

Engagement Guidelines

August 1, 2019



Engagement Guideline (if applicable to a particular company)		Relevant codes	
1	Adult entertainment Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with pornography and adult entertainment practices.	Global Compact	1, 2
		Human Rights	1-5, 23
		ILO	8
		Rio	1
2	Alcohol Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with alcohol sale or production.	Global Compact	1, 2
		Human Rights	1-3
		ILO	8
		Rio	1
3	Gambling Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with gambling practices.	Global Compact	1, 2
		Human Rights	1-3
		ILO	8
		Rio	1
4	Tobacco Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with tobacco sale. Achmea does not invest in tobacco producers. This is not a specific topic for engagement.	Global Compact	1, 2
		Human Rights	1-3
		ILO	8, 37
		Rio	1, 8

	5 Human rights Based on the used internationally accepted codes, companies should equally respect the rights of all human beings. They should specifically safeguard non-discrimination of women and protect the vulnerable rights of children. Companies should have adequate policy, systems and reporting addressing human rights issues relating to (local) business. We expect companies to implement due diligence processes regarding their impact on human rights in relation to all their operations, including establishing or participating in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. On behalf of their international business activities in weak political and governance administration regions, they ensure solid and fair corporate governance, so minimising risks of violating human rights. Furthermore they have to implement free, prior and informed consent (FPIC) and grievance mechanisms when developing new projects. Companies respect the right of humans to a living wage. Companies are expected to strictly and without reservation, adhere to all human rights as described in the United Nations Guiding Principles on Business and Human Rights (UNGPs) and UN/GC Women's Empowerment Principles. We engage with companies with a large exposure to potential human rights risks to encourage these companies to report under the UNGP reporting framework. Achmea wishes to engage with companies that are increasingly at risk in breaching the UN Global Compact principles related to human rights. Achmea also actively encourages companies in the extractive industries to adopt the voluntary principles on Security and Human Rights via Achmea's engagement program.	Global Compact Human Rights ILO Rio Anti-Corruption Voluntary Guidelines to support the progressive realization of the right to adequate food in the context of national food security (FAO) OECD Guidelines for Multinational Enterprises	1, 2, 10 All 8 1 Anti-Corruption 1, 2, 10 1-11 8 1, 24 Anti-Corruption
6 Military activities and weapons Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with <ul style="list-style-type: none">• turnover generation from military activities, or• sale or production of (essential parts of) weapons• dual use products For dual use products we find it important that companies prevent unintended use of their products for military purposes and that companies comply with regulation on the trade in controversial arms as defined by the common military list of the EU. In order to prevent controversial arms trade based on the common military EU list, companies have to adhere to the criteria mentioned in the EU Council Common Position, defining common rules governing control of exports of military technology and equipment (Dec. 2008).			

7	Extractive business operations	Global Compact	1, 2, 10
	Based on the used internationally accepted codes, companies should show commitment to international codes regarding business operations in the sectors they operate in.	Human Rights	1-7, 12, 18, 19, 20, 23, 24, 25, 29
	Producers and retailers have to take care of social and ecological issues inherent to the extractive business and supply chain, like Food & Agriculture, Mining and Oil and Gas extractive operations.	ILO	8, 10, 16, 18, 19, 20, 34
	We encourage them to focus on sustainable practices in the conduct of their business activities and doing business to support suppliers with adaptation to climate change.	Rio	1, 5, 6, 8, 12, 22
	They minimize the environmental burden of their activities by- among others- minimizing industrial waste and carry out an environmentally responsible processing of it. Further on, (used) site rehabilitation is part of the investment- and exploitation plan of the concession.	Anti-Corruption	
	Extractive business companies are expected to use lessons learned regarding health and ecosystem effects from closed extractive operations, in exploration plans of new operations.	OECD Guidelines for Multinational Enterprises	
	They have to abstain from business practices, including through their supply chain, that cause	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	
	<ul style="list-style-type: none"> • deforestation of high conservation value / High Carbon Stock forest, both in the tropics and in temperate regions • surface waters tailings disposal • elimination of peatland for agricultural production • removal of mountaintops in vulnerable countries and regions all over the world. 	Paris Agreement on climate change	
	In case of irreversible damage to the environment in areas where repairs are nearly impossible, companies are expected, at the start of a mining project, to compensate with biodiversity plans.	Global Investor Statement on Climate Change	
	Thermal coal companies show how they align with the energy transition path under the Paris Agreement, by phasing out thermal coal production by 2030.	Task Force on Climate-related Financial Disclosures	
	Oil and gas companies focus their future investments as much as possible on projects with renewable energy sources instead of fossil fuels. They should	Carbon Disclosure Project	
	<ul style="list-style-type: none"> • reduce their carbon footprint • bring their investment in new oil field locations, in the period until 2040, back to nil, in order to contribute to an-almost-emission free energy supply in 2050 • bring their investments in extraction/production of tar sand oil and shale gas and-oil, in the period until 2030, back to nil • eliminate the use of flaring, ultimately by 2025. 		
	Oil and gas companies are encouraged to		
	<ul style="list-style-type: none"> • focus their investments in natural gas-as a necessary intermediate step to an emission-free energy supply- on methane emissions from nil in 2030 at the latest • incorporate SBT's (Science Based Targets) in their corporate strategy, to set GHG emission reduction targets which contribute to an (almost) CO2 neutral energy supply in 2050 • report transparent on their carbon targets via the Carbon Disclosure Project (CDP) • publish their (in)direct GHG emissions according to TCFD. 		
	Companies have to carry out supply chain due diligence and demand traceability of suppliers to minimise the risk of being complicit in the use or sale of minerals mined in areas of armed conflict and traded illicitly to finance the fighting and human rights abuse related to the extraction of the minerals.		

8	<p>Employee participation</p> <p>Based on the used internationally accepted codes, companies should promote employee participation through trade unions, employee council and financial participation.</p> <p>Companies are expected to protect labor rights and safety of their workers and establish procedures for solving threats of it, in case of conflicts and safety violations.</p>		Global Compact 3 Human Rights 20, 23 ILO 41, 43, 48-54 OECD Guidelines for Multinational Enterprises
9	<p>Labor standards</p> <p>Based on the used internationally accepted codes, companies should comply with internationally accepted labor standards.</p> <p>Achmea has a specific focus on the topic of labor standards and actively encourage companies to develop a labor standards risk management approach, develop a labor standards policy that refers to ILO standards, freedom of association and the right to collective bargaining. Companies are encouraged to improve health and safety standards, specifically in the supply chain.</p>		Global Compact 3-6 Human Rights 23-27 ILO All OECD Guidelines for Multinational Enterprises
10	<p>Equal opportunities</p> <p>Based on internationally accepted codes, companies should promote equal opportunities and diversity for all (potential) personnel, including e.g. migrant workers who are vulnerable for deprivation of labor rights, on grounds of ethnicity and country origin.</p> <p>Achmea applies the OECD Guidelines for Multinational Enterprises as guidelines for companies with respect to promoting equal rights of all human beings via its engagement program.</p>		Global Compact 6 Human Rights 23 ILO 22, 33-35 Rio 20 OECD Guidelines for Multinational Enterprises
11	<p>Health and safety</p> <p>Based on internationally accepted codes, companies should care for health and safety of all personnel, suppliers and surrounding communities of production locations according to the precautionary principle.</p> <p>Companies should strive to create a culture where health and safety are part of a preventive culture that ensures good health and safety practices by implementing a clear management system to monitor and, if needed, correct compliance with norms on labor law. In case of accidents companies have an adequate, periodically tested contingency plan.</p> <p>Hazardous chemicals is identified as a topic for engagement. We aim to urge companies to reduce the usage of these hazardous chemicals and adhere to the Stockholm treaty regarding POP's and phthalates.</p>		ILO 37-39 OECD Guidelines for Multinational Enterprises
12	<p>Job creation and development</p> <p>Based on internationally accepted codes, companies should advance job creation, job security and employee training and development.</p>	Human Rights 26 ILO 16, 25, 30, 31, 32 OECD Guidelines for Multinational Enterprises	

		Global Compact	7-9
		Rio	All
13	<p>Environmental policy, sustainable operations, systems and reporting</p> <p>Companies should apply internationally general accepted codes, standards and initiatives addressing social, environmental and sustainable corporate citizenship and internationally accepted reporting practices, for instance regarding the processing of raw food and mining materials, as well as the production and/or assembling of (semi-)finished products. Companies are encouraged to report transparent on their carbon targets via the Carbon Disclosure Project (CDP).</p> <p>Achmea wishes to improve the environmental policies of companies. Achmea encourages companies to reduce CO₂ emissions scope 1 and 2, both in absolute measure and relative per unit of production.</p> <p>We encourage companies, which participate in offsetting CO₂, to have these certified (Gold Standard or similar).</p> <p>When companies appear to lobby against (intended) legal- or other measures to be taken by a country, lower government entity or economic zone in which they operate, to combat climate change, Achmea will call upon the company to end such subversive behavior.</p>	OECD Guidelines for Multinational Enterprises	
14	<p>Raw materials, water use and resource optimization-technologies</p> <p>Based on internationally accepted codes, companies should</p> <ul style="list-style-type: none"> promote the focus on resource optimization especially when it comes to use of among others water and energy, in products and services monitor their water use carefully to prevent scarcity, especially where it can harm ecosystems prevent emissions to soil, water and atmosphere from polluting substances during production and strive to implement Best Available Techniques (BAT) at all times produce products and process mineral resources and raw materials according to generally accepted initiatives or standards. <p>Achmea wishes to engage with companies on the topic of energy efficiency and green production in their product portfolio and how life cycle analysis can reduce the footprint of their products.</p> <p>New water consuming operations should be refrained from, if these conflict with water needs of the local population.</p>	Global Compact Global Compact AWS International Water Stewardship Standard Int. Code of Conduct on the Distribution and Use of Pesticides (FAO) 4Rs of Nutrient Stewardship (TFI) OECD Guidelines for Multinational Enterprises	7-9 4, 7, 8, 15, 23
15	<p>Electric utilities and fossil fuel intensive industries</p> <p>Electricity- and fossil fuel intensive companies should have adequate policies to align their operations with international climate change goals.</p> <p>Electric utilities should structurally reduce their GHG emissions and switch to other, less burdensome- or CO₂ neutral fuels.</p> <p>Electric utilities should</p> <ul style="list-style-type: none"> reduce their carbon emissions invest in smart grids and electricity storage systems, which integrate renewable energy sources into the energy distribution system accelerate their future investments in cleaner energy generation: from coal to gas and from gas to renewable energy sources. <p>Electric utilities are encouraged to</p> <ul style="list-style-type: none"> incorporate SBT's (Science Based Targets) in their corporate strategy, to set GHG emission reduction targets which contribute to an (almost) CO₂ neutral energy supply in 2050 report transparent on their carbon targets via the Carbon Disclosure Project (CDP) publish their (in)direct GHG emissions according to TCFD and have in 2025 at the latest, duly substantiated strategic (investment) plans, which contribute to an (almost) CO₂ neutral energy supply in 2050. <p>Fossil fuel intensive industries (such as refining industry, chemical industry, metal industry) and industries producing energy intensive products (such as automotive and aerospace)</p> <ul style="list-style-type: none"> publish their (in)direct GHG emissions according to TCFD and have duly substantiated strategic (investment) plans to reduce these emissions. accelerate their investments in products that make use of renewable energy sources. 	Global Compact Global Compact OECD Guidelines for Multinational Enterprises Paris Agreement on climate change Global Investor Statement on Climate Change Task Force on Climate-related Financial Disclosures Carbon Disclosure Project	7-9 4, 7, 8, 15, 23

16	<p>PVC or phthalates</p> <p>Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with sale or production of PVC or phthalates.</p> <p>Achmea wishes to engage with companies in the chemical sector on hazardous chemicals. We aim to urge companies to reduce the usage of hazardous chemicals which are identified as potentially hazardous as future prohibitive legislation on these chemicals are expected. Furthermore we expect companies to adhere to the Stockholm treaty regarding POP's and phthalates, the Basel convention on control of trans boundary movements of hazardous waste and the Rotterdam convention on the prior informed consent procedure for hazardous chemicals and pesticides in international trade.</p>	<p>Global Compact</p> <p>Rio</p>	<p>7-9</p> <p>4, 7, 8, 15, 23</p>
17	<p>Biodiversity</p> <p>Based on the used internationally accepted codes, companies should have a policy to protect (foster) biodiversity.</p> <p>Companies should adhere to the principles of UNESCO World Heritage Convention, Ramsar convention on wetlands and CITES treaty, with the exception of trade under certain circumstances which is deemed unacceptable, in order to protect biodiversity and natural capital in general.</p> <p>Companies should prevent impact on the population of animals listed on the IUCN Red List of Threatened Species and prevent the release of exotic species in sensitive ecosystems.</p> <p>Companies should minimise the negative effects of offshore exploration and extractive activities on the marine system and habitat of marine mammals.</p> <p>Companies are expected to develop an Environmental Impact Assessment and/or a Rapid Biodiversity Assessment, in accordance with the standards of the Global Reporting Initiative.</p> <p>Companies with biomass energy production should source biomass that has no adverse impact on food availability and / or protected areas in the production region. They adhere to the Roundtable on Sustainable Biomaterials Principles.</p> <p>Companies prevent adverse impact in areas classified by the IUCN as category I-V.</p>	<p>Global Compact</p> <p>Rio</p>	<p>7-9</p> <p>4, 7, 8, 15, 23</p>
18	<p>Forestry</p> <p>Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with sale or production of tropical hardwood and should avoid illegally processed wood.</p> <p>Plantation companies and manufacturers of wood based products have to respect forest areas, especially High Carbon Stock, for protection on behalf of biodiversity conservation and carbon storage, from commercial land development. They commit to reducing their climate impact and deforestation footprints, while respecting legal, social and cultural requirements and free, prior and informed consent from local and indigenous communities.</p> <p>Forests and plantations for wood exploitation are FSC certified, while the wood based products from those areas are accordingly certified. Construction companies are engaged on using FSC certified wood.</p>	<p>Global Compact</p> <p>Rio</p>	<p>7-9</p> <p>4, 7, 8, 15, 23</p>
		<p>HCS forests (HCS Approach)</p>	
		<p>Principles for responsible forest management (FSC)</p>	
		<p>Ramsar Convention on wet lands</p>	
		<p>Chain of custody certification (FSC)</p>	
		<p>OECD Guidelines for Multinational Enterprises</p>	

19	Nuclear power Taking into account developments regarding safety and waste storage, based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with ownership or operation of nuclear power plants, or services used in nuclear power plants.	Global Compact Rio OECD Guidelines for Multinational Enterprises	7-9 4, 7, 8, 15, 23
20	Ozone depleting chemicals Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with use, sale or production of ozone depleting chemicals, in line with the Montreal treaty.	Global Compact Rio OECD Guidelines for Multinational Enterprises	7-9 4, 7, 8, 15, 23
21	Renewable energy Based on the used internationally accepted codes, companies should promote the use or production of renewable energy. Because big hydropower dams cause negative social and ecological consequences, hydroelectric power producing companies are expected, when constructing water infrastructure projects, to adhere to the principles of the World Commission on Dams.	Global Compact Rio OECD Guidelines for Multinational Enterprises Principles of the World Commission on Dams	7-9 4, 7, 8, 15, 23
22	Animal testing Based on the used internationally accepted codes, companies should test on animals only for medical purposes, and only if animal testing is proved necessary and no alternative for animal testing can be found. Achmea encourages companies to use the five freedoms to ensure animal welfare and to apply the three R's of Reduce, Refine or Replace the use of animal testing.	Global Compact Rio Five Freedoms of animal welfare (principle)	7-9 4, 7, 8, 15, 23
23	Fur Based on the used internationally accepted codes, companies should have adequate policy on how to responsibly deal with sale or production of fur.	Global Compact Rio	7-9 4, 7, 8, 15, 23
24	Intensive farming and meat sale From livestock farming companies we invest in, it must be clear to what extent they meet welfare requirements for livestock. Based on the used internationally accepted codes, companies should develop an adequate policy on farm animal welfare regarding <ul style="list-style-type: none">• limitation of animal transport time to eight hours• elimination of extremely restrictive housing methods. The farm animal welfare policy should minimally address the Five Freedoms of animal welfare. Companies should have adequate policies on <ul style="list-style-type: none">• good aquaculture practices• labor standards• product quality and safety management• innovation management• reduction of antibiotics use (NB: this is important from human health perspective).	Global Compact Rio	7-9 4, 7, 8, 15, 23
25	Genetically modified organisms Local laws provide the leading framework within which practices involving genetically modified organisms should be evaluated. If local laws do not fully cover new developments in this area, companies should have adequate policy, based on the used internationally accepted codes, on how to responsibly deal with products which contain or are developed through genetically modified organisms.	UN Convention on Biological Diversity Nagoya Protocol Cartagena Protocol	

	Code of ethics Based on the used internationally accepted codes, companies should have adequate code of ethics or business principles which are pro-actively communicated to all employees and which are also publicly available. They are transparent about their public affairs activities and, if so, how they are involved in public policy engagement.	Global Compact Human Rights ILO Anti-Corruption OECD Guidelines for Multinational Enterprises	10 23-25 8, 22
26			
27	Tax and Corruption Based on the used internationally accepted codes, companies should have adequate policy and procedures in place regarding bribery and corruption. They are expected to have anti-corruption programmes and risk management systems in place, from which the effectiveness is monitored by analyzing, among others, how bribery, corruption incidents, tax evasion related activities have been addressed. Achmea wishes to engage with companies that are structurally and severely breaching the Global Compact principle related to bribery and corruption. Companies are expected to publish their corporate organisational and governance structure and the way internal business activities and related financial transactions are organised and accounted for Furthermore we encourage transparency about tax rulings with authorities of jurisdictions with which the company is involved and, if any, the resolution of tax disputes. Achmea engages on tax transparency where companies should be transparent on their tax payments and how these compare to their revenue base on a country level. By publishing this information companies provide transparency in line with the base erosion and profit shifting (BEPS) Action Plan of the OECD.	Global Compact ILO Anti-Corruption OECD Action Plan on Base Erosion and Profit Shifting OECD Guidelines for Multinational Enterprises	10 8, 10, 20
28	Supply chain standards Based on internationally accepted codes, companies should have adequate policy, systems and reporting on global supply chain standards, which they apply to all their business activities. Their procurement standards with contracting suppliers and subcontractors have to meet decent governmental, social and environmental criteria.	ILO Rio OECD Guidelines for Multinational Enterprises	20, 38 10, 12
29	Commitment to society Based on the used internationally accepted codes, companies should show explicit commitment to society/charities.	Human Rights Rio OECD Guidelines for Multinational Enterprises	29 1, 7
30	Poverty Based on the used internationally accepted codes, within their sphere of influence, companies should co-operate in the task of the global community to eradicate poverty.	Rio OECD Guidelines for Multinational Enterprises	5, 8
31	Access to medicine Based on the used internationally accepted codes, companies active in the pharmaceutical sector should develop policies and standards to improve access to medicine, in line with the criteria used to establish the Access to Medicine Index. We pay specific attention to fair pricing of medicines, in developing as well as in developed markets, and to the responsible business conduct of pharmaceutical companies. Actors in healthcare like hospitals and other healthcare suppliers are encouraged to patients direct access to healthcare and medication.	Human Rights WHO Constitution	25

32	<p>Marketing practices formula producers</p> <p>Based on the used internationally accepted codes, companies active in the production of formula-milk should adhere to the International code on substitutes for breast-milk regarding marketing for their products as substitutes for breast-milk.</p>		Human Rights	25
33	<p>Financial sector</p> <p>Based on the used internationally accepted codes, companies operating in the financial sector regarding their investment portfolio, are expected</p>		WHO Constitution	
	<ul style="list-style-type: none"> • to use generally accepted standards to measure the environmental, social and governance performance of their investee companies • to base their investing activities on international codes and declarations regarding sustainability related topics derived from the UN Sustainable Development Goals. • to abstain from excessive risky trade and investment activities on their own account resulting from derivatives exposure or other types of investments. <p>Companies operating in the financial sector are transparent about their tax payments to countries in which they operate. They are expected not to be involved with laundering money.</p>		International Code on Substitutes for Breast-milk	
	<p>Companies operating in the financial sector comply with expectations of society regarding financial institutions' responsibilities, namely commitment to: accountability, transparency, sustainability and commitment to sustainable markets and regulations.</p>		Global Compact	
34	<p>Real estate</p>		UNEP FI Declaration	
	<p>Based on the used internationally accepted codes, companies operating in the real estate sector are expected to focus on improvement of energy performance of their buildings portfolio,-when applicable in that specific country- through BAT-based energy reduction measures. The focus lies on improving energy performance of the buildings portfolio that meet EU 'energy neutral' qualification.</p> <p>Construction companies are expected to focus on circular and –when appropriate and effective- on multi purpose building practices. Transformation, in case of structural vacancy, of the purpose of a building and applying sustainable, certified cement, are parts of that focus.</p> <p>New and renovated real estate is expected to meet 'Very Good' BREEAM qualification or similar.</p> <p>As part of our engagement on carbon management in the retail real estate sector we expect companies to use BAT-based measures regarding avoidance of greenhouse gas emissions.</p> <p>Operators, who manage real estate, engage upfront with tenants about maintenance and/or renovation or adjustments on location or destination of real estate, which affect their living pleasure and options seriously.</p> <p>Taking into account tenant rights and interests, real estate operators carry out satisfaction surveys and work and monitor on removing of shortcomings.</p> <p>Real estate funds should outperform the peer group of GRESB (Global Real Estate Sustainability Benchmark), but at least meet a 50 points score.</p>		IFC Performance Standards	
			Equator Principles	
			Principles for Responsible Investment (PRI)	
			Principles for Sustainable Insurance (PSI)	
			OECD Guidelines for Multinational Enterprises	
			G4 Financial Services Sector Disclosure (FSSD)	
			Green Bond principles	
			FATF work group recommendations of the OECD	
			Wolfsberg Principles	
			LEED	
			BREEAM	
			GRESB	
			EU Energy Performance of Buildings Directive	

35	<p>Fisheries sector</p> <p>Sea food and fishery companies operate according to the FAO Code of Conduct for Responsible Fisheries. Among other things this means that they don't use fishing techniques which harm worldwide fish populations. Fishing is always focused on preventing overfishing and biodiversity loss.</p> <p>Moreover their operations are certified according to the Marine Stewardship Council Fisheries Standard.</p> <p>We expect companies to</p> <ul style="list-style-type: none"> • respect Marine Protected Areas, including so called 'no take-zones' • limit their fishing as much as possible to the fish species on which their catches are focused, document catches, for tracing purposes • take measures to prevent unintended loss of fishing gear, in order to prevent ghost fishing and pollution as much as possible. <p>Fish farms are certified according to the Aquaculture Stewardship Council (ASC) criteria.</p>	<p>FAO Code of Conduct for Responsible Fisheries</p>
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On all Engagement guidelines defined above, companies should report according to the GRI principles and guidelines. This includes reporting according GRI Sector Disclosure, if [Disclosure](#) for that specific sector is available.