

## ANNEX II

Pre-contractual disclosures for the financial products as referred to in Article 8(1), (2) and (2a) of Regulation (EU) 2019/2088 and in the first paragraph of Article 6 of Regulation (EU) 2020/852

<b>Product name:</b>	Pension scheme Centraal Beheer PPI	<b>Legal entity identifier (LEI):</b>	724500W2
	Defined contribution scheme (BP)		POER66JJQ W87

### Environmental and/or social characteristics (E/S characteristics)

**Sustainable investment:** an investment in an economic activity that contributes to the realisation of an environmental or social objective, provided that the investment does not significantly harm environmental or social objectives and the investee companies apply good governance practices.

The **EU taxonomy** is a classification system established in Regulation (EU) 2020/852. It is a list of **environmentally sustainable economic activities**. That regulation does not contain a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be aligned with taxonomy.

#### Does this financial product have a sustainable investment objective?

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> At least % of the investments made through this product will be <b>sustainable investments with an environmental objective</b>.</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable according to the EU taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable according to the EU taxonomy</p> <p><input type="checkbox"/> At least % of the investments made through this product will be <b>sustainable investments with a social objective</b>.</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> This product <b>promotes environmental/social (E/S) characteristics</b>. Although sustainable investing is not its purpose, it will have a minimum of 18% sustainable investments</p> <p><input type="checkbox"/> in economic activities with an environmental objective that qualify as environmentally sustainable according to the EU taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities with an environmental objective that do not qualify as environmentally sustainable according to the EU taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> This product promotes E/S characteristics but <b>will not invest sustainably</b>.</p>
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**Explanatory notes:**

- Centraal Beheer PPI (hereinafter “CB PPI”) has a social responsibility and is convinced that socially responsible investing contributes to long-term value creation.
- CB PPI must complete this template in connection with the Sustainable Finance Disclosure (SFDR) legislation of the EU. The information in this template concerns the defined contribution scheme at the overall level and the investments in the lifecycles covered by it. The exact percentage in line with E/S characteristics and sustainable investments varies per participant, as the structure of the investee Achmea IM funds is based on age cohorts.
- What is included in this template concerns binding elements with regard to socially responsible investing. These are parts of our SRI policy that limit our investment universe, such as exclusion. This is only a limited part of our SRI policy. Another key component is engagement and voting at shareholder meetings, to motivate companies to become more sustainable.
- CB PPI invests mainly in investment institutions which, in addition to exclusions, vote at shareholder meetings and use engagement to motivate companies to become more sustainable.
- In this template, we describe what we do at the level of the defined contribution scheme. We do not always specify this by investment category.



## What environmental and/or social characteristics does this financial product promote?

This financial product (hereinafter the defined contribution scheme) promotes the following environmental and social characteristics:

- **ESG integration.** ESG risks and ESG factors are structurally integrated into the investment process. The aim is to obtain a portfolio with an ESG profile better than that of the benchmark.
- **CO2 reduction.** The carbon footprint of the portfolio is compared to that of the benchmark. In this regard, the aim is to have the portfolio's carbon footprint reduced: by 2030, it must be at least 50% lower than that of the benchmark in 2020. To achieve this, greenhouse gas emissions will first be reduced by 30% at once and then by an average of 7% annually until 2030. The long-term objective is to have a climate-neutral portfolio by 2050.
- **Exclusion policy.** The following investments are excluded:
  - companies manufacturing controversial weapons;
  - companies whose conduct structurally violates the standards of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business & Human Rights, such as human rights, labour standards, environment and anti-corruption;
  - manufacturers of tobacco products;
  - companies generating revenue from extracting fossil fuels and/or generating electricity from fossil fuels;
  - governments of countries and associated state-owned companies:
    - where those in power systematically grossly violate fundamental human rights (the Sanctions Act of 1977 provides important guidance on this);
    - where the Non-Proliferation Treaty is being violated (the Sanctions Act of 1977 provides important guidance on this);
    - with poor performance when it comes to human rights, labour rights and corruption according to the Freedom in the World index, the ITUC Global Rights index and the Corruption Perception Index.
- **Impact investments Green Bonds:** 18% of the defined contribution scheme consists of green bonds that meet the definition of 'sustainable investments' according to the SFDR. Green bonds are bonds whose proceeds are used exclusively to finance projects or activities with a demonstrably positive impact on the environment or climate.

The sustainable investments in this defined contribution scheme have a sustainability objective that primarily concerns economic activities that make a substantial contribution to preventing (mitigation) and adapting (adaptation) to climate change. In addition, they cannot cause significant harm to other environmental objectives and investee companies must follow international guidelines on good governance.

Within the Achmea IM ESG Diversified Return Fund, investments are also made in the 'Northern Trust Developed Real Estate ESG Index Fund'. Northern Trust pursues its own SRI policy. Information on the investments of the 'Northern Trust Developed Real Estate ESG Index Fund' can be found in Northern Trust's prospectus.

## What sustainability indicators are used to measure the achievement of each of the environmental or social characteristics promoted by this financial product?

In order to determine whether the defined contribution scheme has the required ecological or social characteristics, the following sustainability factors are considered:

### ESG profile

This shows how companies score on various Environmental, Social and Governance aspects. When rebalanced, the portfolio will have a better score than that of the benchmark.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are achieved.

### **Carbon footprint**

The carbon footprint shows the greenhouse gas emissions financed by the portfolio. To determine this carbon footprint, we first calculate the total annual greenhouse gas emissions of each company in the portfolio. This includes both the emissions caused by the company's own business activities (scope 1 according to the Greenhouse Gas Protocol) and those associated with the production of energy purchased by the company (scope 2 according to the Greenhouse Gas Protocol). This is divided by the enterprise value including cash (EVIC) in the same year. The result shows the greenhouse gas emissions of the company for every euro of financing. To arrive at the carbon footprint of the whole portfolio, we calculate the weighted average of the carbon footprints of all investee companies. Thus, companies in which a lot is invested carry more weight in the calculation.

### **Exclusion policy**

This indicator is expressed as the percentage of excluded companies of the investment portfolio based on the exclusion policy.

### **Percentage Green Bonds impact investments**

The ESG service provider uses its own independent framework to assess whether Green Bonds meet the definition of 'sustainable investments' according to the SFDR and the ESG service provider's quality and sustainability criteria. This framework is based on the International Capital Market Association's Green Bond Principles and the Climate Bonds Initiative's taxonomy.

### **CO2 emissions avoided**

CO2 emissions avoided refers to emissions avoided due to the use of renewable energy sources. In this regard, the ESG service provider relies on reports from the issuing institutions and applies its own calculation method to arrive at a standardised total.

## ● ***What are the objectives of the sustainable investments that the financial product partially aims to achieve and how does the sustainable investment contribute to those objectives?***

The sustainability objectives of the sustainable investments in green bonds are:

1. climate change mitigation: the process of limiting the increase in the average global temperature to significantly less than 2°C and continuing the efforts to limit the temperature increase to 1.5°C above pre-industrial levels, as set out in the Paris Agreement;
2. climate change adaptation: the process of adapting to the actual and projected climate change and its consequences.

The defined contribution scheme does not contain any investments with a social sustainability objective.

## ● ***How do the sustainable investments that the financial product partly aims to achieve not significantly harm environmentally or socially sustainable investment objectives?***

The sustainable investments must not significantly harm other sustainability objectives.

For green bonds, this is ensured by the asset manager assessing all potentially sustainable investments against its green bond assessment framework and the EU criteria for environmentally sustainable investments. In addition, it screens for controversies.

### How have indicators of adverse impacts on sustainability factors been taken into account?

The sustainable investments aim to make a positive impact through impact investments in Green Bonds.

Green Bonds: The investment manager assesses whether the bonds issued comply with the Achmea IM Green Bond assessment framework. In addition, the principal adverse impacts are taken into account through the exclusion and engagement policy as described below.

### How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business & Human Rights? Details:

The investment funds exclude companies whose conduct structurally violates the standards of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business & Human Rights, such as human rights, labour standards, environment and anti-corruption;

The principle of 'no significant harm' is established in EU taxonomy. This entails that investments aligned with taxonomy may not significantly harm the objectives of the EU taxonomy, all this accompanied by specific EU criteria.

The principle of 'no significant harm' applies only to the underlying investments of the financial product that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments of the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Other sustainable investments may not significantly harm environmental or social objectives either.



### Does this financial product take into account the principal adverse impacts on sustainability factors?

Yes, the defined contribution scheme takes into account the principal adverse impacts on sustainability factors, as defined by EU regulations. These adverse impacts and the actions taken are explained in the table below. Our asset manager uses the OECD Guidelines for Institutional Investors to guide the selection, engagement and monitoring of our investments. Our asset manager screens the portfolio for any negative impact of investments and then prioritises the most serious impacts (based on severity, scope and irreversibility and likelihood).

On the website and in the annual report, we will report on the principal adverse impacts on sustainability factors.

No

The principal adverse impacts are the main negative impacts of investment decisions on sustainability factors related to environmental and social themes and working conditions,

Principal adverse impacts (PAI indicators)	Explanation	Measures taken
GHG emissions scope 1	Monitoring and directing the Scope 1 GHG emissions in the portfolio to meet the Paris Climate Goals and limit warming to 1.5 degrees Celsius by 2050	ESG integration
GHG emissions scope 2	Monitoring and directing the Scope 2 GHG emissions in the portfolio to meet the Paris	ESG integration

respect for human rights and combating of corruption and bribery.

	Climate Goals and limit warming to 1.5 degrees Celsius by 2050	
Carbon footprint	Monitoring and directing the fund portfolio by determining the carbon footprint of companies using the CO2/EVIC method	ESG integration
Exposure to companies active in the fossil fuel sector	Involvement in coal and tar sands, shale oil and gas, arctic oil and gas with a turnover limit of >5%	Exclusion
Violations of the principles of the UN Global Compact or the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD)	Exclusion of violators	Exclusion and engagement
Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Exclusion of manufacturers of controversial weapons	Exclusion
Investee countries with social rights violations	Exclusion of countries with social rights violations (absolute number and relative number divided by all investee countries), as referred to in international conventions and agreements, principles of the United Nations and, where applicable, national law	Exclusion



## What investment strategy does this financial product pursue?

CB PPI invests the pension capitals with the aim of achieving the best possible pension. We do so in a responsible manner and with respect for people and nature.

CB PPI applies the following investment principles, which are the starting point for the investment strategy:

1. Taking investment risks increases the chances of attractive long-term returns.
2. The strategic allocation is most decisive for the end result.
3. We do not believe that active management contributes to a better pension result.
4. We do believe that factor investments can add value.
5. Diversification is needed to reduce the likelihood of a deviating pension result.
6. Dividend tax is a type of return.
7. Low costs mean more pension.
8. Derivatives are not optimal to cover the currency risk and inflation risk.
9. Derivatives can be an efficient way to cover interest rate risk.
10. Socially responsible investing is in line with a pension objective: sustainable sectors are growth sectors.

For an explanation, see the investment principles on our website [The 10 Investment Principles \(centraalbeheerppi.nl\)](https://www.centraalbeheerppi.nl).

### ● *When selecting investments, what binding elements of the investment strategy were used to achieve all the environmental or social characteristics promoted by this financial product?*

The investments in the defined contribution scheme consist of funds for which Achmea Investment Management acts as asset manager. In selecting investments, the following binding elements were used to meet all environmental and social characteristics. These are described in more detail above:

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- ESG profile. After rebalancing, the ESG profile of the portfolio is better than that of the benchmark.
- CO2 reduction objective. A reduction in CO2 emissions compared to the reference date according to the chosen transition path.
- Exclusion policy. The percentage of investments that are on the list of companies and/or countries to be excluded based on the exclusion policy.
- Green Bonds. A positive Green Bond assessment on the basis of the Achmea IM Green Bond assessment framework.

● ***By what committed minimum percentage is the scope for investments to be considered limited before application of that investment strategy?***

No minimum investment universe reduction has been committed for this investment strategy. The binding elements do lead to a limitation of the investment universe, but this limitation is not set in advance.

● ***What is the policy to assess good governance practices for investee companies?***

The defined contribution scheme has investments in companies that comply with good governance practices. Companies that perform very poorly on good governance are excluded in advance. For this, we in any event consider legal requirements in the following areas:

- good management structures;
- employee relations;
- remuneration of the staff involved;
- compliance with tax laws.

In addition, the fund asset manager applies the Achmea IM SRI policy both before and after purchasing investments. Third-party ESG data are used to determine whether companies are performing well on good governance. In the event that an investee company's performance declines over time, it will still be excluded according to the standardised exclusion process.

**Good governance** practices include good management structures, employee relations, staff remuneration and compliance with tax laws.



**What asset allocation is planned for this financial product?**

The defined contribution scheme invests in three Achmea IM investments funds. The asset allocation for each fund is shown below. The exact percentage in line with E/S characteristics and sustainable investments varies per participant, as the structure of the investee Achmea IM funds is based on age cohorts.

The percentages below are based on the standard portfolio for 2023.

**Achmea IM ESG Diversified Return Fund**

#1 – 77% are investments in line with environmental or social (e/s) characteristics through green bonds, application of exclusions and carbon reduction strategy where relevant.

#2 – 23% fall into the 'other' category. Exclusion or ESG integration is not applied to all investments in line with the policy. These include, for example, listed property, cash and derivatives.

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

**Achmea IM ESG Diversified Fixed Income Fund**

#1 – 100% are investments in line with environmental or social (e/s) characteristics through green bonds, application of exclusions and carbon reduction strategy where relevant.

#2 – 0% fall into the ‘other’ category.

#1A – 85% are green bonds that meet the criteria for sustainable investments under SFDR. Of the sustainable investments with an environmental objective, at least 10% are aligned with EU taxonomy criteria and up to 90% are not aligned with EU taxonomy criteria

#1B – 15% are investments with environmental and social characteristics that are not sustainable investments within the meaning of SFDR. Not all investments have a rated green label and therefore belong to the 1B non-sustainable category. The aim is to keep this category as small as possible.

**Achmea IM Duration Matching Fund**

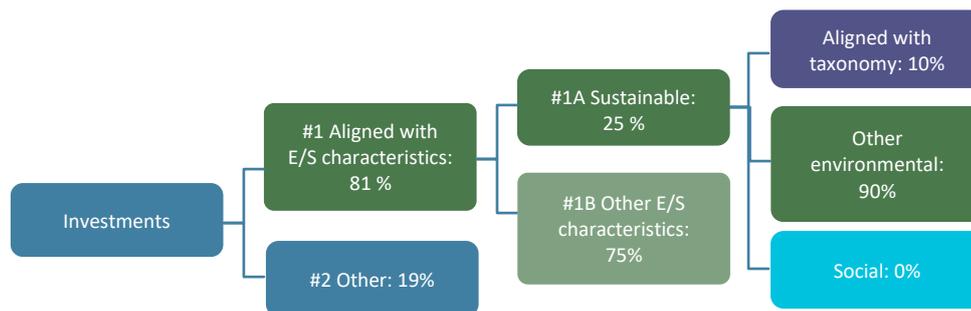
#1 – 0% are investments in line with environmental or social (e/s) characteristics through green bonds, application of exclusions and carbon reduction strategy where relevant.

#2 – 100% fall into the ‘other’ category. Exclusion or ESG integration or sustainable investments are not applied to these investments. This fund invests in short-term cash deposits and loans with local governments in the Netherlands and Germany or Reverse Repo’s with high-quality collateral, regardless of ESG characteristics. This means the Achmea IM Duration Matching Fund classifies as Article 6 under SFDR.

The assets invested by the defined contribution scheme in the various Achmea IM investment funds differ.

**Total Defined contribution scheme**

The asset allocation of the total defined contribution scheme is shown schematically below. The percentages are the result of the sum of the weight of assets invested in the various funds multiplied by the percentages of e/s characteristics and sustainable investments per fund.



**#1 Aligned with E/S characteristics** includes the financial product’s investments used to meet the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the other investments of the financial product that are not aligned with the environmental or social characteristics and also do not qualify as sustainable investments.

The **#1 aligned with E/S characteristics** category includes:

- The subcategory **#1A Sustainable** includes sustainable investments with environmental or social objectives.
- The subcategory **# 1B Other E/S characteristics** includes investments that are aligned with environmental or social characteristics but do not qualify as sustainable investments.

Activities aligned with taxonomy are expressed as a proportion of:

- the **turnover** reflecting the proportion of the proceeds from green activities of investee companies;
- the **capital expenditures** (CapEx) showing what green investments are being made by the investee companies, e.g. for a transition to a green economy;
- the **operating expenditures** (OpEx) reflecting green operating activities of investee companies.

● **How does the use of derivatives contribute to the environmental or social characteristics promoted by the financial product?**

The use of derivatives does not contribute to the environmental or social characteristics of the defined contribution scheme. Derivatives support the investment policy and ensure efficient and effective portfolio management.



**To what extent are sustainable investments with an environmental objective minimally aligned with the EU taxonomy?**

Of the sustainable investments with an environmental objective, at least 10% are in line with EU taxonomy, as shown in the figure. These are investments in green bonds. The asset manager assesses compliance with the criteria of the EU taxonomy using public information relating to the green bond and the issuing institution, as well as data from an external party. This is not verified by an external party. If the data do not provide a complete picture, the asset manager contacts the issuing institution directly. In this regard, the critical performance indicator of capital goods was chosen for investments in non-financial companies, as the defined contribution scheme invests mainly in green bonds. CB PPI also invests in green bonds that do not meet the criteria of the EU taxonomy, but that do comply with the Achmea IM Green Bond Framework. These investments are included in the portfolio because there are currently only a limited number of green bonds on the market that meet the criteria of the EU taxonomy. CB PPI also has non-sustainable investments in its portfolio on account of efficient portfolio management. Around half of the portfolio's investments are exposed to government debt. For most of these investments, the asset manager cannot determine with sufficient certainty whether the investment meets the criteria of the EU taxonomy. In that case, the asset manager sets the taxonomy alignment of these investments to 0%.

To determine alignment with the EU taxonomy, the fossil gas criteria include emission limits and a switch to renewable energy or low-carbon fuels by the end of 2035. For nuclear power, the criteria include extensive rules on safety and waste management.

● **Does the financial product invest in activities in the fossil gas and/or nuclear power sectors that comply with EU taxonomy?<sup>1</sup>**

Yes:

in fossil gas

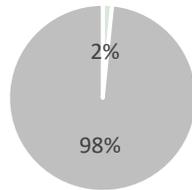
in nuclear power

No

**The two charts below show in green the minimum percentage of investments aligned with the EU taxonomy. There is no suitable method to determine the extent to which government bonds\* are aligned with the taxonomy. Therefore, the first figure shows the degree of alignment for all investments of the financial product including government bonds, while the second figure shows the degree of alignment with the taxonomy only for the investments of the financial product in products other than government bonds.**

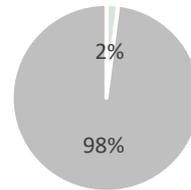
<sup>1</sup> Activities in the fossil gas and/or nuclear power sectors will only comply with the EU taxonomy if they contribute to limiting climate change ("climate mitigation") and do not seriously undermine the objectives of the EU taxonomy – see the note in the left margin. The extensive criteria for economic activities in the fossil gas and nuclear power sectors that comply with the EU taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

1. Alignment of investments with taxonomy including government bonds\*



- Op taxonomie afgestemd: fossiel gas
- Op taxonomie afgestemd: kernenergie
- Op taxonomie afgestemd: (geen fossiel gas & kernenergie)
- Niet op taxonomie afgestemd

2. Alignment of investments with taxonomy excluding government bonds\*



- Op taxonomie afgestemd: fossiel gas
- Op taxonomie afgestemd: kernenergie
- Op taxonomie afgestemd: (geen fossiel gas & kernenergie)
- Niet op taxonomie afgestemd

\*In these charts, 'government bonds' includes all exposures to governments.

**Facilitation activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transition activities** are activities for which no low-carbon alternatives are yet available and include, among other things, greenhouse gas emission levels that correspond to best performance.

● **What is the minimum proportion of investments in transition and facilitation activities?**

The minimum proportion of investments in transition and facilitation activities is 0%.



**What is the minimum proportion of sustainable investments with an environmental objective that are not aligned with the EU taxonomy?**

The minimum proportion of sustainable investments with an environmental objective not aligned with the EU Taxonomy is 16%.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities in the context of the EU taxonomy.



**What is the minimum proportion of socially sustainable investments?**

The minimum proportion of socially sustainable investments is 0%.



## What investments are included in ‘#2 Other’? What are they for, and are there any minimum environmental or social safeguards?

Investments belonging to #2 Other consist of:

- investments to which no environmental or social characteristics have been applied in accordance with the policy of the defined contribution scheme.
- There is also room for cash and cash equivalents or derivatives in the fund investments. The aim is to keep the percentage of cash and cash equivalents and derivatives as small as possible. The investments are intended to manage the portfolio efficiently or achieve returns. There are no minimum environmental or social safeguards.
- When selecting asset managers for fund investments, the defined contribution scheme applies the criterion that asset managers must be members of the UN Principles for Responsible Investment. Preference is given to funds that are aligned with the SRI policy as much as possible.



## Has a specific index been designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics it promotes?

**Reference benchmarks** are indices that measure whether the financial product achieves the environmental or social characteristics that that product promotes.

When reference is made to ‘this financial product’, this refers to the entire defined contribution scheme. There is no comprehensive reference benchmark at the level of the defined contribution scheme to determine whether the defined contribution scheme is aligned with the environmental and/or social characteristics it promotes. This question therefore does not apply to defined contribution schemes.



## Where can I find more specific information about this product online?

More information can be found on our website: [www.centraalbeheerppi.nl](http://www.centraalbeheerppi.nl).