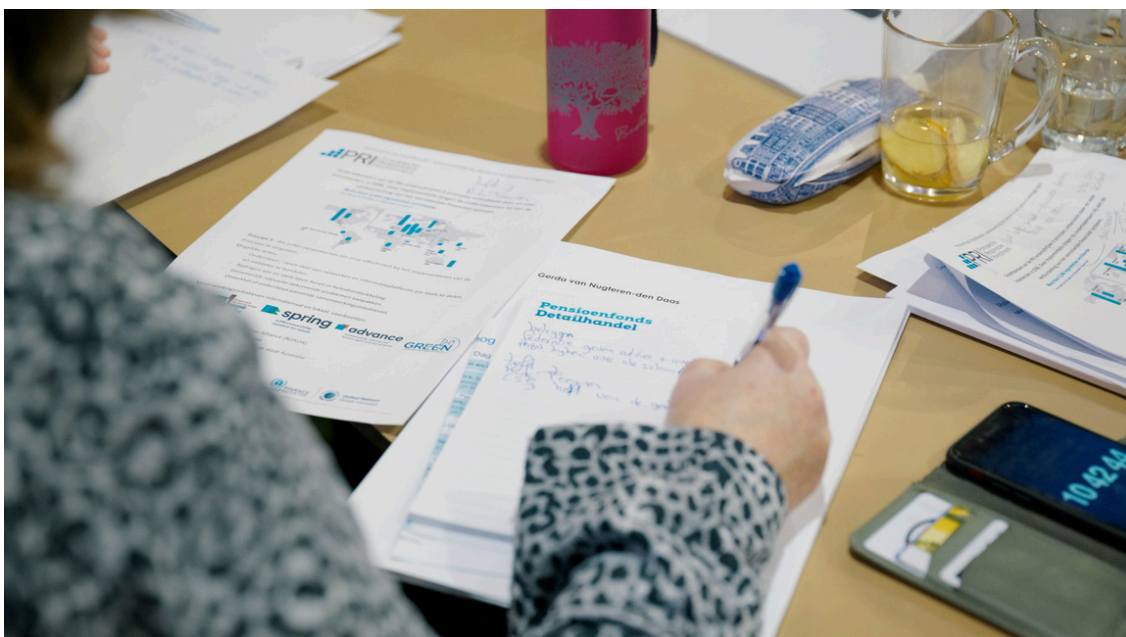
Kees indicated that responsible investing is now on the rise again and that many banks and other investors are trying to use their influence to ensure that companies behave better towards people and the environment, both far away and close to home. For example, ABN AMRO is working with other investors to ensure Nike meets its obligations to employees in Cambodia and Thailand. Domestically, they use their influence to draw attention to the human rights of migrant workers and shipping workers. He said investors have different ways to influence companies and they can be very effective at doing so.

What questions did dialogue-makers ask Kees Gootjes? Kees was asked what it is like to work as a human rights advocate at a large bank, a firm that is focused on profit. Kees agreed that this can lead to tensions at times but emphasised that large investors are very serious about responsible investing and that they employ many people for this. Another topic was how responsible investing can be most effective. Kees indicated how important it is to have good legislation for this. In his view, by laying down laws and regulations that companies and investors must comply with, responsible investing becomes more attractive and easier.

How is collaboration crucial for better investments?

Rik Teeuwen, is Head of Benelux, at PRI (Principles for Responsible Investment), an international network of asset owners and managers established in partnership with the United Nations. In 2006, PRI formulated six principles for responsible investing. Collaboration, one of the six principles, was the focus of the discussion.

In Rik's view, cooperation between investors is essential to have an impact on global issues. He said that 5,300 investors around the world are connected through PRI, representing half of all invested capital. With the help of PRI, investors can collaborate on major themes, such as PFAS (chemical) pollution and water shortages. The collaboration can ensure that investors have more power towards companies they want to influence. An example of such a collaboration is Climate Action 100+, an initiative to enter into dialogue with the 170 most polluting companies in the world and, as a collective of investors, to closely monitor the fulfilment of promises by these companies. According to Rik, 77% of these companies have now made a net-zero pledge and in 93% of them the highest management body oversees climate risks and opportunities.



What questions did dialogue-makers ask Rik Teeuwen? Dialogue-makers' questions focused on the impact of responsible investing. Rik mentioned that investors collaborating effectively had contributed to the combatting of child labour and deforestation for palm oil. Collaboration had also contributed to improved performance assessments of companies' activities, including whether their performance is in line with the requirements of the Paris Agreement. Questions were also raised about the global context in which PRI works. In Rik's view, it is important to take into account the differences across countries, given legislation differs greatly and because responsible investing is more widely supported in some countries than in others. The PRI also involves investors in countries that are "lagging behind" in responsible investing, helping to improve performance across the world.



Deliberation in focus: What is important to us?

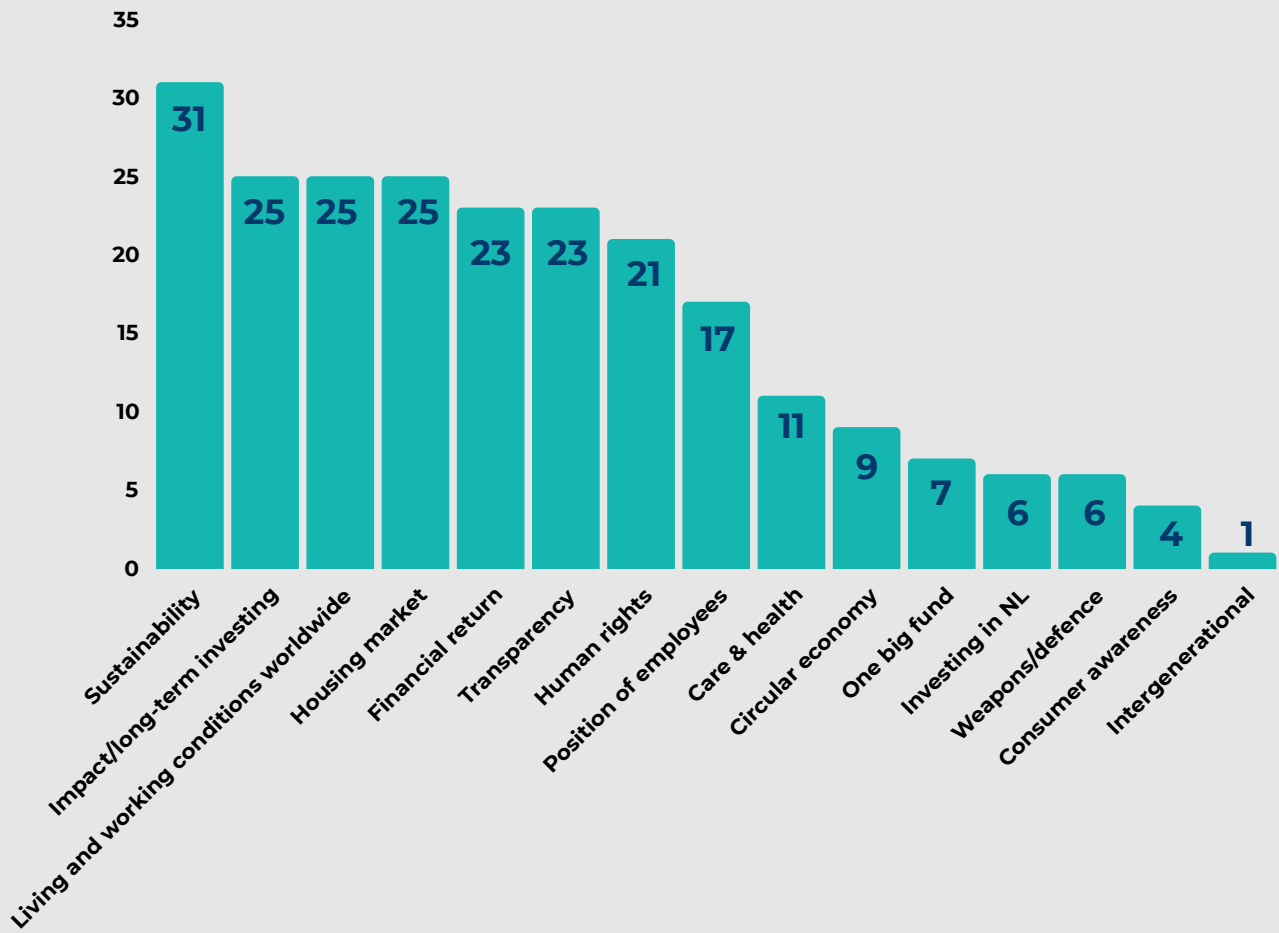
Which values or issues did dialogue-makers find most important in investing?

Building on the deliberation about the future in Day 1 and establishing the foundations for the development of recommendations on Day 3, dialogue-makers explored which values and issues are most important to them. During the deliberations, each table identified six values or issues that they found most important in the context of investing.

The values and issues from each of the groups were then summarised into overarching themes by facilitators. To prioritise which of these overarching themes were most important to them individually, each dialogue-maker was given five stickers for voting. Dialogue-makers could vote however they wanted, including putting one sticker on five different themes, or putting all their stickers on one theme. As a result of this prioritisation process, eight top themes were identified, and these provided the starting point for the development of recommendations on Day 3. The eight top themes prioritised as most important were: sustainability; impact/long-term investing; living and working conditions worldwide; housing market; financial return; transparency; human rights; and the position of employees. An illustration of these themes is provided overleaf in a chart indicating the total number of votes received. This is followed by tables which indicate the themes, sub-themes, from which tables they were raised, and quotes indicating dialogue-makers' points of view.



What is important to us?



What is important to us?

Theme (number of each table where theme highlighted)	Example(s)
<p>Sustainability: 31 votes</p> <ul style="list-style-type: none"> • Sustainability - beyond PR sustainability (1) • Energy transition (6) • Energy transition with a focus on the long-term (4) • Invest in more sustainable companies (2) • Vision on transition from fossil to sustainable (7) • Climate justice - fair investment (2) • Livable planet - less warming (5) • Environment and safety 	<p>'I think it is important that the earth does not warm any further.' (5)</p> <p>'With so-called sustainability you touch on ethics. It sometimes seems sustainable, but we do not always see what is behind it because sometimes it turns out not to be sustainable at all'. (1)</p> <p>'Invest in sustainability...I'm retired, if I only have to think about myself, then I know. But I also have children and grandchildren'. (7)</p>
<p>Impact/long-term investing: 25 votes</p> <ul style="list-style-type: none"> • long-term view e.g. investing through impact (1) • Active attitude - invest at least 10% impact (7) • Influence aimed at making an impact (7) • More impact investing - already (5) • Putting more capacity into impact investing (2) 	<p>'Impact investing in the long term... so specifically for future generations, for a better world. At first I thought I wanted as much money as possible for myself, but I thought that was a good story too. Also for my grandchildren'. (1)</p>
<p>Living and working conditions worldwide: 25 votes</p> <ul style="list-style-type: none"> • Less migration due to better living conditions elsewhere (5) • Equality in basic services worldwide - housing, work, healthcare, education, healthy eating (3) • Better working conditions in factories abroad - and also in the Netherlands (4) 	<p>'It is important that fewer people come to the Netherlands, there are now 17 million of us. There will soon be 40 million of us! It is important that people in other countries do better. If 40 million people come here, we will soon no longer be able to pay for healthcare, for example. Young people can no longer afford a house'. (5)</p>
<p>Housing market: 25 votes</p> <ul style="list-style-type: none"> • Affordable housing market (5) • Affordable housing (4) • Affordable housing for the entire population (6) 	<p>'Affordable housing in your own country must be on the agenda. Affordable housing for everyone. Close to home. Should Pensioenfonds Detailhandel then invest in social housing?' (6)</p>

Theme (number of each table where theme highlighted)	Example(s)
<p>Financial return: 23 votes</p> <ul style="list-style-type: none"> • Pension fund return (5) • Long-term returns (4) • Security of my pension - amount, age (1) 	<p>‘How do we get the money to pay for all that, all those worries that we have?...How do they deal with this, what is the risk, do they dare or not? Ensure sufficient returns’. (5)</p> <p>‘Long-term returns are important’. (4)</p>
<p>Transparency: 23 votes</p> <ul style="list-style-type: none"> • Education/sufficient information (7) • Accessible information from the pension fund ‘Jip and Janneke language’ (2) • Provide transparent information about portfolio investments (7) • Transparency (2, 3) 	<p>‘How do we make this all clear, for the common man, a bit Jip and Janneke. Transparent. And measuring is knowing. Honesty’. (2)</p>
<p>Human rights: 21 votes</p> <ul style="list-style-type: none"> • Against child labour, more control (7) • Ethics e.g. tax policy, human rights (1) • Human rights (5, 6) 	<p>‘Human rights also important. To do something about it. Here and far away. But also think about Europe... that we outsource processes to cheap Spanish workers. Pension funds must also pay attention to this, especially close-by and not just to Bangladesh’. (1)</p> <p>‘Against child labour and better control.’ (7)</p>
<p>Position of employees: 17 votes</p> <ul style="list-style-type: none"> • Strengthen the position of employees (6) • Fair pay in organisations (7) 	<p>‘How companies treat their employees. Profit is not distributed fairly. Important for me personally’. (6)</p>
<p>Care & Health: 11 votes</p> <ul style="list-style-type: none"> • Health, healthy lifestyle (4) • Accessible care and attention to prevention (6) 	<p>‘Older people all have problems with care and more and more people are joining them. How do we deal with that? Healthcare must remain accessible. What will happen when I retire?’ (6)</p> <p>‘Investments must be made in a healthy lifestyle, so not in alcohol, smoking, fat or sugar.’ (4)</p>

Theme (number of each table where theme highlighted)	Example(s)
<p>Circular economy: 9 votes</p> <ul style="list-style-type: none"> • Repairable / circular devices, products, services (3) • Stimulate circular innovation (7) 	<p>'More than half of the devices we throw away can be repaired. But that is becoming increasingly difficult because they are manufactured in such a way that repair is not possible. That is the manufacturer's revenue model, and I have a lot of difficulty with that. In the past, all the stuff took a lot longer'. (3)</p>
<p>One big pension fund: 7 votes</p> <ul style="list-style-type: none"> • Linking pensions in one big pension fund (3) 	<p>'Pension funds must collaborate more to make a bigger fist. I think there should be one large pension fund'. (3)</p>
<p>Investing in the Netherlands: 6 votes</p> <ul style="list-style-type: none"> • Investing in the Netherlands instead of abroad (1) • Invest more in the Netherlands (2) 	<p>'I think investing in the Netherlands is a good point, but 10% in the Netherlands and the other 90% abroad, I was secretly shocked by that. Is that a shame, is that okay, sufficient, or should it be more in the Netherlands?' (2)</p>
<p>Weapons / defence: 6 votes</p> <ul style="list-style-type: none"> • Weapons, ammunition etc., transparency about this (1) 	<p>'Investing our money in war and suffering. fleeing people...How transparent are they about this and what do we know as little men? Very complicated'. (1)</p>
<p>Consumer awareness: 4 votes</p> <ul style="list-style-type: none"> • Consumer thinking/awareness (3) 	<p>'Consumer thinking must also change, awareness. People often want to have a lot for very little, but that is not sustainable'. (3)</p>
<p>Inter-generational: 1 vote</p> <ul style="list-style-type: none"> • Also taking care of younger generations (4) 	<p>'What I think is important is that my 4-year-old grandchild will say in 30-40 years 'You have arranged that well for me', you have taken steps to make things better for me'. (4)</p>

The investment context: Pensioenfond's Detailhandel's responsible investing policy

To enhance dialogue-maker's knowledge of Pensioenfond's Detailhandel's investing approach, the lead facilitator interviewed Pensioenfond's Detailhandel's Head of Investments, Henk Groot, followed by a brief Q&A. After this, Henk and Jérôme Magnée, from Finance Ideas, an organisation who advise Pensioenfond's Detailhandel, highlighted three trade-offs relevant to responsible investing. This presentation of current policy and the discussion of trade-offs is summarised in this short section. In addition, dialogue-makers questions, responses and deliberations on these issues are explored.

Pensioenfond's Detailhandel's responsible investing policy

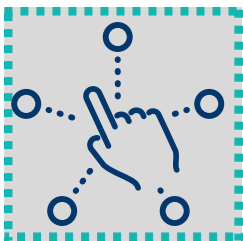
Pensioenfond's Detailhandel investment policy is set by the board and determines how it invests. The pension fund wants to make sure that investment decisions are in line with members' priorities, which is why they find it essential to hear members' views. Henk highlighted that the primary purpose of Pensioenfond's Detailhandel is to pay decent pensions to its members and that this responsibility has always informed the investment policy. One important implication of this has been to minimise risk through spreading investments. In the last eight years, the pension fund has given greater priority to responsible investing, which has the potential to create value in the long term, for example by making investments in companies with good climate policies and better corporate governance practices.

Consulting with members has informed the pension fund's four priorities for responsible investing: labour rights, human rights, corporate ethics, environment and climate. And after further consultation, the board has also added the Sustainable Development Goals as a focus for responsible investing (see Chapter 1).

As an organisation, Pensioenfond's Detailhandel itself is relatively small. It employs external specialists – asset management companies such as BlackRock – to carry out its investment activities. Henk explained that he and his colleagues in the pension fund's management team instruct their asset managers as to what to invest in. The asset manager needs to follow strict mandated guidelines. The pension fund also hires an external party, Columbia Threadneedle, that engages companies they invest in, and votes on their behalf and according to the pension fund's instruction. However, Pensioenfond's Detailhandel is not constantly monitoring every investment in their portfolio. Their model is partly about keeping investment costs down, by being a lean organisation with investments spread widely to minimise risk.

What questions did dialogue-makers ask? One theme in dialogue-makers' questions was how Pensioenfonds Detailhandel could be effective in influencing companies it invests in. Henk explained that the pension fund itself does not conduct dialogue with companies. Instead, its approach is to instruct the fund's engagement and voting provider to support shareholder resolutions. Pensioenfonds Detailhandel also participates in collaborations with other investors aiming to influence companies on issues such as water usage, waste reduction, or greening real estate.

Another theme that dialogue-makers raised was that, in the context of an ageing population, pensions could be less generous in the future. Henk acknowledged that demographic changes could result in state pensions becoming smaller, and that employers and employees may gradually need to pay greater pension contributions or work longer to reach their pension age. But he said that Pensioenfonds Detailhandel works with projections to ensure it will be able to meet its obligations to pensioners in the long term, and that the pension fund has been performing very well against these indicators.



Exploring trade-offs in investing

Henk Groot and Jérôme Magnée presented three potential trade-offs regarding responsible investing to dialogue-makers. These trade-offs were related to impact investing, alignment to the sustainable development goals, and divestment and engagement.

What trade-offs are associated with impact investing? On the one hand, investing directly in a company with a promising solution to a social or environmental issue (impact investment) gives an investor direct influence and clear evidence as to the impact that has been made, and a good return on the investment can be expected. On the other hand, the financial risk is greater with this approach, compared with investing in shares, and managing impact investing is generally more costly. An investor can also choose indirect impact investing (e.g. green bonds), which would be lower cost and lower risk, but also less clear-cut in terms of the impact achieved.

Asked for their immediate reaction to this trade-off, most dialogue-makers said that they believed that impact and risk minimisation were both equally important.

What trade-offs are associated with investing in companies which align with the SDGs (Sustainable Development Goals)? On the one hand, investing in fewer companies means that risks are less diversified, and thus higher, affecting financial performance. On the other hand, such an approach means investments are mostly in companies representing less harm to climate and environment, thus contributing to a sustainable world.

Asked for their immediate reaction to this trade-off, dialogue-makers' opinions were divided. Most dialogue-makers thought that a broader spread of investments was preferable, even if it meant the pension fund would have some less-sustainable investments in the portfolio. Several dialogue-makers emphasised that it would require further deliberation to decide on the specifics.

What trade-offs are associated with divesting and engaging? More specifically, what are the trade-offs associated with divesting from companies that are not performing well on issues of social and environmental responsibility versus engaging with them to change companies for the better? On the one hand, divesting is cheaper, lowers risk, and facilitates investment in more responsible firms. Engaging, on the other hand, is an alternative route to potential impact, by making a company become more responsible. An additional dilemma is how to decide what engagement should deliver, and how quickly, and when to decide to divest from a company after engagement efforts have failed.

Asked for their immediate reaction to this trade-off, dialogue-makers expressed a preference for engaging over divesting. Many expressed the view that three years would be a reasonable term for companies to demonstrate improvements. A small number of dialogue-makers favoured divestment; a similar number thought that the pension fund should continue to engage with companies for as long as it takes.

How were trade-offs addressed in the final dialogue session on Day 2? The issue of trade-offs was addressed in some of the small group conversations at the end of Day 2. Dialogue-makers at various tables reflected on how complex it was to navigate the trade-offs around responsible investing, and the complexity of making choices in this area. Dialogue-makers often spoke about whether it was better to divest from, or to engage with, companies that do not currently qualify as “responsible”. Several dialogue-makers highlighted that they had not been aware of the potential of influencing companies through engagement, expressing support or cautious support for the idea of entering into dialogue rather than divesting, for example, as one dialogue-maker summarised: “So much money is involved, so I’m not very confident. But to shut the dialogue down is (maybe) not positive”.

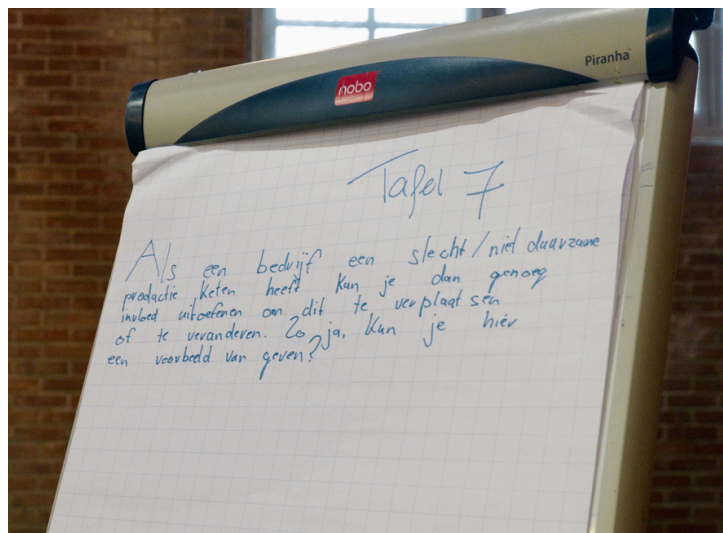
The other trade-off topics that were covered in the presentations by Pensioenfonds Detailhandel were mentioned at some tables, but often without addressing the trade-off itself. For example, several dialogue-makers spoke about impact investing as something that was new to them, or that seemed important, rather than exploring the trade-offs that Henk or Jérôme mentioned in relation to impact investing. At one table, a few dialogue-makers expressed concern about how the lead facilitator asked dialogue-makers to indicate their immediate response to the trade-offs presented in the plenary. In their view, it was important to consider trade-offs in all their nuances and complexities, which they felt had not been possible in the brief presentations of the afternoon.

Day 2 summary

Day 2 provided dialogue-makers with a variety of new perspectives. Beginning with presentations from the seven guest expert speakers, dialogue-makers' became more informed about responsible investing, hearing these experts' presentations in small group discussions, and entered into conversation with these experts. Following this, dialogue-makers deliberated on what is important to them, and their values in the context of investing. Together, they prioritised and identified eight central themes to provide the foundations of their recommendations. Dialogue-makers heard from Pensioenfonds Detailhandel about its responsible investing policy, and the types of trade-offs and dilemmas involved. In response to this, they considered and deliberated the complexities involved in weighing up the different options.

05 Deelnemersdialoog Day 3

The final stage of the Deelnemersdialoog focused on the development of dialogue-makers' recommendations for Pensioenfonds Detailhandel, the main output of the Deelnemersdialoog.



Dialogue-makers' own knowledge, expertise, and values were at the forefront of Day 3, with the dialogue focused on exploring all perspectives, and hearing the feedback of other dialogue-makers.

After hearing from the Co-Chair of the Pensioenfonds Detailhandel Board, Selma Skalli, who provided a welcome to the final day and discussed the importance of dialogue-makers' work, dialogue-makers began deliberating on their recommendations together. With the support of the facilitators, these small groups of dialogue-makers gradually converged towards shared areas of agreement, and crafted recommendations for Pensioenfonds Detailhandel's responsible investing policy. In this short chapter, the process of developing these recommendations is described. The final recommendations, and the voting results on each of these, are presented in Chapter 6.



Deliberation in focus: Developing recommendations

How did dialogue-makers develop their final recommendations? The themes that dialogue-makers identified and prioritised on Day 2 of the Deelnemersdialoog were the starting point for their deliberations about recommendations to Pensioenfonds Detailhandel. These themes were sustainability; impact/long-term investing; living and working conditions worldwide; housing market; financial return; transparency; human rights; and the position of employees. The dialogue tables were each dedicated to one of these eight themes, and each dialogue-maker chose the themes for which they wanted to develop recommendations and joined the relevant table. There were equal numbers of dialogue-makers on each table.

Dialogue-makers were given a complete list of the themes they identified as most important to them in Day 2, both beforehand by email and at the beginning of Day 3. This was to help them to be aware of potential overlaps with other groups when developing recommendations, and to remind them which themes had been identified but not prioritised. If these non-prioritised themes were important to them, they were encouraged to address these in their recommendations.

Before they began developing their recommendations, dialogue-makers reviewed, reconsidered, and deliberated the range of perspectives they had heard throughout the Deelnemersdialoog. Discussions were wide ranging and touched on the issues from varied viewpoints, including the dilemmas involved, what effective responsible investing involves, impact investing, and divesting and engagement. An illustration of dialogue-makers' responses to these issues are outlined overleaf.

Developing recommendations

Before developing their recommendations, dialogue-makers explored the choices and dilemmas they considered important. These quotes from the table discussions give an impression of the dialogue at the beginning of Day 3.

Dialogue on dilemmas

“You want certainty, but the companies that provide the most certainty do things that are bad for the environment or health.”

“It would be better to have a slightly lower return than to have human rights violated in order to deliver cheaper.”

“We all need copper, lithium and cotton, it's just very complex...”

“When you invest in a fossil company, who checks that company's climate plans?”

“If you no longer invest in Shell, you no longer have any influence on their policy.”

“I just want to get rid of Shell.”

Divesting or engaging

“Labels are made and purchased, quality marks to appear sustainable, but this is not always true.”

Effective investing

“There are so many organisations involved in investing. You have to collaborate with so many more organisations.”

“Investing in sustainable or circular companies is also very interesting.”

“It takes a lot of time and energy. You can only be directly involved in a number of companies.”

“If you are going to make direct investments, there may be more risk.”

Impact investing

Developing recommendations

The groups spent most of the morning of Day 3 drafting initial recommendations relating to their theme. They were assisted by a facilitator and could make use of expert input from Professor Rob Bauer or Pensioenfonds Detailhandel executives. It was made clear that the themes should be regarded as a “starting point” for deliberations but should not limit the focus and scope of the recommendations.

To limit the dangers of “group think” and to ensure each group’s recommendations reflected as much diversity of thought as possible, feedback between the groups was organised before recommendations were finalised. In this procedure (known as “the dance”, given the movement between the groups), each group presented their recommendations to one other group, in exchange. Following this, each group provided feedback to the other group. As a result, every group presented their draft recommendations and received feedback on these. The lead facilitator emphasised to dialogue-makers why this procedure was important. Specifically, she highlighted how responding to others’ feedback could help them refine the quality of their recommendations, as well as maximise their appeal among other dialogue-makers when they voted on these recommendations. Afterwards, groups decided how (if at all) to respond to the comments and feedback received and finalised their own group’s recommendations.

Halfway into the afternoon of Day 3, all eight tables had finalised their recommendations. One or more dialogue-makers from each table presented their table’s final recommendations to the plenary and answered questions. Before moving on to individual voting about the recommendations, dialogue-makers had the opportunity to have a final round of table conversations to talk about what they had heard in the presentations from the other tables.

Voting on recommendations

How did dialogue-makers express their preferences on the final

recommendations? The facilitation team entered the final recommendations into an online survey tool. The dialogue-makers took the survey individually and anonymously and expressed their opinion about each of the 49 final recommendations. They could indicate their level of agreement for each recommendation on a six-point scale: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree, and don’t know. Ample time was given to the online voting to ensure that all of the dialogue-makers were able to record their opinion about all of the recommendations.

At the end of the Deelnemersdialoog process, the lead facilitator presented dialogue-makers with a summary of final voting results (see Chapter 6), with dialogue-makers able to access the full results on all 49 recommendations afterwards. The Deelnemersdialoog was closed by discussing dialogue-makers’ top immediate priorities for Henk Goot, Head of Investments, Pensioenfonds Detailhandel, and with a thank you from Pensioenfonds Detailhandel.

Day 3 summary

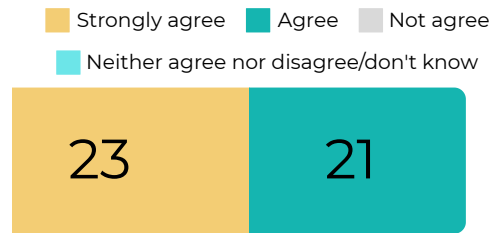
The focus of Day 3 was the creation of dialogue-makers' investment recommendations for Pensioenfonds Detailhandel, followed by their voting on each of these. Using the prioritised themes developed on Day 2, each small group worked together, with the support of the facilitator, to draft their recommendations. After receiving feedback from one other group, and then considering this, they then presented their final recommendations to the whole Deelnemersdialoog. Once dialogue-makers had heard all recommendations, voting took place using an online survey tool, priorities were discussed, and the Deelnemersdialoog ended with a thank you.

06 Deelnemersdialoog recommendations

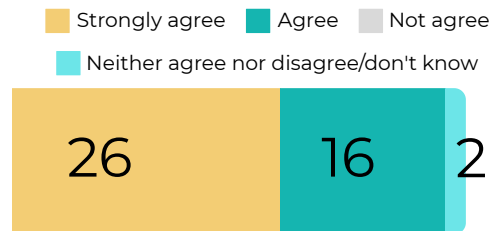
Answering the remit of the Deelnemersdialoog, these are dialogue-makers' recommendations to Pensioenfondsen Detailhandel on the focus of its responsible investing policy. They have been written by, and voted on, by dialogue-makers, at the end of the 3-day Deelnemersdialoog process.

Figures included are in numbers of dialogue-makers. The figures for categories 'strongly disagree' and 'disagree' have been summarised as 'Not agree'.

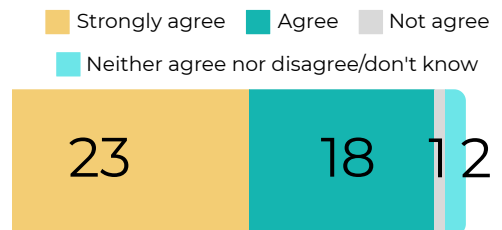
1. Requires annual feedback from the companies with which it is in dialogue



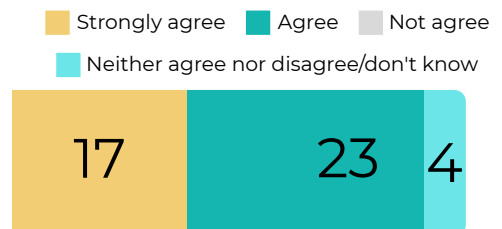
2. Invests in companies that ensure good working conditions (safety, human rights, labour rights)



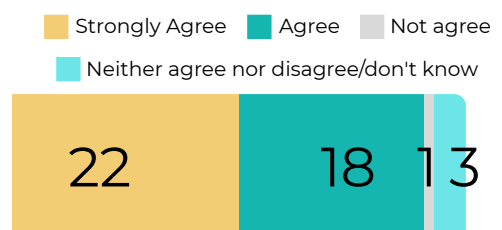
3. Joins forces with other pension funds and/or other institutions that strive for long-term impact, to improve quality of life and human rights



4. Screens companies well and also looks at their adaptability in the past

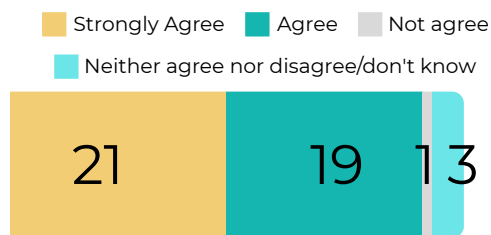


5. Invests in companies that have or could have a positive influence on the working conditions of their employees

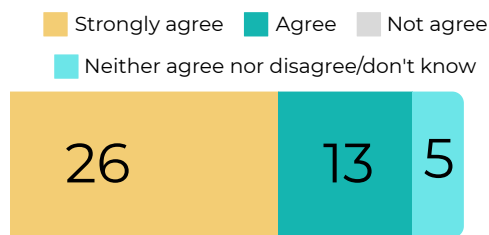


Recommendations

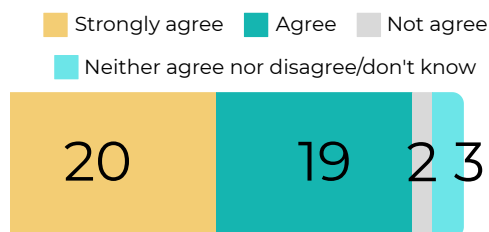
6. Invests in affordable rental and owner-occupied homes



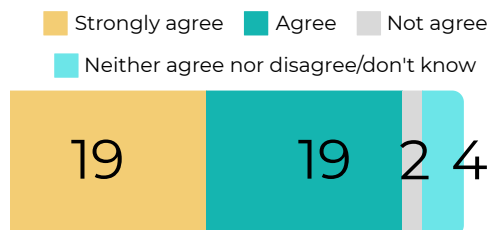
7. Collaborates more with other pension funds for greater impact on issues of shared interest



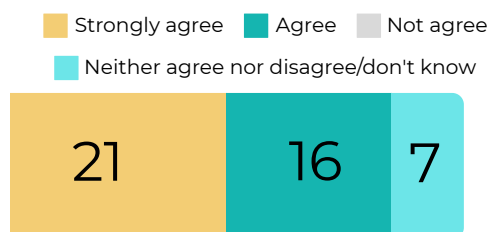
8. DOES achieve a good financial performance, but WITHOUT other people suffering as a result



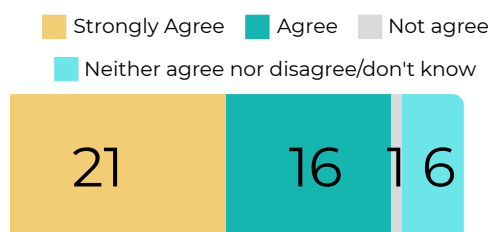
9. Agrees verifiable terms with companies about investing in better living and working conditions



10. Is transparent about the choices it makes, e.g. why it invests in certain companies

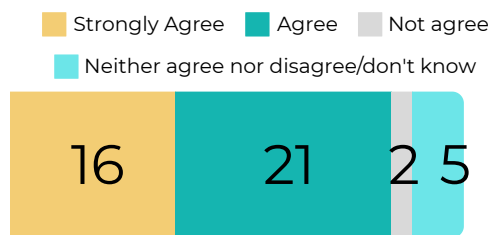


11. Spreads investments over many companies, to reduce risk and provide a secure pension on which members can live

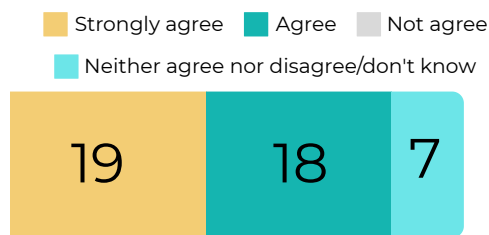


Recommendations

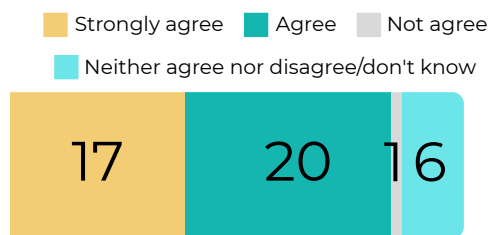
12. Aims to decrease risk and increase security as a member approaches retirement age



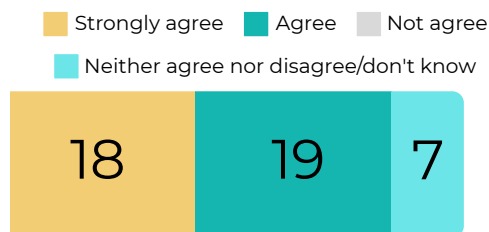
13. Makes information accessible, paying attention to different generations, levels, degree of depth, and tailors the means of communication to target groups



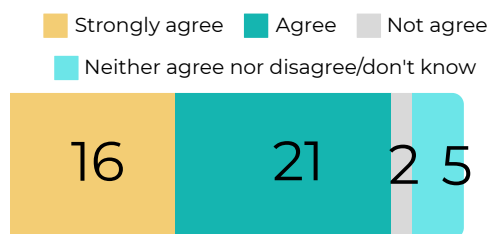
14. Invests in companies that have a measurable (SMART) human rights record, for example based on checks of staff satisfaction and supply chains



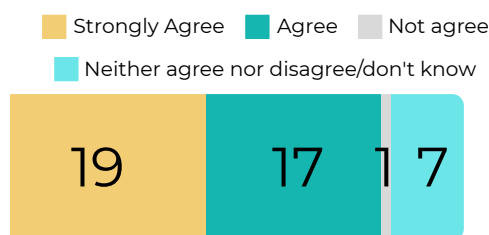
15. Invests mainly in companies with a good human rights record



16. Invests in housing associations, on the condition that they invest in affordable housing

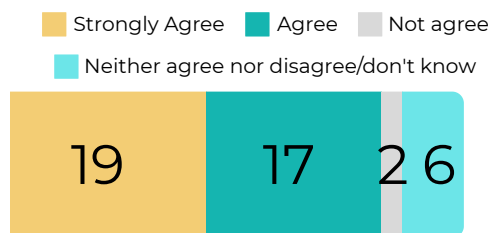


17. Ensures that the pensions of “sleeper participants” (participants who have started working in another sector) continue to perform well financially

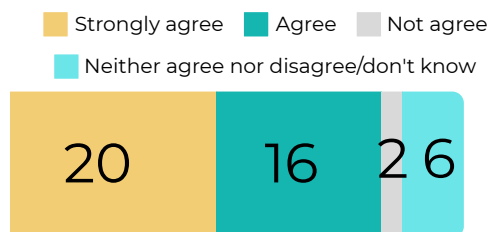


Recommendations

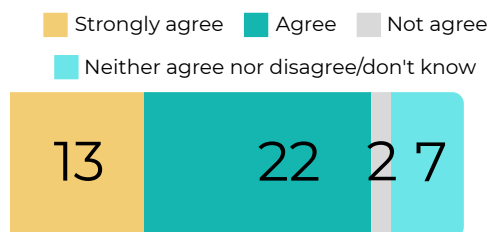
18. Invests in companies that have or could have a positive influence on living conditions in their community



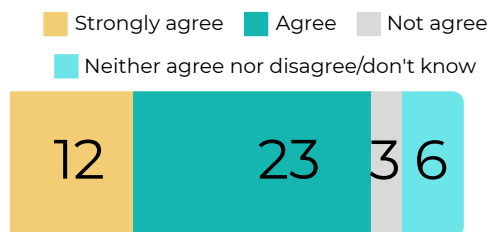
19. Collaborates with other pension funds to put pressure on politicians regarding elderly care and construction freezes



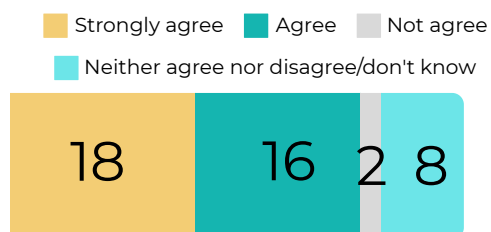
20. Collaborates with other parties (such as think tanks) to submit resolutions on responsible investing



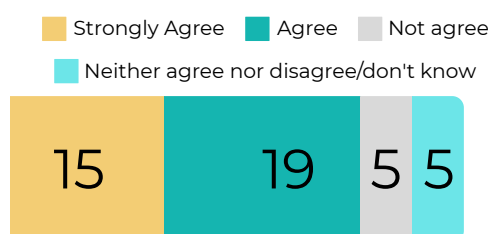
21. Gives members a structural say in how their money is invested, through annual reporting and a biennial Deelnemersdialoog



22. Invests more in companies that enable the energy transition

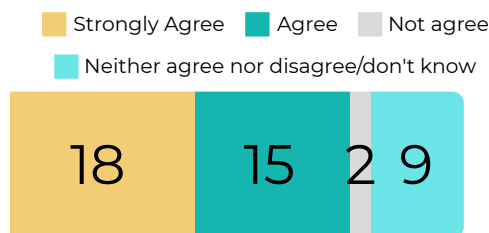


23. Takes into account the future of our grandchildren and generations to come with every decision it takes



Recommendations

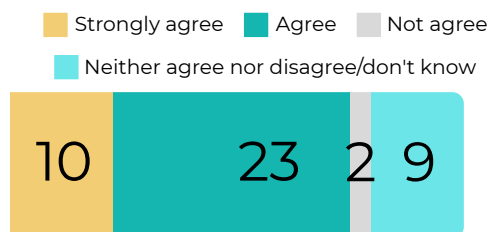
24. Builds up a buffer to mitigate the effects of an aging population



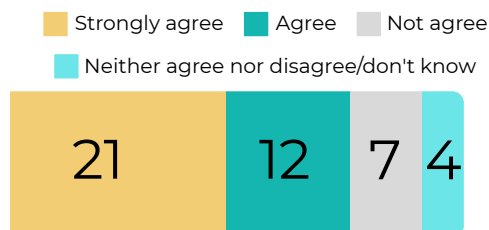
25. Invests in emerging economies (in a responsible manner)



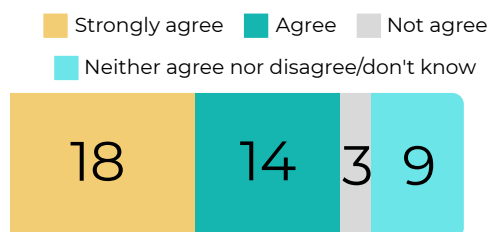
26. Has a development task: it also invests in companies whose human rights record is not yet satisfactory, but with a prospect of improvement within a certain time



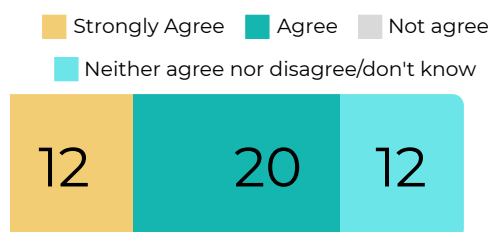
27. Invests in converting offices into homes



28. Keeps the “less green companies” in its portfolio and agrees clear terms with these companies about the pace of adopting sustainability measures and regularly checks on progress

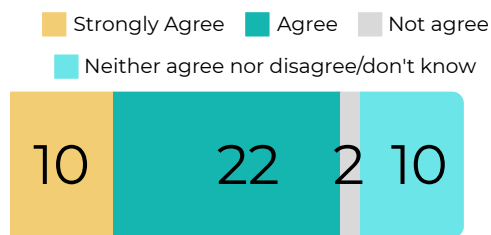


29. Communicates to target groups about the impact of investments on returns and society / PD's working method / PD's vision & mission

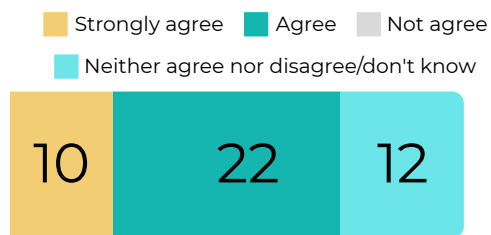


Recommendations

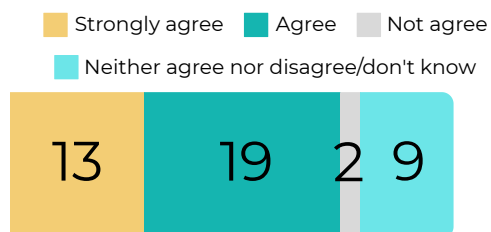
30. Checks whether greenwashing is taking place by companies in which it invests and communicates about this



31. Invests more in technology



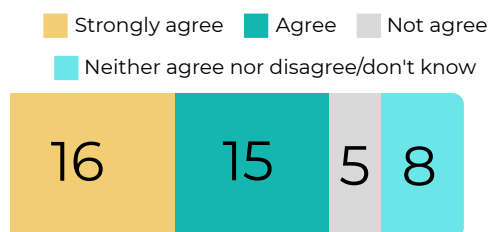
32. Demands progress within 3-5 years when engaging in dialogue with companies



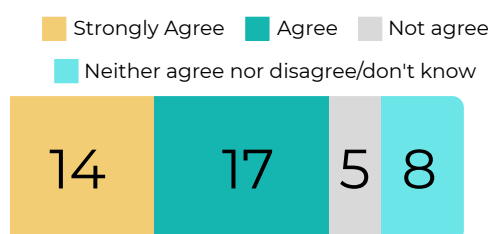
33. Conducts the dialogue with companies in collaboration with other investors



34. Makes participants aware of the opportunities available within the retail sector to become more sustainable

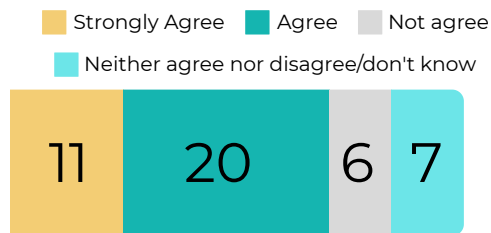


35. Together with fellow investors, it checks the certification used by the companies in which it invests

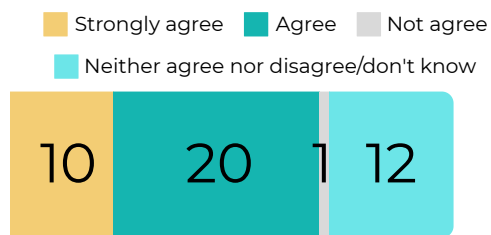


Recommendations

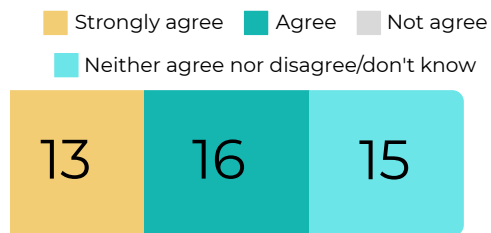
36. Invests more in local companies for less pollution (due to transport) and shorter chains



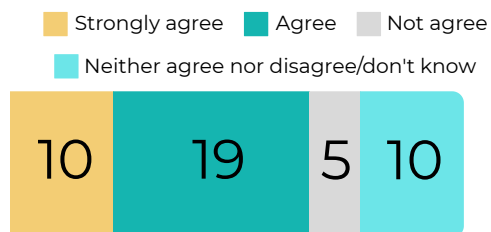
37. Invests less passively to increase impact



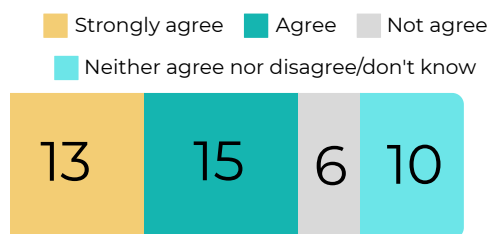
38. Invests more in circular companies



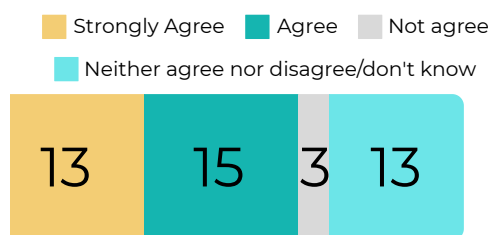
39. Goes for the dialogue and divests if the dialogue does not lead to improvement



40. Maintains a good balance between financial performance and sustainability with a significant share for both (e.g. 70/30)

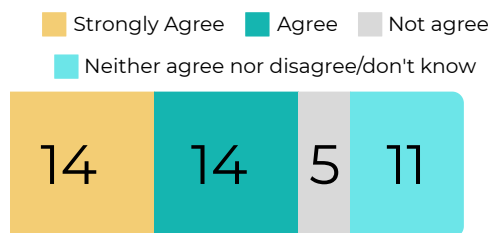


41. Invests in projects for intergenerational living and in housing cooperatives (renting under own management)

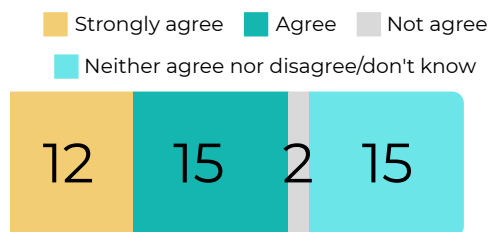


Recommendations

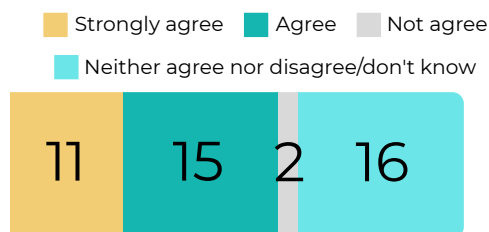
42. Invests in sustainable student housing



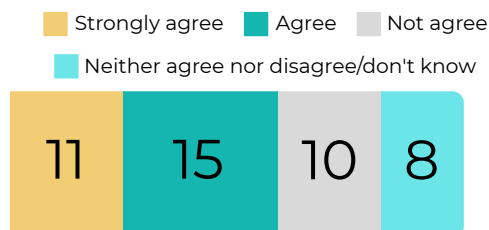
43. Invests in companies with a good financial performance for the short term, thus creating room for long-term impact investing



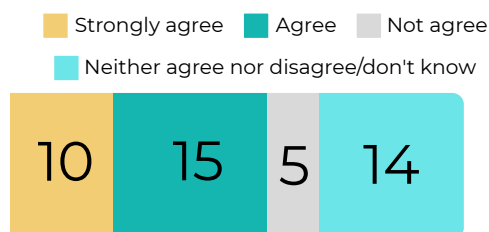
44. Invests in companies that take responsibility for their employees if their processes become automated, offering security of employment, alternative work and retraining



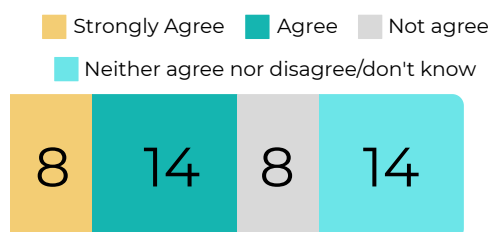
45. Invests in relaxing mortgage lending to private individuals



46. Invests more in sustainable energy, agriculture and circular energy (even if this does not result in a maximum financial performance)

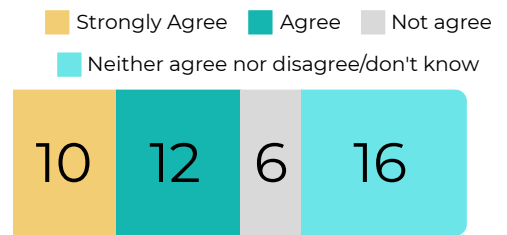


47. Increases the percentage of direct impact investments from 1% to 10%

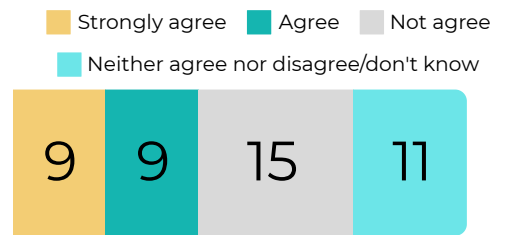


Recommendations

48. Collaborates with other pension funds to break the housing association cartel



49. Invests less in Dutch export companies in food production (meat, dairy, horticulture)





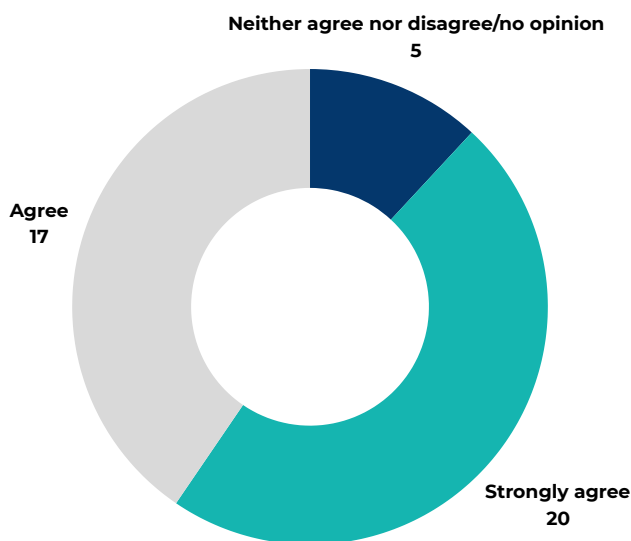
07 Evaluation

The Deelnemersdialoog is the first application of a “mini-public” approach to engaging with members on responsible investing policy in a pension scheme. Understanding the effectiveness of this approach is an important part of this project and dialogue-makers’ experience of, and satisfaction with, the Deelnemersdialoog was assessed through feedback surveys. Two surveys were conducted, one online survey at the start and end of the Deelnemersdialoog, and one paper survey at the end of each day. Feedback collected from the surveys fed into the planning for the following days of the Deelnemersdialoog. The findings are summarised in this chapter.

At the heart of the design of the Deelnemersdialoog was a commitment to ensuring the process realised the following seven qualities of voice (as discussed in Chapter one): (a) inclusive engagement; (b) deliberative communication; (c) informed engagement; (d) transparency; (e) influence; (f) articulating value; and (g) feasibility.

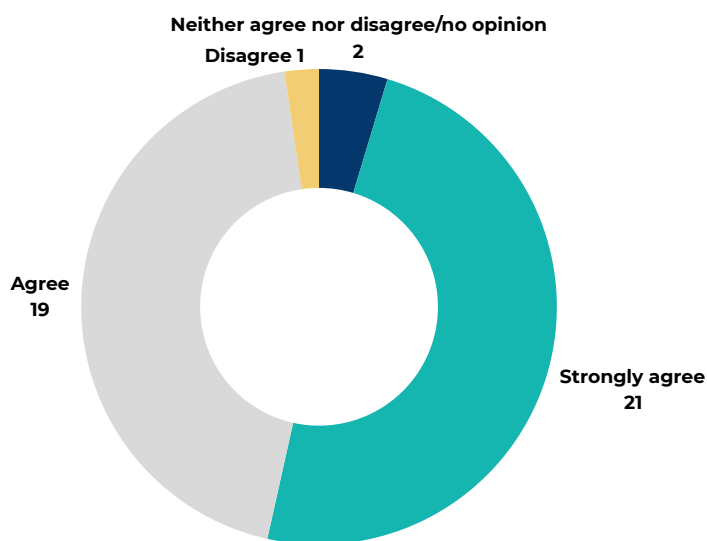
Inclusive Engagement focuses on ensuring that all relevant members are involved in a process. In addition to an attention to the representativeness of the Deelnemersdialoog (see Sortition and recruitment), this also includes a focus on ensuring all can fully participate in the dialogue. The survey results indicate that dialogue-makers agreed that they could participate well and the majority (37) agreed they personally had ‘a fair number of opportunities to express my opinion’. Fewer (5) had no strong opinion on this. Perceptions of others’ opportunities to express their opinions was also positive, with the majority (40) agreeing that ‘other dialogue-makers had a fair number of opportunities to express their opinions’. A much smaller number had no strong opinion (2) or disagreed (1).

I had a fair number of opportunities to express my opinion



Base: 42

Other dialogue-makers had a fair number of opportunities to express their opinions

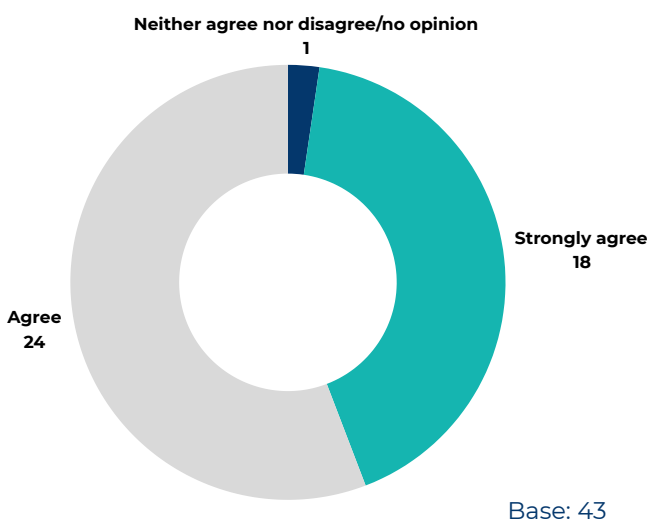


Base: 43

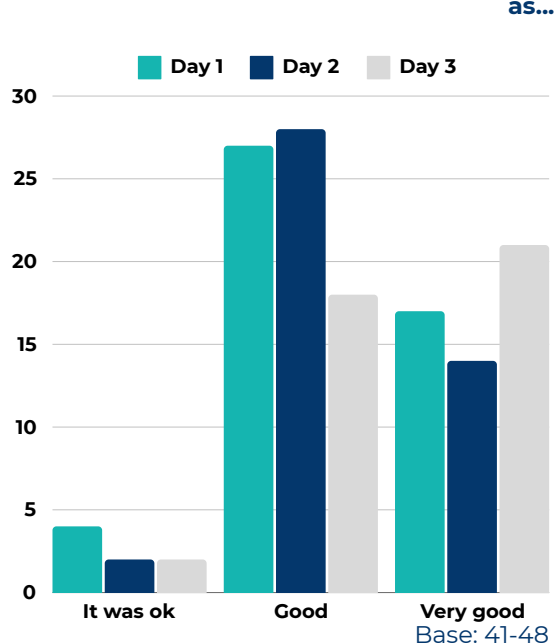
It is important the the Deelenemersdialoog sought to achieve democratic **deliberative communication**. Democratic deliberation involves mutual respect, trust and equality and the “dialogue rules” helped to define to the dialogue-makers what these qualities look like in practice (see Chapter one). The lead facilitator and facilitators encouraged effective democratic deliberation, helping groups navigate differences of opinion.

On the whole, dialogue-makers agreed that ‘other dialogue-makers respected my opinion even if they disagreed with it’ (42), with only one having no strong opinion or this. There was also a strong sense of agreement that ‘everyone’s opinion counted’ (37). When asked how effective the guidance provided by the lead facilitator and the facilitators, dialogue-makers’ perceptions were overall positive, with all describing this as *ok, good or very good*. No dialogue-makers said this guidance was *not so good* or *not at all good*. On Day 3, when facilitators played an important role helping the groups to develop their recommendations, they were particularly highly rated by dialogue-makers, with half (21 out of 41) finding their guidance *very good*.

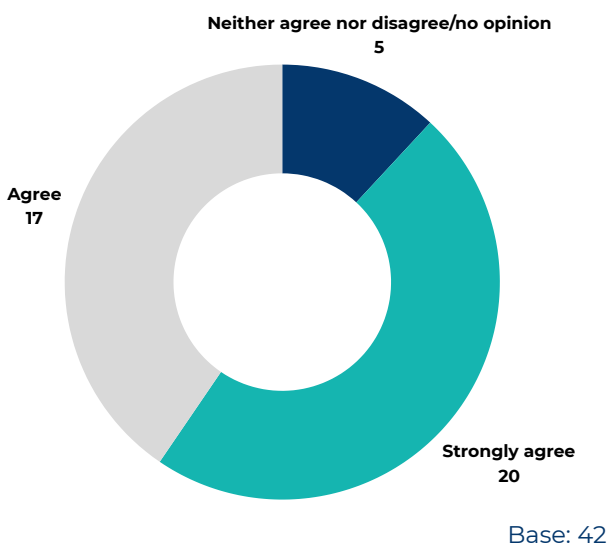
Other dialogue-makers respected my opinion even if they disagreed with it



I experienced the guidance from the lead facilitator and the discussion facilitators as...



Everyone’s opinion counted

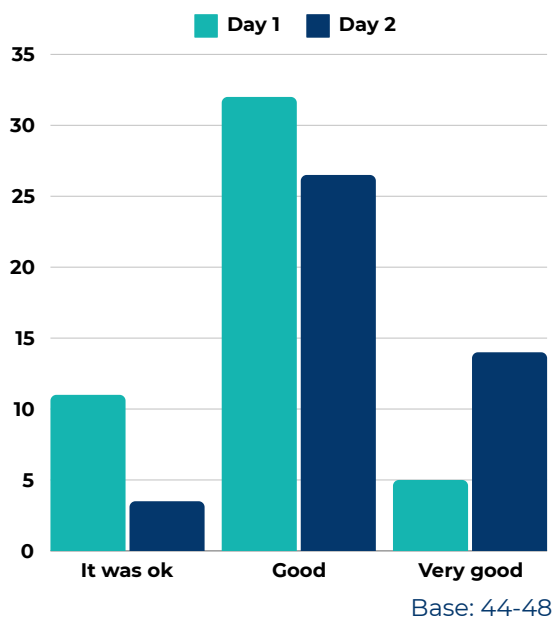


“Great, nice to enter into conversation with different people and a good mix of presentations and discussion”

Informed engagement sets this form of member engagement apart from other types of research approaches such as surveys and focus groups. The three-day process enabled dialogue-makers to learn about the issues and become better informed before they developed, and voted on, their recommendations. Information on expert opinions was provided during the Deelnemersdialoog, as well as information on other dialogue-makers' opinions. Dialogue-makers' views on the expert speakers presentations were positive, with none saying these were not good at all, or not so good. For both Days 1 and 2, on the days where expert speakers presented, the majority said these presentations were either good or very good (37 and 41 respectively).

While the majority were happy with the provision of expertise, one dialogue-maker commented: "I feel that the information provision was one-sided and contributed to creating the 'right' answer. The importance of non-sustainable investing didn't get a fair airing". This focus towards responsible investing experts reflected the remit of the Deelnemersdialoog, which addressed where the focus of responsible investing should be, rather than the wider questions on responsible or non-responsible investing. Another dialogue-maker commented: "the presentations were a bit long, but the answers were good and especially nice to know that all our questions will be answered". Similarly, another mentioned that "sometimes the pace was too high. Such a lot of matter in a short time". These comments illustrate the challenge of providing information to dialogue-makers in easily digestible presentations.

I found the speakers' presentations and their answers to questions to be...

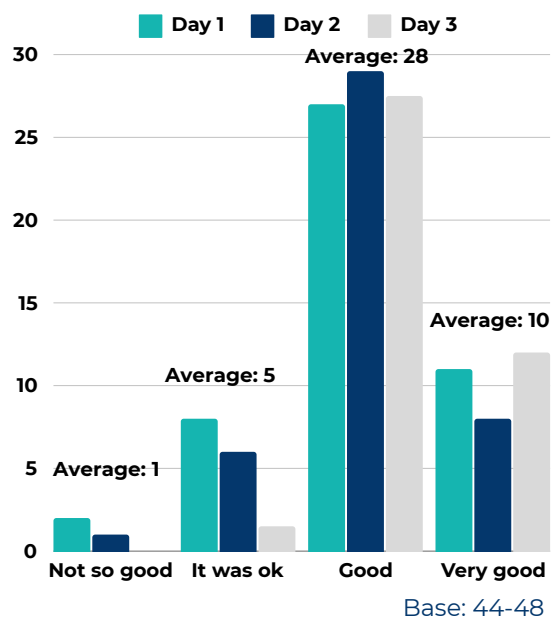


“Too bad that there wasn't an opportunity to hear from all speakers. It was all very interesting”

It is important that the Deelnemersdialoog was **transparent** to dialogue-makers, as well as to the wider membership and the fund's stakeholders. As part of assessing this, we asked dialogue-makers how they viewed the information received before the Deelnemersdialoog. Dialogue-makers were largely positive, with the majority finding this information *good* or *very good* across the 3 days (averages of 28 and 10 respectively). Fewer considered this *ok* (5 average) or *not so good* (1 average). Although the information provided before the Deelnemersdialoog was in line with similar citizen engagement processes, once participant commented that "I had no expectations, but it might have been good to receive basic information beforehand".

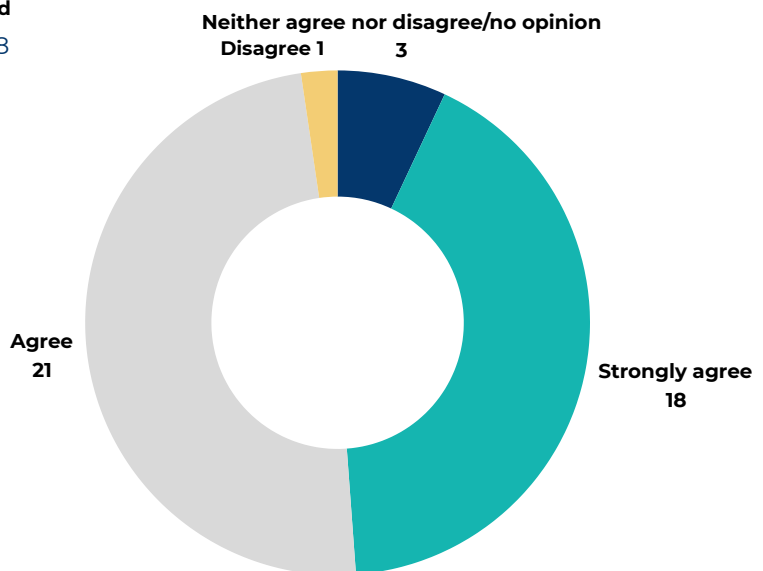
We also asked dialogue-makers how transparent and clear they found the Deelnemersdialoog process. Almost all agreed that the Deelnemersdialoog was transparent and clear (39 of 43). Fewer had not strong opinion (3) or disagreed (1). One dialogue-maker commented that "it's good to be engaged, but perhaps clarify the expectations".

The information I received beforehand and the way it was provided, I found...



“This process should be used much more often, and perhaps developed further”

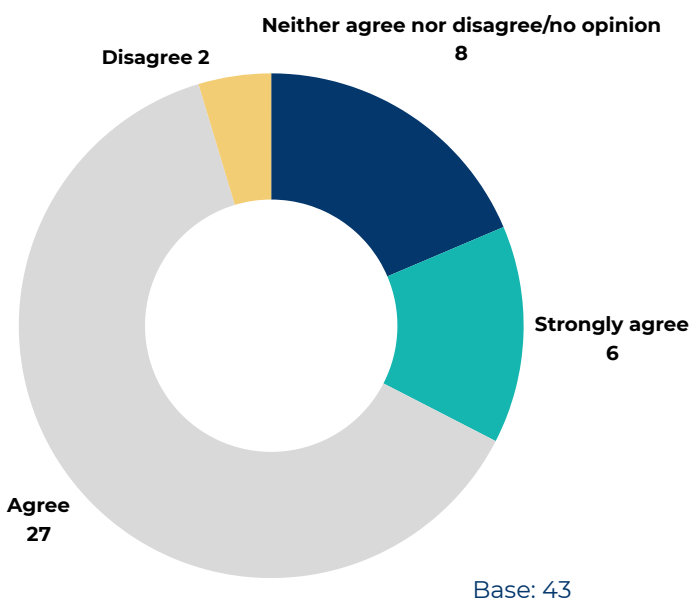
The Deelnemersdialoog process was transparent and clear



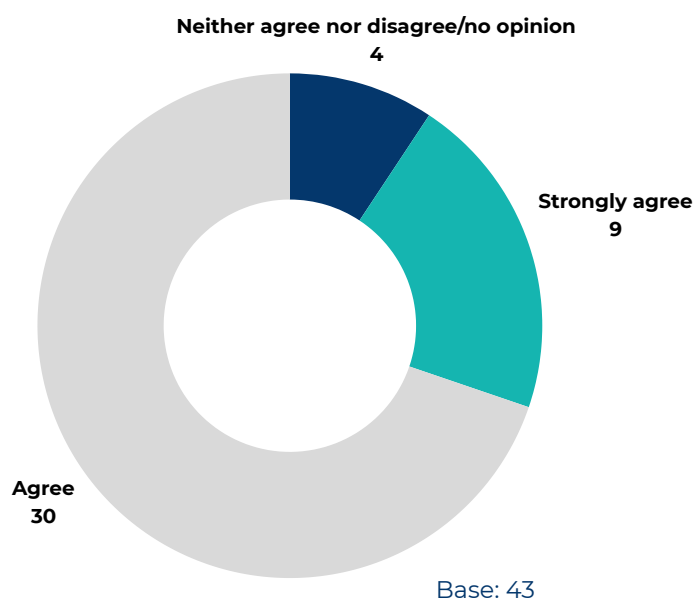
Influence is a key element to the project design, and while its full impact cannot be yet assessed, we asked dialogue-makers if the expected influence of the Deelnemersdialoog was transparent and clear. Most (32) either strongly agreed or agreed that it was transparent and clear, whilst fewer neither agreed or disagreed, or had no opinion (7), and a smaller number (2) disagreed.

Articulating value describes the opportunity for dialogue-makers to express and articulate diverse perspectives on what value means to them, in the context of their pension and responsible investing. Whilst the articulation of value is a difficult concept to measure, one proxy for this is assessing dialogue-makers' views on how effectively the recommendations reflect the diversity of opinions expressed. Almost all (39) agree that the recommendations reflected the diversity of opinions, with far fewer (4) neither agreeing nor disagreeing or having no opinion. As one dialogue-maker commented "great involvement, honesty and all opinions could be shared".

The influence of the Deelnemersdialoog on Pensioenfond's Detailhandel's investment policy was transparent and clear



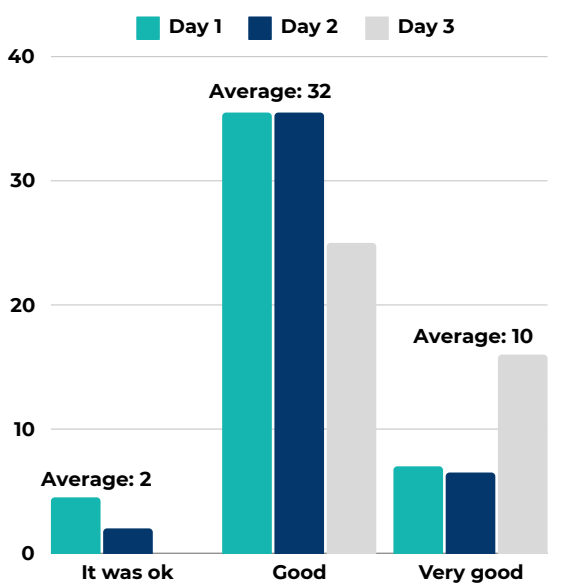
The recommendations reflect the diversity of opinions



Finally, the Deelnemersdialoog was designed to be a **feasible** project which was not too onerous or impractical for dialogue-makers to participate in. When asked how they experienced the Deelnemersdialoog, the majority found it *good* or *very good* across the 3 days (average of 32 and 10 respectively). Fewer said it was ok (average 2). Opinions on Day 3 were particularly positive, with a significant minority (16) describing the experience as *very good*. None found it *not good at all* or *not so good*.

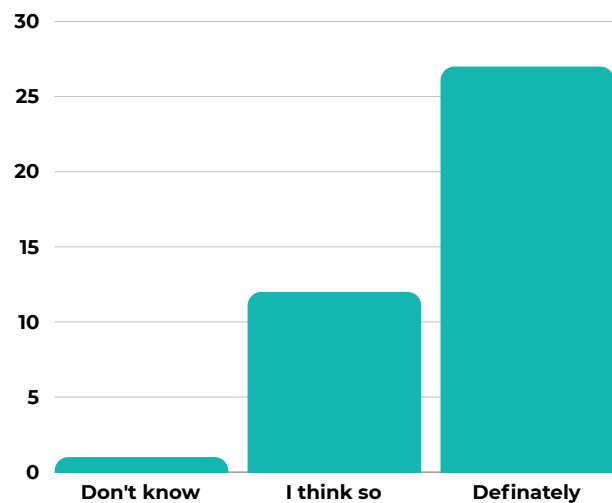
When asked if they would recommend participating in a similar process to someone else, the impression is also very positive: more than half say *definitely* (27 out of 40), with a further 12 saying they *think so*.

I experienced the Deelnemersdialoog as...



Base: 41-48

If someone you know was invited to participate in a process like this Deelnemersdialoog, would you recommend they participate?



Base: 40

We also asked dialogue-makers how they experienced practical matters, namely the venue and the food. The venue experienced heating problems on Day 1, which dialogue-makers highlighted, and this was resolved by the venue by Day 2, but poor acoustics remained. There were high levels of satisfaction with the food which was designed to offer alternatives for different dietary requirements.

“Everything was so well-catered for, even carpooling was facilitated, I felt very well looked-after by the communications”.

“Just a bit too chilly and the electric heater made some noise”.

Overall, the results of these two surveys indicate a very positive response from dialogue-makers to the Deelnemersdialoog. This process was a new experience for dialogue-makers, almost all of whom had not heard of citizens assemblies or similar “mini-public” approaches before. We appreciate their openness to participating in this unique process.

Appendix 1



Deelnemersdialoog – 26 februari 2024

Dialogeregels voor een prettig gesprek voor iedereen

- Luister naar elkaar
- Geef elkaar de ruimte
- Wees respectvol
- Probeer elkaar niet te overtuigen van het eigen gelijk
- Focus op de vraag en het onderwerp
- Hou het beknopt

**Pensioenfonds
Detailhandel**

Appendix 2

Deelnemersdialoog Pensioenfonds Detailhandel

Day 1, 26 February 2024 & Dag 2, 11 March 2024

Questions and Answers to Speakers



Questions 26 February

1. [Rob Bauer \(Universiteit Maastricht\)](#)
2. [Rieneke Slager \(Rijksuniversiteit Groningen\)](#)
3. [Mart Keuning \(Pensioenfonds ABP\)](#)

Questions 11 March

4. [Henk Groot \(Pensioenfonds Detailhandel\)](#)

Pensioenfondsen Detailhandel Deelnemersdialoog 2024

Speakers' written answers to dialogue-makers' questions

Note: the questions and responses were originally written in Dutch. This appendix is a machine translation of the Dutch original and has not been reviewed extensively.

Questions and Answers Rob Bauer

Questions Table 1

1. How do you test sustainability? Rob also addressed this question in the session on February 26. Sustainability is tested for many companies in which investments are made. Because this is such a large assignment, the knowledge is purchased from so-called rating institutes. They specialize in finding information about sustainability for the thousands of companies in which Pensioenfondsen Detailhandel invests.

This is an example of such a rating institute: <https://www.sustainalytics.com>

Pensioenfondsen Detailhandel takes this information into account when constructing the share portfolio. Companies that score poorly are included less in the portfolio and companies that score well are given greater weight.

Tipping points in the economy are difficult or impossible to predict. Pensioenfondsen Detailhandel has a long horizon and does not constantly try to predict the market.

2. As a pension fund, you can impose conditions on companies in which you invest.

You can vote or you can enter into a dialogue. With investments that you make more directly (for example in private equity), you can impose more conditions on a company than with listed companies.

3. How sustainable is Pensioenfondsen Detailhandel compared to other pension funds?

That is a difficult question to answer because every fund has a different context and different priorities. There are initiatives (from VBDO benchmark) in which the 50 largest pension funds are compared with each other in the field of sustainability. Pensioenfondsen Detailhandel scores 17th place (out of 50).

Questions Table 2

4. What does Pensioenfondsen Detailhandel invest in now?

Pensioenfondsen Detailhandel invests in shares (worldwide), bonds (government loans, especially in Europe), corporate bonds (especially in larger companies), mortgages (in the Netherlands), real estate (worldwide) and a small part in impact investing. More information can be found here on the Pensioenfondsen Detailhandel website and on the Jij&Wij Online platform:

<https://pensioenfondsendetailhandel.nl/mvb>

<https://pensioenfondsendetailhandel.nl/mvb-detail-page/beleggen-met-impact>

<https://www.jijenwijnonline.nl/hoe-wij-beleggen/op-weg-naar-net-zero>

4a. Can you check that? The annual report contains a lot of information about the investments, and you can view all individual investments on the website, on this list.

The Dutch Bank (DNB) is the supervisor. Pensioenfond Detailhandel also delivers the investments to DNB, so that they can also check it.

4b. Are the investments insured?

Insuring returns is very expensive, especially when markets are nervous (compare it to taking out fire insurance when your roof is already smoldering). Pensioenfond Detailhandel has a long investment horizon. The investment horizon is the period of time within which the investment for an investment can be made. Pensioenfond Detailhandel believes that returns are not predictable (you know when the stock market falls or rises, but you do know that shares achieve a higher return in the long term than your savings account). Interim insurance actually means that you give up returns.

5. Is an 8% return realistic if investing sustainably?

Return predictions are very difficult to make, but if you look over the long term (more than 100 years) you can achieve approximately 6-8% returns on shares (worldwide). Scientific research shows that you can also do this by integrating sustainability into the portfolio.

6. Who decides what Pensioenfond Detailhandel invests in? How is participation arranged?

The board determines the investment policy. The investment committee, which includes board members, prepares decisions and is supported by advisors. Important decisions are how much risk can be taken (within the legal scope) and in which investment categories to invest (shares, bonds, real estate, etc.). Preparations are also made here for how sustainability will be taken into account (the responsible investment policy). More details here:

<https://pensioenfondsdetailhandel.nl/mvb/beleggen>

Questions Table 3

7. How does investing actually work?

See question 6, question 12.

8. How are choices made?

See question 6.

9. What consequences do the choices have for my pension?

I assume that it is about the choice to integrate sustainability or not:

Return predictions are very difficult to make, but if you look over the long term (more than 100 years) you can achieve approximately 6-8% returns on shares (worldwide). Scientific research shows that you can also do this by integrating sustainability into the portfolio. Subsequently, for risk management purposes, investments are also made in bonds and real estate.

10. In the new pension system, what will change? Just as in the current system, your pension money is invested together with that of all other pension fund participants. This remains the same, but you now get your own pension pot. Your pension premium (the contribution) is deposited into this. An amount that you and your employer contribute every month. Because pension funds do not have to maintain large financial buffers, you can see your pension pot increase sooner with a good investment year. But it can also decrease in the event of a bad investment year. To prevent this, as many safeguards as possible have been built in. And from the moment you get closer to you
When retirement age comes, the pension fund invests more cautiously.

More information on the Detailhandel Pension Fund website:

<https://pensioenfondsdetailhandel.nl/het-nieuwe-pensioen>

Also see:

<https://www.dnb.nl/actuele-economie-onderwerpen/pensioen/ons-pensioensysteem-straks/#>

<https://www.pensioenduidelijkheid.nl>

11. How do you communicate with participants?

Answer Pensioenfonds Detailhandel: we communicate via the website, social media, Jij&Wij Magazine (for employees), and the Pension Newspaper (for retirees). We also have an online platform You&We Online. You&We Online is especially for people with a heart for retail, from stockers to store tycoons.

<https://www.jijenwijonline.nl>

Questions Table 4

12. What is investing?

Investing is investing in shares, bonds, investment funds or money in an account. Adding to my answer in the room, this is what NIBUD writes about investing:

<https://www.nibud.nl/onderwerpen/sparen/beleggen/>

<https://www.wijzeringeldzaken.nl/Beleggen/>

13. How can we invest money without damage?

Investing involves fluctuations. Markets rise and fall (invest in shares more than, for example, in government loans) and this means that the investment portfolio of Pensioenfonds Detailhandel fluctuates in value. But what matters is that the money is invested for the long term. On average, a stock portfolio yields 6-8% return. But there are years when the stock market falls by 20% and years when it rises by 40%.

Pensioenfonds Detailhandel spreads its investments between risky investments (shares and real estate) and less risky investments (e.g. government loans and mortgages). In this way, fluctuations are limited. But there will still be years of lower returns and higher returns (especially if there are global challenges like the 2008 financial crisis or the recent wars).

14. What will change in the new pension system? See question 10.

15. Why is the retirement age increasing? How is that decided?

The retirement age is increasing because people are getting older on average and there is an increasing trend (the increase continues). In order to continue paying pensions, the AOW age (basic government pension) has already been increased and will increase with life expectancy. The same happens with the retirement age for the pension that you accrue through your employer.

I also attach the video that I showed during my presentation:

https://youtu.be/fJd6PUdsBQQ?si=4P8BgsQV5Bc_npfl

16. Do we want to approach investing emotionally? Sensibly?

Pensioenfond Detailhandel will explain to you on the second day how they deal with sustainability. This also reveals elements of subjectivity (for example which countries do we exclude from investments and why).

17. How much room is there to manage outside EU regulations?

Pensioenfond Detailhandel is subject to regulations in the EU but also in the Netherlands (supervision by De Nederlandsche Bank and the Netherlands Authority for the Financial Markets). This has many facets; that's not my specialty.

Pensioenfond Detailhandelaars must comply with these regulations. There are still many choices to be made within these regulations.

18. What are the risks of responsible investing?

This question is not very easy to answer. It depends on how much weight you give to integrating sustainability into your portfolio. For example, if you have a portfolio with only a few very sustainable shares, you will score high on sustainability, but also high on risk (little spread of risk). If you have a lot of shares, such as in an index, there is less risk but also a lower sustainability score.

19. Where are investments made?

In fact, worldwide, it depends on the investment category. For example, investments are made in shares in many countries (both developed countries such as the United States, the Netherlands, United Kingdom, etc. and emerging countries such as Brazil, India, Indonesia). But within the mortgage portfolio, investments are only made in the Netherlands. Government loans mainly come from European countries, while real estate is partly invested worldwide in developed markets. More details can be found here:

<https://pensioenfondsdetailhandel.nl/mvb/beleggen>

20. What is possible?

This is a very open question. The current pension law provides a framework within which the pension fund can invest. This limits irresponsible risks. For example, it is not possible to invest 100% in shares, because that would be associated with very high risks. There is also a greater chance of pension reductions or premium increases. The rules that the regulator DNB supervises provide scope for broad diversification between investments (in fact, as Pensioenfond Detailhandel does).

21. How has investment been decided so far? See question 6.

22. What is the pension fund's obligation towards participants?

Paying out a good pension. To this end, the pension fund must implement the pension scheme as agreed by the social partners (representatives of employers' and employees' organizations). The amount of the premium and the investment policy are important ingredients.

23. What happens to the investment if things go wrong?

Because Pensioenfonds Detailhandel invests in thousands of shares (if we limit the answer to shares), the effect of the bankruptcy of a company is relatively limited and there are also investments in very successful companies such as Google and Microsoft. The effect of a bankruptcy at the total portfolio level is therefore negligible, because: risk spreading. If the entire market plummets, risk spreading will no longer help (think of COVID). Result: all prices drop. But because Pensioenfonds Detailhandel has a long investment horizon, there will always be a recovery after such a period and long-term returns will again be between 6-8% (of shares).

24. Why would you invest responsibly if you can also invest in crypto?

Detailhandel Pension Fund does not currently invest in crypto. Crypto investments have more risks than the pension fund is willing to accept, and there is insufficient clarity about the added value of crypto investments. The crypto market is insufficiently regulated for the risk attitude of the pension fund, for example regarding financial stability, coverage, or risks in the field of money laundering and tax evasion.

25. Is it possible to invest as a pension fund outside the EU?

Yes. In principle there are no restrictions. See also question 19.

26. What does the Green Deal mean for pension funds?

This is what the Pension Federation (the representative of Dutch pension funds) writes:

“The EU wants the financial sector to contribute to preventing climate change and making the economy more sustainable in general. Pension funds play a major role in this and will have to comply with new European information obligations. European policy can also help pension funds with their ambitions in this area, through clearer information about the sustainability aspects of companies and financial products.”

Questions Table 5

27. I have a pension gap, what is the best way to close that?

This is possible in the third pillar (see video at question 15), which means arranging something yourself with a bank or insurer.

28. How are investment choices made?

See question 6 and question 19.

29. Are responsible investing and returns conflicting with each other or not?

See question 9.

30. Can you also invest without violating human rights?

Answer Pensioenfonds Detailhandel: That's a tough question to answer, probably not. Currently, many product value chains in the world are dependent on raw materials and/or labor that violate human rights. We know that in the production and extraction of many foodstuffs (cocoa, palm oil, etc.), metals and minerals (cobalt, lithium, copper), clothing (cotton, leather industry) human rights violations occur. These raw materials are used in all kinds of sectors, for example in the automotive industry or in electrical appliances.

Even for companies in which we invest that do not sell cars or electronics themselves, the business model is dependent on it: many companies cannot function without computers and telephones. This concerns, for example, violations of labor rights or violations of land rights of the original or local population. Companies are asked to investigate human rights violations in their chain. We also talk to companies about this. When companies say that there is none in their chain human rights violations occur, we actually do not believe that. Because there can always be a link to human rights violations via certain value chains. It is important to note that the investment itself does not cause human rights violations, but the investments are linked to human rights violations.

31. What is the average investment profile/mix now, and how does Detailhandel Pension Fund compare to this?

Pensioenfonds Detailhandel has an investment profile that is similar to that of other pension funds. The Pension Act ensures that pension funds are reasonably similar. Pensioenfonds Detailhandel invests relatively much in shares and loans that are easy to buy and sell, and less in what we call 'private investments', such as private equity.

32. How do you envision the future of pensions in relation to demographics and the share of self-employed people?

That's speculation, but here's an attempt (my opinion): Demographic developments, individualization in society, the development of labour market (more self-employed people and more changes of employer than in the past) could lead to pensions becoming more and more of an individual product. The new rules for pensions are already a step in that direction, but I believe that the evolution towards a more individual product will continue. See also answer to question 10.

33. Should you invest a certain percentage at home and/or abroad, and if so, how much?

There are no special restrictions on investing at home or abroad (or in general). There are exceptions. Consider, for example, not investing in countries that fall under sanctions legislation, such as Russia.

Questions Table 6

34. How do pension funds ensure that pensions can continue to be paid?

Pension funds monitor this by controlling the coverage ratio. The coverage ratio is an indicator of the financial health of a pension fund. The coverage ratio indicates whether a fund has sufficient cash in hand to meet its obligations. In other words: whether it is able to pay out the pensions. Pensioenfonds Detailhandel currently has a coverage ratio of around 120%. This means that for every 100 euros that must be paid out in pensions (now and in the future), there is 120 euros in cash.

35. And how does the pension fund decide what to invest in? Who decides? See question 6 and question 19.

Questions Table 7

36. What is the current sustainability policy?

Pensioenfond Detailhandel will explain this in detail on day 2. See also questions 4 and 6.

37. Are there performance targets within which pension funds must work?

The supervisors (DNB for financial health and AFM for conduct supervision and communication to participants) assess the pension fund's policy on the basis of financial key figures (including the aforementioned coverage ratio: see question 34) and other characteristics such as the quality of communication, access to information and the security of information. For example, Detailhandel Pension Fund must report to the DNB every quarter on its financial health.

38. What is responsible? Which definition?

This is partly subjective (we all have different concepts of ethics; consider excluding tobacco-producing companies) and partly quite objective (the influence of climate risk on real estate located by the sea).

39. Responsible = method of investing, what will I have left?

See question 5.

40. How are things going now and is that clear?

See question 6, as well as the links to the PD website.

41. I want to know what is being invested in.

Pensioenfond Detailhandel will explain this in detail on day 2. See also questions 4 and 6.

42. How do I get more control over the policy? As a participant.

Pensioenfond Detailhandel would like to know what participants think. In the past, several surveys have been conducted and research conducted among participants. The Participant Dialogue goes one step further. Pensioenfond Detailhandel is very curious about the recommendations made by these Participant dialogue will yield results.

43. What is responsible if you leave it to BlackRock?

Blackrock invests for Pensioenfond Detailhandel in, among other things, shares and bonds. They closely follow the agreements they have made with Pensioenfond Detailhandel (e.g. which index is followed and how sustainability is integrated). They may not deviate from the rules that Pensioenfond Detailhandel imposes on them. Blackrock is not involved in voting at shareholder meetings and dialogue with companies. This is carried out by Pensioenfond Detailhandel together with other parties.

Questions and Answers Rieneke Slager

Questions Table 1

1. Are pension funds considering investing only locally or European, as this is much more sustainable? Most pension funds invest in investments all over the world, this diversification reduces risk. For example, if the economy in the Netherlands is not going well, this can be offset by investments elsewhere in the world.

2. How big is the impact of shareholders?

This is difficult to demonstrate precisely, because this impact is usually indirect, and shareholders are not the only ones trying to push a company towards greater sustainability. When shareholders work together, people often listen, but shareholders cannot force companies to do so.

3. Some companies pretend to be sustainable... (not readable)

Measuring and reporting on sustainability is less strictly controlled, there are fewer laws and international agreements about this, which is why false reporting can occur.

4. Who makes the checks/how is sustainability checked?

See also question 3. Various organizations create ratings, labels, certifications, etc., but these are often based on information about sustainability that companies provide themselves and no laws stipulate how sustainability should be measured.

Questions Table 2

5. Sustainability is not that transparent, is not/difficult to monitor, invites 'corruption', takes a long time, is far away. Would it perhaps be better to invest nearby?

See answer question 1.

6. How can we join forces/make a fist?

Through collaboration, pension funds can have more influence, for example by entering into dialogue with large multinationals. There are various interest groups that have been established for this purpose, both in the Netherlands (e.g. Eumedion) and internationally (e.g. the United Nations Principles for Responsible Investment).

Questions Table 3

7. Is there also screening for tax evasion?

There are investors who confront companies about their policy on tax payments tax evasion (e.g. Tax fairness (unpri.org)) Tax evasion is a criminal offence, so in principle there could be screening for proven cases of tax evasion.

8. How quickly can a fund switch if an investment turns out to be unsustainable?

This depends on the organization of the responsible investment policy and the type of investment. In principle, for example, shares can be sold quickly, but with other investments (e.g. real estate) this can take longer. If the investment principles have been established, immediate action can be taken if there is a violation of these principles.

9. Screening with regard to the arms industry?

This screening certainly occurs; The Netherlands has signed international agreements that ban cluster munitions, and pension funds are expected not to invest in companies that produce these weapons. The recent wars have put more pressure on pension funds to invest in the arms industry.

10. Oil/gas – what is the impact on plastic etc.?

There are several pension funds that no longer invest in companies that produce fossil fuels (oil/gas/coal), for example excluding large multinationals such as Shell, etc. This does not stop chemical companies from taking oil to produce plastic.

11. How are human rights screened?

There are various international human rights agreements aimed at companies, and there are organizations that collect, make public and pass on information about violations of those agreements to investors. This looks at direct violations (by the company itself) and indirect violations (e.g. by a partner of the company). The chain is indeed examined for this purpose, because human rights violations often occur in the supply chain in certain sectors such as clothing.

Questions Table 4

12. Do weapons, nuclear energy and chemicals also fall under ESG themes?

Yes, see also question 9. ESG themes are constantly changing, and in fact all themes that have a positive or negative impact on sustainability can be classified as ESG, but most pension funds opt for a limited number of themes.

13. How much does an ESG report weigh in an investment decision?

That depends on the responsible investment policy of the pension fund. Financial considerations will always also be taken into account, but for some investors or themes, ESG themes may carry more or less weight.

14. What are concrete examples of the pillars?

For the E-pillar (environmental, or environment), greenhouse gas emissions are often considered – is there a strategy to reduce them, has a target been set to reduce them to zero, is this company emitting compared to its competitors more or less? For the S-pillar (social, or social aspects) attention is paid to human and labor rights: has this company not violated human rights in the chain? Has this company violated any labor rights, for example regarding wages, working hours or safety? For the G-pillar (governance, or good governance) attention is paid to the management of the company - for example, is there enough diversity; but also whether proper attention is paid to combating corruption/bribery.

15. If you discover afterwards that you have invested in a company that does not match what you want, how do you deal with that?

See also question 8. Depending on your policy, you can divest your investment (e.g. sell shares) but also enter into a dialogue to see whether the company plans to improve.

16. Does the pension fund have an idea of the weight of 'sustainability' compared to other parameters? In principle, clear agreements should be made about this between the board of the pension fund and the organization that carries out the investments, and should be reported on regularly.

Questions Table 5

17. How do you measure the impact in the 3 ESG pillars and how do you express it?

How impact is measured depends on the instrument (i.e. screening/dialogue/integration/impact investing) and the ESG theme. The impact of screening can, for example, be measured by examining whether sustainable investments can obtain capital more easily/cheaper than non-sustainable investments. In dialogue, impact is often assessed to determine whether the investor's goal at the start of the dialogue – for example encouraging a company to reduce greenhouse gas emissions – is achieved. Through collaboration, investors can also have an impact on other investors, see also A More Impactful Strategy for Sustainable Investing (hbr.org)

18. Why are pension funds reluctant to invest in the arms trade, and how agile/flexible is a pension fund in doing so?

See also question 9. In an episode of the TV series Zembra, the investments of pension funds in cluster munition producers were once made public. Ethical considerations play a role when investing in the arms industry; and the regimes that are customers of arms manufacturers are also examined.

19. To what extent are other pension funds/countries (e.g. Norway) involved in sustainable investing?

Pension funds in many countries are engaged in sustainable investing; The countries in (Western) Europe with a strong pension system are particularly active, including Scandinavia. The national fund in Norway, where the proceeds from Norwegian oil production are invested, has been working on sustainable investing for some time under the leadership of an Ethics Council and has excluded fossil energy producers.

20. To what extent is Pensioenfonds Detailhandel already investing sustainably?

Answer Pensioenfonds Detailhandel: This is quite a difficult question to answer. It depends on your definition of sustainable investing and the criteria you use. Pensioenfonds Detailhandel has ambitious objectives regarding responsible investing: we want to achieve net-zero emissions through our investments by 2050, we conduct several hundred dialogues per year, and we invest a lot of time and energy in more responsible investing. An important outcome of this participant dialogue will be whether we should become more ambitious.

21. Where is technological innovation on the agenda?

If technological innovation relates to ESG themes (e.g. regarding transition to sustainable energy), this will be highlighted in the dialogue. AI will also be on the agenda of investors with investments in technological companies.

22. How are/how regularly are investment decisions made?

Answer Pensioenfonds Detailhandel: The investment policy is determined by the board of the pension fund. They establish the rules that the investments must comply

with. Daily investment principles are tested against this policy, and other parties monitor whether everything is going according to the rules and policy.

23. Are there other factors to take into account besides sustainability and return?

Both sustainability and returns can include many factors that can have a positive or negative influence. Information from analysts about a large number of factors is often included in investment decisions.

Questions Table 6

24. If you only have 1% of the shares, how do you really gain influence?

As a shareholder you have certain rights, for example you can vote on proposals made by the board and on who sits on the board. Because you own (a very small part of) you can ask the company to justify their strategy. By working together with other shareholders, you can often signal to the board that sustainability is important. (Some) shareholders also have knowledge about sustainability that is interesting for the board (e.g. how competitors deal with certain ESG themes). If you sell your shares, you lose direct access and the right to vote or speak at the shareholders' meeting.

25. What about the influence of shareholders on a company? Doesn't the real power lie with the corporate board?

See also question 24. As a shareholder, you can send certain signals to the corporate board, for example by voting against or asking critical questions at the shareholders' meeting. But most proposals require a majority of shareholders, and on certain topics shareholders can only provide advice; the corporate board decides.

26. What is a stock and how do people trade in it?

By buying a share you become an owner of a small part of the company and you are entitled to the money that a company pays out when it makes a profit. Shares are bought and sold on the stock exchange, a type of market in which the price of a share depends, among other things, on the performance of the company and on the demand of other investors.

Questions Table 7

27. What do I notice as an individual, do I have influence on decision-making?

As an individual it is very difficult to influence a company's decision-making. Because a pension fund collects the contributions of many participants and invests them in shares, among other things, the influence of an individual is bundled, but it is therefore also important to reach agreement on how to use this influence.

28. Is interpretation done by the board itself or outsourced?

Answer Pensioenfond Detailhandel: We assume that this concerns interpretation of investment decisions, or, for example, decisions about how to vote at a shareholders' meeting. If there is uncertainty about the interpretation, an outsourced party will always have to ask the pension fund about this. It is clearly stated in advance what outsourced parties can decide for themselves, and within what limits, and which decisions they must submit to the pension fund.

29. Who drew up this theory of 'responsible entrepreneurship'? What are the basic assumptions for this? Would that be different in Asia?

There is no one theory of responsible entrepreneurship. However, since the 1960s, research has been conducted into business ethics, i.e. the way in which a company makes decisions about right and wrong in certain situations, and into the position of companies in society. There are different theories with different assumptions. Indeed, it is often pointed out that the role of companies in relation to society is regulated differently in, for example, North America, Europe or Asia, and that this therefore changes assumptions about what constitutes responsible entrepreneurship and what a company's responsibilities are, and this causes differences. For example, in North America more is left to the free market than in Europe and Asia, where governments often play a larger role. Cultural differences also determine how people think about sustainability.

Questions and Answers Mart Keuning

Questions Table 1

1. How do pension funds influence companies and politics? How do you make a choice between the different interests? These questions were answered during the question round on February 26.

Questions Table 2

2. What form of investment does Pensioenfonds Detailhandel use in % shares, % bonds, % investor?

Answer Pensioenfonds Detailhandel: we invest approximately 58% in bonds (different types of bonds, both from countries and companies) and 32% in shares (in different markets). About 1% as direct 'investor' through direct loans. The other investments are in real estate and mortgages.

3. Detailhandel Pension Fund invests passively (via BlackRock). How much visibility/control does Detailhandel have over the impact of these investments?

Answer Pensioenfonds Detailhandel: We have full insight and control over those investments. We determine the rules under which BlackRock may invest. They are (almost) not allowed to deviate from those rules. These 'rules' are laid down in so-called tailor-made benchmarks or indices that BlackRock must follow. BlackRock is therefore not allowed to make active investment decisions itself. We have this monitored by two external parties (our custodian and our external risk manager).

4. Is there a min or max % of a company in which PD can invest?

Answer Pensioenfonds Detailhandel. In principle, Pensioenfonds Detailhandel may invest as much in a company as it wants, up to a limit of 50% in shares. But we also adhere to our own investment policy. For example, it contains rules that we prefer to invest as diversified as possible in order to reduce the risk.

5. What is the link to the PD site where we can find all information about PD's investments?

Answer Pensioenfonds Detailhandel: The Responsible Investing site can be found here: <https://pensioenfondsdetailhandel.nl/mvb>

Questions Table 3

6. What can Pensioenfonds Detailhandel learn from ABP? This question was answered by Mart on February 26.

7. What happens if no one wants to buy your stock?

Then the price of that stock will drop until someone wants to buy it at the lower price. If no one wants it then the price will drop further until the share is worth nothing. Pension funds often invest in shares that are very marketable, so that does not happen often.

Questions Table 4

8. How is it determined in which type of investments to invest?

The ambition of a pension fund is first determined. That ambition has to do with paying out a good pension. An extensive study is then carried out into how much return will have to be achieved and at what risk. It is then examined which type of investments suits this well, and in what distribution (how many % of shares, how many % of bonds, how many % of other types of investments). It is also important whether those investments fit with the organization of the pension fund (can the pension fund properly monitor and control that type of investments, for example because they hire specialized staff for that purpose?).

9. When opt for a share and when for a bond?

A pension fund will usually have shares and bonds. Often from the same company. A share has a different return-risk profile than a bond. With shares, as an investor you benefit from the increase in value of a company, with bonds you benefit from the interest that the company pays on the bond. Bonds often have fewer risks, because in the event of bankruptcy, the shareholder is entitled to the money still in the company.

10. What do you get more return from, a bond or an investment?

This depends on the economic period. Shares usually yield more than bonds. We have also seen this recently: we are coming out of a period with very low interest rates, so as an investor you earned less money on a bond. Because interest rates were so low, companies could also borrow cheaply, which increased their operating profit, and with it the value of a share.

11. How does it work if more shares are added? Impact of control?

If more shares are issued by a company, the shareholders' control will be reduced ('diluted'). Because the new shares also have voting rights.

12. How do you handle your shares and control?

This question was discussed on February 26.

13. How does Mart feel about speaking for another Pension Fund?

As pension funds we deal with the same issues. We also all have the same objective: a good pension for our participants. So it is not that different, we are more colleagues, and certainly not competitors.

Questions Table 5

14. In which companies/sectors can you invest to make an impact? (e.g. clean drinking water, solution for housing shortage?) Actually, this is possible in almost all sectors, including the sectors you mention. Companies in almost all sectors must become more sustainable, and by investing directly and borrowing money directly, you can make this possible as an investor. Consider all kinds of investments in renewable energy, making recycling possible at companies, and lending to small and medium-sized businesses to make their business operations more sustainable. As Mart's presentation showed, you make the most direct impact if you act as a direct investor, i.e. not through shares or loans that are traded on the market.

15. Who supervises the investment of the fund, is this transparent, and from what interest is politics influenced? From 'common man' or from political perspective?

The Dutch Bank (DNB) supervises pension funds. We also see that pension funds have become increasingly transparent about their investments in recent years, for example by publishing their investments on the websites. Pension funds influence politics based on the purpose of the pension fund: paying out good pensions. That pension is for 'the common man', and therefore has no political colour.

16. Does ABP also invest in start-ups through private equity (P.E.)?

Yes, we also invest in startups.

17. What is actually enough return (with P.E.)? Is P.E. same as hedge fund?

What constitutes sufficient return from private equity depends very much on the investor's objectives. In addition, with private equity you always have to count on higher costs than with 'ordinary' shares, so as an investor you would always want a higher return than on ordinary shares to compensate for those costs. Private equity (PE) and hedge funds are other investment tactics. Private equity invests directly in companies, while hedge funds invest in products in the financial markets (and therefore indirectly in companies).

18. What happens if you don't invest?

If you do not invest as a pension fund, you will miss a return on your assets. And you may only receive interest on your assets. This would mean that pension funds could pay out less pension.

Questions Table 6

19. Weapons: how do you distinguish between defense and offensive weapons?

Pension funds often make a distinction between controversial and non-controversial weapons. There is no fixed definition for this, but controversial weapons are often weapons that can and are used in a manner that is not in line with the laws of war and human rights. Consider, for example, cluster munitions (pension funds are prohibited from investing in them), but also nuclear weapons, landmines and white phosphorus. Non-controversial weapons are weapons that are also used by our police and army, such as hand weapons.

20. Differences in policy between Pension Funds?

A big difference, for example, is that ABP no longer invests in the fossil industry, while

Detailhandel does. ABP also invests more as a direct investor, and Pensioenfond Detailhandel invests relatively more in shares and bonds.

21. Collaboration between PF?

Mart has mentioned a number of examples where ABP and Detailhandel work together. During the Dialogue Day on March 11, Rik Teeuwen will tell us more about collaborations between pension funds and other investors.

23. How are investment decisions made within PF?

The board makes decisions about investments. The board has often set up a separate committee for this purpose, of which a number of board members are members. This committee will prepare and discuss decision-making. The board and committee set the general policy and do not decide on a day-to-day basis what the asset managers should do. They must adhere to the agreements and agreements laid down in the policy, and this is monitored on a daily basis.

24. How do you prepare for what a company will do in the future – if it is not in line with your policy? That's quite difficult. Most of the information investors have about a company is past information. There is more and more information that investors can use about how well companies are prepared for future sustainability, for example. For example, information about the extent to which a company has aligned their strategy and objectives with the Paris climate agreement.

25. What instruments does PF Detailhandel have and what is their purpose?

Answer Pensioenfond Detailhandel: Pensioenfond Detailhandel uses the instruments exclusion, integration, voting and dialogue, and impact investing. The objectives are to match the preferences of participants on the one hand, and to make a direct impact with a small part of the portfolio on the other.

Questions Table 7

26. To what extent is the company open to dialogue about impact?

This varies per company. Many companies are already well on their way to making a positive impact, or reducing their negative impact. These companies are sometimes more inclined to engage in discussions with investors about this topic.

27. When do you become involved as a shareholder, lender or investor?

As a shareholder and lender: either when new loans are issued, or when you purchase the share or loan from another investor. Pension funds often make direct investments at the start of a process. There is a so-called second-hand market, in which they can also enter as an investor later, if another investor wants to get rid of this investment.

28. What if the company does not adhere to the investment agreement? What does the escalation process look like? Can you actively make adjustments?

This question was answered on February 26.

Questions and Answers Henk Groot, PF Detailhandel

Questions Table 1

1.1 What kind of parties are Blackrock and Columbia Threadneedle and how much control does PF Detailhandel have over them?

BlackRock is a large, global asset manager. The word 'asset manager' actually says it all: they ensure that assets of, for example, pension funds are managed and, because they are present all over the world, they can do this for us. We have the people, systems and (not always) the necessary knowledge to do this ourselves. In our case, for example, they are tasked with ensuring that our shares are bought and sold worldwide according to our wishes.

Columbia Threadneedle (CTi) is also a global asset manager (they don't do anything for us in that area because we hired BlackRock for that) but also offers other services that we think they can do better than BlackRock. These services mainly relate to the fact that they can, for example, conduct discussions on our behalf with the management of companies in our global equities portfolio.

They have very large teams that do this on behalf of us and other investors. We don't have the people for that ourselves. CTi also offers a service that ensures that votes are cast on our behalf at shareholder meetings of companies in which we invest worldwide. We indicate how people should vote on our behalf and they ensure that this also happens worldwide.

1.2 How can you continue to engage with companies if you outsource your portfolio management and involvement?

What I mentioned earlier: we do outsource a lot (many parties provide services to us), but we determine ourselves how and what those parties can/may do on our behalf. Very important: we determine our own policy in all areas and how this policy is implemented. We do not do the implementation ourselves, but others do it on our behalf.

Questions Table 2

2.1 What happens to payments if war really comes? What is being done about those risks?

We have crisis plans. To give an example: at the beginning of the Corona period, all stock markets worldwide fell enormously (all share prices became much less valuable in a short time). The pension fund's crisis team immediately met to assess whether and what will happen in the short term period was necessary to possibly curb the 'damage'. Even when the war in the Ukraine started, we looked at whether measures needed to be taken to prevent 'damage'. If war really breaks out in the Netherlands or (further in) Europe: we may have a globally distributed portfolio, but it also includes a lot of 'Europe'. So I fear that there will be significant financial damage (for everyone on all fronts, including beyond the pension fund) is almost inevitable. It's very difficult to cope with that to protect.

2.2 Has PF Detailhandel ever left (a company)? How often?

We decided to leave tobacco (producers) a few years ago. We also decided years ago to no longer invest in cluster munition producers.

2.3 How do you assess the risks of investments?

Investing involves risk. The more uncertain the investment, the higher the reward (return), but also the higher the risk that something goes wrong. That is why we do a lot of research into what risks we can take to ensure that we can always pay out the pensions and (by taking controlled risks) also have the greatest possible chance of increasing the pensions.

Questions Table 3

3.1 Will the retirement age remain as it is now or will it increase further?

I expect that this will continue to increase due to the significant aging of the population (an increasingly large part of the population is old and a smaller and smaller part is young). If the retirement age remains the same, this also means that an increasingly smaller part of the population will have to pay for this.

3.2 How can you provide insight into where all your different pension funds can be reached? Can you transfer the pension you have built up with another fund to PF Detailhandel?

On www.mijnpensioenoverzicht.nl you can see where you have accrued pension. And yes, you can transfer your pension from one pension fund to another (we call this 'transfer' in jargon). Our website also contains information on how you can do this.

3.3 Can you provide an overview of how PF Detailhandel's investments are distributed across different sectors, in percentages?

The website shows how we have invested the investments in percentage terms and there are also overviews of exactly what we invest
in: <https://pensioenfondsdetailhandel.nl/mvb/de-beleggingsportefeuille>

Questions Table 4

4.1 What is the impact of the new pension system and what will change?

The new pension system (Future Pensions Act) is difficult to explain. I found a short video on 'pensioenclarity.nl' that explains the main point in a few minutes. There is also a lot of information on the website of our pension fund. For the time being, it appears that Pensioenfonds Detailhandel will switch to the new system from January 1, 2026.

<https://www.pensioenduidelijkheid.nl/>

4.2 Can politics steer investments in a different direction?

It can be steered in a certain direction with rules, guidelines and laws (for example directives from the EU on green investments and transparency about this). Politics does not determine what we can and cannot invest in, unless international sanctions have been imposed (for example, we do not invest in Russia, Iran, etc. because they are on the UN sanctions list). Furthermore, we are supervised by the Dutch Bank. For example, it monitors that we do not take too much risk with our investments.

Questions Table 5

5.1 If you were to invest in a digital currency, would you go with the flow or would you really invest in it?

When it comes to crypto: we do not invest in it and will not do so in the short term (the Dutch Bank will not approve of this either) so I cannot answer this question.

Questions Table 6

6.1 How can PF Detailhandel help ensure that the recommendations and their follow-up are 'smart', realistic and measurable?

We will still have to think about how and what. That is why I also indicated that the board needs some time to provide feedback on the recommendations (is of course it very much depends on what the recommendations are) but 'smart', realistic and measurable are in any case important principles as far as we are concerned, especially when it comes to Socially Responsible Investing.

6.2 Can you, as a pension fund, also influence the remuneration policy of companies and thus help reduce the income gap?

Of course. Remuneration policy is something we are very keen on and try to influence in discussions (dialogue) and at shareholder meetings (voting).

Questions Table 7

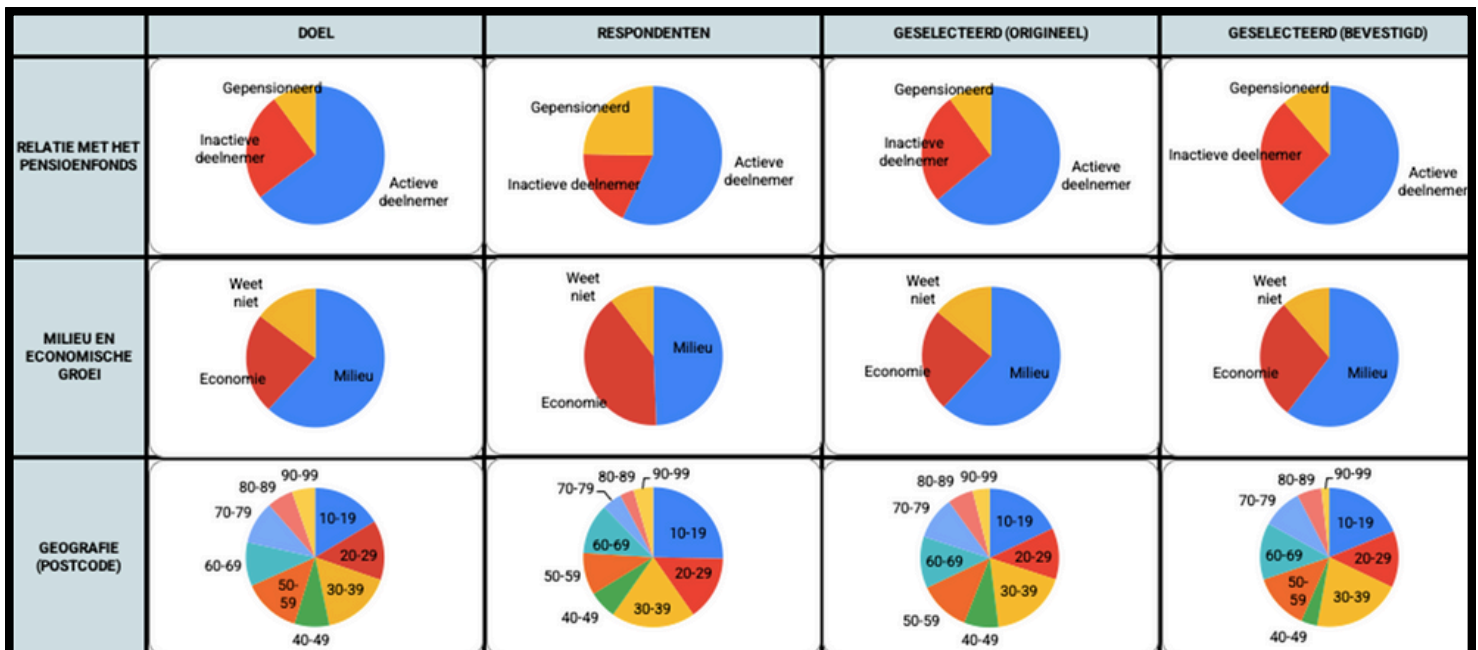
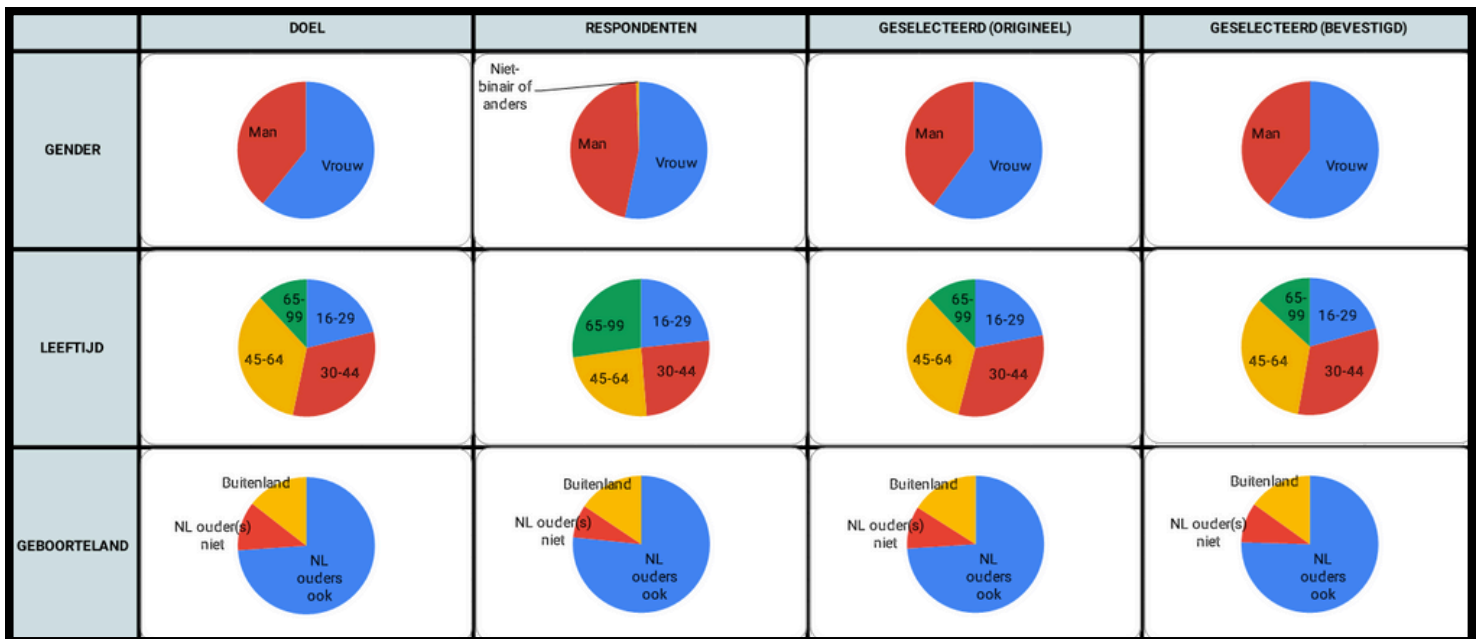
7.1 What should we know about the new pension law?

See question 4.1

Appendix 3

Sortition recruitment results

(Sortition Foundation)



Appendix 4

Our future: All mentions

Peace, war and weapons		
Immigration and emmigration	Pensions at scale	Basic income
Climate	Tax	Elderly care
Quality of life and environment	Responsible investing seeking impact	Student housing
Technology	Collaboration across pension funds	Paying fewer bills
Families and caring	Engaging with members and citizens	More respect on race and religion
Intergenerational issues	Good governance	Fair trade
Justice, equality and poverty	Health	Self-sufficiency at local and national level
Consumption patterns	Misinformation	Increasing rules and regulations
Housing	Collaboration in Europe and internationally	Personalisation/choice in sustainable investing themes
Togetherness and loneliness	Enough pension to live a normal life	Transparency
Action, influence and power	Employment	Government subsidy structures
Sustainability	Organisations merging/larger firms	Pension funds continue to exist

Discussed at 3 or more tables

Discussed at 2 tables

Discussed at 1 table