Product information on the website for financial products that promote environmental or social characteristics

a) Summary

DPS: the ‘beleggingsmandaat Pensioenfonds SABIC’ (‘SPF’) (Stichting Pensioenfonds SABIC investment mandate) is classified as an article 8 product according to the SFDR, which means that it promotes environmental and social sustainability characteristics.

DPS actively identifies and mitigates sustainability risks. We do this by excluding certain investments.

DPS uses various data sources and methodologies to promote environmental and social sustainability characteristics and implement the above-mentioned activities. These data sources and methodologies enable us to implement our activities, and monitor and report on them. The data DPS uses is supplied by Morningstar Sustainalytics and Columbia Threadneedle Investments (‘CTI’).

Information from data sources is used to assess companies and countries when selecting investments (integration) and to exclude companies or countries (exclusion). The information is also used to monitor the existing portfolio. The used data are based on quantitative and qualitative assessment methodologies or a combination of the two.

Inevitably, the data and methodology used also have limitations. For example, a patented scoring methodology may have limited comparability with other scoring methodologies. In addition, some underlying data are regularly supplied via company self-assessment and have not always been validated by an independent party.

Integration and exclusion methods form an integral part of the investment and selection process.

b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have a sustainable investment objective as defined in the SFDR.

c) The financial product’s environmental or social characteristics

Sustainability is a major aspect of DPS’s investment philosophy and an integral component of its investment principles. DPS aims to use its investments for long-term social and other value creation. To achieve this, DPS promotes the following environmental and social characteristics:

1. Using ESG factors in investment management:

ESG factors are used in managing and evaluating investments on the basis of the ESG controversies score.

2. Mitigating climate change and carbon reduction:

By measuring the carbon intensity of the shares and corporate bonds in the investment portfolio, by integrating a carbon reduction target of 55% by 2030 compared with the 2016 benchmark and carbon data for the shares, investment grade credits, and high yield US investment categories, and a reduction of the net zero target (100% reduction) by 2050.

3. Exclusion based on the Ten Principles of the United Nations Global Compact:

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

4. Exclusion of socially controversial activities:

Companies involved in the production of controversial weapons such as cluster munition, land mines, chemical and biological weapons, depleted uranium munition, white phosphorus munition, and nuclear weapons are excluded. DPS 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.

d) Investment strategy

DPS'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 using several tools:

- ESG integration
- Exclusion
- Transparency

These tools, as well as measuring the carbon footprint of the shares, investment grade credits, and high yield US investment categories based on WACI scope 1 and scope 2 data, demonstrate DPS's commitment to using its investment portfolio to minimize negative climate impact.

ESG integration

Where possible, DPS manages and evaluates investments according to ESG factors. The way in which social issues in the form of ESG aspects are embedded in the investment decisions differs for each investment category and mandate.

In its asset management mandates, DPS aims to achieve a better sustainability profile than the appropriate benchmark on the basis of the ESG Controversies. DPS developed a scoring methodology for this purpose. ESG Controversies provide a good indication of a company's sustainability risk profile, as they refer to incidents at companies or their suppliers that have a negative impact on stakeholders, the environment, or business operations. Data on this are provided by Morningstar Sustainalytics. DPS does not invest in companies that are classified in the worst ESG controversies score category ('severe' impact/category 5), based on information from Morningstar Sustainalytics.

DPS invests in companies that follow good governance practices. This includes good management structures, relations with their employees, remuneration of staff, and compliance with tax legislation. DPS assesses companies for good governance based on data sources such as the ESG risk score and controversies score taken from Morningstar Sustainalytics. DPS also measures the carbon footprint of the share and investment grade credits investment categories. This measurement method is based on WACI scope 1 and scope 2 data.

Exclusion

DPS also monitors its clients' exclusion policy. On behalf of SPF, DPS excludes companies and countries based on the risk of negative impact and a conflict with SPF's norms and values. DPS's exclusion policy applies to DPS's mandates within the investment categories of shares, listed real estate, corporate bonds, and sovereign bonds.

DPS excludes the following companies on behalf of SPF:

- Tobacco producers;
- Companies that derive at least 5% of their turnover from coal or tar sands mining;
- Companies involved in the production of controversial weapons such as cluster munition, land mines, chemical and biological weapons, depleted uranium munition, white phosphorus munition, 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 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 subdivided into four main themes. These main themes are human rights, labor law, environment, and anti-corruption measures.

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.

DPS uses the screening and research capacities of Morningstar Sustainalytics. Morningstar 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

In line with the PRI reporting cycle, DPS produces reports to ensure transparency about the sustainability policy and its implementation. DPS also submits a monthly report to SPF about sustainability each quarter.

e) Share of investments

DPS promotes environmental and social characteristics without pursuing a sustainable investment objective as defined in the SFDR. DPS has no minimum allocation to sustainable investments as defined by the SFDR or investments in environmentally sustainable activities as defined by the Taxonomy Regulation.

DPS's investments are aligned with environmental and/or social characteristics. These investments cover shares, listed real estate, corporate bonds, and sovereign bonds.

f) Monitoring environmental or social characteristics

DPS uses the following sustainability indicators to monitor how environmental and social characteristics are met:

Using ESG factors in investment management:

1. The number of companies that, based on Morningstar Sustainalytics information, fall into the worst ESG controversies score category ('severe' impact/category 5) or if a company receives an ESG controversies score 'high' impact/category 4.

Mitigating climate change and carbon reduction:

2. Reduction objective relating to carbon intensity for the share, investment grade credits, and high yield US investment categories: 55% as of 2030 - 100% (net zero) as of 2050 compared with the 2016 benchmark and based on scope 1 and scope 2 data.

Exclusion of companies

3. Assets invested in excluded individual companies at year-end, excluding fund investments.

   DPS excludes companies that:

   a) Conduct themselves in a way that is incompatible with the UN Global Compact's Ten Principles;

   b) Are active in tobacco production;

   c) Derive at least 5% of their turnover from coal or tar sands mining;

   d) Are involved in the production of controversial weapons such as cluster munition, land mines, chemical and biological weapons, depleted uranium munition, white phosphorus munition, and nuclear weapons;

   e) Are suppliers of products that are vital to the production of the aforementioned controversial weapons (key suppliers);

   f) Are under UN, EU, or Dutch government sanctions.

Exclusion of countries

4. Assets invested in excluded countries at year-end, excluding fund investments.

DPS excludes 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.

g) Methodologies

The previous sections introduced the promoted characteristics and associated sustainability indicators. This section further discusses the methodologies used to monitor progress of the promoted characteristics.

Using ESG factors in investment management:

1. DPS monitors companies' ESG controversies scores based on information supplied by Morningstar Sustainalytics. Companies classified in the worst ESG controversies score category ('severe' impact/category 5) are excluded. If a company receives an ESG controversies score 'high' impact/category 4, a formal procedure is instigated.

Mitigating climate change and carbon reduction:

2. The Weighted Average Carbon Intensity (WACI) scope 1 and 2 emissions are used as a carbon intensity measure as an amount of emissions (in tonnes) per million of turnover within the shares, listed real estate, investment grade credits, and high yield US investment categories. DPS calculates the carbon intensity in accordance with TCFD recommendations.

Exclusion of companies:

3. For the purpose of company exclusions, DPS monitors the ESG company controversies score, the turnover ratio from coal and tar sands mining based on a 5% limit of company annual sales, companies that produce tobacco, produce/supply controversial weapons, or that violate the UN Global Compact. Lastly, DPS monitors whether companies are under UN, EU, or Dutch government sanctions. This monitoring is carried out based on information and analyses originating from Morningstar Sustainalytics.

Exclusion of countries:

4. DPS monitors the countries that do not adhere to international treaties or that are under UN, EU, or Dutch government sanctions. This monitoring is carried out based on information and analyses originating from Morningstar Sustainalytics.

h) Data sources and processing

DPS uses external data as input for the investment process, preferring standardized data where possible. We receive data from the following and other sources:

Morningstar Sustainalytics

- Morningstar Sustainalytics provides information on the exclusion of companies, State Owned Entities, and countries.
- Morningstar Sustainalytics provides information on scope 1 and scope 2 carbon emissions of companies in the portfolio.
- Morningstar Sustainalytics provides information on companies' ESG controversies score.

AFM/Pension Federation

- AFM/Pension Federation's cluster munitions list.

National and international sanctions lists

- The publicly available EU, Dutch government, and UN sanctions lists inform exclusions of countries and companies under sanctions.

i) Methodologies and data limitations

DPS uses information that is supplied by ESG data providers. Although various sources are used to ensure that environmental and social characteristics are applied within the mandates, there are limitations to the methodologies and data sources.

The scoring methodology of ESG data providers such as Morningstar Sustainalytics is based on a patented methodology. A difference in methodology between the various ESG providers can lead to different outcomes. For instance, the ESG qualification issued by ESG data providers on companies and countries may differ among the various ESG data providers. The ESG ratings issued by ESG data providers are therefore of limited comparability.

Data from companies and countries on which ESG data providers rely for their ESG rating may also be based on public sources. Due to transparency requirements for larger companies, there is generally more public information about larger companies than about smaller companies.

Information can also be based on input from companies themselves. The qualification of this information is therefore subjective in certain respects. In other cases, the information is not validated by an independent party.

j) Due diligence

Sustainability criteria form part of the selection criteria for our investments. This means that DPS considers sustainability as well as financial aspects when assessing investments or investment service providers. The above-mentioned methods of ESG integration and exclusion methods form an integral part of DPS's investment and selection process.

k) Engagement policy

DPS does not implement an engagement policy with respect to SPF's investment portfolio. SPF conducts its own engagement with respect to the investments in this SPF portfolio with the help of its engagement provider Columbia Threadneedle Investments.

The tool of engagement enables agreements to be made with companies about plans, objectives, or ambitions. Engagement is also used to start a series of intensive dialogues with companies whose conduct is not in line with the UN Global Compact's principles and where potential or actual negative impact has been identified. An engagement process can be labeled as a proactive or reactive engagement process.

To see SPF's engagement policy, please visit the SPF website. Click **here** for more information.

l) Designated reference benchmark

There is no comprehensive reference benchmark to determine whether this is aligned with the environmental and/or social characteristics it promotes. This means that this category does not apply.