Centraal Beheer PPI

PAI Statement

18 June 2024

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The "*Bedrijven Pensioen*" pension scheme is administered by Centraal Beheer PPI
Registered with the Chamber of Commerce under number 55452650,
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Statement on the principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Centraal Beheer PPI
Legal Entity Identifier (LEI): 724500W2POER66JJQW87

In this statement, we provide more information on how we handle the identification, prioritisation, and processing of the principal adverse impacts of our investment decisions.

This statement consists of the following six sections:

A. Summary of the SFDR statement on principal adverse impacts
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A. Summary

Centraal Beheer PPI (CB PPI) considers the principal adverse impacts of its investment decisions on sustainability factors. This is the statement regarding the principal adverse impacts on sustainability factors of CB PPI.

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January up to and including 31 December 2023.

Socially responsible investing (SRI) is important to CB PPI. As part of our approach to SRI and in addition to incorporating sustainability risks, we aim to mitigate the principal adverse impacts of our investment decisions on sustainability factors. These principal adverse impacts can occur in various areas, including with regard to environmental, social and labour issues, human rights, corruption and bribery.

We take measures in respect of the principal adverse impacts. The principal adverse impacts with regard to the environment are the carbon footprint (CO2 footprint) and greenhouse gas intensity (CO2 intensity) of businesses. And with regard to social and labour issues, they include violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or OECD guidelines by companies and possible exposure to controversial weapons.

The extent to which, and manner in which, the principal adverse impacts are taken into account in the investment process depends on several factors, such as the type of fund or strategy, the asset class and the availability of reliable data. Where possible and feasible, in line with the nature of the investments, minimum requirements apply to all financial products. The exact application may differ between financial products and will be documented in the financial product disclosures in line with the requirements and timelines of the Sustainable Finance Disclosure Regulation (SFDR).

Summary SFDR statement Principal Adverse Impacts

Centraal Beheer PPI (hereinafter: CB PPI) takes into account the principal adverse impacts of its investment decisions on sustainability factors. This statement is the statement on the principal adverse impacts on sustainability factors of CB PPI .

This principal adverse impact statement covers the reference period from 1 January to 31 December 2023.
CB PPI considers socially responsible investing (SRI) to be important. As part of our approach to SRI and in addition to including sustainability risks, we aim to limit the principal adverse impacts of our investment decisions on sustainability factors. These principal adverse impacts can arise in various areas, such as in relation to environmental, social and employee matters, human rights, corruption and bribery.

We take measures to mitigate the most important adverse impacts. The principal adverse environmental impacts are the carbon footprint (CO2 footprint) and greenhouse gas intensity (CO2 intensity) of companies. And in terms of social and labour matters, these are violations of the UN Global Compact, the UN Guiding Principles on Business and Human Rights or OECD guidelines by companies and possible exposure to controversial weapons.

The extent to and manner in which the principal adverse impacts are included into the investment process depends on several factors, such as the type of fund or strategy, the asset class and the availability of reliable data. Where possible and feasible, minimum requirements apply to all financial products, in line with the characteristics of the investments. The exact application may vary between financial products and will be documented in the financial product disclosures in accordance with the requirements and timelines of the European Union's Sustainable Finance Disclosure Regulation (SFDR).

B. Description of the principal adverse impacts on sustainability factors

Below, you will find an overview of the principal adverse impacts taken into account by CB PPI. In this overview, we indicate what measures CB PPI is taking to mitigate the adverse impact. These measures consist of the following ESG policy instruments: exclusion, ESG integration, normative and thematic engagement and voting.

This overview will be expanded and adjusted over time, in line with the development of CB PPI's SRI policy and relevant developments in laws and regulations.

Table 1: Overview of indicators of adverse impacts on sustainability
By 30 June 2024 at the latest, CB PPI will supplement this table with a report on the quantitative elements for the period from 1 January 2023 to 31 December 2023 (this is the "impacts 2023" column below).

Description of the principal adverse impacts on sustainability factors						
Indicators for investee companies						
Indicator of adverse impacts on sustainability		Parameter	Impacts 2023	Impacts 2022	Explanation	Measures taken and measures planned and targets set for the next reference period**
CLIMATE AND OTHER ENVIRONMENTAL INDICATORS						
Greenhouse gas emissions	1. GHG* emissions	Scope 1 GHG emissions	33,934 tonnes	N/A	Amount of Scope 1 greenhouse gas emissions expressed in tonnes of CO2 equivalent per year. Scope 1 regards direct emissions by companies. Emissions can be either reported or estimated. It regards the share in Scope 1 GHG emissions of the investment compared to the EVIC (in EUR) of the issuer.	See below under "total ghg*" emissions"

		Scope 2 GHG emissions	13,924 tonnes	N/A	Amount of Scope 2 greenhouse gas emissions expressed in tonnes of CO2 equivalent per year. Scope 2 regards indirect emissions as a consequence of the purchase of energy by companies. Emissions can be either reported or estimated. It regards the share in Scope 2 GHG emissions of the investment compared to the EVIC (in EUR) of the issuer. (EVIC is the enterprise value including cash).	See below under "total ghg*" emissions"
		Scope 3 GHG emissions	230,685 tonnes	N/A	Amount of Scope 3 greenhouse gas emissions expressed in	See below under "total ghg*" emissions"

					tonnes of CO2 equivalent per year. Scope 3 regards all other emissions in the value chain outside of Scope 1 and Scope 2. Emissions are estimated values. It regards the share in Scope 3 GHG emissions of the investment compared to the EVIC (in EUR) of the issuer.	
		Total GHG emissions	278,169 tonnes	N/A	Total amount of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions expressed tonnes of CO2 equivalent per year. Scope 1 and Scope 2 emissions are reported figures when they are made available	Normative engagement and exclusion: with companies that violate the Paris Agreement. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds). Thematic engagement: In the investment funds, engagement is conducted with companies aimed at reducing their GHG*

					by the companies. If no reported figures are available, these figures will be estimated. Scope 3 emissions are estimated data.	emissions. For this purpose, high-risk sectors (CO2-intensive sectors) are identified in the investment portfolio. We expect these companies to have a climate strategy in line with the Paris Agreement Vote: On the climate theme, we expect the corporate strategy to be focused on the objective of limiting global warming to 1.5 degrees Celsius, as set out in the Paris Climate Agreement and/or have prepared a plan to achieve zero net emissions by 2050. If this is not the case, we will vote against the reappointment of directors. This is applied to the shares in the investment fund Achmea IM Diversified Return Fund
	2. Carbon footprint	Carbon footprint	373 tonnes / invested assets in EUR millions	N/A	Total amount of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions in tonnes of CO2 equivalent per year, divided by the aggregated enterprise value (Enterprise Value of EVIC), in EUR millions. Scope 1 and	ESG integration through a carbon reduction strategy: The portfolio's carbon footprint is compared to that of the benchmark. In this regard, the aim is to have the portfolio's carbon footprint reduced: by 2030, it must be at least 50% lower than that of the benchmark in 2020. To achieve this, greenhouse gas emissions will first be reduced by 30% at once and then by an average of 7% annually until 2030. The long-

					Scope 2 emissions are reported figures when they are made available by the companies. If no reported figures are available, these figures will be estimated. Scope 3 emissions are estimated data.	term objective is having a climate-neutral portfolio by 2050. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds). Also see the measures taken with PAI 1: Total GHG emissions.
	3. GHG* intensity of investee companies	GHG* intensity of investee companies	684 tonnes / turnover in EUR millions	N/A	Total amount of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions expressed in tonnes of CO_2 equivalent per year, divided by the aggregated turnover, in EUR millions. Scope 1 and Scope 2 emissions are reported figures when they are made available by the	See the measures taken with PAI 1: Total GHG emissions. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).

					companies. If no reported figures are available, these figures will be estimated. Scope 3 emissions are estimated data.	
	4. Exposure to companies active in the fossil fuel sector	Proportion of investments in companies active in the fossil fuel sector	8%	N/A	The assessment is determined on the basis of data reported by the companies. In the event of any exposure, the entire company will be taken into consideration.	Exclude
	5. Proportion of consumption and generation of non-renewable energy	Proportion of consumption of non-renewable energy and generation of non-renewable energy of investee companies, from non-renewable energy sources, relative to renewable energy sources, expressed as percentage of the total energy sources	73%	N/A	Based on reported data.	Not applicable
	6. Intensity of energy consumption by sector with major climate impacts	Energy consumption in GWh per million EUR of income of investee	N/A	N/A	Based on reported data.	Not applicable

		companies, by sector with significant climate impacts				
		Agriculture, forestry and fisheries	0.6 GWh / income per EUR million	N/A		
		Extraction of minerals	0.9 GWh / income per EUR million	N/A		
		Industry	0.7 GWh / income per EUR million	N/A		
		Production and distribution of electricity, gas, steam and cooled air	2.2 GWh / income per EUR million	N/A		
		Distribution of water; and waste water management and cleaning	1.3 GWh / income per EUR million	N/A		
		Construction industry	0.2 GWh / income per EUR million	N/A		
		Wholesale and retail sector; repair of cars and motorcycles	0.1 GWh / income per EUR million	N/A		
		Transport and storage	0.8 GWh / income per EUR million	N/A		
		Operation of and trade in immovable property	0.4 GWh / income per EUR million	N/A		
Biodiversity	7. Activities with negative consequences for biodiversity-sensitive areas	Proportion of investments in companies with locations/activities in or	0%	N/A	In the event that companies are present and/or perform	Normative engagement and exclusion: enter into consultations with the companies that have violated or are at risk of

		near biodiversity-sensitive areas when the activities of those companies have negative consequences for those areas			activities in areas with vulnerable biodiversity, the entire company will be taken into account. Based on reported and estimated data.	violating the UN Global Compact OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).
Water content	8. Emissions in the water	Water emissions caused by investee companies (in tonnes) per million EUR of investments, expressed as a weighted average	5.1 tonnes / invested assets in EUR millions***	N/A	Companies that severely harm the environment through soil or water contamination on the basis of relevant international guidelines. Based on reported data.	Normative engagement and exclusion: with companies that severely harm the environment through soil or water contamination on the basis of relevant international guidelines. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).
Waste	9. Proportion of hazardous waste and radioactive waste	Hazardous waste and radioactive waste produced by investee companies (in tonnes) per million EUR of investments, expressed as weighted average	1.7 tonnes/invested assets in EUR millions	N/A	Based on reported data.	

INDICATORS FOR SOCIAL THEMES AND WORKING CONDITIONS, RESPECT FOR HUMAN RIGHTS, AND COMBATING CORRUPTION AND BRIBERY						
Social themes and working conditions	10. Violations of the principles of the UN Global Compact or the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD)	Proportion of investments in companies that have been involved in violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises	0%	N/A	The assessment is determined on the basis of estimated data. ****	Normative engagement and exclusion: We engage with companies that violate or threaten to violate international norms. If the engagement yields insufficient results, structural violators of the standards are excluded. In 2023 we further strengthened this process. If the ISS ESG gives a "Red" assessment, the company will be immediately excluded, unless the company has taken measures to undo the violation. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).
	11. Lack of procedures and compliance mechanisms for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Investment shares in companies without a policy for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without regulations for	48%	N/A	The assessment is determined on the basis of data reported and estimated by the companies. In the event that procedures are	Normative commitment: Where relevant, the normative engagement calls for recovery and redress procedures within companies. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM

		handling complaints by which violations of those UN principles or OECD guidelines can be addressed.			in place, the entire company will be taken into consideration.	ESG Diversified Fixed Income Fund (equities and corporate bonds).
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap at investee companies	18%	N/A	Difference in remuneration between men and women in percentages. Based on reported data.	Voting policy: we support shareholder proposals for equal pay for men and women. This is applied in the investment fund Achmea IM Diversified Return Fund (equities).
	13. Gender diversity of the board	Average ratio of female to male board members of investee companies expressed as a percentage of all board members	28%	N/A		Voting policy: We vote against the reappointment of the chairperson of the nomination committee (or other committee members, depending on the situation) when there are no female board members. We take into account local laws and regulations as well as corporate governance codes. This is applied in the investment fund Achmea IM Diversified Return Fund (equities).
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Proportion of investments in companies involved in the production or sale of controversial weapons	0%	N/A	The assessment is determined on the basis of data reported by the companies. ****	Exclusion of manufacturers of controversial weapons This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income

						Fund (equities and corporate bonds).
Indicators for investments in governments and supranational institutions						
Indicator of adverse impacts on sustainability		**Parameter**	**Impacts 2023**	**Impacts 2022**	**Explanation**	**Measures taken and measures planned and targets set for the next reference period****
Environmental	15. GHG** intensity	GHG** intensity of investee companies	580 tonnes/GNP in EUR millions	N/A	Amount of greenhouse gas emissions of a country, expressed in tonnes of CO_2 equivalent per year, divided by the gross national product of a country in EUR millions. Based on reported data.	No active control on this specific PAI
Social	16. Investee countries with social rights violations	Number of investee countries with social rights violations (absolute number and relative number divided by all investee countries), as referred to in international conventions and agreements, principles of the United Nations and, where applicable, national law	0%	N/A	Percentage of the investments that is represented by countries subject to EU sanctions as a consequence of the violation of social rights. In the event of any exposure, the entire issuer will	Exclusion. This is applied to the Achmea IM Duration matching fund (state bonds).

					be taken into consideration. Based on estimated data.	
Indicators for investments in property assets						
Indicator of adverse impacts on sustainability		**Parameter**	**Impacts 2023**	**Impacts 2022**	**Explanation**	**Measures taken and measures planned and targets set for the next reference period****
Fossil fuels	17. Exposure to fossil fuels through property assets	Proportion of investments in property assets involved in the extraction, storage, transport or production of fossil fuels	N/A	N/A		-
Energy efficiency	18. Exposure to energy-inefficient property assets	Proportion of investments in energy-inefficient property assets	N/A	N/A		-
Other indicators of principal adverse impacts on sustainability factors						
Adverse impacts on sustainability	**Adverse impacts on sustainability factors (qualitative or quantitative)**	**Parameter**	**Impacts 2023**	**Impacts 2022**	**Explanation**	**Measures taken and measures planned and targets set for the next reference period****
Water emissions, waste emissions and materials emissions	19. Exposure to areas with high water stress	PAI 8 (table 2). Proportion of investments in companies with locations in areas with high water stress without a water management policy	5%		The assessment is determined on the basis of data reported by the companies. In the event of any exposure, the entire company will be taken into consideration.	Thematic engagement: Climate Adaptation and Water theme. In this regard, we focus on specific regions where water stress is high. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).

Human rights	20. Activities and suppliers with a significant risk of child labour	PAI 12 (table 3). Proportion of investments in companies exposed to activities and suppliers with a significant risk of child labour, by geographical area or type of activity	12%		The assessment is determined on the basis of data reported by the companies. In the event of any exposure, the entire company will be taken into consideration.	Normative engagement and exclusion: with companies where child labour occurs in their own business operations or in the chain, based on relevant international guidelines. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds). Thematic engagement: We engage with companies in sectors where the risk of using child labour is significant. This is applied to the investment funds Achmea IM Diversified Return Fund and Achmea IM ESG Diversified Fixed Income Fund (equities and corporate bonds).

* GHG stands for Greenhouse Gases

** CB PPI has not defined any targets for the PAI indicators in the reference period. In addition, the SRI policy, including the exclusion policy, are constantly evolving. The policy is monitored and change according to current and social developments.

*** This indicator was expressed with a different unit in 2022, resulting in low figures for 2022 that cannot be compared with those for 2023.

**** The source for indicators 10 and 14 was changed from ISS ESG to MSCI (which is also the source for the other indicators). This change was implemented because as of 2023 the available holding information of investment funds that are not managed by Achmea IM were also taken into consideration.

C. Description of the policy for determining and prioritising the principal adverse impacts on sustainability factors

CB PPI invests mainly in investment funds. To this end, a due diligence policy is pursued at a number of funds in order to identify, analyse and prioritise the principal adverse impacts of investment decisions on sustainability factors. The purpose of this process is to prevent and reduce the principal adverse impacts as well as to account for how CB PPI handles the identified impacts. Prior to this due diligence screening, there are a number of criteria on the basis of which companies are excluded in advance, these are Achmea IM's exclusions, as referred to in *the "Principles for SRI"* on the website https://www.achmeainvestmentmanagement.nl/institutioneel/mvb/documentatie-mvb.

CB PPI itself does not have a due diligence policy, but it adheres to that of Achmea IM for the investment funds managed by Achmea IM. This policy was approved by the CB PPI board on 26 June 2024. The board has assigned the implementation of this policy to Achmea IM.

To gain insight into whether companies comply with international standards as expressed in the UN Global Compact, the OECD guidelines and the UN Guiding Principles on Business and Human Rights, Achmea IM screens the investments in CB PPI's investment funds on a quarterly basis. To this end, Achmea IM uses information from ISS ESG (an independent ESG data provider). This means that the investment universe if checked for companies that violate human rights, labour standards, environmental standards and anti-corruption rules. The impact of the company's behaviour on society and/or the environment and the severity, scale, irreversibility and likelihood of the violation are taken into account in this regard. If the ISS ESG gives a "Red" assessment, the company will be immediately excluded, unless the company has taken measures to undo the violation. The next step is to use engagement to prevent or mitigate the negative impact of companies or to allow remedial measures to be taken and/or compensation to be paid. Achmea IM may proceed to exclusion if there is insufficient progress. The progress and impact of the engagement policy (implemented for Achmea IM's investment funds) is monitored semi-annually through an SRI report and accounted for through a public report to CB PPI as a participant in the fund and other stakeholders. In the appendix, we elaborate on the different steps of the due diligence process. In this regard, we follow the EU sustainability legislation and the Tools of the Covenant on International Socially Responsible Investment by Pension Funds[1].

Through this policy, we factor in any margins of error in the assessment process. Because the margins of error are not passed on by ISS-ESG, which also does not provide any insight in how these margins are created, it is impossible to further explain these.

Currently, the principal adverse impacts arising from this due diligence are: violation of UNGC and OECD guidelines and the lack of compliance mechanisms in that respect. This is based on the international frameworks and the themes of the pension scheme. In addition, the availability of data plays an important role in the implementation of the policy. Our ESG service provider uses information by MSCI and ISS ESG – which are both independent ESG data providers – for the liquid investments. MSCI uses data reported by companies whenever possible. For some indicators estimated data is used.

[1] https://www.imvoconvenanten.nl/-/media/imvo/files/pensioenfondsen/instrumentarium.pdf?la=nl&hash=8B14DB50274FC744ADA75207D2B28876

D. Engagement policy

CB PPI engages with companies through Achmea IM. We also actively use our shareholder rights to promote long-term value creation at the companies we invest in. In doing so, we pay attention to the strategy, sustainability and corporate governance of companies.

The Achmea IM investment funds in which CB PPI invests distinguish between two types of engagement: Normative engagement and Thematic engagement. In addition, the equity funds in which CB PPI invests have a voting policy. These components are explained below.

The following indicators for principal adverse impact are considered in normative engagement:

- GHG emissions; GHG footprint; GHG intensity of investee companies.
- Companies that have been involved in violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises.
- Companies without a policy for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without regulations for handling complaints by which violations of those UN principles or OECD guidelines can be addressed.

The following indicators are taken into account in the voting policy:

- GHG emissions.
- GHG footprint.
- GHG intensity.
- Average ratio of female to male board members of investee companies expressed as a percentage of all board members.
- Average unadjusted gender pay gap at investee companies.

Escalation strategy when principal adverse impacts do not improve

In case of insufficient progress on engagement, the Achmea IM investment fund manager will deploy an escalation strategy. This can be the case if the principal adverse impacts have not improved over more than one reporting period (of PAI reporting). Shareholder rights play an important role in this. The escalation strategy provides the following tools:

- Voting against specific items on the agenda in case of insufficient disclosure and progress on engagement. For example, it is possible to vote against the remuneration policy if ESG is underexposed therein. Or it is possible to vote against appointments if the ESG knowledge level within the board is substandard. The company may be actively informed about the proposed voting instruction to reinforce our position.
- Asking questions at shareholders' meetings.
- Placing shareholder resolutions on the agenda of the shareholders' meeting.
- Issuing investor statements.

The above instruments are considered on a case-by-case basis, taking into account whether they are expedient and effective. If these instruments do not have the desired effect, CB PPI may decide to proceed to exclusion.

Conducting dialogues with companies, engagement

A way to influence corporate behaviour is to engage in a dialogue. The focus may be on the removal of a violation in areas such as human rights or environmental pollution. In addition, we can engage in a dialogue with companies about improving processes or reducing carbon emissions. For the equity investment funds, Robeco and Blackrock are conducting engagement discussions. Dialogues are also conducted with companies for Achmea IM's Non-Government Bonds, Emerging Markets Equity and High Yield investment funds.

Within the Achmea IM investment funds in which CB PPI invests, a distinction is made between two types of engagement: Normative engagement and Thematic engagement.

Normative engagement

The aim of the Normative engagement programme is to stop or prevent structural violations of international standards. Structural violations of these standards increase the risk of adverse consequences for the enterprise, its immediate surroundings such as local communities or the environment and for other stakeholders. Activities that lead or could lead to a violation of international standards tend to attract the attention of non-governmental organisations (NGOs) and the media. In practice, these violations often lead to lawsuits, which can result in fines or the payment of damages by enterprises. These are direct negative financial effects, which harm shareholders' interests. If the enterprise does not remedy the violation of the norm or is no longer open to dialogue, the enterprise can be excluded and is placed on the exclusion list. Achmea IM always carries out normative engagement in collaboration with other investors, in order to maximise impact.

Thematic engagement

The Thematic engagement policy has a different target group than Normative engagement. The focus here is not on companies that violate standards, but rather those that can improve their performance on certain topics, both financially and socially. The themes on which engagement takes place are appropriate within the spearheads of CB PPI's investment funds. When choosing a theme, the following issues play a role:

- materiality of the theme;
- social or environmental relevance of the theme;
- size of the enterprise in the investment portfolio (both equities and corporate bonds);
- Success rate of the dialogue.

Corporate governance and voting at shareholder meetings

Corporate governance refers to the relationship between the various bodies of a company such as management board, supervisory board, shareholders and other stakeholders. Accountability, transparency and supervision play a central role here.

An important way to influence listed companies is by voting at shareholders' meetings. CB PPI invests in equities through equity investment funds of Achmea IM. Through an online tool on Achmea IM's website, CB PPI can monitor how the investment managers of CB PPI's investment funds have voted.

E. References to international standards

CB PPI applies the UN Global Compact principles for its SRI policy. These principles cover human rights, labour standards, environment and anti-corruption. In addition, CB PPI uses the OECD guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights and the Paris climate agreement.

International frameworks

The international principles of the UN Global Compact form one of the standards frameworks for CB PPI. The UN Global Compact has its origins in widely accepted international treaties, such as the Universal Declaration of Human Rights, the conventions of the International Labour Organisation, the Rio Declaration on Environment & Development and the anti-corruption principles of the UN Convention against Corruption.

In addition, CB PPI uses the OECD guidelines for multinational enterprises as a guideline for assessing enterprises in which the investment funds of CB PPI invest. These guidelines clarify what is expected of enterprises in terms of corporate social responsibility (CSR). They provide enterprises with guidance on how to deal with issues such as supply chain responsibility, human rights, child labour, environment and corruption. In addition, the OECD guidelines distinguish consumer interests, science and technology, competition and taxation. The OECD guidelines are currently endorsed by 44 countries. This makes these guidelines the only government-endorsed CSR guidelines for international enterprise and the only framework that includes a dispute resolution system.

The UN Guiding Principles on Business and Human Rights are international standards on human rights to which states and enterprises must adhere. They were adopted by the United Nations Human Rights Council in 2011.

Indicators used for principal adverse impacts to measure how we comply with these international frameworks

- GHG intensity of investee companies.
- Companies that have been involved in violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises.
- Companies without a policy for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without regulations for handling complaints by which violations of those UN principles or OECD guidelines can be addressed.

International frameworks - Methodology

To gain insight into whether companies comply with international standards as expressed in the UN Global Compact, the OECD guidelines and the UN Guiding Principles on Business and Human Rights, Achmea IM screens the investments in CB PPI's investment funds on a quarterly basis. To this end, Achmea IM uses information from ISS ESG (an independent ESG data provider). This means that the investment universe if checked for companies that violate human rights, labour standards, environmental standards and anti-corruption rules. The impact of the company's behaviour on society and/or the environment and the severity, scale, irreversibility and likelihood of the violation are taken into account in this regard. The next step is to use engagement to prevent or mitigate the negative impact of companies or to allow remedial measures to be taken and/or compensation to be paid. Companies which ISS ESG gave a "red" assessment are excluded unless the company has taken measures to undo the violation. These companies are engaged with to undo the violation. We require them to take remedial measures and/or offer compensation to the injured parties or contribute to such. If the engagement does not yield any, or insufficient, progress, the companies will be excluded. The progress and impact of the engagement policy (implemented for Achmea IM's investment funds) is monitored semi-annually through an SRI report and accounted for through a public report to CB PPI and other stakeholders. Through this policy, we factor in any margins of error in the assessment process.

Future-oriented climate scenario

CB PPI incorporates future-oriented climate scenarios into its policies in various ways. We use climate scenarios for our portfolio construction. In addition, we use the Paris Climate Agreement to monitor and direct that companies in our portfolio comply with it. This is included in Achmea IM's due diligence policy and in our carbon reduction strategy.

Climate scenarios in portfolio construction

First of all, our asset manager Achmea IM includes in the evaluation of the portfolio construction the impact a climate crisis would have on the expected return of the investment portfolio over the next five years. This shock scenario is a risk scenario in which political momentum for the energy transition increases sharply and leads to an abrupt increase in taxes on fossil fuel use. For this shock scenario, data was used from the MSCI Climate Value at Risk module. Here, the underlying data and assumptions were derived from the 2022 Network of Central Banks and Supervisors for Greening the Financial System (NGFS) scenarios created using the REMIND-MAgPIE Integrated Assessment Model, also from 2022.[2] The likely effects of this sustainability risk on portfolio returns may lead to an adjustment in portfolio construction.

Climate change in the due diligence policy

The guidelines used in climate due diligence concern the UN Framework Convention on Climate Change and the Paris Climate Agreement. Violations of this include:

1. Failure to mitigate climate change impacts through activities or products of companies, as well as companies that have fines and lawsuits against them, for example for violating greenhouse gas standards.
2. Opposition to climate change mitigation, e.g. through lobbying or litigation.

Carbon reduction strategy

CB PPI has the ambition that the investment portfolio related to companies (equities and corporate bonds) for long-term carbon emissions will meet the Paris Agreement targets:

- By 2030, 50% reduction compared to 2020.
- By 2050, equity and corporate bond portfolios are climate-neutral.

This strategy is expressed in the Achmea IM investment funds in which additional measures have been taken to mitigate climate change. Part of this is a carbon reduction strategy for the investment portfolio. The carbon footprint of the portfolio is compared to that of the benchmark. In this regard, the aim is to have the portfolio's carbon footprint reduced: by 2030, it must be at least 50% lower than that of the benchmark in 2020. To achieve this, greenhouse gas emissions will first be reduced by 30% at once and then by an average of 7% annually until 2030. The long-term objective is to have a climate-neutral portfolio by 2050. This objective is in line with the Paris Climate Agreement. We also use engagement and voting policies through our investment funds to promote positive change in line with the Paris Climate Agreement.

[2] https://www.ngfs.net/ngfs-scenarios-portal/faq/

F. Historical comparison

The first historical comparison will be provided around June 2025.

G. Version management PAI statement

Publication date PAI statement	Determined by CB PPI on date	Version
22/05/2024	24/04/2024	1.0
30/06/2024	24/06/2024	2.0

Appendix: "Due diligence process" with SRI policy that is used at the Achmea IM investment funds

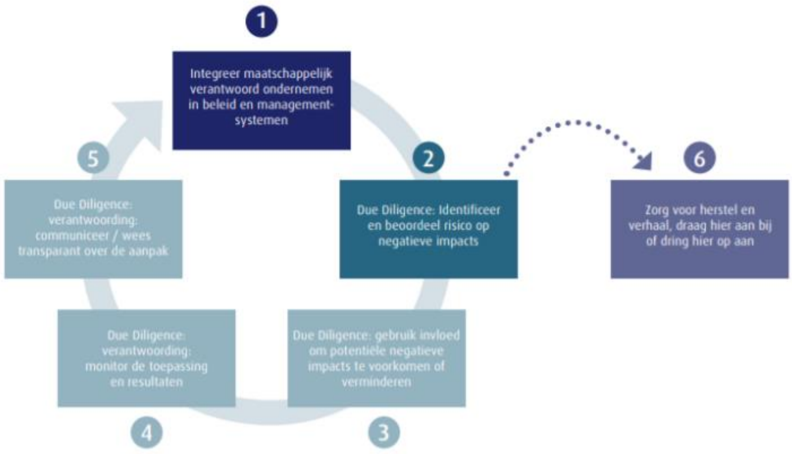
Introduction Due Diligence

Due diligence focuses on identifying, prioritising and analysing the principal adverse impacts of investment decisions on sustainability factors. This concerns the negative impact on society and the environment in both the investment portfolio and potential investments. Achmea IM investment funds periodically conduct a screening of companies for violating the international standards listed therein. This process is referred to as the due diligence process. The due diligence process is completed in order to identify and prioritise the principal adverse impacts of the investments on sustainability factors, with the aim of preventing and reducing them as well as the aim of accounting for how to deal with the identified impacts.

In this appendix, we elaborate on the different steps of the due diligence cycle. In this regard, we follow the EU sustainability legislation and the Tools of the Covenant on International Socially Responsible Investment by Pension Funds[3]. See also Figure 1.

NB: The steps in figure 1 have a different name than the steps mentioned in the Tools International Socially Responsible Investment Covenant for Pension Funds' and detailed in this appendix. Figure 1 was in fact originally taken from the OECD Guidelines for Multinational Enterprises. The toolbox translates the due diligence cycle from the OECD Guidelines for Multinational Enterprises to the International Socially Responsible Investment Covenant for Pension Funds and therefore uses different names.

Figure 1: Due diligence cycle



Source: Tools International Socially Responsible Investment Covenant for Pension Funds

[3] https://www.imvoconvenanten.nl/-/media/imvo/files/pensioenfondsen/instrumentarium.pdf?la=nl&hash=8B14DB50274FC744ADA75207D2B28876

Explanation of the different steps of the due diligence cycle

Step 1 Embed ESG in relevant policies and management systems

CB PPI endorses the ESG due diligence steps in line with the OECD Guidelines[4]. Through our investment we strive for social long-term value creation. We identify and assess the principal adverse impacts of investment decisions on sustainability factors in the investment portfolio through due diligence screening. This due diligence screening is carried out based on information provided by ISS ESG (an independent ESG data provider).

Step 2 Establish and assess principal adverse impacts of investment decisions in the investment portfolio and in potential investments

When screening our investment funds (equities and corporate bonds),[5] negative impacts or potential negative impacts on society and the environment are identified. These are the principal adverse impacts of our investment decisions on sustainability factors.
For the purposes of assessment, the impact of the enterprise's behaviour on society and/or the environment and the severity, scale and irreversibility, or the nature, of the violation are then considered. This entails the following:

- Severity refers to the severity of the negative impact.
- Scale refers to the scope of the impact, e.g. the number of people affected or potentially affected or the extent of environmental damage.
- Irreversibility refers to the limits to the possibilities of restoring the situation of affected people or the environment to match the situation that preceded the negative impact.

The degree of probability is also taken into account. The screening process is carried out four times a year based on the findings of the ISS-ESG research agency.

Thematic focus areas arising from due diligence

The results of the due diligence screening are categorised into thematic focus areas and assessed in terms of the enterprise's level of involvement and impact on society or the environment. The enterprise is given a qualification of red, orange or green based on the ISS-ESG data in the prioritisation assessment. This qualification is then used in prioritising the thematic focus areas.

The thematic focus areas for Achmea IM are related to human rights, labour standards, environment and anti-corruption. Enterprises that do not comply with these standards are considered high risk or potentially high-risk for society or the environment. The chapter below sets out the international standards used in the thematic focus areas. Since the start of the application of the SRI policy (2007), these thematic focus areas have been an integral part of the standards framework of Achmea IM's investment funds.

Achmea IM prioritises actual and potential negative impacts based on severity and likelihood and, for all identified cases, uses its influence to prevent and/or mitigate the negative impact. Here, no further prioritisation is made between thematic focus areas, location where the actual or potential negative impact occurs or the size of our position in an enterprise.

[4] https://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf: “Responsible business conduct for institutional investors”

[5] Government bonds are also screened for whether these countries violate human rights and labour standards in a structural and long-term manner. The issue is not so much whether governments have signed international conventions and treaties, but whether countries actually comply with these agreements.

In addition to the EU Sanctions List and the UN Sanctions List, the performance of countries in the Freedom in the World index (human rights), the ITUC Global Rights index (labour rights) and the Corruption Perception Index (corruption) are used as a starting point. More information can be found in our SRI policy and SRI semi-annual report.

Step 3 Prevent and/or mitigate negative impacts and Step 6 (recovery and redress) planned measures

When enterprises in our investment portfolio cause or threaten to cause (potential) negative impact, we use our influence to prevent and/or mitigate this negative impact and, if necessary, to enable remedial action and/or compensation. We do this through engagement. Where necessary and possible, we exert additional influence by voting at shareholders' meetings.

If the companies in which we invest have caused a negative impact or contributed to such and these companies are given a red qualification, we will exclude these companies unless measures were taken by the company to undo these violations. These companies are engaged with to undo the violation. We require them to take remedial measures and/or offer compensation to the injured parties or contribute to such. If there is no progress, they will still be excluded.

You will find further details of Achmea IM's engagement and voting policy in the SRI policy and in the semi-annual SRI reports. In extreme cases, we may decide to divest and exclude the enterprise from investment.

Step 4 Monitoring implementation and results

The progress and impact of our engagement policy with regard to the identified negative impact is monitored via a semi-annual SRI report prepared by Achmea IM.

Step 5 Accountability

Every six months, we account to our participants in the investment funds and other stakeholders via a public version of the semi-annual SRI report. This is available on the website.

Overview of standards used in thematic focus areas

1.1 Human rights

Human rights form one of the four main themes of the UN Global Compact and are addressed by the first two principles of the UN Global Compact (also see table below). However, these principles do not stand alone and are linked to, and elaborated in, various directives and treaties (see Table 1). These guidelines and treaties are taken into account by ISS-ESG when screening enterprises for possible human rights violations.

The UN Guiding Principles on Business & Human Rights (UNGPs), specifically describe how enterprises should deal with these guidelines and treaties and what their responsibilities are. Or as the author of the UNGPs, Professor John Ruggie states:
"The Guiding Principles' normative contribution lies not in the creation of new international law obligations but in elaborating the implications of existing standards and practices for states and businesses; integrating them within a single, logically coherent and comprehensive template; and identifying where the current regime falls short and how it could be improved".

Table 1. Principles UN Global compact and affiliated treaties on the topic of human rights

	UN Global Compact		Relevant chapters	
Topic by Principle	**Principle**	**Content Principle**	**OECD Guidelines**	**Relevant treaties**
Human rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human rights	Universal Declaration of Human Rights.
			Employment and labour relations	The UN Declaration on the Rights of Indigenous Peoples.
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	VIII. Consumer interests	ILO Convention 169 on Indigenous and Tribal Peoples in Independent Countries.
			IV. Human rights	ILO Tripartite Declaration on Multinational Enterprises and Social Policy. Geneva convention. Hague convention. Universal Declaration of Human Rights.

In practice, human rights violations in the investment universe tend to have the following character:

- Restriction of the right to self-determination;
- Activities in controversial countries contrary to humanitarian law;
- Failure to respect rights of indigenous peoples; and
- Restriction of freedom of expression.

Restriction of the right to self-determination

The right to self-determination of peoples is included in the Universal Declaration of Human Rights and elaborated in two binding UN treaties: "Civil and Political Rights" (BuPo) and "Economic, Social and Cultural Rights" (EcSoCu). These treaties were accepted in 1966 and have been in force since 1976. The individual right to self-determination can be seen as an element of personal freedom and thus a foundation of human rights. As a result, issues in which enterprises contribute to limiting the right to self-determination constitute human rights violations. We have not had data coverage with regard to this theme since 31 January 2023, because our regular data provider ceased to make this data available. As yet we have not been able to find an alternative, since other data providers do not provide these data either.

Activities in controversial countries contrary to humanitarian law

With regard to the issue 'Activities in controversial countries contrary to humanitarian law', it is important that enterprises, with respect to those affected by their activities, should respect internationally recognised human rights. The "UN Guiding Principles on Business & Human Rights", integrated into the OECD Guidelines, provide a manageable policy framework for enterprises on the application of human rights and the UN Global Compact principles. Specifically for the activities of enterprises dealing with wars or occupations, the Geneva Convention also provides an appropriate framework.

Failure to respect rights of indigenous peoples

The UN accepted a "Declaration on the Rights of Indigenous Peoples" in 2007. As such, the rights of indigenous peoples have only been formally recognised in recent years. The "UN Guiding Principles on Business and Human Rights" refer to the land rights and other rights of indigenous peoples. Some countries with significant indigenous minorities voted against the declaration, including the US, Canada, New Zealand and Australia. The most significant treaty is the ILO Convention (no. 169) on indigenous and tribal peoples in independent countries. For this review, the provision that enterprises should respect the human rights "of persons belonging to specific (population) groups requiring special attention" if they may adversely affect the human rights of those persons.

Restriction of freedom of expression

Freedom of expression is the freedom of citizens to express their principles without fear of persecution by the state. Freedom of expression is often considered an integral concept in democracies but is sometimes less evident in other forms of state. The freedom to express one's opinion without fear of persecution is explicitly stated in the "Universal Declaration of Human Rights".

1.2 Labour

Respecting labour standards is one of the four main themes of the UN Global Compact and is addressed by Principles 3, 4, 5 and 6. These principles are linked to, and elaborated in various directives and treaties (see Table 1.2.1). These guidelines and treaties are taken into account by ISS ESG when screening enterprises for possible human rights violations.

Table 2: Principles UN global compact and affiliated treaties on the topic of the labour rights

	UN Global Compact		Relevant chapters	
Topic by Principle	**Principle**	**Content Principle**	**OECD Guidelines**	**Relevant treaties**
Labor rights	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	V. Labour	ILO Convention 87 on the freedom of association and protection of the right to organise. ILO Convention 98 on application of the right to organise and collective bargaining.
	Principle 4	Businesses should eliminate all forms of forced and compulsory labour.	V. Labour	ILO Convention 29 on forced labour. ILO Convention 105 on the abolition of forced labour.
	Principle 5	Businesses should work towards the effective abolition of child labour.	V. Labour	ILO Convention 138 on the minimum age for employment. ILO Convention 182 on the effective abolition of child labour. UN Convention on the rights of the child.
	Principle 6	Businesses should eliminate discrimination in relation to employment and occupation.	V. Labour	ILO Convention 100 on equal pay. ILO Convention 111 on discrimination with regard to employment and occupation.

Besides the UN Global Compact principles on labour standards, the international agreements on minimum labour standards are important, which are laid down in Conventions of the United Nations International Labour Organisation: the ILO Conventions. These provide an internationally widely accepted framework to assess enterprises. The "UN Guiding Principles on Business & Human Rights" also provide a practical framework to assess where enterprises' responsibilities in labour rights begin and end.

In practice, human rights violations in the investment universe tend to have the following character:

- Restriction on freedom of association and right to collective bargaining;
- Use of forced labour in the supply chain;
- Child labour in the supply chain;
- Employment and occupation discrimination; and
- Worker safety.

Restriction on freedom of association and right to collective bargaining

Trade union freedom is mentioned in the third guideline of the UN Global Compact. It reads: "*Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining."* ILO Conventions 87 and 98 state that trade unions should be able to negotiate terms and conditions of employment with employers without hindrance, and that freedom of association and thus the right to join a trade union are fundamental human rights. The Netherlands has ratified both conventions.

Use of forced labour in the supply chain

The fourth principle of the Global Compact deals with forced and compulsory labour. These are addressed in ILO Conventions 29 and 105 and this states, among other things, that businesses should not profit from forced labour or slavery.

Child labour in the supply chain

The fifth principle from the UN Global Compact states that businesses should make efforts to eliminate child labour. Child labour also contravenes the OECD Guidelines for International Enterprises and the ILO conventions regarding "fundamental principles and rights at work" and the "effective abolition of child labour" (ILO Conventions 138 and 182).

Employment and occupation discrimination

The sixth principle of the UN Global Compact deals with the prevention of discrimination in relation to employment and occupation. ILO Conventions 100 and 111 and the OECD guidelines provide a framework for businesses.

Worker safety

Not explicitly mentioned in the UN Global Compact principles on labour rights, but obviously linked to Principles 1 and 2 on human rights, is the safety of workers in the workplace. The OECD Guidelines offer enterprises tools to implement this.

1.3 Environment

The environment is the third main topic of the UN Global Compact and is addressed by Principles 7, 8 and 9. These principles are linked to, and elaborated in various directives and treaties (see Table 3). These guidelines and treaties are taken into account by ISS-ESG when screening enterprises for possible environmental violations.

Table 3. Principles UN global compact and affiliated treaties on the topic of the environment

	UN Global Compact		Relevant chapters	
Topic by Principle	**Principle**	**Content Principle**	**OECD Guidelines**	**Relevant treaties**
Environmental standards	Principle 7	Businesses should support a precautionary approach to environmental challenges.	VI. Environment	Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Rio de Janeiro Convention on Biodiversity. Rio Declaration on Environment and Development.
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	VI. Environment	Kyoto Protocol. UN Framework Convention on Climate Change. Paris Agreement.
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	VI. Environment	Rio Declaration on Environment and Development. Agenda 21.

The guidelines of the UN Global Compact regarding the environment are derived from the "Rio Declaration on Environment and Development" and read as follows: *"Business should support a precautionary approach to environmental challenges", "Business should undertake initiatives to promote greater environmental responsibility"* and *"Business should encourage the development and diffusion of environmentally friendly technologies."*

In practice, violations of environmental standards in the investment universe tend to have the following character:
- Environmental pollution – soil or water contamination; and
- Environmental pollution – threat to biodiversity.

Environmental pollution – soil, or water contamination and threat to biodiversity
The principles of prevention and prudence together with the polluter pays principle are reflected in the Rio Declaration and form the basis of the frame of reference. A stricter frame of reference is provided by the Kyoto Protocol, the Basel Convention (focusing on hazardous waste and its disposal) and the Rio de Janeiro Convention on Biodiversity. These

specific and internationally widely supported treaties and conventions articulate what responsibilities enterprises have for the impacts of their activities on air, water, soil, climate, ecosystems, biodiversity and health.

1.4 Anti-corruption

Anti-corruption policy is the fourth main theme of the UN Global Compact and is addressed by Principle 10. This principle is linked to, and elaborated in, various guidelines and treaties (see Table 4). These guidelines and treaties are taken into account by ISS-ESG when screening companies for compliance with anti-corruption standards.

Table 4: Principles UN global compact and affiliated treaties on the topic of the environment

	UN Global Compact		Relevant chapters	
Topic by Principle	**Principle**	**Content Principle**	**OECD Guidelines**	**Relevant treaties**
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	III. Provision of information	UN Convention Against Corruption
			VII. Combating corruption, bribery solicitation, and extortion	UN Convention Against Transnational Organised Crime
			Competition	
			Taxes	

Principle 10 of the UN Global Compact concerns anti-corruption and is derived from the "UN Convention against Corruption" and the "UN Convention against Transnational Organised Crime" and reads: "*Businesses should work against corruption in all its forms, including extortion and bribery.*"

Principle 10 of the UN Global Compact states that companies should prevent and combat all forms of corruption, including extortion and bribery. In practice, anti-corruption violations in the investment universe tend to have the following character:

- Bribery; and
- Extortion practices.

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