

General Profile of the SPF Board

Pensioenfonds SABIC

Stichting Pensioenfonds SABIC (SPF) is a company pension fund that takes care of the pension provisions for employees of SABIC in the Netherlands.

The pension scheme operated by the fund is a CDC (Collective Defined Contribution) scheme. The Board of SPF aims to invest the contributions of the members of the pension scheme in such a way that an optimum return is achieved at an acceptable level of risk and expense.

The Board has outsourced the provision of policy advice, management support and activities arising from the pension administration, financial administration, and asset management to DSM Pension Services (DPS). In addition, the Board makes use of the services of an actuary, an accountant, and a compliance officer.

The Board has and retains final responsibility for everything that happens at SPF.

SPF's Board

The SPF Board determines how the pension scheme is operated and determines the policy in this respect. The Supervisory Board oversees this policy. The Board gives account for its policy to the Accountability Body.

The Board works in accordance with a joint board model and consists of eight members of the joint board and two board professionals. Four of the joint members were nominated by the employers, two members were nominated by the works council on behalf of the employees, and two members were elected by and from among the pensioners. The joint board members are appointed for a term of four years. Reappointment is possible. The maximum term of office of a board member is twelve consecutive years.

The two external board members are appointed by the Board for a period of three years.

Advisory Committees

The Board has set up two advisory committees: The Finance Committee and the Pensions Committee. The Finance Committee's areas of activity include asset and risk management and actuarial and financial affairs. The Pensions Committee's areas of activity include pensions, complaints and disputes, and communication.

The composition and core tasks of the committees are set out in the Administrative Framework Regulations. The most important task of each committee is to advise the Board on the policy issues assigned to that committee. The board professionals are each a chairman of a committee. The Finance Committee includes an external investment adviser and an external risk adviser. These external advisers are appointed for a period of three years, with an annual performance review.

General profile of the Board member

The size and complexity of SPF means that a Board member has the necessary knowledge, skills, and competences of a director and is able to manage a large company pension fund and provide direction for the administrative organization in the context of outsourcing to the administrative organization. In the performance of his or her duties, a member of the Board is guided by the interests of the members, deferred members, other beneficiaries, pensioners, and employers involved in the pension fund and ensures that they feel represented in a balanced manner. One important aspect is that the Board member acquires far-reaching insight into the fund, the specific target groups and risks, and the ways in which and moments at which the Board can manage and make adjustments. The Board member maintains contacts in such a way that he/she is able to have a feeling for and keep track of the situation in this group of stakeholders with regard to the pension scheme and the fund.

Upon acceptance of the role of director, the person concerned must have aptitude level A or higher.

Knowledge and experience

The members of the Board have up-to-date knowledge and experience with:

- managing an organization
- relevant regulations and legislation
- pension schemes and types of pension
- financial-technical and actuarial aspects, including financing, investment, actuarial principles, and reinsurance
- administrative organization and internal audits
- communications
- outsourcing
- risk management

A good Board must not only have the required knowledge but must also be able to use it. To this end, a Board member must be able to analyze the subjects relevant to the management of a pension fund, to take decisions about them, to evaluate the decisions and, if necessary, to make adjustments.

Additional and/or specific expertise requirements are imposed on the Board members as members of an advisory committee for a particular pension fund field that is assigned to them.

Competencies

In addition to knowledge and experience, SPF attaches particular importance to a director who is focused on cooperation, has the courage to ask critical questions and does so, and is decisive in this respect. A Board member must be able to properly balance the interests of SPF with those of all stakeholders, must have strategic insight, and must be aware of political and social relationships.

The following competencies are present within the Board as a whole, and every Board member should possess these competencies to a greater or lesser extent:

strategic thinking	multidisciplinary thinking and opinion-forming
responsibility	ability to reflect
loyalty	ability to work in a team
communicative capability	awareness of their environment
stress resistance	independence
authenticity	decisiveness
negotiating skills	a focus on clients, quality, and results
strategic steering	persuasiveness

Professional conduct

Professional conduct is mainly related to practical and measurable behavioral aspects. This means issues such as being able to demonstrate that the fund characteristics are “in your genes” and having a well-developed awareness of so-called boardroom dynamics, the effect of the “tone at the top,” and the importance of integrity for the reputation and proper functioning of organizations.

All of this is based on the integrity of the director. Integrity as a Board (and as a Director) means being seen as reliable as a Board (and as a Board member). People who are referred to as having integrity generally act in accordance with their principles and comply with the obligations they have taken on. The same applies in difficult circumstances when pressure is exerted to deviate from one’s principles.

A person with integrity is reliable, honest, respectful, and acts with consistency in different situations. The Board greatly values professional conduct.

Other requirements

Each Board member must also satisfy the following requirements:

- a. a sense of involvement in what is going on and dedication to achieving the objectives of the fund (personal ownership)
- b. adherence to the suitability plan applicable to the Board and the Personal Development Plan (PDP) specifically drawn up for him/her
- c. willingness to have his/her performance as a board member assessed
- d. compliance with the code of conduct applicable to Board members
- e. monitors current developments in the areas of pensions and able to translate them into consequences for the fund
- f. attendance of meetings of the Board of Directors and provision of constructive input during meetings

Additional requirements

Diversity also has a role in the composition of the board as a whole. The Board is certain that diversity within the Board broadens its horizons and thereby allows it to perform better. The requirements of diversity as laid down in the Code of the Dutch Pension Funds (*Code Pensioenfondsen*) are currently being met.

Depending on the current composition of the Board, a Board member is sought who has certain knowledge and skills/competencies, and who demonstrates certain behavior. In order to be qualified as “suitable,” the triptych of expertise, competencies, and professional conduct is decisive in the given situation, together with the diversity required for the completeness of the Board. For every nomination, the Board takes into account the great importance of knowledge, competencies, and professional conduct as well as how the individual candidate contributes to the completeness of the performance of the Board as a whole. If necessary, the Board imposes additional requirements in terms of knowledge, competencies, and professional conduct.

Time requirement

A fully-worked-in Board member must have the opportunity to spend an average of at least one day a week on Board tasks.

Selection procedure and appointment

The suitability of the candidate Board members is assessed as objectively as possible. The Board member representing the pensioners is nominated directly by pensioners from among the pensioners themselves. Elections are held under the auspices of the Board. The Board has charged an election committee with the task of organizing the election. The Board determines the list of eligible candidates.

The appointment of a Board member is subject to the suspensive condition of approval by De Nederlandsche Bank (DNB). Diversity in the Board in terms of knowledge, background, and competencies on the one hand, and age and sex on the other, is important. This plays a role in the selection of the candidate.

Assessment by DNB

A Board member will be assessed in terms of their suitability and reliability within the meaning of the 2012 policy regulation on suitability drawn up by De Nederlandsche Bank and the Dutch Authority for the Financial Markets (AFM). An appointment is always subject to the approval of De Nederlandsche Bank.

The Board reports the intended appointment of a Board member to De Nederlandsche Bank. De Nederlandsche Bank assesses the proposed Board member in terms of their suitability for the role. De Nederlandsche Bank will assess the proposed Board member on the basis of this profile and within the context of the composition of the Board as a whole. One explicit assessment criterion is the time that the proposed director has available for the role; the VTE/FTE score applies here. This is the standard for the time involved, as set out in article 35a of the Pensions Act Implementation Decree. The Board member is appointed following receipt of De Nederlandsche Bank's notice of approval.