



Sustainable and responsible investing

Your financial and social interests in balance

At Pensioenfonds PDN, we aim for our members to have a good pension in a liveable world. This means, for example, that everyone must use the available raw materials and energy resources responsibly. As a pension fund, we are taking ownership of our role in that respect. After all, you can only really enjoy your pension in a liveable world and society. This review tells you all about how we embrace our role in society. If you'd like to know more, you can find [the complete sustainability report here](#).

We are aware of the complexity of the challenges we're facing. At the same time, as a pension fund, we see the possibilities of making a positive contribution to a liveable world and society. With dedication, innovation and cooperation, we're working towards a more sustainable and just world for everyone.

Focus on sustainable development goals

Although we mainly want our impact investing to achieve financial returns, we also want to offer a solution for various social and sustainability challenges.

Pensioenfonds PDN is focusing on three sustainability themes in order to increase the positive impact of our investments: a stable climate for people worldwide, producing raw materials in a responsible and circular way, and good health and well-being for everyone,

whatever their age. These themes tie in with four of the UN's Sustainable Development Goals to which we particularly aim to contribute: good health and well-being (SDG 3), affordable and clean energy (SDG 7), responsible consumption and production (SDG 12) and climate action (SDG 13).

By the end of 2023, Pensioenfonds PDN invested € 311 million in investments that make a positive contribution to at least one of the seventeen Sustainable Development Goals.

Cooperation

Our investment portfolio also includes green bonds from leading European institutions, such as the European Investment Bank and Rentenbank. Like the Bank Nederlandse Gemeenten (BNG), these institutions are pioneers in integrating sustainability principles

within their operations. By cooperating with these parties, Pensioenfonds PDN is enhancing its contribution towards a liveable world and a green future.

Pensioenfonds PDN is also increasing its sustainability efforts in other ways. For instance, we are indirectly financing projects that focus on making social rental housing in the Netherlands more sustainable, via loans to BNG and Nederlandse Waterschapsbank (NWB). This initiative is crucial, as social rental housing forms a substantial part of the Dutch housing stock. In supporting these projects, Pensioenfonds PDN is helping to ensure significant improvements in living conditions and a reduction in the ecological footprint.

We are aiming for net zero carbon emissions from our investment portfolio by 2050.

Biodiversity

Biodiversity is rightly receiving more attention as an essential factor for a liveable world, with the challenge being to find a widely-supported approach to complex issues, such as the nitrogen problem in the Netherlands. The climate conference in Dubai (COP28) set new climate change objectives. These will impact our future investment strategies.

The scale of current biodiversity loss poses a major threat to our ecosystems. Dialogue is ongoing with companies involved in transport, finance, unsustainable consumer goods and raw material extraction to change negative behaviour and stop activities that are harmful to global biodiversity.

Streamlining the exclusion policy

Unfortunately, we cannot always use dialogue and negotiations to drastically reduce the negative impact of our investments, which is why we exclude some companies and countries. We do this based on two characteristics: product and behaviour. For instance, our pension fund excludes product groups such as controversial weapons, cluster munitions and tobacco. We also 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.

Pensioenfond PDN currently excludes a total of 174 companies and 14 countries from the investment portfolio.

A good example is CONSOL Energy Inc. Most of this company's turnover is achieved through the production and export of thermal coal. Another example is Gazprom, the largest natural gas company in the world, which is mainly owned by the Russian state. We have excluded this company based on the global sanctions against Russia as a result of the invasion of Ukraine.

We refined our exclusion policy, particularly with respect to companies involved in coal mining and tar sand extraction, **by reducing the turnover limit from 25% to 5%**. This means that we no longer invest in companies that obtain more than 5% of their turnover from these activities. In doing so, Pensioenfond PDN is illustrating the urgent need for sustainability.

Sustainability legislation and agreements

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 stimulate the financial sector to contribute to the Paris climate goals. This action 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. Pensioenfond PDN is also a member of the Covenant for International Socially Responsible Investing (IMVB). This demonstrates that we are committed to introducing the obligations prescribed in the IMVB Covenant.

We provide as much information as possible regarding our sustainability activities and the results we achieve with our sustainability policy. It remains a challenge to develop an effective methodology for sustainable investments. We are, however, expecting progress on this now that companies are required to report on their sustainability efforts from 2024.

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 provide future generations with sufficient clean water.
- ◆ **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 energy 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 the healthy ecosystems that are crucial for life on earth. The investment world is increasing its focus on investments that help protect natural habitats and plant and animal species diversity.



Use the QR code to find more information about Pensioenfond PDN's sustainability policy and policy instruments.

