

Responsible Investment Policy – PNO Media

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1. Introduction

PNO Media Pension Fund serves the interests of its participants, pension beneficiaries and affiliated employers through the administration of pension schemes. By carefully investing the contributions paid, PNO Media helps employees from the creative and digital sector accrue a decent pension. We do this with an eye to social responsibility and sustainability. We focus on appropriate and responsible returns.

PNO Media has a long history of responsible investment. Responsible investment is a self-evident and essential part of the fund's identity. Responsible investment is part of all our investment decisions, and it is rooted in our investment philosophy. A strong policy of responsible investment is beneficial, both socially and financially, for PNO Media and its participants. This responsible investment policy builds on its predecessor policy. It was developed in 2018-2019 and fine-tuned on the basis of the survey of participants conducted in 2022 as part of an administrative process involving PNO Media's accountability body. The results of the survey of participants' interests were considered in the administrative process. PNO Media monitors the progress of the responsible investment policy, takes the participants' interests into account, and regularly assesses the policy to make sure it is aligned with new insights, laws and regulations.

In Chapter 2 of this document, we will begin discussing our vision of responsible investment. Chapter 3 will address the three goals of the policy. With this policy, PNO Media seeks to focus more on making a positive impact on society and sustainability ('doing good'), and also seeks to avoid or mitigate investments with a negative impact on society and sustainability ('doing no harm'). This is reflected in the order of its goals:

1. With its investments, PNO Media seeks to contribute to a more liveable world by making a positive impact on society and the environment ('doing good');
2. PNO Media seeks to create a future-proof portfolio by integrating financially material environmental, social, and corporate governance risks and opportunities into the investment portfolio. In its implementation of the ESG policy, the fund takes the risk/return profile of the portfolio into account, but accepts the risk of (temporarily) somewhat lower returns as a result of the sustainability policy;

3. As part of its social responsibility commitment, PNO Media seeks to avoid or mitigate the negative impact of investments on society and the environment ('doing no harm').

Proper focus is needed in order to be effective, which is why PNO Media focuses on priorities such as freedom of the press, human rights, biodiversity and the climate. These themes are mentioned in Chapter 3 and further elaborated in Chapters 5 to 7. In order to ensure implementation of the policy, PNO Media has defined a number of basic principles, which are set out in Chapter 4. For PNO Media, transparency is essential. This is partly because of the industry in which the fund operates. In this policy, PNO Media presents its views as to what constitutes responsible investment, and why and how responsible investments are made. PNO Media gives an account of the choices made and the instruments used in its reports and on its website. This is discussed in Chapter 8. PNO Media monitors the progress of its responsible investment policy on a quarterly and yearly basis, and regularly assesses the policy to make sure it is aligned with new insights, laws and regulations.

2. Vision

Because of the industry in which they work, PNO Media participants are interested in and well-informed about social developments and challenges. They expect a clear position, and clear choices, from the fund as far as responsible investment is concerned. The fund's participants and affiliated employers have expressed that sustainability is important for them, both personally and in regards to their business activities, so they expect their pension fund to place a high value on it as well. PNO Media's obligations have a long horizon, which is why the fund pursues long-term value creation through its investments, with a key focus on social developments and challenges. PNO Media believes that taking environmental, social and governance aspects into consideration leads to better investment choices and a more future-proof portfolio, which makes this beneficial to both the fund and its participants. Responsible investment is an essential part of PNO Media's identity. The fund faces significant social challenges that, in terms of investment practices, bring opportunities, risks and responsibilities alike.

The past decades have seen a significant growth in the world's overall wealth. However, this burgeoning of wealth and population has its drawbacks as well. Various wrongs can be seen in the social sphere, such as the poverty that afflicts certain parts of the world, violations of human rights, limited access to education and healthcare, corruption, and exploitation of workers. In many regions, the human impact on local ecosystems has grown to overwhelming proportions, leading to reduced biodiversity and a polluted environment. The climate is changing partly due to rapidly increasing

emissions of CO₂ and other greenhouse gases. Governments are toughening up their policies and making international treaties on many of these issues. One example of this is the 2015 Paris Agreement aimed at keeping the worldwide temperature warming well below 2° C. This agreement serves as a guideline for the PNO Media's climate policy. The Dutch government has embraced this climate goal. The Sustainable Development Goals (SDGs) adopted by 192 states in 2015 are another example. These are goals for a liveable world by 2030 that were embraced by governments, companies and investors all over the world.

These developments have implications for PNO Media's investments. They present risks, but offer opportunities at the same time. PNO Media weighs the effect of these risks and opportunities in its investment decisions. PNO Media's investment activities have an impact on the world, which can be negative or positive. The fund is aware of this, and feels a corresponding responsibility. Avoidance of negative impact ('doing no harm') has long been part of the fund's responsible investment policy. Now, PNO Media wants to make sure that its investment activities do not have a negative impact on the environment and society. It is with this in mind that PNO Media endorses the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights. The fund has reinforced these commitments by also signing the IMVB (Internationaal Maatschappelijk Verantwoord Beleggen) covenant together with the Dutch government, trade unions, civil society organisations and many other Dutch pension funds. The significance of the IMVB covenant to PNO Media will be discussed in more detail in Chapter 7. However, due to the developments in the world today, merely avoiding negative impact is not enough. Wherever possible, PNO Media seeks to contribute to making the world a more liveable place through investments that have a positive impact on the environment and society ('doing good').

To summarise, PNO Media sees responsible investment as involving at least the following factors: contribution to a more liveable world, avoidance or mitigation of negative impact on the world, and taking environmental and social factors and good corporate governance into account in all its investment decisions.

3. Goals and themes

PNO Media has formulated three goals for its responsible investment policy based on its identity, philosophy and vision:

1. With its investments, PNO Media seeks to contribute to a liveable world by making a positive impact on society and the environment ('doing good');
2. PNO Media seeks to create a future-proof portfolio by integrating financially material environmental, social, and corporate governance risks and opportunities into the investment portfolio. In its implementation of the ESG policy, the fund considers the risk/return profile of the portfolio, but accepts the risk of (temporarily) somewhat lower returns or higher management costs as a result of the sustainability policy;
3. As part of its social responsibility, PNO Media seeks to avoid or mitigate the negative impact of its investments on society and the environment ('doing no harm').

Implementation of these principles is subject to the following conditions:

- The responsible investment policy is aligned with the basic principles, and is part of the long-term strategic investment policy.
- In its responsible investment policy, the fund is guided by prudent financial considerations (in short and long term) (also see Chapter 4).
- The fund is cost-conscious; it weighs the implementation costs of the responsible investment policy against the expected added value. Thus, the fund's concept of added value embraces more than just the financial aspect thereof.

PNO Media has made theme-based choices for the implementation of the responsible investment policy based on its identity, its widely shared expectations for society, and its own goals. These themes are further elaborated in Chapters 5 to 7. These themes are as follows:

'Doing good' themes. Contributing to:

- A stable and resilient climate for people worldwide.
- Preservation of natural resources and promotion of biodiversity.

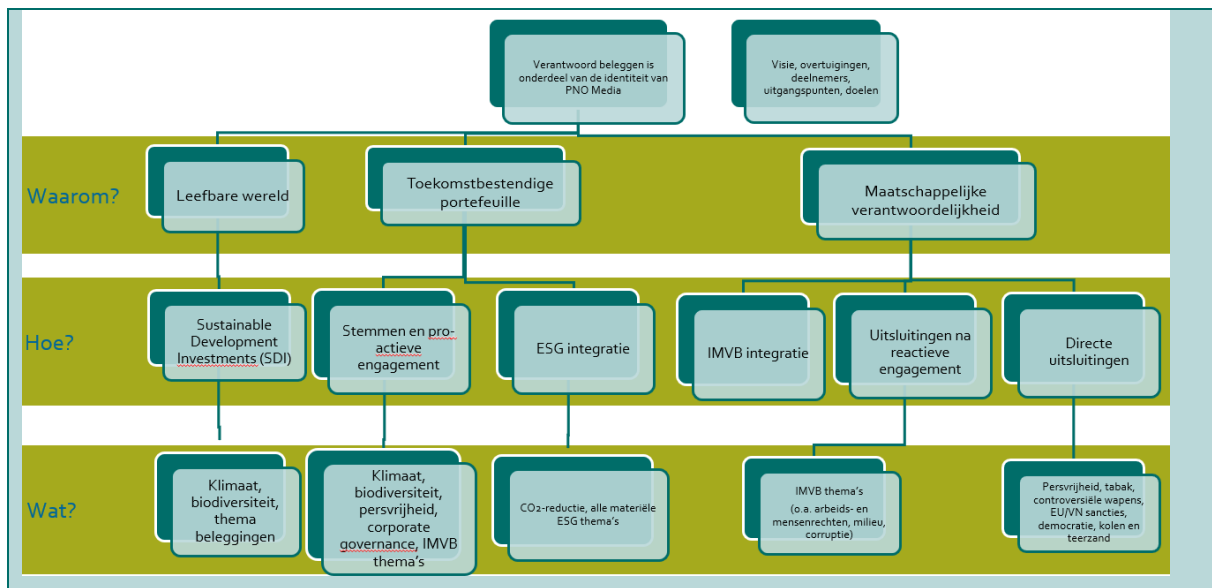
'Doing no harm' themes. Avoiding investments in, or avoiding/mitigating involvement in:

- Serious violations of freedom of press.
- Controversial weapons.
- Tobacco production.
- UN and EU sanctions due to violations of human rights and arms trading.
- Serious violations of human rights and employee rights.
- Countries with an impaired level of democracy.
- Severe environmental pollution (including CO2 emissions/climate).
- Poor corporate governance.

Cohesion between goals, instruments and themes

The figure below illustrates the cohesion between goals, themes and instruments. The goals are linked to one or two instruments that shape them, and further to the themes in which they are applied. In some cases, a goal is also fulfilled using other instruments, although in a less prominent way. For example, proactive engagement (see Sections 5.2, 6.2, and 7.2) and various components of the engagement programme contribute to all goals (social responsibility, future-proof portfolio and liveable world), but predominantly to a future-proof portfolio and liveable world. This also applies to voting, which contributes to all goals, but predominantly to a future-proof portfolio. The goal of a liveable world is served by Sustainable Development Investments (SDI), as long as the risk/return profile is taken into account on an aggregate level across the investment category in question during implementation, and as long as the risk of somewhat lower returns or higher management costs is accepted. The goal of a future-proof portfolio is mainly served through ESG integration. This addresses the impact of financially material ESG risks and opportunities on investments. PNO Media also weighs the impact of investments on the world. We call this IMVB integration¹. It contributes to the goal of social responsibility. This has been further anchored by our signing of the IMVB-covenant.

¹ Many aspects of environmental and social concerns, and of good corporate governance (ESG), present risks and offer opportunities to both investors and the larger world. We use different terms to describe such risks because, on the one hand, there are ESG risks and opportunities that are beyond the scope of the IMVB covenant (for example, the degree of independence of a company's management) and, on the other hand, there are also risks that are not (yet) financially material and therefore do not present a financial risk to the investor, but do present a risk to the larger world (for example, types of environmental pollution that are not prohibited by law). We refer to these latter risks as 'additional IMVB risks'. Thus, implementation of the IMVB covenant pertain to both types of risks (financially material ESG risks and additional IMVB risks).



4. Basic principles

PNO Media believes that weighing ESG criteria in investment decisions results in value creation and/or better risk control in the long term. Financially, this is most fully reflected in the second goal (future-proof portfolio). For the third goal (social responsibility), financial consequences of excluding certain investments are identified in advance, and mitigating measures are added wherever possible. The reason for excluding certain investments has nothing to do with financial considerations. Rather, it relates to the set of standards and values that PNO Media's investments must comply with. For the first goal (liveable world), when implementing our policy, we consider the risk/return profile of the portfolio, but we accept the risk of (temporarily) somewhat lower returns or higher management costs as a result of the sustainability policy. This prerequisite is not set at the level of individual investments, but at the level of the entire investment category in question. The goal here is to produce a positive impact on society.

PNO Media is aware of its social responsibility as an institutional investor, and it acts accordingly. This means that in its investment policy, the fund relies on standards and values that are broadly accepted in society.

The share of PNO Media's investments in the overall financing of specific companies and governments is generally small. This is partly due to the fund's size and the target diversification of investments. This is why PNO Media's responsible investment policy has a limited impact on the activities of corporations or governments. Wherever possible, PNO Media works with other investors to augment its influence.

Wherever possible, PNO Media implements its responsible investment policy across its entire investment portfolio, and thus in all investment categories. The following chapters will elaborate on the implementation of each of the three goals of the responsible investment policy.

5. Goal 1: liveable world

With its investment portfolio, PNO Media seeks to focus more on contributing to a positive social impact ('doing good'). This involves investing in entities that sell goods and services that offer solutions to the most important sustainability challenges, and supporting companies in making a greater social impact. It is for the latter purpose that PNO Media has set up its engagement programme. The 17 Sustainable Development Goals (SDGs) offer a widely recognised framework for assessing and recording positive impact (see the text box 'The Sustainable Development Goals').

5.1 Investments with a positive social impact

Investments with a positive sustainability impact (*Sustainable Development Investments, SDIs*) are investments in (entities with) goods and services that contribute to one or more SDGs and that meet certain financial risk and return requirements. SDIs encompass all investment categories – they do not represent a separate investment category per se. These investments contribute to one or more SDGs, but they must never be in conflict with other SDGs or with PNO Media's other responsible investment goals.

In order to maintain proper focus in its policy, PNO Media has not embraced all 17 SDGs. Instead, the fund has chosen two key themes that are largely supported by its participants and in which the fund can invest in scale: climate and biodiversity.

Climate (SDG 7 (Affordable and clean energy) and SDG 13 (Climate action)):

Climate is vital to our world and our future. Because of the warming of the planet, we see an increasing amount of extreme weather events such as heat waves, floods and droughts. Not only does this have serious implications for humanity and nature – it also affects our investments. By taking climate action, we are able to mitigate the warming of the earth and protect ourselves from its negative implications. There are several ways to reduce greenhouse gas (CO₂) emissions, such as promoting sustainable energy, reducing waste, and improving energy efficiency. It is important to take into account this impact on climate and the environment when we are making investment decisions.

Biodiversity (SDG 12 (Responsible consumption and production), SDG 14 (Life below water) and SDG 15 (Life on land)):

Biodiversity is crucial to the health of our world and to our well-being as humans. It helps nature maintain its balance, and ensures that ecosystems are able to function and adapt to changes. Biodiversity also plays an important economic role because many of our foods, medicines and other raw materials originate from wild plants and animals. Moreover, protecting biodiversity can aid our fight against climate change and natural disasters. It is important to take into account this impact on biodiversity when we are making investment decisions. We should also, wherever possible, act to protect and restore biodiversity.

The themes of climate and biodiversity are closely interconnected. It isn't only in the matter of increasing production where these themes intersect, but also the effort to keep our planet liveable. Climate and biodiversity have a direct impact on people and the environment. The fund thus seeks to invest more in goods and services (and features thereof) that deliver a positive social contribution to:

The Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a set of goals adopted by the UN as the 2030 Agenda for Sustainable Development. The SDGs replaced the Millennium Development Goals, which expired at the end of 2015. The plan is for the SDGs to be in force from 2016 to 2030. There are 17 SDGs comprising 17 goals and 169 underlying targets for operationalising these goals. Member states must independently incorporate these goals into their respective national policies. The 17 SDGs are shown in the figure below (the 5 SDGs that PNO Media concentrates on as part of its 3 focus themes are circled).



Wherever possible, PNO Media will rely on investments with a positive social impact in its investment decisions. For example, the fund currently invests a minimum of 10% of its corporate bond portfolio in green bonds.

Green bonds are bonds specifically targeted towards financing green projects, such as renewable energy, energy efficiency, environmental protection and climate adaptation. These bonds are usually issued by governments, international organisations, or companies. Their aim is to offer investors an opportunity to benefit from the growth of the green economy while also supporting the energy transition. Green bonds are often assessed and certified by external agencies in order to make sure that they meet certain conditions. By making conscious investments in green bonds, we contribute to financing a sustainable future.

The fund will also allocate a minimum of 3% of the total investment portfolio to investments linked to one of the key themes. This will be implemented in a phased manner. In the process of choosing an SDI investment, it will be ensured that it has a distinctive impact on one or both key themes.

More information on this subject will be published on the website: [Responsible investments in practice | PNO Media](#)

5.2 Shareholder engagement: proactive engagement

It is also possible to contribute to a more liveable world through *proactive engagement*. In its engagement with companies, PNO Media seeks to encourage these companies to increase the positive social impact of their goods and services. The basic principle here is to improve investment returns and/or to mitigate risks by encouraging long-term value creation. If you engage with a company as an investor and draw its attention to the (negative) impact of its current activities on the world and its responsibility in this regard, the company will become more aware of its social position, which will result in more sustainable business operations. PNO Media has agreed with its external ESG service provider to focus the proactive engagement programme on preventing and mitigating negative impact and promoting positive impact. The progress of the proactive engagement programme is monitored by the ESG service provider and reported on a quarterly basis. The themes in question are mainly those of climate and biodiversity. Proactive engagement is also part of the goals of a future-proof portfolio and social responsibility, so it covers multiple themes. These will be further elaborated in Sections 6.2 and 7.2.

6. Goal 2: future-proof portfolio

6.1 ESG integration

PNO Media seeks to enhance ESG integration across all investment categories. ESG integration implies considering environmental (E), social (S) and governance (G) aspects that are financially material within an investment strategy. Considering ESG aspects can result in lower financial risks and/or better returns within the investment mandate. This does not necessarily pertain to particular mandates; but rather giving consideration to ESG in existing and new investment strategies. The fund does this in the following manner:

1. Responsible investment aspects are integrated into the due diligence process for new investments/mandates.
2. Responsible investments are made an important part of the assessment in conjunction with the monitoring of existing and new investments/mandates.
3. Investment mandate managers are chosen, that have integrated responsible investment in their investment process.
4. Particular ESG goals are assigned to external asset managers.

In this case, specific features of the investment category in question are taken into account.

This assessment is, on the one hand, about thoroughly integrating the material ESG criteria into the investments made by the external asset manager, and, on the other hand, about making sure that

the external asset manager matches with PNO Media's broader responsible investment policy (for example, in terms of fulfilling ESG goals, the enabling of exclusions by PNO Media, or enabling of the integration of IMV – see Chapter 7). A responsible investment score will be calculated for every asset manager (the score will also account for the extent of ESG integration), in the same way as (e.g.) a manager's financial performance is reviewed during selection and monitoring². Going forward, PNO Media will only appoint asset managers with a good responsible investment score. Current asset managers with a low responsible investment score will be encouraged to improve their score through the engagement programme. If no improvement is seen over a certain period, the manager in question will be dismissed.

Climate action

Climate is one of the two key themes that this fund considers important. Section 5.2 describes the impact of climate change on the Earth and its potential implications for humanity. Therefore, climate is also a theme that plays an important role in all three of the fund's goals. Mitigation of climate change helps make and keep the world liveable. Additionally, it is important for ensuring a future-proof portfolio. Asset Liability Management (ALM) studies include stress tests that help quantify exposure to the risks of climate change and energy transition. For example, an oil producer is exposed to the risk of decrease in the value of its investments in oil fields when oil prices are low, or an energy producer is exposed to the risk of revenue loss if it fails to invest in sustainable energy sources in a timely manner. The special attention that this risk requires is also the reason why it is anchored in European and Dutch laws and regulations such as IORP II (Institutions for Occupational Retirement Provision). Below are some of the actions that PNO Media takes to address climate risks in its portfolio.

Investment in oil, gas and coal

PNO Media seeks to mitigate climate risk in its investment portfolio while contributing to a more liveable world. The fund is aware that portfolio investments can have a (negative) impact on society and the environment. Engagement with companies and countries makes it possible to agree upon

² The terminology used here with regard to ESG integration, IMVB integration and responsible investment is potentially confusing. Different terms are needed to clarify different motives and goals. PNO Media wants its asset managers and investments to be aligned with the responsible investment policy in its entirety. The responsible investment policy comprises different instruments, such as exclusions, engagement, SDI, ESG integration and IMVB integration. The 'responsible investment assessment' embraces all these instruments and PNO Media's focal themes. The term 'ESG integration' only refers to the ESG themes (focal and otherwise) that are material within the investment strategy and the investment period in question. 'IMVB integration' refers to the implementation of the IMVB covenant, predominantly the themes of human rights, employee rights and environmental pollution.

certain measures for keeping the negative impact at a minimum and for seeking sustainable solutions. If a company is involved in producing goods that have a relatively high environmental load (as with the oil and gas industry), such companies undergo an even more intensive engagement process. A company has three years to demonstrate that it abides by the commitments contained in the Paris Climate Agreement. Specifically, this means that the company must have a plan for meeting these commitments, and must also act to reach the targets. If, within the allotted period of time, the company is unable to demonstrate it abides by the Paris Climate Agreement, PNO Media will no longer invest in such a company operating in the oil and gas industry (see the text box). The latter is aligned with the fund's third goal: social responsibility.

Investment in the oil, gas and coal industry:

In 2023, PNO Media will further elaborate and implement the intensive engagement policy for the energy sector (oil & gas). Participants will receive transparent reports regarding the targets, timelines and progress of engagement practices. Failure to meet the targets will ultimately lead to divestment of the corresponding company.

Investing in coal and tar sand

Most participants see coal and oil production from tar sand as an operation that does serious harm to the environment, and does not fit in a sustainable investment portfolio. Engagement with companies engaged in this activity has not proven to bring much progress due to the nature of the production process, which cannot be changed or carried out in a sustainable way. For this reason, PNO Media does not invest in companies that secure a meaningful part³ of their revenue from the production of energy sources derived from tar sand and coal. This applies to the entire liquid investment portfolio and, to the extent possible and practicable, to non-liquid investment portfolios as well⁴.

Oil production from ***tar sand*** is considered to be highly polluting because the extraction of heavy, viscous oil from the sand requires a significant amount of energy and water. Oil extraction from tar sand releases large amounts of greenhouse gases that contribute to climate change. Additionally, the extraction process leaves behind tailing ponds that contain a mixture of water, fine clay and residual bitumen. These tailing ponds pose a risk of toxic chemicals entering the environment and

³ The threshold value to be used in this regard will be established in the first half of 2023.

⁴ Divestment of these companies from the portfolio will be completed over the course of 2023.

doing harm to the surrounding habitat. Oil extraction from tar sand also causes deforestation, which in turn can affect biodiversity and local communities' traditional way of life.

Reduction of greenhouse gas (CO₂) emissions in the portfolio

PNO Media is aware that greenhouse gas emissions must be reduced to keep the temperature increase securely below 2°. The 2015 Paris Climate Agreement serves as a guideline in this respect. Governments and businesses must do everything they can to cut down CO₂ emissions. PNO Media also assumes responsibility in this regard. The fund requires its external asset managers for liquid equity and corporate bond mandates to keep greenhouse gas emissions at least 25% lower than the benchmark in use. The setting of clear targets demonstrates that the fund takes the Paris Climate Agreement seriously while also offering companies an opportunity to proceed with energy transition. CO₂ reduction is aligned with the goal of making and keeping the portfolio future-proof, and also with the goal of contributing to a liveable world. A focus on companies with a lower environmental load in the investment portfolio reduces the portfolio risk.

Emissions of **greenhouse gases** such as carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O), hereinafter referred with the cover-term "CO₂", have a major impact on climate. These gases absorb and reflect heat in the atmosphere, which causes the Earth's warming. This process is known as the greenhouse effect. Most greenhouse gas emissions are the result of human activities, such as burning of oil and coal to generate energy, changes in land use, industrial processes, and deforestation. The burning of such fuels, such as (thermal) coal, oil and gas accounts for the largest portion of greenhouse gas emissions. Build-up of these gases in the atmosphere causes the Earth's temperature to warm, and increases the number of extreme weather events, such as heat waves, floods and droughts, all of which have major economic, social and environmental implications.

6.2 Shareholder engagement: proactive engagement

PNO Media has a policy of active stewardship, involving engagement and voting. This is also required by the EU's long-term shareholder engagement directive (Shareholders Rights Directive II). Proactive engagement has a positive focus (e.g. the goal of a liveable world) and/or is intended as an enabling programme for avoiding incidents and negative impact (goal of social responsibility). Engagement can also bring about improved investment returns by encouraging long-term value creation in companies (future-proof portfolio goal). For details of reactive engagement (goal of social responsibility), please see Section 7.2. Each of these goals will be reflected in parts of the PNO Media's engagement

programme. When engaging with regard to listed equity portfolios and corporate bond portfolios, PNO Media works together with an ESG service provider. In doing so, the fund focuses on:

- Human rights and employee rights
- Environmental pollution
- Corporate governance
- Freedom of press
- Climate
- Sustainable consumption and production
- Life below water
- Life on land.

International guidelines and standards:

Good corporate governance is an important tool in achieving environmental and social goals. PNO Media abides by the Dutch Corporate Governance Code and the OECD's and ICGN's (International Corporate Governance Network) principles of good corporate governance. In regards to the other themes related to the social responsibility goal, PNO Media relies on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact. This comprises the UN's Universal Human Rights and the ILO's (International Labour Organisation) worker rights. For the climate theme, PNO Media uses the Paris Agreement (2015) as a basis. For freedom of the press, the fund relies on the World Press Freedom Index (see Section 7.1). In the case of countries with an impaired level democracy, the fund seeks to team up with a commonly accepted and reputable data provider. The relevant proposal has been laid before the management board and will be implemented in the first half of 2023. For the liveable world goal, the fund leans upon focal themes within the SDGs (see Section 5.1).

Social and ethical aspects

Well-run businesses cannot ignore the impact of their goods and services on society. In order to ensure long-term value creation, companies need to maintain good relations with their key stakeholders, and this needs to be aligned with their social objectives. These objectives must be in compliance with international agreements such as the OECD Guidelines for Multinational Enterprises. If companies are engaged in activities that have a negative impact on society, this will ultimately result in higher costs for the business. Therefore, governance of such companies must ensure minimisation of such impacts, as well as fair and responsible contributions to society. To this end, companies should ensure ethical and respectful treatment of their employees, suppliers

and customers. By engaging with companies, we help them develop strategies and goals that are oriented towards ensuring dignified and respectful treatment of employees, and that subsequently serve to ensure adequate possibilities for development. Companies should also exercise their influence to encourage their suppliers to achieve similar results. Companies are urged to identify human rights risks, manage such risks, and mitigate any adverse impact. We also encourage measures that have a positive impact on human and employee rights.

In its contracts with external asset managers, PNO Media stipulates that international treaties on employee and human rights (including diversity) must be taken into account in the making of investment decisions.

The fund does not invest in government bonds issued by countries that regularly violate human rights (see Section 7.1). Another instrument that PNO Media utilises is voting at shareholder meetings. If there is evidence that a company is failing to protect employee and human rights, we may vote against the appointment of certain directors, or against granting liability discharge to the management board. Alongside this, we support shareholder proposals aimed at improving companies' social conditions.

6.3 Voting

The right to vote is an important right held by shareholders. PNO Media votes at shareholder meetings with respect to all companies in the portfolio. The fund does this in a centralised way across all investments, via an ESG service provider and on the basis on its own established voting guidelines. The most important such voting guidelines can be seen at: [Policies, reports and records | PNO Media](#)). When exercising its right to vote, PNO Media relies on the codes and principles of good corporate governance laid out in Section 6.2, and on the aforementioned treaties on the environment and society. To ensure full transparency, PNO Media publishes its voting record on its website. If the fund votes against an item on the agenda, the reasons for this will subsequently be explained.

Securities lending

To ensure that voting is possible at all shareholder meetings, PNO Media does **not** lend shares. This approach also improves the efficiency of engagement in situations where important engagement-related matters are placed on the agenda via shareholder resolutions.

Class actions

Where relevant, PNO Media participates in class actions brought against companies that are guilty of violating standards and/or laws. Such violations often concern social, administrative or environmental criteria. Class actions can be seen as an escalation mechanism to be used when other ESG instruments fail, enforcing companies' compliance with laws and regulations.

A (securities) **class action** is a lawsuit filed by a group of investors who bought or sold company's publicly traded securities during a specific period of time (known as the 'class period'), and suffered economic injury as a result of violations of the securities laws. In cases involving misleading statements or omissions, a class period generally starts when a company issues an untrue statement regarding material facts about itself, or fails to disclose material facts that are necessary for proper evaluating it.

7. Goal 3: social responsibility

PNO Media aims to be socially responsible, and operates on the conviction that it should avoid the potential negative impact that its investments could have on society and the environment. PNO Media believes that investing for change is better than directly excluding certain investments, as the former option allows a greater possibility of keeping the investments' negative impact under control. With this said, investing for change is not always possible. In regards to companies' products, direct exclusion is preferable. Also, when it comes to the conduct of states (in matters of investment in government bonds), investment for change is not an option for a pension fund. To address the conduct or performance of the companies in which PNO Media invests, the fund will enter into a dialogue with these companies with the aim of mitigating, remedying (providing remedy and/or redress in accordance with OECD Guidelines) and further avoiding any negative impact (reactive engagement). If the company's improvement is deemed insufficient, PNO Media may decide to exclude this company. Companies and government bonds excluded by PNO Media are placed on an exclusion list which is published semi-annually on PNO Media's website ([What we do not invest in | PNO Media](#)).

7.1 Direct exclusions

PNO Media excludes from its investment portfolio any government bonds issued by countries with violations of press freedom, with an impaired level of democracy, and against which the UN and EU have imposed sanctions due to violations of human rights and/or weapons deliveries. PNO Media

excludes companies and other entities involved in controversial weapons and tobacco production, and production of (thermal) coal and oil from tar sand, across all its investment categories.

Freedom of press

For PNO Media and its participants, freedom of press is an important theme in regards to the industry that the fund represents. Freedom of the press is a fundamental right, and part of the criteria for human freedom of expression adopted by the UN. Countries are responsible for the protection and reinforcement of press freedom. PNO Media excludes government bonds issued by countries with an impaired level of press freedom. The fund relies on the annually-published World Press Freedom Index for information on a large number of countries around the world. This index assigns countries an overall score on media independence, self-censorship, pluralism, legal framework, transparency and media infrastructure. PNO Media also takes the index's 'safety scores' into consideration. These scores are based on individual incidents, and thus afford an up-to-date picture of the level of press freedom. PNO Media excludes government bonds issued by countries who receive a very low overall score on this index, and countries with a poor safety score over the past year⁵.

Impaired level of democracy

PNO Media and its participants attach high value to well-performing democratic systems in their assessments of different countries. This neatly aligns with the fund's social responsibility stance, and with the standards and values it advocates. In countries with an impaired level of democracy, the fund seeks to team up with a widely accepted, reputable data provider. The relevant proposal has been laid before the management board and will be implemented in the first half of 2023.

State violations of human rights

Countries can be involved in broad *violations of human rights* and/or (civil) wars. In serious situations, the United Nations and the European Union compile sanctions lists of the countries involved. Even though PNO Media is not legally obliged to implement these sanction lists, it seeks to avoid investing in government bonds issued by such countries. PNO Media places government bonds issued by such countries on its exclusion list.

⁵ This means that government bonds issued by countries with the lowest overall score (category 5) are directly excluded, as are countries with the lowest safety score if their overall score falls under category 4 or 5.

Controversial weapons

PNO Media aims to avoid involvement in the production of weapons, weapon systems and essential parts of either, or in the maintenance of any weapons that are prohibited under international law or the use of which violates fundamental humanitarian principles. Among such humanitarian principles are the principle of proportionality (unnecessary suffering must be avoided) and the principle of distinction (military targets and civilian objects must be distinguished from each other). So-called *controversial weapons* can be of two types: weapons of mass destruction (with consequences for both military targets and civilians in a military conflict) and weapons that can cause civilian casualties during and after a military conflict (for example, unexploded land mines or radiation caused by certain types of ammunition).

Controversial weapons include:

- Chemical and biological weapons
- Nuclear weapons
- Anti-personnel mines
- Cluster munitions
- Depleted uranium ammunition.

PNO Media excludes any companies involved with these types of weapons from its investment portfolio. In the case of cluster munitions, this is a legal requirement; in the case of other types of weapons, this is PNO Media's own policy choice.

Controversial weapons

Biological weapons include microbiological or biological substances in amounts that are not justified for peaceful use, and ammunition designed for using these substances as a weapon. (This definition follows that of the UN Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction.)

Chemical weapons include chemicals with properties that can kill or cause other forms of harm due to their toxicity, and ammunition designed for using these chemicals as a weapon. (Definition as per the UN Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction.)

A nuclear weapon is any device that is capable of releasing nuclear energy in an uncontrolled manner, and that has set of features that allow its use as a weapon. (Definition as per the UN Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean.) The 1968

Treaty on the Non-Proliferation of Nuclear Weapons (NPT), signed by almost all UN member states, does not provide a clearer definition.

Anti-personnel mines are objects designed to detonate when people come into proximity with them or make contact with them, and that are intended to injure or kill a person who does so. These mines remain active and thus cause civilian casualties for a long period after the end of a military conflict. (Definition as per the Ottawa Convention/UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.)

Cluster bombs are bombs that release many submunitions with the purpose of bombing a larger area. Unexploded submunitions can also cause civilian casualties after a military conflict has ended. The definitions are according to the Oslo Convention on Cluster Munitions (2008).

Depleted uranium is used in projectiles so that they can (e.g.) pierce through armour plating. The radioactive load remains active long after the end of a military conflict, and can (slowly) kill civilians. There is no international convention regulating the dissemination of depleted uranium ammunition, nor even the definition of such ammunition. According to a common definition used by responsible investment research firms, depleted uranium (DU) ammunition are projectiles (bullets, missiles, etc.) that have been treated with a radioactive chemical agent (DU). Due to its high density, DU is generally used to increase the shock power of projectiles (so that e.g. they will be able to pierce through steel). The U-235 concentrations used for these purposes are 0.7% or lower.

Tobacco production

Tobacco is a very harmful, even deadly product. It is deadly not only to the user, but also to non-users exposed to second-hand smoke. Worldwide, this causes millions of deaths every year and generates huge healthcare costs. The tobacco industry also carries legal risks and risks resulting from laws and regulations and potential changes therein. Social rejection of smoking is growing increasingly strong. PNO Media excludes companies whose only source of revenue is tobacco products⁶. Tobacco products include cigarettes, cigars, snuff and chewing tobacco, and e-cigarettes,

⁶ PNO Media obtains its data from data suppliers specialising in ESG research. The fund thus ensures that the exclusion list is aligned with its exclusion policy to the greatest extent possible.

as well as the cultivation of tobacco leaves. Companies that own a stake of more than 10% in a company involved in tobacco production are also excluded by PNO Media.

Coal and tar sand

One of PNO Media's climate actions is to avoid investing in companies that secure a meaningful portion of their revenue from the production of energy sources derived from tar sand and coal. This applies to the entire liquid investment portfolio and, to the extent possible and practicable, to non-liquid investment portfolios as well⁷. For more details, please see Section 6.1 (Climate action).

7.2 Shareholder engagement: reactive engagement

In the case of companies' products and the conduct of countries, direct exclusion is the most appropriate instrument. However, when it comes to corporate conduct/performance, engagement is the preferred responsible investment instrument, as it allows the fund to use its influence to improve the situation. PNO Media distinguishes between reactive (Section 7.2) and proactive engagement (Sections 5.2 and 6.2). Reactive engagement addresses incidents and serious violations that affect the environment and/or society. If reactive engagement fails to change the company in question's conduct, the company can be excluded.

PNO Media performs an investigation (due diligence) on all its listed equities and corporate bond portfolios to help identify companies that may have, or clearly do have, a negative impact on society and/or the environment as defined in the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. The OECD Guidelines and UN Guiding Principles form the basis of the IMVB covenant, which PNO Media has adopted of its own accord. As part of this effort, PNO Media also endorses the UN Global Compact (see the text box). In the case of companies in which PNO Media invests and that cause or contribute to a negative impact (e.g. via their suppliers), PNO Media compiles a 'reactive engagement list'. Companies on this list are prioritised based on the most serious negative impact(s) on society and/or the environment in the areas mentioned in the UN Guiding Principles and OECD Guidelines (so-called IMVB themes). The severity of this impact is determined based on scale, scope and degree of irreversibility.

The fund outsources due diligence, and performs engagement in co-operation with an ESG partner. The aim is for the companies in question to end any negative impact that they (may) cause to third

⁷ Divestment of these companies from the portfolio will be completed in 2023.

parties, to offer remedy and/or redress to those affected, where relevant, and to take adequate measures to prevent future incidents. The engagement goal, strategy, questions and timelines are set for each company for a period of three years. PNO Media monitors progress in this regard. In cases where insufficient progress has been made after about three years, PNO Media makes a decision on whether or not to proceed to exclude the company in question. Before this decision is made, the fund may undertake more stringent measures to enhance the engagement: it may team up with other investors or other stakeholders in (for example) voting against certain directors or against granting discharge from liability at the shareholder meeting, by submitting shareholder proposals (individually and/or together with other investors), and/or by making public statements. Companies excluded after failure of engagement will be published on PNO Media's exclusion list, with accompanying explanations.

OECD Guidelines, UN Guiding Principles, and the UN Global Compact

The OECD Guidelines for Multinational Enterprises are guidelines for multinational enterprises that operate in or out of OECD countries (or other countries that have adopted the OECD Guidelines). These are non-binding principles and standards for corporate social responsibility in a worldwide context in accordance with applicable laws and internationally recognised standards. These guidelines cover the following subjects: disclosure of financial and non-financial information, human rights, employee rights, the environment, anti-bribery efforts, bribe solicitation and extortion, consumer interests, science and technology, competition, and taxation.

The UN Guiding Principles on Business and Human Rights (UNGPR) were ratified unanimously by the UN Human Rights Council in 2011. UNGPR comprises 31 principles resting on 3 pillars: 1. states' duty to protect human rights, 2. corporate responsibility to respect human rights, and 3. access to remedy for victims of human rights violations. Companies must have appropriate policy measures and processes in place as part of their effort to avoid a negative impact on human rights, and to respond adequately if such an impact occurs. The guiding principles offer a threefold approach that can be summarised as follows: 1. a public commitment to respect human rights that are embedded in a company's corporate culture, 2. an ongoing process of due diligence regarding human rights that the company uses to evaluate human rights risks, integrate findings into its decision-making, take action to mitigate these risks, track the effectiveness of these measures, and communicate its efforts internally and externally, 3. processes to offer remedy to anyone affected when the company has caused or contributed to such harm. This encompasses companies' own operations and employees, and also operations directly controlled by the companies, their

immediate or strategic suppliers, and impacts that are produced further on in the value chain by third parties on which the companies have limited influence.

The ten principles of the UN Global Compact (UNGC) in the areas of human rights, labour, the environment and anti-corruption enjoy broad support among companies and investors worldwide. These principles have been derived from the UN Universal Declaration of Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development, and the UN Convention Against Corruption. The 10 principles are as follows: 1. businesses should support and respect the protection of internationally proclaimed human rights, and 2. ensure that they are not complicit in human rights abuses; 3. businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; 6. the elimination of discrimination in respect of employment and occupation; 7. businesses should support a precautionary approach to environmental challenges, 8. undertake initiatives to promote greater environmental responsibility, 9. encourage the development and diffusion of environmentally friendly technologies, and 10. work against corruption in all its forms, including extortion and bribery.

7.3 IMVB integration

Reactive engagement is an important instrument that PNO Media uses in the implementation of the IMVB covenant. In addition to this, PNO Media makes agreements, where possible, with its external asset managers concerning the implementation of the IMVB covenant in investments administered by these asset managers. In this respect, the fund is governed by the OECD guideline for institutional investors, and integrates relevant provisions of the IMVB covenant into its selection and monitoring framework. These provisions are incorporated into mandates or selection criteria for investment funds across all investment categories in which the fund invests, apart from liquidities (as per the IMVB covenant). Wherever possible, we carry out an investigation (due diligence) to identify (potential) negative impacts on society and the environment, and we expect the same from our external asset managers.

PNO Media's due diligence

1. **Policy:** in our ESG policy, we are governed by the OECD and UN guidelines, and we expect the same from our external managers. External asset managers must adopt, and be able

to implement, PNO Media's ESG policy. External asset managers need to have integrated ESG data into their management systems, and need to consider ESG risks in their investment decisions.

2. **Screening:** From time to time, PNO Media queries its participants about their expectations and preferences with respect to socially responsible investment. This helps the fund understand what participants find important, and helps it develop policy based on these findings. PNO Media has at its disposal ESG data that helps identify potential negative impact of its investments. To this end, the 'principal adverse impacts' of the EU Sustainable Finance Disclosure Regulation (SFDR) are used as a reference. Additionally, the ESG service provider scans the equity and corporate bond portfolio to identify companies that cause the most serious negative impacts in terms of severity, scale and irreversibility. The ESG service provider engages with these companies and makes time-bound agreements to reduce negative impacts. If a company does not co-operate in this regard, PNO Media excludes it from investment.
3. **Mitigation:** the fund mitigates negative environmental and social impact of our investments by voting at shareholder meetings, by engaging with companies, and by making time-bound agreements on improvements. The fund has also decided not to invest in companies and countries that do not meet our standards and values (see Section 7.1). Furthermore, PNO Media is guided by the Paris Climate Agreement in developing climate policy aimed at reducing negative impact.
4. **Monitoring:** the fund monitors, on a day-to-day basis, the implementation of PNO Media's exclusion list by external asset managers. The external asset managers submit quarterly reports on the progress and implementation of the ESG policy. ESG implementation is an essential part of the external managers' quarterly assessment. Additionally, PNO Media has its own ESG data that allows it to monitor and review ESG implementation with regard to its investment portfolios.
5. **Communication:** On its website, PNO Media publishes quarterly reports on voting and on proactive and reactive engagement policies. In these reports, the fund discloses the votes that have been made, and progress of the engagement processes. Additionally, from time to time, the fund posts updates on the ESG policy on its website and on social media.
6. **Remedy and redress:** Generally, the fund will only have a (for this purpose) direct relationship to the negative impacts caused by companies that it invests in. In such cases, the pension fund will use its influence to encourage the companies that have caused, or contributed to, the negative impact in question to accept their responsibility, as stipulated

in the OECD guidelines and the UNGP. This means that such companies must ensure, or help provide access to, remedying options.

In doing so, the most serious negative impacts should be prioritised based on their severity, scope, irreversibility and probability. Where practical, the companies should seek the advice of external stakeholders or experts in the assessment and/or addressing of such impacts. If needed, PNO Media will do that as well. An external service provider can use these findings in its work for the purposes the (de)selection and/or active ownership of companies. We expect our external service providers to actively monitor and report on the implementation of these agreements. Such reports should include, among other things: responsible investment policy progress, IMVB risk identification methods, findings on negative impact within the investments administered by a given manager, and how the manager engages in prevention and mitigation, and/or encourages remedy or redress. We discuss this with the service provider and make adjustments insofar as needed. We publish the report on the implementation of IMVB provisions on our website (see Chapter 8).

PNO Media has stipulated the above in existing and new contracts with external asset managers administering liquid investments.

8. Communication

As a pension fund intended for the creative and digital industry, and specifically for media-related companies, PNO Media places a high value on accountability and a clear and transparent communication policy. For this reason, the fund wishes to keep its participants as well informed as possible on its responsible investment efforts. In its annual report (responsible investment report), or on its website, PNO Media provides insight into activities and results across all investment categories, and for all the instruments mentioned in this policy. This report explains the approach used for ESG and IMVB integration, and the results. It covers both successes and situations where PNO Media has not achieved what it planned to achieve in a given year. Once PNO Media has access to the data, it provides an overview of investments with a positive social impact (SDI). The report gives an account of voting and engagement activities, including progress in engagement processes, the positive results of engagement, and/or engagement processes wherein the engagements have not yielded the desired results and where PNO Media has ended up explicitly excluding an investment (for the reactive engagement programme). Further details of voting and engagement activities, including votes for each company and on each agenda item at shareholder meetings, companies that the fund has engaged with, and engagement efforts deployed over a given year, are published by PNO Media

on its website. Every quarter, PNO Media publishes a list of investments in listed companies, and on a semi-annual basis, it publishes the exclusion list on its website.

SFDR and taxonomy

SFDR is a transparency obligation and part of the European Commission's Action Plan for Financing Sustainable Growth. It also regulates reporting on how financial market participants deal with sustainability factors. It also includes a common 'taxonomy' (classification) that should be used to help understand what activities are sustainable. PNO Media has made a number of documents available on its website that further elaborate on the sustainable policy and external data sources that are used for communications regarding sustainable investment policy: [Policies, reports and records | PNO Media](#).

Appendix: Glossary

ALM	Asset and liability management	Asset and liability management is the process of comparing the value of assets (investments) against the value of liabilities (pension payments). This implies the use of scenarios of the future that take climate risk into account.
Due Diligence		This term is used in many different spheres. In the context of ESG investments, it refers to a step-by-step process carried out in order to determine whether a given investment decision has negative implications for society or the environment.
ESG	Environment Social Governance	Environmental, social and good corporate governance factors
ESG integration		Consideration of financially material ESG risks and opportunities in investment decisions
ICGN	International Corporate Governance Network	International network organisation of companies, investors and academics for the promotion of good corporate governance.
ILO	International Labour Organisation	International organisation that addresses labour rights
IMVB	International Socially Responsible Investment	A covenant under which pension funds have agreed to take the risks of their investment for the environment and society into consideration in their investment decisions.
IMVB integration		Consideration of financially material ESG risks that also pose a risk to society and the environment as agreed on in the IMVB covenant, and consideration of 'additional IMVB risks' that do not present a financially material risk for investors but do present a risk to society and the environment.
IMVB themes		ESG themes that are relevant to the implementation of the IMVB covenant in investments as specified in the OECD Guidelines and UN Guiding Principles (see the text box in Section 7.2).
IORP II	Institutions for Occupational Retirement Provision	European Union directive for pension funds and premium pension institutions. IORP II establishes (inter alia), new governance requirements for pension funds.
OECD	Organisation for Economic Cooperation and Development	-
OECD Guidelines	OECD Guidelines for Multinational Enterprises	A set of principles for internationally operating enterprises, adopted in 2011, that covers the areas of supply chain responsibility, human rights, child labour, environment and corruption.
Paris Agreement	The Paris Climate Agreement	The Paris Agreement, part of the Climate Convention, is an international treaty aimed at limiting the warming of the planet. The agreement was presented at the 2015 Paris Climate Change Conference on 12 December 2015.
SDG	Sustainable Development Goals	The Sustainable Development Goals were adopted by the United Nations (in 2015) as the new 2030 Agenda for Sustainable Development.
SDI	Sustainable development investments	An investment wherein the product's/service's positive impact on the SDGs is a significant component.
SRD II	Shareholders Rights Directive	A European directive aimed at strengthening the position of shareholders and ensuring that companies make decisions that secure the company's long-term stability.
UNGC	United Nations Global Compact	A set of principles established by the United Nations and companies (in the year 2000) that covers the areas of human rights, employee rights, the environment, and corruption.
UNGP	UN Guiding Principles on Business and Human Rights	A set of principles established by the United Nations (2011) that covers companies' responsibilities with respect to human rights.