

**Product name:** SEB Pension Fund Plus

**Legal entity identifier:** 549300PT7SF8HMM3AQ96

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

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

<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ____%	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of <b>40.57%</b> of sustainable investments <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



## To what extent were the environmental and/or social characteristics promoted by this financial product met?

During the 2023 reference period, the fund promoted environmental and social characteristics when investing in other financial products (fund units) and took into account environmental and socially sustainable characteristics in the following ways:

- The fund prioritises and promotes funds that have been classified as Article 8 or Article 9 under Regulation (EU) 2019/2088 (SFDR)
- The fund prioritises and promotes funds whose exclusion policies are essentially similar to SEB Investment Management's exclusion policy
- The fund prioritises and promotes funds from fund management companies that have signed the UN Principles for Responsible Investment (PRI)

The fund invested in other funds but also had a clear proportion of direct investments. In such cases and where applicable, the fund integrated sustainability risks and opportunities by using SEB Investment Management's quantitative sustainability model, SEB Investment Management Sustainability Score (SIMS-S).

SIMS-S is the fund company's proprietary sustainability model that rates all companies in the fund's investment universe based on multiple aspects of sustainability to establish a comprehensive and unbiased view. The model consists of two main components: sustainability risks and sustainability opportunities. The model uses data from multiple vendors and is continuously modified as new data and new insights become available. The sustainability rating includes both a current status picture and a forward-looking perspective for each company. This provides fund managers the opportunity to assess current and future sustainability factors that can affect risk and return in the longer term.

Sustainability risks refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant negative impact on the value of the investment.

Sustainability opportunities refer to environmental, social or governance-related events or circumstances that, if they were to occur, would have an actual or potential significant positive impact on the value of the investment.

Read more about SIMS-S and the fund company's sustainability policy at [sebgroup.com/fundcompanysustainability](https://sebgroup.com/fundcompanysustainability).

### ● How did the sustainability indicators perform?

During the 2023 reference period, the fund's outcomes were as follows:

- The outcome for the indicator, which measures the proportion of the fund's underlying fund units that essentially correspond to SEB Investment Management's exclusion criteria, was 100%.

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

- The outcome for the indicator, which measures the proportion of the fund's underlying fund units where the managing fund management company has signed the UN Principles for Responsible Investment (PRI), was 100%.
- The performance of the indicator measuring the proportion of the fund's underlying fund units that have been classified as Article 8 or Article 9 under Regulation (EU) 2019/2088 (SFDR) was 98%.
- The outcome of the indicator measuring sustainability integration was measured using SIMS-S. The fund achieved a SIMS-S rating of 6.0 at the end of 2023. The SIMS-S ratings are set on a scale between 0-10 with a normal distribution, which means that the normal outcome for a company is 5.0 and that most companies have a rating between 4.0-6.0.

Through SEB Investment Management's corporate governance work, the fund company influenced companies in which it is invested through participation in nomination committees, and voting at general meetings where the fund company was a major shareholder or where management had a significant investment. In many Swedish and some Nordic companies, SEB Investment Management is one of the largest shareholders and therefore has an ongoing dialogue directly with the management teams and boards. On behalf of the fund, the fund company voted at 59 Annual General Meetings during the year and participated in 18 Nomination Committees. Through the fund company, the fund carried out advocacy work with 130 companies. The fund excluded 11.5% of the market-weighted share, or 16.8% of the number of companies in the investment universe, as these either violated international norms, conventions and standards or operate in an industry that the fund company chose not to invest in.

### ● ...and compared to previous periods?

In the previous period in 2022, the outcome was:

- The outcome for the indicator, which measures the proportion of the fund's underlying fund units that essentially correspond to SEB Investment Management's exclusion criteria, was 100%.
- The outcome for the indicator, which measures the proportion of the fund's underlying fund units where the managing fund management company has signed the UN Principles for Responsible Investment (PRI), was 100%.
- The output of the indicator measuring the proportion of the fund's underlying fund units that have been classified as Article 8 or Article 9 under Regulation (EU) 2019/2088 (SFDR) was 77.7%.
- The outcome of the indicator that measures sustainability integration is measured using SIMS-S, an internal tool that is based on a number of sustainability parameters and provides an overall score for the entire portfolio. The rating was 6.0 and the rating scale goes from 0 to 10 where 5 is the normal value.

Through SEB Investment Management's corporate governance work in 2022, the fund company influenced companies in which it was invested through participation in nomination committees and voted at general meetings where the fund company was a major shareholder or where the management had a significant investment. In many Swedish and some Nordic companies, SEB Investment Management is one of the largest shareholders and also has ongoing dialogues directly with the management teams and boards. On behalf of the fund, the fund company voted at 1 general meeting in 2022. Through cooperation with Federated Hermes EOS, the fund company also carried out advocacy work with 96 companies.

The fund excluded 14% of the investment universe.

### ● What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

During the 2023 reference period, the fund aimed to make sustainable investments to a minimum of 10%. During the period, the fund owned one or more companies that could be classified as sustainable investments whose financial activities were deemed to contribute to one or more of the following environmental and social objectives.

Social objectives:

- United Nations Social Development Goals (UN SDGs): SDG 1 — No poverty; SDG 2 — Zero hunger; SDG 3 — Good health and well-being; SDG 4 — Quality education; SDG 5 — Gender equality; SDG 6 — Clean water and sanitation; SDG 8 — Decent work and economic growth; SDG 10 — Reduced inequalities; SDG 11 — Sustainable cities and communities; and SDG 16 — Peace, justice and strong institutions
- Other social sustainability goals such as gender equality, social inclusion and diversity.

Environmental objectives considered environmentally sustainable according to the EU Taxonomy:

- The six goals defined by the EU Green Taxonomy: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Environmental objectives that are not considered compatible with the EU Taxonomy

- The United Nations Environment-related Sustainable Development Goals (UN SDGs): SDG 6 — Clean water and sanitation; SDG 7 — Affordable and clean energy; SDG 9 — Industry, innovation and infrastructure; SDG 11 — Sustainable cities and communities; SDG 12 — Responsible consumption and production; SDG 13 — Climate action; SDG 14 — Life below water; and SDG 15 — Life on land
- Operational resource efficiency in key environmental areas such as carbon use, water use or use of raw materials.

The sustainable goals included in SEB Investment Management's definition of sustainable investments and quantitative thresholds are:

Environmental goals

- 10% of the company's revenue, capital expenditure or operating costs have been classified by estimation or reporting as significantly contributing to the six EU Taxonomy goals
- 20% of the company's revenue has been assessed as contributing to other global environmental goals, directly or indirectly linked to the UN SDGs
- The company outperforms its sector and region in terms of emission factors according to quantitative data
- The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives

Social goals

- 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs.
- The company outperforms relative to its region in terms of gender equality factors, according to quantitative data.
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals.

The fund company applies a pass/fail methodology, whereby an entire investment is classified and reported as sustainable if the requirements for contributing, not doing significant harm and good corporate governance are met. Other management companies may use a different methodology and criteria to classify an investment as sustainable. Therefore, the levels of sustainable investments may differ between fund companies depending on the methodologies, criteria and data providers used, and not only on levels of sustainability within the funds.

### ● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

To ensure that no sustainable investment caused significant harm to any environmental or social sustainable investment objective, the fund worked with the following principles during the reference period:

- Excluded companies that do not comply with international norms and standards;
- Excluded companies operating in controversial sectors and business areas;
- Excluded companies that have exposure to fossil fuels or other activities with negative environmental impacts;
- Excluded companies that are not considered to fulfil the levels of minimum social safeguards as defined by the EU Taxonomy; and
- Used an external research partner's assessment of the companies' governance structure, labour relations, tax compliance and remuneration.

### ● *How were the indicators for adverse impacts on sustainability factors taken into account?*

During the reference period, the fund company's model for detecting companies with extreme values among the negative principal impact indicators (PAI) was used to avoid investing in companies that have caused significant harm. The negative impact indicators for sustainability factors used are those outlined in Annex I of the Sustainable Finance Disclosure Regulation's technical standard (CDR 2022/1288) - as well as the relevant PAIs in Tables 2 and 3 of Annex 1 of CDR 2022/1288. However, the indicators are dependent on the current availability of data.

Where sufficient coverage has been available, companies with significant negative performance in a geographical and sectoral context have not been included as sustainable investments.

Some indicators are considered through the exclusions outlined in the fund company's sustainability policy, in particular:

- Companies with activities in the fossil fuel sector;
- Companies with facilities/operations located in or near biodiversity-sensitive areas where the activities of these companies negatively impact these areas;
- Companies that do not comply with international norms and standards, such as the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Companies involved in the manufacture or sale of controversial weapons (landmines, cluster bombs, chemical and biological weapons); and
- Companies whose activities affect endangered species.

Read more about exclusions within SEB Investment Management's sustainability approach at [sebgroupp.com/fundcompanysustainability](https://sebgroupp.com/fundcompanysustainability).

**Principal adverse impacts** are 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.

● *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

During the reference period, the fund's investments have been aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights through the norm-based exclusion criteria set out in the fund company's sustainability policy and using the SIMS-S.

Norm-based exclusions mean that the fund company expects issuers to adhere to international laws and conventions such as the following:

- The UN Principles for Responsible Investment
- The UN Global Compact
- The OECD Guidelines for Multinational Enterprises
- The UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights

Companies with confirmed violations are not considered sustainable investments.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

During the reference period, the fund considered principal adverse impacts on sustainability factors through the exclusions outlined in the fund company's sustainability policy where companies with operations in the following were excluded:

- Companies with activities in the fossil fuel sector;
- Companies with facilities/operations located in or near biodiversity-sensitive areas where the activities of these companies negatively impact these areas;
- Companies that do not comply with international norms and standards, such as the UN Global Compact principles and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- Companies involved in the manufacture or sale of controversial weapons (landmines, cluster bombs, chemical and biological weapons); and
- Companies whose activities affect endangered species.

In the fund's fundamental analysis process, the fund manager conducted a sustainability assessment of, among other things, each company's products, services, operations and suppliers. To support the work of assessing the companies' sustainability risks and opportunities, the fund manager used a quantitative tool in the form of the SEB Investment Management Sustainability Score, SIMS-S.

Using SIMS-S, the fund company's proprietary sustainability model, the following indicators for adverse impacts were considered:

- Greenhouse gas emissions of the investee companies;
- The carbon footprint of the investee companies;
- Greenhouse gas intensity of the investee companies;
- Whether companies operate in the fossil fuel sector;
- Energy consumption intensity per sector with high climate impact, for the investee companies;
- Whether the investee companies have facilities/operations located in or near biodiversity-sensitive areas where the operations of these companies negatively impact these areas;
- Emissions to water generated by the investee companies;
- The amount of hazardous waste generated by the investee companies;
- Whether the investee companies lack processes and compliance mechanisms to monitor compliance with the UN Global Compact and the OECD Guidelines for Multinational Enterprises;
- The unadjusted gender pay gap in the investee companies;
- Gender distribution of the board of directors of the investee companies;
- Whether the investee companies have decarbonisation initiatives in place to align with the Paris Agreement; and
- Whether the investee companies have a supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour).



## What were the top investments of this financial product?

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 31 December 2023

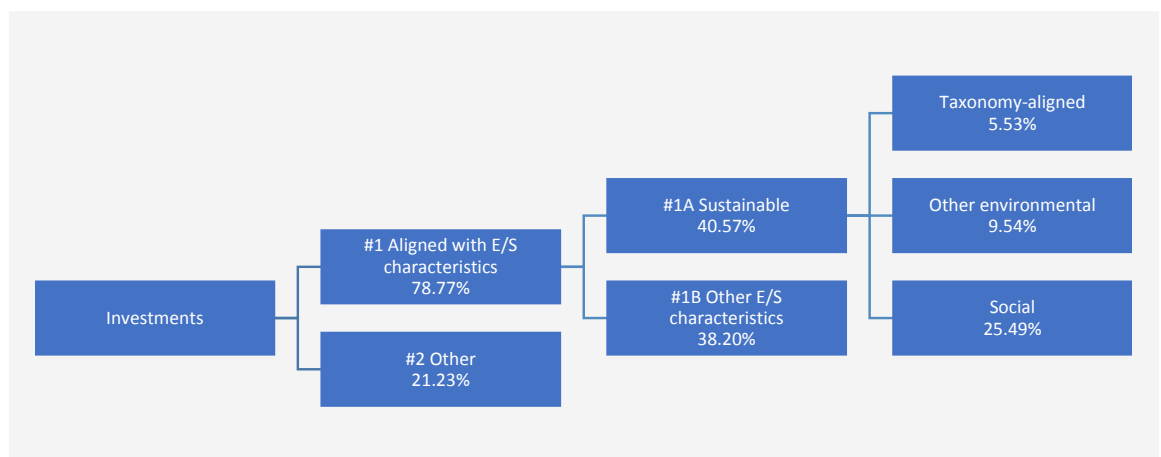
Largest investments	Sector	% Assets	Country
SEB Global High Yield Fund	N/A	6.98	N/A
SEB Sweden Equity Fund	N/A	6.83	N/A
SEB Sverigefond Småbolag	N/A	4.21	N/A
SEB Danish Mortgage Bond Fund	N/A	4.09	N/A
Morgan Stanley Investment Funds - Global Asset Backed Securities Fund	N/A	3.39	N/A
Ardan UCITS ICAV - Barrow Hanley Global ESG Value Equity Fund	N/A	3.35	N/A
Apple Inc	Information Technology	3.28	United States
SEB Corporate Bond Fund SEK	N/A	2.56	N/A
Robeco QI Global Dynamic Duration	N/A	2.42	N/A
Microsoft Corp	Information Technology	2.32	United States
Alpha UCITS SICAV - Fair Oaks Dynamic Credit Fund	N/A	1.99	N/A
SEB Korträntefond SEK	N/A	1.82	N/A
Twelve Capital Catbond Fund	N/A	1.47	N/A
Visa Inc	Financials	1.24	United States
SEB Obligationsfond SEK	N/A	1.12	N/A



## What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

### ● What was the asset allocation?



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

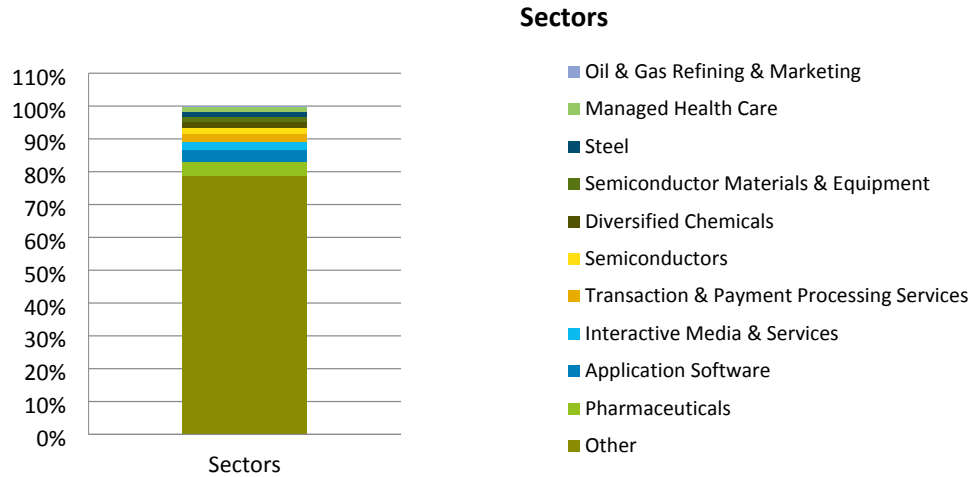
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● In which economic sectors were the investments made?



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

- Yes:
- In fossil gas     In nuclear energy
- No

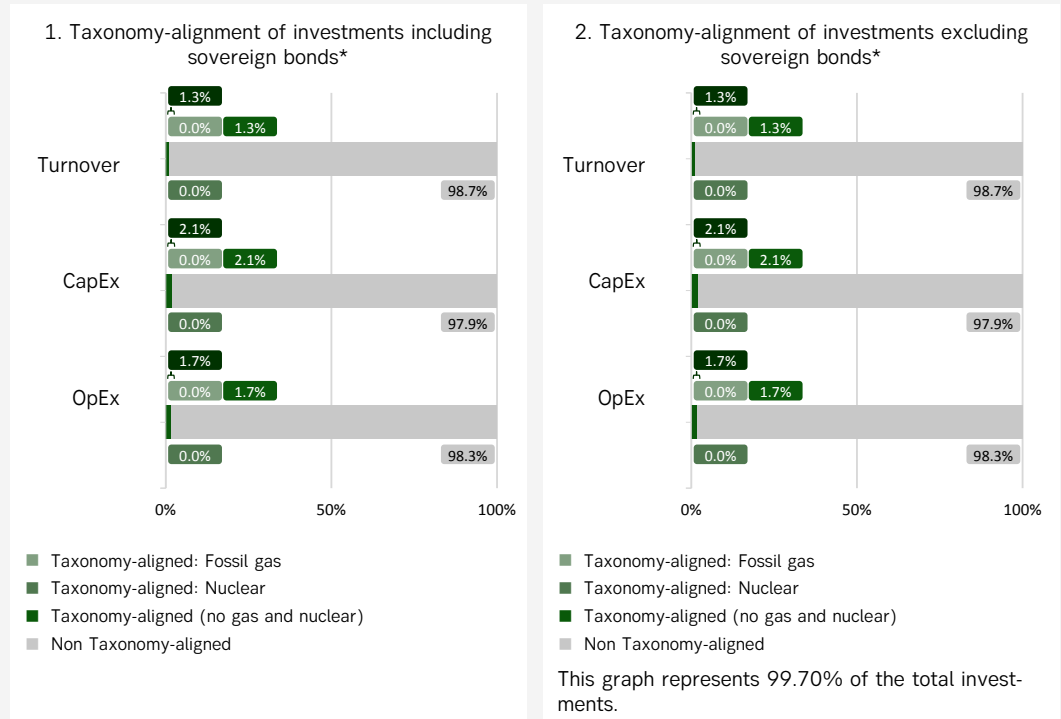
To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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

● **What was the share of investments made in transitional and enabling activities?**

During 2023, the share of investments in transitional activities was 0.0%. The share in enabling activities was 0.0%.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

For the previous reference period (2022), the share of investments whose revenue was compatible with the EU Taxonomy was 0.5%. The compatible capital expenditure was 0.0% and operating expenditure 0.0%.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**

At the end of 2023, the fund had an equivalent of 10% of investments that were classified as sustainable investments with environmental objectives but not compliant with the EU Taxonomy.

The EU Green Taxonomy does not cover all economic sectors that are relevant for the fund to invest in and that contribute to sustainability goals. There were also relatively few companies that reported in accordance with the EU Green Taxonomy. This may have been due both to their size and their geographical location.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable eco-



The fund company uses an internal process to define the contributions to environmental objectives and the classification of sustainable investments. The environmental goals included in SEB Investment Management's definition of sustainable investments and quantitative thresholds are:

- 20% of the company's revenues have been assessed to contribute to other global environmental goals, directly or indirectly linked to the United Nations Sustainable Development Goals (UN SDGs);
- The company outperforms its sector and region in terms of emission factors according to quantitative data;
- The company outperforms its sector and region in other resource efficiency areas, such as water use, raw material consumption or waste generation, according to quantitative data; and
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to environmental objectives.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as contributing if the investment meets one or more of the above criteria.



## What was the share of socially sustainable investments?

At the end of 2023, the fund had investments corresponding to 25% classified as socially sustainable investments.

The fund company uses an internal process to define the contribution to social goals and the classification of sustainable investments.

The social goals included in SEB Investment Management's definition of sustainable investments and quantitative thresholds are:

- 20% of the company's revenue has been assessed to contribute to other global social goals, directly or indirectly linked to the UN SDGs.
- The company outperforms relative to its region in terms of gender equality factors, according to quantitative data.
- The company has been fundamentally analysed and assessed as having a high contribution and exposure to social goals.

The fund company applies a "pass/fail" methodology, where an investment is classified and recognised as sustainable if the investment meets one or more of the above criteria.



## What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

During the 2023 reference period, the fund used cash in the meaning of ancillary liquid assets, sovereigns, supranationals (when not a sustainability-labelled bond), mortgage bonds/covered bonds (when not a sustainability-labelled bond), other investments for where data is missing and derivatives.

The purpose of cash was liquidity and flows; the purpose of derivatives was efficient portfolio management techniques; and the purpose of mortgage bonds, sovereigns, and supranationals was for allocation/investment strategy reasons.

During the reference period, the fund did not conclude that any environmental or social minimum protection measures were deemed necessary for these investments.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the 2023 reference period, in the Swedish equity part of the portfolio, the fund's management team selected Atlas Copco, Epiroc and Nibe, among others. These companies help with the transition from fossil fuels to more environmentally friendly and sustainable alternatives, which also contributes to lower greenhouse gas emissions. Companies that do not meet the fund company's strict criteria regarding sustainability were excluded. For example, companies that were active in commercial gaming operations, where more than 5% of sales came from the production, distribution or service of commercial games for money were excluded. One such company was Evolution. Likewise, EnQuest was excluded due to its activities in the oil and gas industry.

Over the past year, the fund held several sustainability dialogues with, among others, Addlife and Lifco. These dialogues can be proactive to improve the general sustainability work or reactive to try to influence a certain issue where it is possible that the company does not live up to international rules and guidelines. The dialogues with Addlife covered its general sustainability work, but specific issues around the supply chain were also raised, as the company in question has a decentralised organisation with many suppliers and stakeholders. With Lifco, discussions centred around the company's relatively low scores in both internal and external ESG assessment tools, as well as the company's remuneration model linked to sustainability targets for management. Sustainability linked to supply chains, the link between sustainability and remuneration and incentive programs, and companies' transparency regarding sustainability reporting had a particular focus during the period. Through corporate governance work, the fund company also influences companies through participation in nomination committees and



votes at general meetings where the fund company is a major shareholder or where management has a significant investment.

During the reference period, SEB Investment Management updated its sustainability policy with a clear position on biodiversity. Nature is the foundation of societies and economies and there is a growing appreciation for the need to include nature and biodiversity in investment decisions. SEB Investment Management does not invest in companies that have verified violations of biodiversity-related norms. The fund company also excludes companies that operate and have a negative impact on endangered species or bio-sensitive areas, including Arctic drilling. Furthermore, the fund company monitors the companies with the greatest influence on and exposure to deforestation of tropical forests and aim to set zero-tolerance targets for deforestation as the global data quality on deforestation improves.

Since 2023, SEB Investment Management has been a member of the Taskforce for Nature-related Financial Disclosures (TNFD) Forum and is a signatory of the Finance for Biodiversity Pledge. In addition, the fund company also works independently to increase the quality and coverage of biodiversity data through collaborations with various actors within or close to the scientific community.



## How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### ● How does the reference benchmark differ from a broad market index?

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

### ● How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

### ● How did this financial product perform compared with the reference benchmark?

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.

### ● How did this financial product perform compared with the broad market index?

The fund did not use a benchmark index to achieve its promotion of environmental and social characteristics.