

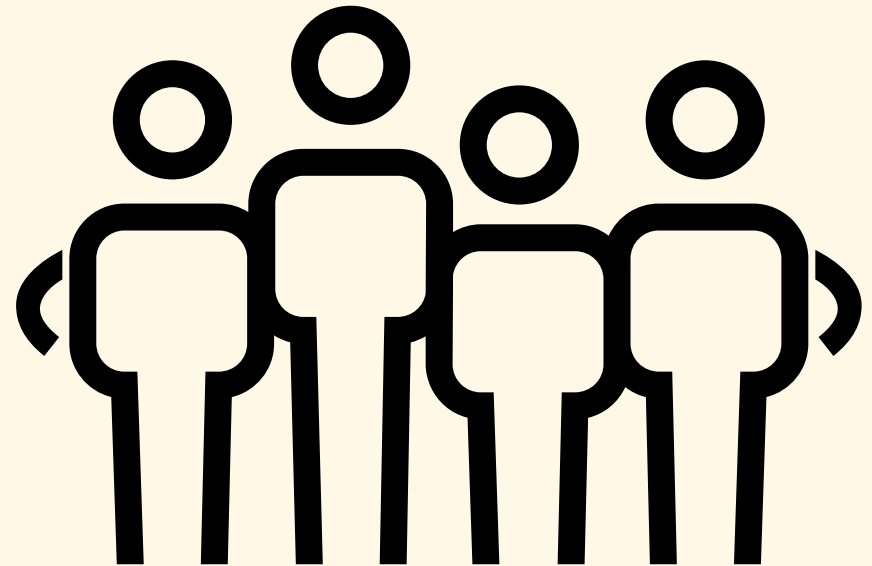


Thematic position paper

Human rights

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1. Introduction

This position paper is part of a series of four position papers, each elaborating on one of the four themes that a.s.r. Asset Management has chosen to focus on within its [Sustainability Strategy](#) and its [Policy for Responsible Investments](#). These four focus themes are:

- ✓ Climate change and the Energy Transition
- ✓ Biodiversity and Natural Resources
- ✓ Health & Wellbeing
- ✓ Human rights

In each position paper, we describe the importance and relevance of the focus theme for our investment portfolios, as well as our approach to the theme, along our three policy goals: reducing harm, driving change, and creating positive impact. Finally, we describe the targets we have set ourselves and the way we report and monitor our performance related to the focus theme.

a.s.r. Asset Management

a.s.r. Asset Management is a wholly-owned subsidiary of ASR Nederland N.V. (a.s.r.) and specialises in managing investment funds and providing investment services to a.s.r. and third-party clients. Investment services include:

- ✓ Collective asset management: We manage a range of investment funds that serve the needs of different groups of clients
- ✓ Individual asset management: We offer asset management services tailored to the requirements defined in investment mandates given to us by individual clients
- ✓ Order processing: We handle the receipt and transmission of orders on behalf of clients

2. Management summary

In this position paper, we describe the importance and relevance of human rights for our investment portfolios. We also describe the financial risks that are linked to human rights, and we describe the impacts and dependencies of companies in our portfolio. Furthermore, we describe our approach to human rights, along three policy goals: reducing harm, driving change, and creating positive impact. Finally, we describe the targets we have set ourselves and the way we report and monitor our performance related to human rights.

Respecting human rights is a responsibility of each and every company. Our parent company a.s.r. has a strong policy commitment towards human rights and strives to comply with the six human rights due diligence steps in accordance with the OECD Guidelines for Multinational Enterprises and the UNGPs. We expect the same from companies in our investment portfolio and from our business partners. This is further described in section 3 of this paper.

We acknowledge that fulfilling our responsibility to respect human rights is not an easy task, being an investment manager with a global and diverse investment portfolio. In section 5 of this paper, we describe how we systematically identify, assess and prioritise human rights risks in our investment portfolio. As a result of this process, we try to obtain an overview of actual and potential human rights related risks, categorised by sector and severity of the impact (scale, scope, irremediability).

Exclusion criteria help us to filter out the worst performing companies and countries. As a general rule, we exclude investments in companies that breach UN Global Compact Principles severely and repeatedly. We also do not invest in countries that do not respect fundamental political freedoms and civil rights. The specific metrics used for these exclusion criteria are described in section 6.1.

Additional to our exclusions, we analyse the companies in our portfolio on their human rights risks. In our most recent human risk analysis, we identified 3 sectors with relatively more companies that face severe human rights risks. Within these 3 sectors, we identified the most salient issues, resulting in the following combination of sectors and human rights issues:

- ✓ Living wage and living income in the consumer discretionary and consumer staples sector
- ✓ Forced labour in the supply chain of the IT sector
- ✓ Anti-discrimination and respecting land rights in the financial sector

These are the sectors and issues we prioritise in our **active ownership activities**. In section 6.2 of this position paper, we specify what we expect from portfolio companies within these sectors.

In section 6.3 we describe how we make an effort to create **positive impact** by impact investments in relation to human rights. Human rights have historically been considered a topic that is better fitting for reducing harm rather than for creating positive impact. At a.s.r. asset management, we want to challenge this idea and aim to seek ways to use our impact investments to improve and affirm respect for human rights.

Our overall aim with regards to human rights is to leverage a.s.r.'s position to improve human rights performance across all sectors in our portfolio wherever possible. In addition to this overall aim, we developed specific **targets** in relation to our approach, which are described in chapter 7.



3. Our responsibility to protect human rights

a.s.r. fully endorses and respects the basic principle of human rights, which is that every individual is entitled to enjoy human rights without discrimination – whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status. Human rights are interrelated, interdependent and indivisible, and laid down in various international instruments such as the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

The UN Guiding Principles on Business and Human Rights (UNGPs) are the authoritative standard on corporate conduct on human rights. They emphasise that respecting human rights is a responsibility of each and every company. As such, the UNGPs apply to investors as well. Human Rights is one of the four thematic focus areas in the sustainability strategy of a.s.r. Asset Management and is an integral part of our [Policy on Responsible Investments](#). Being fully owned by a.s.r., a.s.r. asset management also adheres to the [a.s.r. Human Rights Policy](#).

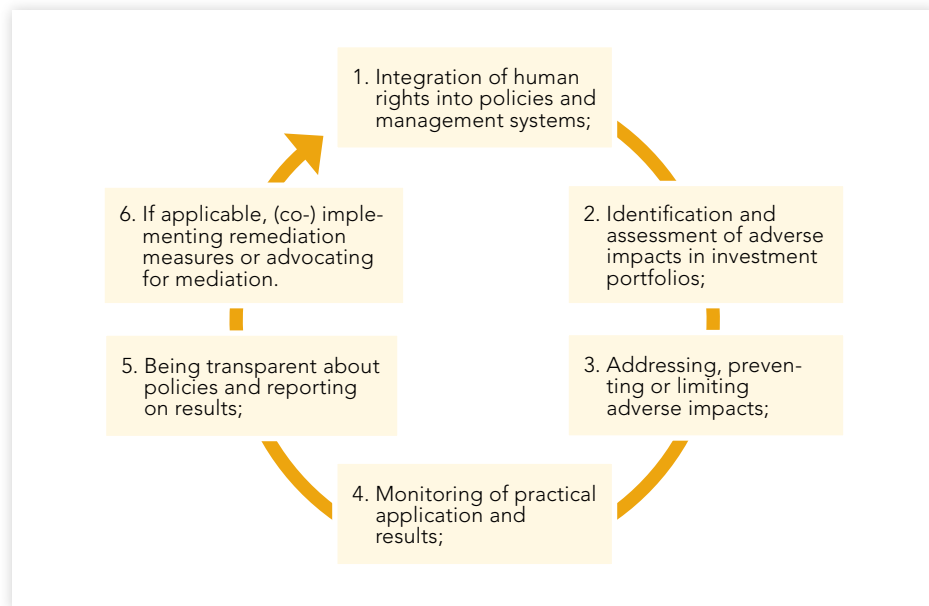
Different types of human rights

When we talk about human rights within this position paper, or in other documents, we mean all internationally accepted human rights. These can be categorized in different types: civil, cultural, economic, political and social rights. Examples include:

- ✓ the right to work in just and favourable conditions;
- ✓ the right to social protection, to an adequate standard of living and to the highest attainable standards of physical and mental wellbeing;
- ✓ the right to education and the enjoyment of benefits of cultural freedom and scientific progress;
- ✓ freedom of movement;
- ✓ equality before the law;
- ✓ the right to a fair trial and presumption of innocence;
- ✓ freedom of thought, conscience and religion;
- ✓ freedom of opinion and expression;
- ✓ peaceful assembly;
- ✓ freedom of association;
- ✓ right to privacy;
- ✓ participation in public affairs and elections;
- ✓ protection of minority rights.

source: United Nations

Fulfilling our responsibility to respect human rights is not an easy task, being an investment manager with a global and diverse investment portfolio. We acknowledge that (objective) information, especially on the human rights in supply chains is an issue. We also acknowledge that human rights violations by companies are often the result of systemic issues, that cannot be improved over night. Nevertheless, we strive to comply with the six human rights due diligence steps in accordance with the OECD Guidelines for Multinational Enterprises and the UNGPs and expect the same from companies in our investment portfolio and from our business partners. The six steps can be summarised as follows:



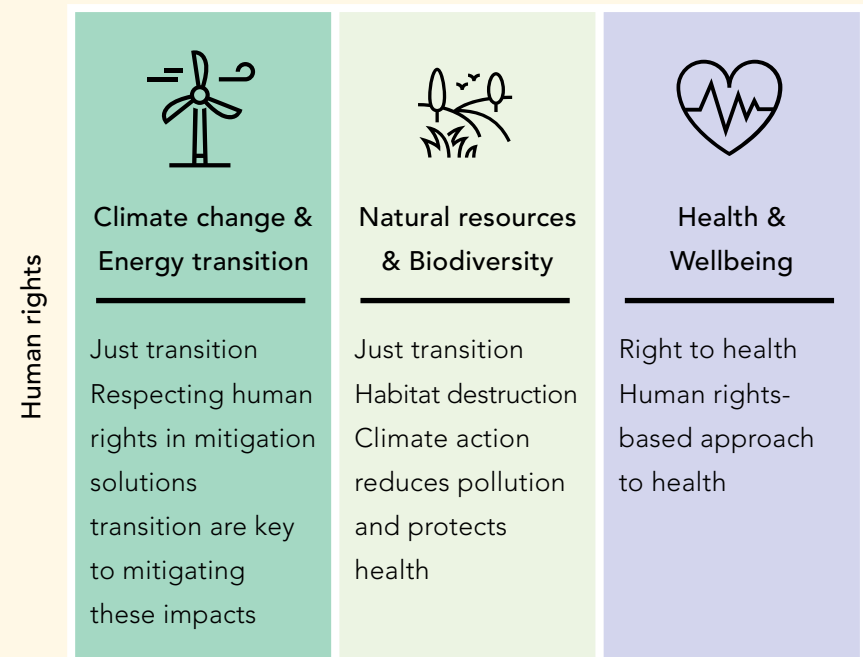
4. Human rights as a cross-cutting theme

Our [Sustainability Strategy](#) and our [Policy on Responsible Investments](#) define four focus themes: climate change & the energy transition, natural resources & biodiversity, health & wellbeing and human rights. Specifically human rights is a cross-cutting theme with many interlinkages with the other three focus themes.

We regard respect for human rights to be critical in addressing the challenges of climate change and biodiversity loss in a way that leaves no one behind (often referred to as “just transition”). Equally important, we want to ensure that human rights are respected when seeking to mitigate against or implement solutions with regards to climate change & the energy transition and natural resources & biodiversity. A well-known example are solar panels

produced in Xinjiang, where polysilicon is produced by Uyghurs and other Muslim minorities under conditions of forced labour¹. Specifically related to natural resources & biodiversity is the issue of habitat destruction disproportionately affecting local and indigenous communities whose livelihoods rely on the provision of ecosystem services in their proximity (also described in the Position paper on natural resources & biodiversity for more information).

The focus theme human rights is also closely tied to the focus theme health & wellbeing. Many human rights are related to health, such as the right to the highest attainable standard of physical and mental health. Furthermore, the UN has formulated a human rights-based approach to health which addresses growing global health inequalities². The following infographic visualizes how we see human rights not only as a separate, but also as a cross-cutting theme.

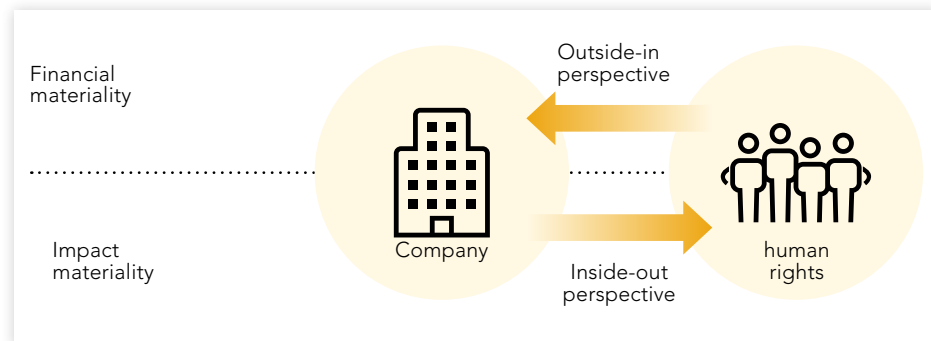


¹ Murphy, L. and Elimä, N. (2021). "In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains." Sheffield, UK: Sheffield Hallam University Helena Kennedy Centre for International Justice.

² <https://www.ohchr.org/sites/default/files/Documents/Publications/Factsheet31.pdf>

5. Human rights risks and impacts in our portfolios

Human rights risks can be seen from two perspectives, as shown in the infographic below: 1) financial risks for investee companies related to human rights violations ('outside-in' perspective) and 2) risks to people, whose rights are (potentially) being violated ('inside-out' perspective). For human rights risks, the inside-out perspective is particularly important.



a. Financial risks

To start with the first perspective, we acknowledge that there are many ways in which human rights issues can affect the performance of investee companies. For example, companies can face higher operational and legal costs, suffer from reputation loss or they could receive considerable legal penalties, for example if they do not appropriately manage private data or violate labour rights regulations such as the UK Modern Slavery Act or the

upcoming European Forced Labour Regulation³. Respecting human rights is therefore essential to solid financial risk management.

As investors, we are also subject to systemic human rights risks whose financial impacts extend beyond a single company, sector, or geography. For example, widening income inequality – which makes it harder for groups of individuals to realise their economic and social rights – is an issue that a company can negatively impact, but that is also a systemic human rights issue. The issue is leading to volatile economic conditions and political polarisation, which can have a negative effect on investment performance and financial market stability.

b. Risks to people (or: human rights impacts)

The second perspective of human rights risks, i.e. risk to people, is the focus of our ongoing due diligence process, in which an analysis of human rights risks within our portfolio is conducted. We do this additionally to our exclusion criteria screening process, where we filter out the companies with the worst performance regarding human rights. The methodology of our risk analysis is based on guidance by PRI⁴ and use three data sources to conduct the human rights risk analysis: two ESG data providers and the Global Child Forum (GCF).

³ International Corporate Accountability Roundtable, 'Good Business: The Economic Case For Protecting Human Rights'.

⁴ How to identify human rights risks: A practical guide in due diligence (PRI, June 2023).

From these data sources, information on company performance and controversies related to human rights is extracted. The analysis includes only companies that are part of a.s.r. Asset Management portfolio. To validate the results of the analysis, we meet with specialists, such as analysts working at our data providers, and stakeholders, such as peers and sector initiatives.

In our most recent human risk analysis, we identified 3 sectors where relatively more companies with severe human rights risks occur:

- ✓ The consumer discretionary and consumer staples sector (including companies producing household durable goods such as consumer electronics, automobiles, textiles & apparel and companies producing essential goods, ranging from food & beverages to household goods such as personal care products);
- ✓ The financial sector (including banks, financial service providers and insurance companies);
- ✓ The IT sector (including companies providing infrastructure and services for the internet industry; companies producing and developing software, companies manufacturing communication and electronic equipment, cellphones, computers, peripherals, servers and electronic computer components).

Within these 3 sectors, we identified the most occurring issues by analyzing controversy reports, supplemented with other qualitative data sources such as information from OECD National Contact Points on reported cases. In the analysis, we take into consideration the potential likelihood and severity (based on scope, scale and remediability).



We also consider our ability to effect change and the leverage (our financial position) that we hold with companies in these sectors. Since data quality in this area is improving and companies’ performance with regards to human rights is not set in stone, we will update and sharpen our analysis regularly to make sure we set the right priorities.

In the table below, we give an overview of the 2024 results of our analysis: the 3 sectors and their most salient human rights issues, as well as where these issues occur (in the supply chain of companies, and/or in their own operations).

Sector	Issue	Location
Consumer discretionary & consumer staples	Living wage & living income	Own operations & supply chain
IT sector	Forced labour	Supply chain
Financial sector	Discrimination	Own operations
	Land rights	Supply chain

Table: prioritised sectors and human rights issues, 2024

We acknowledge that besides these 3 sectors and issues, there are more issues and sectors that are at risk. Being an asset manager with a diverse portfolio, we need to make choices and focus our efforts in order to be effective. These sectors and issues are the ones we prioritise in our own bilateral and collaborative engagements. A wider range of human rights issues in other sectors are covered by engagements via our engagement provider Hermes EOS.

The prioritized issues and sectors are described shortly in the sections below. Details on how we mitigate these risks through exclusions and engagement are described in the next chapter (please refer to section 6.1 and 6.2).

i) Living wage and living income in the consumer discretionary and consumer staples sector

Living wage and income are seen as fundamental or enabling human rights that ensure individuals can afford basic necessities such as food, shelter, healthcare and education, thereby leading a life of dignity. They are also enablers for better living and working conditions, helping to reduce the potential for other risks, such as excessive overtime and child labour. However, systematic underpayment is a pervasive issue around the world that undermines human rights, perpetuates poverty, and increases income inequality. Against this backdrop, we champion the principles of a living wage and living income, especially in the consumer discretionary and consumer staples sector (focusing on the sub-sectors garment, food production and retail), being sectors where living wage and living income are lacking in supply chains as well as in companies’ own operations.

Defining living wage and living income

A living wage is not the same as a statutory minimum wage. It is a wage that allows a worker to afford a decent standard of living for him- or herself and his or her family. The concept knows many definitions, but all widely accepted definitions, agree that a living wage should be enough to provide for food, water, housing, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events. A living wage should be earned in a regular work week and is locally specific as it is dependent on the costs of living in a particular place. The concept of living wage applies to hired workers who are paid a wage. Self-employed workers, such as many smallholder farmers, are not paid a wage but earn an income from one or multiple income generating activities. A living income can be defined as “the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household”.

Source: Platform Living Wage Financials (PLWF).

ii) Forced labour in the supply chain of the Information Technology (IT) sector

Forced labour continues to be a prominent issue around the world, with approximately 28 million people across all gender and age groups currently impacted. Unfortunately, the number of people in modern slavery has risen significantly in the last five years.⁵

- ✓ The IT sector is one of the focus sectors of our endeavours to ban forced labour⁶ from the supply chain of companies. IT supply chains, especially those of companies producing communication and electronic equipment (such as cell phones, computers etc.) are widely regarded as a high-risk area for trafficking, debt bondage, bonded labour and modern slavery (referred to collectively as forced labour), given the industry’s reliance on metal and mineral mining and on the chemicals sector. Besides, the IT sector’s supply chains are complex which makes transparency and the enforcement of standards a challenge⁷. Moreover, many supply chains are located in high-risk countries such as China and Malaysia, where two entirely different kinds of forced labour occur:
- ✓ Suppliers located in Malaysia rely for a large part on labourers from Bangladesh, Nepal, Myanmar, and Indonesia. One in three foreign workers in Malaysian electronics industry is in a condition of forced labour⁸.

⁵ Source: International Labour Organization, Walk Free and International Organization for Migration ‘Global Estimates of Modern Slavery 2022’.

⁶ The definition of forced labour in the International Labour Organization’s Convention No. 29 is: “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

⁷ Source: Global Slavery Index

⁸ Source: Verité, Forced Labor In The Production Of Electronic Goods In Malaysia

Migrant workers may incur large debts in their pursuit of employment and may face debt bondage. They can be deprived of passports and work documents or held in a place of employment against their will⁹.

- ✓ In China, suppliers reportedly rely on state-forced labourers belonging to the Uyghur ethnic group. Many of these workers have been involuntarily moved and forced to work in business enterprises across China¹⁰.

iii) Anti-discrimination and respecting land rights in the financial sector

As major actors in the global economy, financial institutions play an important role in ensuring respect for human rights. However, the financial sector has long struggled with good and consistent implementation of the UN Guiding Principles for Business and Human Rights and other international guidelines. This is to a large extent due to the indirect relation that financial institutions have with human rights violations. As a result, the sector is generally seen as less mature in managing human rights risks¹¹. However, the UNGPs apply just as well to the financial sector than to any other sector.

Many human rights risks within the financial sector are linked to the right to be treated equally. This reflects in issues in the workplace, but also in the lending practice in financial sectors companies. The financial sector has historically been a male-dominated industry. This has for example resulted in a still existing gender wage gap. Financial institutions have also been accused of discriminating against other minority groups in hiring, promotion, and workplace cultural practices.

⁹ Source: Electronics Watch

¹⁰ Source: International Trade Union Confederation (ITUC)

¹¹ Source: UN Working Group on Business and Human Rights, 'Raising the Ambition - Increasing the Pace'.



At the same time, such accusations are also made with respect to discrimination of clients in the lending and due diligence practices of these companies, resulting in unequal access to finance for certain minority groups¹². It should be noted that discrimination in the financial sector is often unintentional, but that does not make it any less harmful.

Another large part of human rights risks faced by the financial sector are found in the area of project financing. Project finance requires robust due diligence to prevent issues such as land grabbing, displacement, and forced relocations, particularly in countries where access to remedy for these violations is curtailed or non-existent. In many countries, land rights are not well protected or properly defined. The growing pressure on land and water is a mounting problem for millions of people, especially for vulnerable groups such as indigenous communities¹³.

6. Our approach

Our Policy on Responsible Investments is based on three key policy goals that underline our commitment to contribute to a better world: reducing harm, driving change, and creating positive impact. We make use of a variety of tools to help us achieve these policy goals. These tools include exclusions, active ownership (engagement and voting), and impact investing. We often combine these tools in a mutually reinforcing manner.

a. Reduce harm

We use exclusion rules to avoid investing our clients' money in activities that cause severe and repetitive harm to people. These rules apply to all investments internally managed on behalf of our clients. This includes investments made via the pooled funds we offer, as well as investments held in segregated accounts managed for clients on a bespoke basis. For segregated accounts, we are willing to apply stricter exclusion rules than those defined in our Policy if clients request it. However, we do not allow clients to opt for less strict exclusion rules.

Excluded companies

We have agreed on the following exclusion rules in connection with human rights for companies we invest in. For transparency, we also include the relevant metrics that we make use of when screening investments in connection with these rules.

¹² Source: Shift, 'Human Rights Priorities for the Financial Sector'.

¹³ Source: IRBC Agreement on International Responsible Investment in the Insurance Sector, ESG investment framework for the theme: land rights'.

Exclusion rule	Metrics
No investments in companies that breach UN Global Compact Principles	Companies that are non-compliant with one or more UN Global Compact Principles
No investments in companies with severe and repetitive controversies relating to human rights	Companies that are complicit in systematic and/or gross violation of human rights conventions, in accordance with the International Bill of Human Rights
No investments in companies with severe and repetitive controversies relating to labour rights	Companies that are in violation of ILO conventions 29, 87, 98, 100, 105, 111, 138 and 182
No investments in companies involved in weapons	Companies that produce and/or sell controversial weapons Companies that produce and/or sell defensive, auxiliary and/or dual-use products when there is a risk that they will be used against humans or be delivered to questionable authorities

Table: exclusion rules and metrics related to human rights, Policy on Responsible Investments, 2024

Weapons: an ongoing dilemma

a.s.r. has excluded direct investments in the arms industry since 2007. We see the need for weapons to defend national borders and the function that weapons have in preventing countries from being attacked. We believe that a democracy and its citizens should be protected. A democratic state based on the rule of law must have the right means, including weapons, to ensure a free society. On the other hand, there is the dilemma of how we as investors can finance the arms industry while ensuring that human rights are respected and innocent civilian casualties are prevented if weapons do not end up in the right hands. Since 2024, in response to the Dutch government’s call to strengthen the European defense industry following the Russian invasion of Ukraine, a.s.r. permits deviations from its exclusion policy concerning weapons under a number of specific and stringent conditions. These conditions are as follows:

- ✓ Investments may only be made in defense companies based in the Netherlands;
- ✓ Investments may only be made in companies that are not involved in the production or distribution of controversial weapons or civilian firearms;
- ✓ Investments may only be made in companies that do not supply high-risk countries (as defined in the IRBC Framework on Controversial Weapons and Trade in Weapons with High-Risk Countries) for example countries where there is clear risk of violation of human rights or international humanitarian law or countries with failing/fragile states;

- ✓ All investments are to be made at a.s.r.'s own account and risk;
- ✓ Any investment proposal must be reviewed by a.s.r. Veiligheidszaken and approved by the Management Board of a.s.r., following the advice of the a.s.r. Sustainability Committee;
- ✓ Compliance with the conditions related to controversial weapons, civilian firearms, or high-risk countries will be monitored annually.

Excluded countries

We have established minimum requirements that debt issued by governments and agencies must meet to qualify for investment in our funds and portfolios. Our aim is to invest in governments that respect human rights and stand for democratic values and freedoms for their people. Hence, we do not invest in countries that do not respect fundamental political freedoms and civil rights. In practice this means that countries classified as 'Not Free' by Freedom House in its annual Freedom in the World report are excluded¹⁴.

The report's methodology is derived in large measure from the Universal Declaration of Human Rights. A country or territory is awarded 0 to 4 points for each of 10 political rights indicators and 15 civil liberties indicators, which take the form of questions; a score of 0 represents the smallest degree of freedom and 4 the greatest degree of freedom. The political rights questions are grouped into three subcategories: Electoral Process, Political Pluralism and Participation, and Functioning of Government.

The civil liberties questions are grouped into four subcategories: Freedom of Expression and Belief, Associational and Organizational Rights, Rule of Law, and Personal Autonomy and Individual Rights. The political rights section also contains an additional discretionary question addressing forced demographic change. The combination of the overall score awarded for political rights and the overall score awarded for civil liberties, after being equally weighted, determines the status of Free, Partly Free, or Not Free¹⁵.

Freedom House does not take into account respect for human rights across countries' borders, in other words: it does not reflect countries' respect for international humanitarian law. There are no other objective data providers or benchmarks known to us that assess countries' respect for international humanitarian law. However, we expect this to change over time and keep close track of developments in this area.

¹⁴ Our exclusion lists can be found on our website page on Responsible Investments: <https://asrassetmanagement.com/sustainable-investing/responsible-investment-policy>

¹⁵ Source: Freedom House, <https://freedomhouse.org>

b. Drive change

Active ownership involves using our influence to encourage the companies in which we invest on behalf of our clients to respect human rights. We do this by entering into a dialogue with them to highlight our concerns and expectations. Our aim is to be a constructive partner that can contribute to their long-term success, while at the same time stimulating the transition to a more sustainable and inclusive world. Where we have voting rights, we exercise them in a way that reinforces our engagement activities. This is one of the most important tools to drive change in the area of human rights in our portfolio.

Engagement

Engagement is a key part of our active ownership strategy. We currently make use of a third-party engagement service provider to engage with a large number of investee companies on a wide range of ESG topics and controversies (i.e. not limited to our four focus themes). Specifically for human rights, we identified three sectors as priorities for our in-house executed active ownership activities, using the results of our latest human rights risk analysis (see section 5 b). These engagements can take place bilaterally, or within collaborative engagement initiatives. Besides engagement with companies in these three sectors, we can also decide ad-hoc on engagements with companies in other sectors.

i) Living wage and living income in the consumer discretionary and consumer staples sector

We engage on the topic of living wage and living income, especially in the consumer discretionary and consumer staples sector, being sectors where



supply chains are usually complex and linked to low- and middle-income countries. We do this mainly through the Platform for Living Wage Financials (PLWF)¹⁶, a collaborative engagement alliance of 24 financial institutions that encourages, supports and monitors investee companies to enable living wages and living incomes in global supply chains. PLWF does not expect individual companies to solve a systemic issue such as living wage and income on their own, and therefore has taken a sector-wide approach.

Together, PLWF members engage with more than 30 listed garment and footwear brands and over 20 food producing and food retail companies, and seek to expand reach in these sectors even further to promote sector-wide change. By guiding and assessing companies on living wages and incomes in their direct operations or supply chains and building a 'benchmark' to determine which companies have been leading on the issue and which need to do more, PLWF aims to motivate the 'laggards' to follow their better-performing peers. As such, we help investee companies to become aware of the issue and put it on their corporate agenda. In addition, we stimulate intra-sectoral and intersectoral learning.

Based on the assessment criteria of PLWF, our engagement with companies focuses on the following expectations and asks:

- ✓ Companies should have a specific living wage policy or statement including a clear definition of living wage and/or living incomes;
- ✓ Companies should collaborate externally in Multi-Stakeholder Initiatives (MSIs) to help advance the payment of a living wage/income and have processes in place to engage with trade unions/employee collectives/farmer representatives;
- ✓ Companies should have processes to identify adverse human rights impacts of a living wage/income not being paid in their own organization or in their supply chain;
- ✓ Companies should take action to progress the payment of a living wage/income;
- ✓ Qualitative and quantitative indicators should be used to monitor the effective implementation of the living wage/income policy or statement;
- ✓ Companies should be able to receive complaints and grievances about non-payment of a living wage/income, these grievance mechanisms should be easily accessible for target groups and grievances should be remedied;
- ✓ Companies should be transparent about their policies and results regarding living wage/income.

¹⁶ www.livingwage.nl

ii) Forced labour in the supply chain of the Information Technology sector

Many companies in the sector have made human rights commitments, but many are failing to consider how their purchasing practices are exacerbating forced labour risks within their supply chains. Therefore, our engagement with the IT sector is aimed at better supply chain management and purchasing practices by companies in our investment portfolio. We ask companies to disclose their suppliers and take effective action to remedy cases of forced labour. Based on the recommendations of the Fair Labour Organisation¹⁷, we expect them to:

- ✓ Ensure that company staff are aware of which parts of the supply chain are at greatest risk for forced labour, such as areas with a high migrant population, or the widespread use of labour contractors and recruitment agencies;
- ✓ Invest in conducting in-depth forced labour assessments for the most at-risk locations;
- ✓ Give suppliers detailed explanations about which workplace practices trigger forced labour findings and confirm that suppliers are not engaged in any such practices;
- ✓ Maintain strict policies against retention of workers' legal documents and identification papers and recommend that suppliers retain photocopies of such documents to fulfil administrative needs;
- ✓ Be prepared to move quickly to remediate any violations found, including potentially difficult to-negotiate requirements like repayment of recruitment fees paid by workers to employers or recruitment agencies; in conjunction with this remediation, work to determine and eliminate the root causes of the violations;

¹⁷ https://www.fairlabor.org/wp-content/uploads/2022/03/forced_labor_guidance_update_july-2019.pdf

- ✓ Establish grievance channels in the native languages of all employees at a factory as a recourse for workers to report forced labour violations, especially in workplaces where a migrant worker population may face language barriers. Ensure that these grievance channels allow for anonymous reporting and protect workers from retaliation;
- ✓ Be prepared to discuss purchasing and production practices and to find cooperative solutions whenever suppliers rely on mandatory overtime to meet excessive production targets.

Given the specific and very severe context of companies with supply chains in China, that are at risk of relying on state-forced labourers belonging to the Uyghur ethnic group, we joined a collaborative engagement program coordinated by the Investor Alliance on Human Rights¹⁸. Joining this collaborative engagement enables to use our leverage the fullest potential in this specific context, where the human rights violations are so severe that they the UN High Commissioner for Human Right considers them to be crimes against humanity¹⁹. The collaborative engagement program developed the following expectations for IT companies with supply chains in China²⁰:

- ✓ Complete a mapping of company's value chain (upstream suppliers and downstream distributors, customers and users), in and outside of China, to identify direct and indirect business relationships that are connected to the Uyghur Region including those that use the company's products and/or services;

¹⁸ <https://investorsforhumanrights.org/corporate-engagement/uyghur>

¹⁹ <https://www.ohchr.org/sites/default/files/documents/countries/2022-08-31/22-08-31-final-assessment.pdf>

²⁰ <https://investorsforhumanrights.org/sites/default/files/attachments/2023-01/Uyghur%20Region%20Investor%20Expectation%2001132023.pdf>

- ✓ Demonstrate steps to disengage from business relationships with suppliers and customers connected with human rights harms in and from the Uyghur Region;
- ✓ Publicly disclose efforts and progress on the above, including on how a company is working with affected rights holders in determining remedy;
- ✓ Apply a single global standard consistent with the requirements of the Uyghur Forced Labor Prevention Act across its entire supply chain for all retail markets including those outside of the United States.

iii) Anti-discrimination and respecting land rights in the financial sector

When we engage with companies in the financial sector on the **right to be treated equally**, we expect them to prevent discriminatory practices, on the one hand in hiring, promotion, and workplace cultural practices, and on the other hand in lending and customer due diligence practices. Based on the recommendations to prevent and mitigate discrimination developed by the Dutch Central Bank (DNB)²¹, we ask companies to do the following:

- ✓ Address the issue of discrimination directly and explicitly in human resource policies and procedures, as well as in customer policies and procedures, and evaluate their effectiveness;
- ✓ Provide trainings related to discrimination, (unconscious) bias and prejudice to people managers and to function groups involved in customer interaction;
- ✓ Implement measures to effectively detect (perceived) discrimination and engage in dialogue with (potentially) affected stakeholders;

- ✓ Use these insights gained to improve communication and take actions to make internal and customer communications more inclusive and culturally sensitive.

When it comes to issues regarding **land rights in project financing**, we engage with financial sector companies on the need to ensure that the projects they finance are built only under strict adherence to international norms regarding consultation, compensation, and population relocation, especially in contexts with a high risk for corruption and weak rule of law and with special attention for the land rights of indigenous peoples. In line with the 'ESG investment framework for the theme land rights' of the IRBC Agreement on International Responsible Investment in the Insurance Sector²², we specifically ask them to take into account land rights prior to deciding on financing projects.

Concretely, we ask that them to have in place a pre-financing due diligence process that includes land rights, and we expect that these include the following steps and actions:

- ✓ Ensure that the (potential) company that leads the project development has a formal human rights policy that makes explicit reference to land rights. The policy should state that the company respects the land rights of indigenous peoples and local communities in accordance with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) and the principle of Free, Prior, and Informed Consent (FPIC);

²¹ De Nederlandsche Bank, 'Countering discrimination by banks'.

²² <https://www.imvoconvenanten.nl/en/-/-/media/BA5BE732729F428BA03FA10A0F1532D2.ashx>

- ✓ Ensure that the company has committed to international guidelines such as VGGT and United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and is open about doing so;
- ✓ Ensure that the company has formal programmes or initiatives to support implementation of the above guidelines and standards;
- ✓ Ensure that the company is transparent about risks related to land rights, possible conflicts and how it deals with them and that it reports on human rights issues and related due diligence processes;
- ✓ Ensure that the company performs human rights assessments in accordance with international standards, so that sufficient information is available from all relevant parties and all parties have been involved and consulted in a gender-sensitive and non-discriminatory manner and have contributed to the negotiations;
- ✓ Ensure that the company avoids projects involving the transfer of land rights and/or land use by small farmers and/or local communities and leading to expropriation or eviction;
- ✓ Ensure that the company's contracts with third parties explicitly provide for consultation with local people and respect for and implementation of the principle of FPIC.



Voting

Where we have voting rights, we exercise them in a way that reinforces our engagement activities. We generally vote in favour of social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value. Concerning proposals specifically related to human rights, we follow the guidelines of our voting provider²³ and vote in general for shareholder proposals that:

- ✓ Seek greater disclosure on a company's global labour practices, including its supply chain, and that seek to establish minimum standards for a company's operations;
- ✓ Call for the adoption and/or enforcement of principles or codes relating to countries in which there are systematic violations of human rights; a government that is illegitimate; or there is a call by human rights advocates, pro-democracy organizations, or legitimately-elected representatives for economic sanctions;
- ✓ Ask to implement human rights standards and workplace codes of conduct;
- ✓ Call for the implementation and reporting on ILO codes of conduct, SA 8000 Standards, or human rights due diligence practices;
- ✓ Call for the adoption of principles or codes of conduct relating to company investments in countries with patterns of human rights abuses;
- ✓ Call for independent monitoring programs in conjunction with local and respected religious and human rights groups to monitor supplier and licensee compliance with codes;

- ✓ Seek publication of a "Code of Conduct" by the company's foreign suppliers and licensees, requiring that they satisfy all applicable standards and laws protecting employees' wages, benefits, working conditions, freedom of association, and other rights;
- ✓ Request that a company conduct an assessment of the human rights risks in its operations or in its supply chain, or report on its human rights risk assessment process.

c. Create a positive impact

Human rights have often been considered a topic that is not investable, and therefore better fitting for reducing harm rather than for creating positive impact. At a.s.r. asset management, we want to challenge this idea and aim to seek ways to use our impact investments to improve and affirm respect for human rights.

As an overall objective, we aim to direct capital towards businesses, projects, and initiatives that actively protect, promote, and advance human rights²⁴. We look at companies, projects and organizations that with their products and services aim to provide a positive contribution to one or more societal challenges related to human rights. Investments are assessed on a clear theory of change, intentionality and measurable impact.

We identified three target areas, including a number of non-exhaustive examples of activities that we consider to be impact investments within these target areas.

²⁴ It should be noted that the Sustainable Development Goals are not a separate purpose, but represent an ambitious and wide-ranging effort to fulfil human rights. Underlying the SDGs are rights to food, health, education, gender equality, clean water and sanitation, and decent work protected under international human rights law.

²³ The ISS 2024 SRI Proxy Voting Guidelines.

Access to basic needs is our first target area, which we define as a condition in which people can obtain water, food, shelter and health services in adequate quantity and quality to ensure survival and satisfy their right to life with dignity. We look for impact investments that protect, promote and advance the access to basic needs. Our portfolio in this area consists for a large part of investments in the development of new social housing or improvement and maintenance of existing social housing (e.g. through loans to housing corporations). Social housing provides underserved and low-income communities, i.e. people and families that cannot afford private rental homes or a mortgage, with adequate, affordable and sustainable housing. This enables them to settle and live as comfortably as possible. Housing is the basis of stability and security for an individual or family, and adequate housing was recognized as part of the human right to an adequate standard of living by the UN in 1948²⁵.

Other examples of impact investment that improve access to basic needs may include investments in education (enabling children and adults to have access to quality learning), investments in health care (improving access to healthcare and affirming the right to the highest attainable standard of physical and mental health²⁶), access to finance i.e. micro-finance (providing access to finance for individuals who have no or limited access to traditional financial services because of their income level, and thereby enabling people to exercise their economic rights such as the right to food, right to an adequate standard of living, right to adequate housing, etc.) and investments in public transportation.

Advancing equality is our second target area. Equality is the cornerstone of human rights, as laid down in article 1 of the Universal Declaration of Human Rights: “All human beings are born free and equal in dignity and rights.” Impact investments that protect, promote and advance equality can be for example investments in companies that are specifically set up to employ a workforce with disadvantages on the labour market (such as migrants or refugees, under-educated people, people with mental or physical disabilities, etc.) thereby facilitating the right to decent work or investments in companies that produce goods or services for underserved groups, e.g. mobility solutions for disabled people, thereby facilitating their right to live independently, participate in cultural life, recreation, leisure and sport.

Our third target area is **advancing and protecting democracy**. Democracy and respect for human rights and fundamental freedoms are interdependent and mutually reinforcing. Democracy as a form of government is a universal benchmark for human rights protection; it provides an environment for the protection and effective realization of human rights²⁷. Impact investments that protect, promote and advance democracy for example include investments in independent media that can hold governments to account, expose corruption and provide a platform for debate in countries where access to free and independent news and information is under threat. Other examples include investments in companies combatting misinformation and amplifying trustworthy information, and companies that promote digital rights, such as access to cyberinformation in underserved areas and privacy protection.

²⁵ The human right to adequate housing, Special Rapporteur on the right to adequate housing.

²⁶ More information is included in our position paper on Health and Wellbeing.

²⁷ Source: Office of the High Commissioner for Human Rights.

As in other asset classes we invest in, we are aware of negative human rights impacts that could be embedded at companies, projects and organizations that are eligible for impact investments. This is reflected in our selection criteria²⁸, where we state that in addition to having a positive contribution to one or more human rights, an impact investment should not cause substantial negative impacts or harm to society and the environment, in line with the Do Not Significant Harm Principle. The impact investment should strive to avoid or minimize negative consequences and aim to generate positive outcomes while mitigating potential risks.



²⁸ As described in our Policy for Responsible Investments.

7. Targets

Our overall aim with regards to human rights is to leverage a.s.r.'s position to improve human rights performance across all sectors in our portfolio. In addition to this overall aim, we developed specific targets in relation to our approach to drive change and create positive impact:

✓ **Reduce harm and drive change:**

Main target: By the end of 2027, AVB has conducted active ownership activities with companies in the consumer discretionary, consumer staple, IT, and financial sectors, with the ambition to support improvements with regards to our prioritized issues;

Subtarget: By the end of 2027, engage all relevant investee companies in the IT sector with the aim to ban forced labour from IT supply chains;

✓ **Create positive impact:**

At least 10% impact investment, as % of own account assets and internally managed affiliated assets, by 2027. At least € 2bn of this is allocated to social impact – linked to the themes health & wellbeing and human rights.

8. Monitoring & reporting

This document sets out human rights position and activities for our investments; and as such we will provide regular insights into our progress on our targets through our regular periodic performance monitoring and reporting.

Under the Sustainable Finance Disclosure Regulation (SFDR) we give insight into the human rights performance of the companies we invested in. For instance, we report on the percentage of social investments in the yearly report on the level of the financial product in Annex IV or V. Furthermore, we report on several social principal adverse impact (PAI) indicators in the yearly PAI Statement. The scope of the PAI Statement is all assets under management and we report on the following human and labor rights indicators of the companies we invested in:

- ✓ Violations of UNGC principles and OECD Guidelines;
- ✓ Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines;
- ✓ Unadjusted gender pay gap;
- ✓ Board gender diversity;
- ✓ Exposure to controversial weapons.

For our investments in sovereigns, we report on social violations. All SFDR reports can be found on the website of a.s.r. asset management²⁹.

²⁹ <https://asrassetmanagement.com/sustainable-investing/sfdr>



Additionally, as of 2024, a.s.r. asset management reports consolidated with a.s.r. under the Corporate Sustainability Reporting Directive (CSRD) on material human rights topics, including workers in the value chain (S2). More specifically, we report on forced labour and child labour in our investment portfolio, and which actions we are taking in response.

The above-mentioned regulations, as well as the Corporate Sustainable Due Diligence Directive (CSDDD), aim to increase transparency and due diligence obligations, amongst others on human rights. As a result of greater transparency also by the companies in our portfolio, we hope that data quality on human rights will progress over time.

Currently, a major challenge regarding human rights is on data quality and availability. The data we use to inform our periodic reporting is sourced from external data providers. We not only use this data for reporting purposes but also to inform our human rights risks analysis and therewith the choices we make on engagements. a.s.r. asset management acknowledges the challenge of effectively using information coming from different data providers, who use different methodologies to identify issues and define thresholds. Additionally, data does not always reflect how companies are performing on human rights. We are conscious of these differences and challenges and therefore rely on a mix of data providers to overcome potential methodological flaws or blind spots.

We track progress on our bilateral engagements using an internal milestone approach. This approach provides a clear framework for accountability and helps us communicate our progress to stakeholders. All our engagements are reported biannually via an engagement report. Voting is continuously monitored via our online voting dashboard and is reported in an annual voting report. Excluded companies are published bi-annually and excluded countries on an annual basis. All disclosures can be found on the website of a.s.r. Asset Management.

9. Related documents

This document is part of a framework of documents that shape how we invest, ensuring alignment with our investment beliefs and contributing to our Sustainability Strategy. The framework includes several specific documents, which are summarised in the table below. These documents can be found [here](#) on the website of a.s.r. Asset Management.

Document	Purpose
Sustainability Strategy	This explains our Sustainability Strategy and defines our long-term strategic ambition. It defines a number of goals and focus themes that shape our approach to investing. These are referred to and expanded upon in the Policy on Responsible Investments.
Policy on Responsible Investments	This explains how we invest in a way that contributes to our Sustainability Strategy and our policy goals. It explains how we use different tools to achieve these goals and defines minimum requirements investments must meet. It also defines our expectations and requirements of external investment managers where we appoint them to manage a proportion of our clients' assets.

Document	Purpose
Exclusion List for Companies	This provides an overview of the companies we have excluded from our investible universe. These companies are selected based on exclusion rules and criteria defined in the Policy on Responsible Investments.
Exclusion List for Countries	This provides an overview of the countries we have excluded from our investible universe. These countries are selected based on exclusion rules and criteria defined in the Policy on Responsible Investments.
Climate & Energy Transition Position Paper	This explains in more detail how we intend to align our investments with the goals of the Paris Agreement and facilitate the transition to a net-zero world with our investment decisions. It specifies the different targets we have set and explains how we aim to achieve them with the tools described in the Policy on Responsible Investments.
Biodiversity & Natural Resources Position Paper	This explains in more detail how we include biodiversity & and natural resources in our investment decisions to achieve our Policy goals. It specifies the different targets we have set and explains how we aim to achieve them with the tools described in the Policy on Responsible Investments.

Document	Purpose
Health & Well-being Position Paper	This explains in more detail how we include health & well-being in our investment decisions to achieve our Policy goals. It specifies the different targets we have set and explains how we aim to achieve them with the tools described in the Policy on Responsible Investments.
Human Rights Position Paper (this document)	This explains in more detail how we include human rights in our investment decisions to achieve our Policy goals. It specifies the different targets we have set and explains how we aim to achieve them with the tools described in the Policy on Responsible Investments.
AVB Screening Guidelines	This explains in more detail how we analyse companies' ESG performance and practices using ESG data and overall ESG scores from external ESG research providers. Output from the screening process is used in a number of ways, such as determining which companies to exclude in line with AVB's exclusion rules or identifying which companies have the best ESG scores in their sectors.
Voting Policy	The explains how a.s.r. Asset Management exercises shareholder voting rights on behalf of its clients, including ASR Nederland.

Document	Purpose
Impact Investing framework	The Impact Investing Framework complements the Policy on Responsible Investments by focusing specifically on how we aim to create positive social and environmental impact through investments. It outlines the requirements that individual investments must meet to qualify as impact, and explains how we measure and report on the outcomes that our impact investments help to create, ensuring transparency and accountability in our approach.

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