PENSIOEN FEDERATIE

Pensioenfederatie
Prinses Margrietplantsoen 90
2595 BR Den Haag
Postbus 93158
2509 AD Den Haag
T +31 (0)70 76 20 220
info@pensioenfederatie.nl
www.pensioenfederatie.nl

KvK Haaglanden 52988368

POSITION PAPER

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ONDERWERP: Dutch pension sector's view on financing sustainable growth

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Key messages

I. Pension funds' **core objective** is retirement provision. At the same time, many pension asset owners assume responsibility for financing sustainable growth.

II. The green economy relies on **long-term thinking** which perfectly aligns with pension funds' long term liabilities.

III. The Sustainable Action Plan's three vital legislative proposals delivered the groundwork for increasing the focus on sustainability in the financial sector. These Regulations, including the subsequent regulatory technical standards which will be developed by the ESA's , need to be translated into a **usable and uniform framework** for sustainable investment.

IV. More detailed and **adequate corporate disclosure**, including the availability of sufficient and reliable non-financial data, is a prerequisite to enable investors to make adequate sustainable investment decisions. EU legislation should contribute to this.

V. The **EU should account for different levels of current ESG integration** by individual financial market participants within domestic markets and across European financial markets.

VI. **To achieve a transition to a carbon neutral economy** national governments and the EU should create incentives for the real economy to change, such as **pricing externalities and removing subsidies for environmentally harmful sectors**. This would increase possibilities for the financial sector to invest in and finance the transition.

VII. Both the EU and the Member States should further stimulate an adequate **supply of suitable 'green' investment** opportunities and mainstream the sustainable finance agenda to enable investors in making 'green' investment decisions.

VIII. Pension funds highly regard the principle of ESG integration. Therefore, sustainable finance goes beyond environment alone and relates to **social and governance factors** as well.

IX. Pension funds are universal and global investors and, as such, benefit from reliable and **global standards**. The promotion of the EU Sustainable Finance Agenda at a global level is applauded.

X. We welcome the development of European standards. For that reason the Dutch pension sector has been prominently active in shaping the EU sustainable finance agenda. The **setting up of a sustainable finance platform is key in order to bring together sustainable finance expertise from actors involved from both public and private backgrounds.** As Dutch pension sector we would be **available to participate in the platform** to assist in widening end deepening the existing agenda and promote the implementation across the sector.

1. Introduction: setting the scene

After launching its 'Action Plan on Financing Sustainable Growth' (2018), the European Commission (EC) initiated several workflows to stimulate a sustainability agenda for the EU financial sector. As of now, three of the Plan's actions have led to the development of legislative proposals. These include enhanced sustainability disclosures, climate transition and Paris-aligned benchmarks, and a 'green' classification system in the form of a taxonomy of sustainable economic activities. Furthermore, a Technical Expert Group (TEG) was established to develop a guidance on these three legislative proposals and, additionally, provide an advice on the development of an EU Green Bond Standard.

Financial context of Dutch pension funds

Pension funds are long-term investors. They can invest in assets with long and stable cash flows, ideally linked to inflation, that match well with their liabilities. A long investment horizon also puts them in a better position, relative to investors with a shorter horizon, to consider asset classes such as illiquid, private assets or asset classes with high start-up costs. However, the Dutch pension sector is very

- diverse in size and capacity, where some of the largest sector-wide pension funds in the world operate next to relatively small company and professional pension funds.

Challenge continues: Enlarging green investment opportunities

Challenges can partly be addressed by increasing the universe of sustainable and profitable investment opportunities. The answer lies in addressing two components of sustainable financing. First, we should enlarge the number of investments that create financial returns alongside positive impacts. Second, the number of investors operating in a 'sustainable' way should increase. These measures imply setting the right preconditions.

Some of these can be created by the investment community. However, preconditions such as long-term policy commitment and reliability, set by governments, are needed to enable a large movement of capital, as they can increase the ability of investors to assess the likelihood and timing of sustainable transition scenarios. Finance requirements to realize a transition to a sustainable economy should be translated into investment opportunities with a form, structures and formats that fit with the investment requirements of institutional investors. As probabilities and their impact become clearer, committing capital to the sustainable economy becomes easier. We believe that the transition towards a sustainable economy is within reach if we all play our part in accelerating this movement.

Mainstreaming sustainable finance

A combination of financing, government measures and a growing sustainable consciousness among the European public has led to a momentum for sustainable finance measures in the EU. Similar to the European Commission, the Dutch pension sector believes that sustainable finance is here to stay. A growing sense of urgency is dawning on stakeholders in policymaking and the real economy to transition to a sustainable economy, seizing opportunities and minimalizing risks along the way. Developments in the Netherlands are moving fast as well. In 2018, pension sector actors signed the Dutch pension fund covenant on International Responsible Business Conduct (IRBC Agreement). Moreover, the Dutch government has finalized a Climate Agreement. Fifty financial sector participants, including the largest pension funds have committed to the goals of the agreement.

"Like the European Commission, the Dutch pension sector believes that sustainable finance is here to stay"

With developments on multiple levels differing in progress and alignment with the Commission's sustainable finance vision, we feel it is sensible to look ahead and anticipate a 'new' sustainable finance agenda. We also acknowledge that the Action Plan includes points which have not yet been translated into concrete Commission proposals or actions. The purpose of this paper is to present the view of the Dutch pension sector on possible actions in the next stage of the EU Sustainable Finance dossier, while giving credit to the European Commission for leading this important undertaking.

The following sections of this document serve to:

- Provide a summary of the key consequences of (i) the three legislative measures described above on the Dutch pension sector and comment on these measures (section 2) and (ii) the reports published by the Technical Expert Group (TEG, June 2019);
- Explain our vision on and provide recommendations as to where the EU Sustainable Finance agenda should go in the future (section 3);
- Reflect on the future of the EU Sustainable Finance Platform (section 4).

In addition, we summarize the key developments in the Dutch market in Annex I.

2. Ensuring a usable and uniform financing framework

As mentioned above, the Commission has already made progress on three legislative proposals stemming from the Action Plan. Each of the individual proposals has consequences for Dutch pension funds.

2.1 Disclosure

The proposal for a Regulation on sustainability-related disclosures in financial services aims to improve transparency of financial market participants – including IORPs – on their sustainability risk policies. Concrete requirements to integrate ESG factors in investment decision-making processes, which are already part the Dutch pension sector's duties toward beneficiaries, will be further specified through regulatory technical standards. The Regulation is expected to be implemented in 2020.

IORPs must disclose a statement on their website explaining how sustainability risks are integrated in their investment decision-making processes. IORPs that

- consider principal adverse impacts of their investment decisions on sustainability factors must also publish a statement on their due diligence processes with respect to these aspects on their websites, including how these impacts are identified, prioritized and mitigated. Where they do not consider these adverse impacts, they should publish clear reasons for not doing so and, where relevant, include information whether and when they intend to consider such impacts.

The latter requirement to provide information about how adverse sustainability impacts are considered is a regulatory innovation based on the due diligence framework of the OECD Guidelines for Multinational Enterprises. This requirement is also in line with the disclosure obligations under the IRBC Agreement.

Finally, for 'sustainable investments', IORPs must provide a description of the environmental or social characteristics or the sustainable investment objective of a product, and describe how these characteristics or the impact of the sustainable investment are assessed, measured and monitored.

Key comments

- We support the goal of improving transparency in an efficient and consistent manner; a level playing field in transparency requirements facilitates adequate sustainability accounting by financial market participants;
- We encourage the EU to review and, where appropriate, align with national (voluntary) non-financial disclosure requirements aimed at financial market participants;
- In order to guarantee sufficient data-availability in the real economy, the Commission's Non-Financial Reporting Directive should lead to compulsory reporting standards for companies, in line with the requirements of the taxonomy of sustainable economic activities and other relevant measures. Also, reported data should be guaranteed to be reliable in order to prevent unclear accountability scenarios. Legislation should support financial market participants in their goal of acquiring reliable non-financial data from companies.
- Harmonization between the EU Disclosures Regulation and the Guidelines for non-financial disclosure should be realized.
- We urge the European supervisory authorities (ESAs) to consult financial market participants while developing regulatory technical standards based on the

Disclosure Regulation and to provide the ESAs with input from market practices.

2.2 Benchmarks

The goal of the proposed Regulation on EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks is to set a clear and uniform 'green' label to benchmarks as an alternative to traditional benchmarks used by investors. They are supposed to give additional assurances to avoid 'greenwashing' and help orient the choice of investors who wish to adopt a climate-conscious investment strategy. The composition of the benchmarks will be developed through delegated acts.

All EU benchmark providers will eventually have to disclose to what extent the benchmark is aligned with the goals of the Paris Agreement. Furthermore, transparency requirements for ESG integration are enhanced, with supervision by ESMA.

Key comments

- Benchmark construction remains a responsibility of the provider. Currently, none of the Dutch pension funds is classified as a benchmark provider. Therefore, the obligations above have a limited impact on the sector. Key priorities relate to disclosure obligations by benchmark providers and underlying assets.
- The Commission should clearly define what is meant by Paris-alignment;
- ESG disclosures are the starting point for more transparency in the benchmark market;
- ESG disclosures should capture key indicators without becoming too complex;
- It should be considered carefully how data is provided, as this should be correct and reliable for financial market participants to base their financial decision-making on. The role of ESG data providers should be clarified.

2.3 Taxonomy

The proposed Taxonomy Regulation aims to facilitate sustainable investment by providing a uniform classification system for determining whether an economic activity is environmentally sustainable. In other words, it should introduce a common language on what is considered 'green'. The classification system should also provide a basis for future uses in different areas, e.g. sustainability benchmarks. With a uniform taxonomy, investors should be better enabled to compare green investments and encouraged to invest in a more environmentally sustainable way.

Key comments

- For the Dutch pension sector, the usability of the EU Taxonomy is key. The classification system should be clear and easy to use. Ultimately, it should enable market participants to achieve a unified understanding of what is 'green' and what is not, and to do so without high implementation costs and with a low administrative burden;
- In order to guarantee sufficient data-availability in the real economy, we repeat that the Commission's Non-Financial Reporting Directive should lead to compulsory reporting standards for companies, in line with the requirements of the taxonomy of sustainable economic activities and other relevant measures. Also, reported data should be guaranteed to be reliable in order to prevent unclear accountability scenarios. Legislation should support financial market participants in their goal of acquiring reliable non-financial data from companies.
- The Taxonomy should not only address economic activities that are 'dark green', but also those that might not be 'dark green' *per se*, but that do contribute to the energy transition. The Taxonomy should provide a basis for harmonized EU labels, stimulating European financial parties to assess (potential) investments through the lens of a uniform sustainability framework;
- We encourage the Commission to – as already intended – complete the draft climate mitigation taxonomy to cover the other environmental goals set by the European Union: climate adaptation, water quality and resource, the circular economy, the reduction of pollution and maintenance of healthy ecosystems. It is important to note that these are all interrelated and necessary for a clean economy.

We believe the classification system will be more effective once embraced as a universal, global standard. We therefore call for international cooperation around the creation of the Taxonomy and ongoing talks between the Commission and non-EU regulators and relevant financial market participants on how the Taxonomy framework could be applied outside of the EU. In this regard we welcome the Central Banks and Supervisors Network for Greening the Financial

System (NGFS) and the coalition of Finance Ministers for Climate Action as well as the initiative from the Commission to initiate international cooperation.

2.4 Technical Expert Group (TEG)

In the formation of the EU Taxonomy, the TEG's work is key in the design of a useful and usable classification. Next to the Taxonomy and its usability, the TEG final reports (published in June 2019) include recommendations on developing a methodology for the new climate benchmarks (see section 2.2. above) and the EU Green Bond Standard.

Key comments

- In the context of the Commission's Action Plan, the TEG should provide input for the creation of an EU observatory on Sustainable Finance (i.e. the currently foreseen Sustainable Finance Platform);
- The TEG should provide technical advice to the Commission supporting the global outreach on the Commission's sustainable finance agenda;
- We encourage continuity from the TEG to the observatory/platform to ensure a proper transfer of knowledge.

3. Going forward: A 'new' sustainable finance agenda

Financial institutions have great potential to facilitate a smooth climate transition. As stated in the Action Plan, at least €180 billion of additional investments a year is needed to achieve the EU's 2030 targets agreed in the Paris Climate Agreement as well as the EU objective to create a climate-neutral economy by 2050. As such, private capital from financial parties is needed to help close this financing gap.

The EU sustainable finance agenda has created momentum to address the role of financial parties in the climate transition. The Dutch pension sector believes that this agenda can help develop a clear framework for sustainable investment in the EU and beyond. Throughout the course of this process, we strived to continuously inspire and inform the dialogue on how to best execute the Commission's actions and we are motivated to keep doing so in the future.

> **“Regulating financial institutions is only part of the solution in transitioning to a sustainable economy”**

Regulating financial institutions, however, is only (a limited) part of the solution. Financing green projects and aiding companies in transitioning to a more sustainable business is of the essence to ensure sustainable growth in the real economy. The real economy brings about additional challenges that cannot be solved through the financial sector. As such, the Dutch pension sector believes measures both in finance and in the real economy are necessary to ensure a sustainable and gainful economic future.

In the remainder of this document, we expand on our following beliefs:

- The green economy relies on long-term thinking
- Corporate reporting standards shape expectations from financial institutions
- Pricing externalities and removing environmentally harmful subsidies are necessary conditions to enable a green economy
- An adequate supply of suitable and attractive ‘green’ investment opportunities is essential to mainstream the sustainable finance agenda
- Sustainability goes beyond the environment
- Global investors require global standards

3.1. The green economy relies on long-term thinking

Sustainability is a subject with an eminently long-term horizon as it intrinsically contains solutions that last and prevent the waste of resources. When translated to financial incentives, short-term business operations can cut across sustainability goals. It is often short-term transactions which drive companies and financiers to invest in the economy and make a profit. Pension funds are long-term investors and less driven by short term profit considerations. We support actions to combat (short-term) drivers to long-term sustainable economic growth.

Key comments

- ‘Short termism’ as defined in the Action Plan should not be confused with short-term transactions. Short-term transactions may play a necessary part in liquidity operations, risk management and a responsible business conduct and strategy of pension funds.
- New rules on how to integrate sustainability, including in securities’ ratings and market research, have to be flexible and take into account the need for a diverse investment portfolio. The ultimate responsibility for and flexibility in

- determining which financial decisions fit the profile and fiduciary duty of each financial institution have to remain with the investor.
- Increasing long-term investments through a stable policy environment and policy objectives is essential. The taxonomy gives an indication of a long-term pathway. It is important that this pathway is coherent with and anchored in all EU policies.

3.2 Corporate reporting standards shape expectations from financial institutions

We are convinced that there needs to be a synergy between the disclosure requirements directed at investable companies and assets, on the one hand, and disclosure requirements for financial market participants, on the other hand. Adequate corporate disclosure on non-financial metrics is a prerequisite to disclosure by financial market participants on, among others, climate-related metrics and impact measurement and monitoring.

This is in line with the feedback submitted by the Dutch pension sector participants to the March 2019 EU consultation on the update of the non-binding guidelines on non-financial reporting. The consultation feedback emphasized the following:

- It is essential that the guidelines, and ideally the Non-Financial Reporting Directive itself (as already indicated in our key comments on the Disclosures Regulation above in section 2.1), provide a clear framework for companies to report on climate-related metrics related to the taxonomy.
- This should lead to a compulsory reporting standard for companies in line with the requirements of the taxonomy. We believe this would be a rational development of point 9 of the Action Plan to strengthen sustainability disclosure and accounting rule-making.

Furthermore:

- Expectations from financial institutions must also account for the different levels of ESG integration across the European financial market.
- Whilst the Commission should rigorously implement the Action Plan, it should also allow for cross-border learning and actively facilitate the gradual transition to the sustainable finance principles in EU jurisdictions that have not yet fully embraced the full-fledged ESG integration model.

Many Dutch pension funds are leaders and early adapters in responsible investment. Their example can act as a source of sustainable finance expertise.

3.3 Pricing externalities enables a green economy

Pricing externalities is key to reach sustainability goals. Appropriate pricing of greenhouse gas (GHG) emissions would create an additional incentive for corporates to upgrade their sustainability efforts.

Based on the 'polluter pays' principle, responsibility for pollution lies with the carbon-emitting companies. Such measures are not intended to harm economic growth but to stimulate a business model of sustainable growth. They would also reduce climate risks and become more sufficient for sustainable investing.

Key comments

- A Union-wide tax on CO2-emissions would enable a transition to a green economy and provide more financeable green projects. While taxes remain a prerogative of EU Member States, harmonizing carbon tax rules at the EU and global level would support the global sustainability agenda.
- In addition, the Commission should advance the adoption of global standards for non-financial disclosures and a taxonomy of sustainable economic activities.

3.4 The Commission should stimulate an adequate supply of suitable 'green' investment opportunities

A good balance must be struck between the Commission's focus on setting up the appropriate regulatory framework, on the one hand, and facilitating the right conditions for more *suitable* 'green' investments to enter the market, on the other hand.

'Suitability' also implies that the market should generate 'green' investment products that would fit the investment goals and criteria of a wide range of financial institutions, including the often stringent investment criteria and regulatory requirements followed by IORPs. As an obligation to their participants, Dutch pension funds commit to provide an adequate pension product as a priority, while many strive to make their pension product as sustainable as possible. These sustainability efforts are in part dependent on the real economy, as the amount of green projects is formed by sustainability efforts by individual companies.

By setting up sustainable finance rules and frameworks, the Commission tackles some of the problems we are encountering when searching for adequate 'green' investment opportunities, such as greenwashing, lack of standardization, or

- inadequate (impact) reporting. However, it largely refrains from tackling the unavailability of suitable 'green' investment opportunities in the real economy. This is despite the fact that ‘fostering sustainable projects’ is a logical prerequisite to point 3 of the Action Plan on fostering investment in sustainable projects.

Admittedly, one of the measures that are currently being developed by the Commission and that could stimulate 'green' projects is the EU Green Bond Standard mentioned under point 2 of the Action Plan to ‘create standards and labels for green financial products’. However, we are not immediately convinced that the EU Green Bond Standard will improve the availability of green bonds to a wide range of funding institutions. Given the high demand for green bonds in the EU where green bond supply fails to meet investor demand, we fear that this may further inflate the premium with which green bonds tend to be priced when compared with their vanilla equivalents. Given the current dynamics of the fixed income market with already low interest rates, this 'greenium' may render green bonds inaccessible to the pension fund sector.

It is also noteworthy that in the Netherlands, risk-return considerations followed by IORPs are strictly overseen by the prudential regulator (DNB). Moreover, the limited size of suitable 'green' projects/funds and high management fees pose additional challenges across all types of investment instruments.

In short, we are not convinced that developing the EU Green Bond Standard alone is a sufficient measure. The Commission should thereby take up a facilitating role by considering several additional measures to improve the availability of sustainable projects in the real economy. For example. we believe that there remains an important role for public finance to mobilise private capital. This is complementary to setting the right regulatory framework conditions. Smart regulation and effective use of public budgets are complementary tools and must go hand-in-hand.

Key comments

- ‘Invest EU’ can be developed more broadly to stimulate responsible investment decisions. Projects can be better structured to provide a clearer overview of sustainable investment possibilities, with capital risk (partly) provided by governments.
- Positive impact investments in the infrastructure sector going beyond renewable energy projects and targeting also energy efficiency, energy

storage, or climate-adaptive urban infrastructure, among others, should be stimulated.

- The Commission should consider the introduction of European standard contracts for Public-Private Partnerships (PPPs). The Commission should put effort in providing more of and more stable green projects. (The Netherlands has a standardized PPP contract)
- The Commission should further strengthen existing initiatives and their sustainability focus, such as the European Investment Advisory Hub (EIAH), the advisory initiative for urban authorities (URBIS) or the Circular Economy Finance Support Platform.
- The Commission should bring sustainable finance considerations into the EU External Investment Plan, namely, by stimulating public-private investment in sustainable projects, providing technical assistance to develop bankable 'green' projects, and improving the business environment and investment climate. This can built upon the European Fund for Sustainable Development (EFSD).
- The Commission should bring sustainable finance considerations into EU trade agreements, for example, by strengthening relevant sustainable development provisions and removing barriers to trade and investment not only in renewable energy as is currently the case, but also other projects contributing to the energy transition.
- Existing good practices should be further developed and mainstreamed in the European context.

3.5 Sustainability goes beyond the environment

Being a provider of a social product, the Dutch pension sector believes that sustainability surpasses environmental affairs and that a just transition should be adequately managed. In line with Dutch pension funds' focus on ESG factors, in their responsible investment approach we think social and governance factors should be taken into account when taking measures to reduce global warming. For example, in their engagement efforts, Dutch pension funds will pay attention to the 'S' and 'G' factors just as well as to environmental aspects.

Key comments

- More attention should be paid to both social and governance factors. Incorporating these factors in sustainable finance policies supports and strengthens the long-term investment perspective.
- The EU 2050 strategy gives a lot of guidance on this and should be followed

3.6 Global investors require global standards

Dutch pension funds invest a larger share of their assets abroad, including outside of the EU. The international environment therefore heavily influences the environmental, social and governance risks and opportunities we face. The European Commission already committed to global outreach as one of the goals in the Action Plan.

We support the goal to create sustainable finance standards that can serve as an example not only for European countries, but also in a global context of transitioning economies. The Dutch pension sector is already working in international cooperation to align used standards and advance a uniform framework for sustainable investment.

Key comments

- The Taxonomy of sustainable economic activities should lead to a uniform language of sustainability among investors. Once settled in the EU, this method should be tested with worldwide peers.
- Disclosures and accounting rules should not lead to asymmetrical competition and as such work best when international partners abide by the same standards as investors based in the EU.

3.7 The sustainable finance agenda should be mainstreamed and the Commission should steer away from market-distorting measures

A number of our key comments provided above lead to the same conclusion: the Commission should mainstream the sustainable finance agenda and steer away from market-distorting measures. We find this important in order to:

- prevent higher costs for financial market participants;
- avoid the distortion of competition and financial market dynamics within the EU and globally;
- enable a uniform language of sustainability among investors; and
- prevent asymmetrical competition globally.

Key comments

- The Commission should further develop its intention to integrate sustainable finance in ratings and research (point 6 of the Action Plan) and mainstream financial regulation and prudential requirements (point 8 of the Action Plan). A prerequisite is that prudential regulation should aim at providing financial stability first and foremost.

- The Commission should integrate sustainable finance considerations in public-private investment vehicles, such as those noted in key comments to section 3.4 above.
- We would like to strongly guide against positively discriminating measures aimed at financial market participants, such as offering tax incentives to the providers of 'green' investment products or lower capital requirements for investors in these products. We fear that this could fundamentally distort financial markets.

4. EU Sustainable Finance Platform

Beside setting an example for the world, the Commission intends to create an EU observatory on sustainable finance legislation.

Key comments

- The mandate of this sustainable finance platform should be clearly demarcated and the platform should consist of a representative delegation of experts in service of further developing the legislation.
- The platform should serve as a forum to both monitor developments which influence sustainable finance and provide research and advice on how to further build on the EU sustainable finance agenda.
- Where possible, the platform should strive for alignment with international 'green' classifications and organizations.
- The platform should monitor market developments and assess whether, and if so, how, EU rules and policies create the right environment for issuers to bring suitable 'green' investment propositions (i.e. investable green projects) to the market.
- The platform can help develop a sustainable finance agenda in activities on standard-setting, exchanging knowledge, and advising policymakers.
- The platform should recognize the diversity of European financial market participants, including pension funds, in terms of their organizational structure, size, governance, country, participants, etcetera.
- The Dutch pension sector has continuously showcased leadership in responsible investment and can act as a source of sustainable finance expertise. Therefore, we believe that the inclusion of the Dutch pension

- sector in the EU platform on sustainable finance would benefit and directly support the EU sustainable finance agenda going forward.

Annex I: National standard-setting in an international context

In the Netherlands, several sustainability initiatives were launched which impact the Dutch pension sector, other financial market participants, and the real economy. The most important of these are Dutch pension fund agreement on responsible investment (also known as the IRBC Agreement) and the Dutch Climate Agreement.

Dutch Pension Funds Agreement on Responsible Investment[1]

The Agreement was signed by Dutch pension funds representing almost 90% of all AuM of Dutch Pension Funds (approx. 1200 billion euros) and is aimed at stimulating responsible investment decision-making. Among others, transparency requirements under the Agreement are in line with the OECD Guidelines for Multinational Enterprises and United Nations Guiding Principles on Business and Human Rights (UNGPs). The main focus of the Covenant is on minimizing negative impact of investments by pension funds and to advance good practices on responsible investment in the sector. The due diligence requirements as stipulated under the OECD Guidelines are also incorporated in the EU Disclosure Regulation on sustainability.

The policy and disclosure requirements under the Covenant set a solid basis for the Dutch pension sector, and contribute to its ability to live up to the requirements of the Disclosures Regulation.

Dutch Climate Agreement[2]

The objective of the Dutch climate agreement is to reduce greenhouse gas emissions by 49% compared to 1990 in a cost-effective way by 2030. The Dutch climate agreement affects all sectors of the Dutch economy and Dutch society, and calls for widespread support from and effective cooperation on the part of all parties concerned.

Fifty institutions in the Dutch financial sector (including pension funds) have committed to the Dutch Climate Agreement. They have committed to participate in financing the energy transition and take actions to measure the carbon footprint of their relevant financing and investment activities. Furthermore, no later than

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[1] https://www.imvoconvenanten.nl/~/media/files/imvo/pensioenfondsen/pension-funds-agreement.ashx

[2] https://www.pensioenfederatie.nl/stream/financial-sector-commitment-dutch-climate-agreement-english-translation.pdf

- 2022, they will announce their action plans to clarify what action they will be taking to contribute to the Paris Agreement. This could comprise a combination of approaches, including CO_2 reduction targets for their portfolio where possible, engagement, and financing CO_2-reducing projects.