

# Sustainable Investing Code



The general member meeting of the Dutch Association of Insurers ('Verbond van Verzekeraars') has established the following code on 21 December 2011.

1. The Sustainable Investing Code ('Code Duurzaam Beleggen') has been established by the Dutch Association of Insurers and applies to its individual members. Members of the Dutch Association of Insurers commit themselves to the code, act to the spirit of it and are accountable for it. In case of noncompliance the Dutch Association of Insurers can take appropriate measures.
2. The code is quoted as 'Sustainable Investing Code'.
3. The code becomes effective on 1 January 2012.
4. The 'comply or explain' principle is applicable to the code. In principle an insurer applies the principles of the code. Deviations, subject to being motivated, are however permitted.
5. Within the perspective of this code the term Sustainable Investing means that members of the Association take into account in their investment policies environmental aspects, social aspects and governance of the entities that they invest in.
6. The UN Principles for Responsible Investments (UN PRI) form a directive for (institutional) investors in the area of Sustainable Investing. The members of the Association observe this directive of UN PRI, taking into account point 4. The UN PRI are incorporated in appendix 1.
7. The members of the Association also observe the principles of the UN Global Compact, taking into account point 4. UN Global Compact is an initiative of the United Nations which promotes responsible business practices. The principles focus on criteria such as environment, human rights, working conditions and anti-corruption and are based on international treaties. The UN Global Compact are incorporated in appendix 2.
8. Because it is not found socially desirable to invest in companies which are involved in the production of, or trade in, controversial weapons (such as anti-personnel mines and cluster ammunition), members of the Association will abstain from this, taking into account point 4. Controversial weapons are weapons which make no distinction between military and civil targets and frequently lead to victims many years after a conflict. Most of these controversial weapons are prohibited by means of international law or regulation or their use has been curtailed.
9. This code applies to all investment categories.
10. This code is applicable to assets that are managed internally (within a group) by insurers. For assets managed externally by third parties an obligation to make an effort applies to try and accomplish that these external managers also practice Sustainable Investing. An obligation to make an effort also applies for assets that members of the Association manage for third parties.
11. Compliance and checks
  - a. Members of the Dutch Association of Insurers protect the good name of the sector.
  - b. Members of the Dutch Association of Insurers implement the code in their own

business policies.

- c. Members of the Dutch Association of Insurers inform their employees about the code and ensure that they act accordingly.
- d. Members of the Dutch Association of Insurers do not do business with parties which make acting in accordance with the code difficult or impossible.
- e. Members of the Dutch Association of Insurers actively cooperate, as far as applicable, in periodically carried out testing of the compliance of the binding self-regulation of the Dutch Association of Insurers and are open about the outcomes thereof.

12. Maintenance of the code

The society is continuously in motion; hence the insurance sector is as well. Those dynamics and the wish to react in a flexible way, make an ongoing dialogue necessary between us and our stakeholders. For this reason the Dutch Association of Insurers will periodically examine if the code must be adapted.

## Appendix 1: The Principles for Responsible Investment

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

### 1. We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

### 2. We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

### 3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

### 4. We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

**5. We will work together to enhance our effectiveness in implementing the Principles.**

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

**6. We will each report on our activities and progress towards implementing the Principles.**

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'<sup>1</sup> approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

<sup>1</sup>The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.

## Appendix 2: United Nations Global Compact

### The Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights](#)
- [The International Labour Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [The Rio Declaration on Environment and Development](#)
- [The United Nations Convention Against Corruption](#)

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

#### Human Rights

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle 2](#): make sure that they are not complicit in human rights abuses.

#### Labour

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle 4](#): the elimination of all forms of forced and compulsory labour;
- [Principle 5](#): the effective abolition of child labour; and
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

#### Environment

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility; and
- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

- [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.