

ANNUAL REPORT 2024



STICHTING PENSIOENFONDS PGB

2024 ANNUAL REPORT

72nd FINANCIAL YEAR

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This English version of the 2024 Annual Report of Stichting Pensioenfonds PGB is a translation of the original Dutch version. In case of doubt or differences of interpretation, the Dutch version shall prevail over the English language version.

Preface

This was an exciting year with many changes, both in the world around us and for our pension fund. There was a lot of political unrest in the Netherlands: it took months before a new government was finally formed in the summer of 2024. Further afield, there were again many geopolitical tensions and conflicts, resulting in fluctuations on the financial markets. In April 2025, the United States imposed import duties on goods worldwide, further fuelling the unrest on the financial markets.

Despite this unrest in the world and the economy, we ended the financial year relatively positively. This enabled us to increase pensions for the 4th consecutive year: by 0.4 percent as from 1 January 2025. Although modest, it brought the total increase since 2022 to 15.6 percent.

When making these types of decisions, we as a board carefully weigh the interests of *all* those involved. After all, an increase must reflect a balanced approach for everyone, both current and future retirees.

With a view to the future: in 2024 we worked hard on preparations for the transition to the new pension system and succeeded in making the necessary progress. All this is thanks to extensive and close consultations with our social partners (employers, sectors and trade unions). A special Wtp portal meant that we were able to offer them support in all the changes. And by the end of 2024, almost all transition plans were received by us through this portal. They are all important steps towards the new pension system.

We also included our participants in all the changes, including through webinars about the new pension. The fact that this theme is becoming increasingly important is evident from the fact that our customer service started to receive questions on this topic. And it was also an important topic in the contacts with the accountability body and the Pensioners' Association.

Changes also took place within the pension fund. On 22 November 2024, our chairman of the board Jochem Dijckmeester stepped down to join De Nederlandsche Bank (DNB). Jochem joined as a director in 2016 and became chairman of our pension fund in 2020. Partly under his leadership, we further developed into *the* pension fund for and by employers from no fewer than 16 different sectors at the time of writing this report.

Jochem was a figurehead for Pensioenfonds PGB. You will be missed Jochem! Still, we are extremely proud of the great step he has taken to DNB to further contribute to the Dutch pension sector from his new position. And so the board would like to this opportunity to thank Jochem for his great efforts. We wish him every success in his new position!

However, that wasn't all that happened in 2024 of course. For example, we conducted a risk preference survey among our participants, the results of which will contribute to our investment choices. In addition, we worked hard on the transition to a new administration system to suit the new pension. And we celebrated the 100,000th pension recipient!

In these changing times, we ensure that we offer our customers the support they have come to expect from us. We even try to do that a little better each day. Today, tomorrow and the day after. So that we, as a pension fund, continue to create added value for us all, now and in the future.

You can read more about all these and other developments, in this annual report.

Amstelveen, April 2025

The board

A brief overview



Our profile



MISSION

Pensioenfonds PGB offers security for the future

We do this by administering our pension schemes in a future-proof manner, taking into account the interests of all stakeholders, and aiming for optimal added value for the premiums contributed. In this way, we ensure that our participants have an additional income in their old age, even if they become disabled. Today, tomorrow and far into the future. And that their surviving dependants are insured against the consequences of death. Our ambition is to provide affordable, modern pensions that allow participants to maintain their spending power in the long term as much as possible.

Pensioenfonds PGB is more than just money alone

Pensioenfonds PGB also aims to be significant in other ways, both during the accrual of pensions and in the period in which pensions are paid out. On the basis of our social tradition, we believe in not-for-profit cooperation and the power of collectivity. We therefore work for benefits of scale in the interests of our participants, via managed growth and partnerships. We believe that this enables us to offer the best to both our existing and new participants, and that in this way, we contribute towards a healthy and future-proof pension system.



VISION

Many people are uncertain about their money for later

The world is becoming more complex all the time and pensions are increasingly under pressure. Pensioenfonds PGB aims to offer a counterweight to that. We aim to eliminate anxiety and uncertainty about pensions. We do this by offering security, being comprehensible, removing abuses and by making pensions transparent.

Working for innovation and managed growth

Pensioenfonds PGB has learned to face up to challenges and to take action. We work for innovation in our services for participants and employers, pension schemes and investment policy. Furthermore, aiming for managed growth makes investments and costs easier to absorb and creates a better spread of investment risks. Because different sectors and companies can join the fund, Pensioenfonds PGB has grown into a reliable shelter in which many sectors, employers and participants can feel at home, both now and in the future.



VALUES

Together

We believe in the power of collectivity and work together with our partners. We do this on the basis of the idea that we are connected to each other and want to make a positive contribution.

Committed

We devote attention to our participants, employers and other social partners, their pensions and their future. We do this in the most personal way possible.

Authentic

Our past defines who we are: flexible and innovative in the interests of the participants. We move with the times, but do keep an eye on the costs in this context.

Clear

We find openness important. As we do offering insight into pensions and sharing expertise.



STRATEGY

The new pension

Together with our participants, employers and sectors, we are on our way to introducing the new pension. We will take our participants through these changes by providing clear information during this transition period. We conduct and continue to conduct talks with social partners (sectors, employers and trade unions) in order to gain insight into the requirements for our service provision and products. And we support them in the implementation of their transition plans and communication with their employees. We will ensure that we are ready for the new pension in time and at the same time seize opportunities to cut costs, reduce complexity and increase confidence.

The new pension chain

We are working on a new pension chain in the transition to the new pension. A new administrative system has been part of this since the beginning of 2025, thus adding value for our customers through greater ease of use, financial insight and online services.

A customer-oriented organisation

In everything we do, we put our customers centre stage, i.e. participants, employers and sectors. Extensive analysis of the various customer groups (customer segmentation) has given us better insight into their needs. Even after the switch to the new pension, we want to distinguish ourselves more in terms of customer focus. We are accelerating the implementation of existing and new initiatives to boost customer satisfaction.



FOCUS POINTS FOR 2024-2028

In the coming years, the board will continue to focus on the following themes:

A successful transition to and introduction of the new pension

In the coming years, we will make the transition to the new pension together with our social partners (sectors and trade unions). We offer financial and social support by proactively involving them in this transition, so that we make the switch together. Where possible, we create a carefree environment, so that they experience us as a committed partner, now and in the years after 2027, even in this hectic period.

Distinctive service

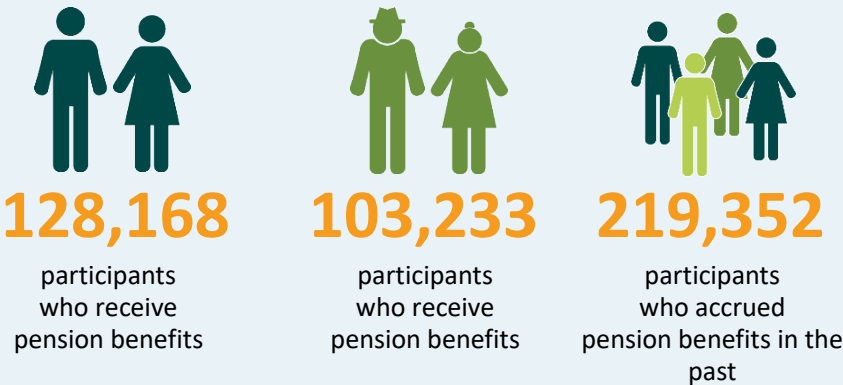
We organise our services to participants and employers differently, in line with our role as a committed, enterprising and unique pension fund. We listen to customer feedback and always look for improvement. We provide guidance and are committed, relevant and proactive. We organise our processes, both digitally and non-digitally, as clearly, simply and personally as possible.

Ready for the future

In the coming years, we will focus on successfully completing the complex transition to the new pension, while maintaining our current connections. We do this together, and for all of us. This development offers us the opportunity to show our own identity even more clearly, in line with who we are as a multi-sectoral pension fund. It provides visibility and a clear, recognisable brand. We are there for entrepreneurial Netherlands and are open to further growth.

Brief overview of 2024

Number of participants year-end 2024



Employers year-end 2024



UFR coverage ratio year-end 2024



116.7%

Policy funding ratio year-end 2024



116.2%

Pension increase in 2024



5.2%

Invested assets year-end 2024



€ 34.9
billion

Return on investment for 2024



9.4%

Key figures for 2020-2024

At year-end and for the years 2020 to 2024

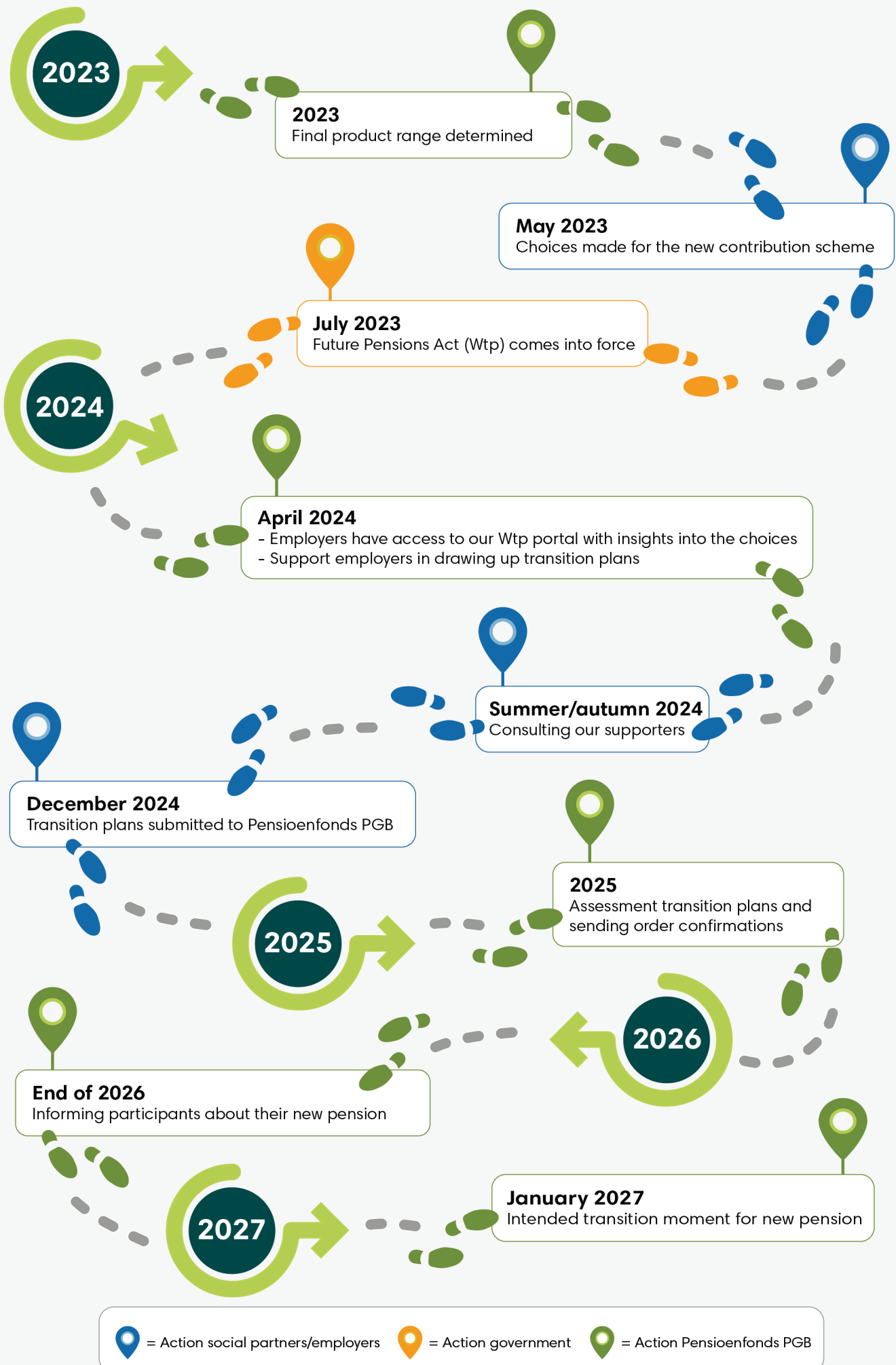
Note: all amounts in the key figures are in Euros and rounded to the nearest million, except for the pension administration costs per member, which are rounded to the nearest Euro. Percentages are calculated based on non-rounded figures.

	2024	2023	2022	2021	2020
Number of employers					
Affiliated employers	4,019	4,049	4,040	4,004	2,594
Number of members					
Premium-paying members	121,855	123,079	123,062	119,740	89,139
Members with pension entitlement on account of occupational disability	6,313	5,907	5,623	5,305	4,390
Non-contributory members ¹	219,352	213,156	218,228	217,105	163,123
Total	347,520	342,142	346,913	342,150	256,652
Number of pensions					
Payable retirement pensions	75,078	72,231	70,141	67,792	58,242
Payable partner's pensions	27,160	26,728	26,269	25,481	22,669
Payable orphan's pensions	995	958	849	851	749
Total	103,233	99,917	97,259	94,124	81,660
Pension administration					
Premium contributions	1,055	1,032	985	923	814
Benefits	965	900	825	766	719
Pension administration costs	52	48	44	36	33
Regular pension management costs per member	224	210	195	166	187
Investments					
Investments at the pension fund's risk including negative derivatives	34,302	31,580	28,537	36,568	32,196
Investments at members' risk including negative derivatives	625	420	288	311	232
Total value of the investment portfolio including negative derivatives	34,927	32,000	28,825	36,879	32,428
Investment income total portfolio	2,910	3,131	-9,274	2,185	2,008
Total return on investment as a %	9.4	11.7	-25.3	6.2	6.8
Performance compared to the benchmark (Z score)	0.27	0.44	0.65	0.75	-0.69
Performance test	1.91	1.73	1.41	1.35	1.46
Asset management costs as a % of average invested assets	0.50	0.46	0.53	0.43	0.41
Changes in equity and solvency					
Technical provisions at the pension fund's risk	29,495	28,120	25,253	31,621	30,985
Technical provisions at members' risk	619	464	328	312	229
Equity	5,023	3,588	3,393	5,380	802
Pension assets held	35,137	32,172	28,974	37,313	32,016
Minimum capital requirement	1,259	1,195	1,073	1,349	1,289
Capital requirement based on strategic investment portfolio	36,019	34,248	30,786	38,002	36,691
Distributable reserve (+) reserve shortfall (-) based on strategic investment portfolio	-882	-2,076	-1,812	-689	-4,675
Average notional interest rate as a %	2.14	2.32	2.58	0.56	0.16
UFR funding ratio as a %	116.7	112.5	113.2	116.8	102.6
Policy funding ratio as a %	116.2	116.5	118.7	111.5	96.3
Realistic coverage ratio as a %	87.7	86.9	90.7	89.7	79.4
Capital requirement as a % based on actual investment portfolio	124.5	120.9	115.8	123.4	116.5
Capital requirement as a % based on strategic investment portfolio	121.7	121.4	121.6	120.0	118.3
Increase in payable pensions and matured pensions as at 1 January as a %					
Pension increase ²	5.2	7.0	3.0	—	—

¹ Pension beneficiaries who are not yet drawing their pension are counted as part of the non-contributory members.

² As at 1 January 2025, payable pensions and matured pensions were increased by 0.4 percent.

The route to the new pension



2024 in general

The year 2024 proved to be eventful for Pensioenfond PGB. If you would like to know all about it please read our extensive annual report. On this page, we limit ourselves to a summary of the main themes. Ideal for those who want to be informed of the main developments at our pension fund, without spending too much time reading.

1

The new pension

On 1 July 2023, the Future Pensions Act (Wtp) came into effect. This changes the way in which Dutch people accrue their pensions. By 1 January 2028 at the latest, all pension providers must have switched to the new system. Key therein is the choice between the solidarity contribution scheme or the flexible contribution scheme.

Pensioenfond PGB currently offers a high level of customisation and as such many different schemes and options. Although we want to continue to offer this level of flexibility, the new legislation stipulates fewer exceptions and more unity. In 2023, we worked hard on designing a new product range. This product range was then presented to all sectors and employers. We also introduced a digital Wtp portal especially for them, which provides guidance when making choices. In 2024, they notified us of their final choices in a transition plan; they could do this via this portal.

We of course continued to keep our participants regularly informed about all upcoming changes for 2024. We did this through webinars, digital newsletters, the PGB Beeld pension magazine and our website.

2

Pension chain overhaul

In order to ensure optimised and cost-efficient implementation of the new pension rules, we are working on a new pension chain. This includes the implementation of a new pension administration system. We want to offer our customers more ease of use, financial insight and online services. We are working on this through the internal Lotus programme.

In 2024, we prepared the processes and organisation for the transition to this new administration system. Together with our system supplier Lumera, we ensured that we could implement our products and controls into the new system from early 2025 onwards.

3

Pension increases

Over the past 3 years, we have been able to gradually increase pensions by a total of 15.2 percent. On 1 January 2022, we increased by 3 percent, by 7 percent on 1 January 2023 and on 1 January 2024 this figure was increased by 5.2 percent. On 1 January 2025, there was room for another increase, albeit a modest one of 0.4 percent.

By how much we can increase pensions depends on our financial situation. To assess this, we look at our coverage ratio as at 31 December 2024. That is the ratio between our assets and our liabilities. In other words: we need to have sufficient assets to keep paying the pensions, now and in the future. At the end of December 2024, the coverage ratio was 116.7 percent. According to the legal rules, we could therefore increase pensions by 0.4 percent with effect from 1 January 2025.

When making the decision to increase, the board carefully considers the interests of all participants of Pensioenfond PGB. An increase should benefit everyone who accrues or receives a pension with us, now and in the future.

4

Socially responsible investing

Pensioenfond PGB attaches great importance to investing in sustainable investment strategies. This is because sustainable investing contributes to a stable balance with fewer risks in the long term. It may not always yield a higher return in the short run, but it *does* yield a more stable return that benefits our participants in the long run. We are supported in this by our stakeholders: 70 percent of our participants consider sustainable investing important.

In 2024, we started working on defining our 3 focus themes more specifically: climate, biodiversity and nutrition. They are themes that the board has identified based on research into the preferences of our participants. However, in order to apply the right focus you need to have sufficient knowledge. We sourced this by entering into a partnership with the World Wildlife Fund.

In 2024, we also worked on improving our ESG risk management. This means addressing risks related to the environment (E), social issues (S) and good governance (G). The way companies deal with this has an impact on the long-term success of a company. This is therefore relevant for investors, including pension funds, who invest in such companies.

In the area of exclusions (the 1st pillar of our sustainable investment policy), little changed in 2024. We did, however, work on our engagement (the 2nd pillar). We expect to be able to make more impact investments by 2025. That is an interesting investment category within our 3rd pillar. And so our sustainable investment policy is becoming more and more concrete.

5

A customer-centric organisation

Pensioenfond PGB wants to stand out in terms of its customer focus. Customer satisfaction levels among our employers and sectors are crucial in that respect. In 2024, we again took important steps in this direction.

For example, our ambition is to communicate digitally as much as possible, whilst continuing to pay attention to personal contact with our participants. That is why we have been working on a customer service strategy from the end of 2024. In it, we describe, among other things, when we prefer to assist customers digitally and when we make a conscious choice to seek human interaction. For example, in the event of a major event that affects the pension, such as a death, or when someone needs extra help making pension choices.

In 2024, we also started using the customer journey methodology to map out the experience of our customers (participants and employers). For example, the experience of a participant who applies for his pension through us. Based on research, we looked at which moments truly matter to our customers. On this basis, we will develop ideas for improvement in 2025.

In addition, we want to keep improving based on feedback from our customers. To this end, we introduced a feedback platform in 2023 through which we ask participants and employers about their experiences with us. In that same year, we received a 2-star Golden Ear Recognition for this. This shows that we listen carefully *and* that we respond to feedback. An interim assessment was held in October 2024, which showed that we are developing well. We aim to earn a 3rd star by 2025.

Furthermore, we continuously measure the level of satisfaction among our participants and employers after specific interactions or events. In 2024, participants rated us with a 7.9 out of 10. Employers gave us a score of 8.0.

Outlook

Together with our social partners and participants, we are on our way to a new pension. Great strides have already been made, but we still have some way to go. We look forward to this with confidence: we are ready for the challenges and opportunities that lie ahead. We continue to offer our stakeholders support. So what does that look like in terms of guiding our social partners and participants? And what does that mean for our investments? And our services? Three board members will explain this below.



Working towards the new pension together

Edwin de Jong: "Pensioenfonds PGB is expected to make the switch to the new pension on 1 January 2027. For us, this transition has been successful if we've been able to reassure all our affiliated employers and their employees. In 2024, we did exactly that. By the end of 2024, we had received almost all transition plans. We achieved this huge milestone thanks to the efforts of a large group of employees and social partners. And we included our Pensioners' Association in all the changes from an early stage onward. This way we fulfilled the

Pensioners' Association's right to be heard from the outset of the process. The Pensioners' Association itself also proactively exercised this right to be heard towards various social partners surrounding the transition plans. In doing so, the interests of pensioners are well protected; and we consider that important. We are now fully engaged in testing the transition plans, determining their effects and assessing the balance of the transition as a whole. And we as the board also look ahead to the period *after* the transition to the new pension. I'm convinced that this period will bring further consolidation. But I'm also convinced that, by that time, Pensioenfonds PGB continues to be a natural partner that offers added value, a partner that is cost-conscious and that advocates efficient working methods. We have and will continue to claim our place in the world of pensions, a place where Dutch businesses are always welcome."



Sustainable investing for a good pension in a liveable world

Frans van de Veen: "2024 was the starting point for future-proofing our investment portfolio. We conducted an Asset Liability Management (ALM) study in that same year. We used this to analyse our assets and liabilities, such as current and future pension payments. Based on this study and our own risk preference survey - in which we investigate how much risk our participants can and want to take for possible additional returns - it emerged that we can invest more in illiquid investments in the near future. These are unlisted

investments. We see this as an opportunity, because it is precisely within these investment categories that we can make the greatest impact on sustainability. And sustainability is an integral part of our investment strategy. It's not a goal in its own right, but we always weigh up 4 factors in our investment decisions: costs, return, risk and sustainability. That's why, in 2024, we also conducted research into the sustainability risks for our investments. Climate and biodiversity emerged as the biggest risks therein. This means that, if you invest in companies that do not take this seriously, or that have a negative impact on climate and biodiversity, it poses a risk to the value of your investment. The flip-side is also true: companies that do score well on this can create long-term value. The partnership we entered into with the World Wildlife Fund at the end of 2024 (see also elsewhere in this annual report) will help us to map out biodiversity risks in the coming years and to assess new investments accordingly."



Clear communication about pensions is becoming increasingly important

Ronald Heijn: "New pension rules have been introduced. We want to clearly explain the changes to our participants and employers, as this will remove uncertainty and ambiguity. Unfortunately, it will take some time before we can show participants exactly what the changes will mean for them personally.

The road to completing the concrete transition to the new pension is still long. That's why we always include our stakeholders in the various steps we take. This requires more customer-oriented thinking *and*

communication. This applies to pension fund directors and asset managers, but in fact to everyone with customer contact. This is already the case now, but even more so after the transition, because in the new pension system, participants can instantly see on their pension overview whether there are any pluses or minuses on the investments. And that requires some explanation.

Furthermore, in the near future we will segment our investments much more by age. This means, for example, that we can take more risks for young people and less for older people. Yet the collectivity and solidarity in our fund remains key. We want people to have and maintain confidence in pensions in general, and in our pension fund in particular. This also means that we always have to be transparent in our communications to continue to ensure support."

Pensioenfonds PGB in 2024



Pension Management

As a pension fund, we work closely with our implementation organisation PGB Pensioendiensten. This organisation arranges everything to ensure that our participants receive their pension, such as administration, collecting the contributions and making the payments and communications about this with participants, employers and sectors. In this chapter you can read more about our pension administration and pension communications in 2024.

Pension administration

In 2024, two themes had the most impact on the implementing organisation:

1. *Future of Pensions Act*

On 1 July 2023, the Future Pensions Act (Wtp) came into effect. In 2024, we worked hard to guide sectors and employers in recording their choices for the new pension in a transition plan. We managed to receive a transition plan from most sectors and employers. In addition, we worked on preparing the implementation of the Wtp in the administrative system and further improving data management and data quality.

2. *The new pension chain*

In order to ensure optimised and cost-efficient implementation of the new pension rules, we are working on a new pension chain. This includes the implementation of a new pension administration system. We want to offer our customers more ease of use, financial insight and online services. We are working on this through the internal Lotus programme. In 2024, we prepared the processes and organisation for the transition to this new administration system. Together with our system supplier Lumera, we ensured that we were able to implement our products and controls within the new AxyLife software package from February 2025.

In addition, we continued to work on three themes related to creating a more customer-oriented organisation and the increasing importance of IT and data.

1. *A customer-oriented organisation: customer feedback, customer journey methodology and handling complaints effectively*

As the pension system is set to change, Pensioenfonds PGB wants to set itself apart from the competition on customer focus even more. In 2023, we developed the customer feedback policy. In 2024, we continued to work on organising our organisation in accordance with that policy. For example, we used the customer journey methodology to map out the customer experience. And on the subject of dealing with complaints: in the annual measurement of the Dutch Pension Federation 'Code of conduct for dealing with complaints' we scored very well with 97 percent on a scale of 100 percent. This represents an increase of 3 percent compared to the previous year. This put us in 4th place in the overall sector ranking.

2. *Technological development and information security*

- Due to the increase in external threats, we want to continuously pay attention to improving information security and cybersecurity. This also applies to suppliers who manage data from Pensioenfonds PGB in their respective environments. In order to maintain control over the entire information provision chain, we continuously improve internal IT processes. In that light, we have set up a CISO office. This centre of expertise in the field of information security is headed by a Chief Information Security Officer (CISO). This way we shape our vision in this area, implement it within the organisation and properly manage that implementation.
- On 17 January 2025, the Digital Operational Resilience Act (DORA) came into effect. Its aim is to increase the resilience of the financial sector in Europe. DORA consists of technical standards, implementation standards and guidelines. We already partially implemented DORA in 2024 and aim to complete its implementation in 2025.

3. *Data management*

Proper data management promotes the efficiency of internal processes and offers an opportunity to develop new (data-driven) products and working methods. In addition, proper data management is essential when transitioning to the new pension. The supervisory authority is also increasingly imposing concrete requirements on data management. In 2024, we focused on data quality. These are the main results:

- Implementation of a data quality tool. This allows us to periodically check data based on predefined control rules. The tool will be further expanded in 2025.
- Development of a data management maturity model. With this model we periodically measure the maturity of data management within the organisation.
- Completion of phases 1 to 4 of the Wtp Data Quality programme. This resulted in the delivery of a 'get clean and stay clean' plan. These are plans to demonstrably be in control of our data quality, now and in the future.

Pension communications

Our brand promise is 'for each other'. We guide and support our various stakeholders. We involve them in the decisions we make. We listen to them and continue to improve where necessary. And we like to make it as personal, relevant and as easy as possible. In line with this ambition, we have taken new steps in 2024.

Mapping out our customer experience

In 2024, we used the customer journey methodology to map out the experience of our customers (participants and employers). For example, the experience of a participant who applies for his pension through us, or that of an employer who joins us. We investigated the actual experience, emotions and blockages based on the customer journey methodology. We did this through in-depth interviews, among other things. Based on the survey results, we looked at which moments truly matter to our customers. On this basis, we will develop ideas for improvement in 2025.

Listening to feedback from participants and employers

We want to continuously improve ourselves based on feedback from our customers. We were awarded a 2-star Golden Ear Recognition. This shows that we listen carefully *and* that we respond to feedback. An interim assessment was held in October 2024. The conclusion was that we are developing well:

- More and more employees are showing responsibility by being alert to *and* following up on customer feedback;
- Participants and employees are increasingly closer to us in everything we do. The surveying party sees this reflected in our vision, our data analysis, the realisation that no customer feedback should be lost, the genuine interest in what is going on with our customers and the steps we are taking in the field of customer journey methodology.

In 2025 we will have another survey conducted to determine whether our listening skills have improved further. We aim to earn a 3rd star.



Would you like to know what we have already improved on with the help of our customers?

Visit pensioenfondspgb.nl/wijluisterengraag (in Dutch only).

Measuring and improving customer satisfaction

We continuously measure the level of satisfaction among our participants and employers after specific interactions or events. For example, after a customer has contacted us and has given feedback from which we can learn. In 2024, participants rated us with a 7.9 out of 10. Employers gave us a score of 8.0.

Digital communication with an eye for personal contact

Our (future) services to our participants are increasingly provided digitally. This includes via emails, our participant and employer portals, the website, but also via digital newsletters.

Benefits of digital communication

- We reach our customers faster.
- We can guide customers better.
- We save costs.
- It fits within a sustainable policy.

Our ambition is to communicate digitally as much as possible, whilst continuing to pay attention to personal contact with our participants. In order to implement this, we have been working on a customer service strategy from the end of 2024 onwards. In it, we describe, among other things, when we prefer to serve customers digitally and when we make a conscious choice to seek human interaction. For example, in the event of a major event that affects the pension, such as a death, or when someone needs extra help making pension choices.

Survey on the wishes of participants and employers

We aim to meet the wishes of our participants and employers as much as possible. In 2024, we conducted a number of surveys into this to improve our policies and services.

Risk preference survey

Through a 'risk preference survey' at the end of 2023, we investigated how much risk our participants can and want to take for a potentially higher return on our investments. These results help us to better align our investments with the wishes, preferences and risk-bearing capacity of our participants. In 2024, we informed participants and employers about the results of this survey.

We informed participants and employers as follows:

- multiple news items via different channels
- a column
- information sheet with the results in figures (*factsheet*)
- video with explanation by board member Anne Kock and CIO Peter Kolthof
- dialogue session with the Pensioners' Association

Reputation and image survey

At the end of 2024, we launched a reputation and image survey to find out what our stakeholders think of us and what they expect from us. Stakeholders included participants, employers and other social partners (such as trade unions). In 2025 we will start working with the results of this survey.

Survey on communication preferences of younger participants

At the end of 2024, we also started a survey among participants aged 30 to 40. We want to know what communication preferences this group has. This allows us to adapt our communication accordingly to increase the involvement of younger participants and to motivate them to take a deeper interest in their pension. In 2025 we will process the results of this survey and take action where necessary.

Communication about sustainable investing

In 2024, we used various communication tools to tell our participants more about our (sustainable) investment policy:

- We started a new section called 'Investor Talk', in which board member Anne Kock and CIO Peter Kolthof take our participants through this theme on a step-by-step basis. We will continue this series in 2025.
- In a column, Anne Kock shared her dilemmas surrounding sustainable investing with our participants.
- In Dagblad Trouw newspaper, Anne Kock talked about the ambition of Pensioenfonds PGB: sustainable investing is a necessity, not a side issue.

In dialogue with retirees

In the second quarter of 2024, we started dialogue sessions for retirees. In these sessions, Ronald Heijn (director of Pensioenfonds PGB), Fienke van den Brink (director of the Pensioners' Association) and alternating subject matter experts discussed various themes. They also answered questions that were asked before and during the session. The sessions were held approximately once a month. They drew a lot of interest: on average 65 retirees participated per session. We will continue these sessions in 2025.

Communication in figures

	2024
Requests for information received by customer service in writing	30,450
Requests for information received by customer service by telephone	31,006
Most popular news item on the website: 'The new pension in 1.5 minutes: watch the video'	58,700
Uniform Pension Statements sent out on time	100%
Number of live viewers of the webinar 'Close to retirement'	1,120
Number of pension statements sent out	501,597

On the way to the new pension

We aim to switch to the new pension system on 1 January 2027. In 2024, we took some major steps towards implementing the new pension. We involved employers and participants in this, in various ways.

Communication towards employers

- In 2024, we gave all sectors and voluntarily affiliated employers access to their own portal with information about the new pension and the new regulations of Pensioenfondsgenootschap PGB. This instantly showed sectors and employers the effects of the various choices they could make when completing their transition plan.
- In 2024, we created 6 knowledge videos, including about partner's pensions and compensation. This way sectors and employers will be well informed when making their choices for the new pension scheme.
- In 2024, our board decided to implement two improvements in our new products. We informed all sectors and voluntarily affiliated employers about this via a digital brochure with a visual representation of the changes.

Communication towards participants

We created an animation about the new pension for the participants. And we organised a low-threshold quiz in which everyone was able to test their knowledge of the new pension. We also clarified the route to the new pension with a timeline on our website. In addition, we worked hard on a statutory communication plan that we had to submit to the Dutch Authority for the Financial Markets (AFM). This includes a detailed planning of who, what, when and how we will involve participants in the changes. We expect to deliver this plan in 2025.

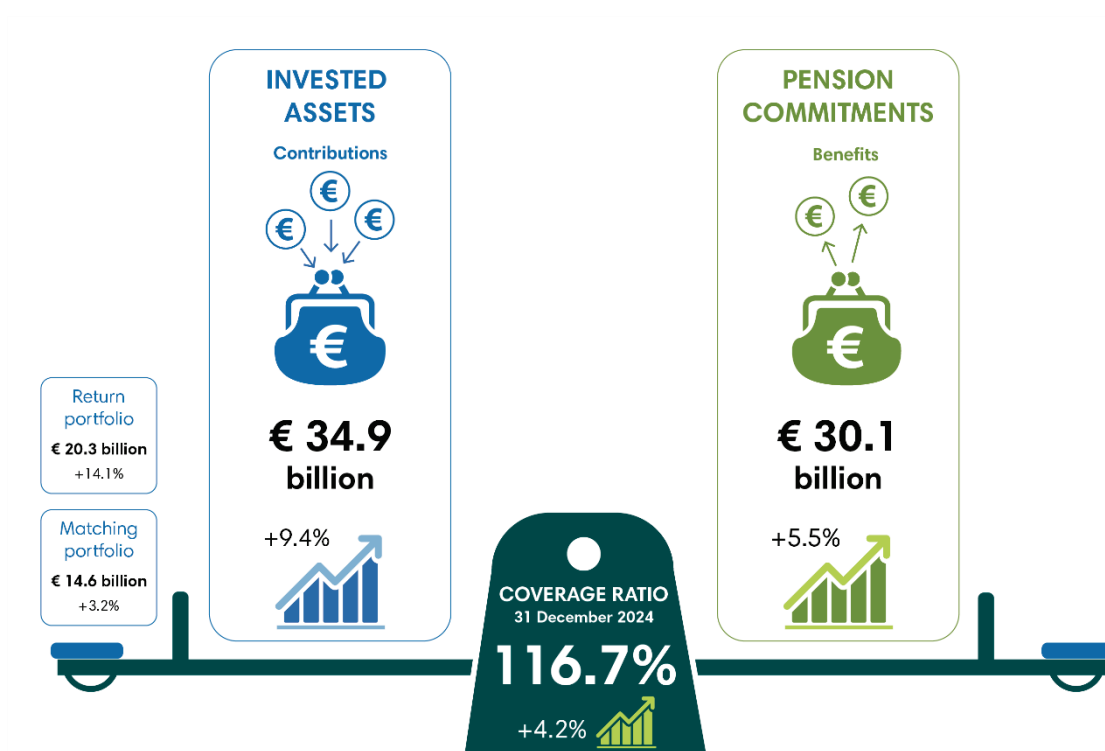
For current information about the new pension, participants and employers can visit our website. We also informed them periodically through news items on our website, the digital newsletter and our pension magazine PGB Beeld.

Balance sheet and asset management

We invest pension assets to make them grow compared to our pension commitments. This allows us to offer a good pension to our participants, now and in the future. Balance sheet management is about how we align our investments with our pension commitments. Asset management is part of balance sheet management and focuses on managing and investing pension assets. The PGB Pensioendiensten balance sheet management department provides advice and support in this regard. This department also implements our investment policy. In this chapter, you can read more about events and developments in 2024 in the field of balance sheet and asset management at our pension fund.

Investment results in broad outline

Pension commitments increased by 5.5 percent in 2024, from EUR 28.6 billion to EUR 30.1 billion at the end of 2024. The year 2024 was a positive investment year for our pension fund, despite unrest in the world and on the financial markets. The investments returned a 9.4 percent yield. Invested assets increased from EUR 32.0 to 34.9 billion.



Investment policy developments

Risk attitude and ALM study

Pensioenfonds PGB is preparing for the transition to the new pension. The way we share returns and risks is changing: it is becoming more personal, in the form of personal pension assets. The investment policy becomes more dependent on the age of each participant. This is commonly referred to as 'lifecycle' investing. This emphasises the importance of taking into account the risk appetite and risk-bearing capacity of the different age groups within the pension fund.

In 2024, in order to determine an appropriate risk profile for each age group, we redefined the risk attitude. For this we used the results of the risk preference survey among the participants, which we conducted at the end of 2023. In the subsequent ALM study, Pensioenfonds PGB designed the investment policy for the new solidarity and flexible contribution schemes within the established limits of risk attitude. We invest for younger participants with more risk and expect return, while we reduce this risk as the age increases, suited to the preferences of our participants. Taking all age groups together, the collective risk attitude and associated investment policy have changed only slightly.

Evaluation of investment categories

In 2024, the investment categories in which Pensioenfonds PGB invests were evaluated. In order to assess all investment categories consistently, the board tested the investment categories against a clear framework. This framework consists of testing against the policy quadrant (return, risk, costs and sustainability), administrative considerations (such as explainability and policy continuity of the category), our renewed investment beliefs of 2023 and whether the category also fits into the future investment portfolio of the new pension.

Following the evaluation of the share portfolio, it was adjusted to a different regional distribution in 2024. Previously, we invested relatively more in shares of companies in Europe and emerging markets and less in North America and Asia-Pacific. Our investments are now market capitalisation weighted. This means that we invest in proportion to the market value of each company, worldwide. So we no longer make an active choice in which regions to invest more or less.

The way we invest in shares has also changed. Disappointing factor strategies have been exchanged for passive management. This means that we make less active choices about which companies to invest more or less in relative to the global index.

The high-yield securities portfolio has been evaluated as well. The outcome of this evaluation is that publicly tradeable categories in this portfolio, such as high yield, have limited added value compared to, for example, shares. The expected return does not outweigh the expected risks. It was therefore decided to sell this portfolio and give it a new destination in the form of private investments. This will also allow us to better implement our sustainability policy.

The high-yield securities were sold in the last quarter of 2024.

In 2025, we will incorporate the results of the evaluations of the various investment categories into policy-making, through investment cases.

Long-term investment policy

Our investment policy is based on the risk appetite and risk-bearing capacity of our participants as well as on our ambition to retain as much purchasing power as possible. We do this by increasing pensions, provided our financial situation allows it. The current benchmark for our financial situation is the coverage ratio.

Weighing up the opportunity of an increase and the risk of a decrease is a dynamic balancing act:

- In case of high coverage ratios, we can increase pensions in line with inflation, whilst having to take less risk to achieve our ambition of a pension with purchasing power.
- In case of low coverage ratios, there is a chance that we will have to reduce pensions. Even then, we still take less risk to limit the extent of possible reductions.
- We take more risk between low and high coverage ratios to raise the chances of an increase.

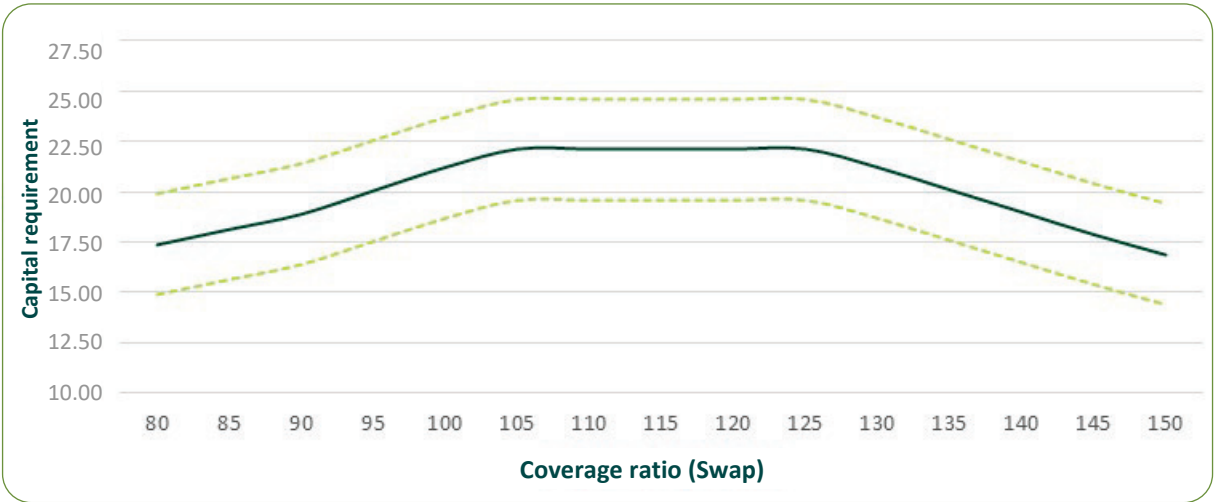
Despite the transition to the new pension, our ambition remains to achieve a pension with purchasing power. How we can achieve that ambition will change though. The investment policy for the solidarity and flexible contribution schemes is no longer based on the coverage ratio, but on the risk attitude of each age group. The risk profile starts higher for younger participants and decreases to a lower risk for older participants. We distribute the returns we achieve across the age groups. Compared to the old system,

we can distribute returns quicker and thus increase pensions sooner. However, in case of setbacks, pensions will also have to be reduced sooner as well.

Risk budget

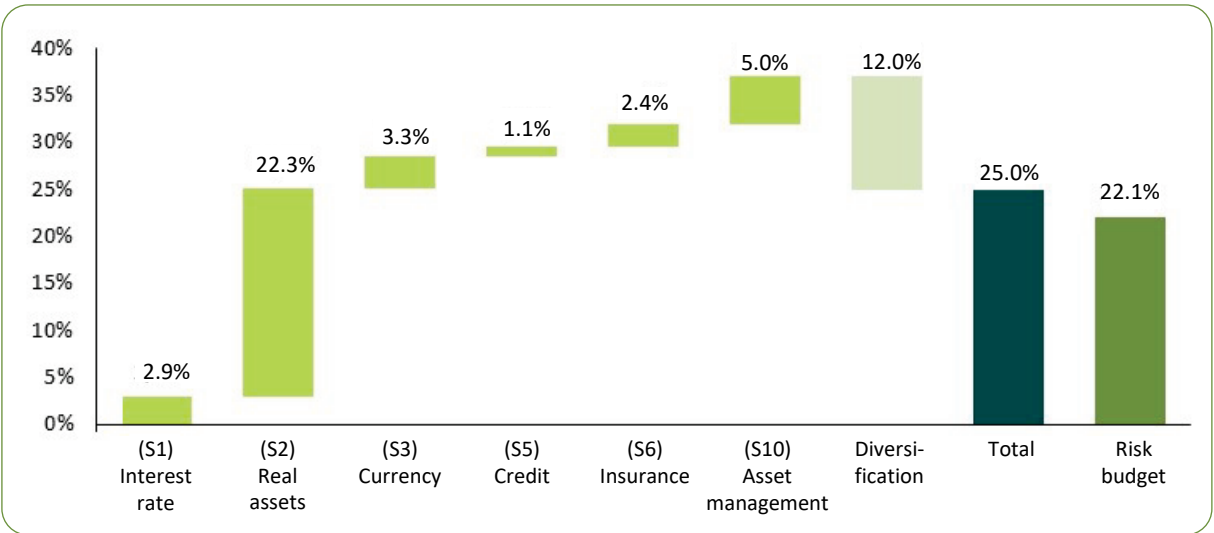
The degree of risk-taking, i.e. the risk budget, now moves in step with the current coverage ratio based on market value and is recorded in the policy matrix (see diagram 1). We use bandwidths around the risk budget to compensate for market fluctuations. This is how we control the transaction costs of asset management.

Diagram 1: Risk budget at current coverage ratio based on market value



Risk budget is the sum of mainly equity risk, interest risk, currency risk and credit risk, and it is captured in the form of a percentage of the minimum capital requirement (see diagram 2). This percentage is based on a model that uses the minimum capital requirement method of the supervisory authority, i.e. De Nederlandsche Bank NV (DNB).

Diagram 2: Distribution of the risk budget across risk sources (31 December 2024)



Matching and return portfolio

Every 3 years we conduct an ALM study. This is a survey into the desired risk budget to realise our ambitions. The outcome of the ALM study is an investment portfolio in broad terms. In the portfolio construction that follows from it, the risk budget is translated into the actual targeted ratio between the matching and return portfolios and to the different investment categories within that. Table 1 shows the actual and strategic spread of the matching and return portfolio and the underlying investment categories as at year-end 2024.

Matching portfolio

The matching portfolio is made up of the following investment categories: German and Dutch Euro government bonds, Euro liquid assets, Euro corporate bonds, and Dutch home mortgages. Additionally, derivatives, Euro interest rate swaps, and Euro interest rate futures are used for the interest rate hedging policy.

Return portfolio

The return portfolio is made up of the following investment categories: shares, property, infrastructure, private equity and high-yield securities. Shares are by far the largest investment category in the return portfolio. This category is subdivided into developing and emerging markets.

Table 1: *Investment portfolio*

	Actual portfolio as at 31 December 2024	Strategic portfolio as at 31 December 2024
	%	%
Matching portfolio	41.7	42.3
Euro government bonds	26.5	-
Euro corporate bonds	10.9	-
Mortgages	4.3	-
Return portfolio	58.3	57.7
Equities	51.1	49.7
Alternative real assets	6.7	6.6
Alternative fixed-income securities	1.4	1.4
Foreign currency hedge	-0.9	-
Interest rate hedging percentage	70.2	70.3
Foreign currency hedge rate	70.8	73.8

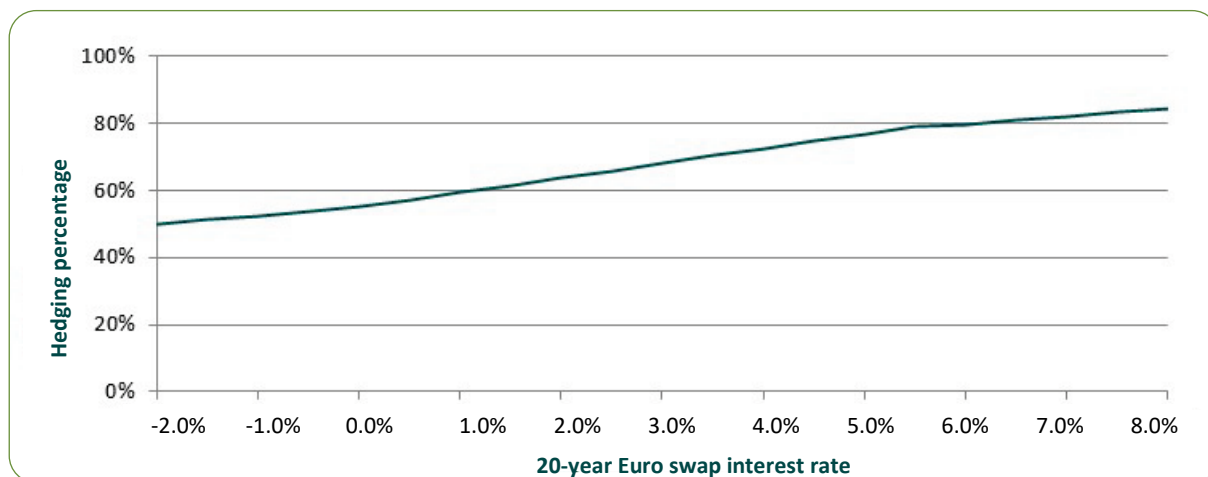
Hedging policy

Interest rate hedging

The interest rate hedging policy has been developed to manage the interest risk we incur on our pension commitments as best as possible. Interest risk is the risk that the pension will become 'more expensive' due to falling interest rates. Interest rate hedging is linked to the level of the twenty-year Euro swap interest rate (see diagram 3). The interest rate hedging policy is implemented through the matching portfolio.

At year-end 2024, the interest rate hedge was 70.2 percent of the interest risk of the pension commitments. The interest rate hedging policy therefore provided protection in an environment of falling interest rates. This contributed positively to the return on the matching portfolio.

Diagram 3: Interest rate hedging dependent on 20-year Euro swap interest rate level



Foreign currency hedge

Part of the assets is invested in currencies other than the Euro, with the main foreign currencies being the US dollar, pound sterling and the Japanese yen. The risk of investing in foreign currencies is that their value decreases against the Euro, thus reducing the value of investments measured in Euros. Our foreign currency hedging policy partially hedges the currency risk of non-Euro investments in developed markets. As at year-end 2024, the foreign currency hedge rate was 70.8 percent. In 2025, Pensioenfonds PGB switched to a strategic hedge of 50 percent. Lower foreign currency hedging contributes to lower coverage ratio volatility from an overall portfolio perspective. This means that we take into account both the volatility of the foreign currency itself and the volatility of the underlying investment category (such as shares).

Equity risk control

In order to be able to partly protect the pension capital against extreme share price drops, we use equity risk control. When sentiment in the financial markets is negative, share index put options are purchased, provided that the purchase costs are acceptable and outweigh the risk. This control measure offers protection against major drops in share price.

The control measure is not of a continuous nature, as continuously protecting pension assets against falling share prices is too detrimental to returns. Given the positive market sentiment in 2024, no share index put options were purchased during the year.

Investment returns

Table 2: Return on investment

	Return on investment	
	Pensioenfonds PGB	Benchmark
	%	%
Total return on investment	9.4	9.5
Matching portfolio³	3.2	3.3
Euro government bonds	-0.8	-0.8
Euro corporate bonds	3.6	3.6
Mortgages	5.3	5.3
Return portfolio	14.1	14.2
Equities	17.2	17.2
Alternative real assets	8.9	8.9
Alternative fixed-income securities	6.7	7.6

The financial markets and total return

The global economy experienced moderate growth in 2024. This growth was supported by resilient economies such as those of the United States, Japan and India, while Europe and China lagged expectations. Geopolitical tensions, including the war in Ukraine and conflicts in the Middle East, increased uncertainty in financial markets and weighed on the economic outlook. In the Eurozone, inflation fell thanks to lower energy prices and fewer disruptions to logistics supply chains. Falling inflation enabled the European Central Bank (ECB) to cut interest rates four times in 2024. Short-term interest rates were cut to 3.0 percent to support the Eurozone's slowing economy.

These economic and financial developments in growth, inflation and interest rates were positive for our investments. With a return of 9.4 percent on the investment portfolio, 2024 proved to be a positive investment year. Both the matching and return portfolios contributed positively to this. The benchmark return was 9.5 percent⁴. Compared to a portfolio return of 9.4 percent, this mandate was managed in line with our expectations. The relative yield of -0.1 percent relates to the costs incurred for the execution of asset management that cannot be allocated to the underlying portfolios, such as management and custody costs. The investment portfolio outperformed the pension commitments, which grew by 5.5 percent. This improved our financial position in 2024.

Matching portfolio

The matching portfolio consists of fixed-income investments that are used to partly compensate for the interest rate sensitivity of the pension commitments: i.e. to match them. The matching portfolio thus implements the interest rate hedging policy. The return on the matching portfolio for the year 2024 was 3.2 percent.

Investments in Euro corporate bonds and mortgages made a positive contribution to this, with returns of 3.6 and 5.3 percent respectively. These investments in high-quality credit offered a higher interest revenue than lower-risk investments, such as Euro government bonds. Euro government bonds saw a negative return of -0.8 percent. Persistent concerns about rising government debt and geopolitical uncertainties led to higher interest rates on government bonds, including those of the Dutch and German governments in which we invest.

Return portfolio

The return portfolio consists of investments in real assets and in higher-risk fixed-income securities. These investments contribute to realising the purchasing power ambition. The return on the return portfolio for the year 2024 was 14.1 percent.

³ This total sum is influenced by the returns on interest rate swaps and interest rate futures that are not recognised separately in the return figures shown here, given that these do not have a relevant market value. As a result, the total return for 2024 is higher than would be expected based on the underlying figures presented.

⁴ The benchmark in the annual report changed compared to the previous year. Last year, a benchmark was used reflecting long-term strategic policy choices. The benchmark used in this annual report is more in line with the asset management mandate and the one-year horizon of the shown investment returns.

The return portfolio achieved positive returns across the board. Shares rose by 17.2 percent, representing the highest increase. Although corporate growth forecasts were modest, interest rate cuts by central banks (including the ECB) and declining inflation supported share prices. The return was largely driven by large US growth shares.

The return on alternative real assets was 8.9 percent. Investments in private equity (unlisted shares) and infrastructure performed well. The private equity portfolio is largely out of the accrual phase, as a result of which the ratio between returns achieved and costs incurred has improved. Within the infrastructure portfolio, various companies and projects were sold in excess of the appraisal values. Property investments yielded positive returns on balance. While office and retail investments achieved negative returns due to increased vacancies and bankruptcies, investments in residential properties contributed positively to returns.

Alternative fixed-income securities achieved a return of 6.7 percent. The different categories within this portfolio of bonds and loans performed largely in line with each other. The bonds and loans are of lower creditworthiness. For this we received a higher interest revenue compared to lower-risk investments, such as in the matching portfolio. The return of the alternative fixed-income portfolio lagged the benchmark by -0.9 percent, mainly due to the sale of this portfolio in the last quarter of 2024. Until this sale, the return was slightly negative compared to the benchmark. The sale of bonds and loans caused the returns between the portfolio and the broadly diversified benchmark to diverge beyond what is usual. The proceeds of the sale are temporarily invested in shares and Euro government bonds, with private investments as their long-term destination. The background to this is explained in the paragraph 'Investment policy developments'.

Performance compared to the benchmark (Z score): positive for 2024, over and above the required minimum over five years

Like all other sectoral pension funds, Pensioenfonds PGB is required to calculate a so-called Z score, which reflects the fund's performance compared to the benchmark. For 2024, we achieved a Z score of 0.27 (2023: 0.44). The performance test result for the period early 2020 to late 2024 is 1.91 (2023: 1.73). This means that the performance test, after adding 1.28, remains above the required minimum of 0.00.

In general, we use the same benchmarks to calculate the Z score as those for the strategic investment plan. If no suitable investable benchmarks for investment categories exist, Pensioenfonds PGB uses 'interest + 1 percent' as a benchmark, in accordance with the guidelines. This applies to illiquid investments, for instance. In some cases, no representative investable benchmark can be defined at all; in that case, the benchmark return is set equal to the portfolio return.

The Sectoral Pension Funds (Obligatory Membership) Act 2000 (Exemptions and Penalties) Decree offers companies the possibility to opt out of affiliation with a sectoral pension fund. When, for example, the performance test over a period of five calendar years shows that the actual return on investment achieved is considerably below the set benchmark portfolio. According to the Sectoral Pension Funds (Obligatory Membership) Act 2000 (Exemptions and Penalties) Decree, this would be the case if the outcome of the calculation of the performance test, after adding 1.28, is below the required minimum of 0.00. This is not the case for the year 2024.

Socially responsible investing

Our main duty is to ensure a good pension in a liveable world. That is why sustainability is fully integrated into our investment process. This means that in all our investment decisions, we weigh up return, risk, costs and sustainability.

There are 4 elements that are specific to the way in which we invest sustainably:

1. our investment philosophy and risk appetite;
2. the focus themes we want to concentrate on;
3. the implementation through the three pillars;
4. the integrated approach we follow.

Below, we explain these elements in more detail.

1. Investment philosophy and risk appetite

We take into account the preferences of our stakeholders. That is why we held discussions with and conducted surveys among participants, employers, the supervisory board and the accountability body. This is to collect input for determining our investment philosophy and risk appetite for sustainable investing. We established both in 2023 and are briefly summarised below.

1. Investment philosophy and risk appetite

2. Focus themes

3. Sustainable investment pillars

1. Limit

2. Strengthen

3. Utilise

4. Integrated approach



Investment philosophy for sustainable investing

"We believe that sustainability is necessary to ensure that our participants can enjoy a good pension in a liveable world. In order to achieve our long-term investment objective based on our pension ambition, we assess all our investments on the elements of return, risk, costs, and sustainability."

Risk appetite for sustainable investing

"Pensioenfond PGB does not want to make investment decisions without understanding the sustainability aspects of the decision, nor does it want to run the risk of acting in violation of sustainability legislation."

2. Focus themes

If you want to invest sustainably, you can pursue different goals. The United Nations identified 17 (see image below).

At the same time, we realise that our resources and influence are limited. Focus is therefore needed to contribute to sustainability goals in a targeted and effective manner. That is why we conducted a survey among participants in 2023 to get a better idea of which themes they consider most important. Based on these results, the board subsequently established three focus themes:

1. climate
2. biodiversity
3. nutrition

From 2024 onwards, these focus themes will guide our sustainable investment policy.

In the course of 2024, the board has held various knowledge sessions and extensive discussions on the focus themes, because a targeted commitment to the focus themes requires sufficient knowledge about them. That is why for the theme of nutrition, we contacted Wageningen University. To further develop the theme of biodiversity, we entered into a three-year partnership with the World Wildlife Fund at the end of 2024.



3. Sustainable investment pillars

Our sustainable investment policy rests on three pillars: limit, strengthen and utilise. Each pillar answers a specific question.

1. Limit: what do we not invest in?
2. Strengthen: how do we motivate the companies and sectors in which we *do* invest to contribute to a fair transition to a sustainable economy and society?
3. Utilise: what other specific, measurable impact do we want to realise?

4. Integrated approach

The sustainable investment policy is part of the pension fund's investment policy. In concrete terms, this means we fully assess all investment proposals in terms of expected returns, costs, risks and sustainability.



Climate plan

The consequences of climate change are becoming increasingly clear. That is why we participate in the climate commitment of the Dutch pension funds and tighten up our climate plan (which we drew up in 2022) on a regular basis. This climate plan is part of our sustainable investment policy. Our main climate goals are:

- halving the carbon footprint of our listed investments by the end of 2030;
- investing at least 9 percent of the matching portfolio in green bonds;
- limiting transition risk through strict exclusion rules on tar sands oil, shale gas and thermal coal.

SFDR

Starting in 2023, we decided to also provide insight into the negative impact of the investments of Pensioenfondspgb. We do this in accordance with EU rules, on the basis of a principal adverse impact statement, in accordance with the SFDR. The first report for 2024 is due for publication in mid-2025.

Risk management

In 2024, we worked on strengthening our ESG risk management. ESG stands for Environmental, Social and Governance. This concerns how a company deals with harm to the environment, fair working conditions or corruption, among other things. These are aspects that can influence the long-term value of that company. For long-term investors such as Pensioenfondspgb it is therefore important to be able to estimate these factors correctly. That is why we investigated what the most important strategic risks are in this area, and subsequently incorporated this into our existing risk framework. In doing so, we at all times take these risk aspects into account in our integral assessment of investment decisions. The next step is also making these risks more transparent in our reporting.



Want to find out more about developments in sustainable investing? In May 2025, we will be publishing a separate (digital) annual report on [sustainable investing](#) at [pensioenfondspgb.nl](#).

Financial Statements



Balance sheet as at 31 December 2024

(after distribution of balance of income and expenses)

Amounts in millions of Euros

	31 December 2024	31 December 2023
ASSETS		
<i>Property and infrastructure</i>	2,137	2,155
<i>Equities</i>	16,958	13,430
<i>Fixed-income securities</i>	17,662	17,493
<i>Derivatives</i>	2,428	3,223
Investments at the pension fund's risk*	39,185	36,301
<i>Property and infrastructure</i>	50	39
<i>Equities</i>	398	241
<i>Fixed-income securities</i>	203	204
<i>Derivatives</i>	26	34
Investments at the members' risk*	677	518
Reinsurance portion of technical provisions	19	15
Participating interest	1	1
Tangible fixed assets	23	24
Receivables and accrued income	175	937
Other assets	41	49
Total assets	40,121	37,845
LIABILITIES		
Foundation capital and reserves	5,023	3,588
Technical provisions at the pension fund's risk	29,495	28,120
Technical provisions at members' risk	619	464
Other short-term liabilities and accrued liabilities	4,984	5,673
Total liabilities	40,121	37,845
Current UFR funding ratio	116.7	112.5
Policy funding ratio	116.2	116.5

* In 2024, a presentational change took place resulting in a shift between investments at the pension fund's risk and investments at the members' risk. The comparable figures for 2023 have been adjusted accordingly.

Statement of income and expenditure for 2024

Amounts in millions of Euros

	2024	2023
INCOME		
Premium contributions at the pension fund's risk	933	924
Premium contributions at members' risk	122	108
Investment results at the pension fund's risk	2,855	3,093
Investment results at members' risk	55	38
Total income	3,965	4,163
EXPENDITURE		
Pension benefits paid	965	900
Pension administration costs	52	48
<i>Change in technical provisions for pension fund's risk</i>		
Pension accrual	722	678
Pension increase	114	1,373
Interest addition	969	825
Withdrawal for benefits and administration costs	-988	-921
Market interest rate change	542	877
Change in actuarial principles	-78	-
Change under transfer of rights	21	-23
Other changes in technical provisions	73	58
	1,375	2,867
Change in technical provisions at the pension fund's risk	155	136
Reinsurance balance	2	-1
Balance of transfer of rights	-19	18
Total expenditure	2,530	3,968
Balance of income and expenditure	1,435	195
<i>Distribution of the balance of income and expenses</i>		
Change in required reserve	1,435	195

pensioenfonds



Annual Report 2024
Pensioenfonds PGB

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