

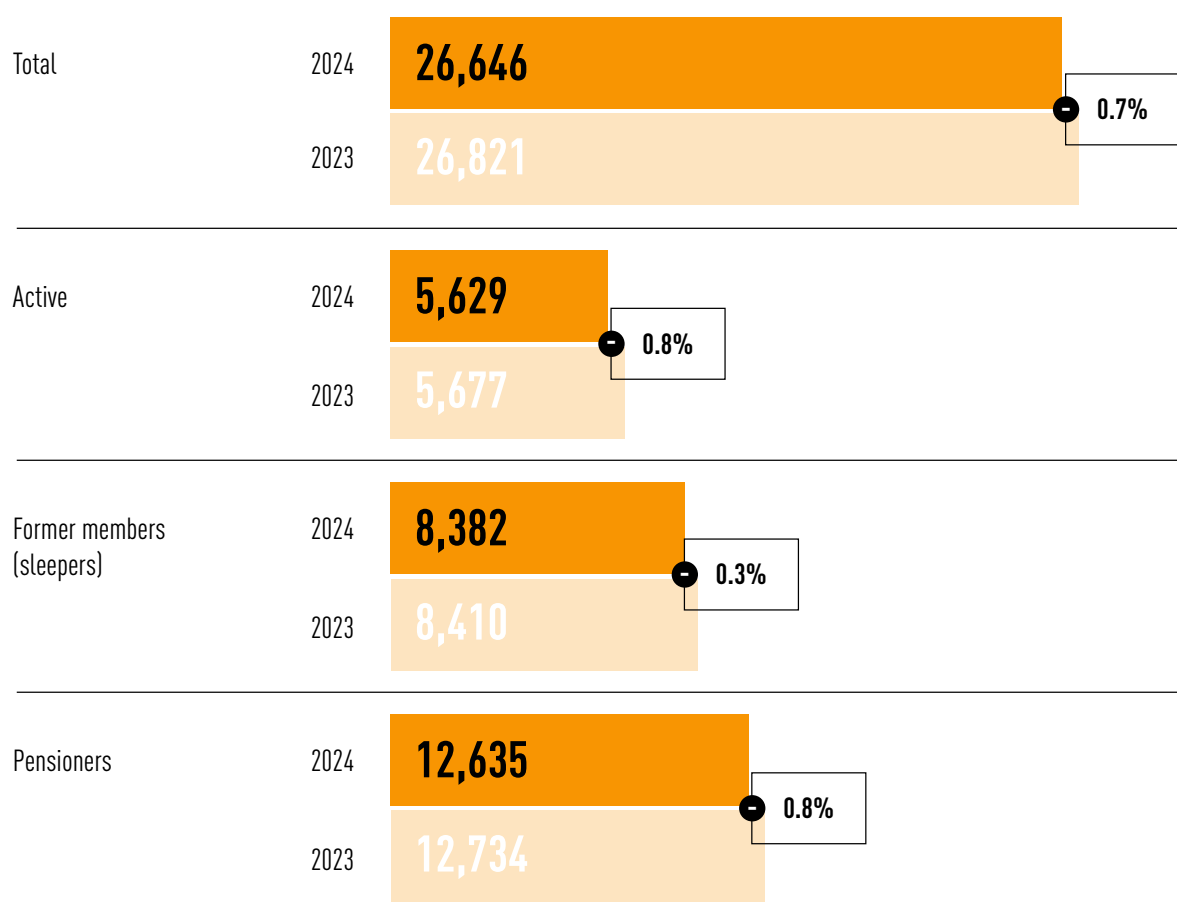
Welcome to the Pensioenfonds PDN 2024 Annual Report

We've made a visual summary of 2024 for you. In this annual statement, we present the most significant developments and figures for Pensioenfonds PDN and highlight the main points. What has Pensioenfonds PDN done with your pension money? How did the funding level develop and what about the investment returns?

If you read this annual statement, you will be aware of what's going on with your own pension fund. Click [here](#) for a [printer-friendly PDF](#) of the annual statement 2024. For more detailed information about Pensioenfonds PDN in 2023, please see the [full annual report \(PDF, in Dutch only\)](#), which can also be downloaded from Pensioenfonds PDN's website.

The year 2024 in key figures

Members

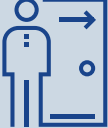





Pension liabilities Pensioenfond's PDN

Pension liabilities at year-end 2023

6,117 MLN euro

Changes in pension liabilities in 2024

	Benefit payments to pensioners
-273	MLN euro
	New pension entitlements accrued by members
+99	MLN euro
	Change in liabilities due to lower rate
+88	MLN euro
	Other
+351	MLN euro

Pension liabilities at year-end 2023

6,382 MLN euro

Invested capital Pensioenfond's PDN

Invested capital at year-end 2023

7,350 MLN euro

Changes in invested capital in 2024

	Pension benefit payments
-273	MLN euro
	Pension contributions received
+111	MLN euro
	Income from investments
+618	MLN euro
	Other
-1	MLN euro

Invested capital at year-end 2023

7,805 MLN euro

PENSIOENFOND'S PDN FUNDING LEVEL 2024

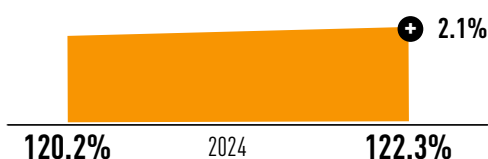
122.3%

The financial position of Pensioenfond's PDN

The funding level is an important yardstick for judging the pension fund's financial situation. It indicates to what extent the pension assets are high enough to meet all future pension obligations (including, in particular, the pension benefit payments).

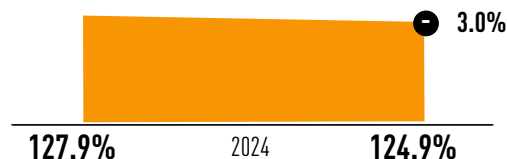
Besides the funding level, a pension fund must calculate its 'policy funding level,' this being the average of the last twelve months of monthly funding levels. The policy funding level can be used to determine whether a pension fund needs to curtail accrued pensions and pensions that have commenced payment.

Funding level



Funding Level: A yardstick for judging the financial position of a pension fund, expressed as a percentage. This percentage is the ratio between the pension fund's capital and all current and future pension commitments. The certainty that a fund can pay the granted pensions increases with its funding level.

Policy funding level

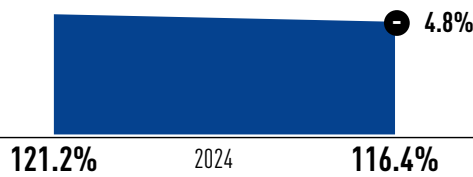


Policy funding level: The policy funding level is the average of the twelve most recent monthly funding levels.

The funding level was 122.3% at the end of 2024, which is 2.1% higher than the funding level at the start of the year (120.2%). Besides the funding level, a pension fund must calculate the 'policy funding level', this being the average of the last twelve months of monthly funding levels. The policy funding level was 124.9% at the end of 2024, which is 3.0% lower than at the start of the year (127.9%).

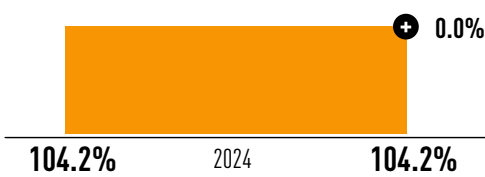
The policy funding level can be used to determine whether a pension fund needs to reduce the accrued pensions and pensions currently being paid out. The policy funding level can also be used to determine whether a pension fund is in a deficit situation, in which case the pension fund would be required to submit a recovery plan to the Dutch central bank, DNB (De Nederlandsche Bank). The recovery plan outlines how a pension fund aims to achieve a higher funding level in the coming years. The policy funding level plays a decisive role in the fund's decisions on whether or not to increase pensions (indexation).

Required funding level



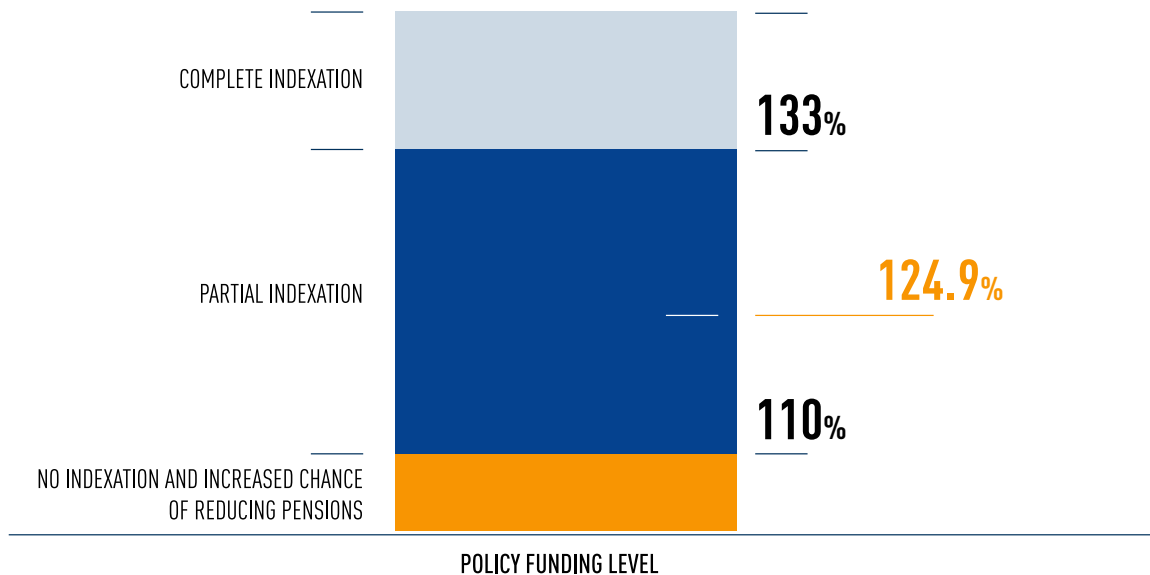
The required funding level indicates the legal level of Pensioenfonds PDN’s policy funding level. If the policy funding level falls below the required funding level, PDN must submit a recovery plan.

Minimum required funding level



The minimum required funding level indicates the absolute lower limit. If Pensioenfonds PDN’s policy funding level falls below this level, there is a funding shortfall. Pensioenfonds PDN will then have insufficient capital to be able to pay future pensions. If the policy funding level remains below the minimum required funding level for five years, Pensioenfonds PDN must reduce (curtail) the accrued pensions.

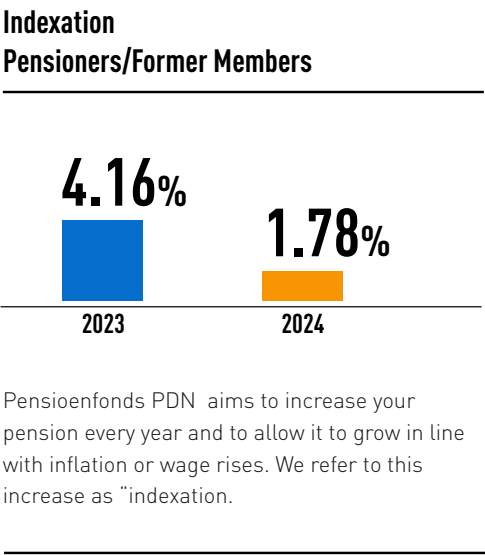
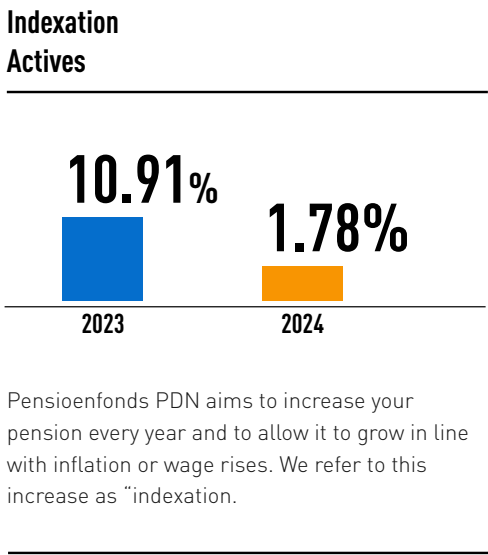
Indexation



The conditional indexation for members was based on the general wage increase at DSM NL Services BV. With effect from 1 January 2025 (over the year 2024), with a view to the transition to the new pension system and at the request of the social partners, the conditional indexation for members, as well as for deferred members and pensioners was based on the increase in the consumer price index (CPI-All Households derived), as determined by Statistics Netherlands (CBS) from October to October.

The Board used the indexation policy and PDN’s financial situation as at end 2024 to assess whether indexation could be awarded to members, deferred members and pensioners as of 1 January 2025. The fund’s financial position (in terms of the policy funding level) at the end of 2024 was sufficient to award indexation as of 1 January 2025. The fund is awarding indexation equivalent to approximately two-thirds of the maximum benchmark. This means that all members, deferred members and pensioners will receive indexation of 1.78%. Unfortunately, due to procedural and implementation constraints, for the 2024 indexation the Board was unable to use the so-called transition FTK, which allows for full indexation.

In line with PDN’s indexation catch-up policy, the missed indexation will be recorded to enable catch-up of any indexation if the fund’s financial position improves substantially.



How we invest the money

To be able to pay pensions every month, pension contributions alone do not suffice. A pension fund must invest. By investing, we make a profit. That is the return. In the long term, investments yield more return than a savings account. The return indicates what the investment yielded and is expressed as a percentage.

	2024	2023
Total invested assets (in mln €)	7,797	7,342

Composition of investments 2023	mln. €	weighting	
Matching portfolio	3,981	51,0%	44,1%
Interest overlay	-17	-0.4%	-1.3%
Nominal government bonds	1,311	32.9%	27.8%
Inflation-linked bonds	929	23.3%	23.3%
Investment grade credits	676	17.0%	17.6%
Mortgages	1,001	25.2%	30.0%
Ground Lease	81	2.0%	2.6%
Return portfolio	3,755	48.2%	55.5%
Valuta overlay	-13	-0.3%	0.4%
Shares	1,675	44.6%	48.4%
Bonds	802	21.4%	19.2%
Real estate	331	8.8%	9.5%
Alternative investments	960	25.6%	22.5%
Cash	44	0.6%	0.1%
PPS	17	0,2%	
Total	7,797	100.0%	100.0%

Pensioenfond PDN has split the investments into a matching portfolio and a return portfolio.

Matching portfolio

The objective of the matching portfolio is to achieve a favorable risk/return profile with bonds that have a high credit rating, thus pursuing a high degree of certainty. This covers part of the interest rate risk.

Return portfolio

The objective of the return portfolio is to realize a sufficient return in order to achieve the indexation ambition. Through an active policy, we try to achieve additional returns after costs or a lower risk profile within the permitted risk margin.

To reduce risk, Pensioenfond PDN spreads its investments over various categories, including:

- **Inflation-linked bonds**

In these loans, which are mainly made to governments, the interest rate and repayments are linked to inflation. This means you are compensated for actual inflation and a real yield is thus recorded.

- **Investment grade credits**

The normal term of these loans, which are made to businesses with a good credit rating, is relatively short (4-5 years). Because of the good credit rating, the chance that the loans will be repaid with interest is very high and the risk is low.

- **Bonds and loans (fixed-yield securities)**

Money is lent in this way to governments and businesses worldwide. The return (so-called interest payment) is generally stable. Pensioenfonds PDN also invests in Dutch private mortgages.

- **Shares**

This is a worldwide interest in the capital of a company. Although higher returns can be expected in the longer term than on bonds, the risk is relatively high.

- **Alternative investments**

This is an asset class from which an attractive return is expected in the medium term. The investments within this sub-portfolio therefore aim for an attractive return without being dependent on so-called benchmarks (market indices, such as the AEX), and include investments in microfinance, infrastructure, and commodities.

- **Real estate**

Investments in real estate can be made in two ways: directly (houses, shops, and offices) and indirectly (shares in real estate funds). Pensioenfonds PDN only invests in indirect real estate worldwide.

- **Currency overlay**

The above investments are made in different currencies. As the value of the currency may rise or fall against the euro, the return on the internationally diversified portfolio consists partly of currency returns. To limit the impact of currencies on the fund's performance in euros, we use currency overlay, by which the fund hedges itself against exchange rate movements.

- **Interest rate overlay**

The interest rate sensitivity of the pension commitments differs from the investments, resulting in an interest rate risk. To limit this risk, part of the interest rate risk is hedged. For this purpose, investments are made in fixed-income securities and we use derivatives. The interest rate overlay also determines part of the fund's return.

Sustainable investment (in mln €)

	2024	2023
Impact investments	344.0	311.0

The complete overview of the companies in which the fund invests can be found on the Pensioenfonds PDN website.

- **Impact investments**

Pensioenfonds PDN uses Impact Investments to help guide us in achieving both attractive financial returns and social objectives. Our investment decisions are based on the UN's seventeen sustainable development goals.

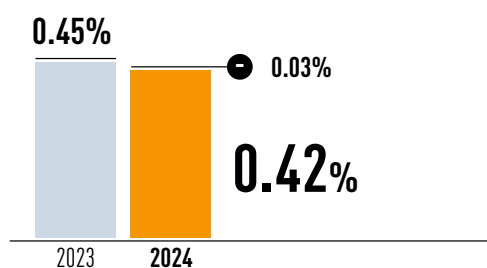
	Companies	Countries	
Exclusion based on product and behavior	167	14	

Investment return (in %)	2024	2023	
Total portfolio (excl. PPS)	8.6%	8.7%	
Matching portfolio	2.2%	4.9%	
Return portfolio	14.0%	11.8%	

Although we much prefer seeing positive returns, there is no need for you to worry about negative returns. Pensioenfonds PDN invests with a long horizon. Fluctuations are expected to be compensated over the years. The average five-years return as at end 2024 was 2.6% annualized. The average ten-year returns as at end 2024 was 3.7% annualized.

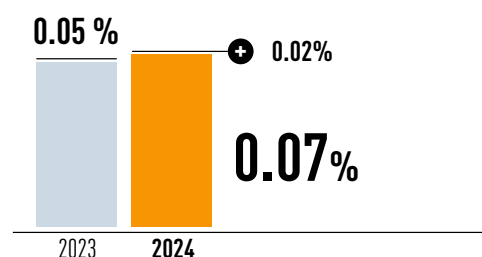
Asset management costs

in % of average invested assets



Transaction costs

in % of average invested assets



Transaction costs are costs that have to be incurred to make and then administratively settle purchases and sales.

Pensioenfonds PDN uses various channels to communicate with it's members

www.pdnpensioen.nl



Number of visits	65,915
Visits per day (average)	179

PDN Magazine



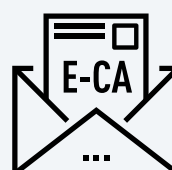
1 edition: July	edition
	20,000

Mailings



Total	6
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E-cards for 40th birthday

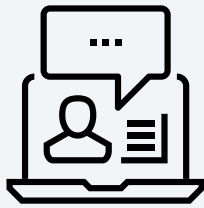


Total sent	127
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My PDN Pension



Number of users	92.8 %
Number of visits (average)	55,969
Number of visits per day (average)	153
Number of users of Digital Mail	67.8 %
Evaluation	
NL planner	7.9
My PDN Pension	8.0



Q2 Pension journey Employed

213 sent, number of visits 84

Q4 Pension journey 60-year olds

521 sent, number of visits 360

1st line questions

975

answered in time



98.2%

Questions which can and have to be answered within three business days.

Evaluation 1st line questions: **8.1**

2nd line questions

545

answered in time



92.7%

More complex questions which have to be answered within ten business days.

Evaluation 2nd line questions: **7.8**

Appreciation



Granting of retirement pension

8.2

Granting partner's pension

8.4

Value transfer

9.7

157 personal conversations

9.4

What is the Accountability Council's opinion?

The Accountability Council (AC) is tasked with producing an assessment of Board policy implemented in 2024 as well as its policy proposals for the future. The AC is made up of eight members.

Composition in 2024



**TON
DE BOER**

Chairman
Elected from and by pensioners



**MARJON DOGGEN-
MUIJRES**

Elected from and by
pensioners



**ALBERT
NOTEBORN**

Elected from and by
pensioners



**FEIKE
HYLANDIDES**

Elected from and by
pensioners



**MARC
SILVERTAND**

Elected from and by
employees



**JAN
SCHREUDER**

Elected from and by
employees



**AUDREY
RINGENS**

Appointed by
employer



**PETER
COOMANS**

Put forward by
DSM Nederland

Summarising evaluation of 2024

The Accountability Council (AC) is positive about the past year's cooperation with the Board and other fund bodies and requests that the Board considers the AC's recommendations in its future policy-making. In the AC's opinion, Pensioenfonds PDN organises its communication, investments, risk policy and associated operational processes well. The AC requests that the Board places particular emphasis on the speed with which information is shared with the AC. This is crucial for the cooperation and to enable the AC to fulfil its advisory role in the transition to the Future Pensions Act. In this advisory role the AC must be able to assess the various Future Pension Act components in conjunction.

The Accountability Council's complete evaluation, including recommendations, can be found in Pensioenfonds PDN's full 2024 annual report.

Follow-up recommendations for 2023 (in 2024)

In the annual evaluation of 2023, the AC identified four priorities for 2024.

1. Progressing the Future Pensions Act transition process, partly based on its own action plan, which is coordinated with the Board.
2. Communications towards members and pensioners in the context of the Future Pensions Act.
3. The formation of a future vision for Pensioenfonds PDN after the Future Pensions Act transition.
4. Monitoring the general operation costs and the Future Pensions Act project costs.

These priorities are reiterated in this year's evaluation with the following recommendations:

Re 1 Recommendation

- Accelerate the communication of Board decisions and/or involve the AC in ongoing issues so that the AC can make timely preparations for its advisory role on the transition decision, including the use of the fund's assets.
- The activities stated in the Future Pensions Act detailed plan are behind schedule, partly due to the social partners' incomplete delivery of the transition plan, according to the DNB's further guidelines. A consequence of this is that various planned actions have been postponed. As the intended transition date of 1 January 2026 is not considered feasible, the AC requests that the Board adheres to a realistic schedule and to monitor this closely.

Re 2 Recommendation

The AC encourages the Board to communicate more intensively with members, deferred members and pensioners, and recommends:

- communicating more frequently, proactively, more online and not only 'event-driven';
- ensuring that in case of communications aimed at specific target groups, the readership is sufficiently representative and matches the cross-section of all communication target groups;
- ensuring that the detailed Future Pensions Act communication plan, including content by topic, time-lines for various messages and the medium to be used, is ready by the end of the first quarter of 2025;
- placing an additional focus on communications regarding specific elements including the surviving dependent's pension, the Pre-Pension Savings Scheme (PPS) and the Net Pension Scheme (NPS).

Re 3 Recommendation

- Create space within the Board to clarify in 2025 how the fund's strategy will be implemented after the Future Pensions Act transition. The AC advises forming a fully-fledged project team and allocating the necessary budget and resources to ensure that progress is made by 2025.

The Pensioenfonds PDN mission statement rightly emphasises the important role of innovation. Inno-

vation is the lifeline to the future for every organisation. So far, this role has not yet been clarified and it is unclear whether this innovation concerns Pensioenfond's PDN or DPS.

Re 4 Recommendation

- The AC recommends establishing a clear long-term budget that takes into account the intended cost level after the Future Pensions Act transition.

Recommendations 2024

The AC is making the following recommendations, based on its findings:

Indexation

- Involve the AC at an earlier stage in discussing the consequences of whether or not to use a transition Financial Assessment Framework (FTK) in 2025.

Contribution agreements

- In view of the fact that the current agreement runs until 2025, the AC recommends that the Board consults the social partners in time regarding what to do with future pension accrual and contributions within the FTK now that the transition date has been postponed until 1 January 2027.

DPS Governance

- The AC does not have a clear picture of the risk that Pensioenfond's PDN runs as a DPS shareholder. Be more transparent about the financial risks that Pensioenfond's PDN runs and clarify what happens with any profits or potential deficits and which financing is expected from Pensioenfond's PDN, certainly in relation to the future DPS strategy.

Board

- Focus more on the sound implementation of the parity structure, the risks of a 'two-speed Board' and the key-person risk.

Elections

- As a Board and in cooperation with the AC, ensure that elections are a focus point for the management of all affiliated companies and in the future, together with the AC, organise a campaign to stimulate employees to put themselves forward for election to the AC.

Investments

- The AC is informed regarding the decision-making relating to investments. The Board decisions fall within the policy, in line with the investment plan. A decision was taken to opt for more certainty about the moment of transition. The AC agrees with this decision.

Risk management

- In the AC's opinion, the Board's risk management has been well designed and the Board manages this well.

2025 Priorities

The AC would like to reiterate the priorities set for 2024 in 2025 as they remain relevant. The AC would also like to add a 5th priority (indexation) for 2025.

1. Progress of the Future Pensions Act transition process.
2. Communications towards members, deferred members and pensioners in the context of the Future Pensions Act.
3. The formation of a future vision for Pensioenfond's PDN after the Future Pensions Act transition.
4. Monitoring the general operation costs and the Future Pensions Act project costs.
5. Policy with respect to indexation until the transition date.

The conclusion of the Supervisory Board

The Supervisory Board supervises Pensioenfonds PDN's Board and evaluates the Board's performance and the processes it uses. The Supervisory Board is made up of three members.

Members of the Supervisory Board



COR
VAN DER SLUIS

Chairman



MARLIES
VAN LOON



RAJESH
GROBBE

In performing its duties, the Supervisory Board (SB) abides by the supervision code established by the Vereniging Intern Toezichthouders Pensioensector (the Association of Internal Supervisors for the Pension Sector) and the Code of Dutch Pension funds.

In addition to the stated statutory minimum tasks, the SB in any event focused on the following priorities in 2024:

- Governance in the context of changes to the Board structure and the acquired shareholding.
- The administrative process relating to progress in the Future Pensions Act process.
- Outsourcing; control of the chain.
- Cost control.
- Strategic projects.

Summary conclusion

The SB is generally satisfied with how the Board operates. The Board is well aware of the complex environment in which it operates. The Board safeguards that it uses an integrated and coordinated approach. Boardroom Dynamics therefore features on the agenda periodically. The SB issued advice to the Board throughout the year and, where deemed useful, made recommendations, which the Board considered carefully in its decision-making. The recommendations stated below reflect the impact of this. The SB looks forward with enthusiasm and confidence to working together in 2025 and will closely monitor important developments such as preparations for the implementation of the Future Pensions Act and other strategic projects.

Recommendations:

- Produce a succession planning document covering how to fill employer and employee seats for purposes such as maintaining a support base. Take diversity into account when producing this;
- Continue to work on strategy development regarding the strategy after the Future Pensions Act;
- Ensure that the remuneration agreements for future activities are laid down prior to those activities;
- Monitor progress on the Future Pensions Act implementation, with due regard for governance and diligence;
- Implement the steps that still need to be taken to better secure the sustainable investment policy in the strategy and decision-making processes;
- Monitor the timeliness and quality of DPS's 'operational readiness' with regard to the Future Pensions Act implementation;
- Implement the remaining outstanding points relating to DORA as quickly as possible.

2025 Priorities

In addition to the statutory minimum tasks, the SB will focus on the following priorities in 2025:

1. The Future Pensions Act (Wtp)

- How is the fund Board preparing for a controlled and fair transition to the new pension system?
- How will the Board ensure that the Future Pensions Act communications are complete, timely, accurate and balanced for all pensioners and other beneficiaries?

2. Digital Operational Resilience Act (DORA)

- How will the Board ensure that the fund complies with the new DORA requirements for digital resilience?

3. Cost control

- How will the Board ensure efficient, effective and transparent cost control?

4. Strategy after the Future Pensions Act

- How will the Board develop the fund's future-focused strategy following implementation of the Future Pensions Act?
-

| Board composition

PDN's Board is made up of eight members (including the Chairman).

Four members are nominated by DSM Nederland, two members are nominated by the DSM Nederland Central Works Council, and two members are nominated from and by pensioners.

The Board would like to thank the Supervisory Board and Accountability Council for sharing their findings and recommendations. The recommendations enable the Board to carry out its tasks in a careful and balanced way, in the interests of members, deferred members and pensioners, other persons with a pension entitlement and the employers. The Board is extremely grateful to the SB and AC for their commitment, involvement and constructive discussions in 2024. The Board is looking forward with confidence to continuing the open and close cooperation.

The Board's full response to the Accountability Council and Supervisory Board evaluations, as well as the text of the evaluations, can be read in Pensioenfonds PDN's full 2024 annual report.

Board composition



**AREND
DE JONG**

Independent Chairman



**MONIQUE
VAN HEESWIJK-KUSTER**

Board member
Appointed on recommendation by
DSM Nederland B.V..



LAURINE LEMON

Board member
Appointed on recommendation by
DSM Nederland B.V



**PIET
MOLENAAR**

External Board member
Appointed on recommendation
of employers



**PETER
PASMANS**

Board Member
Appointed on the recommendation
of employers



**EIKO
DE VRIES**

External board member
Nominated by the DSM Nederland
Central Works Council



**WIM
REINARTZ**

Board member
Nominated by the DSM Nederland
Central Works Council



**PIET
RENNEN**

Prospective-member
Elected from and by
pensioners



**ARIE
SONNEVELD**

Board member, elected from
and by pensioners

Pensioenfonds PDN's Sustainability Policy

In the 2024 Sustainability Report, Pensioenfonds PDN explains its sustainability policy and accounts for the most significant results over the reporting year 2024. The complete sustainability report (PDF) can be found on the Pensioenfonds PDN website under downloads and is included in the 2024 annual report.

The fund again further hone its sustainability policy in 2024 in the light of our commitment to sustainability and responsible investing. In the context of European sustainability legislation (SFDR), for the first time Pensioenfonds PDN has formulated a so-called PAI statement, including scores. A PAI statement is a statement that reflects the key unfavourable effects of investment decisions on sustainability factors. The fund has also honed its country policy. An inclusion policy is currently being used based on minimum requirements in the theme areas of corruption and labour and human rights. Moreover, countries are still excluded if they do not adhere to international conventions or that are under UN, EU or Dutch government sanctions; this has not changed. Furthermore, the fund has expanded its carbon reduction target, clarified its ESG KPIs and has made a start on an ESG risk framework.

With a view to a sustainable future, we will continue our efforts unabated in 2025 and remain committed to promoting sustainability at every level of our investment policy.

Future perspectives

When we look ahead, it is clear that various important themes deserve our attention:

- Digital transformation and sustainability: Technology's role in promoting sustainability is undeniable. Innovations can contribute to energy efficiency and the development of smart, sustainable cities.
- Water management: Sustainable management of our water sources is essential if we are to ensure access to sufficient clean water for future generations.
- Social inclusion and employment: Investing in sustainable projects enables us to help create jobs and promote social inclusion, especially in developing countries.
- Circular economy: Supporting companies that embrace circular economy principles is a step towards minimising waste and the efficient use of resources.
- Ethical investment and human rights: It is our responsibility to ensure that our investments embrace ethical considerations and respect for human rights.
- Biodiversity: The protection and promotion of biodiversity is essential if we are to retain healthy ecosystems, which are crucial for life on earth. The investment world is increasing its focus on investments that help protect natural habitats and species diversity.

Although we are aware of the complexity of the challenges we are facing, we also see the possibilities of making positive impact. With dedication, innovation and cooperation, we can help create a more sustainable and just world for everyone.

To increase our positive influence as a fund, we have been focusing on three specific sustainability themes since 2021:

1. Health and wellbeing
2. Climate and energy
3. Raw materials and circularity

These themes are linked to the United Nation's four sustainable development objectives: the Sustainable Development Goals (SDGs). We are focusing more specifically on:

- SDG 3: Good health and wellbeing
- SDG 7: Affordable and clean energy
- SDG 12: Sustainable consumption and production
- SDG 13: Climate action

Focus Themes	Focus SDG's
<div>Health and Well-being</div> <div>increase positive impact</div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
<div>Raw Materials and Circularity</div> <div>increase positive impact</div>	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div>
<div>Climate and Energy</div> <div>increase positive impact</div> <div>decrease negative impact</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div>

Six policy instruments defined in the Sustainability Policy are used to contribute to our objectives.

More information on the Sustainability Policy and the policy instruments Pensioenfonds PDN uses for this are available on the fund's website via this link. This page also provides an explanation of the policy being implemented, including reports on how votes were cast at shareholder meetings and the progress of engagement actions. The fund also publishes a list of companies and countries in which it invests on its website (at each year end).

1. ESG integration

Where possible, Pensioenfonds PDN manages and evaluates investments according to ESG factors. ESG stands for Environmental, Social and Governance. Sustainability risks for the portfolio and other ESG aspects are considered when making investment decisions in the various mandates. Another imaginative topic in this context are carbon emissions. Pensioenfonds PDN aims to reduce the investment portfolio's carbon emissions via ESG integration in the investment process.

Outcome of the objectives for CO2 Reduction

KPI 2024	Carbon footprint meting
Description	The fund measures and publishes the carbon reduction target for the investment categories shares, investment grade credits, and high yield US. The reduction is calculated using the carbon intensity for the most recent year and a benchmark. The target is a carbon reduction of 55% by 2030 and a net zero target (100% reduction) by 2050 compared with the benchmark.
Measurement method	<p>Carbon reduction is calculated by measuring the difference between the carbon intensity (WACI) of the benchmark and the carbon intensity of the investment portfolio at the end of the most recent year.</p> <p>The carbon intensity (WACI) of the benchmark is based on 2016 benchmarking and carbon data. If no 2016 carbon data were available, carbon data from 2020 were included in the calculation. This was the most recent data at the time of determining this KPI. If carbon data were also unavailable for 2020, these companies were not included in the benchmark (and the portfolio weighting was corrected for this).</p> <p>For the carbon intensity for the current year, actualized carbon data are used in calculating the carbon intensity of the current year and the companies in the investment portfolio of which no carbon intensity is available, are not included in the calculation (the portfolio weighting is corrected for this).</p> <p>The carbon intensity (WACI) of the portfolio and of the benchmark is the weighted average of the carbon intensity per company (= the amount of emissions (in metric tons) per million turnover) multiplied by the portfolio weighting. Scope 1 and 2 emissions are used.</p>
Source	Sustainalytics and DPS
Target	A carbon reduction target of 55% by 2030 compared with the benchmark for the investment categories shares, investment grade credits, and high yield US, and a net zero target (100% reduction) by 2050.
Outcome	<p>Shares: -60% (current level 93 tCO2e/\$million turnover)</p> <p>Investment Grade Credit: -64% (current level 75 tCO2e/\$million turnover)</p> <p>High Yield US: -63% (current level 183 tCO2e/\$million turnover)</p> <p>Listed real estate: -27% (current level 72 tCO2e/\$million turnover)</p>

2. Impact investing

Impact investing is investing in countries, companies or projects that can help resolve social and environmental problems, such as poverty in developing countries and climate change. Pensioenfonds PDN does this on the basis of the United Nations Sustainable Development Goals..



Outcome of Impact Investment Targets

KPI 2024	Impact Investments - Illiquid Fund Investments
description	The fund classifies fund investments as impact investments if they make a positive contribution to at least one of the 17 SDGs.
Measurement method	Market value or commitments (contractual obligations) to Impact Investments, in million EUR
Source	DPS
Target	Investments designated by DPS as impact investments are held in the investment portfolio.
Outcome	€264 million

KPI 2024	Impact Investments – Impact Bonds
Description	The fund designates impact bonds as bonds issued by companies and semi-governmental or governmental bodies to finance social and sustainability projects.
Measurement method	Market value of investments as identified by DPS as impact bonds in the investment portfolio, in million EUR.
Source	DPS/Bloomberg
Target	An aggregate target allocation for impact bonds of 2.5% above the benchmark for the state and corporate bond investment categories.
Outcome	12.6% (+2.7% compared with target)

¹ Investments where positions are being phased out are measured based on market value rather than committed value.

3. Engagement

Engagement involves dialogue with the companies in which we invest and helps stakeholders stimulate companies to change. The tool of engagement enables agreements to be made with companies about plans, objectives or ambitions. With respect to carbon emission reduction, for example. Engagement is also used to start a series of intensive dialogues with companies whose conduct is not in line with the UN Global Compact's principles and where potential or actual negative impact has been identified. An engagement process can be labelled as a proactive or reactive engagement process. If the engagement process does not lead to the desired result, the conditions under which disinvestment takes place are stated in the escalation ladder.

Engagement process

An engagement process comprises four phases. It starts with determining a company-specific objective. CTI then contacts the company concerned to raise the identified issues. CTI then monitors the extent to which the company commits to addressing the issue up to the point that the issues are resolved and the objectives are achieved. Unfortunately, the latter is not always the end of an engagement process. Sometimes, companies do not 'engage' during these phases, resulting in the engagement process being aborted.

Outcome of the objectives for Engagement

Outcome of the objectives for Engagement

KPI 2024	Progress on objectives for which engagement is deployed.
Description	The fund undertakes active and reactive engagement across the European, US, Emerging Markets, Pacific Rim and Listed Real Estate equity portfolios and in relation to European and US corporate bonds. The engagement program in particular aims to achieve a positive effect on SDGs 3, 7, 12, and 13.
Measurement method	The number of milestones achieved with engagements as formulated by Columbia Threadneedle Investments (hereinafter CTI) in a year as a percentage of the total number of companies with which engagement has taken place in that year. Additionally, the fund measures the number of engagements with a focus on SDGs 3, 7, 12, and 13.
Source	CTI
Target	1. At least 50% of the total number of engagements in a year have reached a milestone. 2. At least 25% of the total number of engagements focus on SDGs 3, 7, 12, and 13.
Outcome	1. 27%. 63 milestones were achieved compared with the 233 companies with which engagement was conducted. 2. 50% of the engagements were linked to our focus SDGs (3, 7, 12 and 13)

KPI 2024	Exclusion of companies that show insufficient progress with engagement on one of the focus SDGs for three consecutive years
Description	No investments may be made in a company and an existing stake in a company is sold if the engagement process with the company receives a 'poor' rating from Columbia Threadneedle Investments for three consecutive years and this concerns engagement on one of PDN's focus SDGs: SDGs 3, 7, 12, or 13. The Board may deviate from this in special circumstances. Investments may be made in the company again once the company receives an 'adequate' or 'good' rating.
Measurement method	An engagement process with a company results in a 'poor' rating from Columbia Threadneedle Investments for three consecutive years and the engagement concerns one of PDN's focus SDGs: SDG 3, 7, 12, or 13 and there are no special circumstances that justify continuing investing in the company
Source	CTI
Target	No investments may be made in a company and an existing stake in a company is sold if the engagement process with the company receives a 'poor' rating from Columbia Threadneedle Investments for three consecutive years and this concerns engagement on one of PDN's focus Sustainable Development Goals (SDGs): SDG 3, 7, 12, or 13 and there are no special circumstances that justify continuing investing in the company.
Outcome	The result of this KPI can only be measured in 2025.

4. Voting policy and corporate governance

As an institutional investor, Pensioenfonds PDN complies with the Dutch Corporate Governance Code. This code defines principles and procedures for proper corporate governance. Pensioenfonds PDN's good governance policy aims to protect our interests as a shareholder while living up to our responsibility in that role. Wherever there is an indication that a company is acting irresponsibly, Pensioenfonds PDN has several options to exert influence, including voting at shareholder meetings of all listed companies in which the fund invests worldwide.

Every quarter, we publish on our website the votes made on behalf of PDN in general meetings of the companies in which we invest. These are published per individual company and per voting point.

Outcome of voting policy and corporate governance targets

KPI 2024	Percentage of shareholder meetings at which votes were cast
Omschrijving	The fund votes at shareholder meetings of the listed companies worldwide in which it invests in accordance with its Corporate Governance and voting policy and provides transparency in this regard
Measurement method	Number of shareholder meetings in which a vote was cast as a percentage of the total number of meetings.
Source	Columbia Threadneedle Investments

Target	Columbia Threadneedle Investments has voted on PDN's behalf in 100% of the shareholder meetings.
Outcome	99.7%

1017 shareholder meetings took place in 2024 for all listed companies in Pensioenfonds PDN's portfolio. CTI cast votes on behalf of Pensioenfonds PDN at 1014 of these meetings. This was not possible at 3 meetings due to current liquidity constraints or other operational restrictions in the voting process. Votes were cast on over 13,000 proposals at all 1014 shareholder meetings. As mentioned above, it was not possible to vote at various shareholder meetings, resulting in a total of 0.5% of the number of proposals not being voted on. Votes were cast on the remaining 99.5%.

5. Exclusion

Pensioenfonds PDN's invests in such a way that its investments reflect its standards and values. For that reason, the fund excludes companies and countries based on the risk of negative impact and conflict with our norms and values. Pensioenfonds PDN applies criteria for this such as the harmfulness of the product, the impossibility of effecting change through voting and engagement and the fact that there would be adverse consequences if the product ceased to exist.

Product groups that we exclude or partially exclude include controversial weapons, cluster munitions, coal, oil from tar sands and tobacco. We exclude companies or countries based on their behaviour with respect to the UN Global Compact's Ten Principles and the UN Security Council, Dutch or European Union international sanctions lists. Countries and companies are added to our exclusion list if there are serious and structural violations.

Outcome of exclusion targets

KPI 2024	Assets invested in excluded companies
Omschrijving	The fund does not invest in companies that are excluded in accordance with its exclusion policy and laws, and regulations. The screening takes place on a quarterly basis.
Manier van meten	Percentage of assets invested in excluded individual companies at year-end excluding fund investments.
Bron	Sustainalytics & DPS
Target	Maximum 0%
Outcome	0%

KPI 2024	Belegd vermogen in uitgesloten landen
Omschrijving	Het fonds belegt niet in landen die conform het uitsluitingenbeleid en wet- en regelgeving zijn uitgesloten.
Manier van meten	Percentage van het belegd vermogen in uitgesloten landen per jaareinde exclusief fondsbeleggingen.
Bron	Sustainalytics & DPS
Target	Maximaal 0%
Outcome	0%

Our KPI for exclusions means that we do not hold any investments, excluding our fund investments, in companies and countries that are on our exclusion list. We have achieved this target. Individual investments in companies and countries on the exclusions list were sold within a calendar quarter of the screening taking place. At the end of 2024, Pensioenfonds PDN's list of exclusions comprised a total of 167 companies and 14 countries in the investment universe.

6. Transparency

The fund publishes an annual Sustainability Report to ensure transparency about the Sustainability Policy and its implementation. On its website, Pensioenfonds PDN also publishes an annual overview of the outcomes of the total investment portfolio as well as reporting on the results of its voting policy at shareholder meetings. Finally, the fund participates in market-wide initiatives such as the VBDO benchmark and the UN PRI assessment.

KPI 2024	Publication of the Sustainability Report
Description	The Sustainability Report is published and is available to all.
Measurement method	Publication of the previous year's Sustainability Report on the website
Source	DPS
Target	Publication of the previous year's Sustainability Report on the website.
Outcome	✓

KPI 2024	Publication of the Sustainability Policy
Description	The most recent version of the sustainability policy is published.
Measurement method	Publication of the most recent version of the sustainability policy on the website.
Source	DPS
Target	Publication of the most recent version of the sustainability policy on the website.
Outcome	✓

KPI 2024	Peer group analysis
Description	Cooperating on benchmark research by VBDO.
Measurement method	Inclusion of PDN in the VBDO Benchmark on Responsible Investment in the year covered by the Sustainability Report.
Source	DPS
Target	Inclusion of PDN in the VBDO Benchmark on Responsible Investment in the year covered by the Sustainability Report. the Sustainability Report.
Outcome	✓

KPI 2024	Publication of a list of companies, governments, and funds in which investments are made
Description	Publication of a list of all companies, governments, and funds in which PDN has invested as of the end of the year. by the Sustainability Report. the Sustainability Report.
Measurement method	Annual publication of a list of companies, governments, and funds in which PDN has invested as of the end of the year, with a maximum delay of one quarter.
Source	DPS
Target	An overview is published on the website of all the companies, governments, and funds in which PDN has invested as of the end of the year, with a maximum delay of one quarter.
Outcome	✓

Implementation of sustainability legislation and covenants in 2024

Mandatory legislation and regulations with respect to sustainability have increased in recent years as a consequence of the European Action Plan 'Financing Sustainable Growth'. The purpose of this Action Plan is to encourage the financial sector to contribute to the Paris Climate Agreement objectives. This Action Plan has resulted in new European regulations, such as the EU Sustainability Finance Disclosure Regulation, which aims to harmonise transparency regarding ESG risk management, and the Taxonomy Regulation, which aims to create a clear definition of ecological sustainability.

EU Sustainability Finance Disclosure Regulation (SFDR legislation)

In the context of the SFDR legislation, Pensioenfonds PDN has opted for an 'article 8 classification'. This means that Pensioenfonds PDN implements sustainability characteristics within its investment portfolio and also reports on them transparently. In 2024, Pensioenfonds PDN reported under the SFDR legislation on key adverse effects on the sustainability factors prescribed by the SFDR legislation. Pensioenfonds PDN has not yet set a target SRI percentage as defined in the SFDR. Pensioenfonds PDN most certainly does invest in sustainable investments, but the difference in definitions of sustainable investments is still complex. In 2025 Pensioenfonds PDN will further investigate whether employing a minimum percentage of sustainable investments as referred to in the SFDR legislation is desirable and feasible (also see the Taxonomy section below).

Taxonomy

Through the Taxonomy Regulation, the European Union has established criteria for determining whether each economic activity is carried out in a sustainable manner. Those are economic activities that contribute to an ecological goal and which do not cause significant damage to other ecological goals. In total, six different ecological objectives have been defined. Pensioenfonds PDN believes it is important to also invest in economic activities that contribute to these ecological objectives. To determine how much Pensioenfonds PDN invests in these activities, it must first be clear to what degree the companies in which PDN Pension Fund invests, and can invest, contribute to these ecological goals. To determine this, more data is needed from these companies. In the fourth quarter of each year, Pensioenfonds PDN will review data of companies in the portfolio and assess the target percentage of Taxonomy-classified investments that Pensioenfonds PDN can set for the following year.

Looking ahead

Following a year of continued efforts and commitment to our Sustainability Policy, in 2025 we will continue to focus on strengthening our sustainability ambition and implementing concrete measures that contribute to a better future both for our members and society as a whole.

In the coming year, we will continue our efforts to further develop and implement our Sustainability Policy. Some important topics that are high on our agenda include:

- Sustainability framework: We will continue to enhance our framework for sustainability, paying specific attention to relevant themes and investigating how we can further strengthen our processes relating to sustainable investment.
- Sustainability Report: Formulating our Sustainability Report continues to be a key focus point. We aim to produce a transparent report on our sustainability performance and on our progress in relation to our targets.
- Target allocation impact bonds: We will review our commitment to impact bonds and make adjustments where necessary to strengthen our targets in this area.

- Target allocation of EU taxonomy-related investments: Identifying and allocating investments that comply with EU taxonomy will be a focus area to support our sustainability objectives.
- ESG risk management: We will continue our commitment to the effective identification, assessment and management of ESG risks within our investment portfolio. We will devote additional attention to this in 2025 to further develop the ESG risk framework.

With these objectives in mind, we aim to further strengthen our role as a responsible investor and contribute to a more sustainable future for all.

Looking Ahead to 2025

Future Pensions Act

In 2025, Pensioenfond PDN will continue to focus on the implementation of the Future Pensions Act. One of the most important steps in this process is preparing the acceptance of the contract (including the transition decision), which marks the transition to the new pension system.

The Accountability Council will also concentrate on preparing recommendations relating to the transition decision. The AC will assess whether the Board has carefully considered the interests of all stakeholders in its decision-making and whether the decision is in line with the fund's objectives. The Supervisory Board will play a crucial role in this by assessing and approving the transition decision. Their approval is an important milestone in the transition process, as it represents the formal consent of the supervisory body.

The ultimate goal of these efforts is to submit a transition decision for approval by De Nederlandsche Bank (DNB). This approval is the final step in the process and will enable the formal transition to the new pension system. This is how Pensioenfond PDN is preparing for a future-proof pension scheme for all its members.

Communication

In 2025, communication about the transition to the new pension scheme will be a key focus. A Future Pensions Act communication campaign plan has been drawn up to this end.

Important priorities in this plan are:

- Working to build trust among members, deferred members and pensioners in both Pensioenfond PDN as well as in the new pension agreements based on the Future Pensions Act;
- Conveying relevant information about the new pension to the various target groups;
- Throughout the transition period, offering a perspective for action in situations where members can make choices that will have a different effect on their pension before or after the transition date.

The implementation of this plan covers the period after the transition plan has been presented to Pensioenfond PDN and will continue until approximately six months after the transition date.

Sustainable investment

Another priority for the Board in 2025 is to design an ESG risk framework for the effective identification, assessment and management of ESG risks within our investment portfolio. We will also review our commitment to impact bonds and make adjustments where necessary to strengthen our targets in this area. The Board will continue to deepen the framework for sustainability and pay specific attention to relevant themes and investigate how we can further enhance our processes relating to sustainable investment.

DORA

The increasing use of and dependence on IT for financial services is accompanied by a growing risk of cyber-crime. On the initiative of the European Commission, DORA came into force on 17 January 2025; European laws and regulations to improve Digital Operational Resilience in the financial sector. Information security & Cybersecurity is a key priority for Pensioenfond PDN and administrator DPS and has been managed for several years using a comprehensive IT security framework that complies with the DNB Good Practice Information Security guidelines. In 2024, PDN conducted a self-assessment in the context of the DORA directive. A FIT/GAP analysis established that many DORA requirements are covered by existing IT controls, not least due to the focus in recent years on compliance with Good Practice Information Security. DORA does, however, have other accents and refined standards. Actions were derived from the gap analysis to ensure timely compliance with DORA, with a particular focus on the effectiveness of the control measures. A period of six months applies to demonstrate the effectiveness of the control measures. In the first half of 2025, the fund

will take further measures to close the identified gaps so that it can demonstrate not only the establishment and existence but also the effectiveness of the control measures.

Strategy

In 2025, PDN will continue developing the fund's vision and strategy for the future. PDN assesses developments in the market for pensions in the Netherlands and in the pension sector in particular, and partly based on this, PDN determines which role and position the fund can have in the transition to the new pension scheme. The starting point will continue to be offering high-quality services to members and affiliated companies, and providing a good and sustainable pension. However, technology innovation and product developments are accelerating. It is important for PDN, in close collaboration with our administrator DPS, to respond in a timely way to ensure that its services remain relevant.

Geopolitical uncertainties

The world is currently facing various geopolitical uncertainties that can have financial consequences. Known issues include the war between Ukraine and Russia, the war in Gaza, tensions between Taiwan and China and the result of the elections in the US. Not only the humanitarian consequences but also the potential economic consequences raise concerns for the pension fund. Any further escalation of such conflicts could negatively impact the economy in various ways. All kinds of investments could be affected if there is a major conflict, which is why the fund is increasing its focus on maintaining a sufficient spread of invested assets (diversification).

Contact

**If you have any questions about your pension, visit www.pdnpensioen.nl
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Colofon

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