

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?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> This product made the following sustainable investments with an environmental objective : ___% <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 <input type="checkbox"/> This product made the following sustainable investments with a social objective : ___%	<input type="checkbox"/> This product promoted ecological/social (E/S) characteristics . Although sustainable investment was not its objective it had a minimum of ___% sustainable investments <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 <input checked="" type="checkbox"/> 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 DSM Nederland (PDN) promoted the following ecological and social characteristics:

1. Realising positive impact on its environment:

Based on the United Nation's development goals (the United Nations Sustainable Development Goals, or SDGs), PDN used four SDGs as key priorities:

- Good health and well-being (SDG 3)
- Affordable and clean energy (SDG 7)
- Responsible consumption and production (SDG 12)
- Climate action (SDG 13)

PDN aimed to invest at least 2.5% above the benchmark in impact bonds. This target relates to the combined government and corporate bond investment categories and was achieved over the past year.

PDN'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.

Engagement was also conducted, with a dialogue being started 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. Columbia Threadneedle Investments (CTI) conducts engagement with companies in the share and corporate bond portfolios on behalf of PDN. The engagement programme in particular aimed to achieve a positive effect on SDGs 3, 7, 12 and 13.

PDN's aim is that at least 50% of the total engagement processes in a year will have reached a milestone and at least 25% of total engagements will focus on SDGs 3, 7, 12, and 13. 36% of the total number of companies with which engagement processes are ongoing achieved a milestone in 2022 and 45% of the total engagement was related to the selected SDGs.

PDN also introduces consequences if companies in its portfolio fail to make progress during engagement processes. Companies with which an engagement process is ongoing in SDG focus areas 3, 7, 12 or 13 will be excluded if they receive a 'poor' rating from CTI for three consecutive years based on stalled or unsuccessful engagement, unless there are special mitigating circumstances that justify continued investment in the company.

PDN's performance with respect to these characteristics was measured according to sustainability indicators 3 and 4. The results are included in the following question.

In listed companies, exercising voting rights combined with engagement is a way to highlight the importance of key issues such as climate action.

PDN voted at shareholder meetings of the listed companies in which it invests in accordance with its Corporate Governance and voting policy.

PDN's performance with respect to this characteristic was measured according to sustainability indicator 5. The results are included in the following question.

2. **Mitigating climate change and carbon reduction:**

PDN used various instruments from its sustainability policy to minimise its investment portfolio's negative impact on the climate and to maximise the positive impact. Using ESG Integration, impact investing, engagement, voting and exclusion as instruments, PDN has made efforts to make a positive contribution on the climate theme.

PDN has done this partly by aiming to achieve a carbon reduction of 55% by 2030 compared with the 2016 benchmark and carbon data as at 2016 (if the 2016 carbon data were not available, the 2020 carbon data were used), for the share, investment grade credit and high yield US investment categories, and a reduction of net zero (100% reduction) by 2050.

PDN's performance with respect to this characteristic was measured according to sustainability indicator 6. The results are included in the following question.

3. **Exclusion based on the ten principles of the United Nations (UN) Global Compact:**

PDN has invested in such a way that its investment portfolio reflects its standards and values, which is why PDN has excluded companies and countries where there are risks of negative impact and where there is conflict with PDN's norms and values.

PDN's exclusion policy with respect to companies applies to PDN's segregated mandates within the share, listed real estate and corporate bond investment categories.

PDN has excluded the following companies:

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

PDN's performance with respect to this characteristic was measured according to sustainability indicators 7 and 8. The results are included in the following question.

4. **Exclusion of socially controversial activities:**

PDN does not want to be involved in financing countries or companies that develop inappropriate activities. PDN'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. PDN has excluded the following companies:

- Tobacco producers;
- Companies that derive at least 25% of their turnover from coal or tar sands mining;
- 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);

PDN has also not invested in 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.

PDN's performance with respect to this characteristic was measured according to sustainability indicators 7 and 8. 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?

<p>1. A percentage of investments in impact bonds for the state and corporate bond investment categories.</p>	<ul style="list-style-type: none"> - Benchmark: 4.7% - Target (BM + 2.5%): 7.2% - Portfolio: 13.9% <p>As at end 2022</p>
<p>2. The number of investments in the entire portfolio that contribute to realising one of the 17 Sustainable Development Goals.</p>	<p>€344 million as at end 2022</p>
<p>3. The number of milestones achieved with engagements as formulated by CTI in a year as a percentage of the total number of companies with which engagement has taken place in that year.</p>	<ul style="list-style-type: none"> - Number of engagements: 406 - Achieved milestones: 145 - Percentage of achieved milestones: 36% <p>As at end 2022</p> <p>Many engagement processes run over several calendar years. This means that achieving milestones is affected by time and can result in the percentage of achieved milestones being considerably higher or lower.</p>
<p>4. Number of engagements with a focus on SDGs 3, 7, 12 and 13.</p>	<ul style="list-style-type: none"> - SDG 3: 2% - SDG 7: 2% - SDG 12: 19% - SDG 13: 21% - Total: 45% <p>As at end 2022</p>
<p>5. Percentage of shareholder meetings at which CTI voted on behalf of PDN.</p>	<p>Number of shareholder meetings: 1097</p> <ul style="list-style-type: none"> - Number of votes cast: 1090 - % of votes cast: 99% <p>Number of proposals on which votes could be cast: 13,713</p> <ul style="list-style-type: none"> - Number of votes cast: 13,660 - % of votes cast: 99% <p>As at end 2022</p> <p>A limited number of proposals (<1%) were subject to liquidity-limiting factors, which meant that no votes were cast.</p>
<p>6. Percentage of carbon reduction compared with the benchmark in combination with the carbon emission development in that benchmark for the share, investment grade credit and high yield US investment categories, based on scope 1 and scope 2 data.</p>	<ul style="list-style-type: none"> - Shares: 143 (-38%) - Shares benchmark: 231 - Investment Grade Credits: 178 (-15%) - Investment Grade Credits benchmark: 210 - US High Yield: 194 (-61%) - US High Yield benchmark: 497 <p>As at end 2022</p>
<p>7. Assets invested in excluded individual companies at year-end, excluding fund investments.</p>	<p>0</p>
<p>8. Assets invested in excluded countries at year-end excluding fund investments.</p>	<p>0</p>

...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 significant 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?

PDN 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. PDN has, however, included the following adverse impact:

- Carbon intensity of companies via a reduction target of 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
DEUTSCHLAND I/L DBRI 0 1/2 04/15/30	Government	2.6%	Germany
TSY INFL IX N/B TII 0 7/8 01/15/29	Government	1.9%	United States
DEUTSCHLAND I/L DBRI 0.1 04/15/46	Government	1.3%	Germany
FRANCE O.A.T.I/L FRTR 0.1 07/25/38	Government	1.3%	France
US TREASURY N/B T 2 1/4 08/15/27	Government	1.0%	United States
NETHERLANDS GOVT NETHER 0 07/15/30	Government	0.8%	Netherlands
FRANCE O.A.T.I/L FRTR 0.7 07/25/30	Government	0.7%	France
DEUTSCHLAND REP DBR 0 1/2 02/15/28	Government	0.6%	Germany
DEUTSCHLAND REP DBR 2 1/2 08/15/46	Government	0.6%	Germany
NESTLE SA-REG	Consumer Staples	0.4%	Switzerland
INT BK RECON&DEV IBRD 0.1 12/06/38	Government	0.4%	Supranational
FRANCE O.A.T.I/L FRTR 0.1 07/25/47	Government	0.4%	France
NETHERLANDS GOVT NETHER 0 1/4 07/15/29	Government	0.4%	Netherlands
TSY INFL IX N/B TII 1 02/15/49	Government	0.4%	United States
REP OF AUSTRIA RAGB 4.15 03/15/37	Government	0.3%	Austria

The percentages are based on the situation as at 31 December 2022 and on the total PDN 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**

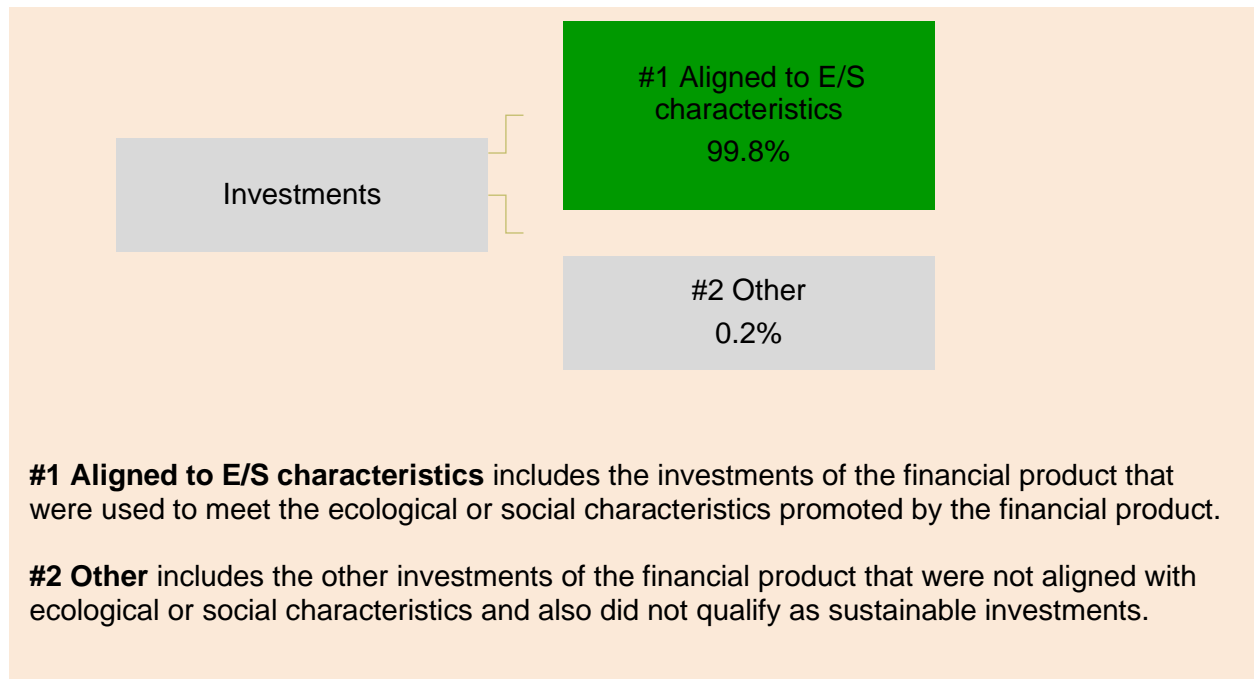


What was the proportion of sustainability-related investments?

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

PDN promoted ecological and social characteristics without pursuing a sustainable investment objective as defined in SFDR legislation. PDN 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 PDN's investments are 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, mortgages and gold. 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?



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?

Economic Sector	Sum of market value (%)
Other	24.57%
Public administration and defence; mandatory social insurance	20.36%
Industry	16.61%
Financial activities and insurance	16.34%
Operation of and trade in property	7.52%
Total information and communication	4.83%
Wholesale and retail; repair of cars and motorbikes	2.02%
Production and distribution of electricity, gas, steam and cooled air	1.64%
Transport and storage	1.31%
Mining of minerals	1.28%
Construction	0.67%
Liberal professions and scientific and technical activities	0.60%
Human health and social services	0.59%
Extraterritorial organisations and bodies	0.43%
Providing accommodation and meals	0.35%
Administrative and support services	0.32%
Art, leisure and recreation	0.29%
Distribution of water; waste management, wastewater management and remediation	0.20%
Agriculture, forestry and fishing	0.06%
Other services	0.02%

The percentages are based on the situation as at 31 December 2022 and on the total PDN 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

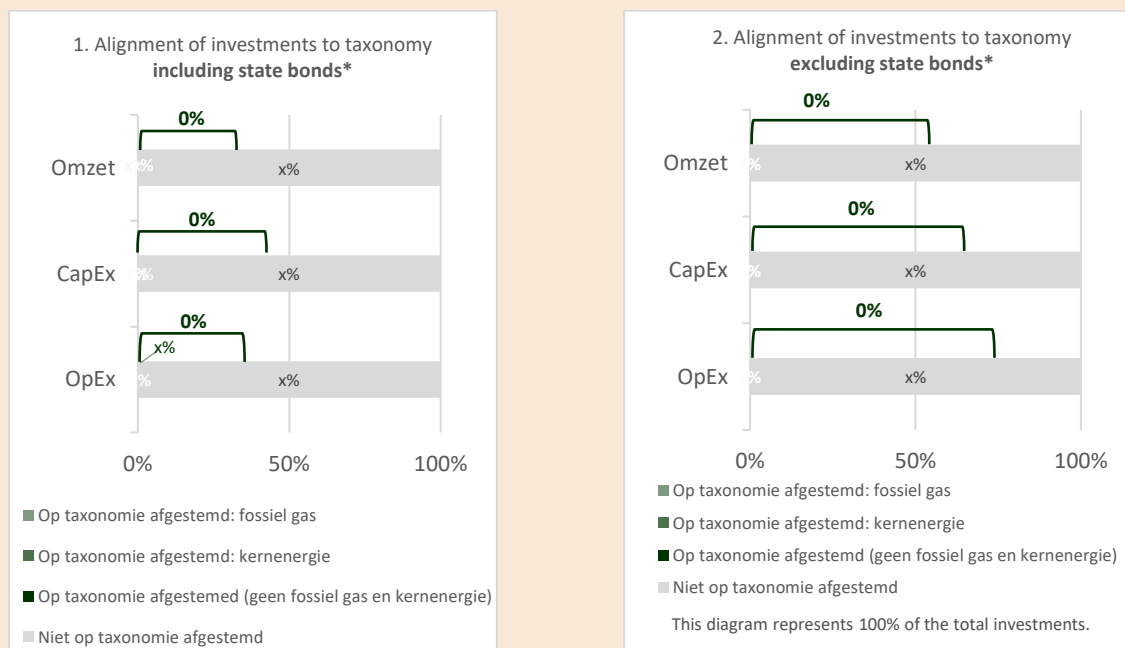
- Yes:
 In fossil gas In nuclear energy
 No

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 PDN is investing, e.g. for 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, PDN 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, PDN 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. PDN 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?

PDN took the following measures:

- PDN used data originating from Bloomberg classifications to monitor the percentage of investments in impact bonds for the state and corporate bond investment categories. Bloomberg labels a bond as a 'green bond', 'social bond' or 'sustainability-linked bond' when the issuer clearly states that the proceeds of the loan will be used entirely for green, social/societal or sustainable/ecological-related activities, according to a definition accepted by the market.
- To monitor the percentage of impact investments in the portfolio, the number of investments in the portfolio that contribute to realising one of the 17 Sustainable Development Goals were measured. PDN used the processes of fiduciary manager, DSM Pension Services B.V. (DPS) for this.
- The number of achieved milestones with engagements and the number of engagements that focus on SDGs 3, 7, 12 and 13 were implemented by CTI via the Responsible Engagement Overlay programme.

- PDN used CTI's services to implement its voting policy. CTI has produced regular reports on the implementation of this policy. DPS, PDN's fiduciary manager, monitors and evaluates CTI's activities. PDN 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. PDN calculated the carbon intensity in line with TCFD recommendations.
- 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. PDN 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.