COFRA
UNITED UNIQUE

COFRA RESPONSIBLE INVESTMENT POLICY

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The COFRA group of companies is active within a range of industries. In addition to its dominant retail apparel operations, COFRA also invests in and manages significant retail real estate portfolios as well as direct and indirect private equity holdings.

The COFRA businesses are committed to high standards of sustainability and corporate responsibility in their everyday operations. Relevant information is available in the corresponding reports and websites of C&A and Redevco.

The objective of this policy and its principles is to ensure that the investment activities of COFRA are also consistent with, and contribute to, COFRA's vision and mission and stated longer-term aspiration to be a Force for Good.

These Principles will be integrated into management agreements across all asset classes. The interpretation of these principles and the form of integration will evolve over time. They will be in line with societal changes and the development of COFRA's Responsible Investing Policy and its environmental, social and governance (ESG) ambitions.

COFRA's values and principles underpin its approach to responsible investment. COFRA is willing to accept a degree of trade-off between the costs and benefits of their application. COFRA believes that ESG-related criteria can sometimes improve the risk/return profile of its investments. However, when the application of these criteria lead to a deterioration in the risk/return profile, COFRA will consider either:

a) changes to manager's incentive structures, including alternative performance benchmarks, or
b) changes to these Principles or their application where issues other than those identified for exclusion are concerned (see below).

COFRA will hold its investment managers accountable for the degree to which their investment processes are aligned with this policy, and will require appropriate reporting from them on a regular basis. COFRA will in turn report to stakeholders concerned on the application of this policy.

1. Force for Good and Normative Standards

As COFRA aspires to be a Force for Good, it considers the social and environmental impact of the businesses belonging to the portfolios it owns or has under management.

COFRA believes that legal and regulatory compliance is a necessary, but insufficient benchmark against which to judge COFRA's adherence to its Values and Principles.

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Human Dignity and Sustainability are important guiding principles that COFRA aims to see reflected in the businesses belonging to the portfolios it owns or has under management:

- Human Dignity recognises the inherent worth of every individual and is reflected in issues of human rights, labour conditions, respect for life, ethics and justice.
- Sustainability is an expression of solidarity with future generations. Businesses are supportive of an "economic development that meets the needs of the present without compromising the ability of future generations to meet their own".

COFRA may consider excluding activities, companies and countries that act in ways that are inconsistent with these Principles. In turn, it may favour those that are leaders in supporting human dignity and sustainability. COFRA will engage with companies to influence management in their integration of the Principles as required.

COFRA seeks to promote human dignity and sustainability by abiding to the universally accepted norms contained in relevant International Treaties and Conventions.

2. International Standards

COFRA refers to the following international normative standards when assessing human dignity and sustainability matters. They are particularly relevant in terms of issues relating to governance, human rights, labour practices, environment and anti-corruption.

- The UN Global Compact Principles
- The OECD Principles
- The OECD Guidelines for Multinational Enterprises
- The UN Security Council's country sanctions list.

COFRA is aware that additional standards exist which strive for similar or identical goals. COFRA expects its businesses and investment managers to identify and apply such standards, relevant codes of conduct and best practices in their respective areas.

3. Exclusions and Issues for Monitoring

To the extent that COFRA invests, the following considerations apply in term of investments which are excluded and those which need ongoing monitoring.

3.1 Exclusions

COFRA considers certain products and services to be inconsistent with the principle of Human Dignity. As a result, it excludes companies operating in certain sectors, or producing goods or services that are inconsistent with COFRA's principles. This includes companies with a material involvement in:

- Weapons
- Pornography
- Products or services that promote the termination of life, including abortion
- Tobacco.

As a general guideline, "material involvement" is regarded as activities that comprise 5% or more of a company's turnover but can also be triggered by other factors well below this threshold. In addition, COFRA may maintain an exclusion list for companies that do not comply with the above-mentioned international standards.

3.2 Issues for Monitoring

COFRA has developed issue papers that examine other business activities that need ongoing monitoring in terms of responsible investment. The four key areas include fossil fuels, nuclear energy, animal rights and gambling.

These papers provide guidelines for investment managers to consider when investing in businesses affected by these issues. COFRA expects its managers to engage with the management of such businesses and contribute, where relevant, to the ongoing assessment of its policy. The issues are:

- Fossil fuels: Increasing energy use has provided the world with tremendous progress and welfare, but the continued use of fossil fuels is a source of great concern, primarily in regard to climate change and the long-term depletion of the earth's resources. COFRA supports investments that aim for a transition towards a low carbon economy that will reduce the world's dependency on limited fossil fuel resources and keep global warming below 2 degrees.
  This translates into an investment strategy that
    - Excludes:
        - Companies involved in the extraction of tar sands, arctic oil or coal.
        - Electricity generating companies with high carbon intensity and no plans to reduce their carbon levels.
    - Engages:
        - Demand-side companies active in sectors such as transport, building or industry, on the alignment of their energy goals with the goals of a transition to a low carbon economy.

- Nuclear energy: At present, nuclear energy is one of the very low carbon energy sources that can help reduce global emissions. However, the environmental and social risks are significant. This means that COFRA will exclude companies that draw a high share of their revenue from nuclear energy. It will not exclude companies that produce nuclear energy as part of their energy mix if their overall approach is consistent with the transition to a low carbon economy.

- Animal rights: At this point in time, limited animal testing is still necessary to avoid greater harm. COFRA will accept investment in companies that have limited exposure to animal testing as long as these companies serve the common good. Tests must be limited to those that are legally required or for the purpose of developing new medical products. The companies must also have a policy in place that covers the 3R principles of Reduce, Replace and Refine. Pure play companies in this sector, however, are excluded.

- Gambling: The field of gambling is very broad, ranging from recreational bingo to casino gambling. Softer forms of gambling such as recreational bingo can have a positive influence on a community, by providing entertainment, bringing people together, or raising money for a good cause. COFRA seeks to exclude companies significantly involved in hard forms of gambling.

4. COFRA’s Approach to Implementation

In the area of investing, COFRA will exclude problematic assets from its investment universe where it is unable to exert a positive influence and contribute towards meaningful change. COFRA maintains and updates a list of exclusions and issues for monitoring that outlines COFRA's view and its preferred approach. COFRA expects its investment managers to take action consistent with its guidance to either monitor issues, address them in their investment and ownership process, or exclude relevant companies/assets. COFRA will seek to invest in assets with managers that foster change by engaging with companies, policy makers and regulators.

COFRA will aspire to build long-term and mutually beneficial relationships with its investment managers. Managers will have a degree of flexibility to ensure the COFRA Responsible Investment Policy can be applied in the manner most suited to the specific characteristics of the asset class and investment strategy.

COFRA expects its managers and business partners to build relationships and networks with other investors and stakeholders whose values are compatible with the COFRA values and who act in entrepreneurial and innovative ways. COFRA will assess the degree to which its managers identify and collaborate with like-minded investors and stakeholders. COFRA may also decide to collaborate directly in key initiatives.

COFRA believes that its interests are best served by investment managers who proactively identify and apply relevant codes of conduct and best practices, such as the UN Principles for Responsible Investment, the UK Stewardship Code, the CFA Institute Asset Manager Code of Professional Conduct, the ICGN Model Mandate Initiative, the ILPA Principles and the Hedge Fund Standards Board.

COFRA recognises that Human Dignity and Sustainability are dynamic and complex concepts, influenced by social, economic, scientific and technological change. COFRA will address new issues in these areas and will continuously revise how to address existing issues, if and when required.