



SSPF Statement on principal adverse impacts of investment decisions on sustainability factors



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1. Summary

Stichting Shell Pensioenfonds (SSPF) (LEI 2138006OZQ4A1SOYK780) considers the principal adverse impacts (PAIs)¹ of its investment decisions on sustainability factors. This document is the consolidated statement of PAIs on sustainability factors at SSPF and covers the reference period January 1 to December 31, 2024.

This Principal Adverse Impact Statement presents the policies and processes that SSPF has in place to prioritise and address PAIs. It also describes how they were implemented during the reference period and the way the pension scheme² performed on a range of PAIs (both prioritised ones and others) over the same reference period³.

SSPF recognises that investee entities can have material adverse impacts on sustainability factors, both through their conduct and their business activities, and that investee entities that do not properly manage these adverse impacts may compromise long-term investor value. SSPF has prioritised a range of PAIs that it considers material not only to the pension scheme and its participants, but also to broader society and the environment. The prioritisation process considered the severity of the adverse impacts, including their potential irremediable character; existing policy choices and ESG preferences of SSPF's participants, including in relation to prioritised UN Sustainable Development Goals (SDGs); and data availability and quality. Table I provides a summary of the PAIs of investment decisions in terms of the sustainability factors considered by SSPF. The PAI indicators, progress achieved during the reference period and future areas of focus are further described in section 2 below.

¹ The Sustainable Finance Disclosures Regulation (SFDR) describes PAIs as "the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

² Where PAI data is not available for all assets of the pension scheme, the PAI indicators only reference the relevant part of pension scheme for which data was available during the reference period.

³ The PAI indicators presented in section 2 of this statement capture the average of the Q1-Q4 portfolio exposures. Where PAI data was not available throughout the year or where the underlying data is updated only once a year, some of the PAI indicators may only capture the situation as per December 31, 2023.



Table I: summary of principal adverse impact indicators reported by SSPF:

Applicable to	PAI indicator	Prioritised (yes/no) SSPF theme	Table ⁴	Number ⁵
Investee companies	GHG emissions.	No	1	1
	Carbon footprint.	Yes: Climate change; SDGs 7, 13	1	2
	GHG intensity of investee companies.	Yes: Climate change; SDGs 7, 13	1	3
	Exposure to companies active in the fossil fuel sector.	Yes: Climate change; SDGs 7, 13	1	4
	Share of non-renewable energy consumption and production.	No	1	5
	Energy consumption intensity per high climate impact sector.	No	1	6
	Activities negatively affecting biodiversity-sensitive areas.	No	1	7
	Emissions to water.	No	1	8
	Hazardous waste.	No	1	9
	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.	Yes: Universal principles, multiple SDGs	1	10
	Lack of processes and compliance mechanisms to monitor compliance with Un Global Compact principles and OECD Guidelines for Multinational Enterprises.	No	1	11
	Unadjusted gender pay gap.	No	1	12
	Board gender diversity.	Yes: Universal principles, SDGs 5, 10	1	13
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).	No	1	14
	Investments in companies without carbon emission reduction initiatives.	Yes: Climate change; SDGs 7, 13	2	4
	Rate of accidents.	Yes: Governance, SDG 8	2	2
	Incidents of discrimination.	Yes: Universal principles, SDGs 5, 10, 16	2	7
	Operations and suppliers at significant risk of incidents of child labour.	Yes: Universal principles, SDGs 8, 16	2	12
	Lack of anti-corruption and anti-bribery policies.	Yes: Governance, SDG 16	2	15
	Cases of insufficient action taken to address breaches of standard of anti-corruption and anti-bribery.	Yes: Governance, SDG 16	2	16
Sovereigns and supranationals	GHG intensity.	Yes: Climate change; SDGs 7, 13	1	15
	Investee countries subject to social violations.	No	1	16
	Average human rights performance.	Yes: Universal principles, SDGs 5, 8, 10, 16	2	20
	Average corruption score.	Yes: Governance, SDG 16	2	21
	Average rule of law score.	Yes: Governance, SDG 16	2	24
Real estate assets	Exposure to fossil fuels through real estate assets.	No	1	17
	Exposure to energy-inefficient real estate assets.	No	1	18
	GHG emissions.	Yes: Climate change; SDGs 7, 13	2	18
	Energy consumption intensity.	Yes: Climate change; SDGs 7, 13	2	19
Other	Paris Agreement ratification.	Yes: Climate change; SDGs 7, 13	1	N/A
	GHG reduction target related to real estate assets.	Yes: Climate change; SDGs 7, 11, 13	1	N/A

Source: SSPF

⁴ Table I indicates mandatory PAI indicators under the SFDR; these have to be reported. Table II indicates additional PAI indicators under the SFDR. These indicators are reported because they have been prioritised by SSPF.

⁵ The column references the number assigned to the indicator in the SFDR. These numbers are assigned on the basis of the indicator type (mandatory/additional) as well as the area they relate to (environmental, social and employee matters etc.).



2. Description of the principal adverse impacts on sustainability factors

Table I includes a description of PAIs of investment decisions on sustainability factors.

SSPF reports three sets of indicators:

- All mandatory⁶ PAI indicators (some of which have been prioritised);
- Additional prioritised PAI indicators; and
- Other indicators.

The SFDR formally requires SSPF to report the PAI indicators at the entity level (the total pension scheme). The SFDR does not render any asset classes out of scope. In practice, however, there are large differences in data availability between various asset classes, with limited or no data being available for indirectly managed and/or private assets. By default, SSPF only calculates the PAI indicators for the part of its portfolio for which either reported or estimated data is sufficiently available⁷. In practice, this means that if a portion of the overall portfolio is not covered through any available data set, SSPF would exclude it from the scope of the calculation as opposed to assuming that there is no PAI exposure. Similarly, for many of the PAI indicators, using sector or country exposures to estimate PAIs would be problematic; such an approach could help inform engagement (with external managers), but SSPF would consider it less suitable for reporting purposes. As such, the PAI indicators presented in table III only capture the parts of the pension scheme for which there is sufficient data coverage. Cash and cash-equivalents are kept out of scope to avoid reducing the PAI exposure in a way that may be considered misleading, given the inclusion of cash and cash-equivalents would lead to the reported PAI exposure to be lower (better). Table II below describes overall data availability during the reference period. How SSPF has been closing the coverage gaps is further described in section 3 below.

⁶ The SFDR prescribes a certain set of mandatory indicators that have to be reported even if these have not been prioritised by SSPF.

⁷ SSPF considers data to be 'available' if the PAI indicator is covered through one or more of the data sources that SSPF uses.



Table II: PAI data availability across indicator categories:

Indicator category	Relevant assets covered	Relevant assets not covered
Investee companies	Listed equity and corporate bonds. Long-only 'credit default swaps' were included under 'corporate bonds'. During the reference period, the covered assets represented some 56% of relevant assets by market value ⁸ . Portfolio coverage within listed equities and corporate bonds differed per indicator. A small sub-set of indicator data is also available for the private equity portfolio. This increases the coverage of investee companies to roughly 80% of relevant assets by market value.	Private loans, structured products, externally managed private equity (for a sub-set of indicators where data is not available), private loans, hedge funds and other alternatives. In relation to the majority of these instruments, SSPF is dependent on external managers that have visibility into the profiles of the underlying entities to improve PAI reporting. Manager engagement trajectories are undertaken to improve data availability for these assets.
Sovereigns and supranationals	Sovereign debt. Coverage within the asset class is largely comprehensive.	Supranational and municipal bonds are kept out of scope as the methodological applicability of the PAI indicators to such issuers and the corresponding data availability remains limited. During the reference period, supranational and municipal issuers represented a minor proportion of the 'sovereign debt' portfolios (<1.5% relevant assets by market value) ⁹ .
Real estate assets	Externally managed real estate. Portfolio coverage within externally managed real estate depends on whether a manager reports to GRESB, the source of real estate data used for PAI reporting. Some 60% of the real estate portfolios by market value did do this. To improve data availability, SSPF promotes GRESB reporting by its external managers.	N/A.

Source: SSPF

⁸ This references long-only exposure at the end of the reference period. Mortgages and infrastructure equity are not included in the denominator.

⁹ This references long-only exposure at the end of the reference period.



In addition to the SFDR indicator categories listed above, during the reference period SSPF also had portfolio exposure to mortgages. These made up approximately 6.7% of the market value of the overall SSPF investment portfolio. The main mortgage manager making up the majority of the quoted exposure considers PAIs, a description of which can be found on its website.¹⁰

Furthermore, due to evolving regulatory expectations, derivatives¹¹ were not included in scope of the PAI calculations. The inclusion of derivatives could meaningfully impact the PAI exposures, typically by lowering them. SSPF will continue to review regulatory guidance on this and, where relevant, align its calculation approach to the evolving standard.

Table III below provides a detailed description of the prioritised and other mandatory PAIs, including the actions taken to address those that have been prioritised.

In the following reference period (financial year 2025), SSPF will focus on:

- Monitoring and stimulating engagement progress with the lower-scoring issuers through EOS, and reviewing proxy voting outcomes;
- Reviewing and addressing individual issuers coming out of the PAI and climate policy due diligence processes, including – where appropriate – the consideration of potential exclusions;
- Reviewing custom ESG benchmarks across listed equities and corporate bonds to incorporate objectives of the Climate Policy;
- Implementing requirements of the Climate policy in guidelines of external managers.

¹⁰ DMFCO has published its [PAI statement over 2023](#)

¹¹ With the exception of long-only credit default swaps, as mentioned in table II.



Table III: detailed description of the prioritised and other mandatory PAIs:

Adverse sustainability indicator		Metric			Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies								
Climate and other environment-related indicators								
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions.		432.614	477.704	Unit: tCO ₂ eq	The PAI is not prioritised. However, the related indicators 'carbon footprint' and 'GHG intensity of investee companies' are being addressed. GHG emissions and other climate-related metrics were abundantly featured in SSPF's engagement with investee companies (conducted through EOS). They were also addressed through voting. This entailed both voting against the election of directors of companies that insufficiently manage climate-related risks and supporting climate-related (shareholder) resolutions.	
		Scope 2 GHG emissions.		94.457	107.988	Unit: tCO ₂ eq		
		Scope 3 GHG emissions.		4.785.203	4.920.992	Available vendors (MSCI and ISS-STOXX) disagree on scope 3 GHG emissions data, with the financed GHG emissions/footprint calculated on the basis of ISS data being on average ≈47% higher throughout the year (for equity and corporate bonds) than that based on MSCI data. This difference is higher than in the previous reporting period. The average scope 3 financed GHG emissions for 2024 based on MSCI data would be 3,258,313 tCO ₂ eq (2023: 3,563,342 tCO ₂ eq). In both cases (ISS-STOXX and MSCI), the indicator denominator - EVIC - is sourced from the same data set (Factset Fundamentals), with equal data availability. ISS data (higher) is used as a primary source based on methodology review and the precautionary principle. Unit: tCO ₂ eq.		
		Total GHG emissions.		5.506.684	7.589.189	GHG emissions of the portfolio (equity and corporate bonds) decreased by some 12.5% between Q1 and Q4, whilst the total market value of the relevant assets only decreased by some 4.2% during the same period. If the private equity portfolio were to be included, the total 2024 financed GHG emissions would be 6,164,561 CO ₂ eq. (2023: 6,183,069CO ₂ eq). Unit: tCO ₂ eq.		
	2. Carbon footprint	Carbon footprint.	Scope 1 & 2.	75	86	Carbon footprint estimates (scope 1 & 2 only) are also available for the private equity portfolio. If the private equity portfolio were to be included, the overall 2024 carbon footprint (of corporate investees) would be lower, at approximately 62 tCO ₂ eq/mln. EUR invested (vs 68.4 tCO ₂ eq/mln. EUR invested in 2023). Unit: tCO ₂ eq/mln. EUR MV.	In 2023 SSPF formalised its approach to the prioritised climate-related PAIs by means of a dedicated policy. Carbon footprint is addressed through the policy, targeting >20% reduction in carbon footprint by 2025 relative to 2022 baseline; >40% by 2030 and net zero by 2050. The 2025 and 2030 targets are included in ESG customized benchmarks for equities and high yield and investment guidelines for equities, investment grade credits and high yield managers. Issuers' carbon footprint is one of the key metrics informing the bottom-up due diligence process on the basis of which roughly 40 issuers are prioritised, assessed and monitored, and which - in case of insufficient progress - would be subject to exclusion.	
			Scope 1, 2 and 3.	754	814	Available vendors (MSCI and ISS-STOXX) disagree on scope 3 data. The average scope 1, 2 and 3 carbon footprint for 2024 based on MSCI data would be significantly lower at 539 tCO ₂ eq/mln. EUR invested (2023: 625 tCO ₂ eq/mln EUR invested). ISS-STOXX data (higher) is used as a primary source based on methodology review and the precautionary principle. If the private equity portfolio were to be included, the overall 2024 carbon footprint (of corporate investees) would be lower at app. 609.7 tCO ₂ eq/mln. EUR invested (2023: 625.3 tCO ₂ eq/mln.EUR MV). Unit: tCO ₂ eq/mln. EUR MV.		
	3. GHG intensity of investee companies	GHG intensity of investee companies.	Scope 1 & 2.	119	157	Carbon intensity estimates (scope 1 & 2 only) are also available for the private equity portfolio. If the private equity portfolio were to be included, the 2024 carbon intensity exposure would be lower at approximately 101 tCO ₂ eq/mln . EUR rev (vs 127 tCO ₂ eq/mln. EUR rev in 2023). Unit: tCO ₂ eq/mln. EUR rev. (weighted average).	SSPF does not directly steer on this indicator in its investments. However, the related indicator carbon footprint is addressed in SSPF's investments and engagement and voting activities (more information is include above).	
			Scope 1, 2 and 3.	1.393	1.448	Available vendors (MSCI and ISS-STOXX) diasgree on scope 3 data. The average scope 1, 2 and 3 carbon intensity for 2024 based on MSCI data would be 962 tCO ₂ eq/mln. EUR rev. (2023: 1,122 tCO ₂ eq/mln. EUR rev.). ISS data (higher) is used as a primary source based on methodology review and the precautionary principle. If the private equity portfolio were to be included, the 2024 carbon intensity exposure would be lower at approximately 1,125 tCO ₂ eq/mln. EUR rev. (2023: 1,130 tCO ₂ eq/mln. EUR rev.). Unit: tCO ₂ eq/mln. EUR rev. (weighted average).		
	4 Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector.		9,4%	9,8%	If the private equity portfolio were to be included, the 2024 exposure would be lower at approximately 6.9% (2023: 7.5%). It is noteworthy that the data point used considers 'any type of involvement', no matter how small, to count, bringing a relatively large proportion of the portfolio in scope. Finally, portfolio exposure to companies involved with thermal coal mining and sale - a sub-set of the reported exposure - would be much lower at under at 0.9% MV (2023: 1% MV; equity and corporate bonds). Unit: % MV.		SSPF does not steer on this indicator in its investments. SSPF monitors the exposure to companies active in the fossil fuel sector on a quarterly basis to investigate means to steer more directly on this indicator.



Table III: follow-up

Adverse sustainability indicator		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
Climate and other environment-related indicators							
Greenhouse gas emissions	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Non-renewable energy consumption (%).	58,6%	63,6%	In relation to energy consumption, some reporting bias is expected; energy consumption is more likely to be reported when it is material; low (non-renewable) energy consumption companies may not always be reporting this metric. If the private equity portfolio were to be included, the 2024 exposure would be higher at approximately 64.1% (2023: 67.2%). Unit: % (weighted average).	The PAI is not prioritised.
			Non-renewable energy production (%).	29,9%	60,8%	The coverage of the indicator at the total portfolio level is relatively low, at 20.5%MV (2023: 5.9% MV (equity and corporate bonds). When calculated for reporting companies from the sector utilities only (sector coverage 63%), the indicator non-renewable energy production comes out at 70.2% (worse; 2023: 73%). Unit: % (weighted average).	The PAI is not prioritised.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	All of the below.	1,8	1,6	Given the immaturity of the metric, both the data and portfolio coverage differ meaningfully between vendors. This is one of the reasons why the metric does not feature among SSPF's prioritised indicators. Unit: GWh/mln. EUR rev. (weighted average).	The PAI is not prioritised.
			Agriculture, forestry and fishing.	0,4	4,0		
			Mining and quarrying.	1,9	1,8		
			Manufacturing.	0,9	1,7		
			Electricity, gas, steam and air conditioning supply.	3,6	2,7		
			Water supply; sewerage, waste management and remediation activities.	1,7	2,0		
			Construction.	1,4	3,4		
			Wholesale and retail trade; repair of motor vehicles and motorcycles.	0,2	0,3		
			Transportation and storage.	16,9	1,3		
	Real estate activities.	0,4	1,0				
Biodiversity	7. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.		0,2%	0,2%	The indicator offers a relatively large discretion in how it should be assessed. Showcased data is sourced from ISS-STOXX on the basis of a methodology which closely follows the SFDR indicator definition; the resulting no. of issuers meeting the relatively stringent criteria is low at 0.2% MV (equity and corporate bonds). Unit: % MV.	The PAI is not prioritised.
Water	8. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.		No data	No data	At the moment data availability for this indicator is deemed insufficient in terms of alignment with the SFDR indicator definition. Therefore, SSPF uses a proxy metric, chemical oxygen demand (COD). COD indicates the amount of oxygen in metric tonnes needed to oxidise an organic compound to carbon dioxide. It is a metric commonly used to measure water pollution levels. It is also used in environmental legislation which obliges most industrial companies to reduce COD levels below specific values. The higher the COD value, the more serious the pollution of organic matter by water. The portfolio coverage of the metric is, however, low, at 2% MV (equity and corporate bonds) due to limited company reporting, e.g. driven by regulatory requirements (or lack thereof), but also materiality considerations. SSPF's weighted average portfolio exposure is 0.4 t/mln. EUR MV (2023: 0.01 t/mln. EUR MV) when measured for the whole portfolio covered through the available data set (equity and corporate bonds), and 0.6t/mln. EUR MV when measured for reporting companies only (2023: 0.3t/mln. EUR MV).	The PAI is not prioritised.



Table III: follow-up

Adverse sustainability indicator	Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Waste	9. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	8,7	24,1	The portfolio coverage of the metric remains low, at 10.2% (2023: 9.7% MV; equity and corporate bonds) due to limited company reporting, e.g. driven by regulatory requirements (or lack thereof), but also materiality considerations. SSPF's weighted average portfolio exposure is 8.7 t/mln. EUR MV (2023: 24.1 t/mln. EUR MV) when measured for the whole portfolio covered through the available data set (equity and corporate bonds), and 96.2 t/mln. EUR MV (2023: 299.8 t/mln. EUR MV) when measured for reporting companies only. Moreover, hazardous waste generation differs across industries and sectors; comparability across sectors should be applied with care. For instance, hazardous waste in healthcare usually refers to medical waste, which is delicate but generally light, while in metals & mining it refers to much heavier tailings. The large decrease between 2023 and 2024 can most likely be attributed to the resolution of previous data issues present in the data set. Unit: t/mln. EUR MV.	The PAI is not prioritised.
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	2,1%	2,2%	There are various ways how portfolio exposure to UNGC/OECD violators can be determined, given the principles and guidelines offer scope for interpretation. ESG data vendors have discretion in how they conduct their assessment. SSPF employs a conservative approach, whereby data from two different vendors are considered. If at least one of the vendors considers an issuer a UNGC/OECD violator, SSPF would report it as a violator. Through an alternative lens, if the assessment is based on the data from a single vendor only, the exposure to UNGC/OECD violators would be much lower in the case of MSCI data, at 0.1% MV (0.5% MV in 2023) and comparable in the case of ISS-STOXX data at 2.1% (1.8% in 2023). Where the two vendors agree (both consider a company to be UNGC/OECD violator), this would be only 0.01% (equity and corporate bonds; single issuer; vs. 0.12% in 2023). In either case, SSPF has lower exposure compared to the reference benchmarks, showcasing the impact of exclusions implemented on the basis of the PAI due diligence process. Same as for other indicators applicable to investee companies, the exposure is at present reported for the equity and corporate bond portfolios only. If the private equity portfolio were to be included, the 2024 exposure would go from 2.1% to 1.5% (2023: 1.6%). Unit: % MV.	SSPF addressed the PAI through a bottom-up issuer shortlisting due diligence process. Through the process issuers scoring relatively poorly on the prioritised S&G PAIs that do not manage the issues leading to the flag sufficiently well are identified, and it is assessed whether these are responsive to engagement efforts regarding the PAIs. In this specific PAI, the former element considers whether an issuer violates the UNGC principles and/or OECD Guidelines for Multinational Enterprises. It also considers whether such an issuer has processes in place to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises, or grievance /complaints handling mechanisms to address such violations. The assessment incorporates information on engagement progress. On the basis of these criteria, As of the end of 2024, 8 issuers and their related entities were excluded on the basis of this PAI by SSPF. Furthermore, the PAI indicator plays a role in the type of engagement cases and voting decisions SSPF reviews and monitors. It also helps identify those issuers which score relatively poorly on the PAI but are not (yet) actively engaged on the identified issues.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	17,6%	16,6%	There are various ways how portfolio exposure to companies lacking UNGC/OECD due diligence processes can be determined, given the principles and guidelines offer scope for interpretation. SSPF follows a discretionary assessment of the data vendor (ISS-STOXX) that closely follows the SFDR indicator definition. Unit: % MV.	SSPF addresses the PAI through the PAI due diligence process (as described above). The PAI is considered among 'management information' evaluated for how well a particular issue is being managed.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	11,0	10,5	This indicator captures a company's global mean and unadjusted gender pay gap. The value is the percentage by which women's salaries are lower than men's. A negative value indicates a higher female salary. Portfolio coverage is at present very low, at 11% (2023: 7.6%; equity and corporate bonds). The metric is typically reported in jurisdictions where this is a regulatory requirement. Unit: % (weighted average).	The PAI is not prioritised.



Table III: follow-up

Adverse sustainability indiactor		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Indicators applicable to investments in investee companies							
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Social and employee matters	13. Board gender diversity	Average ratio of female to male board members in investee companies.		35,0%	34,0%	The metric corresponds to % females on company Boards (weighted average). An alternative data set (ISS-STOXX) suggests a higher figure, at 36.5% (35% in 2023) but with lower coverage for corporate bonds due to methodological considerations. There are large regional differences in the average company performance, with Asia and Pacific coming out the lowest. If the private equity portfolio were to be included, the 2024 exposure would be lower at 24.9%. Unit: % (weighted average).	The PAI indicator is assessed in the PAI due diligence process where it helps identify priority issuers. Through the process issuers scoring relatively poorly on the prioritised S&G PAIs that do no manage the issues leading to the flag sufficiently well are identified and it is assessed whether these are responsive to engagement efforts regarding the PAIs. As of the end of 2024, three issuers were excluded on the basis of the PAI assessment that included poor performance on and management of board gender diversity. The PAI indicator also plays a role in the type of engagement cases and voting decisions SSPF reviews and monitors, and helps identify those issuers which score relatively poorly on the PAI but are not (yet) actively engaged on the identified issues. During the reference period, board gender diversity was abundantly featured in engagement with investee companies conducted thorough EOS on SSPF's behalf. The issue is also frequently addressed through voting, with insufficient board diversity often triggering a vote against the election of board directors.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.		0,00%	0,00%	Unit: % MV	SSPF excludes companies that are involved with controversial weapons captured by the PAI. The exclusion process was updated in 2023 to formally include the PAI in the screening processs. The exposure remains at 0% with the private equity portfolio being included.
Indicators applicable to sovereigns and supranationals							
Environmental	15. GHG intensity	GHG intensity of investee countries.		309	235	The metric considers production GHG emissions of a country over its GDP. The production GHG emissions data are disclosed (by countries) with a few-year delay, with the metric currently referencing the years 2020/2021 (as available per end-2024). The exposure has been constant throughout the year. Unit: tCO ₂ eq/mln. EUR GDP	SSPF does not steer on this indicator in its investments.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where.	No. of countries meeting the conditions.	44	45	The conditions the SFDR indicator sets out are very broad and allow for discretion in how strictly these are interpreted. At the moment many countries meet the criteria for being 'subject to social violations', almost exclusively concentrated in emerging markets (EM). SSPF adopts a methodology based on a discretionary assessment by a data vendor ISS-STOXX that incorporates the requirements of the PAI indicator.	This indicator is addressed in SSPF’s ESG policy through assessment of countries’ governance score: Countries with a poor performance on governance are not included in the investable universe. Voice and accountability and the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and free media are part of the governance score. The governance score mainly impacts countries in emerging markets.
			% of invested countries meeting the conditions.	73,3%	67,7%		
			% market value (MV) corresponding to countries meeting the conditions.	13,9%	11,7%		
Indicators applicable to investments in real estate assets							
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.		No data	No data	Data related to this indicator is presently not available.	The PAI is not prioritised.
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.		No data	No data	Data related to this indicator is presently not available.	The PAI is not prioritised.



Table III: follow-up

Adverse sustainability indicator		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Climate and other environment-related indicators							
Indicators applicable to investments in investee companies							
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.		65,2%	70,1%	At present, there is not yet a standard way to verify whether investee companies' carbon emission reduction initiatives are Paris-aligned. SSPF uses a relatively narrowly defined indicator of 'SBTi (Science-Based Targets initiative)-approved carbon reduction targets'. If the private equity portfolio were to be included (on the basis of the SBTi-approved only approach), the 2024 exposure would be higher (worse) at 68% (2023: 73.7%). Unit: % MV.	In 2023 SSPF formalised its approach to the prioritised climate-related PAIs by means of a dedicated policy. This indicator is addressed through the policy, monitoring the exposure to issuers with SBTi-approved GHG emission reduction targets. Finally, engagement on Paris-aligned GHG reduction initiatives is pursued through EOS. It consitutes one of the cornerstones of the climate engagement policy EOS follows. Such initiatives were also addressed through voting. This entailed both voting against the election of directors of companies that insufficiently manage climate-related risks and supporting climate-related (shareholder) resolutions.
Indicators applicable to investments in real estate assets							
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets.		498	518	GHG emissions of real estate funds are attributed to SSPF based on the NAV of the portfolio position over the NAV of the fund on the same reference date. Due to differing approaches in how real estate managers classify tenant GHG emissions and whether these fall under scope 1/2 or 3, SSPF considers it most prudent to look at 'all GHG emissions' combined, as opposed to the scope 1-3 breakdown. The % of GHG emissions reported across time and floor area (whole portfolio) is 48.5% (vs. 44% in 2023). As reporting quality improves or estimation methodologies are introduced, the financed GHG emissions of the portfolio are expected to go up. The carbon footprint based on total GHG emissions was 16.3 tCO ₂ eq/mln. EUR invested (reporting funds only; 2023: 12.9 tCO ₂ eq/mln.EUR invested). Unit: tCO ₂ eq.	GHG emissions of real estate funds are further to be addressed through the engagement of external managers. In 2024, SSPF prioritised managers for engagement based on their PAI reporting and performance.
		Scope 2 GHG emissions generated by real estate assets.		2.588	3.233		
		Scope 3 GHG emissions generated by real estate assets.		4.753	2.856		
		Total GHG emissions generated by real estate assets.		7.838	6.607		
Energy consumption	19. Energy consumption intensity	Energy consumption in GWh of owned real estate assets per square meter.		0,000125	0,000128	Energy consumption intensity of the portfolio in KWh/m² was 125 (weighted average). The energy consumption intensity indicator is only calculated on the basis of those funds and underlying floor area for which energy consumption intensity was reported. Unit: GWh/m² (weighted average).	Energy consumption intensity of real estate funds is to be addressed through the engagement of external managers. In 2024, SSPF prioritised managers for engagement based on their PAI reporting and performance.
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Indicators applicable to investments in investee companies							
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average.	Number of fatalities.	1,7	2,0	SSPF considers two health and safety metrics related to accidents: recordable injury rate per million hours worked (TRIR = no. of recorable cases *1mln/ total hours worked by all employees), and the total number of fatalities. This is because the reporting quality of the two metrics differs; some companies report no. of fatalities but no accident rate, and vice-versa. The coverage of the two metrics is relatively low, though in part driven by materiality considerations, at 10.9% for fatalities (2023: 11.7%) and 8.6% for recordable injury rate (equity and corporate bonds; 2023: 9.7%). Generally speaking, the metrics are biased toward more highly regulated jurisdictions. Recordable injury rate also tends to be higher for small cap companies. EOS has been focusing on engaging companies with high no. of fatalities/TRIR, with some positive enagement progress observed over time. Exclusions have further contributed to the improvement. The higher weighted average recordable injury rate is largely attributable to a single issuer for which incorrect data was reported by the data vendor. The data was corrected in Q4; for Q4 24 only, the recorable injury rate of the relevant part of the portfolio was 4.4 Unit: number of fatalities (No.); recordable injurty rate - TRIR (weighted average).	In 2024, the PAI indicator was assessed in the PAI due diligence process where it helps identify priority issuers. Through the process issuers scoring relatively poorly on the priotised S&G PAIs that do no manage the issues leading to the flag sufficiently well are identified and it is assessed whether these are responsive to engagement efforts regarding the PAIs. As of the end of 2024, several issuers were excluded on the basis of the PAI assessment that included poor performance on and management of the health & safety indicators. The PAI indicator also plays a role in the type of engagement cases and voting decisions SSPF reviews and monitors. It also helps identify those issuers which score relatively poorly on the PAI but are not (yet) actively engaged on the identified issues.
			Recordable injury rate - per million hours worked.	18,5	5,2		
		7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average		0,2	0,3	When considering severe incidents only (based on the assessment of MSCI), the weighted average would fall to 0.04 (2023: 0.02). The second element of the SFDR indicator, 'Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average', Unit: No. (weighted average).



Table III: follow-up

Adverse sustainability indicator		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters							
Indicators applicable to investments in investee companies							
Human rights	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation.		0,8%	1,1%	The available metric looks at the presence of child labour-related controversies (actual or alleged). It deviates slightly from the definition of the SFDR indicator as a fully-aligned data metric is presently not available to SSPF. Namely, the metric used is broader than the SFDR indicator requirement in the sense that it focuses on any form of alleged child labour anywhere in the value chain, not just particularly hazardous types of child labour. It is more narrow in the sense that risk is assessed on the basis of past controversies. Unit: % MV.	In 2024, the PAI indicator was assessed in the PAI due diligence process where it helps identify priority issuers. Through the process issuers scoring relatively poorly on the prioritised S&G PAIs that do not manage the issues leading to the flag sufficiently well are identified, and it is then assessed whether these are responsive to engagement efforts regarding the PAIs. The PAI indicator also plays a role in the type of engagement cases and voting decisions SSPF reviews and monitors, and helps identify those issuers which score relatively poorly on the PAI but are not (yet) actively engaged on the identified issues.
	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption.		33,0%	28,6%	The metric assesses whether a company (likely) has a sufficient anti-corruption and anti-bribery policy in place. General statements of commitment to address bribery and corruption issues or minimum practices expected based on domestic industry norms would not be considered sufficient. Also, where no data is available, it is assumed there is no sufficient policy in place. Only a detailed formal policy on bribery and anti-corruption would be considered sufficient. Unit: % MV.	In 2024, the PAI indicator was assessed in the PAI due diligence process where it helps identify priority issuers. Through the process issuers scoring relatively poorly on the prioritised S&G PAIs that do not manage the issues leading to the flag sufficiently well are identified, and it is then assessed whether these are responsive to engagement efforts regarding the PAIs. The PAI indicator also plays a role in the type of engagement cases and voting decisions SSPF reviews and monitors, and helps identify those issuers which score relatively poorly on the PAI but are not (yet) actively engaged on the identified issues. As of the end of 2024, two issuers were excluded on the basis of the PAI assessment that included poor performance on and management of bribery and corruption. Furthermore, the 'governance rating', which captures both (anti-)corruption and (anti-)bribery, is incorporated in custom ESG benchmarks applicable to listed equity and corporate bond portfolios. The custom ESG benchmarks strive to achieve 10% improvement in the governance rating relative to a standard reference index, thereby reducing the risk of corruption and bribery relative to the broader market.
Anti-corruption and anti-bribery	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.		8,8%	7,2%	The metric considers the presence of severe or very severe bribery- and corruption-related controversies. It is assumed that as long as these controversies are reported by the data vendor, they have not been fully redressed. Based on an alternative data set (ISS-STOXX) that applies discretionary assessment to determine which companies have experienced any identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery, the portfolio exposure would be significantly lower at 0.01% (2023: 0.05%). Following the precautionary principle, SSPF reports the higher (worse) figure based on MSCI data. Unit: % MV.	
Indicators applicable to investments in sovereigns and supranationals							
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column.	Civil liberties.	1,7	1,7	To measure the average human rights performance of the sovereign portfolio, SSPF considers two metrics, 'civil liberties' and 'political rights', sourced from Freedom House through MSCI (scale: 1-7). Countries with higher score have more limited civil liberties and political rights. Most recently, the metric 'fundamental rights' has also been introduced. The metric is sourced from the World Justice Project (WJP) Rule of Law Index through MSCI (scale: 0-1.0). Higher values denote stronger national performance across a broad range of human rights issues. Unit: score.	The indicator relates to the 'World Bank Governance score' that informs the investable universe for sovereign issuers.
			Political rights.	1,3	1,3		
			Fundamental rights.	0,77	0,77		
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column.		70,8	70,3	The metric is sourced from Transparency International through MSCI (scale: 0-100). Countries with lower score are perceived to be more corrupt. Unit: score.	The indicator is reflected in the 'World Bank Governance score' that informs the investable universe for sovereign issuers.
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column.		1,20	1,26	The metric is sourced from the Worldwide Governance Indicators (WGI) of the World Bank through MSCI (Z-score, mean 0 and standard deviation 1). Countries with higher score demonstrate better rule of law. Unit: score.	The indicator is reflected in the 'World Bank Governance score' that informs the investable universe for sovereign issuers.



Table III: follow-up

Adverse sustainability indicator		Metric		Impact 2024	Impact 2023	Explanation	Actions taken, actions planned and targets set for the next reference period
Other indicators							
Other	Paris Agreement Ratification			0%	0%	SSPF additionally monitors a metric related to the ratification of the Paris Climate Agreement. At the moment there are no investee countries within the sovereign debt portfolio that have not ratified the Paris Climate Agreement. SSPF finds this metric particularly relevant when a country would backtrack on its commitments. Unit: % MV.	SSPF expects all its sovereign issuers to have ratified the Paris Climate Agreement. This is reflected in the climate policy.
	GHG reduction target related to real estate assets			100,0%	100,0%	At present, there is no standard way to verify whether the carbon emission reduction initiatives of external real estate managers are Paris-aligned. SSPF uses a relatively narrowly defined indicator of 'SBTi-approved carbon reduction targets'. The metric showcases the % investee funds by NAV that do not have SBTi-approved targets. The year-on-year change showcases inconsistencies in manager reporting. If targets that the fund managers consider to be 'science-based' but that have not been ratified by the SBTi are additionally taken into account, the portfolio exposure would improve significantly to 52.1% (2023: 66.2%). Unit: % MV.	In 2023 SSPF formalised its approach to the prioritised climate-related PAIs by means of a dedicated policy. For externally managed real estate funds, more stringent requirements regarding this PAI inform the assessment of prospective managers.



3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

3.1. Methodology to identify and prioritise principal adverse impacts

SSPF has prioritised a range of PAIs that it considers material not only to the pension scheme and its participants, but also to broader society and the environment. The prioritisation process considered the severity of the adverse impacts, including their potentially irremediable character; the existing policy choices and ESG preferences of SSPF's participants, including in relation to prioritised UN Sustainable Development Goals (SDGs); and data availability and quality.

As a first step, the process considered the severity of the adverse impacts, including their potential irremediability, in line with the OECD Guidelines for Multinational Enterprises¹⁵ and the accompanying paper on "Responsible Business Conduct for Institutional Investors"¹⁶ (hereafter jointly referred to as the Guidelines). In practice, this lens tilts the focus towards indicators that address particularly severe controversial conduct or business activities that have a systemic, potentially irremediable impact. This is even more the case when accompanied by an ongoing adverse impact (e.g. where acknowledgement of the issue and/or sufficient mitigating actions have been lacking). Using this lens, the prioritised PAIs also help to identify and mitigate actual or potential sustainability risks affecting the pension scheme.

In terms of data availability and quality, SSPF opted to prioritise only those indicators for which data is sufficiently available and which have adequate portfolio coverage. These factors are seen as prerequisites for any indicator to be considered for prioritisation. Moreover, SSPF has prioritised those PAIs that are defined with sufficient level of clarity or present limited ambiguity in the way they can be implemented, as well as those that are more standardised and more consistently reported by investee entities.

3.2. Governance

In December 2021, the SSPF board formally endorsed a selection of PAIs that should be prioritised. SSPF retains its discretion to establish new policies and processes informed by the PAIs. For the practical implementation of the PAI due diligence, SSPF:

- Collects, processes and aggregates PAI data;
- Strives to gradually improve PAI data availability and coverage;
- Facilitates due diligence processes where PAI exposures and analytical insights derived from the prioritised PAIs inform further action, policy-making and process-setting; and
- Coordinates dialogue with SSPF's engagement service provider EOS on priority engagement and proxy voting cases informed by the PAI indicators.

SSPF's ESG Forum reviews portfolio PAI exposures and updates stemming from the PAI due diligence process on a quarterly basis.

¹⁵ [TOECD Guidelines for Multinational Enterprises \(2011\)](#)

¹⁶ [OECD Paper on Responsible Business Conduct for Institutional Investors \(2017\)](#)



3.3. Data sources

SSPF invests in thousands of entities, both directly and indirectly. Because of the vast scope of the investment portfolio, not all data is readily available and SSPF is unable to collect data directly from investee companies. Instead, it relies on data collected by third-party data vendors and, where relevant, external managers. This statement relies on data from the following sources (further described in table IV below):

- ESG data vendors supplying ESG data for listed equity, corporate bonds and sovereign debt portfolios (ISS-STOXX, MSCI);
- Financial data vendors supplying financial data (revenue, EVIC, total fund valuation) for listed equity, corporate bonds and externally managed real estate (FactSet, Burgiss);
- Data reported by the manager of SSPF's externally managed real estate funds to a third-party data platform (GRESB);
- Data reported by external private equity managers to third-party data platforms and estimates collected by its private equity manager¹⁷; and
- Desk research.

In the course of 2021, the available data to the PAI indicators were mapped. This has led to the identification of certain coverage gaps. The following steps have been taken to close these identified coverage gaps:

- A request for proposal (RFP) process of vendors offering data for liquid instruments was conducted. This process was concluded in Q1 2022. A new data set specialised in the PAI indicators (focused on listed equity, corporate bonds and sovereign debt) was onboarded. This has improved the availability of data to support the implementation of the mandatory PAI indicators across these three asset classes from some 50% to nearly 100%¹⁸;
- PAI data coverage was expanded for externally managed private equity portfolios; and
- Reporting requirements relating to the PAI indicators were incorporated in the pre-investment due diligence process relating to prospective external managers and the engagement of existing managers.

Due to the concerted effort to improve overall data availability, SSPF occasionally has a choice between several data sources for liquid instruments. In such cases, the source to be used is determined by considering the following items in a holistic manner:

- Portfolio coverage;
- Outcomes of data-quality checks, for example, by reviewing outliers and comparing the data supplied by ESG data vendors with information included in reports published by investee companies;
- The proximity to the SFDR indicator definition;
- Whether the metric is already being addressed through existing policies/processes relying on a specific data source;
- The precautionary principle, where SSPF generally opts to 'overstate' rather than 'understate' its PAI exposure; and
- Consistency between the sources of similar metrics (e.g. energy consumption and energy consumption per high climate impact sector).

¹⁷ A private equity manager outside of the fiduciary manager's organisation has been appointed on behalf of SSPF to provide private equity investment management and advisory services.

¹⁸ These figures reference the coverage across mandatory indicators for which at least some data is available.



Importantly, many PAI indicators are still rather immature, with data vendors providing (sometimes very) different values for what should be the same indicator related to the same investee entity. SSPF considers it important to highlight where this may be happening by choosing a primary source referenced under 'Impact' in table III, and providing further background and an indication of what the 'Impact' would have been based on an alternative data source under 'Explanation'.

Data quality is further scrutinised in various ways. SSPF strives for accurate data ingestion and relevant quality controls, either directly or through external partners. This includes validations related to data coverage, but also verification of whether the data falls within the expected range and is delivered in the expected format (numeric/textual) so that it can be further processed. Where relevant, it also conducts a review of data outliers and compares data from different sources. SSPF's or its external partners engage with data providers in relation to actual or potential data issues that have been identified, with the objective of either explaining the finding satisfactorily or correcting the issue.



Table IV: overview of data sources of principal adverse impact indicators reported by SSPF

Applicable to	PAI indicator	Data source
Investee companies	GHG emissions.	ISS-STOXX, FactSet, the fiduciary manager, LGT.
	Carbon footprint.	ISS-STOXX, FactSet, the fiduciary manager, LGT.
	GHG intensity of investee companies.	ISS-STOXX, FactSet, the fiduciary manager, LGT.
	Exposure to companies active in the fossil fuel sector.	MSCI, the fiduciary manager, LGT.
	Share of non-renewable energy consumption and production.	MSCI, the fiduciary manager, LGT.
	Energy consumption intensity per high climate impact sector.	MSCI, FactSet, the fiduciary manager.
	Activities negatively affecting biodiversity-sensitive areas.	ISS-STOXX, the fiduciary manager.
	Emissions to water.	N/A.
	Hazardous waste.	ISS-STOXX, the fiduciary manager, LGT.
	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.	ISS-STOXX, MSCI, the fiduciary manager, LGT.
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises.	ISS-STOXX, the fiduciary manager.
	Unadjusted gender pay gap.	ISS-STOXX, the fiduciary manager.
	Board gender diversity.	MSCI, the fiduciary manager, LGT.
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).	ISS-STOXX, the fiduciary manager.
	Investments in companies without carbon emission reduction initiatives.	ISS-STOXX, the fiduciary manager, MSCI, LGT.
	Rate of accidents.	MSCI, the fiduciary manager.
	Incidents of discrimination.	MSCI, the fiduciary manager.
	Operations and suppliers at significant risk of incidents of child labour.	MSCI, the fiduciary manager.
	Lack of anti-corruption and anti-bribery policies.	MSCI, the fiduciary manager.
	Cases of insufficient action taken to address breaches of standard of anti-corruption and anti-bribery.	MSCI, the fiduciary manager.
Sovereigns and supranationals	GHG intensity.	ISS-STOXX, the fiduciary manager.
	Investee countries subject to social violations.	ISS-STOXX, the fiduciary manager.
	Average human rights performance.	MSCI, Freedom House, World Justice Project, the fiduciary manager.
	Average corruption score.	MSCI, Transparency International, the fiduciary manager
	Average rule of law score.	MSCI, Worldwide Governance Indicators/World Bank, the fiduciary manager.
Real estate assets	Exposure to fossil fuels through real estate assets.	N/A.
	Exposure to energy-inefficient real estate assets.	N/A.
	GHG emissions.	GRESB, Burgiss, the fiduciary manager.
	Energy consumption intensity.	GRESB, the fiduciary manager.
N/A	Paris Agreement Ratification.	MSCI, the fiduciary manager.
	GHG reduction target related to real estate assets.	GRESB, the fiduciary manager.

Source: SSPF



4. Engagement policies

4.1. Thematic and controversy-based engagement and proxy voting

SSPF's engagement policy is implemented through the engagement plan of its engagement service provider EOS. SSPF contributes to and underwrites the EOS engagement plan as its own engagement policy.

This triennial engagement plan identifies key themes and related sub-themes. The engagement plan focuses on a wide breadth of coverage to reflect the diversity of the issues affecting companies in SSPF's portfolios.

The effectiveness of engagement is being monitored via milestones and reported to SSPF quarterly. The engagement service provider has different engagement techniques and has procedures in place to increase pressure on companies that show insufficient progress.

SSPF coordinates dialogue with EOS on priority engagement cases informed by the PAI indicators. From the prioritised PAIs, climate-related PAIs such as 'GHG emissions' and 'Investments in companies without carbon emission reduction initiatives' are most heavily represented. In relation to proxy voting, besides the climate indicators above, 'Gender pay gap' and 'Board gender diversity' are also frequently addressed. Albeit not featured among the prioritised and other mandatory PAIs, executive remuneration represented through the PAI 'Excessive CEO pay ratio' remains a relevant topic as well. Furthermore, SSPF performs a periodic review of relevant engagement cases and voting decisions. Where there is insufficient reduction of the principal adverse impacts over a relevant time period, SSPF liaises with the engagement service provider on this lack of progress (or perceived lack of progress). Where engagement is unsuccessful or otherwise unfeasible, an escalation through divestment or exclusion is considered.



5. References to international standards

5.1. Standards and principles

The UN Global Compact principles, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs) have informed the development of SSPF's responsible investment policy. SSPF asks its service providers and (indirectly) issuers in which it invests to act in accordance with these guidelines or endeavour to do so.

Both the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises directly inform the PAI due diligence process through the PAIs 'Violations of UN Global Compact Principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises' and 'Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises'. Through this process, on SSPF's behalf the fiduciary manager identifies issuers that score relatively poorly on the prioritised PAI indicators and assesses whether they are responsive to engagement efforts regarding the flagged issues. The process considers data from ESG data vendors MSCI and ISS-STOXX, as well as engagement information from EOS. The scope of coverage related to these indicators, as well as any actions taken/targets set, are described in table III.

Finally, SSPF also supports and promotes the United Nations Principles for Responsible Investment (UN PRI).

5.2. Paris Agreement

SSPF has adopted a climate policy that aims to support the goals of the Paris Agreement by focusing on the transition in the real economy. In this context, the degree of investee entities' alignment with the goals of the Paris Agreement serves to inform the use of various tools used by the climate policy. Key considerations include:

- the monitoring of whether an issuer's GHG emission reduction target is approved by the Science-Based Targets Initiative (SBTi);
- review of engagement progress against objectives set by the engagement service providers, EOS;
- a bottom-up review of prioritised issuers as part of a due diligence process, where various elements of issuers' climate disclosures and climate performance are considered; and
- assessment of the degree of alignment of issuers' economic activities with the EU Taxonomy criteria.



6. Historical comparisons

Historical comparisons (relative to the previous reporting periods for which data is available) are provided below. In table III qualitative explanation is given on the historical comparisons for the previous two reporting years.

Indicators applicable to investments in investee companies						
Climate and other environment-related indicators						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions.		432.614	477.704	600.466
		Scope 2 GHG emissions.		94.457	107.988	143.197
		Scope 3 GHG emissions.		4.785.203	4.920.992	6.845.526
		Total GHG emissions.		5.312.274	5.506.684	7.589.189
	2. Carbon footprint	Carbon footprint.	Scope 1 & 2.	75	86	98
			Scope 1, 2 and 3.	754	814	1.013
	3. GHG intensity of investee companies	GHG intensity of investee companies.	Scope 1 & 2.	119	157	214
			Scope 1, 2 and 3.	1.393	1.448	1.738
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector.		9,4%	9,8%	10,2%
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources.	Non-renewable energy consumption (%).	58,6%	63,6%	66,9%
			Non-renewable energy production (%).	29,9%	60,8%	61,3%
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	All of the below.	1,8	1,6	1,6
			Agriculture, forestry and fishing.	0,4	4,0	2,4
			Mining and quarrying.	1,9	1,8	1,6
			Manufacturing.	0,9	1,7	1,4
			Electricity, gas, steam and air conditioning supply.	3,6	2,7	3,9
			Water supply; sewerage, waste management and remediation activities.	1,7	2,0	2,1
			Construction.	1,4	3,4	0,4
			Wholesale and retail trade; repair of motor vehicles and motorcycles.	0,2	0,3	1,1
			Transportation and storage.	16,9	1,3	2,7
			Real estate activities.	0,4	1,0	1,3



Indicators applicable to investments in investee companies					
Climate and other environment-related indicators					
Biodiversity	7. Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	0,2%	0,2%	0,4%
Water	8. Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	No data	No data	No data
Waste	9. Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average.	8,7	24,1	83,4
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	2,1%	2,2%	2,5%
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	17,6%	16,6%	16,8%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	11,0	10,5	9,3
	13. Board gender diversity	Average ratio of female to male board members in investee companies.	35,0%	34,0%	32,2%
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	0,00%	0,00%	0,00%



Indicators applicable to sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries.		309	235	216
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	No. of countries meeting the conditions.	44	45	50
			% of invested countries meeting the conditions.	73,3%	67,7%	71,4%
			% market value (MV) corresponding to countries meeting the conditions.	13,9%	11,7%	14,2%
Indicators applicable to investments in real estate assets						
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.		No data	No data	No data
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets.		No data	No data	No data
Climate and other environment-related indicators						
Indicators applicable to investments in investee companies						
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.		65,2%	70,1%	71,7%
Indicators applicable to investments in real estate assets						
Greenhouse gas emissions	18. GHG emissions	Scope 1 GHG emissions generated by real estate assets.		498	518	462
		Scope 2 GHG emissions generated by real estate assets.		2.588	3.233	3.636
		Scope 3 GHG emissions generated by real estate assets.		4.753	2.856	3.520
		Total GHG emissions generated by real estate assets.		7.838	6.607	7.618
		Energy consumption in GWh of owned real estate assets per square meter.		0,000125	0,000128	0,000120
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Indicators applicable to investments in investee companies						
Social and employee matters	2. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average.	Number of fatalities.	1,7	2,0	2,2
			Recordable injury rate - per million hours worked.	18,5	5,2	5,1
	7. Incidents of discrimination	1. Number of incidents of discrimination reported in investee companies expressed as a weighted average 2. Number of incidents of discrimination leading to sanctions in investee companies expressed as a weighted average.		0,2	0,3	0,5
Human rights	12. Operations and suppliers at significant risk of incidents of child labour	Share of investments in investee companies exposed to operations and suppliers at significant risk of incidents of child labour exposed to hazardous work in terms of geographic areas or type of operation.		0,8%	1,1%	1,5%



Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
Indicators applicable to investments in investee companies						
Anti-corruption and anti-bribery	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against Corruption.		33,0%	28,6%	28,6%
	16. Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery	Share of investments in investee companies with identified insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.		8,8%	7,2%	7,1%
Indicators applicable to investments in sovereigns and supranationals						
Human rights	20. Average human rights performance	Measure of the average human right performance of investee countries using a quantitative indicator explained in the explanation column.	Civil liberties.	1,7	1,7	1,7
			Political rights.	1,3	1,3	1,4
			Fundamental rights.	0,77	0,77	0,76
Governance	21. Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator explained in the explanation column.		70,8	70,3	69,7
	24. Average rule of law score	Measure of the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice using a quantitative indicator explained in the explanation column.		1,20	1,26	1,23
OTHER INDICATORS						
Other	Paris Agreement Ratification			0%	0%	0%
	GHG reduction target related to real estate assets			100,0%	100,0%	88,8%