

## Statement on the principal adverse impacts of investment decisions on sustainability factors

Version January 2023

**Financial market participant** ING Solutions Investment Management, 549300RGYP2I13ZXF02

### Summary

ING Solutions Investment Management('ISIM'), 549300RGYP2I13ZXF02 considers the principal adverse effects of its investment decisions on sustainability factors. This statement is ISIM's consolidated statement on the principal adverse impacts (PAI) on sustainability factors.

This declaration on the principal adverse impacts on sustainability factors refers to the reference period from 1 January 2023 to 31 December 2023.

ISIM believes that investing goes hand in hand with responsibility for its consequences. Not only the financial consequences, but also the consequences for society. By being aware of environmental, social and governance (ESG) factors, we are better placed to manage risks and opportunities and contribute to a more Sustainable economy, making investing good for both investors and society.

To mitigate the adverse impact on sustainability factors, ISIM manages the Principal Adverse Impacts (PAIs) of its investment decisions on sustainability indicators through three ESG integration instruments: exclusions, active shareholding and through the selection of investments. This document indicates which instruments are used for each PAI indicator.

ISIM considers the adverse sustainability effects for the products that fall under the Responsible investing approach, the Sustainable investing approach, the Impact investing approach, and Pension investing approach. For financial products covered by the Traditional investing approach, we take account only of the legally required exclusions.

For each product, ISIM defines the ESG investing approach that is applied (Traditional, Responsible, Sustainable, Impact or Pension).

There are two sections in this document. The first one that includes the Responsible, Sustainable and Impact investing approaches and the second one relates to the Pension investing approach.

## SECTION I: RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES

### Description of the principal adverse impacts on sustainability factors

#### Indicators for investee companies

Indicator of adverse impacts on sustainability	Parameter	Effects [year n]	Effects [year n-1]	Note	Measures taken and measures planned for the next reference period and objectives set
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#### CLIMATE AND OTHER ENVIRONMENTAL INDICATORS

Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	N/A	<b>Exclusions</b> For the Responsible, Sustainable and Impact investing approaches, ISIM excludes companies with a very negative impact on the climate such as companies producing electricity from coal-fired power plants or involved in the extraction of coal. For the Sustainable and Impact investing approaches, more companies are excluded due to their impact on the climate (such as those involved in oil, non-conventional gas, and nuclear energy).
		Scope 2 GHG emissions	N/A	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	N/A	
		Total GHG emissions	N/A	N/A	N/A	
	2. Carbon Footprint	Carbon Footprint	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b>

	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	N/A	<p>ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 2, 3, and 4 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Exclusions</b></p> <p>For the Responsible, Sustainable and Impact investing approaches, ISIM excludes companies with a very negative impact on the climate such as companies producing electricity from coal-fired power plants or involved in the extraction of coal. For the Sustainable and Impact investing approaches, more companies are excluded due to their impact on the climate (such as those involved in oil, non-conventional gas, and nuclear energy).</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	N/A	
	5. Share of non-renewable energy consumption and generation	Share of non-renewable energy consumption and energy generation of investee companies from non-renewable energy sources compared to renewable sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	<p><b>Investment selection (Sustainability Awareness Scoring)</b></p> <p>ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 5 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Active shareholding (engagement/voting)</b></p> <p>ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings.</p>

						One of the themes on which ISIM focuses on the dialogue is responsible clean technology. Where we make use of external asset managers, we rely on their voting policy and engagement. For more information on how we vote, see our <a href="#">voting guidelines</a> .
	6. Energy consumption intensity per sector with major climate effects	Energy consumption of investee companies, in GWh per million euros of revenues, by sector with major climate effects	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 6 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
Biodiversity	7. Activities with negative impacts on biodiversity-sensitive areas	Proportion of investments in companies with branches/activities in or near biodiversity-sensitive areas where their activities have a negative impact on those areas	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 7 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.  <b>Active shareholding (engagement/voting)</b> ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings.  One of the themes on which ISIM focuses is deforestation. For more information on how we vote, see our <a href="#">voting guidelines</a> .  <b>Exclusions</b>

						Companies that have a negative impact on biodiversity-sensitive areas can be excluded based on controversy screening.
Water content	8. Emissions to water	Emissions generated by investee companies to water in metric tons per million euros of investment, expressed as a weighted average	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b>  ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 8 and 9 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
Waste	9. Share of hazardous and radioactive waste	Hazardous and radioactive produced by investee companies, in metric tons per million euros of investment, expressed as a weighted average	N/A	N/A	N/A	
<b>INDICATORS ON SOCIAL THEMES AND WORKING CONDITIONS, RESPECT FOR HUMAN RIGHTS AND THE COMBATING OF CORRUPTION AND BRIBERY</b>						
Social themes and working conditions	10. Breaches of the principles of the UN Global Compact or the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and	Share of investments in companies involved in violations of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b>  ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 10 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.  <b>Exclusions</b>  Breaches of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises are related to controversy screening. For the Sustainable and impact

	Development (OECD)					investment strategies, ISIM does not invest in companies involved in serious or very serious controversial activities or products. For Responsible investment strategies, ISIM does not invest in companies involved in very serious controversial activities or products. The classification of the controversial activity or product (into serious or very serious) is determined by an external data provider.
	11. Lack of procedures and compliance mechanisms for monitoring compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investments in companies without a policy to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without complaints handling arrangements to address violations of those UN Principles or OECD Guidelines	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 11 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
	12. Unadjusted pay gap between men and women	Average unadjusted pay gap between men and women in investee companies	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 12 and 13 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
	13. Gender diversity of the board of directors	Average ratio of female and male members of the board of directors of investee companies expressed as a percentage of all members of the board	N/A	N/A	N/A	

						<b>Active shareholding (engagement/voting)</b> ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings.  One of the themes on which ISIM focuses is the future of work. An important aspect of this theme is gender equality. For more information on how we vote, see our <a href="#">voting guidelines</a> .
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	N/A	N/A	N/A	<b>Exclusions</b> ISIM does not invest for the investment strategies it manages in companies involved in the production or sale of controversial weapons.
<b>Indicators for investments in governments and supranational institutions</b>						
Indicator of adverse impacts on sustainability		Parameter	Effects [year n]	Effects [year n-1]	Note	Measures taken and measures planned for the next reference period and objectives set
Environmental	15. GHG intensity	GHG intensity of countries in which we are invested	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments. Progress on climate policy is part of this. The Environmental Performance Index is used for this purpose. For its Impact investing approach, ISIM invests exclusively in green, social and sustainability bonds.

Social	16. Countries in which we are invested where there are violations of social rights	Number of countries invested in with violations of social rights (absolute number and relative number divided by all the countries in which we are invested) as referred to in international treaties and agreements, principles of the United Nations and, where appropriate, national law	N/A	N/A	N/A	<b>Exclusions</b> ISIM excludes from direct investments countries that seriously violate social rights.
<b>Indicators for investments in real estate assets</b>						
<b>Indicator of adverse impacts on sustainability</b>		<b>Parameter</b>	<b>Effects [year n]</b>	<b>Effects [year n-1]</b>	<b>Note</b>	<b>Measures taken and measures planned for the next reference period and objectives set</b>
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets that play a role in the extraction, storage, transport, or production of fossil fuels	N/A	N/A	N/A	ISIM does not invest directly in real estate in its investment strategies.
Energy efficiency	18. Exposure to energy inefficient real estate assets	Share of investments in energy inefficient real estate assets	N/A	N/A	N/A	ISIM does not invest directly in real estate in its investment strategies.
<b>Other indicators for the principal adverse impacts on sustainability factors</b>						



Emissions	Investments in companies with no initiatives for reducing carbon emissions	Share of investments companies with no initiatives for reducing carbon emissions aiming for accession to the Paris Accord	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. The PAI indicator on Emissions is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
Social	Average score for income inequality	Income distribution and economic inequality among participants in each economy, including a quantitative indicator explained in more detail in the column headed "notes"	N/A	N/A	N/A	<b>Investment selection (Sustainability Awareness Scoring)</b> ISIM also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments and only selects countries that score above average on this PAI. In addition, social policy is part of the selection method. The Social Progress Index is used for this purpose. Countries implementing the death penalty are also excluded for these investment strategies. For its Impact investment strategy, ISIM invests exclusively in green, social and sustainability bonds.

## Description of policy for the identification and prioritisation of the principal adverse impacts on sustainability factors

ISIM has two policies related to the identification and prioritisation of the principal adverse impacts on sustainability:

### 1. Global Environmental and Social Risk Management Policy

ISIM as part of ING Group is following ING Global Environmental and Social Risk Management Policy. Based on this policy, a range of companies are excluded from investment offering due to their activities or behaviour. This policy can be found [here](#).

### 2. Responsible Investment Guidelines

How ISIM further considers the principal adverse impacts on sustainability depends on the investing approach described in the Responsible Investment Guidelines. ISIM distinguishes four types of investing approaches in these guidelines: Traditional, Responsible, Sustainable and Impact. In the Sustainable and Impact investing approaches,

limiting adverse impacts on sustainability is a higher priority than in the Responsible investing approach. The Traditional investing approach does not consider adverse impacts on sustainability beyond regulatory requirements.

With the Responsible, Sustainable and Impact investment policies, ISIM limits adverse impacts on sustainability by means of exclusions, active shareholding and the selection of investments and financial products. More exclusions apply to the Sustainable and impact investment policies and greater priority is given to excluding companies with adverse impacts on sustainability in the selection of investments and financial products. Below is a brief explanation of the instruments. The active shareholding instrument is explained below in a separate section.

## Exclusions

With Responsible and Sustainable investments, ISIM aims not to invest in companies whose services, products or behaviours are at the expense of people, the environment or society. That is why the Investment managers ('Investment Manager') with the delegated mandates from ISIM assesses companies on their activities and behaviour before investing in a company (via shares or corporate bonds for example). Companies may change over time, which is why Investment Manager checks the data of all companies in the portfolios every year to determine whether they still meet the requirements of the Responsible investment guidelines.

For the Responsible, Sustainable and Impact investing approaches, ISIM limits investments in companies that:

- have violated the principles of the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.
- produce controversial weapons (anti-personnel landmines, cluster munitions, chemical weapons, and biological weapons).
- produce electricity from coal-fired power plants or are involved in the extraction of coal.
- manufacture tobacco products.
- are involved in weapons, oil, non-conventional gas, nuclear energy, adult entertainment, gambling, fur, or alcohol (only for our Sustainable and Impact investing approaches).

If companies generate more than 5% (and 30% for nuclear energy) of their revenue from production and 10% associated with service for these activities, they are not included in the investing approaches referred to above. In addition, ISIM applies criteria based on the behaviour that companies display.

## Company selection (Sustainability Awareness Scoring)

Investment manager includes non-financial aspects for its Responsible, Sustainable and Impact investing approaches when assessing companies. These non-financial aspects are translated into an indicator score. For the Sustainable and Impact investing approaches, Investment Manager does not invest in the 30% of companies with the worst score. For the Responsible investing approaches, the indicator is considered in the overall assessment. The scores for adverse impacts on sustainability account for 40% of the weight when calculating this indicator. The Investment Manager also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments. These non-financial aspects are also translated into an indicator score. This score is considered in the overall assessment.

## Fund selection

The Investment Manager invests in financial products such as investment funds, index funds or ETFs. The Investment Manager assesses the adverse impact on sustainability of financial products by comparing their relationship with the adverse impact of their investments following the approach defined by ISIM to dealing with adverse impact, as outlined above. To do this, Investment Manager sends an ESG fund survey to the managers of these products asking them how their product deals with subjects such as tobacco, coal, and UN Global compact violators.

ISIM has selected those topics because they are being considered as positively affecting the mitigation of adverse consequences. The responses to the survey allow the Investment Manager to categorise these funds into one of the four ESG approaches mentioned above based on the management of adverse impacts on sustainability.

ISIM sees two options for classification of adverse impacts. The fund manager does not take any adverse impact into account, in which case Investment Manager will use this fund only for portfolios where the Traditional investing approach applies. Or the fund manager does consider adverse consequences, in which case the fund may be eligible for all investing approaches, depending on the level and degree of integration. If the fund manager meets some but not all the conditions, the Investment Manager may decide to initiate an engagement process in which the fund manager is asked to meet all the conditions within two years. Depending on the conditions that are not yet met, Investment Manager may decide to categorise these funds as funds that also consider adverse impacts on sustainability. If the engagement procedure is not successful, the fund is placed in a lower category.

An additional survey is launched to determine whether a fund manager takes account of the additional exclusions for the Sustainable and Impact investing approaches. The responses to this survey and the subsequent interview that Investment Manager has with the fund manager provide the Investment Manager with insight into the extent to which the fund manager is aware of the extent of adverse impact that companies or governments may have on social and environmental factors. Fund managers who are more aware of this impact can be categorised as sustainability compliant. In addition to taking account of adverse impacts, we expect managers of Sustainable funds to meet other standards as well. These standards are described in the ISIM Responsible Investment Guidelines, which can be found at [ing-isim.lu/ESG](http://ing-isim.lu/ESG)

A full list of the data sources that ISIM uses for portfolio asset allocation, monitoring and reporting purposes can be found in Appendix I.

Following the assessment of the policies described above, a margin of error remains with respect to the identification and prioritisation of adverse impacts on sustainability. This margin of error exists using third-party data that can make an incorrect estimate. Human overall assessment also plays a role, which can be subjective. When using externally managed assets, we invest in those products that are closest to our own policies, but this almost never matches 100%. We are aware of these margins of error and always aim to limit them.

## Engagement policy

As a shareholder, the Investment Manager is involved in the companies in which it invests. This means that the Investment Manager calls companies to account for their responsibility to create long-term value for all stakeholders. This is how we contribute to corporate responsibility and good corporate governance.

We do this in various ways. The Investment Manager engages in dialogue with companies, and we vote at shareholders' meetings. In this way we contribute to a system of good governance and bring the interests of our investors directly to the attention of the companies. Where we make use of external asset managers, we rely on their voting policy and engagement. For more information on how we vote, see our [voting guidelines](#).

Our engagement focuses on three themes, which are in line with ING Group's sustainability objectives:

1. The future of work: with this engagement theme, we want to make companies more aware of how automation, robotisation and demographic changes are changing the demand for the deployment of employees. In this context, we mainly focus on those companies that are strongly affected by these developments. This is a social engagement.
2. Responsible clean technology: With this theme, we want to make companies more aware of the environment and social challenges in the production chain. In doing so, we focus on those companies that make products that contribute to climate solutions. This engagement focuses on the environmental and social side.
3. Living wage: this theme is aimed at improving the payment of a living wage in the supply chain of the clothing, agri-food, and retail value chains. This engagement focuses on the social side.

More information about engagement can be found in the ISIM [Engagement Guidelines](#).

## References to international standards

ING Group endorses many initiatives relating to international standards. The following standards apply explicitly to ISIM's investment activities:

- United Nations Global Compact ('UNGC'). The UNGC is a non-binding agreement of the United Nations to encourage companies around the world to pursue sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principles-based framework for companies that defines ten principles in the areas of human rights, labour, the environment, and anti-corruption. At ISIM, we expect the companies in which we invest to comply with these principles. If a company in which we invest does not comply with these principles, we will sell this position within a predetermined term.
- UN-backed Principles for Responsible Investment ('PRI'). The PRI provides six principles that offer a menu of possible actions to integrate ESG issues into investment practices. We also recognise that the application of these principles can better align investors with the wider objectives of society. We integrate these principles into our investing approaches and encourage our suppliers to do the same. We will report annually to the PRI, which is publicly accessible.

We do not use forward-looking climate scenarios. Our portfolios are globally diversified portfolios that consider environmental factors, but also social and governance factors. The forward-looking climate scenarios are still full of uncertainties and offer only a limited view of the future. We monitor developments in this area and will consider these scenarios as soon as the data is more accurate and relevant.

## Historical comparison

The first historical comparison will be prepared in 2024.

## SECTION II: PENSION INVESTING APPROACH

### Description of the principal adverse impacts on sustainability factors

Indicators for investee companies					
Indicator of adverse impacts on sustainability	Parameter	Effects [year n]	Effects [year n-1]	Note	Measures taken and measures planned for the next reference period and objectives set
CLIMATE AND OTHER ENVIRONMENTAL INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	Voting, thematic engagement.
		Scope 2 GHG emissions	N/A	N/A	
		Scope 3 GHG emissions	N/A	N/A	
		Total GHG emissions	N/A	N/A	
	2. Carbon Footprint	Carbon Footprint	N/A	N/A	Restrictions (e.g., related to the mining of thermal coal).
	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	N/A	N/A	

	5. Share of non-renewable energy consumption and generation	Share of non-renewable energy consumption and energy generation of investee companies from non-renewable energy sources compared to renewable sources, expressed as a percentage of total energy sources	N/A	N/A	N/A	Voting and thematic engagement.
	6. Energy consumption intensity per sector with major climate effects	Energy consumption of investee companies, in GWh per million euros of revenues, by sector with major climate effects	N/A	N/A	N/A	Thematic engagement
Biodiversity	7. Activities with negative impacts on biodiversity-sensitive areas	Proportion of investments in companies with branches/activities in or near biodiversity-sensitive areas where their activities have a negative impact on those areas	N/A	N/A	N/A	Engagement related to activities in palm oil production and distribution.
Water content	8. Emissions to water	Emissions generated by investee companies to water in metric tons per million euros of investment, expressed as a weighted average	N/A	N/A	N/A	Thematic engagement (Water Management)
Waste	9. Share of hazardous and	Hazardous and radioactive produced by investee companies, in metric tons per million euros of investment,	N/A	N/A	N/A	Controversy engagement.

	radioactive waste	expressed as a weighted average				
<b>INDICATORS ON SOCIAL THEMES AND WORKING CONDITIONS, RESPECT FOR HUMAN RIGHTS AND THE COMBATING OF CORRUPTION AND BRIBERY</b>						
Social themes and working conditions	10. Breaches of the principles of the UN Global Compact or the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD)	Share of investments in companies involved in violations of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises	N/A	N/A	N/A	Voting, controversy engagement, restrictions (when engagement is not or no longer considered feasible).
	11. Lack of procedures and compliance mechanisms for monitoring compliance with the principles of the UN Global Compact and the OECD	Share of investments in companies without a policy to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without complaints handling arrangements to address violations of those UN Principles or OECD Guidelines	N/A	N/A	N/A	<p>Internationally accepted standards of corporate behaviour – the guidelines/principles developed by the UN Global Compact, the International Corporate Governance Network (ICGN) and the OECD – are used as the starting point for the engagement, in the two ways outlined below:</p> <ul style="list-style-type: none"> <li>Controversy engagement focuses on companies that severely and structurally breach norms-based criteria in the areas of governance, human rights, labour, environment, and bribery and corruption.</li> </ul>

	Guidelines for Multinational Enterprises					<ul style="list-style-type: none"> <li>Thematic engagement focuses on different themes that have a material impact on society. These themes share objectives as defined by the Sustainable Development Goals (SDGs) and deal with material risks as defined by the World Economic Forum.</li> </ul>
	12. Unadjusted pay gap between men and women	Average unadjusted pay gap between men and women in investee companies	N/A	N/A	N/A	Voting and thematic engagement.
	13. Gender diversity of the board of directors	Average ratio of female and male members of the board of directors of investee companies expressed as a percentage of all members of the board	N/A	N/A	N/A	Voting and thematic engagement.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in companies involved in the production or sale of controversial weapons	N/A	N/A	N/A	Exclusion.
Indicators for investments in governments and supranational institutions						



	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	Restrictions.
Social	16. Countries in which we are invested where there are violations of social rights	Number of countries invested in with violations of social rights (absolute number and relative number divided by all the countries in which we are invested) as referred to in international treaties and agreements, principles of the United Nations and, where appropriate, national law	N/A	N/A	N/A	Restrictions.
<p><b>Description of policy for the identification and prioritisation of the principal adverse impacts on sustainability factors</b></p> <p>ISIM has developed and implemented stringent policies to identify, prioritise, and address principal adverse impacts. In this section a summary is provided of these policies, which are described in more detail in the Responsible Investment Guidelines - Pension Approach of ISIM.</p> <p>ISIM has developed norms - based responsible investing criteria to which issuers need to adhere. These criteria are a reflection of relevant laws, our values, and internationally recognized standards such as the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The criteria reflect the minimum requirements that the entities in which we invest need to fulfill and are periodically updated and revised. Detailed information on the criteria, rationale, and application can be found in the Responsible Investment Guidelines - Pension Approach of ISIM.</p> <p>The Investment Manager creates the investable universe in general and in the event that there are strong indications that an issuer may have failed to meet any of our minimum requirements, the Investment Manager has to determine whether this constitutes a violation. This information on potential violations can come from the Investment Manager external ESG research or engagement providers, input from the Investment Manager own investment staff, or from other parties, such as NGOs or media sources.</p> <p>The Investment Manager applies an engagement-led divestment approach and therefore first assess whether it is possible to engage with the company in question to mitigate the adverse impacts. If engagement is considered feasible, a formal engagement process must be started in order for the company to remain eligible for investment. The Investment Manager adheres to the centrally managed list of applicable restrictions of the investment universe. The exclusion list is available in the Responsible Investment Guidelines - Pension Approach of ISIM.</p> <p><b>Exclusion List</b></p>						

Furthermore, for principal adverse impacts that do not constitute a violation of ISIM's norms-based responsible investing criteria, the Investment Manager aims to mitigate these impacts through its voting decisions and thematic engagement. This is further described in the following section, where we summarise our engagement policies.

## Engagement policies

In our role as a global investor, we are able to drive beneficial change, which includes engaging with companies to mitigate the adverse impacts of our investments. The Investment Manager applies different methods to achieve this. The Investment Manager vote at the shareholder meetings and actively engages with companies both as a shareholder and as a bondholder on a range of issues where there is a change potential. Where possible, the Investment Manager collaborates with international organizations and with other institutional investors to strengthen the impact of our efforts.

Below we have provided a summary of our approach to engagement and voting in relation to principal adverse impacts. For more information on our engagement approach, please refer to our Engagement Policy.

## Types of engagement

The Investment Manager conducts regular ESG dialogues with investee companies on ESG aspects which we believe have a material impact on their business. While in many cases this relates to adverse impacts on sustainability factors and may result in adverse impacts being mitigated, the key focus of such conversations is the financial value of the company. In order to structurally and systematically mitigate adverse impacts, the Investment Manager has designed and implemented two types of engagements:

1. Controversy engagement, focusing on severe and structural breaches of our norms-based criteria in the areas of governance, human rights, labour rights, environment, and bribery and corruption.
2. Thematic engagement, focusing on themes that have a material impact on society or the environment, and where we believe our engagement efforts can create positive change. These themes share objectives and risks as defined by the UN SDGs and World Economic Forum. The Investment Manager selects ESG-related engagement themes on relevant and material topics that offer scope to positively influence corporate behaviour. Our thematic engagement efforts currently focus on three main themes: (i) corporate governance, (ii) natural resources and climate change, (iii) and decent work.

Internationally accepted standards of corporate behaviour, such as the guidelines and principles developed by the United Nations, the International Corporate Governance Network and the Organisation for Economic Cooperation and Development (OECD) are used as the starting point for these two engagement types.

Our engagement approach is tailor-made for each specific theme and each individual company. To ensure we can maximize our impact, the Investment Manager first carefully analyses a problem in detail to determine the engagement theme. The Investment Manager then identifies the value chain linked to that theme in order to select those companies with whom engagement is most needed and can be most effective. Before we contact our engagement candidates, we create a theme-specific methodology with objectives and milestones for each company.

The Investment Manager applies five mile-stones in order to keep track of progress. Through meetings and information-gathering the Investment Manager is supporting the company, follows progress and assess whether results are on track. If progress is insufficient or the company is unwilling to collaborate, the Investment Manager may take additional measures, for example by voting against board members or restricting investment.

## Voting

Voting is one of the most effective ways for shareholders to express their opinions about the performance and strategy of company. It encourages companies to change for the better and it plays an important role in holding management accountable to shareholders.

Our voting activities are focused on three main issues: (i) board elections, (ii) sustainability shareholder resolutions, and (iii) the alignment of executive remuneration with company performance. We have a policy of actively voting in favour of proposals filed by shareholders that are related to significant material ESG issues that could impact the company. This often leads to voting against the board's recommendation.

Investment manager voting behaviour is as much as possible aligned with the engagement approach. When needed and possible, the Investment manager use its voting rights to strengthen the engagements with companies.

## References to international standards

ING Group endorses many initiatives relating to international standards. The following standards apply explicitly to ISIM's investment activities:

- United Nations Global Compact ('UNGC'). The UNGC is a non-binding agreement of the United Nations to encourage companies around the world to pursue sustainable and socially Responsible policies, and to report on their implementation. The UN Global Compact is a principles-based framework for companies that defines ten principles in the areas of human rights, labour, the environment, and anti-corruption. At ISIM, we expect the companies in which we invest to comply with these principles. If a company in which we invest does not comply with these principles, we will sell this position within a predetermined term.
- UN-backed Principles for Responsible Investment ('PRI'). The PRI provides six principles that offer a menu of possible actions to integrate ESG issues into investment practices. We also recognise that the application of these principles can better align investors with the wider objectives of society. We integrate these principles into our investing approaches and encourage our suppliers to do the same. We will report annually to the PRI, which is publicly accessible.

We do not use forward-looking climate scenarios. Our portfolios are globally diversified portfolios that consider environmental factors, but also social and governance factors. The forward-looking climate scenarios are still full of uncertainties and offer only a limited view of the future. We monitor developments in this area and will consider these scenarios as soon as the data is more accurate and relevant.



do your thing

*Signatory of:*

