Stichting Pensioenfonds SABIC

Periodic disclosure for the financial products referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and Article 6, (1) of Regulation (EU) 2020/852

Environmental and/or social characteristics (E/S characteristics)

Does this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ This product made the **following sustainable investments with an environmental objective**: ___%	☐ This product **promoted ecological/social (E/S) characteristics.** Although sustainable investment was not its objective it had a minimum of ___% sustainable investments
☐ in economic activities that are considered to be ecologically sustainable according to EU taxonomy	☐ with an environmental objective in economic activities that are considered to be ecologically sustainable according to EU taxonomy
☐ in economic activities that are not considered to be ecologically sustainable according to EU taxonomy	☐ with an environmental objective in economic activities that are not considered to be ecologically sustainable according to EU taxonomy
	☐ with a social objective
☐ This product made the following **sustainable investments with a social objective**: ___%	☒ This product promoted E/S characteristics, but **did not invest sustainably.**

Sustainable investment: an investment in an economic activity that contributes to achieving an environmental or social objective, provided such investment does not seriously compromise environmental or social objectives and the investee companies implement good governance practices.

The **EU taxonomy** is a classification system recorded in Regulation (EU) 2020/852. It concerns a list of **ecologically sustainable economic activities**. The regulation has not established a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the taxonomy or not.

To what extent were the ecological and/or social characteristics met that this financial product promotes?

Stichting Pensioenfonds SABIC Nederland (SPF) promoted the following ecological and social characteristics:

1. **Using ESG factors when managing and evaluating investments:**
   Where possible, SPF used topics that relate to Environmental, Social and Governance (ESG) to manage and evaluate investments. The way in which societal issues in the form of ESG aspects are embedded in the investment decisions differs for each investment category and mandate.

   SPF uses various instruments from its sustainability policy to reduce its investment portfolio's negative climate impact as well as achieve positive impact on the climate. SPF achieved this using such instruments as engagement and voting.

   The engagement instrument involves starting a dialogue with the boards of investee companies. Engagement is used to make agreements on plans, goals or ambitions including with respect to the climate theme. Columbia Threadneedle Investments (CTI) conducts engagement with companies in the share and corporate bond portfolios on behalf of SPF. In listed companies, exercising voting rights combined with engagement is a way to highlight the importance of key issues such as climate action and help shape the carbon reduction policy. The submission of resolutions was another option. This enabled carbon reduction plans, goals or ambitions compiled by voting members to be submitted for a vote.

   SPF's performance with respect to this characteristic was measured according to sustainability indicators 1 and 2. The results are included in the table as an answer to the following question.

2. **Climate Change and Carbon Footprint:**
   SPF measures its portfolio's carbon footprint via carbon intensity. By measuring carbon intensity, SPF has worked to map out its investment portfolio's negative climate impact in order to achieve positive climate impact in the longer term. The carbon intensity of shares, investment grade credits and high yield US was clarified.

   SPF's performance with respect to this characteristic was measured according to sustainability indicators. The results are included in the following question.

3. **Exclusion based on the ten principles of the United Nations (UN) Global Compact:**
   SPF's investment policy has produced an investment portfolio that reflects its standards and values, which is why SPF has excluded companies and countries where there are risks of negative impact and where there is conflict with SPF's norms and values. SPF's exclusion policy with respect to companies applies to SPF's segregated mandates within the share, listed real estate and corporate bond investment categories.

   Companies that conduct themselves in a manner not compatible with the United Nations (UN) Global Compact's ten principles are excluded from investment.

   SPF's performance with respect to this characteristic was measured according to sustainability indicator 4. The results are included in the following question.
4. **Exclusion of socially controversial activities:**
   SPF does not want to be involved in financing countries or companies that develop inappropriate activities. SPF's exclusion policy relating to these socially controversial activities applies to PDN's segregated mandates within the investment categories of shares, listed real estate, corporate bonds and state bonds. SPF has excluded the following companies and countries:

- Companies involved in the production of controversial weapons such as cluster bombs, land mines, chemical and biological weapons, depleted uranium ammunition, white phosphorus bombs, and nuclear weapons.
- Suppliers of products that are vital to the production of the aforementioned controversial weapons (key suppliers).
- Countries that do not adhere to international treaties or that are under UN, EU or Dutch government sanctions. In most cases, the sanctions relate to human rights, arms proliferation and democratic rights.

SPF's performance with respect to this characteristic was measured according to sustainability indicators 4 and 5. The results are included in the following question.

Sustainability indicators measure how the ecological or social characteristics that the financial product promotes are achieved.

How did the sustainability indicators perform?

1. Number of engagements with companies in a year and the number of milestones achieved with engagement in that year.	- Number of companies with engagements: 442 - Achieved milestones: 164 As at end 2022
2. Number of meetings at which it voted.	1257 As at end 2022
3. The carbon intensity (based on WACI and scope 1 and scope 2 data) for the share, investment grade credit, and high yield US investment categories.	- Shares: 173 - Shares benchmark: 219 - Investment Grade Credits: 164 - Investment Grade Credits benchmark: 210 - US High Yield: 189 - US High Yield benchmark: 497 As at end 2022
4. Assets invested in excluded individual companies at year-end, excluding fund investments.	0
5. Assets invested in excluded countries at year-end excluding fund investments.	0

...and in comparison with previous periods?

This is the first periodic report in line with SFDR requirements. A comparison with previous periods can be made in the following periodic report.

The EU taxonomy establishes the principle of ‘do no serious harm’. This implies that taxonomy-aligned investments should not seriously compromise the objectives of EU taxonomy and that this is accompanied by specific Union criteria.

The ‘do no significant harm’ principle applies only to the financial product’s underlying investments that take into account the EU criteria for ecologically sustainable economic activities. The underlying investments of the remaining part of this financial product do not take into account the EU criteria for ecologically sustainable economic activities.

Other sustainable investments may also not seriously compromise environmental or social objectives.

How does this financial product take into account the most important adverse impact on sustainability factors?

SPF has not taken into account all the most adverse impact of investment decisions on sustainability factors. These are defined by law and pension funds cannot add to these. SPF has, however, included the following adverse impact:

For example, in line with the IMVB Covenant, SPF’s policy takes into account the following and other adverse impact:

- Carbon intensity of companies buying ESG factors within certain asset categories and active share ownership;
- Exposure to controversial weapons (chemical weapons, biological weapons, landmines, depleted uranium and nuclear weapons in contravention of the non-proliferation treaty), via the exclusion policy;
- Violations of UN Global Compact principles via exclusions and active share ownership;

The **most adverse impact** involves the most important negative impact of investment decisions on sustainability factors that are related to ecological and social themes, employment conditions, respecting human rights and combating corruption and bribery.

What were the largest investments of this financial product?

Largest investments	Sector	% assets	Country
NETHERLANDS GOVT NETHER 2 1/2 01/15/33	Government	2.5%	Netherlands
DEUTSCHLAND I/L DBRI 0 1/2 04/15/30	Government	1.9%	Germany
DEUTSCHLAND REP DBR 1 1/4 08/15/48	Government	1.0%	Germany
DEUTSCHLAND REP DBR 2 1/2 07/04/44	Government	1.0%	Germany
NETHERLANDS GOVT NETHER 4 01/15/37	Government	1.0%	Netherlands
DEUTSCHLAND I/L DBRI 0.1 04/15/46	Government	0.9%	Germany
FINNISH GOV'T RFGB 0 1/8 04/15/36	Government	0.8%	Finland
BELGIAN GOVT BGB 1.7 06/22/50	Government	0.7%	Belgium
FRANCE O.A.T.I/L FRTR 0.1 07/25/38	Government	0.7%	France
FINNISH GOV'T RFGB 2 5/8 07/04/42	Government	0.6%	Finland
REP OF AUSTRIA RAGB 1 1/2 02/20/47	Government	0.6%	Austria
DEUTSCHLAND REP DBR 0 08/15/50	Government	0.6%	Germany
DEUTSCHLAND REP DBR 4 3/4 07/04/40	Government	0.6%	Germany
FRANCE O.A.T. FRTR 1 3/4 06/25/39	Government	0.6%	France
DEUTSCHLAND REP DBR 0 05/15/35	Government	0.6%	Germany

The percentages are based on the situation as at 31 December 2022 and on the total SPF portfolio. Derivatives and cash were not included in the table. Mandates and investment funds were considered.

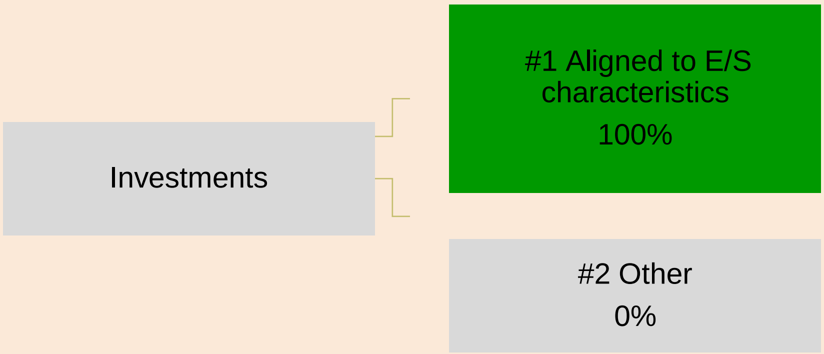
The list contains the investments that form the **largest proportion of investments** of the financial product during the reference period, namely: **01-01-2022 to 31-12-2022**

What was the proportion of sustainability-related investments?

The **asset allocation** describes the proportion of investments in specific assets.

SPF promoted ecological and social characteristics without pursuing a sustainable investment objective as defined in SFDR legislation. SPF has no minimum allocation for sustainable investments as defined by SFDR or investments in ecologically sustainable activities as defined by the Taxonomy Regulation. Most of SPF’s investments were aligned with ecological and/or social characteristics. These investments relate to shares (including listed real estate), corporate bonds, state bonds, non-listed real estate, infrastructure and mortgages. Other investments were not aligned to these characteristics and relate to derivatives and liquid assets. No ecological or social minimum safeguards were applied here.

How were assets allocated?



#1 Aligned to E/S characteristics includes the investments of the financial product that were used to meet the ecological or social characteristics promoted by the financial product.

#2 Other includes the other investments of the financial product that were not aligned with ecological or social characteristics and also did not qualify as sustainable investments.

To determine compliance with EU taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable energy or low-carbon fuels towards the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Facilitating activities directly enable other activities to make a substantial contribution to an environmental objective.

Transition activities are activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were investments made?

0%. SPF invests in derivatives, but these derivatives are not used to promote ecological or social characteristics.

Economic Sector	***Sum of market value (%)***
Public administration and defence; mandatory social insurance	23.27%
Other	22.42%
Industry	17.34%
Financial activities and insurance	14.38%
Operation of and trade in property	8.04%
Information and communication	4.59%
Wholesale and retail; repair of cars and motorbikes	2.30%
Production and distribution of electricity, gas, steam and cooled air	1.93%
Transport and storage	1.51%
Mining of minerals	1.14%
Construction	0.67%
Human health and social services	0.65%
Liberal professions and scientific and technical activities	0.60%
Administrative and support services	0.41%
Providing accommodation and meals	0.24%
Art, leisure and recreation	0.20%
Distribution of water; waste management, wastewater management and remediation	0.17%
Agriculture, forestry and fishing	0.09%
Other services	0.05%

The percentages are based on the situation as at 31 December 2022 and relate to the total SPF portfolio, as far as data were available. The sector allocation was not made based on consideration of the underlying investment funds. Investment funds were included under 'Other'.

To what extent were sustainable investments with an environmental objective aligned to EU taxonomy?

0%.

Did the financial product invest in fossil gas and/or nuclear energy sector activities that comply with EU taxonomy?[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

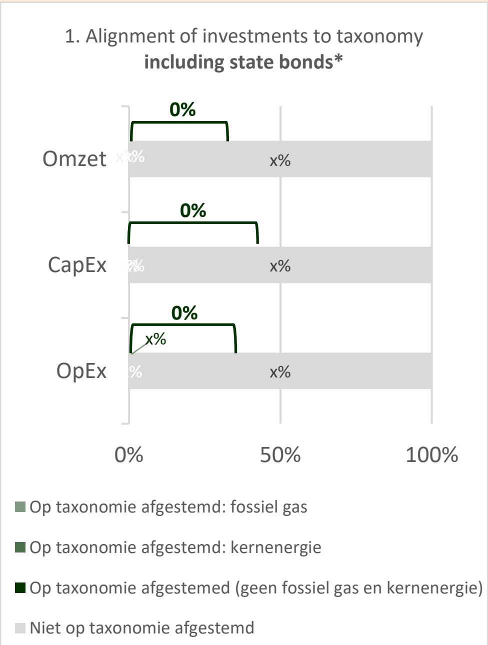
☒ No

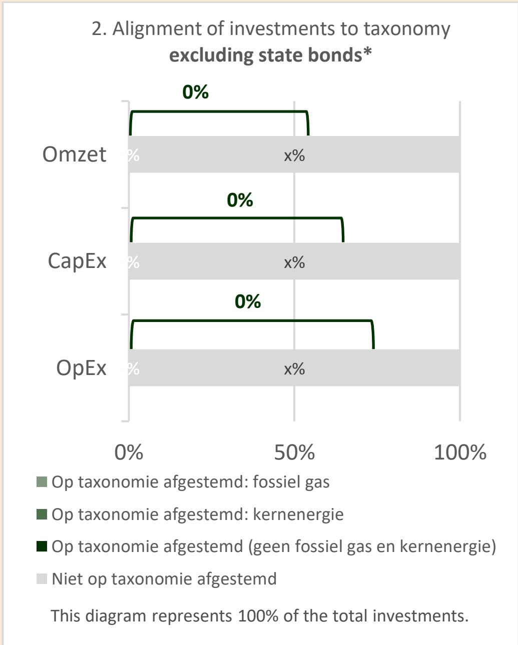
[1] Fossil gas and/or nuclear energy sector activities will only comply with EU taxonomy if they contribute to reducing climate change ('climate mitigation') and do no significant harm to any EU taxonomy objectives - see explanatory note in the coloured text box. The extensive criteria for fossil gas and nuclear energy sector economic activities that comply with EU taxonomy are laid down in the Commission's Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a proportion of:

- the **turnover** that reflects the share of revenues from investee companies' green activities;
- the **capital expenditure** (CapEx) that shows the green investments made by the companies in which SPF invests, e.g. to enable a transition to a green economy;
- the **operational expenditure** (OpEx) that reflects green operational activities of investee companies.

The diagrams below show in green the percentage of investments aligned with EU taxonomy. There is no suitable method for determining the extent to which state bonds* are aligned to the taxonomy. The first diagram shows the alignment with taxonomy for all the financial product's investments, including state bonds, while the second diagram shows the alignment with taxonomy only for financial product investments other than in state bond products.





* ***In these diagrams, 'state bonds' comprise all exposure to governments.***

What was the proportion of investments in transition and facilitating activities?

0%.

How did the percentage of EU taxonomy aligned investments relate to previous reference periods?

This concerns the first report. A comparison can be included next year.

What was the proportion of sustainable investments with an environmental objective that was not aligned with EU taxonomy?

Not applicable. During the reference period, SPF has not committed to sustainable investments and has therefore not measured whether it has invested in sustainable investments in line with SFDR.

are sustainable investments with an environmental objective that **do not take into account the criteria** for ecologically sustainable economic activities in the context of Regulation (EU) 2020/852.

What was the proportion of social sustainable investments?

Not applicable. During the reference period, SPF has not committed to sustainable investments and has therefore not measured whether it has invested in sustainable investments in line with SFDR.

Which investments are included in 'other'? What were they for and were there any ecological or social minimum safeguards?

Derivatives and liquid assets. No ecological or social minimum safeguards were included for these investments. SPF uses derivatives mainly to hedge financial risks and achieve efficient portfolio management within the limits set by the board. The main derivatives are interest rate and currency derivatives. Liquid assets have been included to meet commitments, such as margin calls and pension payments.

Which measures were taken in the reference period to comply with the ecological and/or social characteristics?

SPF took the following measures:

- The number of achieved milestones with engagements were implemented by CTI via the Responsible Engagement Overlay programme. SPF reported the number of engagement activities with companies on its website.
- Several steps were taken in CTI's engagement processes with companies with respect to combating climate change and reducing carbon emissions. The first step was for companies to recognise the problem and report their scope 1 and 2 carbon emissions. The second step was to formulate emission objectives and the concrete steps to reduce carbon emissions. The third step was to integrate climate risks in the strategy and report on scope 3 emissions. The final step was aligning the carbon reduction objectives with the Paris Climate Agreement.

- Collective proxy voting involves multiple parties joining the same voting programme. This reinforces the influence that shareholders can have with their voting rights. One of the goals that CTI used in implementing its voting policy is to reduce corporate carbon emissions by 55% by 2030 and achieve net zero emissions by 2050.
- CTI has voted against board motions of climate laggards in the most emitting industries. Climate laggards are identified according to several minimum standards, including publishing the carbon footprint, formulating a carbon reduction target with a defined timeline and reporting climate risks in line with the Taskforce for Climate-Related Financial Disclosures (TCFD) or the Carbon Disclosure Project (CDP).
- SPF used CTI's services to implement its voting policy. CTI has produced regular reports on the implementation of this policy. DPS, SPF's fiduciary manager, monitors and evaluates CTI's activities. SPF reported the number of votes cast at shareholder meetings on its website.
- Weighted Average Carbon Intensity (WACI) scope 1 and 2 emissions were used to measure the weighted average carbon intensity as an amount of emissions (in tonnes) per million turnover of the share, listed real estate, investment grade credit and high yield US investment categories.
- Sustainalytics conducts monitoring and analysis of whether companies and countries need to be added to the exclusion list.

How did this financial product perform compared with the reference benchmark?

Not applicable. SPF does not have a reference benchmark to comply with the ecological or social characteristics for the entire pension scheme.

Reference benchmarks are indices that measure whether the financial product achieves the ecological or social characteristics that the product promotes.

How does the benchmark differ from a broad market index?

Not applicable.

How did this financial product perform in terms of sustainability indicators for determining the alignment of the reference benchmark with the promoted ecological and social characteristics?

Not applicable.

How did this financial product perform compared with the reference benchmark?

Not applicable.

How did this financial product perform compared with the broad market index?

Not applicable.