

Principles of a sustainable and responsible investment policy of the C&A Group Pension Fund

1) Introduction

The pension fund of the C & A Group (pension fund) is a long-term investor. The primary objective of the pension fund is to offer its members the best possible pension benefits. These benefits must be in line with the pension fund's liabilities, liquidity requirements and risk tolerance. At the same time, the pension fund recognizes its role in promoting a society that balances the needs of present and future generations.

These principles define the principles and requirements of the pension fund with regard to sustainable and responsible investment policy so that they can guide investment activities in practical implementation.

The principles and their implementation are overseen by the Pension Fund Investment Committee and monitored by the Board of Trustees. It is expected that the requirements will evolve over time in line with social changes and the availability of investment solutions for Swiss institutional investors.

2) Our guiding principles

Human dignity and sustainability are important values that the pension fund wants to reflect in its investment portfolio:

- *Human dignity* recognizes the inherent value of each individual and is reflected in issues such as human rights, working conditions, respect for life, ethics and justice.
- *Sustainability* is an expression of solidarity with future generations that focuses on meeting the needs of the present without compromising the ability of future generations to meet their own needs.

3) Our convictions

The pension fund is convinced that the consideration of environmental, social and governance (ESG) factors can improve the risk-return profile of its investment portfolio.

Compliance with laws and regulations alone is not enough to meet the requirements of a sustainable and responsible investment policy.

The pension fund will encourage providers of investment solutions to include ESG considerations in their investment processes and expects regular reporting on ESG integration. Where possible, these principles will be integrated into asset management contracts.

4) Our approach

The pension fund does not manage its assets itself. It therefore relies on asset managers and providers to integrate ESG aspects into the portfolio management process. The

The practical implementation of the pension fund's responsible investment policy consists of three parts:

- Active ownership
- ESG integration
- Portfolio screening

a) Active ownership

The pension fund encourages its asset managers to increase long-term investment performance by:

- Exercising shareholder rights wherever possible. This means that a sensible proxy voting policy is in place and implemented on behalf of the pension fund.
- Engage in constructive dialog on ESG practices, risks and opportunities with the companies in which investments are made on behalf of the pension fund.

b) ESG integration

There are many ways to embed ESG criteria into the portfolio management process. We believe that every asset manager

- should consciously and seriously consider which ESG criteria add value to their asset class and investment approach
- should formulate its views in a strategy paper, and ideally publish it
- ESG criteria should be integrated into the investment process in a structured manner

The lack of an articulated view, approach or policy on sustainable and responsible investing is unacceptable.

c) Negative screening

As far as practically possible, the Pension Fund will avoid investments that are incompatible with these principles. Where possible, it will give preference to investments that are exemplary in their approach to promoting human dignity and sustainability. Due to its small size, however, the pension fund is dependent on the fund solutions offered on the market for institutional investors.

i) International standards

Asset managers are recommended to be guided by the following normative standards:

- the principles of the UN Global Compact
- the OECD Guidelines for Multinational Enterprises
- the UN Security Council sanctions list for the country in question

These standards provide guidance on topics such as corporate governance, human rights, labor rights, the environment, anti-corruption, etc.

ii) Controversial products and services

The Pension Fund believes that companies with a significant involvement in production and distribution in controversial areas such as

- Controversial weapons
- Pornography
- Tobacco

contradict these principles. This means that the pension fund prefers not to invest in such companies. This list is not exhaustive. However, the Pension Fund is also aware that there are different views on what constitutes a controversial product or service.

iii) Important topics

There are issues that the Pension Fund considers particularly relevant and that play a key role in promoting a world that is just, that respects and cares for the dignity of every human being. Current examples of such issues are:

- Climate change (incl. use of fossil fuels and deforestation)
- Labor practices
- Animal welfare

The Pension Fund encourages its asset managers to identify these issues. They should exclude companies that clearly contradict the above guidelines and other best practices. Due to its small size, the Pension Fund is dependent on external service providers and available fund solutions. It therefore cannot define which companies should be excluded, nor can it be held responsible for the presence of certain securities in the overall portfolio. However, the Pension Fund will endeavor to avoid investments that conflict with these guidelines.

Conclusion

Wherever possible, the Pension Fund will consider products that adhere to the principles of sustainable and responsible investment, provided this is possible without compromising the risk/return profile and without incurring significant additional costs.

Demand for such products has risen sharply in recent years and supply is increasing. We therefore expect to be able to make significant progress in the coming years. We will include ESG issues in our assessment of asset managers, demand transparency from them about their commitment to ESG and demand improvements if we believe that their consideration of sustainable and responsible investment principles is inadequate.

In future, the Investment Committee will report annually to the Board of Trustees on the progress made in connection with the principles of sustainable and responsible investment. For its part, the Board of Trustees will inform the insured persons from time to time about the further development and implementation of these principles.

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