

# Human Rights Policy

Anthos Fund & Asset Management



# 1 Scope and governance

Anthos Fund & Asset Management (Anthos) is a values-based asset manager that invests mainly through fund selection. We are based in Amsterdam and invest globally. An essential aspect of our heritage is the value of Human Dignity, the very same that has inspired the Universal Declaration of Human Rights (UDHR). Article 1 of the declaration states: “All human beings are **born free and equal in dignity and rights**. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”

As a values-based asset manager, we take seriously our responsibility to respect human rights throughout our own activities as an employer, through our supply chain as a business partner, and through our investments via external managers.

- As an employer, Anthos is a part of COFRA which is an organization with multiple businesses under its umbrella. We share the same values at the core, including Human dignity and we share some of the same guidelines or procedures for our employees. COFRA’s employee handbook which we use, describes the commitment to “creating a working environment in which people are valued for the contribution they make and in which they are able to develop to their full potential.” All employees have the right to be treated with respect and dignity. Anthos has a whistleblowing procedure as part of our code of conduct, and we are adopting a Diversity, Equity, and Inclusion policy for our employees also aligning with COFRA. Anthos also has an active workers council.
- Regarding procurement, Anthos follows an Anti-Money Laundering and Know Your Customer (KYC) assessment for business relations and an adverse media check to identify involvement in human rights violations.

This Human Rights policy elaborates further on our role as an investor and should be read with the Responsible Investment (RI) Policy of Anthos as it follows the same governance and scope. The governance of human rights within Anthos places the ultimate responsibility and accountability for the implementation of our RI policy with our Board. Day-to-day responsibility and accountability for implementation and coordination lie with our investment department for investments, the Human Resources department for employee wellbeing, and the Operations department for procurement.

This policy will be reviewed on a regular basis, and at least every two years.

## 2 Our commitment

Anthos is committed to respecting internationally accepted human rights and labour rights as defined in the International Bill of Human Rights which includes the UDHR and the two international treaties: the International Covenant of Economic Social and Cultural Rights and the International Covenant on Civil and Political rights. Regarding labour rights, we also refer to the ILO (International Labour Organisation) core conventions. At Anthos we recognise that States and their governments bear the primary responsibility to protect human rights within their respective jurisdictions. In that respect we note the increasing pace of development of new regulation and expectations from business in the EU and globally. Next to our values and ambition, we also recognise the need and responsibility of businesses to respect the internationally recognised human rights and labour rights.

We find the principles and guidelines listed below provide guidance for business that our stakeholders and us can use to further integrate human rights in the investment approach. We encourage our external managers and partner organisations to use the

following guidelines as a starting point, as they increasingly inform the regulatory and best practice landscape on human rights & business:

- OECD (Organisation for Economic Co operation and Development) Guidelines for MNEs (Multinational Enterprises) on Responsible Business Conduct (RBC) and for Institutional Investors on RBC
- UN (United Nations) Guiding Principles on Business and Human Rights (UNGPs)
- UN Global Compact

Next to these there are numerous organisations and guidelines that provide further insights, and we are always looking for collaborations and relevant forums for expanding our knowledge and sharing our findings with the relevant stakeholders.

### 3 Human rights in investments

Large global portfolios will be exposed to any number of potential or actual human rights issue, and this is why the prioritisation of the salient human right issues is key, where the focus is on prioritising by risk to people and environment rather than the risk to business, as is the usual understanding of material risk when investing. Also, due diligence in the context of human rights is an ongoing, proactive, reactive, and process-oriented activity. This is slightly different than what investors usually mean when they use the words due diligence, often as a one-off process before investment. Taking these differences into account, and using the relevant guidance, we have started on our journey to improve our process. The UNGPs provide guidance on how to prioritise Human Rights issues which have severe impact, high likelihood, and irremediability, also known as salient human rights issues. And the OECD guidelines provide the six-step approach to human rights due diligence and process.

As a fund-of-fund investor, Anthos assesses whether the managers we invest with are considering their potential or actual negative impacts, using UNGPs or other guidelines and including human rights due diligence in their investment process. This is part of our due diligence pre-investment but also engagement during ownership. We will further tailor our tools to ensure they can be used to assess the extent to which our fund managers take (salient) human rights issues into account, but also provide more guidance and clarity on risks coming from specific business models and/or vulnerable groups.

We are working to further develop the six steps below for Anthos, and we encourage our managers to do the same, with the ambition to align with the OECD Guidelines and the UNGPs:

1. Embed human rights in relevant policies.
2. Identify and assess actual and potential negative impacts on people and the environment coming from the investees.
3. Prevent and mitigate the negative impacts identified.
4. Track effectiveness of prevention and mitigation measures put in place.
5. Communicating to clients, beneficiaries, affected stakeholders and publicly about the actions taken to address harm and their outcomes.
6. Enabling access to remedy and grievance mechanisms.

**Below we illustrate our current approach to each step:**

**3.1 For the first step** on embedding human rights and good labour practices in policy and management systems, we rely on the tools and processes we have developed and described in Anthos RI Policy. Those and this Human rights policy are subject to regular revision to keep up with regulation and best market practice.

**3.2. For the second step, to identify and assess actual and potential negative impacts, we devised a two-pronged approach: overarching salient issues and asset class specific ones.**

We carried out a salience assessment of our investments to gain insights into over-arching patterns of human rights risk across our investments, as well as asset class-specific human rights risks. We started with an extensive list of 80 potentially salient human rights issues, and we narrowed it down, based on severity and likelihood, to a list of 15. Through a salience assessment and voting exercise with our investment department and external expert support, we found that narrowing down and selecting a specific human right or a specific risk in a multi asset, global portfolio is challenging also when using the tools described by the UNGPs. However, we also acknowledge that the process helped us further inform our understanding of the portfolios and the potential underlying impacts.

Against this backdrop, we designed our two-pronged approach: a blend of over-arching and asset class specific focus to help us further develop and deepen our practice.

1. **Over-arching salient issues:** Anthos is a values-based investor with the values of Sustainability, Human Dignity and Good Corporate Citizenship at its core. Those values are complemented by our focus on addressing Climate change, Human Rights and Good Governance as key themes. From our asset class specific salience assessment, which we conducted in 2023, we note that some of the issues that are salient for our assets are also at the intersection of these three themes and address a number of underlying issues. We will further explore how we could contribute to the following themes as an organisation:
  - Just transition and adaptation. This means transitioning towards environmentally sustainable economies that are fair and inclusive for all by creating decent work opportunities, reducing inequality, and leaving no one behind including workers, communities, indigenous people, people with disabilities, small businesses. It tackles various human rights including freedom of association and collective bargaining. This work fits into our efforts towards net zero and decarbonization of the economy.
  - Living wage. Providing a living wage is an essential aspect of decent work, making sure that all workers and their families can live in dignity. It is a complex issue where both governments and businesses must play a role across the supply chains and where there is still work to be done in definitions and monitoring. We note increased action on these critical issues in the acceleration towards achieving the SDGs (Sustainable Development Goals) and will also work to raise awareness to this important 'enabling right' that can impact other fundamental human rights including children's rights and gender equality.
  - Diversity, equity, and inclusion as a part of good governance and social issues, is already part of our RI assessment, as we believe that this can improve the social and the human capital of the organizations we work with and the underlying investees in our portfolios.
2. **Asset class specific salient issues:** as previously described our primary role is to assess the capability of the external managers, we invest in to follow the guidelines and integrate human rights in their processes. We currently use an RI scorecard to assess the governance and approach to ESG (Environmental, Social, and Governance) integration of the managers we invest in. We will explore better ways to identify specific salient issues in due diligence for selection decisions going beyond violations of human rights, and for engagement on specific issues where relevant. To do this we will need to develop additional tools and insights which will help us re-do the salience assessment for every new

investment or engagement effort per portfolio. For this, will also seek out collaborations with peers and across our broader ecosystem to further develop the tools, leverage on existing ones and share our insights where relevant.

### **3.3 The third step, prevent, mitigate the identified adverse impact: engagement and a roadmap for improvement**

As part of our investment process, we engage at least annually, if not more often, with our external managers on their capacity to integrate ESG risks and potential or actual negative impacts in their investment process. The first assessment is performed during selection and then post investment we follow up on identified improvements. For the moment we do not identify specific themes related to the salient issues but focus on the policies and management process. We endorse collaborative engagement efforts with companies and have an external engagement service provider to further strengthen our influence to prevent and mitigate potential adverse impacts. Since human rights due diligence is an ongoing process, we expect the salient issues to change over time. However, the engagement process and the scorecard will continue serving as tools to engage with the external managers on improving their processes to prevent and mitigate relevant issues.

### **3.4 The fourth step, which is regarding monitoring and tracking of outcomes**

Monitoring the performance of our managers, including any relevant improvements in their responsible investment practices, policies and reporting is part of our investment process. Next to this, and because of the implementation of the SFDR (Sustainable Finance Disclosure Regulation) regulation, we are also monitoring the exposure of our listed equity and fixed income portfolios to principal adverse impacts. As described in our RI policy, as an indirect investor we cannot directly exclude companies or sectors from our portfolios. However, in terms of monitoring the exposure to issues, our exclusion list includes companies that violate the Global Compact and the OECD guidelines after a failed engagement by our engagement service provider. This allows us to have a good understanding of the issues in our listed portfolios which we then can use for engagement with our managers. Our private market portfolios are more challenging for monitoring and here we rely on the relationship with our managers and the annual update of our RI scorecard assessment to engage to improve their reporting where relevant.

### **3.5. The fifth step: communicating and reporting**

We are committed to accountability for our actions. We report transparently on various ESG topics in our Annual RI report. Specifically for human rights, we commit to working towards reporting in line with the UNGPs Reporting Framework. This aligns with current and upcoming regulations and provides a clear framework to communicate our progress and challenges.

### **3.6. The sixth step: access to remedy and grievance mechanisms**

We recognise that, through their individual and collective leverage, investors have a key role to play in providing access to remedy. We plan to further develop our approach and grievance mechanism in the future, ensuring that it is aligned with our commitment to human rights and our values as an organization.