

Toolbox for the Dutch Pension Funds Agreement on Responsible Investment



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Introduction

It was agreed in the Dutch Pension Funds Agreement on Responsible Investment¹ (referred to hereinafter as “the Agreement”) that, within one year of the Agreement coming into force, the Parties² would develop a Toolbox containing recommendations for texts³ that the Participating Pension Funds⁴ kunnen could include in their policies, contracts with External Service Providers⁵, monitoring, and reporting. This document is the result.

In accordance with the contents of the Agreement, the Parties have tried to make the Toolbox applicable to all Participating Pension Funds in a meaningful and practical manner. In doing this, we have taken account of the characteristics and the leverage of different Pension Funds. Characteristics include the size, the investment strategies, and the various Asset Classes⁶. In this work, we drew on the expertise of the Parties involved.

The Toolbox has been set up for large and small Pension Funds. The distinction is found in the different products. Larger pension funds are more likely to invest themselves or work with segregated mandates, while smaller pension funds are more likely to make use of investment funds. This Toolbox shows per situation what steps can be taken. Consequently, there is not simply one section for larger pension funds and one section for smaller pension funds, but everyone can find what they need.

The Toolbox supplements the Federation of the Dutch Pension Funds’ Service Document on Responsible Investment.⁷ The Parties will monitor the use and the effectiveness of the Toolbox. Lessons learned are used to improve the Toolbox. Updates to the Toolbox will be incorporated into this document.

¹ SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

For the definition of Parties, see page 59 of the Agreement SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

³ See Article 7 of the Agreement SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

⁴ For the definition of Participating Pension Funds, see page 57 of the Agreement SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

⁵ For the definition of External Service Provider, see page 58 of the Agreement SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

⁶ For the definition of Asset Classes, see page 57 of the Agreement SER (2018), *Dutch Pension Funds Agreement on Responsible Investment*.

⁷ Federation of the Dutch Pension Funds (2016), Service Document on Responsible Investment.

OECD Guidelines, UNGPs and OECD guidance document

Guidelines form the basis of the Agreement

The Agreement is based on the OECD Guidelines for Multinational Enterprises⁸ (OECD Guidelines) and the UN Guiding Principles⁹ (UNGPs).

The OECD Guidelines and UNGPs can be implemented in various ways. Some countries opt for legislation. In the Netherlands, an approach involving sectoral agreements has been chosen. To determine which sectors should be prioritised in relation to the agreements, the Dutch government commissioned KPMG to conduct a CSR Sector Risk Analysis in 2013¹⁰. The financial sector was identified as one of the sectors with risks in the investment value chain. In the same year, the government asked the Social and Economic Council of the Netherlands (SER) for advice on "RBC agreements with business sectors". The SER¹¹ gave its advice in April 2014, recommending the use of agreements as an instrument for applying the OECD Guidelines and the UNGPs¹². According to these guidelines, companies are expected to identify, prevent and mitigate the actual and potential adverse impact of their actions, and to account for the way in which they deal with the risks identified (also known as: due diligence, RBC risk management or due care).

The OECD Guidelines and the UNGPs are therefore an important basis for the Agreement and they give direction to the content of the Agreement. At a number of places in the Agreement, issues recur which stem directly from the OECD Guidelines, such as carrying out due diligence.

Risk according to the OECD Guidelines and UNGPs – the viewpoint of stakeholders

Virtually all Dutch Pension Funds already have a responsible investment policy. This is also stipulated in the Dutch Pensions Act and the Code of the Dutch Pension Funds. This policy is often drawn up on the basis of the Principles for Responsible Investment (UNPRI) or the UN Global Compact, and/or it results from priorities of Pension Fund beneficiaries. The Agreement stipulates that Pension Funds will gain a clear understanding of their investments and will act accordingly, in line with the OECD Guidelines and the UNGPs.

The greatest shift in adapting the OECD Guidelines and UNGPs is that in addition to the financial risks for a Pension Fund, the risks of an adverse impact on stakeholders in the investment value chain are also considered. Stakeholders in this context are, for example, people who live in the vicinity of a factory or plantation, or work there. Applying due diligence to the investment portfolio in accordance with the OECD Guidelines and UNGPs brings these stakeholders into focus. Based on this due diligence, Pension Funds can include in their

⁸ OECD (2011), *OECD Guidelines for Multinational Enterprises*.

⁹ United Nations (2011), *Guiding Principles on Business and Human Rights*. The UNGPs focus on the responsibilities of companies (including financial institutions) in relation to human rights. The UNGPs have introduced the concept of (human rights) due diligence. The OECD Guidelines have integrated the UNGPs. Various materials have been developed on the basis of the UNGPs, which can provide support in implementing due diligence. See, for example: <https://www.business-humanrights.org/en/un-guiding-principles>.

¹⁰ KPMG (2014), *CSR Sector Risk Analysis*

¹¹ SER (2014), *Advisory report 14/04 IRBC agreements*.

¹² On the website of the Federation of the Dutch Pension Funds, there is an [infographic](#) (in Dutch) which shows the relationship between the OECD Guidelines and the Agreement.

considerations the interests of (potentially) affected persons or groups in the investment value chain.

Current and future European legislation¹³ also makes a distinction between financial sustainability risks and risks (including sustainability risks) for society and the environment, as can be seen in the definitions:

“(t) ‘sustainability risk’ means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material adverse impact on the value of the investment arising from an adverse sustainability impact.”

“(v) ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.”

This document gives an explanation below of the OECD Guidelines (including the UNGPs) and the OECD guidance for institutional investors¹⁴. The following questions are answered:

1. Where do they come from?;
2. What do they say?;
3. Who are they intended for?;
4. National Contact Point for the OECD Guidelines;
5. Status of the guidelines;
6. Where can I find more information?

The OECD Guidelines (including UNGPs)

1. Where do they come from?

The OECD Guidelines for Multinational Enterprises were adopted in 1976 by the Organisation for Economic Cooperation and Development (OECD). They have been endorsed by 48 OECD and non-OECD states, including the Netherlands.

The OECD Guidelines are based on various international treaties, such as the International Labour Organisation (ILO) conventions and the Universal Declaration of Human Rights. In 2000 and 2011, they were revised in line with the latest developments in the area of IRBC and supply chain responsibility. For example, the UNGPs were integrated in 2011.

2. What do they say?

The guidelines include principles and standards for international responsible business conduct. The subjects described in the guidelines deal with:

- General corporate policy: companies take account of policy in countries where they operate and take other stakeholders into account;
- Provision of information: companies provide timely and accurate information about all relevant aspects (financial and otherwise) of their activities;
- Human rights;
- Employment and labour rights;
- Environment;
- Combating bribery, bribe solicitation and extortion;
- Consumer interests, science and technology;
- Competition and taxation.

¹³ Proposal for a regulation of the European Parliament and of the Council on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341, 27-3-2019 (Provisional Agreement Resulting from Negotiations)

¹⁴ OECD (2017), *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*.

The most important changes in 2011 were:

- Supply chain responsibility: this concerns the entire supply chain;
- Due diligence: conducting a risk analysis and impact assessment on factors related to RBC: risks to human health and the environment;
- Living wage: a breadwinner must be able to support a family;
- Temporary and seasonal workers: they are seen as employees.

In the Netherlands, the 2011 changes led to the approach involving sector agreements.

3. Who are they intended for?

The OECD Guidelines primarily bind countries. The Dutch government has endorsed the OECD Guidelines, as have 42 other countries. By committing itself to the Guidelines, the Netherlands has undertaken to work to promote them, among other things. In this case, promoting the Guidelines means achieving implementation of the Guidelines by multinational enterprises. Although Pension Funds are foundations, it has been decided that due to the international character of the investments, the Pension Funds are also subject to the OECD Guidelines.

4. National Contact Point for the OECD Guidelines

All countries endorsing the OECD Guidelines must establish a National Contact Point (NCP).¹⁵ An NCP has two core tasks:

- Familiarising companies with the OECD Guidelines and promoting their application;
- Dealing with reports from individuals or civil-society organisations (NGOs and trade unions) regarding a suspected violation of the Guidelines by a multinational enterprise.

In addition to these two core tasks, the Dutch NCP was given a new task in 2014 at the request of the government, which was to carry out cross-company research.

5. Legal status of the OECD Guidelines

The OECD Guidelines contain legally non-binding principles and standards for responsible business conduct, in accordance with applicable legislation and internationally recognised standards. However, the countries that adhere to the OECD Guidelines enter into a binding obligation to implement them.¹⁶

6. Where can I find more information?

- The OECD Guidelines can be found on the NCP [website](#). For each section (labour, taxation, due diligence, etc.), the website also gives further explanatory notes and extra information.
- Short [video](#) on YouTube in which the OECD Guidelines are explained by means of a fictitious case.
- Information about the [UNGPs](#).
- More information about [passive investments](#): PRI How can a passive investor be a responsible investor?
- More information about the [Sustainable Development Goals \(SDGs\)](#) and their use to achieve the aims of the Agreement.
- More information about setting [meaningful performance indicators for reporting on the effectiveness of ESG policies](#).
- An [example case](#) on what due diligence can look like.

¹⁵ <https://www.oesorichtlijnen.nl/ncp>.

¹⁶ <https://www.oesorichtlijnen.nl/binaries/oeso-richtlijnen/documenten/brochure/201/12/8/volledige-tekst-oeso-richtlijnen/oeso-richtlijnen-nlse-vertaling-def-webversie.pdf> p. 6, foreword, paragraph 1.

- A brief explanation of the six steps of the due diligence process.

OECD guidance for institutional investors

1. Where does it come from?

The OECD has developed a number of sector-specific guidance documents. The guidance document "Responsible business conduct for institutional investors" (referred to hereinafter as: the guidance document), published in 2017, is important for Pension Funds. The guidance document gives an interpretation of the OECD Guidelines specifically for asset managers and asset owners. It translates the Guidelines for companies, so as to offer tools to institutional investors to help them implement the OECD Guidelines in their investments.

2. What does it say?

Key terms from the OECD Guidelines are explained from the point of view of institutional investors. The due diligence process and supporting measures consist of six steps (see also Figures 1 and 2 below). These deal with:

- Integrating responsible business conduct (in this case investment) into policy and management systems;
- Due diligence: identifying and analysing risks (adverse impact) to society and the environment in the investment portfolio and in potential investments;
- Due diligence: preventing and mitigating potential and actual adverse impact using influence (see Figure 2 below);
- Due diligence: monitoring implementation and results;
- Due diligence: communicating (transparency) regarding the approach and results.
- Access to remedy. Expectations are attached to this, depending on whether the Pension Fund causes an adverse impact, contributes to an adverse impact or is directly linked to an adverse impact:¹⁷

When investors cause/contribute to an adverse impact, they are "...expected to address the impact through remediation and account for how it is addressed."

- When investors cause/contribute to an adverse impact, they are "...expected to address the impact through remediation and account for how it is addressed."
- When directly linked, they "...would not be expected to provide remedy, but they should seek to encourage the investee company to do so."

The Guidelines address the adverse impact that the company:

- causes;
- contributes to;
- or with which the company is directly linked through its activities, products or services.

Generally, Pension Funds as investors are only "directly linked", but in exceptional cases they may also "contribute"¹⁸.

3. Who are they intended for?

Institutional investor, asset owner and asset manager.

¹⁷ OECD (2017), *Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises*, p. 46.

¹⁸ Pension Funds can only be considered to have "contributed" through their investments in the case of a substantial contribution, such as an action that causes, facilitates or directly initiates an adverse impact by a company. This is possible, for example, in a situation involving an investment with a majority interest or a seat on the board of the entity that causes this effect or substantially contributes to it (e.g. a general partner in private equity). The parties to the Agreement, and thus also the OECD itself, for example, expect that "cause" and "contribute" situations will not – or only very rarely – arise in practice in relation to Pension Funds. Nevertheless, the Agreement looks at such situations in Paragraph 8.3. This follows from the OECD Guidelines and is necessary for the exceptional cases in which this situation does arise.

4. National Contact Point for the OECD Guidelines

See the OECD Guidelines above.

5. Status of the guidance document

The guidance document contains guidelines that give direction but are not binding for the interpretation of the OECD Guidelines for institutional investors. It has moral authority, because the guidance document was developed by the OECD in cooperation with the sector, civil-society organisations, international organisations and experts. The Agreement states (in Paragraph 1.4 among others) that Parties see the guidance document as a guide for implementing the Agreement.

6. Where can I find more information?

The guidance document is available via this [link](#).

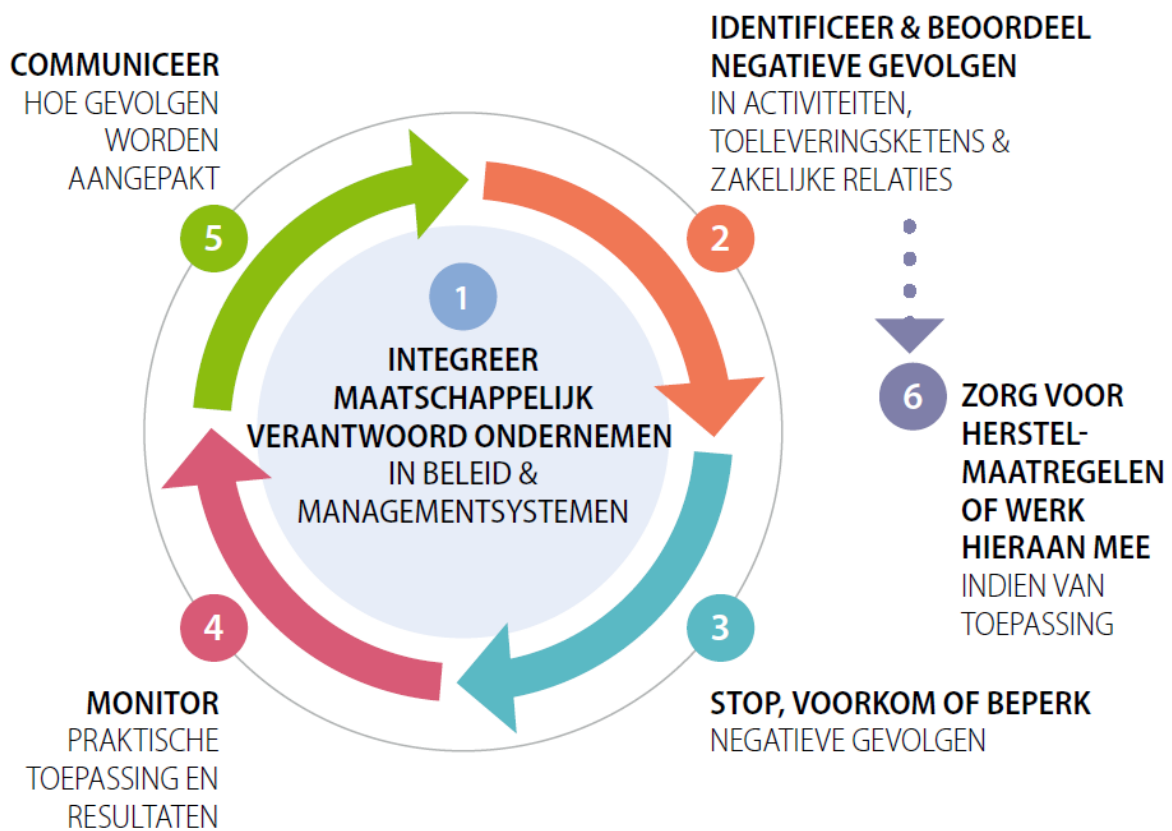


Figure 1: the due diligence cycle

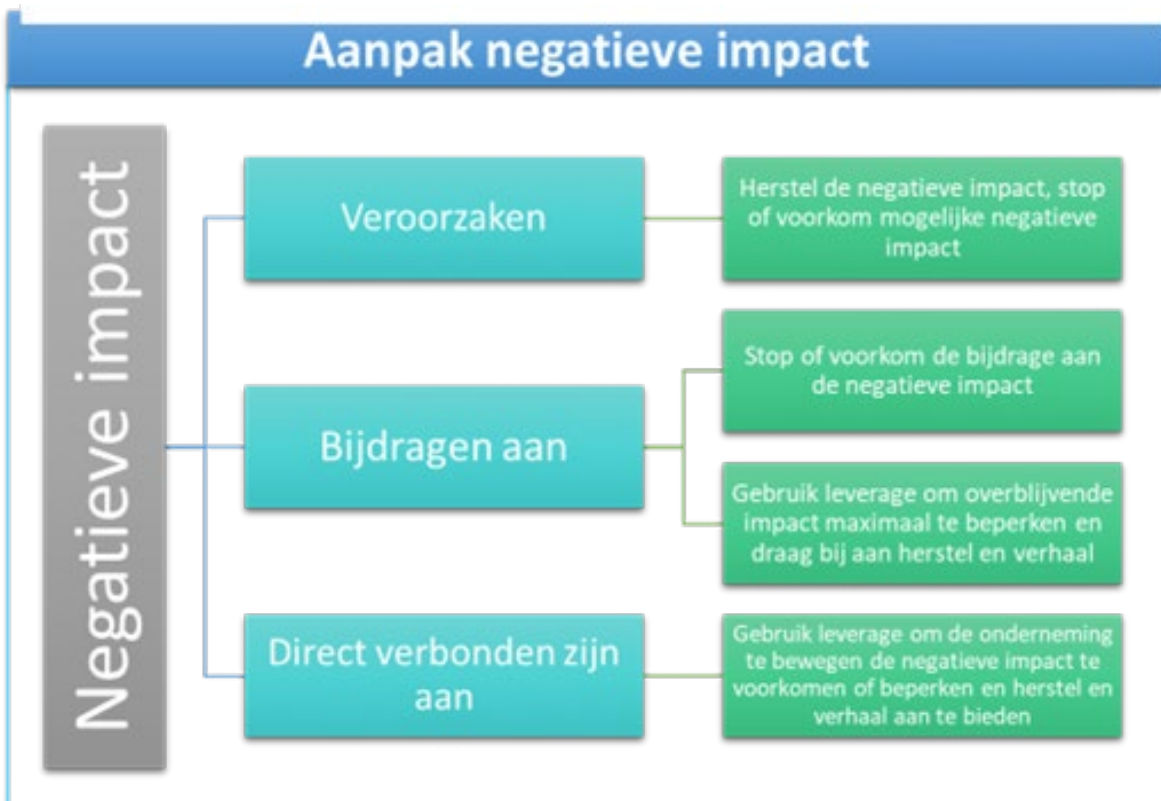


Figure 2: expectations relating to adverse impacts in the case of causing, contributing to or being directly linked to

Policy

Many Pension Funds already have a responsible investment policy in place, in which they describe how their investment policy takes account of Environmental, Social and Governance (ESG) factors. In this policy they refer, for example, to the relevant standards, such as the [OECD Guidelines for Multinational Enterprises](#) (OECD Guidelines), the [UN Global Compact](#) (UNGC), the [UN Principles for Responsible Investment](#) (UNPRI), the [Sustainable Development Goals](#) (SDGs) or the [G20/OESO Corporate Governance Principles](#). Not all Participating Pension Funds have policies that comply with the [OECD Guidelines](#) and the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), however. Nor have all Participating Pension Funds taken the OECD Guidelines and UNGPs as a starting point when formulating their ESG policy. The [OECD guidance for institutional investors](#) is the reference document for this. The Participating Pension Funds must bring their ESG policy into line with the OECD Guidelines and the UNGPs as of 30 June 2021. In this paragraph, we provide tools, tips and examples for active implementation.

Paragraph 3.1 of the Agreement describes the requirements that the (responsible) investment policy of Participating Pension Funds has to meet. Table 1 contains:

1. An overview of the relevant paragraphs of the Agreement;
2. An explanation of the criteria in the text of the Agreement;
3. Relevant sample texts, which take account of the characteristics of different Pension Funds;
4. The document into which you can incorporate the relevant sample text.

TABLE 1: SAMPLE POLICY TEXTS.

[THIS POLICY MUST CONTAIN AT LEAST:]

| Agreement Paragraph 3.1a A commitment to the OECD Guidelines and UNGPs | | |
|--|--|--|
| Explanation | Sample text | Document |
| <p>UNGPs: These are guidelines adopted by the UN which clarify the role of states and the responsibility of the business sector in relation to human rights. The UNGPs supplement the Universal Declaration of Human Rights and other human rights standards. The UNGPs are based on three principles: 'Protect', 'Respect' and 'Remedy'.</p> | <p>"[name of pension fund] endorses the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. We use the OECD guidance for institutional investors to provide direction. We also expect our external fiduciary managers, ESG service providers and/or asset managers, as well as enterprises in which we</p> | <p>(Responsible) Investment Policy</p> |

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| <p>OECD Guidelines: The OECD Guidelines are recommendations that governments make jointly to multinational enterprises. They contain principles and standards for good conduct, in accordance with applicable legislation and internationally recognised standards.</p> <p>OECD guidance for institutional investors: The guidance document contains guidelines that give direction but are not binding for the interpretation of the OECD Guidelines. The Agreement states (in Paragraph 1.4 among others) that Parties see the guidance document as a guide for implementing the Agreement. For a more detailed explanation, see the paragraph on the OECD Guidelines, UNGPs and OECD guidance.</p> | <p>invest, to act in compliance with these international standards and to disclose this publicly.”</p> | |
| <p>Agreement Paragraph 3.1b</p> <p>A description of how the Participating Pension Fund interprets and is incorporating the various ESG due diligence steps into the outsourcing, monitoring and reporting of External Service Providers in accordance with the OECD Guidelines and the UNGPs.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>1) Integrate responsible business conduct into policy and management systems</p> <p>For an explanation, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>¹⁹ pp. 21 - 25 • <u>The OECD Due Diligence Guidance for Responsible Business Conduct</u>²⁰ pp. 26 - 28 | <p>“We believe that [...] and for this reason we have adopted the following international standards and treaties as the guiding principle in developing our ESG policy: [...].”</p> <p>“We endorse the ESG due diligence steps in accordance with the OECD guidance.”</p> | <p>(Responsible) Investment Policy</p> |

¹⁹ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

²⁰ OECD (2019), OECD Due Diligence Handreiking voor IMVO, (This is the Dutch translation of the “OECD Due Diligence Guidance for Responsible Business Conduct”).

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| | <p>"Through our investments, we strive for long-term value creation (for society). In our contracts with External Service Providers, we have therefore [...]."</p> <p>"The due diligence is carried out by [...]."</p> | |
| <p>2) Identify and assess actual and potential adverse impact of the company's activities, products, and services</p> <p>For an explanation, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>²¹ pp. 26 – 31 (info available per asset class on p. 31) • <u>The OECD Due Diligence Guidance for Responsible Business Conduct</u>²² pp. 26– 28 <p>Not everything needs to be done all at once. For a further explanation of prioritization, see:</p> <ul style="list-style-type: none"> • <u>SHIFT Explanatory Note</u>²³ | <p>"We screen our investment portfolio to identify actual and potential adverse impacts on society and the environment. In this process, we prioritise the most severe adverse impacts on the basis of:</p> <ul style="list-style-type: none"> • Scale • Scope • Irremediable character <p>We also take account of the level of likelihood."</p> <p>"The Pension Funds will incorporate the priorities which come to the fore from the beneficiary preferences."</p> <p>"In assessing the actual and potential adverse impacts that we have identified, we involve, if necessary, external stakeholders and experts, such as [...].</p> <p>Further details of this procedure are described in: [...]"²⁴</p> | (Responsible) Investment Policy |
| <p>3) Stop, prevent and/or mitigate adverse impacts</p> <p>For an explanation, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>²⁵ pp. 32 - 42 | <p>"We seek to prevent adverse impacts consequences by using the following ESG criteria in our investment portfolio (...)"</p> | |

²¹ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

²² OECD (2019), OECD Due Diligence Handreiking voor IMVO, (This is the Dutch translation of the "OECD Due Diligence Guidance for Responsible Business Conduct").

²³ SHIFT (2016), Explanatory Note on Prioritization for the Dutch Sector Agreement Process.

²⁴ This concerns the policy of the Pension Fund itself and not that of External Service Providers.

²⁵ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

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| <ul style="list-style-type: none"> • <u>The OECD Due Diligence Guidance for Responsible Business Conduct</u>²⁶ pp. 33– 35 | <p>“Our contracts with external service providers or our selection criteria of investment funds clearly indicate that our investments must meet the following ESG criteria (...)”</p> <p>“If enterprises in our investment portfolio cause a potential or actual adverse impact, we will use our leverage to prevent and/or mitigate that impact and to make remediation possible.</p> <p>We do this, among other things, through engagement and/or voting at shareholder meetings.”</p> <p>“We cooperate with the following initiatives that enable us, within the legal limits, to increase our leverage with regard to external service providers and the companies in our investment portfolio in order to prevent and stop adverse impacts (...)”</p> <p>Excluding companies is an available final step if nothing else is possible.</p> | |
| <p>4) Monitor implementation and results</p> <p>For an explanation, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>²⁷ pp. 42 - 45 • <u>The The OECD Due Diligence Guidance for Responsible Business Conduct</u>²⁸ pp. 36 | <p>“We monitor the progress of our investments by examining [period] (e.g. through screenings, impact assessments, data analyses, discussions with experts, etc.) in order to determine the ESG effectiveness of our investments.”</p> <p>“We monitor the progress and impact of our ESG policy by receiving a report [period] from [external service provider]”</p> | |

²⁶ OECD (2019), OECD Due Diligence Handreiking voor IMVO, (This is the Dutch translation of the “OECD Due Diligence Guidance for Responsible Business Conduct”).

²⁷ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

²⁸ OECD (2019), OECD Due Diligence Handreiking voor IMVO, (This is the Dutch translation of the “OECD Due Diligence Guidance for Responsible Business Conduct”).

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| | <p>and discussing it with the service providers and, where necessary, the companies in our portfolio. Where necessary, we then make adjustments accordingly.”</p> <p>“Once a year, we render account to our beneficiaries and other stakeholders by [indicate where account is rendered, for example in a public report, stakeholder meeting or statement on the website]”</p> | |
| <p>5) Communicate how adverse impacts are being addressed</p> <p>For an explanation, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>²⁹ pp. 42 - 45 • <u>The The OECD Due Diligence Guidance for Responsible Business Conduct</u>³⁰ pp. 37 | <p>“We report on the implementation of our engagement and voting policy in [...]. In it, we list the progress, escalation strategies, and companies sold after unsuccessful dialogue.”</p> <p>For example: “Once a year, we render account to our beneficiaries and other stakeholders by [indicate where account is rendered, for example in a public report, stakeholder meeting or statement on the website]. In it, we provide information on the following subjects:</p> <ul style="list-style-type: none"> • The discussions we have had with external service providers and companies and the results of those discussions • The action plans that we, our external service providers, and the companies in our portfolio have drawn up to prevent and stop the adverse impact • Our decisions regarding divestments • Our decisions regarding voting at shareholders’ meetings • etc.” | |

²⁹ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

³⁰ OECD (2019), OECD Due Diligence Handreiking voor IMVO, (this is the Dutch translation of the “OECD Due Diligence Guidance for Responsible Business Conduct”).

| | <p>Bedrijven die momenteel zijn aangeduid als bedrijven met een aanzienlijke negatieve impact</p> <table border="1"> <thead> <tr> <th>Bedrijf</th> <th>UNGC</th> <th>OESO</th> <th>UNGP</th> <th>Vooruitgang** (Ja / Nee / Betrokkenheidsprobleem***)</th> <th>Laatste actie</th> <th>aantal acties**</th> </tr> </thead> <tbody> <tr> <td>Danske Bank A/S</td> <td>Principe 10: Bedrijven dienen elke vorm van corruptie tegen te gaan, inclusief afpersing en omkoping</td> <td>Hoofdstuk VII – Bestrijding van corruptie, omkoping, omkopingverzoeken, en afpersing</td> <td>N/A</td> <td>Nee</td> <td>18/01/21</td> <td>3</td> </tr> <tr> <td>Energy Transfer LP</td> <td>Principe 1: Bedrijven dienen de internationaal aanvaarde mensenrechten te steunen en te respecteren</td> <td>Hoofdstuk IV – Mensenrechten</td> <td>Principes 11 tot 15 – Respect voor de mensenrechten; Principe 16 – Beleidverbintenis; Principe 31 – Effectieve buitenrechtelijke klachtenmechanismen</td> <td>Engagementskwestie</td> <td>18/07/2021</td> <td>1</td> </tr> </tbody> </table> <p><i>Figure 3: example of communication on negative consequences of Pensioenfonds PNO Media ³¹</i></p> | Bedrijf | UNGC | OESO | UNGP | Vooruitgang** (Ja / Nee / Betrokkenheidsprobleem***) | Laatste actie | aantal acties** | Danske Bank A/S | Principe 10: Bedrijven dienen elke vorm van corruptie tegen te gaan, inclusief afpersing en omkoping | Hoofdstuk VII – Bestrijding van corruptie, omkoping, omkopingverzoeken, en afpersing | N/A | Nee | 18/01/21 | 3 | Energy Transfer LP | Principe 1: Bedrijven dienen de internationaal aanvaarde mensenrechten te steunen en te respecteren | Hoofdstuk IV – Mensenrechten | Principes 11 tot 15 – Respect voor de mensenrechten; Principe 16 – Beleidverbintenis; Principe 31 – Effectieve buitenrechtelijke klachtenmechanismen | Engagementskwestie | 18/07/2021 | 1 | |
|--|---|--|--|--|---------------|--|---------------|-----------------|-----------------|--|--|-----|-----|----------|---|--------------------|---|------------------------------|--|--------------------|------------|---|--|
| Bedrijf | UNGC | OESO | UNGP | Vooruitgang** (Ja / Nee / Betrokkenheidsprobleem***) | Laatste actie | aantal acties** | | | | | | | | | | | | | | | | | |
| Danske Bank A/S | Principe 10: Bedrijven dienen elke vorm van corruptie tegen te gaan, inclusief afpersing en omkoping | Hoofdstuk VII – Bestrijding van corruptie, omkoping, omkopingverzoeken, en afpersing | N/A | Nee | 18/01/21 | 3 | | | | | | | | | | | | | | | | | |
| Energy Transfer LP | Principe 1: Bedrijven dienen de internationaal aanvaarde mensenrechten te steunen en te respecteren | Hoofdstuk IV – Mensenrechten | Principes 11 tot 15 – Respect voor de mensenrechten; Principe 16 – Beleidverbintenis; Principe 31 – Effectieve buitenrechtelijke klachtenmechanismen | Engagementskwestie | 18/07/2021 | 1 | | | | | | | | | | | | | | | | | |
| <p>6) Ensure or assist in the implementation of remedial measures where appropriate</p> <p>For more information, see:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u>³² pp. 45– 48 • The <u>The OECD Due Diligence Guidance for Responsible Business Conduct</u>³³ pp. 38– 39 | <p>See also step 3:</p> <p>“If enterprises in our investment portfolio cause a potential or actual adverse impact, we will use our leverage to prevent and/or mitigate that impact and to make remediation possible.</p> <p>We do this, among other things, through engagement and/or voting at shareholder meetings.”</p> <p>“If enterprises in which we invest have caused an adverse impact or have contributed to it, we expect the enterprise to enable remediation for affected persons or groups or contribute towards it. If enterprises in which we invest are directly linked with the adverse impact, we expect them to use their leverage to enable remediation for affected persons or groups. If we ourselves have caused a severe adverse impact or have contributed to it, we will in that</p> | | | | | | | | | | | | | | | | | | | | | | |

³¹ <https://pnomedia.nl/uploads/files/downloads/2021-q3-kwartaalrapportage-verantwoord-beleggen.pdf>

³² OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

³³ OECD (2019), OECD Due Diligence Handreiking voor IMVO, (This is the Dutch translation of the “OECD Due Diligence Guidance for Responsible Business Conduct”).

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| | <p>case enable remediation to affected persons or groups or contribute to such remediation.”</p> | |
| <p style="text-align: center;">Agreement Paragraph 3.1c</p> <p>An explanatory text addressing specific themes, including the use of standards, which the Participating Pension Funds deem to be high-risk based on information resulting from an ESG due diligence procedure, as well as specific themes reflecting the priorities identified by the participants of the Participating Pension Fund.</p> | | |
| Explanation | Sample text | Document |

More information about the themes can be found on the [website of the Federation of the Dutch Pension Funds](#) and the [website of the Agreement](#).



(Responsible) Investment Policy

Figure 4: example on reporting subject-based policy of Pensioenfonds PNO Media³⁴

Agreement Paragraph 3.1d

Information on the activities in which individual Participating Pension Funds will not invest.

Explanation

Sample text

Document

³⁴ <https://pnomedia.nl/uploads/files/downloads/2021-q3-kwartaalrapportage-verantwoord-beleggen.pdf>

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| <p>There are a number of ways in which a Pension Fund can implement this. Three examples are presented below:</p> <ul style="list-style-type: none"> • Exclusions: some Pension Funds have specific criteria based on which they exclude investments from the investment universe; • Inclusions: in contrast, other funds have criteria on the basis of which they include enterprises in the investment universe; <p>Index adjustments: Some funds have an adjusted investment index and/or select indexes with sustainability characteristics. It is possible for more than one of the above options to be applicable to your Pension Fund.</p> <p>If one or more of the options only applies to specific Asset Classes, you can clarify this.</p> | <p>“We do not invest in [products/activities] because [considerations underlying the exclusion of these products/activities]. In this context, we use the following definition: [qualitative and/or quantitative description, for example a more detailed definition of the products/activities and the percentage limit for the turnover of an enterprise gained from specific products/activities]. This is applicable to [all investments/the following Asset Classes: relevant classes].”</p> <p>“We only invest in [activities/products / enterprises/public authorities] which meet the following criteria: [criteria]. This is applicable to [all investments/the following Asset Classes: relevant classes].”</p> <p>“We have compiled our investment index for the Asset Class [relevant class] based on the following criteria: [criteria].”</p> | <p>(Responsible) Investment Policy</p> |
| <p>Agreement Paragraph 3.1e</p> <p>The voting approach for listed companies and the engagement approach for listed companies and corporate credits, direct or through outsourcing, aimed at encouraging long-term value creation in companies.</p> | | |
| <p>Explanation</p> <p>Voting approach You can use the following as sample texts for the voting approach for listed companies:</p> <ul style="list-style-type: none"> • See principle 7 (p. 32) of the <u>Dutch Stewardship Code</u>^{35 36} | <p>Sample text</p> <p>“We take an informed approach in exercising our voting right and other rights connected with shares in listed companies in which we invest. We do this for [all listed companies in which we invest/description of the selection of listed companies in which voting takes place/we always</p> | <p>Document</p> <p>Voting policy/voting guidelines</p> |

³⁵ Eumedion, Federation of the Dutch Pension Funds (2019), *Verantwoord en betrokken aandeelhouderschap*. Downloaded from <https://www.eumedion.nl/nl/public/kennisbank/best-practices/2018-12-servicedocument-nederlandse-stewardship-code.pdf>

³⁶ Eumedion (2018), Dutch Stewardship Code.

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| <ul style="list-style-type: none"> • See for voting/proxy voting p. 17 of the <u>Principles for Responsible Investment (PRI), 2016</u>³⁷ <p>The sample text shown here is largely based on principle 7 of the Dutch Stewardship Code.</p> | <p>vote at shareholders' meetings of companies where we have identified (potential) adverse impacts]."</p> <p>"By means of our voting approach, we monitor the listed companies in which we invest in relation to material matters, including, but not limited to, the company's business model for creating long-term value, the company's strategy, performance and risks and opportunities, the capital structure, social and environmental effects, corporate governance and corporate actions such as mergers and acquisitions. Material matters are matters that will probably have a significant effect on the company's ability to create long-term value."</p> <p>"We publish on our website: a) at least once per year/quarter how we voted at the general meetings of the listed companies in which we have invested, per individual company and per agenda item, and b) at least once per year a general description of our voting behaviour during general meetings of listed companies in which we have invested and an explanation of the most important votes. In the event that we vote against a proposal from the board or abstain from voting on a proposal from the board, we explain the reasons for our voting behaviour to the company's board on our own initiative or at the request of the listed company."</p> | |
| <p>Does your Pension Fund have its own voting policy or voting guidelines? If so, you can refer to it.</p> | <p>"See our voting policy/our voting guidelines: [link to voting policy/ voting guidelines]."</p> | <p>(Responsible) Investment Policy</p> |

³⁷ PRI (2016), Investment Policy: Process & Practice, a guide for asset owners.

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| <p>If your Pension Fund is aligned with the voting policy/voting guidelines of one or more External Service Provider(s), for example a fiduciary manager, specific ESG service provider or asset manager, you can refer to the voting policy/voting guidelines of your External Service Provider(s).</p> <p>When selecting External Service Providers, you can then ask to what extent their voting policy/voting guidelines are in line with the Dutch Stewardship Code.</p> | <p>"We align ourselves with the voting policy/voting guidelines of [name of external service provider(s)]: [link(s) to the voting policy/voting guidelines of the external service provider(s)]. This applies to [all our investments in listed shares/description of the types of listed shares that this applies to]."</p> | <p>(Responsible) Investment Policy</p> |
| <p>Engagement approach</p> <p>In your engagement policy, you can use the "<i>Individual engagement</i>" and "<i>Collaborative engagement</i>" sections (p. 17) of the <u>PRI Investment Policy Guide for Asset Owners</u>³⁸. Important sections to look at in relation to individual engagement are:</p> <ul style="list-style-type: none"> • Expectations and (long-term) goals for engagement including a timeline; • The process for identifying ESG risks and opportunities on the basis of which priorities are set for the dialogue with enterprises; • ESG interests / concerns on which you wish to engage; • How the success of engagement activities is measured; • Escalation strategies to employ if enterprises do not respond satisfactorily; • Transparency – the extent of reporting on these activities. | <p>"We will start a dialogue with companies where we have identified potential or actual adverse impacts.</p> <ul style="list-style-type: none"> • For us, engagement based on adverse impact encompasses four objectives: <ul style="list-style-type: none"> ○ The adverse impact must be ended; ○ The company must ensure remediation for affected persons or groups; ○ The company must take sufficient measures to prevent future incidents; ○ The company must be transparent about the measures taken. • We make time-limited agreements with companies and monitor progress; • Where relevant, we involve stakeholders in this, including affected persons or groups: [parties that you consider to be stakeholders]; • In this process, we focus in particular on ESG subjects which: | |

³⁸ Principles for Responsible Investment (PRI) (2016) Investment Policy: Process & Practice - A Guide for Asset Owners.

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| <p>If a decision is made to divest on the basis of unsuccessful engagement, in the framework of 'responsible divestment,' you must indicate in the report: 1) whether there was a time-limited strategy, and 2) in what way you have taken account of possible negative consequences for affected persons or groups, and if applicable: what steps you have taken to mitigate those adverse consequences. (See also: OECD, 'Responsible business conduct for institutional investors,' 40 – 47, https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf)</p> | <ul style="list-style-type: none"> ○ Are financially material; ○ Cause the most severe adverse impact to society and the environment; ○ Are of importance to our beneficiaries. ● We deem an engagement process to be successful if all time-limited goals have been achieved; ● If companies do not respond to our engagement efforts satisfactorily by the agreed deadline, we can escalate in the following ways: <ul style="list-style-type: none"> ○ Begin/intensify cooperation with other investors in order to lend more strength to the dialogue; ○ Vote, for example: <ul style="list-style-type: none"> ▪ Against the appointment of relevant board members; ▪ Against the remuneration proposal of relevant board members; ▪ On shareholder proposals; ○ Begin/intensify cooperation with other stakeholders (e.g. market parties, trade unions or civil-society organisations) in order to lend more strength to the dialogue; ○ Make public statements to lend more strength to the dialogue; ○ Submit shareholder proposals, alone or jointly with other shareholders, in line with the goals of the engagement process; ○ Start legal proceedings in line with the goals of the engagement process. ● Once a year, in our annual report on responsible investment, we render account for the engagement processes that we carried out in the previous year. In so far as it does not impair the effectiveness of completed or ongoing engagement processes, we | |
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| | report on the progress and results of engagement processes.” | |
| Agreement Paragraph (more) 3.1f | | |
| A description of how (social) value creation will be used as a guiding principle in the longer term by the Participating Pension Fund. | | |
| Explanation | Sample text | Document |
| <p>Principle 2 (p. 31) of the <u>Dutch Stewardship Code</u>^{39 40} provides a description of long-term (social) value creation for Pension Funds. "For example, the first principle of the Stewardship Code sets out that a stewardship policy must focus on promoting long-term value creation by listed companies, in line with the fiduciary responsibility of Pension Funds, life insurers and asset managers to achieve a yield for their beneficiaries and clients." This not only concerns the financial interest for Pension Funds but also the civil-society interest, whereby both social and environmental aspects are included in the consideration.</p> <p><i>'When assessing the opportunities for creating long-term value and the risks, strategy and performance of Dutch listed companies, it is essential to consider environmental (including risks and opportunities related to climate change), social and governance information (including the composition of the board and diversity), in addition to financial information.'</i> From: Service document <i>Verantwoord en betrokken aandeelhouderschap</i>, by PF/Eumedion [Responsible and engaged shareholdership].</p> | <p>"Through our investments, we strive for long-term value creation (for society). We incorporate this guiding principle into our policy in the following manner:" [see explanatory notes for policy elements]</p> <p>We expect our service providers to act in accordance with our policy and objectives, and we strive for long-lasting cooperation in order to achieve our objectives [see explanation] together."</p> | <p>Investment principles, strategic investment policy and/or (responsible) investment policy</p> |

³⁹ Eumedion, Federation of the Dutch Pension Funds (2019), *Verantwoord en betrokken aandeelhouderschap*. Downloaded from <https://www.eumedion.nl/nl/public/kennisbank/best-practices/2018-12-servicedocument-nederlandse-stewardship-code.pdf>.

⁴⁰ Eumedion (2018), Dutch Stewardship Code.

This point of the Agreement deals with the Pension Fund's total investment strategy. This is in contrast to the previous point, 3.1e, about engagement and the encouragement of long-term value creation in enterprises in which investments are made. You can include the use of long-term value creation as the guiding principle in a Pension Fund's policy in the following manner, for example:

- Selection of Asset Classes based on real economic activities and underlying value creation;
- Selection of strategies within a specific Asset Class, for example for private equity a focus on medium-term growth strategies;
- Absolute objectives for long-term yield or excess yield (instead of relative objectives in relation to a benchmark);
- Selection of asset managers, products or individual investment instruments on the basis of forward-looking strategies for the long term (not based solely on past yields) and taking account of social value creation (also considering ESG information instead of only financial information);
- External Service Provider mandates / contracts with a sufficiently long term;
- Where remuneration of External Service Providers is linked to financial performance, a link to performance over a sufficiently long period.

The adjacent sample text is largely based on this. Furthermore, the following explanation is given for principle 2:

- Every corporate action has to be assessed on its own merits, taking account of the interests of other stakeholders of the Dutch listed company in which investments are made.

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| <ul style="list-style-type: none"> • When assessing the opportunities for creating long-term value and the risks, strategy and performance of Dutch listed companies in which investments are made, it is essential to consider environmental (including risks and opportunities related to climate change), social and governance information (including the composition of the board and diversity), in addition to financial information. • Material matters can include short-, medium- and long-term developments. | | |
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Outsourcing

The implementation of (responsible) investment policy by Pension Funds is often outsourced to External Service Providers. If that is the case, the Participating Pension Funds continue to be responsible for implementing the OECD Guidelines and the UNGPs in the Asset Classes. Paragraph 4.1 of the Agreement describes how the responsible investment policy in the Asset Classes of the Pension Funds, as well as the implementation of that policy, is embedded in contracts with External Service Providers in line with the OECD Guidelines and the UNGPs.

External Service Providers are defined in the Agreement as: "A service provider appointed by a Participating Pension Fund that, acting on the basis of a written agreement, assumes the task of implementing relevant provisions of this Agreement on behalf of a Participating Pension Fund."⁴¹

This chapter of the Toolbox discusses outsourcing to a fiduciary manager or asset managers and how the provisions of the Agreement can be safeguarded in new contracts with these parties. When contracts are entered into with another type of External Service Provider, such as ESG data providers, engagement providers, proxy vote service providers, ESG consultants, or other service- or product-providing organisations, which carry out one or more of the due diligence steps, the Pension Fund can determine in the contracts which of the due diligence steps will be incorporated and how the External Service Provider should report on this to the Pension Fund. This is described in 3.1b.

⁴¹ See the definition of "External Service Provider" on p. 58 of the Agreement.

The Agreement distinguishes between the following Asset Classes:⁴²

- Listed equities;
- Loans to governments (government bonds);
- Loans to companies (corporate bonds);
- Real estate;
- Private equity;
- Infrastructure.

The characteristics of Pension Funds and different Asset Classes determine the scope for exercising leverage that a Pension Fund has on that outsourcing relationship. There is a wide variety of outsourcing relationships, contracts and associated scope for exercising leverage in the pensions sector. In this Toolbox, the following types of outsourcing are discussed:

- Segregated mandates;
- Majority share in an investment fund;
- Minority share in an investment fund.

In exceptional cases, a Pension Fund itself invests and is therefore also directly responsible for implementing the responsible investment policy. In that case, the Pension Fund does not have to incorporate the provisions of Paragraph 4.1 of the Agreement in contracts with External Service Providers, but instead, the Pension Fund has to meet those criteria itself.

In the Pension Fund's policy (or that of the fiduciary manager), it is important to describe properly how the Pension Fund (or the fiduciary manager) combines these various elements to arrive at a coherent approach, while in contracts with individual service providers, the specific ESG provisions that the service provider has to meet need to be established.

Pension funds can have different outsourcing relationships for different Asset Classes. Even within Asset Classes, Pension Funds can have different outsourcing relationships. In general, the following applies regarding the leverage of Pension Funds:

- A Pension Fund's leverage is generally **high** when a Pension Fund (within a specific Asset Class) has a **segregated mandate** or a **majority share in an investment fund**;
- A Pension Fund's leverage is generally **low** when a Pension Fund (within a specific Asset Class) has a **minority share in an investment fund**. The Pension Fund's leverage is then **limited**.

⁴² See the definition of "Asset Classes" on p. 57 of the Agreement.

The Pension Fund always has final responsibility for the implementation of the Agreement. Where the Pension Fund sees or expects that this will not be possible, the Pension Fund must discuss with the asset manager how to deal with this.

Investment by the pension fund itself

If the Pension Fund (possibly within a specific Asset Class) invests itself, there is no outsourcing relationship. In that case the (responsible) investment policy directly applies. The criteria stipulated for outsourcing in Paragraph 4.1 of the Agreement can then best be incorporated into (responsible) investment policy by the Pension Fund, as with the criteria in 3.1.

Segregated mandates

If the Pension Fund invests by means of a segregated mandate (possibly within a specific Asset Class), the fund often has a broader scope for exercising leverage. For example, the Pension Fund can include in the mandate that its own (responsible) investment policy is applicable to the mandate in question.

Majority share in an investment fund

If the Pension Fund has a majority share in an investment fund (within a specific Asset Class), it can initiate a discussion with the Fund Manager to have the content of the (responsible) investment policy of the Pension Fund concerned integrated into the Fund Conditions. However, this should be carried out through the unit holders' meetings. Such a request for a change can be submitted through the Fund Manager and the Legal Owner, which has been brought in by one of the Unit Holders (the Fund Conditions should provide information on this). In other cases, the Pension Fund has no formal control and it can only make preferences known through participation in client council meetings or other kinds of contact with the Fund Manager.

Minority share in an investment fund

If a Pension Fund has a minority share in an investment fund, its leverage is limited. In that case, it is best if you include the criteria from 4.1 in the selection criteria for investment funds. The PRI Manager Selection Guide for Asset Owners⁴³ is a useful aid in doing this.

Table 2 contains:

1. An overview of the relevant paragraphs of the Agreement;
2. An explanation of the criteria in the text of the Agreement;

⁴³ Principles for Responsible Investment (PRI) (2018), PRI Manager Selection Guide for Asset Owners.

3. Appropriate sample texts, which distinguish between segregated mandates, a majority share in an investment fund and a minority share in an investment fund;
4. The document into which you can incorporate the relevant sample text.

Table 2: sample texts for outsourcing

[State in new contracts with External Service Providers that the External Service Provider:]

| Agreement Paragraph 4.1a | | |
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| Implements ESG in policy and management systems, and uses long-term value creation as a leading principle. | | |
| Explanation | Sample text | Document |
| <p>Segregated mandates If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to meet the criteria set out in Paragraph 3.1 of the Agreement. This also includes a description of the way in which long-term value creation is used as a leading principle (3.1f). In addition to the criteria from Paragraph 3.1 of the Agreement, you can consult the following sources:</p> <ul style="list-style-type: none"> • The <u>OECD guidance for institutional investors</u> (OECD, 2017), paragraph 2.1. • The <u>Service Document on Responsible Investment</u> , (Federation of the Dutch Pension Funds, 2016), paragraph 5.1 (vision) and 5.2 (policy). | <p>"This mandate is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> | <p>(Responsible) Investment Policy and contract</p> |

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| <ul style="list-style-type: none"> • The PRI Manager Selection Guide for Asset Owners⁴⁴. <p>You can then include in the mandate in question the statement that your (responsible) investment policy is applicable to the mandate.</p> | | |
| <p>Majority share in an investment fund If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the prospectus can be reviewed when selecting the fund, when you can research to what extent the prospectus complies with your investment policy. The investment policy should be ratified at the unit holders’ meeting. If no formal participation has been laid down, you can influence your Fund Manager informally. In that case, your policy, and the Fund Conditions, have to meet the criteria relating to policy and management systems as described above.</p> | <p>“This contract is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> <p>See Paragraphs 3.1b and 3.1f.</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |
| <p>Minority share in an investment fund If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can research when selecting the investment fund to what extent the prospectus complies with your (responsible) investment policy. The PRI Manager Selection Guide for Asset Owners⁴⁵ is a useful aid for doing this, together with the PRI How can a passive investor be a</p> | <p>“This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)”</p> <p>See Paragraphs 3.1b and 3.1f.</p> | <p>Selection criteria for investment funds</p> |

⁴⁴ Principles for Responsible Investment (PRI) (2018), [PRI Manager Selection Guide for Asset Owners](#).

⁴⁵ Idem.

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| <p><u>responsible investor?</u>⁴⁶. In that case, your policy, as well as the selection criteria for investment funds, have to meet the criteria relating to policy and management systems as described above.</p> | | |
| <p>Agreement Paragraph 4.1b</p> <p>Identify and prioritise the actual and potential adverse impact of activities undertaken in the Participating Pension Fund’s Asset Classes, while involving relevant stakeholders in this effort.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement. You can then include in the mandate in question the statement that your (responsible) investment policy is applicable to the mandate.</p> | <p>“This mandate is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> | <p>Mandate</p> |
| <p>Majority share in an investment fund</p> <p>If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the investment policy should be ratified at the unit holders’ meeting. In that case, your policy and the Fund Conditions have to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement.</p> | <p>“This contract is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> <p>See Paragraph 3.1b.</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |

⁴⁶ Principles for Responsible Investment (PRI) (2019), [PRI How can a passive investor be a responsible investor?](#).

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| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can research when selecting the investment fund to what extent the prospectus complies with your (responsible) investment policy. The PRI Manager Selection Guide for Asset Owners⁴⁷ is a useful aid for doing this, together with the PRI How can a passive investor be a responsible investor?⁴⁸ You can ask the Fund Manager to what extent “Investor Actions” from paragraph 2.2 (p. 32) of the OECD guidance for institutional investors⁴⁹ are complied with. Table 1 (p. 31) lists practices by Asset Category.</p> | <p>“This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)”</p> <p>See Paragraph 3.1b.</p> | <p>Selection criteria for investment funds</p> |
| <p>Agreement Paragraph 4.1c</p> <p>Use and, where necessary and possible, increase leverage to ensure that the adverse impact of activities undertaken in the Asset Classes is prevented or mitigated.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement. You can then include in the mandate in</p> | <p>“This mandate is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and</p> | <p>Mandate</p> |

⁴⁷ Principles for Responsible Investment (PRI) (2018) [PRI Manager Selection Guide for Asset Owners](#).

⁴⁸ Principles for Responsible Investment (PRI) (2019), [PRI How can a passive investor be a responsible investor?](#).

⁴⁹ OECD (2017), [OECD guidance for institutional investors: Responsible business conduct for institutional investors](#).

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| <p>question the statement that your (responsible) investment policy is applicable to the mandate.</p> | <p>provides services to make provision for this as much as possible”</p> | |
| <p>Majority share in an investment fund</p> <p>If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the investment policy should be ratified at the unit holders’ meeting. In that case, your policy and the Fund Conditions have to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement.</p> | <p>“This contract is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> <p>See Paragraphs 3.1b, 3.1d and 3.1e</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |
| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can investigate when selecting the investment fund to what extent the fund conditions comply with your (responsible) investment policy. The <u>PRI Manager Selection Guide for Asset Owners</u>⁵⁰ is a useful aid for doing this, together with the <u>PRI How can a passive investor be a responsible investor?</u>⁵¹ You can ask the fund manager to what extent “Investor Actions” from paragraph 2.3 (p. 32) of the <u>OECD guidance for institutional investors</u>⁵² are complied with. The guidance</p> | <p>“This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)”</p> <p>See Paragraphs 3.1b, 3.1d and 3.1e</p> | <p>Selection criteria for investment funds</p> |

⁵⁰ Principles for Responsible Investment (PRI) (2018) PRI Manager Selection Guide for Asset Owners.

⁵¹ Principles for Responsible Investment (PRI) (2019), PRI How can a passive investor be a responsible investor?.

⁵² OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

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| <p>document contains recommendations for active and passive investment strategies (Table 2, p. 42) and for different Asset Classes (Table 3, p. 42).</p> | | |
| <p>Agreement Paragraph 4.1d</p> <p>Use and, where necessary and possible, increase leverage by imposing time-limited demands in which it encourages listed investee companies that cause or contribute to an adverse impact to prevent and/or mitigate that adverse impact and/or to provide access to remedy in accordance with Paragraph 8.2.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement. You can then include in the mandate in question the statement that your (responsible) investment policy is applicable to the mandate.</p> | <p>"This mandate is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> | <p>Mandate</p> |
| <p>Majority share in an investment fund</p> <p>If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the investment policy should be ratified at the unit holders' meeting. In that case, your policy and the fund conditions have to include Paragraphs 3.1b, 3.1d and 3.1e of the Agreement.</p> | <p>"This contract is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> <p>See Paragraphs 3.1b, 3.1d and 3.1e</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |

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| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can investigate when selecting the investment fund to what extent the fund conditions comply with your (responsible) investment policy. The <u>PRI Manager Selection Guide for Asset Owners</u>⁵³ is a useful aid for doing this, together with the <u>PRI How can a passive investor be a responsible investor?</u>⁵⁴ You can ask the fund manager to what extent “Investor Actions” of paragraph 2. (p. 32) of the <u>OECD guidance for institutional investors</u>⁵⁵ are complied with. The guidance document contains recommendations for active and passive investment strategies (Table 2, p. 42) and for different Asset Classes (Table 3, p. 42).</p> | <p>“This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)”</p> <p>See Paragraphs 3.1b, 3.1d and 3.1e</p> | <p>Investment fund prospectus</p> <p>Selection criteria for investment funds</p> |
| <p>Agreement Paragraph 4.1e</p> <p>Where Paragraph 8.3 applies, set up processes to provide access to remedy.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to include Paragraph 3.1b of the Agreement. You can then include in the mandate in question the statement</p> | <p>“This mandate is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> | <p>Mandate</p> |

⁵³ Principles for Responsible Investment (PRI) (2018), PRI Manager Selection Guide for Asset Owners.

⁵⁴ Principles for Responsible Investment (PRI) (2019), PRI How can a passive investor be a responsible investor?.

⁵⁵ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

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| <p>that your (responsible) investment policy is applicable to the mandate.</p> | | |
| <p>Majority share in an investment fund</p> <p>If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the investment policy should be ratified at the unit holders’ meeting. In your policy and the fund conditions, Paragraph 3.1b of the Agreement must include the information described above.</p> | <p>“This contract is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> <p>See Paragraph 3.1b.</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |
| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can investigate when selecting the investment fund to what extent the fund conditions comply with your (responsible) investment policy. The <u>PRI Manager Selection Guide for Asset Owners</u>⁵⁶ is a useful aid for doing this, together with the <u>PRI How can a passive investor be a responsible investor?</u>⁵⁷ You can ask the Fund Manager to what extent “Investor Actions” from subsection 2.5 (p. 32) of the <u>OECD guidance for institutional investors</u>⁵⁸ are complied with.</p> | <p>“This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)”</p> <p>See Paragraph 3.1b.</p> | <p>Investment fund prospectus</p> <p>Selection criteria for investment funds</p> |

⁵⁶ Principles for Responsible Investment (PRI) (2018), PRI Manager Selection Guide for Asset Owners.

⁵⁷ Principles for Responsible Investment (PRI) (2019), PRI How can a passive investor be a responsible investor?.

⁵⁸ OECD (2017), OECD guidance for institutional investors: Responsible business conduct for institutional investors.

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| Agreement Paragraph 4.1f | | |
| When temporarily or permanently reducing an investment position in or divesting from companies that have been prioritised owing to the severity of the adverse impact, the potential adverse impacts on affected persons or groups are also considered. | | |
| Explanation | Sample text | Document |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your policy enshrined in the mandate. In that case, your policy has to include Paragraph 3.1b of the Agreement. You can then include in the mandate in question the statement that your (responsible) investment policy is applicable to the mandate.</p> | <p>"This mandate is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> | Mandate |
| <p>Majority share in an investment fund</p> <p>If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you can initiate a discussion with the Fund Manager to have the content of your investment policy included in the prospectus. Changes to the investment policy should be ratified at the unit holders' meeting. In that case, your policy and the fund conditions have to include Paragraph 3.1b of the Agreement.</p> | <p>"This contract is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> <p>See Paragraph 3.1b.</p> | <p>Mandate</p> <p>Fund Conditions of External Service Provider</p> |
| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can</p> | <p>"This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)"</p> | Reporting requirements & fund reporting |

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| <p>investigate when selecting the investment fund to what extent the fund conditions comply with your (responsible) investment policy. The PRI Manager Selection Guide for Asset Owners⁵⁹ is a useful aid for doing this, together with the PRI How can a passive investor be a responsible investor?.⁶⁰ You can ask the Fund Manager to what extent this criterion is complied with. For more information, see “considering divestment and exclusions” (pp. 39-41) of the OECD guidance for institutional investors.⁶¹</p> | | |
| <p>Agreement Paragraph 4.1g</p> <p>Render accountability by monitoring results and by reporting to the Participating Pension Fund, with due observance of the reporting requirements as described in Paragraph 5 of this Agreement.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>Segregated mandates</p> <p>If your Pension Fund has a segregated mandate (within a specific Asset Class), you can have your reporting guidelines enshrined in the mandate. In that case, the criteria as described in Paragraph 3.1b of the Agreement have to be stipulated in your mandate. You can then include in the mandate in question the statement that your (responsible) investment policy is applicable to the mandate.</p> | <p>“This mandate is subject to [name of relevant (responsible) investment policy as at contract date].”</p> <p>Or:</p> <p>“The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible”</p> | <p>Mandate & Reporting requirements</p> |

⁵⁹ Principles for Responsible Investment (PRI) (2018), [PRI Manager Selection Guide for Asset Owners](#).

⁶⁰ Principles for Responsible Investment (PRI) (2019), [PRI How can a passive investor be a responsible investor?](#).

⁶¹ OECD (2017), [OECD guidance for institutional investors: Responsible business conduct for institutional investors](#).

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| <p>Majority share in an investment fund</p> <p>Where the investment policy relating to Responsible Investment has been ratified by the unit holders' meeting, the investment policy of the Fund is changed and the Fund has to report on this through its reporting. In that case, the content of the fund's report will have to comply with your reporting requirements. The reporting requirements will have to contain the criteria as described in Paragraph 3.1b of the Agreement.</p> | <p>"This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)" "This contract is subject to [name of relevant (responsible) investment policy as at contract date]."</p> <p>Or:</p> <p>"The asset manager acknowledges that the Pension Fund commits to the Agreement and the OECD Guidelines and provides services to make provision for this as much as possible"</p> <p>See Paragraph 3.1b.</p> | <p>Reporting requirements & fund reporting</p> |
| <p>Minority share in an investment fund</p> <p>If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you can investigate when selecting the investment fund to what extent the fund's reporting complies with your (responsible) investment policy. The PRI Manager Selection Guide for Asset Owners⁶² is a useful aid for doing this, together with the PRI How can a passive investor be a responsible investor?⁶³ You can ask the Fund Manager to what extent Paragraph 3.1b of the Agreement is complied with.</p> | <p>"This investment fund that we selected as of [date] complies with [name of the relevant (responsible) investment policy] in the following manner (...)"</p> <p>See Paragraph 3.1b</p> | <p>Reporting requirements & selection criteria for investment funds</p> |

⁶² Principles for Responsible Investment (PRI) (2018), [PRI Manager Selection Guide for Asset Owners](#).

⁶³ Principles for Responsible Investment (PRI) (2019), [PRI How can a passive investor be a responsible investor?](#).

Monitoring outsourcing

As observed in Paragraph 4.1 of the Agreement, Participating Pension Funds outsource many activities in the investment value chain to External Service Providers, but they remain responsible for implementing the OECD Guidelines and the UNGPs in the Asset Classes. The Pension Funds must therefore monitor implementation of the policy concerning the OECD Guidelines and UNGPs by External Service Providers. As is noted in Paragraph 4.1 of the Agreement (on "Outsourcing"), there is a wide variety of outsourcing relationships, contracts and associated opportunities for leverage in the pensions sector. This needs to be taken into account when monitoring the outsourcing, as the monitoring always has to be appropriate to the type of outsourcing relationship. If your Pension Fund has a majority share in an investment fund (within a specific Asset Class), you (or, if applicable, your fiduciary manager) can enter into discussion with the Fund Manager about reporting in relation to ESG policy. If your Pension Fund has a minority share in an investment fund (within a specific Asset Class), you (or, if applicable, your fiduciary manager) can consider during the selection of the investment fund the manner in which a fund reports on ESG policy. If the service itself already includes an obligation to report on implementation of ESG policy by an external service provider, such as ESG data suppliers or ESG engagement providers, the outsourcing agreement does not have to be amended on this point. Reporting and transparency also have the function of including beneficiaries in priorities set by that fund.

Table 3 contains:

1. An overview of the relevant paragraphs of the Agreement;
2. An explanation of the criteria in the text of the Agreement;
3. Appropriate sample texts;
4. The document into which you can incorporate the relevant sample text.

TABLE 3: SAMPLE TEXTS FOR MONITORING OUTSOURCING

[FOR MONITORING PURPOSES, PARTICIPATING PENSION FUNDS WILL AS A MINIMUM IMPOSE THE FOLLOWING REPORTING REQUIREMENTS ON EXTERNAL SERVICE PROVIDERS, DOING SO AS SOON AS POSSIBLE, BUT NO LATER THAN THREE YEARS AFTER THE AGREEMENT COMES INTO EFFECT:]

| Agreement Paragraph 5.1a | | |
|---|---|--|
| The progress the relevant External Service Provider has made in implementing its own and/or the relevant Participating Pension Fund’s ESG policy. | | |
| Explanation | Sample text | Document |
| <p>If your own responsible investment policy is implemented by one or more External Service Provider(s), you can stipulate in the reporting obligations of the External Service Provider(s) that it/they have to report on the progress of implementation of your ESG policy. The following can assist:</p> <p>The OECD’s Due Diligence Guidance for Responsible Business Conduct (see www.OECDrichtlijnen.nl/documenten/publicatie/2019/06/06/OECD-due-diligence-handreiking-voor-mvo-nls): see p. 88 of the Due Diligence Guidance).</p> <p>The Guiding Principles of the UNGP Reporting Framework</p> | <p>“[name of external service provider] must provide quarterly reports on its progress in implementing [name of ESG policy of your fund]”.</p> <p>“[name of external service provider] must provide quarterly reports on its progress in implementing [name of ESG policy of your external service providers]”.</p> | <p>Reporting requirements / Service Level Agreement (SLA)</p> <p>Reporting requirements / SLA</p> |

| | | |
|--|---|-------------------------------------|
| <p>If your own reporting is based on the Guiding Principles of the UNGP Reporting Framework, it is logical for External Service Providers also to report on this basis. See https://www.ungpreporting.org/framework-guidance/.</p> | | |
| <p>Agreement Paragraph 5.1b</p> <p>The External Service Provider’s ESG risk identification methodology and its findings concerning the adverse impact identified in the Asset Classes.</p> | | |
| Explanation | Sample text | Document |
| <p>This part of the monitoring of outsourcing is applicable to External Service Providers that have the task of identifying ESG risks, such as fiduciary managers, asset managers and ESG data suppliers.</p> <p>Supplementary to Paragraph 5.1a, for these External Service Providers you can include a text in the reporting requirements such as the adjacent example.</p> <p>This reporting requirement does not apply to External Service Providers for which ESG risk identification is not part of the service provision, for example some ESG engagement providers that only carry out engagement services for pre-selected companies and ESG risks.</p> | <p>“In relation to the relevant services provided, the party/parties in question should at least report on:</p> <ul style="list-style-type: none"> • The method used to identify potential and actual adverse ESG impacts; • Potential and actual adverse ESG impacts that have been identified in your various investment portfolios.” | <p>Reporting requirements / SLA</p> |
| <p>Agreement Paragraph 5.1c</p> <p>Information on how the External Service Provider has attempted, on behalf of the Participating Pension Fund, to prevent and/or mitigate the adverse impact of activities in the Asset Classes and/or to encourage the provision of remediation.</p> | | |
| Explanation | Sample text | Document |

| | | |
|---|--|-------------------------------------|
| <p>Supplementary to Paragraph 5.1a, you can include in the reporting requirements the elements included under 'sample text'.</p> | <ul style="list-style-type: none"> • "Enterprises / activities that are excluded from the investment universe; • Enterprises / activities with which engagement is carried out; • The SMART objective(s) of engagement for each enterprise/activity (including the provision of remediation if applicable); • The progress of ongoing engagement processes; • The results of completed engagement processes; • Decisions made and the accompanying justification for any temporary or permanent reduction in investments, or disinvestments, and how potential adverse impacts of these decisions for affected persons or groups were taken into account in this decision-making." | <p>Reporting requirements / SLA</p> |
| <p style="text-align: center;">Agreement Paragraph 5.1d</p> <p style="text-align: center;">Information on the listed companies that have been prioritised based on the severity of the adverse impact and over which leverage has not led to sufficient progress within the designated time frame.</p> | | |
| <p>Explanation</p> | <p>Sample text</p> | <p>Document</p> |
| <p>See the sample text under 5.1c.</p> | <p>See the sample text under 5.1c.</p> | <p>Reporting requirements / SLA</p> |

Reporting and transparency

Paragraph 6.1 of the Agreement begins as follows: “The Dutch Pensions Act specifies that Pension Fund boards must explain how their fund’s investment policy takes the environment and climate, human rights and social relationships into account (Article 135(4) of the Dutch Pensions Act). As soon as IORP II is transposed into national legislation and comes into effect, the Pension Fund’s statement of investment principles must specify how its investment policy takes ESG factors into account. The statement of investment principles will be published.”

As soon as possible, but no later than three-and-a-half years after the Agreement takes effect, Participating Pension Funds will, in accordance with the OECD Guidelines and the UNGPs, report and communicate on the results of their ESG policy, while respecting commercial confidentiality and other security concerns (see p. 43 of the OECD guidance for institutional investors). Due diligence as described in the OECD Guidelines and the UNGPs requires proactive communication of relevant information regarding due diligence policy and processes, and about the measures taken to identify and address actual or potential adverse impacts (see paragraph 2.4 of the [OECD guidance for institutional investors](#)). Reporting and transparency also have the function of including beneficiaries in priorities set by that fund.

The Agreement for international responsible investment in the insurance sector has established a number of guidelines in this respect. These can certainly also be useful when implementing the Agreement:

- [Transparency regarding engagement](#)
- [Transparency regarding serious abuses](#)
- [Examples of transparency regarding ESG](#)
- [Reporting on sustainable development goals](#)
- [Priorities of ESG due diligence](#)
- [Effectiveness of ESG policy](#)

Sustainable Finance Disclosure Regulation (SFDR) & Taxonomy

Parallel to the Agreement, new obligations are being established regarding reporting on sustainability policy by Pension Funds⁶⁴. The Federation of the Dutch Pension Funds has drawn up [a service document](#) on the reporting obligations under level 1 legislation of SFDR and Taxonomy.

TABLE 4: SAMPLE TEXTS FOR REPORTING AND TRANSPARENCY

[THIS REPORTING AND TRANSPARENCY CONTAINS AT LEAST:]

| Agreement Paragraph 6.1a | | |
|--|--|-----------------|
| <p>Subject to the principle of “comply or explain”, in so far as legally and practically possible and with due regard for Proportionality, and with a delay of one financial quarter but not more than one year annually, a list of the names of companies and/or investment funds within the listed equity portfolio(s) in which the assets of the Participating Pension Fund were invested over the previous period.</p> | | |
| Explanation | Sample text | Document |
| <p>Proportionality refers to the characteristics and leverage of a Pension Fund and not to the size of individual equity investments (see Appendix 1 to the Agreement).</p> <p>If your Pension Fund has a majority share in an investment fund containing shares of listed companies, you (or, if applicable, your fiduciary manager) can enter into a dialogue with the Fund Manager about disclosure of the companies in which your Pension Fund invests.</p> <p>If your Pension Fund has a minority share in an investment fund containing shares of listed companies, you can, during the selection of the fund, take account of the disclosure of the companies in which investments are made.</p> <p>In the case of participation in actively managed investment funds, it is possible that a Fund Manager may not legally</p> | <p>An example of public reporting on all investments in listed shares of a Pension Fund can be found here:</p> | <p>Website</p> |

⁶⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. See: <https://eur-lex.europa.eu/legal-content/NL/TXT/PDF/?uri=CELEX:32019R2088&from=EN>.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. See: <https://eur-lex.europa.eu/legal-content/NL/TXT/PDF/?uri=CELEX:32020R0852&from=NL> .

permit disclosure or will not cooperate with it in practice. In that case, you have to mention this in your reporting.

In the case of participation in passively managed investment funds based on an index, the composition of which is public, possibly combined with an exclusion list or other change to the index of which the composition is also public, you can also report the name of the investment fund (preferably with a reference to the index in question) instead of the names of all the individual companies in which investments are made through this fund.

Transparantielijst Aandelen
(Indirecte beleggingen in beursgenoteerde aandelen per 31-12-2018)

A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z |

Naam onderneming Zoeken

| Naam Onderneming | Land | Sector | Belang in € |
|------------------------------|------------------------------|---|-------------|
| 3I GROUP PLC | Verenigd Koninkrijk | Capital Markets | 9.287.032 |
| 3M CO | Verenigde Staten | Industrial Conglomerates | 80.615.399 |
| 3SBIO INC | China | Biotechnology | 2.253.359 |
| 58.COM INC | China | Interactive Media & Services | 7.504.495 |
| 77 BANK LTD/THE | Japan | Banks | 1.435.591 |
| A2A SPA | Italië | Multi-Utilities | 10.769.798 |
| AAC TECHNOLOGIES HOLDINGS IN | Hong Kong | Electronic Equipment, Instruments & Components | 2.777.581 |
| AALBERTS INDUSTRIES NV | Nederland | Machinery | 1.588.059 |
| ABB INDIA LTD | India | Electrical Equipment | 629.044 |
| ABB LTD-REG | Zwitserland | Electrical Equipment | 38.880.367 |
| ABBOTT LABORATORIES | Verenigde Staten | Health Care Equipment & Supplies | 155.529.885 |
| ABBVIE INC | Verenigde Staten | Biotechnology | 98.458.788 |
| ABC-MART INC | Japan | Specialty Retail | 7.449.827 |
| ABN AMRO GROUP NV | Nederland | Banks | 15.454.500 |
| ABU DHABI COMMERCIAL BANK | Verenigde Arabische Emiraten | Banks | 10.952.020 |
| AC ALROSA OJSC | Rusland | Metals & Mining | 1.584.456 |
| ACC LTD | India | Construction Materials | 979.262 |
| ACCENTURE PLC-CL A | Verenigde Staten | IT Services | 143.144.343 |
| ACCIONA SA | Spanje | Electric Utilities | 970.024 |
| ACCOR SA | Frankrijk | Hotels, Restaurants & Leisure | 4.616.243 |
| ACER INC | Taiwan | Technology Hardware, Storage & Peripherals | 3.209.252 |
| ACERINOX SA | Spanje | Metals & Mining | 741.290 |
| ACKERMANS | België | Diversified Financial Services | 2.423.005 |
| ACS ACTIVIDADES CONS Y SERV | Spanje | Construction & Engineering | 25.265.632 |
| ACTIVISION BLIZZARD INC | Verenigde Staten | Entertainment | 23.659.329 |
| ACUTY BRANDS INC | Verenigde Staten | Electrical Equipment | 3.180.759 |
| ADANI ENTERPRISES LTD | India | Trading Companies & Distributors | 1.337.328 |
| ADANI PORTS AND SPECIAL ECON | India | Transportation Infrastructure | 5.909.743 |
| ADANI POWER LTD | India | Independent Power and Renewable Electricity Producers | 151.867 |
| ADARO ENERGY TBK PT | Indonesië | Oil, Gas & Consumable Fuels | 2.696.327 |

1 - 30 >

Figure 5: example transparency list of shares of Pensioenfonds Zorg & Welzijn⁶⁵

⁶⁵ <https://www.pfzw.nl/over-pfzw/zo-beleggen-we/waar-in-we-beleggen/overzicht-aandelen.html>

Agreement Paragraph 6.1b

The Participating Pension Fund’s approach to due diligence in accordance with the OECD Guidelines and the UNGPs (whether or not pursued through External Service Providers).

| Explanation | Sample text | Document |
|---|--------------------|--|
| <p>This is in line with Paragraph 3.1b of the Agreement, under “Policy”. Participating Pension Funds will report on the results of the ESG policy in accordance with the OECD Guidelines and the UNGPs. Furthermore, you can provide an explanation of your current approach and your current reporting.</p> <p>Due diligence is a process, not a final result. It is important to initiate this process as soon as possible and to develop it further. The purpose of due diligence is to identify and mitigate adverse ESG impact on other stakeholders.</p> <p>Pension funds can also tackle due diligence and communication about it in cooperation with other Pension Funds.</p> <p>For each of the six due diligence steps, show how they are included in the evaluation cycle, including at board level and where responsibilities are allocated.</p> <p>Examples of how this can be done for different investments can be found in Chapter 4.</p> | <p>See 3.1b</p> | <p>(Responsible) investment policy (if publicly available)</p> |

Agreement Paragraph 6.1c

An explanation of how the Participating Pension Fund’s ESG policy has been integrated into the various Asset Classes in which the Participating Pension Fund invests.

| Explanation | Sample text | Document |
|--------------------|--------------------|-----------------|
|--------------------|--------------------|-----------------|

| | | |
|--|--|--|
| <p>This paragraph in the Agreement results from a specific recommendation, which is included in the OECD guidance for institutional investors⁶⁶ (p. 43).</p> <p>A fund should preferably publish a single report on its ESG policy and activities, for example by the appointed fiduciary manager. A fund can also publish multiple reports from different (asset) managers with an explanation of how they relate to one another. For example, this is the report on developed market equities and this one is on emerging market credits.</p> <p>The most practical approach is to use the Sustainable Finance Disclosure Regulation (SFDR) format and the OECD Guidelines and UNGPs as much as possible. This makes it easy for Pension Funds to comply with both the Agreement and (new) legislation.</p> | <p>An example of a report of PMT and Philips Pensioenfonds can be found using the links. Among other things, this text explains how the ESG due diligence steps risk identification (step 2) and mitigation (step 3) are integrated into the Asset Classes "listed equities of developed markets" and "government bonds".</p> <p>Note: this is an example for a proportion of the Asset Classes. It is expected that this will be reported for all Asset Classes (in accordance with the definition in the Agreement) in which the Pension Fund invests.</p> | <p>(Annual) Report on (Responsible) Investment</p> |
|--|--|--|

⁶⁶ OECD (2017), [OECD guidance for institutional investors](#): *Responsible business conduct for institutional investors*.

5 ESG-INTEGRATIE

PMT wil zelf bepalen waar het in belegt en dit kunnen uitleggen aan deelnemers en de maatschappij. Daarom belegt PMT bijvoorbeeld niet in een standaard aandelenindex die door een andere partij is samengesteld, maar willen we vanuit de eigen doelstellingen en beginselen regels bepalen over de manier waarop we investeren. Daarbij wordt per sector een *due diligence* analyse uitgevoerd naar de grootste ESG-risico's binnen die sector. De identiteit van het pensioenfonds en de achterban worden zo zichtbaar in de manier waarop PMT belegt.

SAMENSTELLING BELEGGINGSPORTEFEUILLE PMT PER ULTIMO 2020

| | X € 1 MILJOEN | IN PERCENTAGES |
|------------------------|---------------|----------------|
| Vastgoedbeleggingen | 7.295 | 7,5% |
| Aandelen | 28.141 | 28,9% |
| Vastrentende waarden | 61.623 | 63,3% |
| Overige beleggingen | 278 | 0,3% |
| Totaal belegd vermogen | 97.357 | 100% |

AANDELENPORTEFEUILLE ONTWIKKELDE LANDEN

Eind 2018 introduceerde PMT de nieuwe Strategische Aandelenportefeuille voor ontwikkelde landen. In deze portefeuille staat rendement voorop en wordt alleen geïnvesteerd in ondernemingen die voldoen aan de financiële en principe (ESG) criteria van PMT. De mening van deelnemers heeft daarbij een belangrijke rol gespeeld.

De randvoorwaarden die PMT stelt, zijn:

- 1 Ondernemingen moeten voldoen aan wet- en regelgeving.
- 2 PMT wil niet investeren in de tabaks-, bont-, adult entertainment- en wapenindustrie.
- 3 PMT gelooft dat alleen bedrijven die een goede bedrijfsvoering hebben en daarin rekening houden met het milieu, mensen en de maatschappij op lange termijn goed presteren.
- 4 PMT investeert niet in sectoren waar PMT al op een andere manier risico loopt, zoals bepaalde bedrijven in de financiële sector.
- 5 PMT wil niet beleggen in onderneming die hoge faillissementskansen of slechte financiële karakteristieken hebben.

Figure 6: example PMT⁶⁷

⁶⁷ https://www.pmt.nl/media/k4scnziu/pmt_verantwoord_beleggen_jaarverslag_2020_def.pdf

| Beleggingscategorie | Keuze voor beleggingen | | | Zorg voor beleggingen | | |
|--|------------------------|--------------------------------------|--|-----------------------|----------------------|---------|
| | Uitsluiting | Duurzame beleggingen (SDG's)** | Duurzaamheid betrekken in beleggingskeuzes** | Monitoring | Dialogo (Engagement) | Stemmen |
| Staatsobligaties wereldwijd | Ja | n.v.t. | Nee | Ja | Ja | n.v.t. |
| Bedrijfsobligaties wereldwijd | Ja | n.v.t. | Ja (via actief beheer) | Ja | Ja | n.v.t. |
| Hypotheken | n.v.t. | n.v.t. | Nee | n.v.t. | n.v.t. | n.v.t. |
| Staatsobligaties uit opkomende markten | Ja | n.v.t. | Ja (via actief beheer) | Ja | Ja | n.v.t. |
| Hoogrenderende bedrijfsobligaties | Ja | n.v.t. | Ja (via actief beheer) | Ja | Ja | n.v.t. |
| Cash | Ja* | n.v.t. | Nee | Ja | Ja | n.v.t. |
| Aandelen | Ja | Nee. Gepland voor 2021 via benchmark | Nee. Gepland voor 2021 via benchmark | Ja | Ja | Ja |
| Onroerend goed | Ja* | n.v.t. | Ja (via actief beheer) | Ja | Ja | Ja |

Figure 7: example Philips Pensioenfonds⁶⁸

Agreement Paragraph 6.1d

To the extent legally possible and without prejudice to the effectiveness of Engagement, a list of the activities undertaken on behalf of the Pension Fund, consisting of:

- I. Companies with which a form of engagement has been pursued on behalf of the Participating Pension Fund and to what end;
- II. The results of Engagement pursued on behalf of the Participating Pension Fund in specific companies;
- III. Decisions taken by the Participating Pension Fund when Engagement has been unsuccessful.

| Explanation | Sample text | Document |
|--|-------------|---|
| Reporting on the components indicated here for all engagement processes is mandatory, unless legally forbidden or if it would negatively impact the effectiveness of the engagement. In such case, funds must report that they | | (Annual) Report on (Responsible) Investment / |

⁶⁸ https://philipspensioenfonds.nl/sites/philipspensioenfonds.nl/files/2021-07/MVB-beleid%20per%20beleggingscategorie_vdef.pdf

have engagements regarding which there will be no further disclosure for these reasons.

For this report you can make use of (a selection of) the following data points:

- Number and names of the companies with which there is engagement;
- Number and kind of contact times in total and per company;
- Per company: the pre-formulated engagement goals;
- Per company: the (local) stakeholders with whom the company has contact regarding adverse consequences of the activities of the company;
- Per company: the lead time of the engagement process and what result must be achieved for the engagement to be qualified as successful;
- Per company: interim outcomes and progress of the talks. One important aspect in this respect is to what extent the company has implemented (desired) policy such as that formulated in the engagement goal(s);
- Per company: steps which have been taken in persuading the company to offer, or providing support to the company in offering remediation (such as cooperation with (non-) judicial bodies, setting up a complaints mechanism), whereby it is specified to what extent this has been verified by an independent party;
- Per company, how adverse consequences will be prevented and limited in conformity with the OECD Guidelines and UNGPs and, in case of violations of the UN Global Compact, to what extent the violation is prevented or eliminated.

3.2. Voortgang thema

Per eind december 2020 laat het thema onderstaande voortgang op mijlpalen zien.

| | Onderneming | Land | Mijlpaal | | | |
|---|---------------------------------------|------------------|----------|----|----|----|
| | | | 1. | 2. | 3. | 4. |
| 1 | Devi&e Campari-Milano S.P.A. | Itali&e | | | | |
| 2 | Hormel Foods Corporation | Voronig&e Staten | | | | |
| 3 | Kraft Heinz Company | Voronig&e Staten | | | | |
| 4 | LVMH Mo&eet Hennessy Louis Vuitton SE | Frankrijk | | | | |
| 5 | Nestl&e S.A. | Zwitserland | | | | |

Figure 8: example of progress per subject of Pensioenfonds Detailhandel⁶⁹

Engagement Report

⁶⁹ <https://www.pensioenfondsdetailhandel.nl/content/homepage/Thematisch-DEN.pdf>

| | | |
|---|--------------------|-----------------|
| <p>The OECD guidance for institutional investors (pp. 43-44) has the following to say:</p> <p>“Investors should strive to account for their due diligence processes to the extent possible while respecting confidentiality concerns.”</p> <p><u>See the the adjacent</u> example from the Pensioenfondsen Detailhandel [Pension Fund for the Retail Trade]. (Text in Dutch).</p> | | |
| <p>Agreement Paragraph 6.1e</p> <p>An explanation of how the Participating Pension Fund voted at shareholders’ meetings of listed investee companies, in accordance with Directive 2007/36/EC as regards the promotion of long-term shareholder engagement.</p> | | |
| Explanation | Sample text | Document |

Your Pension Fund should be transparent regarding all the individual votes cast on behalf of your fund, for each shareholders' meeting and for each item (see also Dutch Financial Supervision Act Section 5:87c(3)). To this end, you can refer to websites or reports of the External Service Providers where this information can be found. For example, see the APG [webpage](#) where there is a comprehensive report on this at the end.

In addition, your fund has to provide details regarding the most important votes (see also Dutch Financial Supervision Act Section 5:87c(3)).

This concerns reporting on the practical implementation of the voting policy, aimed at encouraging long-term value creation in companies, in Paragraph 3.1e of the Agreement, under "Policy". To this end, too, you can refer to websites or reports of the External Service Providers where this information can be found.

This [link](#) takes you to the example of BPF Schilders.

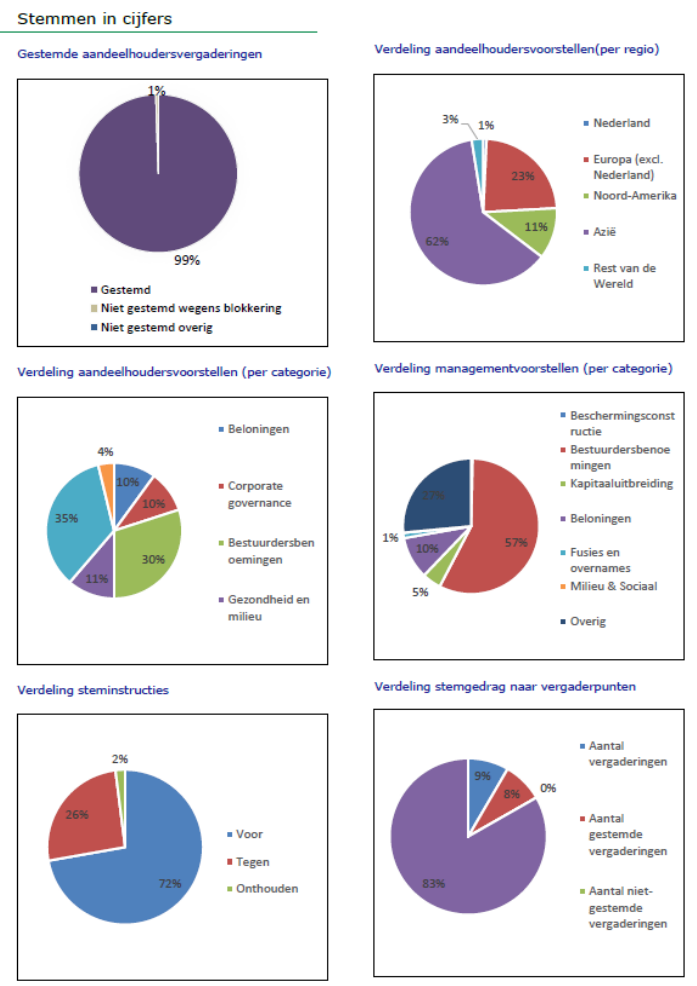


Figure 9: How BPF Schilders voted⁷⁰

Agreement Paragraph 6.1f

Where valuable, future ESG policy and ESG objectives.

⁷⁰ <https://www.bpfschilders.nl/over-ons/dit-presteren-we/pensioenbeleggen/we-beleggen-verantwoord/transparantie-en-dialog/>

| Explanation | Sample text | Document |
|--|---|--|
| <p>This concerns concrete goals relating to ESG including timeline.</p> <p>See the <u>example</u> of the example of the ABP annual report to the right. (ABP is the pension fund for employees in the government and education sectors.)</p> | <p>This includes such things as: We have established trade union freedom as a priority based on scale, scope and irremediable character. Next year, we want to have audited the entire credit portfolio with regard to this risk.</p> <p style="text-align: center;">Onze doelen voor 2025</p> <p>We hebben een aantal doelen opgesteld die we willen bereiken. Zo willen we:</p> <ul style="list-style-type: none"> - 20% van ons vermogen beleggen in bedrijven en projecten die meetbaar bijdragen aan de Duurzame Ontwikkelingsdoelen; - de CO2-voetafdruk van onze aandelenportefeuille met 40% verminderen ten opzichte van 2015; - onze beleggingen in kolenmijnen (bij een omzet van meer dan 30%) en teerzand (bij een omzet van meer dan 20%) afbouwen; - € 15 miljard beleggen in duurzame en betaalbare energie, bijvoorbeeld door beleggingen in groene obligaties; - samen met Climate Action 100+ bijdragen aan het verbeteren van het klimaatbeleid van de bedrijven die het meeste invloed hebben op CO2-emissies via hun ketens en hun consumenten. <p style="text-align: center;"><i>Figure 10: example of ABP goals⁷¹</i></p> | <p>(Annual) Report on (Responsible) Investment</p> |



⁷¹ <https://www.abp.nl/over-abp/duurzaam-en-verantwoord-beleggen/waar-in-belegt-abp/duurzame-beleggingen.aspx>

Acknowledgements

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For questions and further information

You can find more information on the Dutch Pension Funds Agreement on Responsible Investment on the [website](#).

You can send specific questions on the Toolbox and the Agreement to: pensioenfondsenconvenant@ser.nl.

Members of the Federation of the Dutch Pension Funds can find the Toolbox [here](#).

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