

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

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

Does this financial product have a sustainable investment objective?	
<p><input checked="" type="radio"/> <input type="radio"/> Yes</p> <p><input type="checkbox"/> At a minimum, this product will make the following sustainable investments with an environmental objective: ____%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that are considered to be ecologically sustainable according to EU taxonomy <input type="checkbox"/> in economic activities that are not considered to be ecologically sustainable according to EU taxonomy <p><input type="checkbox"/> At a minimum, this product will make the following sustainable investments with a social objective: ____%</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</p> <p><input type="checkbox"/> This product promotes environmental/social (E/S) characteristics. Although sustainable investments is not its objective, it will have a minimum of ____% sustainable investments</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that are considered to be ecologically sustainable according to EU taxonomy <input type="checkbox"/> with an environmental objective in economic activities that are not considered to be ecologically sustainable according to EU taxonomy <input type="checkbox"/> with a social objective <p><input checked="" type="checkbox"/> This product promotes E/S characteristics, but will not invest sustainably</p>

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, in which a list of **environmentally sustainable economic activities** is determined. 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.



Which environmental and/or social characteristics does this financial product promote?

Stichting Pensioenfonds SABIC Nederland (SPF) considers sustainability to be a major aspect of its investment philosophy and an integral component of its investment principles. SPF aims to use its investments for long-term social and other value creation. To realize this, SPF is promoting the following environmental and social characteristics:

1. **Using ESG factors in managing investments:** when managing and evaluating investments.
2. **Climate change and carbon footprint:** by measuring the carbon intensity of shares, investment grade credits, and high yield US. SPF also uses ESG Integration, Engagement, Voting, and Exclusion as instruments to make a positive contribution to the theme of climate.
3. **Exclusion based on the Ten Principles of the United Nations (UN) Global Compact:** companies that conduct themselves in a manner not compatible with the United Nations (UN) Global Compact's Ten Principles are excluded from our investment.
4. **Exclusion of socially controversial activities:** SPF does not want to be involved in financing countries or companies that develop inappropriate activities. This includes 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. SPF also does not invest in 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 are also excluded from investment. In most cases, the sanctions relate to human rights, arms proliferation, and democratic rights.

What sustainability indicators measure the achievement of each of the environmental or social characteristics promoted by this financial product?

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

SPF uses the following sustainability indicators to measure how environmental and social characteristics are met:

Using ESG factors in managing investments:

1. Number of engagements with companies in a year and the number of milestones achieved with engagement in that year.
2. SPF votes worldwide at shareholder meetings of the listed companies in which it invests in accordance with its Corporate Governance and voting policy and provides transparency in this regard. SPF has outsourced the implementation of its voting policy to voting provider, Columbia Threadneedle Investments. SPF publishes the number of meetings at which it voted.

Climate change and carbon footprint:

3. Measuring carbon intensity for the investment categories shares, investment grade credits, and high yield US.

Exclusion of companies:

4. Assets invested in excluded individual companies at year-end, excluding fund investments.
SPF excludes companies that:
 - a) Demonstrate conduct incompatible with the United Nations (UN) Global Compact's Ten Principles;
 - b) Are 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;
 - c) Are suppliers of products that are vital to the production of the aforementioned controversial weapons (key suppliers);
 - d) Are under UN, EU, or Dutch government sanctions.

Exclusion of countries:

5. Assets invested in excluded countries at year-end excluding fund investments.
SPF excludes countries that:
 - a) 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.

The 'no serious impairment' principle applies only to the financial product's underlying investments that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments of the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

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



Does this financial product take into account the most important adverse impacts on sustainability factors?

☐

Yes

☒

No

SPF currently already has policies in place regarding some of these adverse impacts.

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

- Carbon emissions from companies;
- Controversial weapons;
- Company compliance with the (UN) Global Compact.

With respect to other sustainability areas that are designated as important by the legislator, SPF is still actively formulating policy, including on biodiversity, water, and the gender pay gap.

Which investment strategy does this financial product use?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

SPF has a broad investment portfolio, divided into a matching portfolio and a return portfolio. SPF invests actively.

SPF invests its matching portfolio in low-risk fixed-income investments with the primary objective of achieving stable returns as well as managing the interest risk. The return portfolio is invested in higher-risk corporate and fixed-income securities. SPF invests in state and corporate bonds, mortgages, shares, listed real estate, unlisted real estate, and infrastructure. The pension fund still has a small allocation in private equity in its portfolio, which will disappear from the portfolio when that fund reaches its maturity date.

SPF's sustainability policy aims for long-term social and other value creation. In adopting long-term value creation as a leading principle, sustainability and sustainability risks are integrated in all investment categories via several pillars:

- ESG Integration
- Engagement
- Voting Policy
- Exclusion
- Transparency

ESG Integration

Where possible, SPF manages and evaluates investments according to ESG factors. 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 endorses the ESG due diligence steps in accordance with OECD guidelines. SPF expects its fiduciary managers, ESG service providers, asset managers, and companies in which SPF invests to act in accordance with the OECD guidelines for multinational companies and the UN's Guiding Principles on Business and Human Rights, and to report on this. SPF also expects its fiduciary manager and asset managers to have a sustainability risks policy.

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 does this by using instruments such as engagement, voting, exclusion, and measuring the carbon footprint of the share, investment grade credit, and high yield US investment categories. This measurement method is based on WACI scope 1 and scope 2 data.

Engagement

Engagement involves dialogue with the boards of investee companies. Engagement is used to make agreements with companies on plans, goals, or ambitions including with respect to the climate theme. A climate theme example is an aim to encourage the company to commit to the Paris Climate Agreement and to draw up concrete plans to achieve that commitment.

Columbia Threadneedle Investments (hereinafter CTI) conducts engagement with companies in the share and corporate bond portfolios on behalf of SPF. SPF participates actively in a collective engagement program. Collective engagement involves conducting engagement on behalf of multiple investors. This increases the engagement influence and increases the likelihood of achieving the desired results.

Targets that CTI has set for companies are based on their own engagement experiences as well as on the best practice standards formulated in this context by initiatives and industry associations.

There are several steps in CTI's engagement processes with companies with respect to combating climate change and reducing carbon emissions. The first step is for companies to recognize the problem and report their scope 1 and 2 carbon emissions. The second step is to formulate emission objectives and the concrete steps to reduce carbon emissions. The third step is to integrate climate risks in the strategy and report on scope 3 emissions. The final step is aligning the carbon reduction objectives with the Paris Climate Agreement.

Voting

In publicly traded companies, exercising voting rights combined with engagement is an influential way to highlight the importance of key issues such as climate action. For cost and capacity considerations, we vote remotely via proxy voting. We rely on the services of CTI in exercising our voting rights.

For instance, the instrument is used to shape the carbon policy. The submission of resolutions is another option. This enables carbon reduction plans, goals, or ambitions compiled by voting members to be submitted for a vote.

Collective proxy voting involves multiple parties joining the same voting program. This reinforces the influence that shareholders can have with their voting rights. One of CTI's goals in implementing its voting policy is to reduce corporate carbon emissions by 55% by 2030 and achieve net zero emissions by 2050.

CTI votes 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).

If a company does not make sufficient progress on the theme of climate change, CTI will generally vote against individual Board Members, financial reports, and other Board motions.

Exclusion

SPF's investment policy produces an investment portfolio that reflects its standards and values. SPF excludes companies and countries based on the risk of negative impact and conflict with its own norms and values. SPF's exclusion policy applies to SPF's segregated mandates within the investment categories of shares, listed real estate, corporate bonds, and state bonds.

SPF excludes the following companies:

- 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).

Additionally, companies that conduct themselves in a manner not compatible with the UN Global Compact's Ten Principles are excluded from our investment.

The Ten Principles of the UN Global Compact are derived from the following four international treaties and declarations:

1. The Universal Declaration of Human Rights;
2. The ILO Declaration on Fundamental Principles and Rights at Work;
3. The Rio Declaration on Environment and Development;
4. The United Nations Convention against Corruption.

The Ten Principles are sub-divided into four main themes: human rights, labor law, environment, and fighting corruption.

Countries that do not adhere to international treaties or that are under UN, EU, or Dutch government sanctions are also excluded from investment. In most cases, the sanctions relate to human rights, arms proliferation, and democratic rights.

SPF uses the screening and research capacities of Sustainalytics. Sustainalytics engages in worldwide research into social issues and analyzes investment portfolios for their sustainability. Prior to any investment, this is checked against SPF's exclusion list. The investment portfolio is also reviewed each quarter to determine whether all the preceding quarter's investments complied with SPF's exclusion criteria.

Transparency

SPF reports on sustainability in its annual report to ensure transparency about the sustainability policy and its implementation. In the context of transparency about where SPF invests, SPF publishes an annual overview of the total investment portfolio on its website. It also reports the outcomes of the engagement activities and the Vote Summary Report at shareholder meetings on its website. To conclude, the website regularly features items on the SPF sustainability policy.

Which binding elements of the investment strategy are used in selecting the investments to achieve all environmental and social characteristics that this financial product promotes?

SPF invests in accordance with its integrated sustainability policy. The following binding elements flow from this policy:

Exclusions:

SPF excludes the following investments from its investment portfolio:

- a) 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.
- b) Suppliers of products that are vital to the production of the aforementioned controversial weapons (key suppliers).
- c) Companies that demonstrate behavior that is incompatible with SPF's norms and values, based on the principles of the (UN) Global Compact.
- d) Companies that fall under UN, EU, or Dutch sanctions.
- e) Countries that do not adhere to international treaties or that are under UN, EU, or Dutch government sanctions are also excluded from investment.

What is the promised minimum percentage for limiting the scope for investments to be considered prior to applying that investment strategy?

0%. SPF does not exclude a certain percentage of the investment universe in advance.

What is the assessment policy for good governance practices of investee companies?

Practices with respect to good governance relate to such things as good management structures, relations with employees, remuneration of staff, and compliance with tax legislation. In its investment choices, SPF takes into account that companies in which it invests follow good governance practices,

for example, by excluding companies that violate the (UN) Global Compact. These are the minimum policy guidelines for companies' fundamental responsibilities for human rights, labor rights, the environment, and anti-corruption measures.

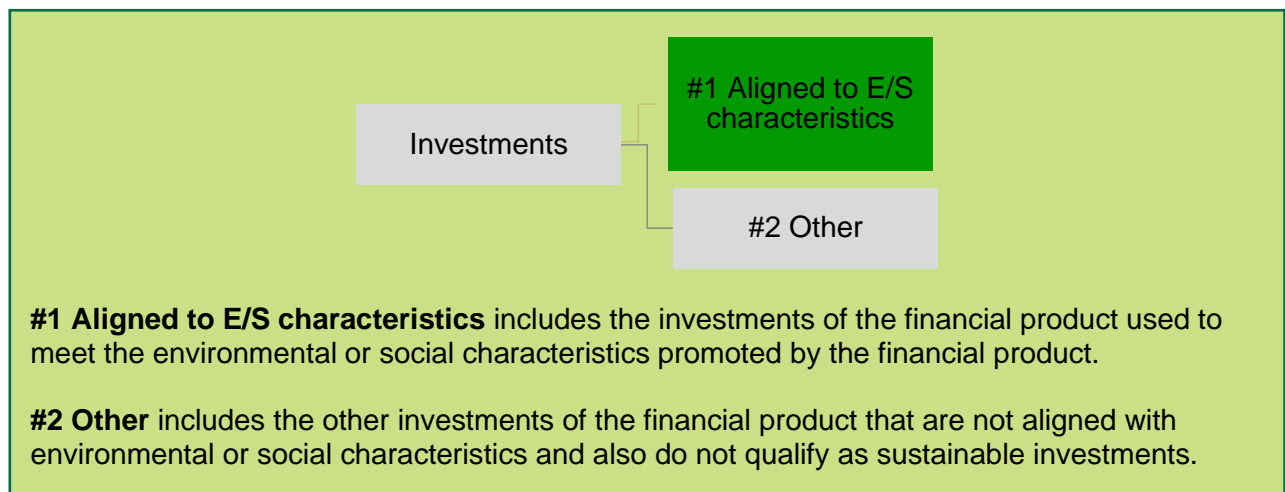
Practices with respect to **good governance** comprise good management structures, relations with employees, remuneration of staff, and compliance with tax legislation.



What asset allocation is planned for this financial product?

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

SPF promotes environmental 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 environmentally sustainable activities as defined by the Taxonomy Regulation. Most of SPF's investments are aligned with environmental and/or social characteristics. These investments relate to shares (including listed real estate), corporate bonds, state bonds, non-listed real estate, infrastructure, and mortgages. The other investments are not aligned to these characteristics and relate to derivatives and liquid assets. There are no environmental or social minimum safeguards for this.



In what way does the use of derivatives achieve the environmental or social characteristics promoted by the financial product?

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

To determine whether the EU taxonomy is complied with, the criteria for **fossil gas** include limitations on emissions and switching to renewable energy or low-carbon fuels by 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.



To what extent are sustainable investments with an environmental objective minimally aligned to the EU taxonomy?

0%. Currently, SPF does not allocate a minimum percentage of its portfolio to environmentally sustainable economic activities as set out in the EU taxonomy. If more reported EU taxonomy data become available from investments, SPF will reconsider this allocation.

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 which SPF is investing, e.g. for a transition to a green economy;
- the **operational expenditure** (OpEx) that reflects green operational activities of investee companies.

Does the financial product invest in activities in the fossil gas and/or nuclear energy sectors that comply with the EU taxonomy¹?

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Yes:

☐

In fossil gas

☐

In nuclear energy

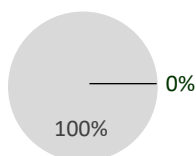
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No

The two charts below show in green the minimum percentage of investments aligned with EU taxonomy. As there is no suitable method to determine whether state bonds are aligned with taxonomy*, the first chart shows the alignment with taxonomy for all the financial product's investments, including state bonds, while the second chart shows the alignment with taxonomy only for financial product investments other than in state bonds.

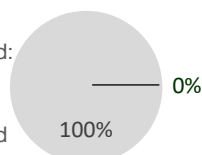
1. Alignment of investments to taxonomy including state bonds*

- Op taxonomie afgestemd: fossiel gas
- Op taxonomie afgestemd: kernenergie
- Op taxonomie afgestemd (geen fossiel gas & kernenergie)
- niet op taxonomie afgestemd



2. Alignment of investments to taxonomy excluding state bonds*

- Op taxonomie afgestemd: Fossiel gas
- Op taxonomie afgestemd: kernenergie
- Op taxonomie afgestemd (geen fossiel gas & kernenergie)
- Niet op taxonomie afgestemd



This diagram represents 100% of total investments.

*** For these charts, 'state bonds' include all exposure to state debts.**

¹ Activities in the fossil gas and/or nuclear energy sectors will only comply with the EU taxonomy if they contribute to limiting climate change ('climate mitigation') and do no significant harm to any EU taxonomy objective - see explanatory note in the left-hand margin. The extensive criteria for economic activities in the fossil gas and nuclear energy sectors that comply with the EU taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

What is the minimum share of investments in transition and facilitating activities?

0%. This question does not apply as SPF has not committed to sustainable investments with an environmental objective aligned with EU taxonomy.



Which investments are included in ‘#2 Other’? What are they for, and are there any environmental or social minimum safeguards?

Derivatives and liquid assets. No environmental or social minimum safeguards are 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.



Where can I find more specific information about this product online?

You can find more specific information about this product on the SPF website.

Please click [here](#) for more information about SPF's Investment Policy.