SNPS
Shell Nederland Pensioenfonds Stichting

ANNEX TO SUSTAINABILITY RISKS PRE-CONTRACTUAL INFORMATION (SFDR)

INTEGRATING THE SUSTAINABILITY RISKS INTO INVESTMENT DECISION PROCEDURES (SFDR ARTICLE 3)

The information in this annex contains pre-contractual information that the pension fund is obliged to share with its participants under the SFDR. This annex provides information regarding various sustainability aspects of the pension scheme's investment portfolio, including the SFDR classification and sustainability risks, as well as information as set out in the pre-contractual template.

SFDR classification	Article 8
Sustainability risks	SNPS takes account of sustainability risks when managing the Portfolio and integrates those risks into its investment decisions. Sustainability risks are identified with the help of ESG ratings that have been drawn up by an independent party. The ESG ratings are used to identify the sustainability risks that can possibly have a financial impact on investments. The top three sustainability risks of the Portfolio are: Business Ethics, Human Capital Development and Governance.
	In every investment decision it makes, the pension fund looks not only at the return and the sustainability performance, but also at the costs and risk. One potential risk for investments is sustainability risk. The SFDR defines the term sustainability risk as 'an event or circumstance at environmental, social or governance level that, if it occurs, can have an actual or potentially material adverse impact on the value of the investment'. Sustainability risks are basically the risks that cause the value of an investment to drop as a result of an event or circumstance related to ESG. SNPS looks at the trends and development in ESG risks. Environmental risks are events related to the world we live in, such as climate change, natural resource scarcity and pollution. Investments can be affected by physical damage to our climate, for example, such as investing in a company operating in areas with extreme water scarcity. Social risks can relate to labour issues and product liability. Social unrest or corruption can negatively affect the value of an investment. Governance involves matters concerning shareholder rights, business ethics, diversity and executive remuneration, to name a few. The pension fund also subscribes to the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs). As part of this, we weigh factors related to human rights, labour standards, environment and anti-corruption when making investment decisions. You can read a more detailed explanation here on how due diligence is implemented in the SRI policy. In addition, the pension fund mitigates the sustainability risks of investments for the pension by deploying a range of instruments, such as exclusions, active shareholding, ESG integration and carefully selecting and monitoring its asset managers.
	The potential impact of all sustainability risks on the (expected) value of the investments of this Portfolio is assessed according to the ESG ratings as: Average.

CCC	B	BB	BBB	A	AA	AAA
Much higher	Higher	Average			Lower	Much lower