

pensioenfonds



# ANNUAL REPORT ON SUSTAINABLE INVESTMENT 2021



**THE ROAD TO GREEN IS  
NOT BLACK AND WHITE**

## PREFACE

To prevent global warming by more than 1.5 degrees, we must act immediately. If we don't, that 1.5-degree target will be lost forever. I read this in the UN climate panel's new report that appeared in April this year. This conclusion once again shows how important it is that we all think about the impact we have on our environment. And that includes us, as a pension fund. Ensuring a good pension and at the same time contributing to a sustainable future, a liveable world. That is the task assigned to us by a large majority of our participants.

As a pension fund, we deal with a variety of interests. Our participants, affiliated employers, trade unions, politicians and social organisations increasingly ask us critical questions about how we invest the pension capital. But there are as many opinions as there are people. We work for 16 different sectors with a very diverse group of participants and employers. This means that not everyone finds the same themes equally important or endorses the same solutions. How do we, as a board, find the right balance between all these interests and opinions? And what is important to us as a pension fund?

To start with, we listen to the different voices from our supporters. We do this through research and discussions with participants and employers, in various forms. A recent survey among our participants and retirees, for example, shows that there is broad support for taking sustainability into account in our investments. Most respondents indicated that they consider social return just as important as financial return and risk. In some situations, the social return weighs slightly more heavily. For example, if there is a major and urgent social problem such as a housing shortage. Many participants and retirees also find it important that we try to encourage companies to do 'the right thing' for a liveable world. That is more than just the environment. Take working conditions and good governance, for example.

Companies that consciously take steps to demonstrably work sustainably deserve a place in our investment portfolio. So too, do companies that need time for the transition but are doing well. We sit down with these companies to encourage them to improve their sustainability performance.

As a board, we will undoubtedly run into more dilemmas. The opinion of our supporters is very valuable in this regard. The road to green is not black and white.



**Jochem Dijkmeester**  
Chairman of the board of Pensioenfonds PGB

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# 1 INTRODUCTION

The road to green is not black and white. We do want to be transparent about how we get there. That is why we have prepared an annual report on sustainable investment for the fourth consecutive year. We have also decided, for the first time this year, to ask an independent party to assess several indicators related to our objectives in our annual report on sustainable investment. In this way we want to offer transparency on both the financial and sustainable aspects of our investments. Because not only we, but also our participants<sup>1</sup>, employers, social partners and our other relations (stakeholders) consider sustainable investment to be important.

Our main responsibility is to ensure a good pension in a liveable world.

## Do no harm

For us, sustainable investment means in the first place that with our investments, we take into account risks in the areas of the environment and climate, labour and human rights and good governance. In doing so, we follow the United Nations' Ten Principles. These [Global Compact Principles](#) were drawn up for companies around the world to do business with each other responsibly. And to prevent them from causing damage to people and planet. Companies that perform poorly on these standards are excluded from our investments.

## In talks

It is our belief that sustainable investment goes further than not wanting to harm people and planet. We believe we can strengthen sustainable behaviour of companies in which we invest by talking to them or voting at shareholders' meetings, in order to encourage companies to contribute to a sustainable future for our participants.

## Aiming for a better world

We influence the world around us by choosing our investments. Although our influence is limited, we want to use it as much as possible to have a positive impact on the world around us.

Investing for positive impact goes beyond not investing in companies that perform poorly on environmental, climate, human rights, social relations and good corporate governance standards, or engaging with companies to improve their sustainable performance.

The United Nations established Sustainable Development Goals in 2015 (SDGs), which are signed by almost all countries in the world. Together with many major investors, Pensioenfonds PGB has embraced these development goals. Based on the preferences of participants, the board focuses on five specific development goals (focus SDGs). One of those goals is, for example, combating climate change.

## The best result

We are convinced that sustainable investment produces the best results for our participants in the long term because it reduces risks. In 2020, we have therefore raised our sustainable investment policy to a higher level by emphatically opting for an integrated sustainability policy. This means we apply the criteria for sustainable investment for all our investments.

In 2022, we will renew our sustainable investment beliefs and take our sustainable investment policy to a higher level of ambition. This is in line with developments in society and the express wishes of our supporters.

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<sup>1</sup> Whenever we use the word 'participants' in this annual report, we mean all our participants: active participants (current contributors), former participants (who previously paid premiums, but now do so elsewhere or no longer do so) and participants who receive a pension.

### Three pillars

This annual report tells you more about the background to our policy and the results achieved in 2021.

We do this on the basis of three pillars: limitation, Reinforcement and Use. These pillars provide a good summary of what we want to achieve with our sustainable investment policy: limitation sustainability risks, Reinforcement the sustainability performance of companies in which we invest, and Use opportunities to contribute to a sustainable future for our participants. We also show which collaborations we have entered into and how we have been in contact with our supporters about sustainable investment.

We conclude with a look to the future.

#### **Note:**

a number of sections in this report are marked with an asterisk (\*). These sections fall under the scope of KPMG's assurance report, to confirm that the content of this is correct, with a limited degree of certainty.

## 2 OUR SUSTAINABLE INVESTMENT POLICY IN BRIEF

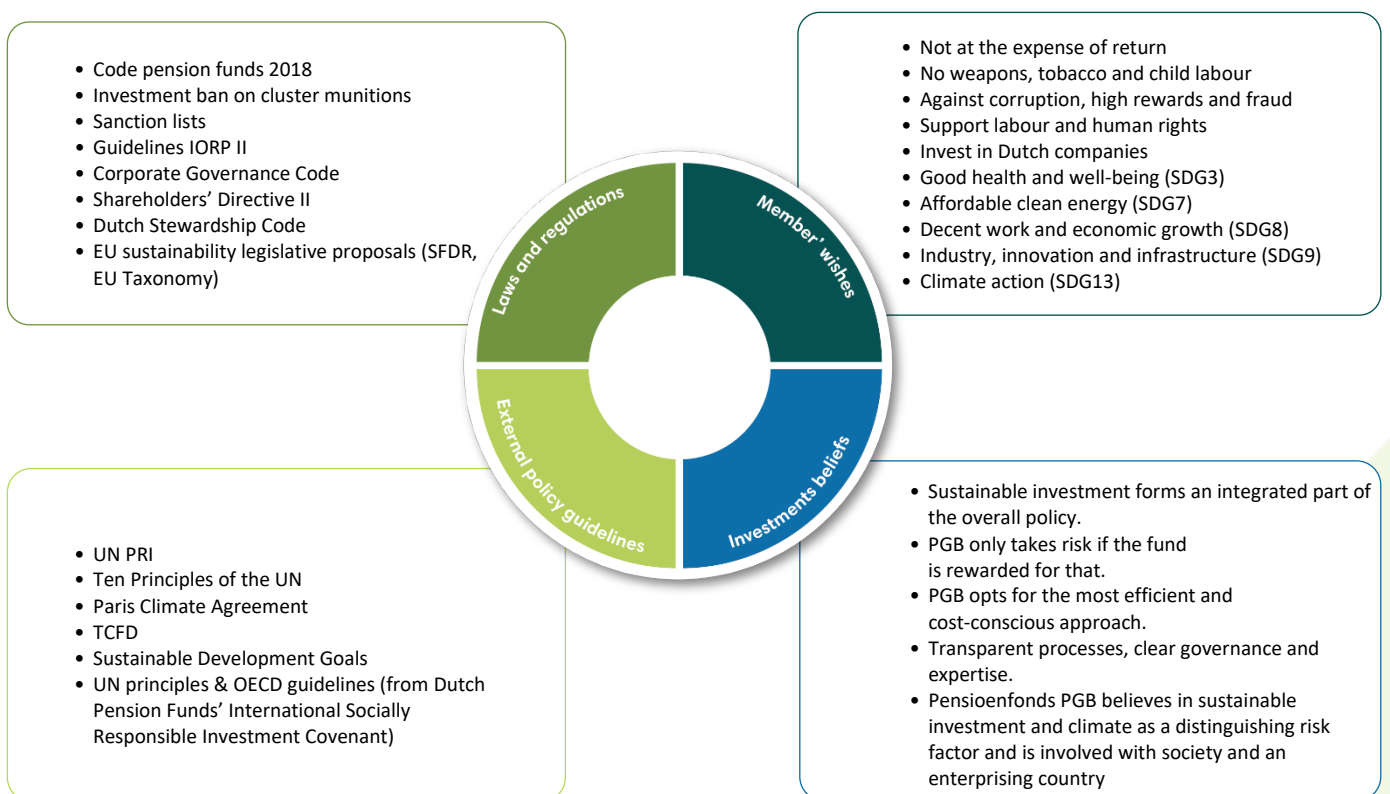
### The framework of our sustainable investment policy

In determining the sustainable investment policy, it is first and foremost important to us that our participants and employers feel heard in the choices we make. In other words: we want support for the choices we make in this regard. That is why we regularly conduct studies into the wishes of our supporters in the field of sustainable investment. For an overview of the talks with our participants that took place in 2021, see Chapter 8.

Of course, we also have to deal with laws and regulations in the field of sustainable investment and there are external guidelines we must and want to take into account. And then there are our own investment beliefs: another important factor underpinning our sustainable investment policy. The framework of our policy is therefore formed by four factors, which together form an inseparable whole:

1. the wishes of our participants
2. our own investment beliefs
3. laws and regulations
4. external policy guidelines

The figure below shows how these four factors together form the total framework of our sustainability policy. And which rules, guidelines, wishes and beliefs are part of that.



### The objective

Our main duty is to ensure a good pension in a liveable world. We do not see sustainable investment and a high return as a contradiction. They actually reinforce each other. We believe that sustainable investment in the long term contributes to a better return-risk profile of the investments in the fund. Sustainable investment can also contribute to a sustainable future for our participants. That is why sustainability is fully integrated into our investment process. In all our investments, we make an assessment between return, risk, costs and sustainability.

We implement our strategy through our sustainable investment policy: "Pensioenfond's PGB is more than money alone". We want to have a positive impact on the environment, so participants can enjoy their pension in a social, clean and stable society in the future. That is why we apply the following objective for sustainable investment:



*Improve the return-risk profile of the investment portfolios and make a positive contribution to society through sustainable investment choices.*

The preferences of our supporters are very important for the implementation of this objective. After all, not a single Euro is ours, we invest the pension capital of our participants.

### 3 SUSTAINABLE INVESTMENT IN 2021 AT A GLANCE

#### TOTAL MANAGED ASSETS

€ 36.9 billion



#### STAKEHOLDER ENGAGEMENT

In 2021, we discussed our sustainable investment policy with participants, employers, the supervisory board and the accountability body\*

Pillar 1

#### LIMITATION

The highest possible return on our investments at the lowest possible risk

#### INSTRUMENTS:

##### Climate



Percentage of CO<sub>2</sub> footprint compared to base year:  
 Shares: - 41%\*  
 Corporate bonds: + 29%\*  
 Total: - 23%

##### Exclusions



86% portfolio is not invested in 478 companies and 15 countries on the exclusion list\*

Pillar 2

#### REINFORCEMENT

Strengthening the sustainability performance of companies in which we invest

#### INSTRUMENTS:

##### Engagement



A total of 1,208 engagements\* conducted with 572 companies

##### Voting



Total votes: 4,077 \*  
 Voted at 3,992 companies on 43,928 topics

##### Collaborations



Dutch Pension Funds' International Socially Responsible Investment covenant, VBDO membership, TCFD, UNPRI, Climate Agreement Commitment and Climate Action 100+

Pillar 3

#### USE

Utilising opportunities to contribute to a sustainable future for our members

#### INSTRUMENTS:

##### Investing in SDG's



Almost € 4.3 billion\*

#### Explanation pillar 1: Limitation

##### Climate

1. Pensioenfond PGB uses 2018 as the base year to measure the evolution of the WACI (Weighted Average Carbon Intensity) and to manage it where specific objectives have been agreed.
2. The number of companies reporting emissions has risen sharply in recent years.
3. The invested assets of PGB increased from € 26 billion to € 37 billion (44%).

##### Exclusions

86% of the market value of the portfolio complies with our exclusion policy. This percentage is not 100%, mainly because the exclusion policy of Pensioenfond PGB cannot always be enforced with investment funds.

\* Concerns information about which the auditor provides limited assurance in its assurance report.





## 4 LIMITATION (pillar 1)

This pillar stands for limitation sustainability risks in the investment portfolio.

We want the highest possible return on our investments at the lowest possible risk, including sustainability risks. We do this by not investing in companies that do not meet various sustainability criteria. These investments are subject to our exclusion policy. In addition, we invest in line with the Paris Climate Agreement to reduce our CO<sub>2</sub> footprint. Below is an explanation of our exclusion policy and our CO<sub>2</sub> footprint, with an overview of the key figures for 2021.

### Exclusion policy

Pensioenfonds PGB applies an exclusion policy for companies that do not meet the criteria for sustainable investment. Our exclusion policy is based on the UN's Ten Principles, supplemented by statutory prohibitions on investments in certain controversial weapons and sanctions imposed by the UN or the European Union (EU). In addition, Pensioenfonds PGB itself has excluded several categories from investments, partly based on member surveys or risk analysis. Namely from companies that:

- get more than a quarter of their turnover from tobacco products;
- are involved in production or trade in controversial weapons other than nuclear weapons covered by the Non-Proliferation Treaty;
- produce or sell firearms to civilians;
- derive their turnover or electricity production largely from coal, shale gas and/or tar sands oil.

Every quarter, an independent research agency (Sustainalytics) checks which companies violate one or more of the Ten Principles of the UN, do not (or no longer) comply with international rules or do not (or no longer) meet the additional requirements of Pensioenfonds PGB.

If Pensioenfonds PGB owns shares or bonds of these companies, these will be sold. On occasion, the board of the pension fund may decide to first enter into discussions with a company before deciding to sell the investments. Pensioenfonds PGB can also in incidental cases decide to anticipate an expected exclusion.

### Exclusions in 2021

Pensioenfonds PGB has excluded 15 countries and 478 companies from investing because they do not meet the requirements for sustainable investment. 86% of the market value of the portfolio complies with our exclusion policy.

**Note:** the complete list of exclusions can be found at [pensioenfondspgb.nl](https://pensioenfondspgb.nl).

## Company exclusions (a total of 478)



**Note:** There are companies that are excluded for more than one reason. As a result, the total number of excluded companies (478) is not equal to the number you get when you add up the various exclusion criteria (487).

Pensioenfond PGB follows the sanctions lists of the EU and the UN. This means that government bonds in those countries are excluded. At the moment, we only have government bonds in the Netherlands and Germany.

## Country exclusions (a total of 15)



## CO<sub>2</sub> footprint

We have the ambition to be climate neutral by 2050, in line with the objectives of the Paris Climate Agreement (see also Chapter 7). See the development of our CO<sub>2</sub> footprint in the table below.

	CO <sub>2</sub> footprint (WACI)			Data quality*	
	In base year 2018	In 2021	Change compared to base year	In base year 2018	In 2021
Corporate bonds	209	270	+29%	96%	85%
Shares	201	119	-41%	96%	95%
Total**	205	158	-23%	96%	93%

\* The percentage is calculated as follows: (number of reported values + number of estimated values) / (number of reported values + number of estimated values + number of unavailable values)

\*\* Total WACI is calculated excluding the portfolios for which no data has been received

## 5 REINFORCEMENT (pillar 2)

This pillar stands for Reinforcement the sustainability performance of companies in which we invest.

As an investor, we can influence the sustainable behaviour of companies in which we invest. That is why we have an engagement policy, which means we enter into discussions with companies (engagement) or vote at shareholders' meetings. Below is an explanation of our engagement policy and an overview of the main developments for 2021.

### Engagement policy

Pensioenfondsgenootschap PGB wants to be able to rely on the fact that the companies in which we invest deal well with our sustainability requirements and objectives. That is why, if necessary, we enter into active discussions with the companies in which we invest. That's called engagement. Another way to exert influence is to vote at shareholders' meetings.

Because we invest in many companies, we partner with other investors to increase our influence. We also work together with a specialised agency: BMO Global Asset Management (BMO GAM or BMO). We have structured the engagement and voting programmes around seven themes that are determined by the board of Pensioenfondsgenootschap PGB and BMO in consultation each year. In 2021, they were:

- Climate change
- Environmental care
- Business ethics
- Human rights
- Working conditions
- Health
- Good corporate governance

### **Instrument: voting at shareholders' meetings**

By voting at shareholders' meetings, we encourage listed companies in which we hold shares to engage in sustainable business practices and draw attention to social investment topics.

### **Important theme: talking about fossil fuels**

In 2021, a broad public debate has arisen about the use of fossil fuels. As a pension fund, we have excluded the most polluting fossil fuels, to reduce the risks to the pension capital of our participants. We still invest in shares and bonds in oil and gas companies, such as Shell. We choose to enter into dialogue in order to use our influence at the table, together with other shareholders. We currently find that more effective than exclusion, because then we lose our place at the table. And also because we need these companies to make the sustainable transition.

### **Voting in 2021**

On behalf of Pensioenfondsgenootschap PGB, votes were cast at 4,077\* shareholders' meetings of 3,992 different companies in 2021. We agreed with four out of five proposals submitted to shareholders by company managements. In more than 18% of the cases, we voted against or abstained from voting. In about 46% of the cases, this concerned a proposal about the composition of the board. In almost 24% of the cases, it was about remuneration.

### **Instrument: active dialogue with companies (engagement)**

Exclusion, as stated under the 'limitation' pillar, is a big deterrent, but we often first discuss malpractice with a company. This allows you to exert your positive influence as an investor. We therefore consider our engagement programme extremely important. It provides the opportunity to enter into discussions with companies and sectors about how they can do business more sustainably. In this way, we strengthen the sustainability performance of companies in which we invest. That's the goal.

\* Concerns information about which the auditor provides limited assurance in its assurance report.



We divide engagement into three categories:

- 1. Priority engagement:** entering into discussions with companies that score poorly on environmental, social and good corporate governance standards. We have included a practical example of this category in this chapter (see page 15).
- 2. Theme engagement:** drawing attention to sustainable entrepreneurship through a thematic approach. This form of engagement focuses on groups of companies, for example, within sectors or regions where social improvements can be achieved. Examples include the fossil fuel industry. Every year, sustainability themes, trends and risks are identified that affect these groups. These themes are elaborated in projects that usually run for 2 to 3 years.
- 3. Reactive engagement:** holding companies accountable for malpractice. This form of engagement focuses on reducing the negative impact of companies on society and the environment. Violations of the OECD Guidelines and the United Nations Ten Principles by companies in our portfolio are assessed quarterly. They are listed according to the seriousness of the violation (which is determined by the severity, scale and irreversibility of the impact) and the company's response to it. Engagement with selected companies focuses on ending the violation, addressing the negative effects and preventing damage in the future.

#### More information?

Want to find out more about engagement? Go to 'News on engagement results' at [pensioenfondspgb.nl/duurzaambeleggen](https://pensioenfondspgb.nl/duurzaambeleggen).

#### Engagement in figures in 2021

In 2021, a total of 1,208 engagements\* occurred. Within our share portfolio, 558 companies in 40 countries were approached. Within the corporate bond portfolio, dialogue was held with 69 companies in 22 countries.



\* Concerns information about which the auditor provides limited assurance in its assurance report.



## IN PRACTICE

### talking about reducing greenhouse gas emissions



*Company name:* Linde PLC

*Theme:* Climate change

#### Background

Linde is the world's largest company in industrial gases and installations used for the production of industrial gases. Linde has a significant CO<sub>2</sub> footprint. The company has a role to play in the green hydrogen revolution. More than 95% of the hydrogen produced worldwide is still powered by fossil fuels, or grey hydrogen. Green hydrogen is the product of electrolysis, a process that separates water into hydrogen and oxygen using electricity generated from renewable energy sources. This process is indispensable to achieve the Paris targets.

#### Action

We contacted Linde at the end of 2021. The company announced that it will be carbon neutral by 2050 and it gave its interim targets for greenhouse gas reductions for 2035. We wanted to know what the process looks like and what role green hydrogen plays in it. For the reduction of scope-1 emissions, Linde said it develops projects for the capture and storage of CO<sub>2</sub> (CCS technology). For scope-2 emissions, the company currently sources one-third of its energy from renewable or low-carbon sources. Linde wants to increase this by a factor of 3 by 2050 through various projects. They are thinking of purchase agreements and strategic partnerships with companies in sustainable energy. The company indicated that it was in a good position to benefit from the development of green hydrogen technology. We have urged them to include scope-3 emissions in the targets as well.

#### Assessment

Linde's director of operations (COO) made the company's focus very clear. In particular, that the products for the customer would lead to a reduction in greenhouse gas emissions of two to three times. These reduced emissions (scope 4) are sometimes overlooked. With Linde's actions with regard to its climate strategy, the group is at the forefront of the market. The company is ahead of its peers in its intended adoption of low-carbon technologies.



## 6 USE (pillar 3)

This pillar stands for Use opportunities to contribute to a sustainable future for our participants.

We would like to work specifically towards a better world. We do this by seizing opportunities to achieve a good return with direct investments and to make a positive contribution to society. We want to focus primarily on increasing SDG-related investments in our portfolios. This enables us to contribute to achieving the [Sustainable Development Goals](#) (SDG's) of the United Nations that together should lead to a better world by 2030.

A total of 17 SDGs has been drawn up. Based on the preferences of participants and employers, the board has established five focus SDGs:

- 3: Good health and well-being
- 7: Affordable and clean energy
- 8: Decent work and economic growth
- 9: Industry, innovation and infrastructure
- 13: Climate action



In 2022, the policy to utilise opportunities will be fleshed out in detail and participants and employers will once again be involved in the question: 'what suits Pensioenfonds PGB when it comes to investments with a positive impact on the world around us?'

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*'Our aim is that we will no longer need a separate policy for sustainable investment in the future. That it has become an integrated part of our balance sheet management. It's so ingrained that it's natural. Then we no longer have to talk about it, we just do it.'*

*Frans van de Veen, Pensioenfonds PGB board member*



## IN PRACTICE

### investing with a positive impact on the world around us



*Company name:* Actis Energy 4 - Echoenergia

*Theme:* SDG investments

#### Background

Echoenergia is a Brazilian company that builds and operates wind farms. Actis manages this investment for investors such as Pensioenfonds PGB. We have been investing in this company since 2018.

#### Assessment

Echoenergia has made significant strides in the field of sustainable development goals. The company now produces and supplies 1.2 Gigawatts of clean energy to the Brazilian population.

Echoenergia also contributes to Brazil's energy transition. The company has so far compensated 4,504,601 tons of CO<sub>2</sub> emissions.

It has participated in various improvement initiatives for the local community. For example, it has invested heavily in reducing noise pollution and 130 houses have been renovated or built.



### Knowledge is power: on course for an SDG taxonomy

Impact investments are crucial for a better world. In 2021, Pensioenfonds PGB joined the SDI Asset Owner Platform. This is an international platform working on a global standard to measure the contribution of investments to SDGs (an SDG taxonomy). Using this platform enables us to better specify which SDGs within the listed share portfolio have contributed to a better world and by how much.

#### SDG investments in 2021

In 2021, Pensioenfonds PGB had various investments with a positive social impact. In total for almost € 4.3 billion \*.

Sustainable shares:	€ 2,351 million *
Sustainable alternative fixed-income securities:	€ 25 million *
Sustainable infrastructure:	€ 348 million *
Sustainable bonds:	€ 714 million *
Green bonds:	€ 581 million
Social bonds:	€ 130 million
Sustainable bonds:	€ 3 million
Sustainable property:	€ 816 million *

#### Explanation

- Sustainable shares consist of investments in companies that, based on the taxonomy of the [SDI Asset Owner Platform](#), contribute to one or more SDGs through their products and services.
- Sustainable Alternative Fixed-Income Securities consist of investments in the ACTIAM Institutional Microfinance Fund.
- Sustainable bonds consist of green, social and sustainable bonds. Sustainable bonds are a combination of green and social bonds. As with green and social bonds, sustainable bonds can be used to (re)finance new and/or existing projects in whole or in part. These projects yield measurable environmental and social benefits for the identified target group.
- Only the sustainable property and sustainable infrastructure that have achieved four or five stars out of the maximum five stars on the [GRESB Benchmark](#) - the global ESG benchmark for property and infrastructure - are considered an SDG investment because of the positive social contribution of this property and infrastructure to their environment. More than 120 institutional and financial investors use GRESB data and benchmarks to monitor their investments and make decisions that lead to a more sustainable property industry and sustainable infrastructure.
- Pensioenfonds PGB is currently working on a utilisation policy that aims for investments with a positive social impact across all investment categories.

\* Concerns information about which the auditor provides limited assurance in its assurance report.





## 7 COLLABORATIONS

Influencing the sustainability performance of companies works better if you can do it together with others.

Together, you achieve more. That is why we attach great value to collaborations within the financial sector, such as the Dutch Pension Funds' International Socially Responsible Investment Covenant, the Federation of the Dutch Pension Funds' Climate Agreement Commitment, the Task Force on Climate-Related Financial Disclosures (TCFD) and the Climate Action 100+.

### **Dutch Pension Funds' International Socially Responsible Investment Covenant**

Pensioenfonds PGB invests in internationally operating companies and may be able to exert influence on those companies by means of those investments. Especially if we work together with other investors. Pensioenfonds PGB therefore joined the covenant for International Socially Responsible Investment for pension funds in 2018 ([Dutch Pension Funds' International Socially Responsible Investment Covenant](#)). This is a covenant in which pension funds work together to identify malpractices at companies in the investment portfolios on the basis of the OECD guidelines for multinational companies and the United Nations (UN) principles for companies and human rights. The Dutch Pension Funds' International Socially Responsible Investment Covenant expires at the end of 2022. Until then, Pensioenfonds PGB will endeavour to implement the objectives of the covenant.

### **Federation of the Dutch Pension Funds' Climate Agreement Commitment**

We embrace the Paris climate agreement and align with the ambitions of the Netherlands and the EU. This means that we measure the CO<sub>2</sub> footprint of our investments and show each year what our CO<sub>2</sub> footprint is. We also take action to reduce our CO<sub>2</sub> footprint. To that end, we draw up an action plan. We use 2018 as the first measurement date. Under the banner of the [Federation of the Dutch Pension Funds' Climate Agreement Commitment](#) we are working together with other pension funds to translate the agreements from the Paris Climate Agreement into a climate roadmap with specific objectives for various investment categories to be climate neutral by 2050.

### **Task Force on Climate-Related Financial Disclosures**

Pensioenfonds PGB would like to be transparent about what we do and how we deal with climate change. That's why we joined the [Task Force on Climate-Related Financial Disclosures](#) (TCFD). The TCFD has established standards that allow organisations to report on how climate factors will impact their operations. By enabling uniform climate reporting, participants and other stakeholders can see how we deal with climate risks and opportunities, but it also helps to compare the results. In this annual report, we report according to the TCFD framework for the first time. This is included as an appendix to this report (Appendix 1).

### **Climate Action 100+**

[Climate Action 100+](#) is a major initiative of investors from all over the world. The purpose of this is to engage in dialogue with the biggest polluters, and to persuade these companies to reduce their CO<sub>2</sub> emissions in line with the Paris Climate Agreement and enable the transition to a cleaner world. Climate Action 100+ also asks these companies to be transparent about the climate risks they face and how they affect their business. By joining forces with various large investors, we can effectively enter into discussions with these companies.

## 8 TALKING TO OUR SUPPORTERS

Broad support for our sustainable investment policy is a critical condition for its success. In 2021, we discussed our sustainable investment policy with participants, employers, the supervisory board and the accountability body.\*

### Participants, retirees and employers

We like to proactively engage in dialogue with our key stakeholders. It gives us the opportunity to collect their input, wishes and ambitions, and to include them in our sustainable investment strategy. Participants, pension recipients and employers also actively contributed ideas in 2021.

In the autumn of 2021, we asked various participants for their opinion about our sustainable investment policy and the dilemmas involved. The board used the results of this for its strategy meeting on sustainable investment on 23 September 2021.

On behalf of Pensioenfond PGB, IG&H consultants conducted a risk appetite study in October 2021. To gain insight into the current risk attitude (risk appetite and capacity), 56,553 (former) participants and pension recipients were sent a digital questionnaire; 3,752 completed the questionnaire (6.6%). This year, we also added questions about the new pension system and sustainable investment.

In November 2021, a diverse group of participants, pension recipients and employers spoke to two board participants about the topic of sustainable investment. During this online session, participants indicated what they find important in the field of sustainable investment. The various dilemmas that had previously been submitted to the board were also discussed.

In specific meetings about developments in the field of sustainable investment, these dilemmas were also presented to the accountability body and the supervisory board. The discussions once again showed how different people's views on sustainable investment are.

### Conclusions

In all discussions it became clear, among other things, that investments that have a positive impact on people and the environment are important. And that these are in line with PGB's social responsibility as a pension fund and long-term investor. Participants look at the return in the long term. For part of the portfolio, sustainability objectives may outweigh return. There is a strong preference among our participants for active involvement to help companies make the transition to a sustainable society and economy. Exclusion based on international rules remains an important lower limit.

In 2022, we will translate these conclusions into investment beliefs about sustainable investment. This forms the basis for our policy decisions and objectives in the board in the field of sustainable investment.



**Sustainability is just as important as financial return and risk management and can (in certain circumstances) weigh more heavily.**

This was one of the conclusions from the discussions with our participants in 2021.

\* Concerns information about which the auditor provides limited assurance in its assurance report.



### Young people

To involve young participants more in their pension and to understand their concerns, Pensioenfonds PGB started a pilot for a WhatsApp group for young people in mid-2021. Once a month, participants, all under the age of 40, receive a message from board chairman Jochem Dijkmeester with the invitation to contribute ideas about a current topic. For example, we asked them whether Pensioenfonds PGB may invest in Shell. Opinions on this were divided.

### Sticking together

We work for 16 different sectors with a diverse group of supporters who all have different opinions. We therefore continue to listen carefully to how people think about sustainable investment. And to what is going on within companies, so we can include that feedback in our decisions. And we provide feedback on how we translate the input into our sustainable investment policy.

### Sector committees

We believe it is important that all stakeholders can influence the way we manage our fund. That is why we have a joint board with representatives from employees and employers. We also regularly consult with our accountability body and the employers' council. In addition, we ensure coordination with our social partners from various sectors, including through sector committees. In 2021, there were 11: for the graphic arts industry, the cardboard and flexible packaging company, the paint and printing ink industry, the publishing company, the wholesale trade in plants and flowers, sea fishing, the paper and glass industry, the plastics, rubber, and adhesives industry, the chemical and pharmaceutical industry, the wholesale trade in agricultural food supplies and the travel industry.

Sustainable investment was on the agenda of these sector committees in the autumn of 2021. During a digital presentation, the integration of sustainable investment in the investment portfolio and the specific implementation of the pillars of our sustainable investment policy were discussed. We also extensively discussed the interfaces between our interpretation of sustainable investment and how the affiliated sectors and employers implement sustainability in their business operations.

Sustainable investment is also a much-discussed topic among employers who are voluntarily affiliated without a sector committee. In that case, this is done via the relevant account managers.

*\* Concerns information about which the auditor provides limited assurance in its assurance report.*



## 9 FUTURE EXPLORATION

Retirement is not just about the financial benefit you receive now, or in 20 years, or later. It is also about the world in which you can spend that pension benefit, now or in 20 years, and beyond. By investing sustainably, we can fulfil both needs. That is our belief. For those who are still in doubt, or are afraid that sustainable investment yields less or has more risks than 'normal' investment, I would like to emphasise that sustainable investment produces the best results in the long run. *Because* it is less risky.

Why is that? A company that does not do well in various sustainability areas may be faced with liability or bankruptcy in the future. For example, if you have polluted the environment and you don't do anything about it, or if you treat your employees badly; you know you may not run into problems tomorrow, but you *will* have problems in later years. Experience (and a lot of research) also shows that when a company does not feel responsible for its people or its environment, it often goes wrong in other aspects. You don't want to invest in that.

For this year, we have therefore tightened our investment beliefs: we will weigh each investment on the aspects of *risk, return, costs* and *durability*. We refer to it as the investment square. All our investments must fit in that square.

But with every choice, we must also ask ourselves: does it suit Pensioenfonds PGB? We have participants from the process industry, the chemical industry, and the plastics, rubber and adhesives industries, to name just a few. We don't exclude them. It is those companies that face the greatest challenges in the necessary transition, that will make the greatest contribution. We say: we want to invest in companies that want to be sustainable and that actually take action. So the question for all companies is: what are your plans when it comes to climate, your people, good governance? All companies that are willing to make a transition can therefore be an interesting investment.

That is also why we are switching to the term 'sustainable investment' and are moving away from the term socially responsible investment. It is about the sustainable relationship that you have as a pension fund with society, with our participants, our employers and the companies in which we invest. We all want to enjoy a good pension, but also be able to enjoy it in a liveable society. Sustainable investment does more justice to this broader concept.

Our aim is that we will no longer need a separate policy for sustainable investment in the future. That it has become an integrated part of our balance sheet management. It's so ingrained that it's natural. Then we no longer have to talk about it, we just do it.

But for now, we just want to talk about it. Because sustainable investment is accompanied by dilemmas. For example, if you want offshore wind farms; what happens to the natural habitat in that sea? And if you build a dam to make hydroelectric plants, it's good for the climate, but what do you do with the people who live in that valley? And something can create a lot of employment, but if that's in an industry that you're struggling with, what do you do? In 2022, we will therefore involve our participants in the question 'what suits PGB?' when it comes to investments with a positive impact.

As a board, we need to think carefully about this. Together with the participants, employers and sectors. And you. So you understand what we do and why. So you can tell us whether we are on the right track. Because what we want is for you to be proud that you are a member of Pensioenfonds PGB. Because we do good things. For your retirement, in our world.



**Frans van de Veen**  
Board member Pensioenfonds PGB  
(Balance Sheet Management portfolio holder, sustainable investment focus area)

## APPENDICES

**Appendix 1:** Climate risks and opportunities

**Appendix 2:** Reporting criteria

**Appendix 3:** Limited assurance KPMG

## Appendix 1: Climate risks and opportunities

The new report from the UN climate panel, published in April this year, has once again demonstrated the magnitude of the consequences of climate change and the importance of the step towards sustainability. This is a step that we as a pension fund are very aware of. The transition to a sustainable society and all the consequences of climate change bring new risks, but also new opportunities. This appendix describes how we deal with these climate risks and opportunities. We follow the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

### 1. Governance

The board of Pensioenfonds PGB is responsible for the strategy regarding climate-related risks and opportunities. The administrator, PGB Pensioendiensten, has a policy-preparing task and a process-supporting role in decision-making within committees. The board is responsible for the implementation and monitoring of the sustainable investment policy. The investment committee is supported in this by, among others, two sustainable investment portfolio managers, who evaluate existing strategies and initiate new strategies. Furthermore, various teams, such as balance sheet management and internal and external management, contribute to managing climate risks within their strategies in public and private markets.

Every month, PGB Pensioendiensten reports on the progress of the sustainable investment strategies and evaluates the (financial) contribution of the excluded titles to the return on the basis of the sustainable investment policy. In addition, sustainable investment has become an integrated part of the policy since 2020. This means that climate risks and opportunities are taken into account in every investment. In addition, the contribution to the CO<sub>2</sub> footprint/reduction is taken into account for each (new) investment proposal.

### 2. Strategy

The main principle of our sustainable investment policy is two-tiered. On the one hand, we believe that sustainable investment can be used to limit climate risks. On the other, we believe that in this way, we can have a positive impact on our environment, with the aim of our participants enjoying their pension in a social, clean and stable society in the future.

We limit climate risks in two ways. We try to limit physical and transition risks. Physical risks are risks that are the result of climate change, such as heat waves, rising sea levels and changing precipitation patterns. Transition risks are risks that arise by limitation climate change, such as the transition from fossil energy to sustainable energy.

We have made a scenario analysis to identify the consequences of climate change for our investments. For this scenario analysis, we have mapped out three different scenarios. Each scenario reflects different policy ambitions and entails different risks and opportunities.

- A scenario in which the temperature rises by two degrees Celsius, in line with the Paris Climate Agreement. This is an ambitious plan, requiring governments to implement strict policies to limit climate change. Because companies have to react quickly to reduce the CO<sub>2</sub> emissions, transition risks and opportunities are expected to be greatest in this scenario. And technological changes will be the fastest. In addition, physical risks will remain most limited in this scenario.
- A scenario in which the temperature rises by three degrees Celsius. Climate change and measures to limit it are coordinated. In this scenario, the change to a sustainable society is calmer and more anticipated. The approach taken by governments to combat climate change and technological change has a greater influence than the consequences of the physical risk.
- A scenario in which the temperature rises by four degrees Celsius. This scenario assumes that governments have limited policies and action to combat climate change. The physical risks in this scenario will be the greatest and the transition risks the most limited.

The scenarios map out the possible impact on our portfolio in approximately 10 years and in 2050. We also mapped out which investment categories and sectors run the greatest physical and transition risks. Within our investment categories, property in particular has a high physical risk. Within the sectors, oil, coal, power plants and utilities are particularly exposed to the highest risks.

The climate measures we take to respond to the transition to a sustainable society are based on this analysis. To manage transition risks, we are working to reduce our CO<sub>2</sub> footprint by reducing heavily fossil sectors across the portfolio. Before 2023, we want to have reduced our CO<sub>2</sub> footprint by 50%. For physical risks, Pensioenfonds



PGB considers whether sufficient control measures have been taken in a particular region to limit these physical risks. The property investment category is currently responding to physical climate risks.

In addition to risks, we also see that climate change brings opportunities to make a positive contribution to society. That is why we also invest in sustainable development goals (SDGs). We have established five focus SDGs, of which climate is part of two of our five focus SDGs ('sustainable and affordable energy' and 'combating climate change'). For each investment category, we look at how we can make a positive contribution to these SDGs. We also invest in green bonds with a positive risk-return profile. This allows us to benefit from the energy transition. In 2022, the positive impact investment policy will be presented. In this policy, we translate our ambition into specific objectives per investment category.

### 3. Risk management

Within PGB Pensioendiensten, portfolio managers are responsible for managing climate-related risks and opportunities within various investment categories. The risk management department ensures periodic assessment of the effectiveness of the climate-related control measures. We follow the three-lines-of-defence model.

Below are some examples of how we manage climate risks:

- Within the equity and bond portfolio, we actively engage with companies. Pensioenfonds PGB has appointed BMO GAM to structure its engagement and voting policy. The themes are prioritised every year, with climate as a specific component.
- We use carbon risk analysis tools for euro bonds. This limits the risk of loss of value in the event of an abrupt energy transition by limitation exposure to companies that are vulnerable to this.
- We select property managers who are participants of GRESB (Global Real Estate Sustainability Benchmark). Our current property portfolio consists of assets with a high GRESB rating, new property managers are selected on the basis of a high GRESB rating and existing managers are encouraged to make improvements, where possible.
- Pensioenfonds PGB has committed itself to various initiatives that help to limit climate change. For example, we have committed ourselves to the Paris Climate Agreement. This means we can reduce the CO<sub>2</sub> footprint of our portfolio by 50% by 2030. We aim to achieve this target by 2023.

### 4. Units of measurement for risks and opportunities

For climate-related risks, we measure the CO<sub>2</sub> footprint of the share portfolio. We aim to reduce our CO<sub>2</sub> footprint by 50% by 2023. We started by measuring shares, but want to extend this to all investment categories.

In this annual report we provide feedback on the trend regarding carbon intensity. In line with the recommendations of the TCFD, we use Weighted Average Carbon Intensity (WACI) as a benchmark. This benchmark shows CO<sub>2</sub> emissions (scopes 1 and 2) weighted by turnover and expressed in 'tonnes of CO<sub>2</sub> equivalents/million euros of turnover'. Pensioenfonds PGB reports the WACI of the following investment portfolios: shares and corporate bonds. At the end of 2021, these investments represent approximately 70% of the invested capital of Pensioenfonds PGB. We currently have insufficient data for the other investments.

For climate-related opportunities, we measure the extent to which our impact investments have a positive social impact. Impact investments that we map out are sustainable infrastructure, alternative fixed income, sustainable property and our contribution to sustainable development goals (SDGs). We also measure the contribution of our share portfolio and credit contribution to the SDGs through our participation of the SDI Asset Owner Platform.

## Appendix 2: Reporting criteria

No.	KPI	Reporting criteria
1	Company/country exclusions	<p>In its Annual Report on Sustainable Investments, Pensioenfondspgb reports on the percentage of the market value of the total investments, as at 31 December 2021, of which it has been determined that they are not investments that appear on the exclusion list, drawn up in line with its own exclusion policy. The exclusion list as of 31 December 2021 can be found at <a href="https://pensioenfondspgb.nl/duurzaambeleggen">pensioenfondspgb.nl/duurzaambeleggen</a> and is periodically drawn up in line with our exclusion policy.</p> <p>The exclusion policy has been incorporated into the exclusion list and applies to companies and countries that do not meet the criteria for sustainable investment. These criteria are laid out in the internally approved policy. This policy is based on the United Nations' Ten Principles, supplemented by statutory prohibitions on investments in certain controversial weapons and sanctions imposed by the UN or the European Union (EU). In addition, Pensioenfondspgb itself has excluded several categories from investments, partly based on member surveys or risk analysis. The most recent exclusion list is published on the website of Pensioenfondspgb.</p> <p>Investments are excluded if they:</p> <ul style="list-style-type: none"> <li>- Violate one or more of the UN's Ten Principles</li> <li>- Get more than a quarter of their turnover from tobacco products</li> <li>- Are involved in production or trade in controversial weapons other than nuclear weapons covered by the Non-Proliferation Treaty</li> <li>- Produce or sell firearms to civilians</li> <li>- Derive more than a quarter of their turnover or electricity production from coal, shale gas and/or tar sands oil</li> <li>- Do not (or no longer) comply with international sanctions imposed by the European Union (EU) or United Nations (in the case of government bonds).</li> </ul> <p>Every quarter, an independent research agency (Sustainalytics) examines for Pensioenfondspgb which companies and countries do not (or no longer) meet the exclusion criteria of Pensioenfondspgb. These companies and countries are then benchmarked against the portfolios that are viewed for exclusions. Pensioenfondspgb assesses the portfolios against these benchmarks on a daily basis. If an investment is made in a share or country that is on the exclusion list, a breach occurs.</p> <p>If Pensioenfondspgb owns shares or bonds of these companies, these will be sold. The measurement is made on exposures in mandates. Since Pensioenfondspgb has no influence on the policy of funds, no look-through approach is applied. It is therefore possible that shares are held in investment funds that are on the exclusion list.</p> <p>Pensioenfondspgb follows the sanctions lists of the EU and the UN. This means that government bonds in those countries are excluded.</p>
2	Climate policy	<p>In the Annual Report on Sustainable Investment, Pensioenfondspgb reports on the CO<sub>2</sub> emissions relative to the base year (as at 31 December 2018), for the shares and corporate bond categories.</p> <p>It does so by measuring the trend in carbon intensity. In line with the recommendations of the TCFD, the Weighted Average Carbon Intensity (WACI) is used as a benchmark. This benchmark shows CO<sub>2</sub> emissions weighted by turnover and expressed in 'tonnes of CO<sub>2</sub> equivalents/million euros of turnover'. The WACI for the</p>



		<p>entire portfolio is calculated by calculating a weighted average WACI based on market values.</p> <p>The formula for calculating the WACI per company is as follows:  <math>WACI_{(company A)} = \text{Tons of CO}_2 \text{ equivalents} / \text{million euros in turnover}</math></p> <p>The formula for calculating the WACI for the entire portfolio is  <math>WACIA_{(PGB \text{ pension fund})} = WACI_{(company A)} * (\text{market value}_{PGB \text{ shares in company A}} / \text{Market value total PGB portfolio}) + WACI_{(company B)} * (\text{market value}_{PGB \text{ shares in company B}} / \text{Market value total PGB portfolio}) \dots\dots)</math></p> <p>This KPI relates to 't CO<sub>2</sub> equivalent'. The required 't CO<sub>2</sub> equivalent' data is provided by Sustainalytics.</p>
3	<p>Commitment through engagement and voting</p> <p>Actively exerting a positive influence on companies by encouraging companies to act sustainably and to draw attention to socially responsible investment topics.</p> <p>Encouraging companies to act sustainably and promoting socially responsible investment topics by voting</p>	<p>As an investor, Pensioenfond PGB can influence the sustainable behaviour of companies. That is why Pensioenfond PGB has an engagement policy, which means it enters into discussions with companies (engagement) or votes at shareholders' meetings.</p> <p>Pensioenfond PGB reports on its engagement and voting programmes in the Annual Report on Sustainable Investment. It reports on:</p> <ul style="list-style-type: none"> <li>- The total number of engagements made in the portfolio in the year under review</li> <li>- The total number of votes cast in the portfolio in the year under review</li> </ul> <p>Pensioenfond PGB has outsourced the implementation of engagement and voting to BMO Global Asset Management (BMO). BMO is one of the largest providers of engagement and voting. It has developed the Responsible Engagement Overlay programme especially for large institutional investors. The voting programmes apply to the companies in which Pensioenfond PGB has shares. The engagement programmes apply to the companies in which Pensioenfond PGB has shares and bonds.</p> <p>Each year, the board of Pensioenfond PGB appoints a number of themes that it considers relevant to address. BMO tailors its voting and engagement programmes to these themes.</p> <p>When a shareholders' meeting is held, PGB as a shareholder receives an announcement that topics can be voted on. BMO prepares the voting instruction and PGB's custodian Northern Trust processes it through Broadridge. Broadridge is a global provider of proxy voting in the broad sense; in this case, it processes votes and reports on the results. BMO generates the data used in the annual report directly from Broadridge's reporting feature.</p> <p>If there is an opportunity to enter into dialogue, BMO does this on behalf of Pensioenfond PGB; this dialogue serves as a criterion for inclusion in the annual report. BMO reports to Pensioenfond PGB each quarter. BMO has three types of engagement:</p> <ul style="list-style-type: none"> <li>- Priority engagement</li> <li>- Theme engagement</li> <li>- Reactive engagement</li> </ul>

4	<p>SDG</p> <p>Seizing opportunities to achieve a good return with direct investments and to make a positive contribution to society.</p>	<p>Pensioenfonds PGB is committed to increasing Sustainable Development Goals-related investments in its portfolios, with the aim of contributing to achieving the United Nations' Sustainable Development Goals (SDGs). Pensioenfonds PGB has focused on the following of the 17 SDGs:</p> <ul style="list-style-type: none"> <li>- 3. Good health and well-being</li> <li>- 7. Affordable and clean energy</li> <li>- 8. Decent work and economic growth</li> <li>- 9. Industry, innovation and infrastructure</li> <li>- 13. Climate action</li> </ul> <p>Pensioenfonds PGB reports the market value of the investments as at 31 December 2021, which, according to its own criteria, count as an SDG investment and the percentage of the investments, calculated as an SDG investment, in relation to the total market value of the investments. The criteria for SDG investment are as follows:</p> <ul style="list-style-type: none"> <li>- Listed shares: For listed shares, the criteria of the SDI AOP are followed. SDI-AOP (Sustainable Development Investments - Asset Owner Platform) is a platform, established by APG among others, that assesses companies on their contribution to SDGs. Via this platform, Pensioenfonds PGB obtains a dataset with the contribution of companies to the 17 SDGs. The value of shares in companies that realise more than 10% of their turnover in one or more of the SDGs is reported in the MVB annual report.</li> </ul> <p>For the Infrastructure and Property categories, criteria have been determined to classify the investment as an "impact investment".</p> <ul style="list-style-type: none"> <li>- Infrastructure/Property: a GRESB score of at least four out of five stars. GRESB provides a dataset with ESG data for, among other things, illiquid fund investments.</li> <li>- Fixed-income investments: An indicator from Bloomberg is used for this. Bonds and loans marked YES in the GREEN_BOND_LOAN_INDICATOR field invest the proceeds of the bonds and loans in green projects or activities that mitigate the effects of climate change or other sustainable activities. Bloomberg is a global leading platform for obtaining market data.</li> </ul>
5	<p>Compliance with stakeholder engagement policy:</p> <p>Creating and maintaining broad support for our sustainable investment policy.</p>	<p>Transparency is provided as to whether during the year under review, there has been contact with participants, employers, the supervisory board and the accountability body about sustainable investment at least once.</p> <p>Pensioenfonds PGB has conducted a survey into the opinion of its participants on sustainable investment. Pensioenfonds PGB reports on the number of participants who have received a questionnaire and the number of respondents. The results and conclusions are recorded in the report of the external agency that conducted this survey for Pensioenfonds PGB.</p> <p>In addition, Pensioenfonds PGB reports on the committees and participants' meetings in which sustainable investment is discussed. The criterion for mentioning in the annual report is the recording of the subject of sustainable investment in the minutes of the various meetings, such as various sector committees, board meetings and accountability bodies.</p>

## Appendix 3: limited assurance KPMG



## Assurance report from the independent auditor

To: the board of Stichting Pensioenfonds PGB

### Our conclusion

We have assessed selected sustainability indicators in the Annual Report on Sustainable Investment Report 2021 (hereinafter: the Report) of Stichting Pensioenfonds PGB (hereinafter: PGB) in Amstelveen for the year ending 31 December 2021. An assessment is aimed at obtaining a limited degree of assurance.

Based on our work, nothing has come to our attention that causes us to believe that the selected sustainability indicators in the Report have not been prepared, in all material respects, in accordance with the reporting criteria set out in the 'Reporting Criteria' section of this assurance report.

The selected sustainability indicators are the following:

- The percentage of the market value of the total investments, as of 31 December 2021, of which it has been determined that no investments are made in investments on the exclusion list;
- The percentage reduction in CO<sub>2</sub> equivalent emissions achieved in relation to the determined reference point;
- The total number of engagements made in the portfolio in 2021;
- The total number of votes cast in the portfolio in 2021;
- The percentage of the market value of the investments as of 31 December 2021, which, according to the criteria set by the foundation, count as an SDG investment;
- Whether during the year in question, there has been contact with participants, employers, the supervisory board and the accountability body about sustainable investment at least once.

### The basis of our conclusion

We conducted our assessment of the selected sustainability indicators in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or assessments of historical financial information (attestation engagements)'. Our responsibilities under this are described in the section 'Our responsibilities for assessing the Report'.

We are independent of PGB as required by the 'Regulation regarding the Independence of Accountants in the case of Assurance Engagements' (ViO) and other relevant independence rules in the Netherlands. In addition, we have complied with the 'Code of Conduct and Professional Practice for Accountants Regulation' (VGBA).

We believe that the assurance information we have obtained is sufficient and appropriate as a basis for our conclusion.

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This independent assurance report for the 'Annual Report on Sustainable Investment 2021' of Stichting Pensioenfonds PGB is part of the letter dated 2 May 2022, with reference A2200026091 MF/TH/mk

### **Reporting criteria**

The selected sustainability indicators should be read and understood together with the reporting criteria. PGB is responsible for selecting and applying these reporting criteria, taking into account the applicable reporting laws and regulations.

The reporting criteria used for compiling the information on selected sustainability indicators are explained in the 'Reporting Criteria' section of the Report.

### **Limitations in the scope of our assessment**

The references to external sources or websites in the Report are not part of the information assessed by us. We therefore provide no assurance about this information.

The Report contains forward-looking information in the form of ambitions, strategy, plans, expectations and risk assessments. An inherent feature of forward-looking information is that actual future outcomes are uncertain. We do not provide any assurance on the assumptions and feasibility of the forward-looking information contained in the Report.

### **Responsibilities of the board for the selected sustainability indicators**

The board is responsible for drawing up the selected sustainability indicators in accordance with the reporting criteria used, as explained in the section 'Reporting criteria'. The board is also responsible for such internal control as it deems necessary to enable the preparation of a Report that is free from material misstatements as a result of fraud or errors.

### **Our responsibilities for the assessment of the selected sustainability indicators**

It is our responsibility to plan and perform an assessment in such a way that we obtain sufficient appropriate evidence for our conclusion.

The work performed in obtaining limited assurance is aimed at establishing the plausibility of information and varies in nature and timing, and also has a smaller scope, than that in an assurance engagement to obtain a reasonable level of certainty. The level of assurance obtained from an assessment is therefore also significantly lower than the assurance obtained from an audit.

Misstatements can arise as a result of fraud or errors and are material if they can reasonably be expected, individually or collectively, to influence decisions made by users based on this responsible investment information. Materiality affects the nature, timing and extent of our assessment procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Further regulations on quality systems'. Based on this, we have a coherent system of quality control, including established guidelines and procedures for compliance with ethical regulations, professional standards and other relevant laws and regulations.

We have conducted this assessment with a professional critical eye and, where relevant, applied professional judgement in accordance with the Dutch Standard 3000A, ethical regulations and the independence requirements.

Our assessment included:

- Conducting an environmental analysis and gaining insight into the relevant themes and issues in the field of responsible investment and the characteristics of the organisation;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and the disclosures in the Report. This includes evaluating the outcomes of stakeholder dialogue and evaluating the reasonableness of estimates made by the board;

- Obtaining an understanding of the reporting processes underlying the reported information, including an outline understanding of internal controls, to the extent relevant to our assessment;
- Identifying areas in the Report with a higher risk of misleading or imbalanced information or material misstatements as a result of errors or fraud. Determining and performing further work based on this risk assessment aimed at determining the plausibility of the information in the Report. This work included:
  - Conducting interviews with relevant employees responsible for the sustainable investment policy and performance;
  - Conducting interviews with relevant employees responsible for providing information for, performing internal controls on, and consolidating data in the information;
  - Obtaining assurance that the information in the Report is consistent with the organisation's underlying records;
  - Assessing relevant internal and external documentation on the basis of limited sampling.
- Considering whether the information in the Report as a whole, including the disclosures contained therein, represents the picture in relation to the purpose of the reporting criteria used.

We communicate with the board about, among other things, the planned scope and timing of the assessment and the significant findings that emerged from our assessment.

Amstelveen, 4 July 2022  
KPMG Accountants N.V.

M. Frikkee RA  
Partner

pensioenfonds



**Annual report on sustainable investment 2021**  
**Pensioenfonds PGB**

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