Stichting Pensioenfonds voor de Architectenbureaus

Annual report 2024

This annual report is a publication of Stichting Pensioenfonds voor de Architectenbureaus

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date
4 June 2025

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I. MANAGEMENT REPORT

Foreword from the Board

This is the 2024 annual report of Stichting Pensioenfonds voor de Architectenbureaus (the Fund). In this annual report, we render account for the policy pursued, the results achieved and the appropriate risk management. We explain how our financial situation has developed. In this report, you will also read how we have dealt with developments in the world, the pension file and the architectural industry.

Our financial position was good enough to increase all the pensions and entitlements by 6.85% from 1 January 2024. This is only possible if the Fund's financial situation and the rules allow it. Pension entitlements were able to grow fully in line with rising prices. And even considerably more. This increase is possible because we are in good financial shape and we will switch to the new pension rules in 2027. Therefore, we were allowed to take advantage of the government's more lenient rules. With those rules, the government is anticipating the new pension rules. In making the decision, we carefully considered the interests of everyone, both young and old, with pensions in the fund.

As of 1 January 2025, pensions and entitlements were able to partly grow in line with rising prices. We increased pensions and entitlements by 1.75% from 1 January 2025. In granting the increase, we did not just consider price inflation. We also looked at what an increase means for our financial situation now *and* in the future, taking into account the interests of both currently working people and pensioners. After all, the pension capital should be distributed evenly. In exceptional cases, we may deviate from the above policy. We have not deviated from the established policy.

As a fund, we want to give our participants a realistic perspective of the future and help them make conscious choices for the present time and the future. We therefore explain the review of the second pillar of the pension system in this annual report. The Future of Pensions Act (*Wet toekomst pensioenen* - Wtp) took effect on 1 July 2023. Abolishing the average contribution system and allowing pensions to move with economic developments are the most important changes in this respect. The result on investments determines the final level of the pensions. On 1 January 2027, we will switch to the new pension system and transfer all the accrued pension rights to the new solidarity contribution scheme (SPR in Dutch). Important features of this scheme are that we invest the money for pensions as a whole and we provide a reserve. If the economy does well, pensions can later be increased in a faster pace. But this pension may also go down if economic conditions worsen. So pensions move both more substantially and more directly with the economy. Because we provide a reserve, we can absorb any setbacks to a certain extent. This is how we keep the pension as stable as possible.

The social partners consider the SPR the best fit with the participant base. We set out with the social partners on providing a good and real prospect for our participants of all generations. We will submit all documents required for this purpose to De Nederlandsche Bank (DNB) and the Dutch Financial Market Authority (AFM). We expect to hear the regulators' final decision on the joint choices under the transition to the new system in due course in 2025.

The total return on investments in 2024 is 11.58%. The current funding ratio grew from 117.8% at the end of December 2023 to 122.9% at the end of December 2024. At 123.0%, the policy coverage ratio is above the required capital level and therefore a recovery plan is not applicable. In 2024, we took the decision to protect the volatility of the funding ratio in view of the Wtp. We increased the interest rate risk hedge to 70%.

We also spent a lot of time in 2024 on the implementation of the Digital Operational Resilience Act (DORA) to increase our digital resilience. Additionally, we took part in a crisis simulation.

Key figures

(Amounts x €1,000)

	2024	2023	2022	2021	2020
Agencies, participants and pension beneficiaries					
Affiliated agencies with staff	1,257	1,266	1,299	1,340	1,314
Participants	9,958	9,895	10,313	10,050	9,349
Former participants	23,007	23,029	25,392	25,185	25,334
Pension beneficiaries	14,002	13,975	13,872	13,715	13,508
Premium and benefits					
Premium contributions from employers and employees	77,340	78,190	74,280	64,792	60,246
Pension benefits, including commutation	141,366	130,040	118,512	114,236	111,849
Investments					
Invested assets	5,051,836	4,610,442	4,235,727	5,673,562	5,508,006
Investment results risk pension fund	521,223	435,747	-1,377,406	212,610	601,966
Realised investment return	11.58%	10.38%	-23.91%	3.70%	12.20%
Balance of income and expenditure	244,748	-35,776	-336,369	470,367	89,041
Fictitious interest rate year-end DNB RTS	2.11%	2.30%	2.53%	0.58%	0.22%
Provisions and reserves					
Own capital present	943,887	699,139	734,915	1,071,284	600,917
Own capital requirement	759,726	731,232	701,930	845,887	893,082
Technical provision	4,125,223	3,923,448	3,519,301	4,616,283	4,927,192
Funding ratio					
Current funding ratio	122.9%	117.8%	120.9%	123.2%	112.2%
Policy funding ratio	123.0%	125.6%	125.0%	118.8%	105.1%
Costs					
Costs of asset management excluding transaction costs*	11,909	11,303	10,405	14,946	11,690
Transaction costs *	1,654	1,096	5,004	5,932	5,969
Costs of asset management including transaction costs	13,563	12,399	15,409	20,878	17,659
Costs of asset management excluding transaction costs as a percentage of the AIA **	0.25	0.26	0.22	0.27	0.23
Transaction costs as a percentage of the AIA**	0.03	0.03	0.11	0.11	0.12
Costs of asset management as a percentage of the AIA**	0.28	0.29	0.33	0.38	0.35
Administrative pension administration costs *	5,882	5,450	4,464	3,947	3,602
Administrative pension administration costs per participant or pension beneficiary in euros *	245	228	185	166	158
Pension administration costs excluding transaction costs as a percentage of the AIA **	0.37	0.38	0.32	0.34	0.30

* Mandatory statement according to Dutch Pensions Act;

** AIA: average invested assets in the reference year.

Dashboard

The key issues at a glance. There are more detailed explanatory notes in the various chapters.

Financial position: as at 31 December 2024, our current funding ratio increased to 122.9%. In 2024, our policy funding ratio rate decreased to 123.0%. We do not have a recovery plan.

Result: we achieved a positive investment result of 11.58% in 2024.

Supplement: the financial situation of the Fund as at 1 September 2023 allowed us to grant a supplement on the pensions of (former) pension beneficiaries and the entitlements of participants of 6.85% from 1 January 2024. As of 1 January 2025, the supplement was 1.75%.

Premium funding ratio: at the end of 2024, the premium funding ratio was well above 100%. In the new pension system, there can no longer be a low or high premium funding ratio, as participants will then add their contributed pension premiums to their own pension capital.

Premium: for 2024, the parties to the collective labour agreement agreed to maintain the pension at 24.5% of the pension base. This premium allows for the funding of an accrual rate of 1.738%. The test premium was lower and amounted to 22.65%. However, legislation and regulations did not allow the 2024 premium to be reduced.

Accrual rates: retirement pension accrual has not been stable in recent years. From 1 January 2024, the accrual rate is back to 1.738%. This is the accrual rate allowed for tax purposes at a retirement age of 67. The accrual rates of the partner's and orphan's pensions did remain stable in recent years and are 1.3125% and 0.2625%, respectively.

Responsible investing: we are not just concerned with achieving investment returns. Also from our social role, we wish to contribute to a liveable, sustainable and social living environment. Therefore, we have included two priority areas from the United Nations Sustainable Development Goals (SDG) in our responsible investment policy. These are Climate Change (SDG 7) and Sustainable Cities and Communities (SDG 11). We have decided to abandon the opt-out at Article 4 of the SFDR. This allows us to provide more insight from 2025 into the adverse impact of our investments on sustainability factors. You can read more about responsible investing in the Asset Management section. There, you can also read how we comply with regulations.

Interest rate hedging: based on the results from the ALM study, we have taken action to reduce the volatility of the funding ratio up to the date of integration of accrued pension rights (*invaardatum*). We increased the interest rate hedge to 70% in mid-October.

Innovation in the architectural industry: as a fund, we are working with the social partners to make pensions a contemporary and more appropriate employment condition. In the next few years, we will explore how we can offer participants more flexibility and options in future financial provisions and how we can encourage self-employed people to join the scheme. We want to ensure that our participants retire happy and stay happy.

Future of Pensions Act: the Wtp entered into force on 1 July 2023. The aim of the Wtp is a more sustainable pension system that sooner offers the prospect of a purchasing power pension. The change in the design of the system will make pensions more transparent and more personalised.

The level of pension premium will be the guiding principle and pensions will respond to a higher extent with the economy. As a pension fund, we can maintain smaller buffers. The social partners have expressed their preference for the SPR and the intention to integrate accrued pension rights (*invaren*). Integrating accrued pension rights means that already accrued pensions are transferred into a personal pension pot. We will endeavour to minimise shocks to pension benefits in payment for pension beneficiaries as much as possible.

1 Policy

In 2024, we spent a lot of time on various work related to the Wtp, adapting the pension scheme to what is common and desired, data quality, DORA, and socially responsible investing. In our communication with our participant base, we have placed more emphasis on 'contact and together'. In addition, we made several house style adjustments and modernised the website. We meet the new legislative requirements for choice guidance and duty of care to participants.

There were many different issues on our agenda in 2024. Often these topics were related to the Wtp, data quality or Environment, Social & Governance (ESG). For the Wtp, we worked in a tried and tested project structure already established in 2022.

In this chapter, we render account for the policy choices we made in 2024.

1.1 Topics in 2024

Future of Pensions Act
In cooperation with the social partners, we have started work on the Wtp as early as 2022. This is a complex and lengthy process, involving multiple stakeholders to shape the new pension scheme. Under the new scheme, premiums paid and returns realised are administered at a personal level. This return can be either positive or negative. The act took effect from 1 July 2023 and we have until 1 January 2027 to adapt the scheme to the new legal framework. In consultation with APG, the social partners decided to transfer all the pensions to the new scheme and administrative system on 1 January 2027.

Our existing governance structure - with various board committees and the Protocol Committee in which cooperation with the social partners is placed - has been used to shape the new scheme first by using working assumptions. Based on five defined work streams, the committees started working on these. We have identified the following work streams: pension commitment and funding, pension administration and data quality, asset management, communication, and risk management.

The director of the Executive Office is in charge of actually managing the programme. The social partners asked the Board for content-oriented support with regard to the Wtp. The social partners opted for the SPR after consulting the participant base. This choice was made on the basis of quantitative and qualitative building blocks. Solidarity was the decisive factor here. Downward negative outliers are manageable and the compulsory affiliation is the least affected.

As a fund, we decided to accept the mandate of the social partners in 2025. We assessed the objectives and wishes of the social partners as balanced. The benefits in payment and expected benefits remain the same at least, everyone gets their own capital, the probability of reductions is lower in the SPR than under the current Financial Assessment Framework (FTK) and the spread remains within the defined ranges. We also think the design of the solidarity reserve is effective and robust; income and expenditure are distributed evenly across groups and generations and there are no groups or generations that are purely burdened by or benefit from the solidarity reserve in advance. As participants have no individual right of objection to this transition, the Accountability Body has been given weighted advisory rights. The Accountability Body issued a positive opinion, as well as a number of recommendations, and the supervisory board granted approval. The guiding principle is to transfer all accrued entitlements.

We are already looking ahead in strategic sessions to the impact of the Wtp on the future governance model, how we see our own role in it and the development and control of costs.

APG has partnered with Danish fintech company Festina Finance for a new policy and capital administrative system under the new pension scheme. We closely monitor the agreements reached between the parties and the progress thereof. The link between pension management and asset management has our special attention.

Pension scheme

As a fund, together with the social partners, we aim for an adequate and customary pension scheme with as few exceptions as possible. That contributes to comprehensibility and keeps pension administration costs as low as possible. The social partners determine the pension scheme and the Fund is responsible for administering it. This means we are responsible for all activities of the Fund, including administration, communication, risk management and management of pension capital.

The accrual rate is no longer a given due to low interest rates and depends on the level of the average contribution. For instance, the accrual rate was 1.50% per annum in 2022, in 2023 it was 1.44% and in 2024 1.738%. From 1 January 2024, the accrual rate equals the maximum accrual rate allowed for tax purposes in an average pay scheme with a retirement age of 67. We use a retirement age of 67, as this most closely reflects what we consider the retirement date in practice. From 1 January 2024, the minimum entry age has been eliminated and young people under 21 automatically start accruing a pension. In connection with this change, the compulsory affiliation was reapplied and granted by the Ministry of Social Affairs and Employment.

Non-contributory continuation in case of occupational disability

If participants receive benefits under the Dutch Work and Income (Ability to Work) Act (WIA - *Wet werk en inkomen naar arbeidsvermogen*), the pension fund usually contributes to the pension premium. In line with the recommendation of the pensions ombudsman, participants do not have to do anything for this themselves. We receive this data from the Dutch Employee Insurance Schemes Implementing Body (UWV - *Uitvoeringsinstelling Werknemersverzekeringen*) and we have not set a deadline for the application time for non-contributory continuation.

Transition FTK

We have concluded that the transition FTK for the year 2024 is not in line with objectives from the balance framework, namely minimising the probability of a capital shortfall and certainty about nominal entitlements. Therefore, we did not use the transition FTK and did not prepare a bridging plan.

Recovery plan

The policy funding ratio as at 31 December 2024 of 123.0% was higher than the required funding ratio of 118.4%, just like last year. At the end of the financial year, therefore, there is no reserve deficit, so we did not have to prepare a recovery plan as of 31 December 2024.

ALM study under the Wtp

We performed a new ALM study in 2024. The purpose of this ALM study is to arrive at an optimal investment portfolio under the Wtp that is in line with the ambitions of the social partners as set out in the transition plan and the Fund's balance framework. The results of the ALM study were discussed at several meetings, including the transition FTK, lifting the borrowing constraint and protection of funding ratio volatility. The calculations were carried out by Triple A. Triple A worked out several alternative investment portfolio design options for the benefit and accrual phases. These form the input for the investment plan after the Wtp transition.

Collection process

Regarding the collection process, we try to be as highly reactive as possible. All invoices and payments for employers can be found in the Selfservice Employers Portal. For ease of payment, employers can also pay the premium via iDEAL. In view of the Wtp, timely payment of invoices is of great importance.

Enforcement activities

We must grant pension entitlements to all employees of an architectural firm subject to the compulsory affiliation, even if no contribution has been paid (rights but no premium). We run a legal and financial risk if there are firms that are unjustly not affiliated or if firms that are declared insolvent do not or do no longer pay the pension premium. In 2024, APG carried out another scope survey for us with the aim of verifying that employers covered by the compulsory affiliation have actually registered with the Fund. Agencies that are not affiliated but appear to be subject to the compulsory affiliation, based on the Chamber of Commerce codes, were further investigated and asked to provide additional information.

Data quality

We are responsible for the thorough administration of the pension scheme and we ensure a controlled and sound pension administration. This helps increasing the confidence of our participants and affiliated architectural firms. The quality of the data used in the pension administration plays a pivotal part and it is the foundation for providing a proper and realistic future prospect. From an objective point of view, the data should be appropriate, complete and accurate. As administrator of the pension scheme, we are responsible for the complete and correct administration and determination of pension rights and entitlements.

In view of the transition to the new system, it is essential that we mitigate the risk of errors as much as possible. After all, in the transition to the new pension system, current pension capital will be converted to individual pension capital. Errors have a direct impact on the pensions of participants, former participants and pension beneficiaries. We have therefore drawn up a data quality policy that specifically addresses data quality checks and monitoring. We have taken DNB's Good Practice Robust Pension Administration and the Dutch Federation of Pension Funds' Data Quality Framework into account in our policy. We also pay attention to complexity reduction and data cleaning. We depend largely on APG for this. APG has prepared a memorandum of risk indicators. We monitor progress in these activities through dashboard reporting. Based on the management measures in place, data quality is periodically reviewed, with no structural findings as yet. However, inaccuracies were found and resolved. We have set the maximum permitted deviation at €0.

IT policy

As a fund, we have been working over the past period with our own plan of action to meet the DORA requirements as of 17 January 2025. Following the DORA legislation and regulations, all Board members, as well as Executive Office staff, attended digital training and the IT policy was updated. In this policy, we adjusted IT governance principles in particular. IT arrangements with outsourcing parties are contractually and executionally secured.

The National Cyber Security Centre advised organisations to prepare for a major cyber attack. That is why we conducted a simulation with our pension administrator last autumn. Based on the feedback, some areas for improvement have been formulated.

General Data Protection Regulation

We attach great importance to the lawful, proper, secure, transparent and high-quality processing of personal data and thus the protection of those whose personal data is processed by the Fund. In doing so, we aim to demonstrably comply with privacy legislation and regulations in accordance with the General Data Protection Regulation (GDPR, in Dutch: AVG - *Algemene verordening gegevensbescherming*) as well as the Dutch Federation of Pension Funds' Code of Conduct on Processing Personal Data for Pension Funds, derived from the GDPR for the pension sector.

The Fund is able to state that it has complied with this code of conduct this reporting year. APG has issued a compliance statement to this effect.

1.2 Proper pension fund governance

Code of the Dutch Pension Funds 2024
As a fund, we believe it is very important to treat pension assets with due care. We comply with the standards of the Code of the Dutch Pension Funds 2024, hereinafter referred to as the Code, for this purpose. We analysed the Code and comply with all provisions in the Code, save for one, in 2024. Namely, there were no members under 40 years of age in the Accountability Body in 2024. We are happy that the new member of the Accountability Body, who joined in 2025, is younger than 40. We are making every effort in 2025 to also appoint a Board member under the age of 40 for the two vacancies on the Board that will arise in 2026. In 2024, two out of eight Board members and three out of six Accountability Body members were female.

Stakeholder preferences
We delve into the preferences of our stakeholders and involve them in setting our strategic objectives and policy principles. In 2024, we organised three meetings for pension beneficiaries and held three Wtp-related meetings. We highly value the live feedback we receive during these meetings.

At the end of 2023, we conducted a participant survey on socially responsible investing (SRI). Here, the focus was on certain topics, exclusions, and impact. Our younger participants in particular like to see their pension money invested in a socially responsible way. The results from the survey were confirmed during a debate evening. We linked the outcomes on failed engagement to our exclusion policy and the SDGs to impact investing. The survey showed that our participant base feels strongly about impact investing.

We will conduct a customer satisfaction survey in 2025. In addition to the regular survey, we will add several questions about the transition to the new scheme. This is the baseline measurement regarding knowledge and attitude objectives in the statutory communication plan. At the request of the Accountability Body, we also added a number of questions on the functioning of and familiarity with the Accountability Body.

Code of Conduct
We attach great importance to conducting our business with integrity. To ensure this, we have made compliance with the code of conduct mandatory for all the relevant persons, i.e. members of the Board, the Supervisory Board and the Accountability Body, employees of the Executive Office, the external members of committees, and the external key function holder). The code of conduct provides rules and guidelines for accepting gifts and invitations and to prevent conflicts of interests and abuse and improper use of confidential information. All the relevant persons have signed the code of conduct.

The code of conduct is available to everyone on our Fund's website. Our compliance officer monitors its compliance. The compliance officer reports once a year on compliance with the code of conduct. No incidents have emerged from this. In 2025, we will embed the Sexual Offences Act in our code of conduct.

Complying with proper pension governance rules is a firmly placed item on our governance agenda. It is designed to allow Board members to report compliance issues and indicate which invitations they received. Board members also indicate which seminars, webinars and trainings they have taken, whether they have new ancillary positions and whether they have insider information. This helps raise awareness. In addition, at every Board meeting the Board members are asked whether they are or have been in possession of price-sensitive information within the context of the insider scheme. We have a zero-tolerance policy on integrity risk.

In addition to a compliance officer who monitors compliance with our code of conduct, we have an external confidential advisor. On 1 April 2024, Ms Veen succeeded Ms Wielenga. Ms Veen introduced herself to all relevant persons at various meetings, explained her duties and shared her contact details. The confidential advisor has a role within the framework of the regulation on reporting (suspected) irregularities, integrity incidents or wrongdoings. This allows members of the Board, the Accountability Body, the Supervisory Board and the Executive Office to report on irregularities within the Fund without risk to their own position. We also have a policy on inappropriate behaviour in place.

Suitability

The Board, as well as the Supervisory Board and the Accountability Body, should meet knowledge, skills and behaviour requirements as a collective and as individual members. We have a suitability plan to promote suitability and make budget available for attending training or courses. When making appointments and reappointments, we assess the collective suitability of the entire Board.

In 2024, we participated in seminars, webinars and study meetings on a regular basis. We have an evaluation cycle in place, which means the chairs hold annual evaluation interviews with individual Board members and assess whether training is advisable in certain areas. We thus ensure the required suitability both in terms of pension content and competences. With respect to DORA, the profile was updated and several IT competences were added to the profile.

Self-assessment

We conduct an annual self-assessment. This involves the performance of the Board as a whole and the performance of individual Board members. The purpose of self-evaluation is to maintain the quality of governance and promote cooperation. Once every three years, we involve an external organisation in the self-evaluation. In addition to the self-evaluation of the Board in 2024, TENEA also supervised the self-evaluation of the Supervisory Board and the Accountability Body.

During the self-evaluation, openness and safety, time constraints and workload in relation to quality, knowledge and countervailing power, and mandating were discussed in particular. The follow-up of areas for improvement is monitored.

Evaluation of external consultants

Annually, or sooner when necessary, in line with our outsourcing policy, we hold evaluation interviews with our most important external advisers using a uniform template. Here, we look at the mutual communication, the quality delivered, the level of knowledge, attitude and behaviour, the continuity and adaptive capability of the pension administrator, and the cost level. The Accountability Body and the Supervisory Board are informed of the outcome of these interviews.

Prudent person

The Fund conducts an investment policy that is in accordance with the prudent person rule. This means we invest in the interests of all the participants and pension beneficiaries. Our certifying actuary annually reviews our risk attitude, governance, investment portfolio and guidelines, derivatives, and risk management. Our investment policy is designed to balance risks with quality, liquidity and return of the portfolio as a whole. We have set up our organisation in such a way that there are proper procedures and monitoring mechanisms, policies for managing risks and that we ensure the implementation of these policies. The key issue here is that external pension administrators comply with applicable legislation and regulations.

1.3 Communication

1.3.1 Guiding principles and priorities

The guiding principle for the activities in 2024 was the Communications Policy Plan 2022 - 2024, through which we are building more engaged, meaningful relationships with our participants and the affiliated employers. We do this by making the value of the pension (scheme) and the Fund tangible, but also by connecting with participants and employers in a real and meaningful way and bringing the themes of sustainability and responsibility closer. An important prerequisite is that we provide helpful service and communication, as well as good and realistic insight into the personal pension. All our activities are aimed at this, always setting concrete targets.

Priorities

We have focused on six priorities in 2024, matching the themes in the policy plan:

- Working on building trust and base of support by demonstrating the value of the pension scheme (also in the new system) from both reason and emotion, as well as by engaging in dialogue with our participants on location throughout the country and online.
- Positioning the Fund more strongly on sustainable investing in our communications, given the importance attached to it by our participants.
- Providing choice guidance and action perspective to give participants a good and realistic future perspective and appropriate choices. MijnArchitectenpensioen on the website plays an important role here.
- Focussing on specific target groups, where we mainly looked at the youth target group in 2024. Over 45% of our participants are under 35 years old. How do we trigger this target group?
- Optimal digital support by increasing e-mail scope, but also by improving our digital channels, such as the website.
- A modern, recognisable look, consistent with the architectural industry. To that end, the house style was brushed up and implemented further in 2024.

1.3.2 Concrete activities

A key activity in 2024 was the implementation of the statutory obligations for choice guidance (duty of care) under the Wtp. In addition, ambitions around choice counselling were discussed within the Board, which initially opted for the role of pension counsellor. This involves pointing out to participants the possibilities of insight into pension amounts, the options available and the pros and cons of choices in their own pension scheme. For broader insights, people are referred to other sources. This is also in line with our mission and vision: to provide helping service. For the period after the transition to the new pension system, ambitions are higher. These will be fleshed out in the coming years.

The new pension rules have received a lot of attention in our communications. We want to include our participants in the changes at an early stage. We now communicate generically and in broad terms, to communicate in more and more detail about new pension scheme in the coming years, with eventually the personal pension amounts. To this end, we have drawn up the statutory communication plan.

We used the input from the SRI survey to further tailor communication on this topic to the needs and wishes of our participants. We released a digital special and a video on socially responsible investing. We also updated the information on the website. In doing so, we highlighted property projects in which the Fund invests, among others, in order to connect with our participants' perceptions.

Finally, the focus included communication regarding indexation and changes to the pension scheme from 1 January 2024, campaigns to activate participants, the use of Instagram to reach young people, LinkedIn, optimisation of customer journeys and two webinars on pension choices.

1.4 External regulatory bodies

DNB and AFM conduct the supervision of pension funds. DNB assesses the financial aspects and AFM monitors behaviour and communication. Based on Article 96 of the Pensions Act, we report that, in 2024 in the Fund:

- no incremental penalty payments and fines were imposed by the regulatory body;
- no designation as referred to in Article 171 of the Pensions Act applied;
- no administrator as referred to in Article 173 of the Pensions Act was appointed by the regulatory body;
- there was no termination of the situation referred to in Article 172 of the Pensions Act, in which the exercise of powers of all or certain bodies of a pension fund is subject to approval of the regulatory body.

We have received a supervision letter from the AFM following the SFDR self-assessment on the requirements that follow from the transparency requirements arising from the Taxonomy Regulation. Following a written explanation, the AFM concluded that, upon further review, the Fund had not reported incorrect information. The message on the website has been updated and AFM's letter had no further consequences for the Fund.

We reported a number of incidents in 2024. These incidents related to the price inflation table in the figures of the Standardised Calculation Method (URM after its abbreviation in Dutch). As a result, there were erroneous URM amounts in the Pension Register in the first quarter of 2024. The error did not impact the pension entitlements. The amounts were rectified and the AFM did not impose a formal enforcement action. The AFM stressed that it may revisit this if new facts become known that warrant it.

We have an open attitude towards the regulatory bodies. We conducted regular discussions with DNB about our progress in the Wtp process and partial review.

1.5 Looking ahead to 2025

The most important issue on our agendas in 2025 and beyond is the Wtp, especially the implementation of the programme plan, the filing of the documents with DNB, finetuning the new pension scheme, and the preparation of the actual transition. Overall substantive communication on the Wtp continues to be intensified on the basis of our statutory communication plan.

In 2025, in terms of our strategic calendar, we want to work towards a common view at our future ambitions with target date 2030. The guiding theme here is 'working on trust'. In this discussion, we include the target operating model and the current equal representation governance model.

We remain attentive to global developments. In doing so, we do not only pay attention to developments in financial markets, but also look, for instance, at interest rate movements, inflation and geopolitical developments.

2 Results

We wish to meet the objectives in our Articles of Association now and in the future. Therefore, it is pivotal that there are always sufficient funds to pay current and future benefits. Our financial policy is set out in the Actuarial and Business Memorandum (Abtn) in accordance with Article 145.1 of the Pensions Act.

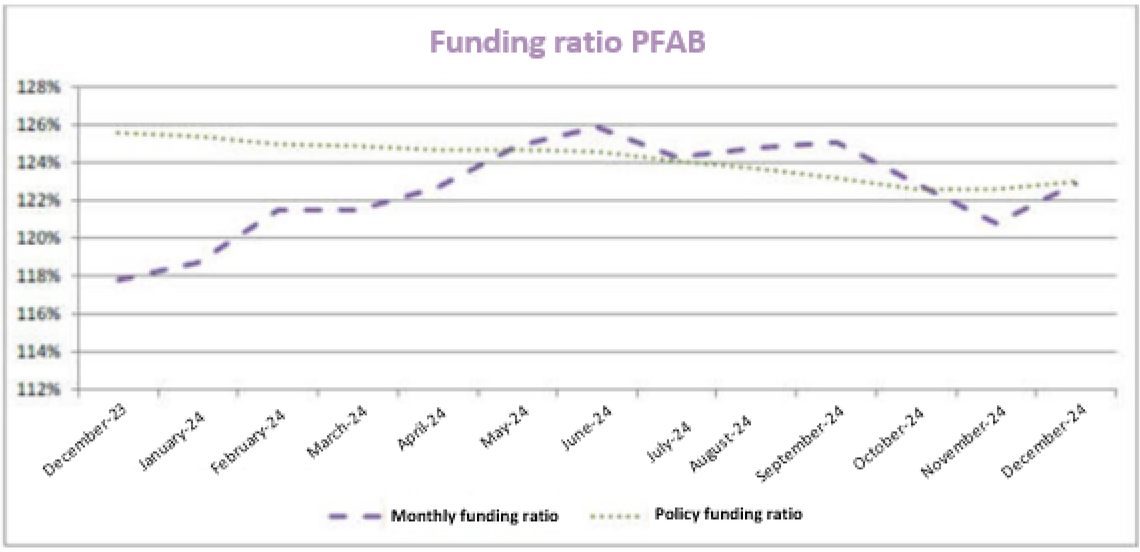
2.1 Developments financial position

Development of funding ratios

This year, the current funding ratio (122.9%) is slightly lower than the policy funding ratio (123.0%). Last year, the current funding ratio (117.8%) was significantly lower than the policy funding ratio (125.6%). The main reason was the supplement granted from 1 January 2024 of 6.85%, which had an adverse funding ratio impact of 8 percentage points. This funding ratio impact was directly reflected in the current funding ratio, but was gradually reflected in the policy funding ratio as the latter is the 12-month average.
The current funding ratio and the policy funding ratio are both higher than the required funding ratio of 118.4%.
As a result, the Fund complies with Section 132 of the Pensions Act. We therefore did not need to prepare a recovery plan in the first quarter of 2025. There is no deficit situation as of the end of the first quarter of 2025 either.

In 2024, we decided to use recent survival bases (Projections Life Table 2024 and Triple A Mortality Experience 2024). As a result, the current funding ratio increased by 0.2 percentage points. In addition, the following bases were analysed and no adjustment thereof was required: age difference male/female, premium surcharge for non-contributory participation and valuation of benefits. In line with the Abtn, a review of partner frequencies is scheduled for 2025.

The movements in the current funding ratio over the past year are shown in the following chart, as well as the development of the policy funding ratio. The actual funding ratio for 2024 is 92.3% (2023: 87.5%).



Premium

As of 2015, we opted for smoothing the cost-covering premium on the basis of an expected actual return, making the premium less volatile and less dependent on interest rates. Both the social partners and we seek stability in the premium with a desired range of 18% to 26% of the pension base. The social partners agreed to keep the pension contribution at 24.5%. The annual accrual rate is derived from the agreements on setting the cost-covering premium and the statutory requirements on cost coverage. As of 1 January 2024, the accrual rate was therefore 1.738%. As a fund, we are legally obliged to set a cost-covering premium. The following shows the composition of the factual premium, the pure cost-covering premium and the smoothed cost-covering premium.

Description (amounts * €1,000)	2024	2023	2022	2021	2020
Available					
Average wage premium	77,403	78,256	74,278	64,795	60,300
Loading for non-contributory participation	-2,205	-1,893	-3,039	-2,843	-2,644
Surcharge for costs	-2,792	-2,820	-2,673	-2,482	-3,851
Required					
Required for purchase (including risk premium)	71,297	61,191	98,253	91,922	85,499
Result on premium	**1,109**	**12,352**	**-29,687**	**-32,452**	**-31,694**
Pension scheme premium	24.5%	24.5%	24.5%	23.0%	23.0%

Pure cost-covering premium (in % of pension base)	2024	2023	2022	2021	2020
Purchase and risk premium	22.6	19.2	32.4	32.6	32.6
Non-contributory participation occupational disability	0.7	0.6	1.0	1.0	1.0
Solvency (own capital requirement)	4.3	3.9	6.1	6.1	6.3
Cost surcharge	0.4	0.5	0.4	0.2	0.3
Total	**28.0**	**24.2**	**39.9**	**39.9**	**40.2**
Factual premium	**24.5**	**24.5**	**24.5**	**23.0**	**23.0**
Surplus (+) or deficit (-)	**-3.5**	**0.3**	**-15.4**	**-16.9**	**-17.2**
Premium funding ratio (ex post)	103%	121%	72%	68%	67%

Smoothed cost-covering premium (in % of pension base)	2024	2023	2022	2021	2020
Purchase and risk premium	10.6	12.0	12.2	11.5	9.4
Non-contributory participation occupational disability	0.3	0.4	0.4	0.4	0.3
Solvency (own capital requirement)	2.0	2.4	2.3	2.1	1.8
Cost surcharge	0.4	0.5	0.4	0.2	0.3
Surcharge conditional supplements	8.7	8.9	8.6	7.9	6.1
Total	**22.0**	**24.2**	**23.9**	**22.1**	**17.9**
Factual premium	**24.5**	**24.5**	**24.5**	**23.0**	**23.0**
Surplus (+) or deficit (-)	**2.5**	**0.3**	**0.6**	**0.9**	**5.1**

We have kept the premium for the year 2024 unchanged at 24.5%.

Balance of premium policy

As in the previous years, in pursuing the premium policy based on the solidarity and collectivity that characterise a pension fund, we considered the balancing of interests. We represent the interests of all the stakeholders as evenly as possible. We assessed the balance of our premium policy using a mathematical exercise with current data and assumptions. Based on the results, we concluded that the premium policy is balanced for all the participants in all age cohorts. All participant groups benefit from the premium being more generous than strictly necessary for accrual.

For the premium calculation, we used the maximum returns of the Parameters Committee. These are also used in the recovery plan if applicable to determine whether the recovery is sufficient to avoid having to make cuts. If the returns taken into account are not achieved, there will ultimately not be enough assets to fund all the pensions including supplements. This risk is spread over all participants of the Fund, as, in that case, all the pensions are cut. Actual achieved returns have been higher in recent years.

Premium funding ratio

The premium contributes negatively because of the difference between, on the one hand, the requested premium, which is based on the smoothed cost-covering premium, and, on the other hand, the pure cost-covering premium, i.e. the premium funding ratio was lower than the funding ratio at the beginning of the financial year. At a premium funding ratio of 100%, the growth of the technical provision is funded exactly. With a premium funding ratio below 100%, part of the pension accrual is funded from the Fund's own capital and is only expected to be made up by returns over time. The sharp fall in the premium funding ratio from 121% in 2023 to 103% in 2024 was mainly caused by the interest rates falling in 2023.

Positive result

In the 2024 financial year, the Fund incurred a positive result of nearly €245 million. This result is largely due to the positive investment return. A positive return was incurred on fixed-income securities due to lower interest rates. A positive return was also incurred on marketable securities.

Interest rate term structure

We calculate the provision for pension liabilities based on the expected future benefits that follow from current accrued pension entitlements. These benefits are discounted at the interest rate term structure as determined and published by DNB. The average interest rate for calculating the pension liability provision, known as the replacement rate, decreased from 2.30% to 2.11% in 2024. As a result, the pension liability provision increased by around 2.0% in total and the result on the movement in the interest rate term structure was negative.

Granting of supplements

Thanks to the extension of the general administrative order on indexation until 31 December 2023, a supplement of 6.85% could be granted to all the participants, former participants and to pension beneficiaries as of 1 January 2024. Based on the regular supplementation policy, a supplement of 1.75% could be granted to all participants, former participants and pension beneficiaries from 1 January 2025. The supplements increase the provision, resulting in a negative result. For completeness' sake, we note that this conditional supplement does not apply to pensions in payment for occupational disability: these pensions are increased unconditionally every year by 2%.

Positive investment results and interest

The result is positive. The return on investments (11.4% positive) is slightly higher than last year (10.4% positive) and is also higher than the average return achieved over the years 2020 to 2023 inclusive. One reason is that reduced interest rates have led to positive returns on fixed-income securities. A positive return was also incurred on marketable securities.

Feasibility test

With the introduction of the Dutch Financial Assessment Framework (FTK), we conducted an initial feasibility test for the first time in 2015. The purpose of the feasibility test is to provide insight into the Fund's financial position and the pension outcome that participants can expect to achieve, based on a stochastic calculation of the current Fund policy over a 60-year horizon, using a prescribed scenario set. With the feasibility test, together with the social partners we assess whether the policy still matches ambition and risk attitude. We are required to conduct this test every year. The test demonstrated that the financial design and expected pension outcome match the Fund's risk attitude. The test against the lower limits set by the social partners is summarised in the following table:

Type of limit	Results 2024	Limit
Lower limit expected pension result	91.1%	74.0%
Maximum deviation in a negative scenario	38.9%	45.0%

Based on the 2024 feasibility test, we have come to the conclusion that the policy is appropriate. The outcomes fit within the set standards of our long-term risk attitude. Should the annual feasibility test show that the set limits are exceeded, we will consult with the social partners on the potential effects and whether adjustment of the scheme or policy is necessary.

2.2 Recovery plan

As there is no deficit situation, we did not need to submit a recovery plan in 2024.

2.3 Supplement

Each year, we determine whether, and to what extent, our financial position allows for supplements on accrued entitlements and pension benefits. We do not reserve money for this. Supplements are funded from investment returns. Therefore, in setting the premium, funding for supplements from returns is also taken into account. The yardstick for granting supplements for participants, former participants and pension beneficiaries is the increase in the consumer price index (CPI (consumer price index)) of all households of Statistics Netherlands (CBS) with reference period October to October) for all the stakeholders.

We apply the following supplement policy:

- If the Fund's policy funding ratio is below 110%, no supplement is granted.
- If the policy funding ratio is between 110% and the level at which a full future-proof supplement can be granted, a future-proof partial supplement is granted.

- If the policy funding ratio exceeds the level at which a full future-proof supplement can be granted, i.e. approx. 125%, the full supplement is granted. This may include any restoration of reductions in nominal pensions or past supplements not fully granted.

A future-proof supplement means that the amount of the supplement for a year is calculated in such a way that, based on a prescribed future increase in investments, the same level of supplement can be granted relative to price inflation in any future year. We reserve the right to deviate from the above policy in special cases. In all cases, we adhere to the requirements set out in the Pensions Act and subordinate regulations regarding the maximum level of supplements to be granted.

We have decided to deviate from the regular supplement policy on a one-off basis due to the special circumstance that Statistics Netherlands changed the method of determining the consumer price index in June 2023. This allowed us to grant a supplement of 6.85% on 1 January 2024. We took both the quantitative and qualitative arguments into consideration in the decision-making process and provided prior insight into generational effects beforehand. Differences in pension outcomes for younger, middle-aged or older participants and pension beneficiaries are at least 0.5% and tolerable. We were also mindful of the decisions made by other pension funds and public opinion. For supplements, we deployed additional communication.

Based on the regular supplementation policy, a supplement of 1.75% could be granted to all participants, former participants and pension beneficiaries from 1 January 2025. The supplements increase the provision, resulting in a negative result. For completeness’ sake, we note that this conditional supplement does not apply to pensions in payment for occupational disability: these pensions are increased every year unconditionally by 2%.

Increase in pension entitlements over the past five years:

Reference date	pension increase	price increase
1 January 2025	1.75%	3.50%
1 January 2024	6.85%	0.21%
1 January 2023	7.33%	14.53%
1 September 2022	1.48%	-
1 January 2022	1.20%	2.70%
1 January 2021	none	0.96%

2.4 Costs

The Fund incurs various costs for the administration of the pension scheme. Broadly speaking, these costs can be divided into pension scheme administration costs and asset management costs. In 2019, we decided to allocate all explicitly attributable overheads to pension management or asset management costs.

Overheads that cannot be attributed on a one-to-one basis are then allocated 50% to pension management costs and 50% to asset management costs. This makes the costs per participant more comparable with other pension funds.

During the reading of the Wtp, an amendment was adopted on the role of the accountability body in the assessment of pension administration costs. For several years now, we have informed the Accountability Body during the year about the Fund's costs, budget and the full use of the budget. The Accountability Body included a passage on implementation costs in the 2024 opinion.

Pension management costs

Below is an overview of the costs of the pension scheme administration. This includes comparative figures relative to 2023. The costs are presented taking the Federation of Dutch Pension Funds' recommendations and AFM's guidelines into account.

For the cost target, our point of reference is the average cost level of the past two years and the inflation. For 2024, the cost target was €190 per participant, i.e. participants and pension beneficiaries, excluding project costs for Wtp work. For 2024, we have budgeted a cost target of €45 per participant for Wtp work. Thus, in total, the cost target for 2024 was €235 per participant.

The costs of pension management for 2022 are €5,882,000,including VAT (2023: €5,450,000). Converted, this is €245 (2023: €228) per participant. Broken down into regular costs and project costs for Wtp work, this amounts to €196 and €49, respectively. Therefore, the Fund exceeded the cost target for both regular pension management costs and project costs by €6 and €4, respectively, per participant.

The 2024 costs according to the cost measure come to 0.37% (2023: 0.38%). This cost benchmark is based on the costs of pension management plus the costs of asset management, excluding transaction costs, divided by the average invested assets.[1]

Amounts in thousands of euros	2024	2023
Governance, advice and monitoring:		
Governance costs	708	643
Costs of Executive Office	855	737
Costs of Accountability Body	52	80
Supervisory Board	57	54
Consultancy fees Wtp	535	568
Consultancy fees regular	97	104
Actuary fees	216	233
Accountant costs	98	102
De Nederlandsche Bank	336	341
Dutch Authority for Financial Markets	33	32
Federation of Dutch Pension Funds	45	30
Other costs	43	50
Total	**3,075**	**2,974**
Of which allocated to asset management costs	-1,472	-1,375
	1,603	**1,599**
Administration costs regular	3,417	3,307
Administration costs Wtp	862	544
Total pension managements costs	**5,882**	**5,450**

	2024	2023
Active participants	9,958	9,895
Pension beneficiaries	14,002	13,975
Total	**23,960**	**23,870**
Pension management costs in euros per participant	**245**	**228**

1 2024: ((€ 5,882 + € 11,909) / € 4,819,000)

Pension management costs for 2024 have increased relative to 2023. This is largely due to project costs incurred for the Wtp. Other prominent differences can be seen in the costs of governance, Executive Office and administration costs Wtp.

The higher governance and Executive Office costs are mainly due to indexation of fees and increased work of the risk function in the Executive Office.

The higher administration costs Wtp are due to increased work to prepare for the transition to the new pension scheme under the Wtp.

As a fund, together with the social partners, we strive for an adequate and common pension scheme with as few exceptions as possible. That contributes to comprehensibility and keeps pension administration costs as low as possible. This aim also translates to the service level of pension administration, where the Fund seeks alignment with common administrative and communicative service concepts and solutions.

Costs are important to us. Therefore, in our mission statement, we have included that we administer the pension scheme at acceptable costs. That this is not without obligation is reflected by the fact that we have a task-setting budget. The costs of €235 per participant are the guiding principle herein. The costs for 2024 have increased compared to those for 2023. This is mainly due to the costs of developing the new pension scheme under the Wtp. With this development with significant impact, the requirements from legislation and regulations, and the increased amount of work as a result, we believe the costs are justified and appropriate for a fund of our size. The fact that, on average, we as a fund incur lower costs than comparable pension funds reinforces this belief.

We participate in an external cost benchmark survey every year. Its purpose is to test our Fund's costs against those of comparable pension funds. Our pension management costs during 2021-2023 were lower than the average at comparable pension funds, namely €193 versus €205 per participant. Taking only the year 2023 into account, our pension management costs are higher than the pension management costs at comparable pension funds, i.e. €228 against €223 per participant. Here, we have assumed explicit allocation of overheads to pension management or asset management costs. The Fund's costs were therefore higher in 2023 than those of comparable pension funds and also higher than the average of all pension funds (including ABP and PFZW) in the Netherlands. Our administrative costs are a large part of the costs.

The Fund is also participating in the cost benchmark survey for 2024. The results will be included in the next annual report.

Asset management costs

We adhere to the Federation of Dutch Pension Funds' Pension Administration Cost Recommendations in presenting the costs of asset management. All amounts below are X €1,000.

	2024	2023
Average managed assets *	**4,818,507**	**4,363,344**
Management costs including performance-related costs	11,909	11,303
Transaction costs	1,654	1,096
% of average invested assets		
Management costs including performance-related costs	0.25%	0.26%
Transaction costs	0.03%	0.03%
Total	**0.28%**	**0.29%**

* The average managed assets are the average invested assets in the year under review

Explanatory notes on asset management costs

Based on the average invested assets of €4,819 million, the reported costs of asset management (excluding transaction costs) decreased by 0.01 percentage points from 0.29% for 2023 to 0.28% for 2024. Costs in absolute terms have risen. The increase in these costs in absolute terms is a consequence of the increase in assets, causing an increase in variable costs. Total transaction costs and buying and selling expenses increased from €1.1 million in 2023 to €1.7 million in 2024. These transaction costs are partly based on a proxy of bid and offer prices. The increase in transaction costs is attributable to the addition of catastrophe bonds as a new asset class in 2024.

The total costs reported in this overview amount to €13.6 million for 2024 (€12.4 million in 2023). Per participant/pension beneficiary, the costs are €567 (€519 in 2023). It should be noted here that we take passive management as our guiding principle wherever possible. This is actually only possible with the liquid investments. The relative investment risk of these liquid investments is very low, as the aim is to track the relevant benchmark as closely as possible. The returns achieved are therefore very close to those of the relevant benchmarks, with the differences being caused mainly by the management and transaction costs of these investments while the benchmark does not have those. In particular, the costs of passive management are, therefore, relatively low. This partly explains the relatively low total costs of asset management versus comparable pension funds.

In the external cost benchmark survey we participate in every year, our Fund's asset management costs are benchmarked against those of comparable pension funds. Our asset management costs, including transaction costs, calculated as a percentage of average invested assets, amounted to 0.29% for PFAB in 2023, lower than the median within the peer group (0.50%). The Fund is also participating in the cost benchmark survey for the 2024 costs. The results will be included in the next annual report.

Transaction costs

Transaction costs are a separate cost type, where costs are determined by type and size of the transactions taking place within the investment portfolio. We partly invested in investment funds in 2024.

The cost statement is based on full transparency, i.e. look through, of transaction costs in these funds. A distinction is made between entry and exit fees and actual transaction costs. Furthermore, we invested in several so-called discretionary portfolios in 2024. These are 'own' portfolios that house only funds from the pension fund itself and therefore do not include investments from other investors. The costs within these portfolios are completely transparent.

Entry and exit fees are levied when units in the investment funds are bought or sold. These are fixed rates based on the expected actual transaction costs to be incurred as a result of the entry or exit. The total fees from all the unit holders received by an investment fund are allocated as revenue to the unit holders in proportion to each one's interest in the fund. This is also how we get revenue allocated. The more entries or exits unit holders make, the higher this revenue. The entry and exit fees paid by the Fund are thus netted. This balance is included under 'Transaction costs'.

If the fees paid by us are lower than the allocated revenue, a negative cost item arises in the cost statement. Actual transaction costs are incurred as a result of the abovementioned entries and exits and for the transactions for the regular management of the investment funds. These are also allocated in proportion to the interest in the investment fund.

Buying and selling costs on direct investments in investment securities such as government bonds, interest rate derivatives and currency derivatives, but also with regard to the discretionary portfolios, consist of brokerage and transaction costs that are part of the spread between bid and offer prices.

Assessment costs of asset management
Our asset management costs, as a percentage of the average invested assets, were lower in 2024 than in 2023. In absolute terms, the costs in 2024 were €1.2 million, rounded, higher than in 2023. We are of the opinion that the level of asset management and transaction costs is justified and appropriate to the investment policy and the way it is pursued.

The evaluation of asset management costs is purest if it includes the targeted return, risk diversification, size of the invested assets and returns achieved. Our investment principles form the foundation of our approach. We deliberately chose a passive investment style. We invest in both investment funds and own mandates, and aim for benchmark-compliant returns. This investment style offers the best opportunity to achieve our target return on the most favourable terms possible. This approach entails lower costs than, for instance, an active investment style that seeks a return higher than the benchmark return.

For completeness’ sake, we additionally present a breakdown of costs by investment class below.

2024	Management costs	Performance-related costs	Transaction costs: Transaction costs excluding buying and selling costs	Transaction costs: Buying and selling costs	Total
Costs per investment class					
Property	2,125	-	13	360	2,498
Equities	677	-15	121	-	783
Alternative investments	-	-	-	-	-
Fixed-income securities	2,902	-	616	11	3,529
Other investments	-	-	-	-	-
Total costs attributable to classes excluding overlay	5,704	-15	750	371	6,810
Costs of overlay investments	1,587	-	533	-	2,120
Total costs to be allocated to classes including overlay	**7,291**	**-15**	**1,283**	**371**	**8,930**
Other asset management costs					
Asset management costs pension fund and Executive Office	1,472				1,472
Costs of fiduciary management	1,386				1,386
Custody fees	260				260
Asset management advisory fees	512				512
Other costs	1,003				1,003
Total other asset management costs	**4,633**				**4,633**
Total costs of asset management	**11,924**				**13,563**

2023	Management costs	Performance-related costs	Transaction costs: Transaction costs excluding buying and selling costs	Transaction costs: Buying and selling costs	Total
Costs per investment class					
Property	1,855	-	10	-29	1,836
Equities	334	-	246	0	580
Alternative investments	1,313	368	202	-38	1,845
Fixed-income securities	1,805	-	253	18	2,076
Other investments	-	-	-	-	-
Total costs attributable to classes excluding overlay	5,307	368	711	-49	6,337
Costs of overlay investments	1,420	-	434	-	1,854
Total costs to be allocated to classes including overlay	**6,727**	**368**	**1,145**	**-49**	**8,191**
Other asset management costs					
Asset management costs pension fund and Executive Office	1,375				1,375
Costs of fiduciary management	1,320				1,320
Custody fees	220				220
Asset management advisory fees	336				336
Other costs	957				957
Total other asset management costs	**4,208**				**4,208**
Total costs of asset management	**10,935**				**12,399**

3 Asset management

Vision on asset management

The ALM base mix consists of several components. (1) Marketable securities include investments the long-term return of which is expected to outperform the movements in liabilities. These investments are relatively risky - both in themselves and relative to liabilities. (2) Fixed-income securities contain relatively safe investments that hedge part of the interest rate risk of the liabilities.

In doing so, the following principles, i.e. beliefs, apply:

- Investments match the pension fund's liabilities and ambitions. The choice of strategic investment policy here is the most important decision in the investment process.
- Investments are made only in investment classes for which it is expected that an appropriate risk premium in proportion to risk, relative to liabilities, will be received.
- Diversification across and within investment classes and risk premiums improves the portfolio's risk and return profile.
- Risk analysis and risk management are necessary for a controlled formulation and implementation of the investment policy.
- Responsible investing contributes to responsible, stable and good investment performance and also expresses the social commitment of the Fund.
- The pension fund believes interest rate and currency movements cannot be predicted. Due to the importance attached to risk management, these risks are hedged strategically, with the degree of hedging depending on the specific characteristics of the risk with respect to liabilities and funding ratio and the possibilities to hedge in an efficient and controlled manner.
- Financial markets are highly efficient and thus passive investing is the guiding principle, unless markets can be described as inefficient or if passive management is not possible. After all, efficient financial markets do not allow for additional returns through active investment choices.
- As a long-term investor, the Fund can invest part of its assets in products that cannot be sold directly, but therefore provide additional returns.
- The pension fund invests in products it understands and can explain itself.
- Individual investment classes must be of sufficient size to make a material contribution to the portfolio and to account for the increase in portfolio complexity.
- Cost awareness is crucial when setting up an investment portfolio. Expected returns are uncertain, but costs mostly are not.

We have a preference for physical investments. Derivatives are used if they contribute to mitigating risks for the Fund, in particular interest, currency and liquidity risks, or if the use of derivatives is inevitable for efficient portfolio management.

Responsible investing

We believe that responsible investing contributes to responsible, stable and good investment performance and we herewith also express our social commitment. To this end, the investment policy takes environmental, social and governance factors into account. This involves integrating these factors into investment decisions, engaging with companies to bring about behavioural change, excluding investments that do not meet the requirements and being able to hold investments specifically targeting these factors. Administration takes place within the administering organisation and within the funds in which we invest. The consequences are visible in the portfolio design and we monitor these.

The section Socially Responsible Investing contains a more detailed explanation of the policy development and results regarding SRI.

The investment year in retrospect: An investment year between growth and concerns over market highs

Economic developments

Economic growth in 2024 was stronger than expected. For illustrative purposes: the consensus growth forecast for the global economy in 2024 was revised upwards during the year from 2.6% to 3.05%. The purchasing managers' index, recovering consumer confidence and labour market data mostly painted a positive picture, especially in the US. The fear for a recession faded into the background. In the US, growth optimism was also fuelled by Trump's election victory due to his plans for lower taxes and deregulation. In contrast, the euro area was experiencing increasing growth pessimism at the end of 2024. The manufacturing industry was in dire straits, especially in Germany. Trump's threat of import tariffs also played a part. Economic developments in China varied in the past year. On the one hand, both the Chinese central bank and the Chinese government announced hefty stimulus measures in September 2024, leading to temporary optimism. On the other hand, the Chinese economy is still struggling with major problems in the property sector, historically low consumer confidence and deflationary forces.

Inflation fell in developed markets, but less than hoped for. Core inflation in particular remained higher than desired. Headline euro area inflation fell from 2.9% in December 2023 to a temporary low of 1.7% in September 2024, before rising slightly again to 2.4% in December 2024. Inflationary pressures are particularly attributable to the service sector. This applies to both the US and the euro area. The inflation in the US decreased from 3.4% per annum in December 2023 to 2.9% in December 2024.

Central banks have begun an easing cycle. Both the Federal Reserve (Fed) and the ECB cut interest rates by 1 percentage point in 2024. Incidentally, that was less than the market had hoped for, especially with regard to the Fed. The explanation is that the US economy performed better than expected and inflation fell less than hoped, leading to the Fed raising its inflation forecasts. Japan's central bank went against the grain and raised interest rates.

Financial markets

Virtually all publicly traded asset classes performed positively, with developed markets equities leading the way (19.9%, euro hedged), followed by emerging market equities and catastrophe bonds. Euro government bonds from core countries lagged behind with yields of around zero. Also worth mentioning are the Bitcoin exchange rate doubling and the gold price reaching new records.

Developed markets equities seemed insensitive to negative news over the past year. Whether there were rising interest rates as in the first few months, or geopolitical risks such as the escalation in the Middle East, or a faltering inflation decline in the second half of the year, almost every month the MSCI World Index reached new all-time highs. Main explanations were better-than-expected economic data in the US, AI optimism and sharp price increases in the IT sector. Trump's election victory in September 2024 gave an additional boost to equity markets as investors viewed his tax cuts and deregulation plans as positive.

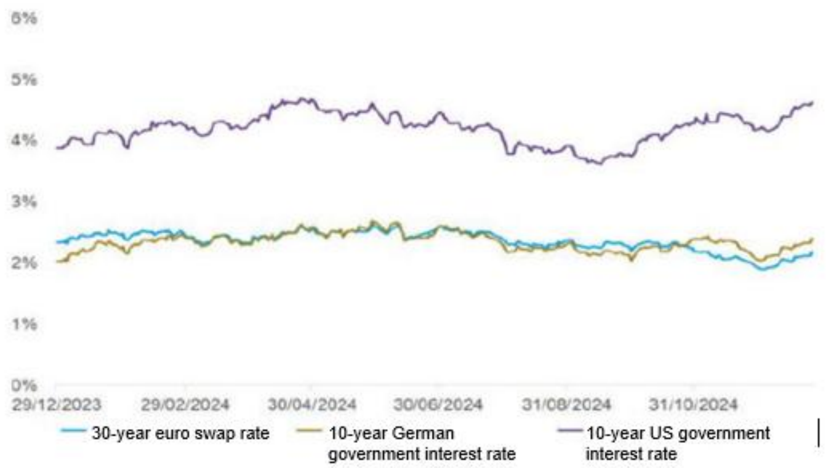
Emerging market equities performed less well. Explanations include China's ailing economy, the depreciation of emerging market currencies and Trump's plans to introduce import tariffs.

Equity markets (cumulative return in euros)

Source: Columbia Threadneedle, Bloomberg. 31 December 2024

While US long-term interest rates rose on balance in 2024, capital market interest rates in the euro area fell on balance, especially in the second half of the year. This was due to negative economic momentum and monetary easing. The 30-year euro swap rate decreased by 18bps to 2.16% in 2024. This was driven by a fall in the 30-year euro inflation swap component (by -24bps to 2.21%). In contrast, the 30-year real swap rate component increased by a few basis points (by 5 bps to -0.05%)

Interest rate development



Source: Columbia Threadneedle, Bloomberg. 31 December 2024

Major themes and developments in 2024 included geopolitics (escalation Middle East, ongoing war Ukraine, US-China tension), the fact that more than half of the world's population went to the polls, the election victory by Trump, the temporary crash of the Japanese stock market in August 2024, the announcement of stimulus measures in China, and the advance of AI.

The total investment portfolio achieved a return of 11.4%. This was driven by a 17.8% return in the return portfolio and a 4.1% return in the matching portfolio. The Fund's assets at the end of December 2024 amounted to €5 billion.

The policy funding ratio fell from 125.6% to 123.0%. The current funding ratio rose from 117.8% to 122.9%. The main factor behind the rise in the current funding ratio was the stock market that rose on balance.

Policy pursued

We have recorded the Fund's investment policy pursued in 2024 in the investment plan and investment guidelines. The investment beliefs have been an important guide in creating the strategic investment policy based on the ALM study in 2023. The strategic investment policy is shown below:

Marketable securities	45%
Fixed-income securities	55%

Fixed-income securities include the relatively safe classes of government bonds, mortgages and corporate bonds, but riskier high-yield bonds in the emerging market debt class, high-yield bonds and catastrophe bonds as well. The latter investment class was added to the investment portfolio in the second quarter of the year. Marketable securities include the equity investments and property. We sold investments in the infrastructure category with effect from 1 January 2024. This was the result of an earlier decision to phase out this class, due to its relatively high cost and high level of complexity.

We increased the interest rate risk hedge from 55.8% to 70% (on a market basis) during 2024. This was implemented to reduce the volatility of the funding ratio until the transition to the new pension system.

A division in matching and return portfolios was used for portfolio classification. This includes the relatively safe fixed-income securities in the matching portfolio and the high-yield fixed-income securities and marketable securities are part of the return portfolio. The purpose of all the investments is to meet liabilities. The aim of the matching portfolio in doing so is to mitigate the interest rate risk and the aim of the return portfolio is to generate additional returns for recovery, indexation and keeping the scheme affordable.

The returns achieved

The total return amounted to 11.58%. This was comprised as follows:

	portfolio	benchmark	difference
Return portfolio (including currency hedging)	**17.89%**	**18.13%**	**-0.24%**
Equities	30.92%	31.18%	-0.26%
High-yield bonds	12.96%	13.83%	-0.87%
Emerging market bonds	3.87%	4.14%	-0.27%
Property Achmea Real Estate	8.88%	10.00%	-1.12%
Property Bouwinvest	11.10%	11.70%	-0.60%
Catastrophe bonds	8.95%	8.12%	0.83%
Stadsherstel	-0.67%	-0.67%	0.00%
Cash	3.73%	3.73%	0.00%
Matching portfolio (including interest rate hedging)	**4.57%**	**4.43%**	**0.14%**
Government bonds, liquid assets and swaps	4.48%	4.48%	0.00%
Corporate bonds	4.48%	4.76%	-0.28%
Private mortgages	5.11%	4.45%	0.66%
Total	**11.58%**	**11.63%**	**-0.05%**

Investment portfolio review
As shown in the above table, 2024 was a favourable year for the investment portfolio. Both the return portfolio and the matching portfolio showed positive results. The return portfolio yielded 17.8%. Within the return portfolio, equities performed best with a return of 30.9%. High interest bonds (high yield and emerging market debt) also performed well with aggregate returns of 7.3%. The primary goal of the matching portfolio is to partly hedge the interest rate risk of the pension fund. In the matching portfolio, returns on government bonds, corporate bonds and mortgages were positive due to decreased interest rates in combination with income returns.

The performance of the asset managers is assessed against the benchmark, based on the average market return. The portfolio is predominantly invested passively and therefore its performance virtually equals the benchmark. Government bonds, liquid assets and swaps are used together to partially match the interest rate risk against the technical provision. Since there is no policy to achieve a return higher than the return on the technical provision, to be regarded as the percentage change in value due to movements in interest rates, the benchmark return is set equal here to the realised return. Of course, the effectiveness of the interest rate hedge is measured and reported.

Z-score
The Z-score is a yardstick indicating the degree to which the actual return of a pension fund differs from the return of the standard portfolio. Linked to this is a performance test. This is an averaging of the Z-score over 5 years. If the performance test shows a value lower than -1.28, the pension fund's compulsory affiliation will be abolished. Over 2024, the performance test equalled 0.14. Thus, the performance test was well above the minimum standard. The Z-score was 0.00.

3.1 Responsible investing

We believe that responsible investing contributes to responsible, stable and good investment performance and we herewith also express our social commitment. In 2023, PFAB conducted a participant survey on preferences regarding SRI. The survey showed that our participants think it is important for the pension fund to take ESG factors into account. It also showed good agreement between the themes the pension fund had already included in the socially responsible investment policy and the results of the participant survey.

We are convinced that responsible investing contributes to a good pension, as it helps to achieve good returns and reduces financial risks in the long term. We also see it as our social responsibility to contribute to a liveable world and a sustainable future.

Retrospect
Like 2023, 2024 was a challenging year for responsible investing. Growing opposition in the US - both politically and in public opinion - to responsible investing continued to rise, culminating in Trump's election as US president, partly on promises to fight sustainability issues.

Sentiment against responsible investing also gained a foothold in the Netherlands, where the House of Representatives passed a motion in the summer stating that pension funds must focus exclusively on returns, and not be guided by ideological principles.

At the same time, understanding environmental, social and governance (ESG) factors is more essential than ever for risk assessments and risk management. And not just because the regulator considers it important. The risks are real and increasingly clear. Consider climate change for instance: in 2024, global temperatures were measured for the first time to be 1.5 degrees higher than before the industrial revolution.

Limiting the global temperature increase to 1.5 degrees is the Paris Agreement's aim to be able to limit the most serious climate damage. Temporarily exceeding that limit, by the way, does not mean that the aspiration is completely out of the picture. This requires a longer-term overrun. Extreme weather conditions caused global disruption in agricultural production, with sharp price increases in various commodities, ranging from cocoa to orange juice.

In the social sphere, human rights in the supply chain remain important and we will continue to focus on promoting a more systematic approach to identifying and managing risks by companies. Human capital is an important business asset, which must be handled with care. Not only basic labour rights in suppliers, but also optimisation of intangible assets largely constituted by experience, knowledge and skills of professionals and management of companies, especially in sectors such as biotechnology, software, communications, and healthcare.

Last but not least, corporate governance remains fundamental to well-run companies and effective risk oversight. Diversity on the board of directors is crucial in this respect, and we continue to strive for an appropriate mix of skills, backgrounds and expertise.

Engagement, voting, exclusions in 2024

The engagement programme plays an important role in developing our commitment to long-term value creation. We do this by encouraging companies to make improvements in policy, behaviour and supervision in situations where sustainability problems have been identified. It is a key tool for shaping ESG due diligence: identification, assessment and mitigation of sustainability risks of society and environment in the portfolio as well as sustainability risks that may have a material impact on the investment portfolio. Identification and assessment of material actual and potential negative impacts is the starting point of the engagement programme through which Columbia Threadneedle Investment implements the mitigation process on PFAB’s behalf. Mitigation takes place within four work flows of the engagement programme:

Priority companies

The priority companies programme focuses on potential negative impact and strategic ESG risks. Companies assessed as risky and having a high weighting in the portfolio are selected annually. Starting point here is an assessment of companies' performance on key sustainability themes such as carbon emissions, working conditions and corruption. In addition, the analysis focuses on core issues of corporate governance, such as board independence and minority shareholder interests. Next, it assesses companies' performance and strategy in terms of quality, based in part on past engagement experience. In doing so, it assesses whether engagement can be successful and whether engagement is the right mitigation strategy. Intensive dialogue is conducted with the selected companies at a strategic level.

Thematic engagement

Besides ESG risks at company level, each year ESG themes, trends and risks are identified that affect groups of companies, for instance within sectors or regions. These themes are developed into projects that are submitted for voting to Columbia Threadneedle Investments clients. This year as well, PFAB used its voice to influence project selection. In 2024, ten engagement projects were carried out, divided into six main themes: climate change, environmental protection, working conditions, human rights, health, and corporate governance.

Climate change: phasing out coal 2.0

In 2024, with many electricity companies in the US and EU having clear strategies for phasing out coal through decommissioning, Columbia Threadneedle Investments' engagement team focused on companies looking to modernise or convert their coal-fired units as well as those looking to sell them (mainly companies in Asia). The aim was to assess the technical and economic feasibility of some of the proposed technologies, for example capturing and storing or using CO_2 or co-firing with ammonia. For those looking to switch to biomass, discussions are held regarding their policies on sustainable sourcing. For those wishing to divest their coal assets, we sought to gain insight into their responsible approach to the phase-out trajectory. Columbia Threadneedle Investments' engagement team continues to focus on social impacts of coal phase-outs. In addition, more insight has been gained into how companies deal with physical climate risks, such as heat waves and droughts, which have increased energy security concerns in many countries.

This project demonstrated the importance of transparency on pathways of phasing out the use of coal in power plants. This includes disclosure of end-of-life plans for individual assets. This project was completed in 2024, but we will continue to hold companies accountable for this within our broader engagement programme. Also, we particularly encourage companies to develop policies for sustainable biomass sourcing.

Environmental protection: deforestation

Deforestation is a major cause of the dual crisis of biodiversity loss and climate change. Forest destruction and fragmentation is the biggest cause of extinction of species around the world. Deforestation and forest degradation contribute to 15% of carbon dioxide emissions caused by human activity. This is mainly related to the production of commodities such as palm oil, soy, cattle products, timber, cocoa, coffee, and rubber.

In 2024, Columbia Threadneedle Investments' engagement team focused on companies' readiness for the EU Deforestation Regulation (EUDR), particularly around traceability and geolocation requirements, which are particularly challenging for some companies. It also continued to evolve from an issuer-centric approach to a more systematic engagement approach, working with various companies within the supply chain, financiers and regulators. Through Columbia Threadneedle Investments' engagement team, we have been active within the Investor Policy Dialogue on Deforestation (IPDD), Investor Working Group for a Deforestation-Free Automotive Industry and Nature Action 100.

This project was completed in 2024. Research into - and engagement with - deforestation is included in Columbia Threadneedle Investments' broader engagement programme, as deforestation and its impact on environmental factors is important for various sectors. Compliance with regulations will continue to be monitored with active collaboration with policymakers and initiatives where useful.

Environmental protection: emissions and plastic waste from the chemical industry

Chemical companies have a major impact on the environment and are major contributors to greenhouse gas emissions. The energy consumption of the chemical industry is the highest of all industrial sectors; its activities cause a significant flow of pollutants into the local environment, air and waterways; and many products from the chemical sector - such as plastics and fertilisers - also cause serious damage to the environment.

The aim of this project was to address the twenty largest chemical companies (measured by market capitalisation) over a three-year period and focus on the following objectives in the pursuit of a sustainable transition within the chemical sector: 1) reduce greenhouse gas emissions; 2) minimise harmful impacts on local communities; 3) reduce plastic waste. Broader environmental themes such as toxicity and biodiversity were also addressed in 2024.

In general, the response to the engagement in this project through Columbia Threadneedle Investments' engagement team was positive. The chemical sector is working hard to control its emissions. We saw that many companies faced major structural changes, including new management and mergers, but this did not stop them from fulfilling their ambitions.

After three years, this project will be included in Columbia Threadneedle Investment's broader engagement programme. We aim to continue to monitor companies on their progress in meeting emission reduction targets and encourage additional transparency.

Human rights: diversity in clinical research

The Covid-19 pandemic highlighted the need to ensure vaccination use in ethnic minorities and underrepresented communities by building trust through fully representative clinical trials. There is a growing body of research recognising that there may be a differential response to treatments in diverse populations. In 2024, Columbia Threadneedle Investments built on the 2023 findings regarding the five key elements of an effective clinical trial diversity strategy (policy, governance, goals, stakeholder dialogue and addressing systemic challenges). To stay ahead of changing regulations and increasing commercial risks, companies are encouraged to make optimal use of industry best practices and collaborations to assess and improve diversity in clinical trials.

This project reached the end of its planned duration in 2024. The lessons and development of the five key elements of a clinical trial diversity strategy are taken on board by Columbia Threadneedle Investment and implemented in the broader engagement programme where relevant. We have noticed that the industry is becoming increasingly aware of the importance of diversity in clinical trials. Where companies face practical obstacles in implementing more diverse clinical trials, we believe sharing industry best practices in engagement conversations can be helpful.

Responsible artificial intelligence

Artificial intelligence (AI) has undoubtedly transformed society and there are no signs it will slow down. Generative AI alone is expected to add $2.6 to $4.4 trillion a year to the global economy by supporting accelerated innovation and productivity. The increase in AI use has led to new risks in areas such as human rights, prejudice and discrimination. Therefore, we believe that companies that show that they maintain ethical standards are the key to maintaining trust and eventually widespread adoption. With this project carried out for us by Columbia Threadneedle Investments, we aim to gain insight into how the industry approaches AI, what best practices look like and encourage firms to publicly commit to responsible AI principles and apply them in their operations.

Governance: improving board diversity in Asia

This project also focused this year on the largest companies in Asia that still have an all-male board of directors. After Columbia Threadneedle Investments addressed 26 companies in the 2023 project on this issue, we saw 15 companies add a female director to their all-male board in 2023 and another five companies in the first half of 2024.

Although regulators in Malaysia, India, Taiwan and Hong Kong have pressed to eliminate boardrooms composed of men only, we believe there is still room for improvement at a faster pace.

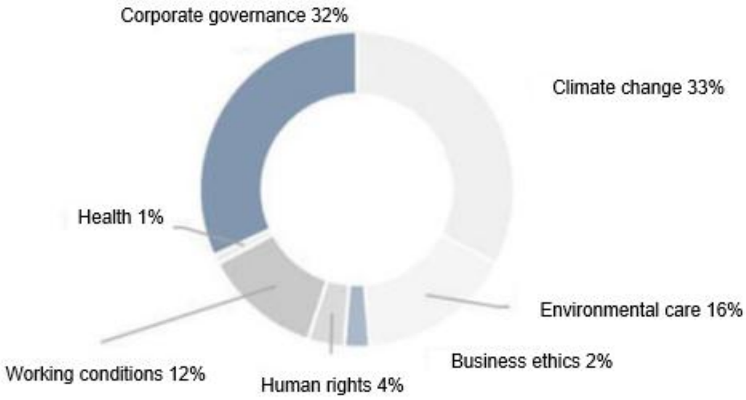
Reactive engagement programme
This programme focuses on mitigating actual negative impacts of companies on society and the environment. On a quarterly basis, violations of the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact by portfolio companies are assessed by Columbia Threadneedle Investments, partly based on research by specialised data providers. This is prioritised by severity of the violation (which is determined by intensity, scale and irreversibility of the impact) and the company's response to the violation. Engagement with selected companies focuses on ending the violation, addressing the negative impacts through remediation and/or redress, and preventing harm in the future.

Specific strategy: net zero
Within the climate programme, 2024 has again focused on 'net zero' commitments from companies and developing strategies to become climate neutral by 2050 at the latest. Companies are expected to set intermediate targets for reducing their CO_2 emissions that are sufficiently ambitious. It also calls for developing a concrete strategy, lobbying for appropriate climate policies and developing the right governance structure. The aim of this long-term strategic programme is to contribute to the goals of the Paris Climate Agreement and fulfil commitments to become climate neutral as an investor. In particular, companies in the mining and utility sectors have been targeted.

Engagement in figures
In 2024, Columbia Threadneedle Investments carried out more than 940 engagement activities at a multitude of companies worldwide on the following topics:

In the following countries:

Engagement has delivered 105 demonstrable results by 2024 on the following topics:



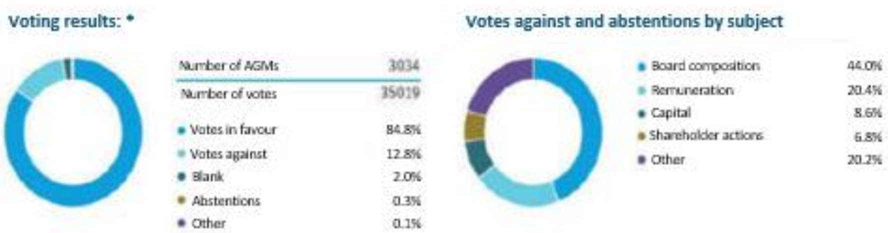
Voting at shareholder meetings

To us, voting is an important part of active share ownership. Through Columbia Threadneedle Investments, we seek contact with companies before and after voting. In doing so, expectations are expressed, comments are sought and, where appropriate, the reasons for voting against the management proposals are explained. The expectations of investee companies and the implementation of the voting policy derive from the Dutch Corporate Governance Code and the OECD and ICGN (International Corporate Governance Network) principles of good corporate governance.

For voting at shareholder meetings, we subscribe to corporate governance guidelines, which take into account environmental and social sustainability, also based on the OECD Guidelines for Multinational Enterprises and the UN Human Rights Directive. Through proxy voting we are able to exercise our voting rights all over the world.

Globally, we saw increased support for director nomination, but also shareholder activism, especially in the US and Asia. That activism did focus less on social and environmental issues. We also saw an increase in so-called anti-ESG shareholder proposals. However, support for these proposals declined further. Through Columbia Threadneedle Investments, neither did we support these proposals.

In total, votes were cast on our behalf at 3,034 shareholder meetings on 35,019 agenda items. In 12.9% of all agenda items, the board's opinion was voted against. Especially on the issue of remuneration and board appointment, negative votes were relatively frequent.



By 2024, through the voting policy, we actively encouraged companies to contribute to reducing global CO_2 emissions. Not only by supporting shareholder proposals that called for it, but also by voting against board proposals.

Consider, for instance, reappointments to companies that were rated climate laggards by the proxy voting agent in high-risk sectors, such as energy, mining and transport.

Examples of votes

BYD (China) - SDG 8

Through Columbia Threadneedle Investments, we voted against approval of the management report as we saw insufficient evidence of effective human rights risk management in operations and the supply chain. BYD is at high risk of forced labour in its supply chain, which is concentrated in China. The company has not taken adequate risk mitigation measures with regard to exposure to increased regulatory scrutiny and reputational damage. BYD is also significantly behind its competitors in this respect.

Amazon.com (US)

In 2024, no fewer than 14 shareholder resolutions on ESG topics were put on the agenda at the AGM: from scope 3 emissions and use of plastics to trade union freedom and safe working conditions. Prior to the AGM, Columbia Threadneedle Investments' engagement team met with the company to discuss the various shareholder proposals on the agenda. This conversation called for more room for trade union freedom but did not give the engagement team sufficient confidence in Amazon's direction in that area. Columbia Threadneedle Investments' engagement team therefore supported the proposals on trade union freedom and occupational health and safety. However, these did not receive a majority of votes. These issues therefore remain focal points of engagement. Given persistent concerns about poor data security, we believe shareholders would benefit from independent validation of reports on the matter. The shareholder proposal calling for this was supported on our behalf. Columbia Threadneedle Investments' engagement team also requested additional information on how Amazon screens customers of its facial recognition software. The proposal calling for this was supported by Columbia Threadneedle Investments. With regard to plastic use, it emerges that Amazon has significantly improved its reporting and Columbia Threadneedle Investments' engagement team therefore did not support the proposal calling for an improvement in this.

Shell (UK)

The agenda of Shell's shareholder meeting included two climate-related proposals: a management proposal on its own climate plan and a proposal from Follow This that called for CO_2 reduction targets for all emissions (including those from the use of its oil and gas products). On both proposals, Columbia Threadneedle Investments' engagement team abstained on behalf of our Fund. The vote cast from our Fund on the management proposal acknowledges the progress made so far and the improvements made in disclosures around the future product mix. However, specific areas for improvement have been identified that we continue to push for through engagement, including absolute emissions targets for gas and more clarity on renewable energy plans. At the same time, the proposal from Follow This was also not supported. With our vote, we want to make it clear that Shell needs to show further improvement, but that the requested change from the proposal from Follow This is too far-reaching.

Exclusion of investments

In addition to the statutory exclusions, PFAB does not invest in a number of product groups that do not suit PFAB, namely:

- controversial weapons;
- tobacco;
- mining of thermal coal & bituminous sands

Under the OECD guidelines, there are also minimum requirements when it comes to the behaviour of the underlying companies. Very serious violators of OECD guidelines have no place in PFAB’s portfolio and are excluded by the asset managers. Even when active share ownership through engagement/voting does not lead to the desired behavioural change, we will consult with the managers to move to exclusion. The companies excluded are listed on PFAB’s website.

Outlook for 2025

Mitigating climate change and protecting biodiversity remain priorities in 2025. Besides these important environmental issues, the focus will be on material human rights issues and board diversity.

Energy transition remains a key issue in 2025, with ongoing geopolitical dynamics surrounding critical minerals. Innovative collaboration and chain integration will become even more important. Energy grid development also requires attention, both in terms of protection against the effects of climate change and facilitating greater supply and demand. The substantial growth of data centres plays an important role here. Water scarcity and energy supply are limiting factors for further growth of IT.

Within the social sphere, chain control remains an important issue. In addition, the focus of engagement will be on health as a human right, with a special focus on nutrition, demographics and technology.

We expect engagement in the US to become more difficult, due to the directive published by the SEC, the US regulator of the various stock exchanges, in early 2025. This requires investors to formally report on engagement discussions on governance, environmental, social or political issues. We will look for ways to still put these issues on the agenda in our engagement.

Regarding voting, we expect a decrease in shareholder proposals. Companies and regulators are taking a harder line against such proposals. Shareholders will look for other ways to encourage companies to improve. This includes 'anti-ESG shareholders'. We expect fewer shareholder proposals from them as well, as they are more likely to engage in a legal battle, backed by the winds blowing from Washington. Transparency on voting behaviour will decrease in the US as a result of the SEC directive, where sustainability terms in statements are expected to be traded in for focus on materiality.

4 Integrated risk management

4.1 Structure of risk policy

To us, risk management is a major part of the decision-making and execution process. It contributes to the achievement of the Fund's objectives, sound and controlled operations and compliance with legislation and regulations. It allows us to render account for our risk control. We aim to continuously improve our integrated risk management as part of the strategic and operational processes.

Risk governance

We have set up risk management along the three lines of defence. Risk governance is anchored in the regulations of the Board and committees, charters of key roles and, among other things, in the integrated risk management policy. With the day-to-day management, the Investment Advisory Committee, the Communications Committee and the Pension Committee, the Board forms the first line. As a board, we collectively bear ultimate responsibility for risk management. The day-to-day management, the Investment Advisory Committee, the Communications Committee and the Pension Committee have executive and monitoring responsibilities for risk management within the scope of the committees. From this role, the committees also oversee risk management at our service providers. Within the Board, we have appointed portfolio managers for IT and ESG. Both portfolio managers prepare an annual plan which is adopted by the Board.

The key roles Risk Management, Actuarial and Compliance form the second line. Holding the key roles Risk Management, Actuarial and Compliance are vested in the same Board member. This is the key role holder RAC. The performance of these roles has been placed with the Executive Office.

The RAC key role has an advisory, challenging and reviewing role towards the first line. From this part, the RAC key role monitors the day-to-day management, the Investment Advisory Committee, the Communications Committee and the Pension Committee, the RAC key role holder reviews opinions from the committees against the risk management policy and the RAC key role holder provides the Board with solicited and unsolicited advice on risk management. The RAC key role holder additionally manages the integrated risk management policy. The RAC key role holder is supported in their task by the Risk Committee.

The third line is formed by the key role Internal Audit. The key role Internal Audit reviews the first and second lines. The key role holder is an external specialist, Mr J. van Beek. The fulfilment of the Internal Audit role has been vested in an external audit firm.

The key role holders produced an annual report for accountability. The Supervisory Board oversees risk management and compliance policies, organisation and processes and provides an annual review thereof.

Risk management strategy

The mission, vision and strategic objectives and the Fund's risk attitude are the guiding principles for the extent to which we wish to run financial and non-financial risks. This has been formulated as framework risk appetite. Our risk attitude is broken down into four risk areas, and, as a whole, it can be described as having a critical eye.

Risk processes

We employ a comprehensive risk management methodology embedded in the strategic and operational management of the Fund. As a result, well-considered choices are made regarding the desired set of management measures that contribute to being in control. The structural and uniform mapping of risks and the effectiveness of the control measures in place provides us with insight into the degree to which we have our organization under control. This framework is the foundation for our decisions.

Risk identification
We use a dynamic risk management framework for the strategic and operational risks. Potential risks and scenarios, applicable control measures and outstanding actions are identified periodically.

Making the risk assessments
Risks are qualitatively and where possible quantitatively assessed based on the likelihood of the event occurring and its impact on achieving the strategic objectives. Here we distinguish between gross risk, net risk and desired risk. Gross risk is the risk without taking into account any control measures we take to reduce the likelihood and/or impact.

Gross risk depends on the context in which the Fund operates and on its objectives. Net risk is the risk remaining after taking action on the gross risk. If the net risk is not (yet) acceptable based on the risk appetite, additional actions are defined where possible to achieve the desired risk. Risk assessments, control measures and actions may change in response to internal and external developments, but also to new insights. Therefore, integrated risk management is a continuous process of risk analysis, design, implementation, reporting and adjustment. We therefore integrate this into our various annual plans.

Risk awareness
Integrated risk management can only be effective if it is supported by the behaviour of Board members, employees and stakeholders. We strive for a culture in which transparency, a constructively critical attitude towards each other and integrity are self-evident. We are aware of our exemplary role and shape it, among other things, by including an explicit risk consideration with a review by one of the committees in proposed decisions. We ensure effective role assignment among committees and include risk management in Board and committee self-assessments.

Compliance and integrity
We have policies in place to mitigate and manage compliance and integrity risks. These policies apply to our organisation and our affiliated persons. Policy frameworks include the integrity policy, reporting and whistleblower scheme, code of conduct, and scheme for granting powers of attorney. We aim to promote operational management and culture with integrity in which all affiliated persons at all levels act in accordance with applicable societal standards and statutory and internal rules.

We have established our risk appetite with regard to integrity, including fraud, in the various domains. Risk appetite helps determine the choice of the extent to which risks are managed. Analysing integrity risks, including the risk of fraud, is part of the operational risk management cycle that is completed periodically. In addition, this analysis is part of the annual systematic integrity risk analysis, or SIRA, we conduct.

4.2 Effectiveness and efficiency of risk management

In terms of the effectiveness and efficiency of risk management, we have the ambition to at least achieve maturity level 3, i.e. ‘sufficient’– structured and formalised. We have achieved this ambition.

Part of the ambition is to achieve a fully integrated second-line RAC role, which, from an independent position, contributes in a constructive and proactive way to the quality of decision-making and sound and controlled operational management. In doing so, we ask ourselves the following questions regarding effectiveness and efficiency of risk management:

- Are we doing the right things?
- Are we doing things right?

The overall effectiveness and efficiency of our risk management are evaluated annually from different perspectives. Assessing the effectiveness and efficiency of risk management is part of the self-evaluation of the committees and the Board. In addition, the RAC role evaluates effectiveness and efficiency independently of the Board's self-assessment.

We had a structural focus on both strategic risk management and operational risk management in 2024. In doing so, we strengthened the strategic cycle. The strategic objectives, partly under the Wtp, are made concrete by way of a strategic calendar. In 2024, we considered the following topics: target operating model up to and after the transition to the new pension system, choice guidance and duty of care, transition to new financial business model, governance model, resilience and design of governance, continuity, compulsory affiliation and long-term perspective.

Operational risks are monitored structurally by the committees. The cooperation between the actuarial functions (executive actuary, consulting actuary, actuarial function and certifying actuary) is aimed at enabling the Board to be optimally in control of actuarial risks. The way in which the second line is fleshed out and cooperates with the first line means we can rely on sufficient internal expertise and countervailing power on all topics for our decision-making. This allows us to rely fully on our own governance with additional positive impact on the quality of our decision-making.

In 2024 development continued to move towards a fully integrated second-line RAC role with the ambition to particularly further strengthen strategic risk management within the Fund at board level. The developments due to the Wtp also lead to the need to review the appropriateness of our risk management.

4.3 Developments 2024

Discussing risks has been a regular item on the agenda of every Board meeting. This agenda item allowed everyone to raise issues that may pose a risk. Topics discussed included the new pension system, financial development of the Fund, ESG risks, alignment of design and execution with strategy, IT and cybersecurity risks, and the possible abolition of compulsory affiliation. In the context of the Wtp, strategic sessions were held in which we looked at the impact of the Wtp on the governance model, the target operating model and the Fund’s raison d'être. We also paid great attention to evaluating and ensuring the continuity, strategic or otherwise, of the outsourcing chain.

Assessment of key risks
As main themes in 2024, the Wtp, Implementation Strategic Calendar, ESG and DORA have been identified as the biggest risks. These have been monitored and, where necessary, adjusted through the strategic risk dashboard, among other things. It is constantly assessed whether the risks are still managed properly. Risks are also considered and assessed as a whole based on the investment and risk management policies.

Financial risks
Implementation of interest rate risk management policy
When interest rates change, the value of our liabilities changes with them. If interest rates fall by 1%, liabilities increase in value by about 18.2%. This 18.2 is also known as duration or interest rate sensitivity. Interest rate sensitivity is a major risk for the pension fund and we therefore hedge part of this risk. The policy was set on the basis of an ALM study reviewed in 2024.

Based on the results of the ALM study, we initially decided to maintain a hedge rate of 55.8% of the interest rate sensitivity of the liabilities based on market interest rates, corresponding to 70% on UFR basis. As part of the aim to reduce the volatility of the funding ratio until the date of integration of accrued pension rights in the new pension system, the interest rate hedge was increased to 70% based on market interest rates in the fourth quarter of 2024. There is a range around the target rate within which the factual hedging rate should be. This range has been set at +/- 4%.

The interest rate hedge is structured on the basis of five maturity buckets in order to achieve high hedge effectiveness regardless for which interest rate maturities the changes in the yield curve occur. This includes a range per maturity bucket for timely adjustment. This policy has been laid down in the investment guidelines.

The implementation of interest rate policy has been outsourced to Columbia Threadneedle Investments on the basis of the investment guidelines. Columbia Threadneedle Investments reports on the implementation in the asset management reports received monthly and quarterly. In addition, a quarterly risk report is received in which Columbia Threadneedle Investments elaborates on interest rate positions and sensitivities. We conducted interest rate risk management in 2024 in line with the policy within the set risk limits and range.

Implementation of market risk management policy
The strategic allocation between fixed-income (matching portfolio) and marketable securities (return portfolio) was set at 55% and 45%, respectively, for 2024. The assets invested in the matching portfolio consist of high-quality European government bonds, interest rate swaps, Dutch mortgages and high-quality corporate bonds issued in euros. The assets invested in the return portfolio consist of marketable and high fixed-income securities. The actual size of the two sub-portfolios varies due to market developments, but must be between 43.5% and 49.5% for the matching portfolio and between 50.5% and 56.5% for the return portfolio. If the size of these portfolios is outside the range, this should be restored within three months. This has been set out in our investment guidelines. Implementation has been outsourced to Columbia Threadneedle Investments.

In the asset management reports received on a monthly and quarterly basis, Columbia Threadneedle Investments reports on the size and returns of the matching and return portfolios. The custodian also reports on this quarterly in the performance reporting.

Under the Wtp, we will have to make some far-reaching choices this year and next year about the pension scheme, its implementation and the mode of survival of the Fund. This has implications for the design requirements of our asset management.

Continuity risk
We define continuity risk as the risk that the continuity of process execution and/or recovery from disruptions is insufficiently secured in the IT and other operations at our outsourcing parties, possibly resulting in operations and/or information provision being disrupted, leading to financial and/or reputational damage to the Fund. The most important continuity risks we have identified relate to outsourced processes and specifically to IT. The continuity risk is evaluated periodically and control measures are tightened if necessary. The risk reports of the pension administration organisations report on the degree of management of the continuity risk. In 2023, with regard to the continuity risk and in consultation with APG, we paid close attention to managing risks that may arise within the framework of cybersecurity.

4.4 Key uncertainties and 2025 outlook

We closely monitor developments taking place in and around the pension landscape, within the sector and within the Fund and discuss them on a regular basis at Board meetings. These developments may offer opportunities, but may also confront us with uncertainties.

In 2025, we will continue to pay attention to developments regarding the new pension system, strategic framework and ESG.

Future of Pensions Act

The impending changes to the pension system involve many uncertainties. The transition to the new pension system is considered to be a very invasive, time-consuming and complex process, with great demands on the adaptive capability of pension funds and their pension administrators. The consequences of the choices following the new regime have a potentially major impact on the Fund's participants and organisation.

The Wtp has received a lot of attention over the past year. For instance, there have been several discussions with both the pension administrator and the asset manager regarding the Wtp. We have decided to integrate accrued pensions on 1 January 2027. Until then, this issue will have our unabated attention.

The complexity of the new scheme and the expectations participants and employers may have will put pressure on our communications. Lack of proper communication on the new scheme could adversely affect the base of support for the new contract. The effectiveness of governance and decision-making may also be under pressure due to, among other things, the complexity of decisions on the pension agreement to be administered due to changing roles of various stakeholders. We are entering a complex transition process in the coming years, while it is business as usual for regular governance and pension administration.

We manage the risks in the new pension system by setting up five different workflows and by the establishment of a structured transition process. Risks concerning social partner decision-making, administration of the new scheme and outsourcing are high. We perceive specific outsourcing risks among which:

- the implementation of Festina Finance's at APG;
- the bundling function between asset management, pension administration and the custodian ;
- the safeguarding of data quality within all the processes and the integration of accrued pension rights;
- the availability and competences of people throughout the chain;
- the dependency in transition planning on the planning and progress at other APG clients.

Continuity statement

We assume the continuity principle when preparing the annual accounts. The sectoral pension administration agreement is applicable for an indefinite period until changes to the pension scheme are made by collective labour agreement parties. There is no reason to expect the social partners to adopt a new pension scheme in 2025 that will take effect in 2025 as well. The policy funding ratio and the current funding ratio at the end of 2024 relative to the required capital are sufficient to assume continuity. In the event that the Fund does not meet the (minimum) own capital requirement, a recovery plan is drawn up that includes any additional measures.

However, it should be noted that the representativeness of the Fund has fallen below 55%. Although the Royal Society for the Advancement of Architecture Association of Dutch Architects (BNA after its abbreviation in Dutch) has grown by over 100 members since the spring of 2024 and members are joining every week, the representativeness test may turn out differently in two years' time due to shifts in emphasis in the market. This coincides with the moment we will switch to the new pension scheme. This may have an impact on the compulsory affiliation at that moment.

In 2020, we conducted an impact analysis the findings of which are still relevant. Where representativeness is between 55% and 60%, the compulsory affiliation is in principle retained, unless there is little support within the scope or there is a skewed distribution of the majority within the scope. Both are not currently applicable at our Fund.

We have formulated policies to manage the liquidity risk and this is monitored in the Investment Advisory Committee based on regular investment reporting. We refer to the asset management chapter for the Z-score and performance test. We have processes in place to determine the Fund's potential liquidity needs and liquidity risks.

The pension administration agreement with APG has been extended until at least after transition to the new system. Currently, preparations for the new pension system are in full swing. A possible risk is that the new government will impose new requirements or rules. This is not yet a given therefore our course will not be changed, but possible risks will be taken into account. There is nothing to suggest that the future-proofing of the outsourcing parties will change in the short term. We monitor the biggest risks every quarter via the strategic risk dashboard. This ensures the continuity of the Fund.

5 Organisation

5.1 About the Fund

5.1.1 Name and registered office

Our Fund was founded on 26 June 1958 and has its office under the Articles of Association in Harderwijk. We are registered under number 41199584 with the Dutch Chamber of Commerce (KVK). The Articles of Association were last amended in January 2025.

5.1.2 Compulsory affiliation

The Dutch Ministry of Social Affairs and Employment has made our scheme compulsory for firms primarily engaged in architectural work. We re-applied for the compulsory affiliation as regards the entry age being lowered to 21. The pension scheme applies to all employers and employees covered by the scope. This is the case if mainly architectural work is carried out. This means that 50% or more of the hours to be spent are architectural work. Based on SBI codes, expressing the main activity of a company, and KVK registrations, we continuously check whether there are firms that have mistakenly not affiliated with us.

There are a number of reasons why the compulsory affiliation system was created and why we believe compulsory affiliation serves the interests of the participants:

- Shared costs: we administer the same scheme for a large group. This way, costs are shared between several firms. Arranging pensions and investing together is cheaper.
- Shared risks: we invest part of the premium. Investing is necessary to keep the pensions affordable. Risks are distributed in solidarity across a large group, over a longer period and across the generations. We also share the occupational disability risks and mortality risks with each other.
- Being a responsible employer: because we arrange for the pension scheme in the same way for all the firms in the architectural sector, it does not affect the mutual competitive position of firms.
- Joint participation: both firms and participants contribute to the premium. Both interests are equally represented and promoted in the Board and the Accountability Body.

5.1.3 Our objective

Our Fund aims to protect all the stakeholders from the monetary consequences of old age, occupational disability and death.

5.1.4 Our mission

To guide decisions, we drew up a mission statement a few years ago. The Fund's participant takes centre stage. We administer the pension scheme for participants, former participants, pension beneficiaries and employers in the architectural sector at the request of the social partners and on the basis of the risk profile determined by them. We do so in a sustainable manner, with helpful service, clear communication and at a stable and acceptable premium, acceptable costs, and explainable risks. We wish to give participants, former participants, pension beneficiaries and employers of all generations a good and realistic future perspective and help them invest well in their future. Our guiding principle in doing so is that participants retire happy and remain happy afterwards. We evaluate this on a regular basis, including through a customer satisfaction survey.

We based our risk attitude on the risk appetite survey, the ALM study and agreements with parties to the collective labour agreement and Fund bodies. The qualitative description of the risk attitude was arrived at after consultation with the Accountability Body.

The main principles are to follow the price development as an indexation ambition, to restore the indexation arrears and the applied discount if this is financially possible, to aim for nominal pension entitlements but with the ambition to keep the entitlements stable in value, a cost-covering pension premium that falls within the bandwidth, reduction of the accrual percentage if the cost-covering pension premium falls above the bandwidth, applying a 10-year spreading period when applying a reduction and, for greater certainty, applying a stricter indexation policy than the statutory rules for indexation.

5.1.5 Our vision

We have observed that pensions have become uncertain, that absolute security is no longer a given and that pensions do not just automatically rise any more. We see that complexity, governance clout and compliance with legislation and regulations are important when considering issues regarding the independence of our Fund. Funds are increasingly becoming a form of administrative solidarity. We deliberately assume the principle of solidarity. We see that the benefit from our Fund is just one of the things people receive after their working life. We believe that attention is needed to give people insight and action perspective on the quality of their future. We wish to tap into those opportunities.

We see that the architectural sector is in great flux. The changing market requires us to change in a more rapid pace. More flexibility is expected from us. More and more, labour is provided by self-employed workers. In time, the size of the sector might no longer relate to the costs that need to be incurred to administer the pension scheme optimally. Base of support within the sector and recognisability for participants should be factored into the discussion of the future.

5.1.6 Size of the Fund

Participants, former participants and pension beneficiaries

We are one of the 50 largest pension funds in the Netherlands. At the end of 2024, there were 9,958 (2023: 9,895) active participants. The average age of our participant base is relatively low at 39.

There is a decrease in the number of former participants due to the automatic value transfers of small pensions created before 2018. The number of pension beneficiaries rose to from 13,975 to 14,002. There are 23,007 former participants who left our sector before their pension entitlements became payable. They have not transferred their pension entitlements to any new pension provider either. In connection with the Wtp, the lead time of value transfers is longer because not all pension funds switch to the new system at the same time.

Affiliated firms

The number of affiliated firms employing staff fell from 1,295 to 1,257 last year. Firms with a large number of participants (more than 70) and small firms (up to 6 employees) in niche markets are dominant. A number of agencies (70) participate in the Fund on a voluntary basis.

Invested assets

In 2024, the invested assets increased as compared to 2023 to an amount of €5.1 billion (2023: €4.6 billion).

5.1.7 Composition of Board committees and bodies

All the stakeholders can count on us to act with expertise and integrity and to balance the interests of all the stakeholders. The Board is composed with equal representation and each Board member has voting rights. We have a rotation schedule in place to ensure continuity. With each mutation, we check whether suitability is still sufficiently present. There were no changes in the governance model. The Articles of Association define how Board members can be appointed, reappointed, suspended or dismissed. A regular term of office has a duration of four years, with possibly two reappointments according to the Articles of Association.

During the year under review, one of the Board members was unable to perform their duties for an extended period. Ms Van Leeuwen resigned by close mutual agreement with effect from 1 November 2024.

Below you can view the composition of the Board as at 31 December 2024:

Members employers	Appointed until	Nominating organisation
Mr G. T. J. Meulenbroek, vice-chair (1968)	1 January 2025	BNA
Ms M. M. E. P. Groenen (1967)	1 July 2025	BNA
Ms E. Eelens (1981)	1 October 2028	BNA
Members employees		
Mr H. W. T. de Vaan, chair (1974)	1 September 2026	CNV
Vacancy per 1 November 2024		
Members pension beneficiaries		
Mr I. Slikkerveer (1963) (elected after elections)	1 July 2026	De Unie
Members independent		
Mr P. de Groot (1958)	1 June 2026	Not applicable
Mr A. Soederhuizen (1965)	1 June 2026	Not applicable

The position of chair is held alternately for two years by a Board member from the employees' side and the position of vice-chair by a Board member from the employers' side and vice versa. From 1 January 2024, Mr de Vaan was appointed as chair and Mr Meulenbroek as vice-chair.

Mr R. Nagtegaal had been appointed until 1 July 2025. At his own request, he resigned with effect from 1 October 2024. The Board is very grateful to Mr Nagtegaal for his many years of expert contribution to and commitment to the Fund. With a view to the succession, we have extensively assessed which knowledge on the Board we have lost with his resignation. We gave the nominating organisation additional professional requirements on top of the profile, emphasising the importance of diversity on the Board. BNA has nominated Ms Eelens as his replacement. The Board appointed Ms Eelens as Board member and as member of the Pension Committee. DNB approved these appointments.

Diversity

We highly value diversity and look beyond visible personal characteristics. This contributes to balanced consideration of interests and effective management. However, our requirement of suitability prevails over diversity. A prospective Board member must meet the objective criterion of suitability at all times. During the year under review, two women and six men served on our Board. One Board member who had a seat on the Board until 1 November 2024 is under 40 years old, the other seven Board members are over 40 years old. We thus comply with the diversity requirements of the Code.

Research has shown that the alignment of various personal values of a group of people largely influences cooperation. At value level, we strive for as much homogeneity as possible, as this enhances cooperation and mutual commitment. Our team values scan showed that integrity, sustainability and decisiveness were identified as the most important values by all the Board members.

Meetings

We generally meet once a month to consult and take decisions with each other. Due to the volume of tasks, we have set up a number of administrative committees. These committees do preparatory and executive work. They can delve deeper into the background, balance and implications of policy decisions in the preparation phase.

In order to have more time as a Board for strategic and policy issues, we have mandated various topics to committees. Our main rule is that policy issues are a Board matter and executive issues are the responsibility of the committees. The powers of a committee are set out in committee regulations. The committee is accountable to the full Board for the performance of its duties through annual plans, progress reports, committee self-assessment, committee meeting minutes and memoranda. The following committees were in place in 2024.

Day-to-day management

The day-to-day management consists of the chair and vice-chair of our Fund. They represent the Fund at law or otherwise. The day-to-day management takes everyday decisions within the formulated policy. In addition, the day-to-day management advises on the topics not already covered by other committees or working groups, and monitors their progress. It also handles applications for voluntary affiliation, voluntary continuation and voluntary insurance. Furthermore, the day-to-day management may or may not authorise the collection of premiums under threat of an insolvency procedure and the filing of an insolvency petition. The day-to-day management is also in charge of the direction function on the Wtp programme and it maintains contacts with the BNA.

Investment Advisory Committee

We have delegated the preparation of the investment policy to the Investment Advisory Committee. This committee deals with the entire investment policy of the Fund and, from the first line, the risk policy regarding the asset management activities. The Investment Advisory Committee oversees the asset managers, including by monitoring and reviewing reports.

Communications Committee

The Communications Committee has an advisory role and a supervisory role in communications. The committee is responsible for spotting, identifying and providing appropriate and timely advice on the management of financial and non-financial risks to communication and accountability thereon.

Pension Committee

The Pension Committee advises on and monitors pension management as regards first-line outsourcing, IT, legal, actuarial and underwriting risks.

Risk Committee

The Risk Committee represents the second line within the so-called three-lines-of-defence model and has an advisory, challenging and reviewing role towards the first line. From this role, the committee oversees the Board, the Investment Advisory Committee, the Communications Committee and the Pension Committee, the day-to-day management and the Executive Office. The committee reviews the opinions of proposed decisions against the risk frameworks and provides the Board with solicited and unsolicited advice on risk management and outsourcing policies.

Internal audit

The Internal Audit function implements the third line in the three-lines-of-defence model. The Internal audit function evaluates the adequacy and effectiveness of procedures and measures to ensure the integrity and control of operations. The Internal Audit function reports its findings to the Board and the Supervisory Board.

Annual report working group

We have an Annual report working group in place. This working group coordinates work on the annual report and annual accounts.

Complaints Committee
We have set up a Complaints Committee. The Complaints Committee consists of three independent members: Mr Bodewes, Mr Prins and Ms Vijverberg. The regulations can be found on the website. The Complaints Committee advises the Board on complaints between participants, former participants and pension beneficiaries and the Fund. A decision of the Complaints Committee is non-binding. The Complaints Committee is not authorised to advise on disputes regarding exemption decisions. We did not receive any complaints in 2024.

Should the complainant disagree with the decision, the complainant may refer this dispute to the *Geschilleninstantie Pensioenfondsen* ((GIP) Dutch disputes authority for pension funds) as of 1 January 2024. This will be communicated to the complainant when issuing the decision of the Complaints Committee. The Dutch Minister for Poverty, Participation and Pensions has designated the GIP as a recognised dispute resolution body for pension funds. Pension funds were required to join it.

There is also the option of taking the complaint to the national Pensions Ombudsman or to the civil courts. The Code of Conduct of the Federation of Dutch Pension Funds on the proper handling of complaints has been adopted and prompted us to amend the regulations. The Accountability Body gave a positive opinion for this. APG has adapted the internal process to the new timelines. In the survey 'Proper handling of complaints' by the Federation of Dutch Pension Funds, we received the overall score 'good'.

The Supervisory Board
The Supervisory Board is our internal regulator. This body oversees the policies and general affairs of our Fund alongside DNB. In addition, the Supervisory Board provides us with advice. The independent members always act in the interest of the objectives of our Fund, without any specific mandate and independently of any other interest. In exercising supervision, the Supervisory Board follows the Code of Dutch Pension Funds and the standards framework of the VITP, the Dutch Association of Internal Supervisors for the Pension Sector. In doing so, the Supervisory Board pays specific attention to the concepts of due care and balanced consideration of interests. A term of office has a duration of four years, with one possible reappointment.

The composition of the Supervisory Board as of 31 December 2024 is as follows:

Members	Appointed until
Ms H. G. I. M. Peters (1959), chair	1 July 2025
Mr P. G. E. van Gent (1963)	1 July 2029
Mr F. R. Valkenburg (1960)	1 July 2026

The Accountability Body
Through the Accountability Body, we render account to stakeholders for the policy, how the policy has been pursued and compliance with the Code of Dutch Pension Funds. The Accountability Body is authorised to give an opinion on our actions, the policy pursued and on the policy choices for the future. It does so on the basis of the annual report, defined policy choices and the findings of the Supervisory Board on the policies pursued, among other things. The Accountability Body must establish the extent to which the Board has taken the interests of all stakeholders in the Fund in a balanced manner when making its decisions into account.

As of 31 December 2024, the Accountability Body is composed as follows:

Members employers	Appointed by	Appointed until
Ms E. Borgert (1981), chair	BNA	1 January 2026
Ms W. E. Vester (1962)	BNA	1 July 2026
Members pension beneficiaries		
Mr M. Kuijt (1955)	Elections	1 January 2026
Mr H. Oonk (1960)	ANBO	1 November 2027
Members active participants		
Ms D. Verweij (1982)	CNV	1 November 2025
Vacancy per 1 March 2024		

Members of the Accountability Body are appointed by the Board in accordance with the Code. A term of office has a duration of four years, with one possible reappointment. Mr Vink discontinued his membership in March 2024 for personal reasons. Unfortunately, the trade unions failed to fill the vacancy in 2024. In view of the Wtp and the important decisions we have taken where all stakeholders are involved, this is regrettable.

We have made funds available for the members of the Accountability Body to take the SPO Governance A course to ensure they have the desired level of knowledge. We also make funds available to attend additional training courses that are within the Accountability Body members' area of interest. In doing so, we strengthen the countervailing power within the bodies and towards us.

Also, to increase countervailing power, we agreed to the request from the Accountability Body and the Supervisory Board to appoint an independent advisor on the Wtp for a second opinion. For the Supervisory Board, the main focus is on processes and recording. For the Accountability Body, the priority is the balance in decision-making involving integration of accrued pension rights, the solidarity reserve, and compensation. After a thorough selection process, Mr Linders of Deloitte was appointed for this purpose.

5.2 Remuneration policy Fund bodies

We have established a controlled and sustainable remuneration policy that is in line with our Fund's objectives and appropriate within our sector. The remunerations are proportionate to the responsibility, job requirements and time spent. We believe it is important to do justice to the expertise, professionalism and time spent of the members of our Fund's bodies. We based the remuneration for the Board, the Supervisory Board and the Accountability Body on a fixed annual amount. As a result, costs are manageable and predictable and can be explained. No VAT is charged on the amounts.

We believe it is important that the Accountability Body is a solid discussion partner and has sufficient pension knowledge. In deviation from the other bodies, members of the Accountability Body therefore receive an allowance of €400 per study day for attending SPO modules leading to Governance A level.

From 1 January 2024, all the remunerations were increased by 4.48%, in line with the Dutch Standards for Remuneration Act (WNT after its abbreviation in Dutch). The Board decided to temporarily reward the Accountability Body members 25% more for the additional work they perform in 2024 and the responsibilities they bear under the Wtp. Reimbursement of travel expenses for all the members is €0.40 per kilometre driven. In the following overview, we indicate how this works out for each individual member.

Annual fee per position (in euros, excluding VAT)	Period	fte DNB	Annual fee 2023	Annual fee 2024	Hourly rate
Board					
G. T. J. Meulenbroek, vice-chair	01/01 to 31/12	0.3	47,566	49,699	80
R. G. Nagtegaal *	01/01 to 30/09	0.2	31,710	33,133	80
H. W. T. de Vaan, chair	01/01 to 31/12	0.3	47,566	49,699	80
J. G. E. van Leeuwen **	01/01 to 31/10	0.2	31,710	33,133	80
M. M. E. P. Groenen	01/01 to 31/12	0.2	31,710	33,133	80
P. de Groot	01/01 to 31/12	0.2	39,638	41,415	100
I. Slikkerveer	01/01 to 31/12	0.2	31,710	33,133	80
A. Soederhuizen	01/01 to 31/12	0.2	39,638	41,415	100
E. Eelens ***	01/04 to 31/12	0.2	N/A	33,133	80
Supervisory Board					
H. G. I. M. Peters, chair	01/01 to 31/12	0.2	23,229	24,271	80
P. G. E. van Gent	01/01 to 31/12	0.1	15,486	16,180	80
F. R. Valkenburg	01/01 to 31/12	0.1	15,486	16,180	80
Accountability Body					
E. Borgert, chair	01/01 to 31/12	N/A	18,003	18,810	50
M. Kuijt	01/01 to 31/12	N/A	12,001	12,539	50
H. Oonk	01/06 to 31/12	N/A	12,001	12,539	50
D. Verweij	01/01 to 31/12	N/A	12,001	12,539	50
W. E. Vester	01/01 to 31/12	N/A	12,001	12,539	50
S. Vink ****	01/01 to 29/02	N/A	12,001	2,090	50

* Due to his resignation on 1 October 2024, Mr Nagtegaal did not receive not full compensation.

** Due to her resignation on 1 November 2024, Ms Van Leeuwen did not receive full compensation.

*** Due to her familiarisation process that started from 1 April 2024, Ms Eelens did not receive full compensation.

**** Due to his resignation on 1 March 2024, Mr Vink did not receive full compensation.

5.3 Executive Office

We have an independent Executive Office in place. However, we as the Board always remain in charge ourselves as the body ultimately responsible. The Executive Office plays a central role in policy preparation, monitoring and support. Furthermore,
the Executive Office keeps us informed of social developments and legislative and regulatory developments.
The Executive Office is responsible for preparing and implementing Board decisions. The Executive Office also assists the Supervisory Board and the Accountability Body in the performance of their duties, and the Executive Office performs the Fund's secretarial services. From 2023, the director of the Executive Office is the line manager of the Wtp programme.

5.4 Outsourcing

We have an outsourcing agreement with APG DWS & Fondsenbedrijf N.V. for pension administration. We have made arrangements with APG regarding the new price model. We have an outsourcing agreement with Amundi Asset Management, Bouwinvest Real Estate Investment Management B.V., Columbia Threadneedle Netherlands B.V., Fidelity (FIL(LUXEMBOURG)S.A.), Schroder Investment Management (Europe) S.A., State Street Global Advisors Europe Limited, Achmea Real Estate B.V. and UBS Fund Management (Luxembourg) S.A. as regards asset management.

6 Supervisory Board

In accordance with Article 15 of its Articles of Association, Stichting Pensioenfonds voor de Architectenbureaus has had a Supervisory Board in place since 1 July 2014. In 2024, the Supervisory Board consisted of Mr P.G.E. van Gent (Asset Management), Ms H.G.I.M. Peters (Governance and Communications) and Mr F.R. Valkenburg (Actuarial and Risk).

The Fund took significant steps in preparing for the implementation of the Wtp in 2024. The Supervisory Board (SB) has overseen the policies and affairs of the Fund, with a special focus on the Wtp implementation, balanced consideration of interests, and risk management.

Key elements

1. Wtp-Implementation: The Board followed a structured process for the implementation of the Wtp. There have been regular consultation moments with the social partners, the Accountability Body, and the SB. The Board has shared information on integration of accrued pension rights, benefits and drawbacks of choices, and risk-mitigating measures in a timely manner.
2. Balanced Consideration of Interests: The Board first drew up a balancing framework and applied it in its decision-making. Analyses were carried out to understand the benefits and drawbacks by age cohort, looking at various measures such as net earnings and expected pension outcomes.
3. Risk Management: The Board has a comprehensive system of control measures and regularly monitors the development of risks. The SB found that the involvement of key role holders in the integration process of accrued pension rights was sufficient.
4. IT and Cybersecurity: The Fund has adopted a comprehensive IT and cyber security policy and taken significant steps in its implementation, especially under the Digital Operational Resilience Act (DORA).
5. Investment Policy: The Investment Advisory Committee functions well, but it is recommended that the recording of considerations underlying decisions be improved.

Recommendations

As for the recommendations, many have already been resolved in the first period of 2025, which the SB applauds. However, as this report closes at the end of 2024, the recommendations are included in this report so that next reporting year a proper reconciliation can be made with what has taken place or been resolved.

- Refine the analysis of various funding ratios with regard to integration of accrued pension rights to further identify potential bottlenecks.
- Develop a robust continuity plan in case of unforeseen delays in implementation.
- Evaluate the impact of Wtp implementation on the Fund's long-term cost structure and develop strategies to control any cost increases.
- Implement annual awareness training for Board members, the SB, AB and Executive Office to raise awareness of cyber risks.

The SB gave the following regulatory approvals in 2024:

- The Board's proposed resolution to adopt the annual accounts and annual report for 2023;
- The proposed decision to appoint Ms Eelens as Board member;
- The proposed decision to re-appoint Mr Meulenbroek;
- The proposed decision to update the profile in connection with DORA.

The SB expresses its appreciation for the commitment of the Board and all those involved. Here, much attention was paid to the Wtp project, but we realise that, in addition, the current Fund also had to continue to function well. The SB looks forward to the further implementation of the Wtp and is confident that it will be ‘business as usual’ during the transition.

Culemborg, 12 March 2025

Mr *ir.* P. G. E. van Gent
Ms *mr.* H. G. I. M. Peters *RBA* (chair)
Mr F. R. Valkenburg *AAG RBA*

Board response

We thank the Supervisory Board for its valuable cooperation and the dedicated commitment its members show the Fund. We highly value the recommendations from the Supervisory Board. We appreciate the constructive and engaged way in which the Supervisory Board monitors and assesses our activities, certainly in 2024 with a view to the Wtp. We look forward to further cooperating pleasantly in the coming years.

We wish Ms Smelter every success in her new position from 1 July 2025 as a member of the Supervisory Board and thank Ms Peters for her commitment as chair of the Supervisory Board. We also wish Mr Valkenburg every success in his new role as chair of the Supervisory Board from 1 July 2025.

7 Accountability Body

In accordance with Article 14 of the Articles of Association of the *Pensioenfonds voor de Architectenbureaus*, the Accountability Body was established on 1 July 2014 to replace the participants' council. In doing so, the Accountability Body was given additional tasks and powers.

The Accountability Body is authorised to give an opinion on actions of the Board, the policy pursued and the policy choices for the future. The Accountability Body does so on the basis of the annual report, defined policy choices and the findings of the Supervisory Board, among other things. The Accountability Body establishes the extent to which the Board has taken the interests of all stakeholders in the Fund in a balanced manner into account when making its decisions.

Until early March 2024, the Accountability Body consisted of Ms E. Borgert (chair), Ms D. Verweij, Ms W. Vester and Mr M. Kuijt, Mr H. Oonk (vice-chair) and Mr S. Vink. Due to Mr Vink stepping down for personal reasons, a vacancy has arisen from the beginning of March 2024.

The Accountability Body performed its work on the basis of the Accountability Body Regulations, which set out its duties and powers with statutory and additional advisory tasks. In fulfilling the tasks, the 2024 annual plan, information received from the Board (including requests for advice) and the Supervisory Board were part of the guiding principle.

In 2024, the Accountability Body met fourteen times, including three times with the Board. Three meetings were held with the Supervisory Board and three were held by the chairs of the bodies. There were two seminars for the Accountability Body in 2024, together with the Board and the Supervisory Board. The Accountability Body also met once with the Annual Report working group. In addition, 10 additional knowledge and information sessions around the Wtp were organised together with (a delegation of) the Board, the Supervisory Board and the external Wtp advisor from Deloitte. Most of these knowledge and information sessions took place in digital form.

Opinion

Through the annual report and via the Accountability Body, the Board renders account to the stakeholders for the policy, how the policy has been pursued and for compliance with the Code of Dutch Pension Funds. The Accountability Body has given a positive opinion on the actions of the Board, the policy pursued and the policy choices for the future. In doing so, it believes that the Board has taken into account the Fund's stakeholders in a balanced manner in its decision-making. The Accountability Body noted that the Board acted on a large part of the recommendations made in 2024.

Requests for advice

The Accountability Body gave three recommendations in 2024. This covered the following topics:

Topic	Period	Nature of recommendation
1. Supplement 2025	November 2024	Positive
2. Premium and accrual rate 2025	November 2024	Positive
3. Adjustment of pension administration regulations	December 2024	Positive

Future of Pensions Act (Wtp)

Throughout the year, preparations for the transition to the Wtp on 1 January 2027 have been the focus. Much time and attention has been given to the transition by the Board, committees and outsourcing parties.

In preparation for the Wtp requests for advice in 2025, several knowledge and information sessions were organised by the Board for the Supervisory Board and the Accountability Body in 2024. The following topics were discussed during these sessions: prototype pension scheme, balance framework, decision with regard to the integration of accrued pension rights, data quality, transition plan, implementation plan, accountability document, DNB template for the integration of accrued pension rights, ALM study and statutory communication plan.

This extensive process has led to an increasing workload, leading the Board to divide its regular work into must-haves and nice-to-haves for 2024.

Accountability by Supervisory Board
The Supervisory Board rendered oral and written account for 2024 to the Accountability Body on 12 March 2025.

Based on the 2024 report of findings of the Supervisory Board for the Board and the Accountability Body, the Accountability Body took note of the findings and recommendations of the Supervisory Board for 2024. The Accountability Body recognises the content of the report, which led to a positive assessment of the Board's performance.

The Accountability Body thanks the Board for transparent communication and trust.

Our full report containing the standards framework, findings, opinion and recommendations can be found on the website. Below is an abridged account of our opinion for each standard:

Governance and the Future
The Accountability Body found that the Board functioned well in 2024 and complied with the Strengthening of Pension Fund Governance Act (Wvbp) and, except for one point, the Code of Dutch Pension Funds. However, it is vital to keep a close eye on committee allocation and portfolio managers in 2025 so that all important issues receive adequate attention from the Board.

Despite spending a lot of time and attention of the Board on the Wtp in 2024, there has also been sufficient focus on the future of the Fund after the transition. The possible abolition of the compulsory affiliation remains a key issue for 2025.

Premium policy and Surcharge
The premium rate of 24.5%, with an accrual rate of 1.7385% for 2025, takes sufficient account of both the cost components used and a balanced consideration of interests. The Accountability Body deemed the additional verbal explanation provided by a delegation of the Board positive but also necessary. The Accountability Body would like to ask the Board to continue to provide, in writing and qualifiably, the substantiation and reasoning of the balanced consideration of interests in subsequent requests for advice.

For 2025, an supplement of only 50.22 percentage point of the benchmark can be awarded. Despite the decision taken in 2024, that only 1.75% supplementation can be granted for 2025 (instead of the full 3.5%), the Accountability Body is positive about the process and outcome of the supplementation policy applied. The Accountability Body recommends that the Board, in consultation with the social partners, maintain the value retention (100% compensation of price developments) of pensions as an ambition, even under the Wtp.

The Accountability Body recommends that the Board consult and/or inform the various stakeholders, including the social partners, at an early stage about both the premium set and the granting of supplements.

Investment policy and Asset management

The investment process was carried out in accordance with the investment policy and principles as set out in the Fund's Investment Plan and Investment Guidelines. In 2024, a new ALM study was conducted to arrive at an optimal investment portfolio under the Wtp that is in line with the ambitions of the social partners as set out in the transition plan and the Fund's balance framework. Based on the results from the ALM study, action has been taken to reduce the volatility of the funding ratio up to the date of integration of accrued pension rights. This increased the interest rate hedge to 70%.

The Accountability Body recommends that the Board give consideration to the potential impact of the Wtp on asset management until the date of integration of accrued pension rights. Within the framework of the strategic investment policy, 2025 could also need a focus on additional protective structures for the funding ratio towards the date of integration of accrued pension rights.

The Accountability Body recommends that the Board continue to look responsibly at the application of the transition FTK until the transition date and make a well-considered and well-founded decision in this regard.

Outsourcing & IT (DORA)

The Fund extensively uses various outsourcing parties. In 2024 as well, according to the Accountability Body, the Board was in control and operations were carried out in line with acceptable costs. The Accountability Body recommends that the Board resume evaluations with all outsourcing parties in 2025, if the workload around Wtp allows.

The Board made significant strides in IT, cybersecurity, data quality and DORA legislation in 2024. Despite all the information available, there is still a need to continue to critically monitor IT control.

The Accountability Body also recommends that the Board continue to closely monitor the cooperation with and cost proposals of the outsourcing parties.

Communication

The Accountability Body noted with approval how the communication policy was implemented. Most of the communication efforts concerned Wtp-related issues, including the preparation of a statutory communication plan. Regarding the campaigns designed to inform participants and employers about the Wtp, we have previously advocated paying particular attention to organising live meetings. However, we can understand that from a cost point of view, regular digital information is preferred. However, it is recommended to include a call to action in messaging via the appropriate social media channels, where possible and desirable.

In addition, it is very important not to lose focus on ESG. The Accountability Body therefore expresses the hope that the intention to focus more on sustainability themes that are appealing to the target group will, also in the near future, lead to regular checks among the participants to see whether there is a base of support for the choices made. It is vital that participants understand the choices made by the Board in the context of ESG. We therefore recommend that communication efforts regarding ESG continue unabated in the coming year.

Integrated risk management

The Fund's integrated risk management is becoming increasingly professional, with more and more functions and therefore costs required to ensure that professionalism. The Accountability Body expects that, thanks to this high-level risk management system, no unnecessary risks that could lead to major financial setbacks will be taken in the future.

However, it is essential that the continuity, level of knowledge and staffing of the Risk Committee keep pace with developments within the Fund.

The Accountability Body and Supervisory Board indicated that they were sufficiently informed about the way in which the risk appetite was determined and the rationale given in the accountability document 'risk appetite' enabling the Board to redetermine the risk appetite in 2024.

Based on the results of audits, the cooperation with the Fund's employees and the way in which audit findings are followed up, it can be concluded that risk awareness within the Fund is such that risks are addressed in a professional and well-considered manner and the internal control of the Fund is implemented.

It was concluded that the direct impact of the transition to the Wtp is relatively limited. However, it was observed that the potential abolition of the compulsory affiliation may have significant impact. The Accountability Body therefore recommends that this be monitored periodically.

The Accountability Body recommends close monitoring of developments among clients of APG and other forerunners transitioning to the new scheme on 1 January 2025 or 1 January 2026 and using this experience for our Fund's transition on 1 January 2027.

In conclusion
The Accountability Body appreciates the commitment of the Board and the Supervisory Board.

Mutual cooperation between the Board, Supervisory Board and Accountability Body takes place with an open and constructive attitude. The Accountability Body looks forward with confidence to the cooperation for the coming year.

Culemborg, 14 May 2025

E. Borgert (chair)
H. Oonk (vice-chair)
J. Kirchert
M. Kuijt
D. Verweij
W. Vester

Board response

We thank the Accountability Body for this management summary of the opinion and concur with the Accountability Body's words on open cooperation. The Accountability Body’s input in the discussions and the recommendations are highly appreciated and add value to our administrative decision-making. We would also like to continue this constructive cooperation with the Accountability Body in the coming years. We are pleased with the largely positive assessment and the various suggestions. In it, we read appreciation for the work we have done and the results achieved, but also that there is always room for improvement. The Board appreciates the strong commitment of the Accountability Body.

We will provide feedback on the Accountability Body's recommendations in the joint consultation in the usual way. We wish Mr Kirchert every success in his new role as member of the Accountability Body.

II. ANNUAL ACCOUNTS

In this chapter, the Board of *Stichting Pensioenfonds voor de Architectenbureaus* presents the annual accounts for the 2024 financial year ending on 31 December 2024. The Other Information section contains the statements of the certifying actuary and the independent auditor of the pension fund.

1 Balance sheet as at 31 December

(After appropriation of the balance of income and expenditure, amounts in thousands of euros)

		31-12-2024	31-12-2023
ASSETS			
Investments at the risk of the pension fund	(1)		
Property investments		500,191	469,553
Equities		1,792,716	1,369,322
Fixed-income securities		2,527,921	2,578,023
Derivatives		312,723	333,349
Other investments		234,011	212,706
		5,367,562	**4,962,953**
Receivables, prepayments and accrued income	(2)	7,480	10,241
Cash at bank and in hand	(3)	13,693	5,629
		5,388,735	**4,978,823**
LIABILITIES			
Foundation capital and reserves	(4)	943,887	699,139
Technical provisions at the risk of the pension fund	(5)	4,125,223	3,923,448
Other liabilities, accruals and deferred income	(6)	319,625	356,236
		5,388,735	**4,978,823**

	31-12-2024	31-12-2023
Funding ratio based on FTK (in %)		
Current funding ratio (in %)	122.9	117.8
Policy funding ratio	123.0	125.6

2 Statement of income and expenditure

(Amounts in thousands of euros)

			2024		2023
INCOME					
Premium contributions at the risk of the pension fund (from employers and employees)	(7)		77,340		78,190
Investment results at the risk of the pension fund	(8)		521,223		435,747
Other income	(9)		720		1,861
			599,283		**515,798**
EXPENDITURE					
Pension benefit payments	(10)		141,366		130,040
Pension administration costs	(11)		5,882		5,450
Movement technical provisions at the risk of the pension fund	(12)				
Pension accrual		70,154		60,064	
Granting of supplements		70,970		250,621	
Interest addition		133,703		113,566	
Withdrawal for pension benefits and pension administration costs		-145,104		-133,216	
Movement in market interest rates		81,581		110,908	
Movement in actuarial assumptions		-6,215		10,672	
Movement from transfer of rights		-7,336		-13,790	
Other movements in technical provisions		4,022		5,322	
			201,775		404,147
Balance of transfers of rights	(13)		5,512		11,937
Other expenditure	(14)		-		-
			354,535		**551,574**
Balance of income and expenditure			**244,748**		**-35,776**

Appropriation of the balance of income and expenditure

(Amounts in thousands of euros)

	2024	2023
General risks reserve	216,254	-65,078
Volatility reserve	28,494	29,302
	244,748	**-35,776**

3 Cash flow statement

(Amounts in thousands of euros)

		2024	2023
Cash flow from pension activities			
Premium contributions received for the risk of the pension fund		79,119	75,892
Incoming value transfers		1,062	2,695
Other income received		1,846	648
Pension benefits paid		-141,180	-129,861
Outgoing value transfers		-6,542	-14,630
Pension administration costs paid		-6,070	-5,324
Total cash flow from pension activities		**-71,765**	**-70,580**
Cash flow from investment activities			
Disposals and redemptions of investments		2,132,048	2,393,801
Direct investment returns received		80,247	76,334
Purchases and disbursements of investments		-2,115,762	-2,426,528
Asset management fees paid		-7,527	-6,382
Other income and expenditure on investments		5,617	4,796
Change in cash collateral		19,346	-684
Total cash flow from investment activities		**113,969**	**41,337**
Exchange rate and conversion differences on funds		**-472**	1,000
Movement in funds		**41,732**	**-28,243**

		2024	2023
Funds as at 1 January		20,420	48,663
Movement in funds		41,732	-28,243
Funds as at 31 December	**(3)**	**62,152**	**20,420**
Funds under investments		48,459	14,791
Funds under cash and cash equivalents		13,693	5,629

4 General explanatory notes

General explanatory notes

Introduction

The objective of Stichting Pensioenfonds voor de Architectenbureaus, registered in the Dutch business register under number 41199584, having its registered office in Harderwijk (hereinafter referred to as 'the pension fund') is to provide benefits now and in the future to pensioners and dependants in respect of old age and death; the pension fund also provides benefits to occupationally disabled participants and former participants. This objective is detailed in the pension fund's Articles of Association pension regulations, pension administration agreement and Actuarial and Business Memorandum, among other things. The pension fund implements the pension scheme of the compulsorily affiliated employers in the architectural sector.

The Fund's business address is Ceintuurbaan 2, 3847 LG Harderwijk.

Declaration of conformity

The annual accounts have been prepared in accordance with the statutory provisions as set out in Title 9, Book 2 of the Dutch Civil Code and in compliance with the Accounting Standards, in particular RJ 610. The amounts included in the annual accounts have been stated in thousands of euros unless indicated otherwise.

The Board adopted the annual accounts on 4 June 2025.

Going concern

The annual accounts were prepared on the going concern basis of accounting.

Comparison with the previous year

The principles of valuation and determination of results compared to the previous year remained the same, with the exception of the change in the accounting estimate explained below.

Change in accounting policy cash flow statement

In 2024, the Dutch Council for Accounting Standards made changes to the definition of funds in the cash flow statement (Standard 360 'The cash flow statement'). From 2024, movements in funds under investments are also included in the cash flow statement. This accounting policy change has no effect on the Fund's assets and results. The comparative figures for 2023 have been adjusted.

Changes in accounting estimate of pension liabilities at the risk of the pension fund

Actuarial assumptions

With regard to the 2024 reporting year, the Board decided to change several assumptions, actuarial and otherwise, used to determine the provision for pension liabilities. The changes and the effect of the change in accounting estimate on the provision for pension liabilities are:

- the application of recent survival principles due to the transition from Projections Life Table AG2022 to Projections Life Table AG2024 (decrease provision €7.9 million);
- the application of the new mortality experience (adjustment factors) to the Projections Life Table AG2024 (increase provision €1.7 million).

General principles

Recognition of an asset or liability

An asset is recognised in the balance sheet when future economic benefits are likely to accrue to the pension fund in and its value can be measured reliably. A liability is recognised in the balance sheet when its settlement is likely to involve an outflow of resources and the amount thereof can be measured reliably.

Recognition of income and expenditure

Income is recognised in the statement of income and expenditure when an increase in the economic potential, related to an increase in an asset or a reduction in a liability, has occurred, the magnitude of which can be measured reliably. Expenditure is recognised when a reduction in the economic potential, related to a reduction in an asset or an increase in a liability, has occurred, the magnitude of which can be measured reliably.

Netting of an asset and a liability

A financial asset and a financial liability are netted out and recognised as a net amount in the balance sheet if there is a legal or contractual authority to settle the asset and liability netted and simultaneously and, if there is also an intention to settle the items in this way. Interest income and interest expenditure associated with netted financial assets and financial liabilities are also netted out.

Estimates and assumptions

In accordance with Title 9, Book 2 of the Dutch Civil Code, the preparation of the annual accounts requires the Board to form opinions and make estimates and assumptions that affect the application of accounting principles and the reported values of assets and liabilities, and of income and expenditure.

The estimates and related assumptions have been based on past experience and various other factors that are deemed reasonable given the circumstances. The results provide the basis for the opinion on the carrying value of assets and liabilities that is not readily apparent from other sources. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are assessed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both the reporting period and future periods.

Recognition of movements in the value of investments

No distinction is made between realised and unrealised movements in the value of investments. All the movements in the value of investments, including transaction costs, fees, exchange rate differences, and so on, are recognised as indirect investment returns in the statement of income and expenditure.

Foreign currencies

A foreign currency transaction is valued on initial recognition at the functional exchange rate on transaction date.
Assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate on the balance sheet date. This valuation is part of the fair value measurement. Income and expenditure arising from transactions in foreign currencies are converted at the exchange rate on the transaction date. All foreign exchange differences are recognised in the statement of income and expenditure as indirect investment returns.

Principles for the valuation of assets and liabilities

Investments at the risk of the pension fund

In general

The investments are valued at fair value; only if the fair value of investments cannot be reliably determined, valuation is based on amortised cost. Prepayments and accrued income, and accruals and deferred income as well as cash asset management have been valued at nominal value, and are included in the investments. For these assets and liabilities, the difference between fair value and nominal value is generally minor.

Units in investment funds and investment institutions specialising in a particular type of investments are classified and valued according to the principles for those underlying investments (look-through approach). Mixed investment funds are aligned with the main class, determined on a fair value basis.

Financial instruments are used to hedge investment risks and achieve the defined investment policy. Positions in derivatives have been recognised as a separate investment class. Derivatives that are part of an investment fund are recognised in the investment class in which this investment fund is classified.

Fair value

The pension fund's investments are valued at fair value on the balance sheet date. Certain instruments, such as investment fund units, are valued using the net asset value. It is customary and possible to determine the fair value within an acceptable range of estimates. Only if the fair value of investments cannot be reliably determined, valuation takes place on an amortised cost basis. Listed market prices can be used for some of the pension fund's financial instruments. Derivatives are valued using net present value calculations.

For financial instruments, such as investment receivables and debts, the carrying value approximates the fair value due to the short-term nature of the receivables and debts. The carrying values of all the assets and financial liabilities as at the balance sheet date approximate the fair value.

Property investments

Investments in direct property are measured at fair value. The fair value is based on periodic valuations carried out by independent experts.

Listed indirect property investments are valued at the market value on the balance sheet date. Unlisted (indirect) property investments are valued at the net asset value calculated at the end of the reporting period. The net asset value is derived from the most recent statements of the relevant fund managers based on local principles which assume valuation at market value.

Equities

Equity investment funds

Units in listed investment institutions are valued at the market price as at the balance sheet date. Units in investment funds in listed equities are valued at the last known market value at the end of the reporting period. Units in investment funds in unlisted equities are valued at the net asset value calculated at the end of the reporting period. The net asset value is derived from the most recent statements of the relevant fund managers based on local principles which assume valuation at market value.

Private equity

Units in unlisted investment funds investing in private equity are valued at the share of the net asset value of the investment fund. The net asset value of the investment fund is estimated by the external manager, the management of the relevant investment or the lead co-investor.

Fixed-income securities

Fixed-income securities are measured at fair value including accrued interest. For listed fixed-income securities, this is the market value on the balance sheet date. For unlisted units in fixed-income securities funds, this is the net asset value, which represents the fair value of the underlying investments.

Bonds

Listed bonds and units in listed investment institutions investing in bonds are valued at the market value on the balance sheet date. Units in unlisted investment funds investing in bonds are valued at the net asset value of the bond fund.

Mortgages

Units in investment funds investing in mortgage loans are valued at fair value. The fair value is calculated based on the present value of the future cash flows. The parameters used in this calculation were updated at the end of the financial year.

Loans on promissory note

Loans on promissory note are valued at fair value. This fair value is calculated on the present value of the future cash flows. The interest rates used for discounting are derived from external independent parties and depend on the credit risk of the counterparties.

Derivatives

Derivatives are measured at fair value, which is the relevant market quotation or, if there is none, the value determined using market-based and verifiable valuation models. Derivative contracts with a negative value are recognised in the balance sheet under other liabilities and accruals and deferred income.

Other investments
Other investments are valued at fair value. These are valued at net asset value, which represents the fair value of the underlying investments.

Infrastructure
The value of investments in infrastructure funds is derived from the most recent statements of the relevant fund managers based on local principles.

Money market funds
The money market funds are measured at fair value, being the pension fund's share of the fair values of the financial instruments held by Columbia Threadneedle Netherlands bv at the account and risk of its clients.

Receivables, prepayments and accrued income

Receivables, prepayments and accrued income are valued at fair value upon initial recognition. After initial recognition, receivables are measured at amortised cost, equal to the nominal value if no transaction costs are incurred, less any impairment losses, if there is a possibility of irrecoverability.

Other assets

Other assets include cash at bank and in hand to the extent that these are bank balances payable on demand. Cash at bank and in hand are valued at nominal value. They are distinguished from balances related to investment transactions. Cash in bank and at hand and cash equivalents from investment transactions are presented under the investments.

Foundation capital and reserves

General risks reserve
This reserve is the part of the capital that remains after the required reserves have been brought to the desired level through profit appropriation, and serves to absorb setbacks other than those for which a specific reserve or provision, respectively, has been made. The aim is to hold total reserves at least equal to the stated required capital based on the Financial Assessment Framework (FTK). The stated required capital is determined based on the standard method prescribed by De Nederlandsche Bank (DNB). The general risks reserve is not capped.

Volatility reserve
The volatility reserve equals the required own capital needed in an equilibrium. DNB's standard test determines the size of the required own capital.

Technical provisions at the risk of the pension fund

Provision for pension liabilities at the risk of the pension fund
The provision for pension liabilities is the present value, calculated on actuarial principles, of the pension entitlements to which rights have been acquired under the regulations as at the balance sheet date. The calculated provision relates only to the Fund's unconditional pension liabilities. Furthermore, no account has been taken of pension liabilities arising from future salary increases.

The calculations were carried out on the following actuarial principles and assumptions:

Fictitious interest rate

The market interest rate is the fictitious interest rate. The market interest rate corresponds to the interest rate term structure at the end of the financial year as published by DNB.

Survival tables

The provision at the end of 2024 was calculated based on the Projections Life Table AG2024 published by the Royal Dutch Actuarial Association (*Koninklijk Actuarieel Genootschap*), start column 2025 (2023: Projections Life Table AG2022, start column 2024). Here, mortality experience is taken into account by multiplying mortality probabilities by age-dependant and gender-dependent adjustment factors.

At age 67, for instance, the adjustment factor for men is 73% and 78% for women. For co-insured persons, the adjustment factor at age 67 is 68% for men and 81% for women.

After age 67, these adjustment factors gradually increase to around 100% at age 100.

No mortality rates have been considered for the orphans.

Partner frequencies

For the valuation of the latent partner’s pension for non-pensioners, the indefinite partner system is used, which takes into account the probability of an insured person having a partner on the basis of empirical data of the Dutch population published in 2022 by Statistics Netherlands (2023: idem).

These partner frequencies depend on age and gender of the insured. For latent partner's pension in addition to retirement pension in payment, the particular system is used, where an entitlement exists only for partners present on the retirement date and for which a provision is calculated.

Male-female age difference

The male is assumed to be three years older than the female.

Loading for disbursement costs

The technical provision includes a loading for disbursement costs of 3.2% (2023: idem).

Provision for extension risk Non-Contributory Participation

The non-contributory participation extension risk provision is calculated as the sum of the non-contributory participation loadings of the last two financial years. This will make the non-contributory participation loading of the second financial year available annually to cover the costs of the start of the premium waiver due to the onset of occupational disability for participants with a first day of illness during the second financial year.

Savings fund conscientious objectors

The pension fund may grant individual exemption from participation in the compulsory pension schemes to an employee if they have conscientious objections to any form of insurance. The employer owes a savings contribution to the pension fund. This savings contribution equals the premium that would have been charged to the employer if no exemption had been granted. Under the collective labour agreement, 45% of the savings contribution is borne by the employee. Savings contributions are deposited in a notional savings account, to which interest is added annually. Up to the start of the pension replacement benefit, this interest equals the moving average return on the pension fund's investments over the last five financial years less 0.5% and rounded down thereafter to a multiple of 0.25%. The saved contributions of the conscientious objector are paid to the person concerned in equal instalments for 15 years of reaching the age of 67. In the event of the death of the conscientious objector before the payment of benefits commences, the balance is paid to the partner in equal instalments for 15 years. In case of death of the conscientious objector after commencement of the benefits, the benefits continue for the benefit of the partner for the remaining period.

Other liabilities, accruals and deferred income

Other liabilities, accruals and deferred income are valued at fair value upon initial recognition. After initial recognition, liabilities are measured at amortised cost (equal to the nominal value if no transaction costs are incurred).

Current funding ratio (in %)

The current funding ratio is calculated as follows:

$$\frac{\text{Assets present}}{\text{Technical provisions}} \times 100\%$$

In this calculation, the assets present consist of all the assets less other liabilities and accruals and deferred income.

Under the FTK, the policy funding ratio is the guiding principle for all the policy measures. The policy funding ratio is the average of the current funding ratio over the past 12 months and is therefore less dependent on daily rates.

Principles for the determination of the result

In general

Income and expenditure are allocated to the financial year to which they relate. The items shown in the statement of income and expenditure are significantly related to the valuation principles used in the balance sheet for investments and the technical provisions. Both realised and unrealised results are recognised directly in the result.

Premium contributions at the risk of the pension fund (from employers and employees)

Premium contributions mean amounts charged or to be charged to third parties for the pensions insured in the reporting year less discounts. Premiums have been allocated to the period to which they relate.

Returns on investments

Direct investment returns

Direct investment returns in this context mean interest income and interest charges, dividends and similar income. Dividends are recognised at the time they become available for payment.

Indirect investment returns

Indirect investment returns refer to realised and unrealised movements in value and foreign exchange results. No distinction is made between realised and unrealised movements in the value of investments. All the movements in the value of investments, including exchange rate differences, are recognised as indirect investment returns in the statement of income and expenditure.

Acquisition costs are included in the fair value of investments. Selling costs are recognised as part of the value movements.

Asset management costs

Asset management costs consist mainly of management and custody fees. These are just the costs paid by the Fund itself. Income-related transaction costs, commissions, exchange differences, and so on, are offset against direct and indirect investment income.

Pension benefit payments

Pension benefits refer to the amounts paid to pension beneficiaries including commutations. The pension benefits have been determined on actuarial principles and allocated to the reporting year to which they relate.

Pension administration costs

The pension administration costs have been allocated to the period to which they relate.

Movement technical provisions at the risk of the pension fund

Pension accrual

Pension accrual is the present value of pension entitlements granted during the financial year. This is the impact on the provision for pension liabilities of the nominal rights to retirement pension and partner's pension accrued during the year under review. It further includes the effect of individual salary development.

Interest addition

Pension liabilities are discounted at the nominal market interest rate based on the interest rate term structure published by DNB. The interest addition is calculated at the fictitious interest rate at the beginning of the financial year on the opening balance and movements during the year.

Withdrawal for pension benefits and pension administration costs

Expected future pension benefits are calculated in advance on the basis of actuarial principles and are included in the technical provision. The decrease in the provision recognised in this heading relates to the amount released for the purpose of funding pensions during the reporting period.

Annually, an amount of the loading for disbursement costs (3.2% for the current financial year) is released for the benefits paid in the year to finance the pension administration costs incurred (disbursement costs).

Movement in market interest rates

Annually, on 31 December, the current value of the technical provisions is recalculated by applying the current interest rate term structure. The effect of the change in the interest rate term structure is accounted for under the heading 'Movement in market interest rates'.

Movement in actuarial assumptions

The determination of the provision for pension liabilities is an inherently uncertain process, using estimates and assessments by the Board. The actuarial principles and/or methods are assessed regularly and if necessary revised for the purpose of calculating the current value of the pension liabilities. In doing so, internal and external actuarial expertise is deployed. Among other things, this includes the comparison of mortality, longevity and occupational disability assumptions with actual observations for both the entire population and the population of the pension fund in particular.

The effect of changes is recognised in the result when the actuarial assumptions are revised.

Movement from transfer of rights

This includes the transfer values attributable to the reporting year of the incoming and outgoing pension entitlements, with respect to the actuarial value.

Other movements in technical provisions

The changes in the provision recognised under this item relate to probability systems.

Balance of transfers of rights

The item ‘Balance of rights transfers’ includes the balance of amounts in respect of incoming or outgoing pension liabilities.

Other income and expenditure

Other income and expenditure are recognised for amounts attributable to the year under review.

Cash flow statement principles

The cash flow statement has been prepared in accordance with the direct method. All receipts and expenditures are hereby presented as such. A distinction is made between cash flows from pension administration activities and from investment activities. The item ‘Funds’ includes both bank accounts held for pension activities and those held for investment activities. Money market funds are recognised under funds only if they meet the definition of a cash equivalent.

5 Explanatory notes to the balance sheet

(Amounts in thousands of euros, unless stated otherwise)

Assets

1. Investments at the risk of the pension fund

Overview of movements by investment class

2024	Property investments	Equities	Fixed-income securities	Derivatives	Other investments	Total
Position as at 1 January 2024	469,553	1,369,322	2,578,023	-19,162	212,706	4,610,442
Purchases	13,460	301,745	1,621,557	-	179,000	2,115,762
Sales	-6,872	-291,426	-1,707,684	77,238	-203,304	-2,132,048
Other movements	-4,681	241	1,853	-18,299	29,589	8,703
Value movements	28,731	412,834	34,172	-42,780	16,020	448,977
	500,191	**1,792,716**	**2,527,921**	**-3,003**	**234,011**	**5,051,836**
Plus: Derivatives with a negative value	-	-	-	315,726	-	315,726
Position as at 31 December 2024	**500,191**	**1,792,716**	**2,527,921**	**312,723**	**234,011**	**5,367,562**

2023	Property investments	Equities	Fixed-income securities	Derivatives	Other investments	Total
Position as at 1 January 2023	476,108	1,187,760	2,348,394	-13,875	237,340	4,235,727
Purchases	27,988	387,095	2,002,920	6	8,519	2,426,528
Sales	-5,840	-470,669	-1,876,706	-40,387	-199	-2,393,801
Other movements	8,696	1,042	1,984	-10,826	-25,481	-24,585
Value movements	-37,399	264,094	101,431	45,920	-7,473	366,573
	469,553	**1,369,322**	**2,578,023**	**-19,162**	**212,706**	**4,610,442**
Plus: Derivatives with a negative value	-	-	-	352,511	-	352,511
Position as at 31 December 2023	**469,553**	**1,369,322**	**2,578,023**	**333,349**	**212,706**	**4,962,953**

According to the accounting principles, derivatives with a negative value are recognised under Other liabilities and accruals and deferred income; the Debt for collateral received is also recognised under Other liabilities and accruals and deferred income. The overview of movements for each investment class shows the netted movements of derivatives. In order to arrive at the positive value of the derivatives under the investments at the risk of the pension fund, the value of the negative derivatives and the debt for collateral received are added to the netted closing balance of the derivatives at the bottom of the table.

The Fund has no investments in affiliated organisations or contributory companies.

Other movements

Other movements concern movements relating to investment debtors, investment creditors and cash and cash equivalents under management at the asset managers.

Securities lending

The pension fund does not participate directly in securities lending. Securities lending may however occur within the investment funds. The investment funds may make part of their investments available for securities lending. In that case, based on look-through in the investment funds, securities lending is applicable. This was not the case at the end of 2024 and 2023.

Specific financial instruments (derivatives)

Financial derivatives are used to implement the investment policy. As a rule, derivatives are only used to the extent appropriate within the overall investment policy. The portfolio structure and risk profile, calculated including the economic effects of derivatives, should be within the range, i.e. limits, set by the Board.

The pension fund uses derivatives primarily to hedge the currency risk and interest rate risk. One of the main risks in derivatives is credit risk. This is the risk of counterparties being unable to meet their payment obligations. This risk is mitigated by only entering into transactions with reputable parties. Moreover, collateral is always used. We also use centrally cleared interest rate swaps for interest rate derivatives, with daily settlement.

Fair value

Investments are measured at fair value. Apart from investment debtors, investment creditors and cash, the pension fund's investments are measured at fair value on the balance sheet date. In general, it is possible and customary to determine the fair value within an acceptable range of estimates. The carrying values of all the assets and financial liabilities as at the balance sheet date approximate the fair value.

For part of the pension fund's investments, quoted market prices or valuations carried out by independent third parties may be used. However, certain investments have been measured using net present value calculations or other methods:

- Net asset value: the market value derived from the most recent reports of fund managers and fund-of-fund managers. For fund investments in property, private equity and infrastructure, the valuation is determined on the basis of the latest fund reports received. These reports have been audited by an independent auditor but the period of these reports is not synchronised with the pension fund's financial year. To mitigate this uncertainty, an annual reconciliation is made retrospectively. Investments of which the valuation is based on net asset value are included in the table under "Other method(s)". In addition, investment funds of which the Net Asset Value (NAV) is provided by an external party are accounted for under this method.
- Investments with quoted market prices are traded on a stock exchange or involve liquid assets. These include equities, bonds, collateral and bank deposits.
- The net present value (NPV) is determined by discounting the cash flows receivable using the prevailing market interest rate. The valuation takes into account the irrecoverability risk.

Valuation system used based on RJ 290

The tables below show the breakdown by valuation system used based on RJ 290 of the invested assets.

	Quoted market prices	Independent valuations	NPV calculations	Other method(s)	total
As at 31 December 2024					
Property investments	55,818	-	-	432,815	488,633
Equities	1,788,415	-	-	-	1,788,415
Fixed-income securities	2,065,104	-	-	440,877	2,505,981
Derivatives	-	-	-254,086	-	-254,086
Other investments	195,020	-	-	-	195,020
	4,104,357	**-**	**-254,086**	**873,692**	**4,723,963**

	Quoted market prices	Independent valuations	NPV calculations	Other method(s)	total
As at 31 December 2023					
Property investments	46,301	-	-	407,014	453,315
Equities	1,365,262	-	-	-	1,365,262
Fixed-income securities	2,138,446	-	-	419,490	2,557,936
Derivatives	-	-	-288,546	1	-288,545
Other investments	203,304	-	-	-	203,304
	3,753,313	**-**	**-288,546**	**826,505**	**4,291,272**

The fixed-income securities mentioned under quoted market prices are mostly government bonds.

Property investments

The property investments can be specified as follows:

specification by class	31-12-2024	31-12-2023
Indirect property	488,633	453,315
Invested values	**488,633**	**453,315**
Investment debtors	11,558	16,238
	500,191	**469,553**

Equities

The equities can be specified as follows:

specification by class	31-12-2024	31-12-2023
Equities	1,747,311	1,342,105
Equity investment funds	41,104	23,157
Invested values	**1,788,415**	**1,365,262**
Investment debtors	4,301	4,060
	1,792,716	**1,369,322**

Fixed-income securities

Fixed-income securities can be specified as follows:

specification by class	31-12-2024	31-12-2023
Government bonds	1,635,312	1,774,653
Mortgage funds	440,877	419,490
Bond investment funds	427,881	362,891
Asset-backed securities	1,911	902
Invested values	**2,505,981**	**2,557,936**
Investment debtors	21,940	20,087
	2,527,921	**2,578,023**

Derivatives

Derivatives can be specified as follows:

specification by class	31-12-2024	31-12-2023
Interest rate derivatives positive value	60,760	56,081
Foreign exchange derivatives positive value	879	7,885
Equity derivatives positive value	-	1
Invested values	**61,639**	**63,967**
Investment debtors	257,080	276,426
Investment creditors	-5,996	-7,044
	312,723	**333,349**

Interest rate derivative positions are settled on a daily basis. Cash collateral received on interest rate derivatives with a positive value is reinvested. For the explanatory note on collateral received on derivatives, we refer to the explanatory note on Other liabilities and accruals and deferred income.

Other investments

Other investments can be specified as follows:

specification by class	31-12-2024	31-12-2023
Catastrophe bonds	195,020	-
Infrastructure	-	203,304
Invested values	**195,020**	**203,304**
Cash at bank and in hand	48,459	14,791
Investment creditors	-9,468	-5,389
	234,011	**212,706**

In order to carry out asset management, Columbia Threadneedle Netherlands bv holds bank accounts and money market instruments at the account and risk of the pension fund.

The beneficial ownership of said bank accounts and money market instruments lies with the pension fund and the legal ownership lies with Columbia Threadneedle Netherlands bv. At the end of the reporting period, the balance is €48,459 (year-end 2023: €14,791). In the annual accounts, this is recognised as Cash at bank and in hand/Money market funds under Other investments.

2. Receivables, prepayments and accrued income

	31-12-2024	31-12-2023
Receivables on employers	7,176	8,955
Value transfers	117	28
Interest to be received	87	98
Prepaid expenses	32	14
Pensions	13	23
Miscellaneous	55	8
VAT to be received	-	1,115
	7,480	**10,241**

The valuation of receivables takes the risk of irrecoverability into account by deducting a provision for this from the balance of outstanding receivables. For similar items with similar risks, losses and risks are jointly estimated at the balance sheet date.

All the accounts receivable have a remaining maturity of less than one year.

Further specification of receivables on employers:

	31-12-2024	31-12-2023
Employers	7,261	8,988
Provision for doubtful debts	-85	-33
	7,176	**8,955**

An amount of €53 was added to the doubtful debt provision in 2024 (2023: €5 added).

3. Cash at bank and in hand

	31-12-2024	31-12-2023
ABN AMRO	13,683	5,620
Citibank	5	4
ING	5	5
	13,693	**5,629**

Cash at bank and in hand includes the cash and balances in bank accounts that are payable on demand or in the short term. Bank accounts managed by asset managers are included under investments.

Year-end 2024, the Fund has a credit line with ING Bank nv of €4 million. It is not in use at the end of 2024.

Liabilities

4. Foundation capital and reserves

Overview of movements in own capital

	Volatility reserve	General risks reserve	Total
Position as at 1 January 2024	731,232	-32,093	699,139
From appropriation balance of income and expenditure	28,494	216,254	244,748
Position as at 31 December 2024	**759,726**	**184,161**	**943,887**

	Volatility reserve	General risks reserve	Total
Position as at 1 January 2023	701,930	32,985	734,915
From appropriation balance of income and expenditure	29,302	-65,078	-35,776
Position as at 31 December 2023	**731,232**	**-32,093**	**699,139**

Solvency

	31-12-2024	in %	31-12-2023	in %
Pension capital	5,069,110	122.9%	4,622,587	117.8%
Less: technical provisions	4,125,223	100.0%	3,923,448	100.0%
Own capital	**943,887**	**22.9%**	**699,139**	**17.8%**
Less: own capital requirement	759,726	18.4%	731,232	18.6%
Freely available capital	**184,161**	**4.5%**	**-32,093**	**-0.8%**
Minimum own capital requirement	173,590	4.2%	165,040	4.2%
Current funding ratio (in %)		122.9%		117.8%
Policy funding ratio		123.0%		125.6%

The pension fund uses the standard model for determining the own capital requirement, the solvency test. The Board considers the use of the standard model appropriate for the pension fund's risks. The results of the solvency test have been included in the explanatory note Risk Management.

The current funding ratio was calculated as follows: (Total assets -/- liabilities) / Technical provisions * 100%.

The policy funding ratio is the average of the current funding ration over the last 12 months. In the recovery plan, the Fund states what measures are taken to attain the own capital requirement within the maximum recovery period of 10 years. The policy funding ratio as at 31 December 2023 (of 125.6%) was higher than the required funding ratio on that date (118.6%). As at 31 December 2023, there was no reserve deficit. Therefore, no recovery plan has been prepared for the 2024 financial year.

On 31 December 2024, the policy funding ratio is again higher than the required funding ratio. As a result, there is no reserve deficit at the end of the financial year, which meant the Fund did not have to prepare a new recovery plan in the 2025 financial year either.

The movements in the current funding ratio can be specified as follows:

	2024	2023
	%	%
Current funding ratio as at 1 January	117.8	120.9
Premium	-0.3	0.0
Benefit payments	0.6	0.8
Granting of supplements	-2.1	-8.0
Movement in interest rate term structure	-2.5	-3.9
Return on investments	9.1	8.3
Change of assumption	0.2	-0.4
Other causes and cross impact	0.1	0.1
Current funding ratio as at 31 December	**122.9**	**117.8**

The current funding ratio on 31 December 2023 was 117.8%.

The funding ratio developed as follows in 2024:

- The difference between the premiums received and the actuarially required buy-in for new entitlements during the year had a decreasing impact on the funding ratio of 0.3 percentage points.
- The pension payments had an increasing effect on the funding ratio of 0.6 percentage points.
- The granting of supplements from 1 January 2025 (of 1.75%) had a reducing effect on the funding ratio of 2.1 percentage points.
- The increase in the provision due to lower interest rates during 2024 caused the funding ratio to fall by 2.5 percentage points.
- The factual (excess) return on the investment portfolio resulted in an increase in the funding ratio of 9.1 percentage points.
- The change in actuarial assumptions caused the funding ratio to rise by 0.2 percentage points.
- Due to other causes and cross impact, the funding ratio increased by 0.1 percentage point.

On balance, the funding ratio increased by 5.1 percentage points to 122.9% in the 2024 financial year.

5. Technical provisions at the risk of the pension fund

Specification provision for pension liabilities at the risk of the pension fund:

	31-12-2024	31-12-2023
Provision for pension liabilities	4,120,227	3,917,656
Provision for extension risk non-contributory participation	4,098	4,932
Savings fund conscientious objectors	898	860
	4,125,223	**3,923,448**

Movement overview technical provisions

	2024	2023
Position as at 1 January	3,923,448	3,519,301
Pension accrual	70,154	60,064
Granting of supplements	70,970	250,621
Interest addition	133,703	113,566
Withdrawal for pension benefits and pension administration costs	-145,104	-133,216
Movement in market interest rates	81,581	110,908
Movement in actuarial assumptions	-6,215	10,672
Movement from transfer of rights	-7,336	-13,790
Other movements in technical provisions	4,022	5,322
Position as at 31 December	**4,125,223**	**3,923,448**

Specification provision for pension liabilities at the risk of the pension fund:

		31-12-2024		31-12-2023
	quantity	amount	quantity	amount
Participants	9,958	985,517	9,895	917,070
Former participants	23,007	1,409,277	23,029	1,325,442
Pension beneficiaries	14,002	1,725,433	13,975	1,675,144
Others		4,996		5,792
	46,967	**4,125,223**	**46,899**	**3,923,448**

Included under Others are:

- Provision for extension risk non-contributory participation €4,098 (2023: €4,932).
- Savings fund for conscientious objectors €898 (2023: €860).

Brief description of the pension scheme

The pension scheme of the pension fund is an average wage scheme.

The retirement pension in 2024 equals 1.738% of the sum of the pension bases, on which premiums have been paid to the pension fund. The pension base equals the (capped) pension salary minus the state pension offset (*AOW-franchise*).

The retirement date is age 67. It is possible to advance the pension. The earliest possible retirement date is 5 years before the state pension age and the latest possible retirement date is 5 years after the state pension age.

The partner's pension is 1.3125% of the sum of the pension bases. For each child, the orphan's pension is 20% of the insured partner's pension.

Depending on the company structure, directors in the sector may be voluntarily insured with the pension fund.

Supplements

The granting of supplements to the pension entitlements of participants, former participants and pension beneficiaries is conditional. There is no entitlement to annual supplements. Whether a supplement is granted and to which extent depends on the financial resources of the pension fund, and the opinion of the Board and the consulting actuary on the financial position of the pension fund. Supplements granted in the past are no guarantee for the future.

Granting of supplements

Based on regular supplementation policy, the Board decided on 27 November 2024 to grant a supplement of 1.75% to all participants, former participants and pension beneficiaries on 1 January 2025.

A 6.85% supplement was granted on 1 January 2024.

6. Other liabilities, accruals and deferred income

	31-12-2024	31-12-2023
Derivatives with negative value	315,726	352,511
Taxes and social charges	2,493	2,314
Costs	1,275	1,398
Value transfers	127	6
Benefit payments	4	7
	319,625	**356,236**

All liabilities except derivatives with a negative value have a remaining maturity of less than one year.

Derivatives with a negative value can be specified as follows:

specification by class	31-12-2024	31-12-2023
Interest rate derivatives negative value	300,545	348,682
Foreign exchange derivatives negative value	15,181	3,829
	315,726	**352,511**

The foreign exchange derivatives with a negative value have a maturity of less than one year. The interest rate derivatives with a negative value have a maturity of more than five years.

To manage credit risk, collateral is received or paid for derivatives. At the end of 2024, the collateral management position concerns a net receivable of €257,080 (2023: €276,426 receivable). Year-end 2024, collateral worth €272,762 in liquid assets (2021: €284,326) had been lent. There was €207,312 worth of securities on loan as at the end of 2024 (2023: €97,049). At the end of 2024, the Fund had received €6,700 (2023: € 6,700) in liquid assets.

Affiliated parties

Transactions with affiliated parties take place on market terms. For the remuneration of Board members, please refer to the explanatory note on pension administration costs. No loans have been granted to Board members, nor are there any claims towards Board members and former Board members.

In 2024, three members of the Accountability Body (2023: three) paid premiums to the Fund.

One Board member (2023: one) and two members of the Accountability Body (2023: three) are pension beneficiaries and receive pension benefits from the Fund. In addition, one Board member (2023: one) and one member of the Accountability Body (2023: one) are former participants of the Fund.

Off-balance sheet assets and liabilities

Long-term contractual obligations

The pension fund has entered into an outsourcing contract with APG DWS en Fondsenbedrijf nv until 1 January 2028. Agreements were made with the Board on the remuneration system. This system comprises both fixed and variable components. The remuneration for 2025 is approximately 3.4 million euros.

The pension fund has outsourced its asset management to various asset managers. Contracts have been concluded with the various asset managers, with notice periods ranging from 1 to 3 months.

Investment and payment liabilities

In anticipation of expected incoming cash flows, the Fund may have investment and payment liabilities at the balance sheet date. At the end of 2024, the Fund has no investment and payment liabilities.

Subsequent events

There are no subsequent events that require disclosure.

Risk management

The tables in the risk section have been prepared using the look-through approach.

Policy and risk management

The Board has a number of policy instruments in place to manage these risks. These policy instruments relate to:

- investment policy;
- premium policy;
- reinsurance policy;
- supplement policy.

The choice and application of policy instruments take place after detailed analyses regarding likely developments in the liabilities and financial markets. This includes the use of ALM studies. An ALM study is an analysis of the structure of pension liabilities and of various investment strategies and their evolution under varied economic scenarios.

Solvency risk

The pension fund faces risks in managing its pension liabilities and in funding them. The main objective of the pension fund is to meet pension commitments. To achieve this objective, adequate solvency based on the fair value of the pension liabilities is sought.

The most important risk for the pension fund concerns solvency risk, i.e. the risk that the pension fund does not have sufficient assets to cover the pension liabilities. Solvency is measured both by generally applicable standards and by the specific standards imposed by DNB. If the solvency of the pension fund deteriorates, there is a risk that the pension fund will have to increase premiums for companies and participants and a risk that there will be no room for any supplement to accrued pension rights. In extreme cases, it may be necessary for the pension fund to reduce acquired pension entitlements and pension benefits.

	31-12-2024	31-12-2023
Technical provisions	4,125,223	3,923,448
Buffers:		
S1 Interest rate risk	181,665	183,828
S2 Marketable securities risk	538,242	512,870
S3 Currency risk	106,424	88,618
S4 Commodity risk	-	-
S5 Credit risk	175,945	171,304
S6 Underwriting risk	117,044	110,460
S7 Liquidity risk	-	-
S8 Concentration risk	-	-
S9 Operational risk	-	-
S10 Active management risk	-	-
Diversification effect	-359,594	-335,848
Total S (required buffers)	**759,726**	**731,232**
Required capital (Article 132 Pensions Act)	4,884,949	4,654,680
Pension assets (total assets - liabilities)	5,069,110	4,622,587
Surplus	**184,161**	**-32,093**

The creation of the various risks is explained on the pages below.

The pension fund has entered into derivative contracts to hedge risks. This has been taken into account when determining the required buffers. When calculating the buffers, the pension fund applies DNB's standard model, which assumes the required capital in an equilibrium, based on the strategic asset mix.

Market risks (S1-S3)

Market risk includes the interest rate risk, marketable securities risk, inflation risk and currency risk. Market risk includes the potential for profit or loss due to a change in market factors. For instance, market factors may be market prices of equities, immovable property and private equity (price risk), but also foreign exchange rates (currency risk) or interest rates (interest rate risk).

The pension fund's investment risk strategy is determined by its investment objectives. Market risk is managed on a daily basis in accordance with the policy frameworks and guidelines in place. The overall market positions are reported to the Board periodically.

The extent to which the pension fund's investment portfolio is sensitive to price and interest rate risk is shown in the following paragraph and the risks faced by the pension fund are explained in more detail after that.

Interest rate risk (S1)

Interest rate risk is the risk of movements in the values of the fixed-income securities portfolio and the pension liabilities due to movements in market interest rates.

Interest rate sensitivity can be measured by the duration. Duration is the weighted average remaining maturity in years using the present value of the cash flows. The duration indicates the approximate percentage movement in fair value for a parallel shift of the yield curve by 1 percentage point. High duration reflects high sensitivity to movements in interest rates.

	31-12-2024		31-12-2023	
	Value of balance sheet item	Duration	Value of balance sheet item	Duration
Fixed-income securities (before derivatives)	3,016,691	6.0	2,884,111	6.4
Fixed-income securities (after derivatives)	2,771,011	19.7	2,584,543	15.2
Technical provisions	4,125,223	18.2	3,923,448	17.8

At the balance sheet date, the duration of investments in fixed-income securities (before derivatives) is significantly shorter than the duration of the technical provisions. Consequently, there is what is known as a ‘duration mismatch’. This means that if interest rates rise, the value of fixed-income securities investments will fall less rapidly than the value of the technical provisions (applying the current market interest rate structure), which will increase the funding ratio. When interest rates fall, the value of fixed-income securities investments will rise less rapidly than the value of the technical provisions, causing the funding ratio to fall.

The pension fund has taken the following control measures:

- The strategic interest rate hedge rate is 55.8% on a market basis. This was done curve-neutral, i.e. based on an adjusted curve profile, based on market interest rates. The instruments used for this purpose are interest rate swaps including liquidities (for collateral), Euro government bonds, corporate bonds and mortgages. In the implementation, the factual interest rate hedge rate will be within a range of -4 percentage points and +4 percentage points at the aggregate level and within a range of -4 percentage points and +4 percentage points at the maturity segment level.
- The net impact of interest rate hedging on the funding ratio is disclosed in the quarterly and risk reports. These reports also provide insight into the effectiveness of the interest rate hedge.

The pension fund uses interest rate derivatives. The interest rate derivatives have been cleared with a central counterparty. Interest rate derivatives allow the pension fund to influence the interest rate sensitivity of the portfolio.

The table below shows the contract size of interest rate derivatives at the end of 2024:

Type of contract	Expiry date	Contract size
Interest rate swaps	2025-2029	571,000
Interest rate swaps	2030-2039	880,063
Interest rate swaps	2040-2049	921,124
Interest rate swaps	2050-2059	550,444
Interest rate swaps	2060-2069	527,772
Interest rate swaps	2070-2079	294,030

The composition of fixed-income securities by maturity is as follows:

	31-12-2024	in %	31-12-2023	in %
Remaining maturity <1 year	517,321	19.2	467,756	18.4
Remaining maturity >1 years <5 years	934,383	34.7	879,853	34.6
Remaining maturity >5 years	1,242,255	46.1	1,194,072	47.0
	2,693,959	**100.0**	**2,541,681**	**100.0**

Inflation risk

A pension fund is exposed to inflation risk because the value of pension commitments reacts differently to changes in inflation than the value of investments. The (partial) pursuit of a fair pension creates a risk that the movements in pension provisions due to inflation are not offset by movements in the value of investments.

Control measure:
The supplement ambition is reviewed in the ALM and, if necessary, investment instruments that specifically protect against inflation, such as inflation-linked bonds and inflation-linked swaps, are included. This was not the case at the end of 2024 and 2023.

Marketable securities risk (S2)

Marketable securities risk is the risk of movements in value due to movements in market prices of property investments and equities caused by factors related to an individual investment, the issuer or generic factors. As all the investments are measured at fair value with movements in value being recognised immediately in the balance of income and expenditure, all the changes in market conditions are immediately visible in the investment returns. The price risk is mitigated by diversification.

Specification of property investments by sector	31-12-2024	in %	31-12-2023	in %
Residential property	318,660	65.2	294,649	65.0
Retail shops	58,365	11.9	58,775	13.0
Participating interests in immovable property companies	111,663	22.9	99,891	22.0
	488,688	**100.0**	**453,315**	**100.0**

Specification of property investments by region	31-12-2024	in %	31-12-2023	in %
Europe	435,928	89.2	409,573	90.3
North America	41,324	8.4	33,948	7.5
Asia and Oceania	9,124	1.9	8,463	1.9
Developed markets	**486,376**	**99.5**	**451,984**	**99.7**
Emerging markets	2,312	0.5	1,331	0.3
	488,688	**100.0**	**453,315**	**100.0**

Specification of equities by sector	31-12-2024	in %	31-12-2023	in %
Information technology	545,896	30.4	403,891	29.5
Consumer goods	351,077	19.6	248,466	18.2
Financial institutions (including banks and insurers)	280,511	15.7	211,208	15.5
Healthcare	214,720	12.0	188,061	13.8
Industry	159,558	8.9	145,573	10.7
Telecommunications	155,927	8.7	97,536	7.1
Utilities	41,271	2.3	28,911	2.1
Commodities	31,232	1.7	32,764	2.4
Energy	7,626	0.4	6,414	0.5
Other	5,959	0.3	2,368	0.2
	1,793,777	**100.0**	**1,365,192**	**100.0**

Specification of equities by region	31-12-2024	in %	31-12-2023	in %
North America	1,225,392	68.3	897,607	65.8
Europe	281,795	15.7	243,852	17.9
Asia and Oceania	246,986	13.8	194,549	14.2
Developed markets	**1,754,173**	**97.8**	**1,336,008**	**97.9**
Emerging markets	39,604	2.2	29,184	2.1
	1,793,777	**100.0**	**1,365,192**	**100.0**

Currency risk (S3)

Currency risk is the risk of movements in value due to movements in the value of foreign currencies against the euro. This risk is hedged through currency derivatives. Currency derivatives are contracts entered into with individual banks, committing to sell one currency and buy another, at a predetermined price and on a predetermined date.

The total amount invested other than in euros at the end of the year under review is €2,252,396 (2023: €1,680,121).

Control measures: The investment portfolio is hedged for 66% (2023: 70%) by the currency derivatives. At the end of the financial year, the value of outstanding currency derivatives is €14,167 negative (2023: €4,068 positive).

The currency risk is carried out through a so-called overlay, where the currency positions of the relevant investments are hedged in aggregate.

The foreign currency position before and after hedging by currency derivatives is shown below:

	Position before hedging	Currency derivatives	Net position after hedging 2024	Net position after hedging 2023
EUR	2,534,193	1,462,316	3,996,509	3,798,028
USD	1,582,364	-1,353,361	229,003	45,019
JPY	74,978	-74,450	528	-194
GBP	46,907	-47,147	-240	-2,391
HKD	59,729	-	59,729	40,979
CAD	38,424	1,398	39,822	29,772
CHF	38,352	-	38,352	32,354
AUD	21,466	-	21,466	19,582
Other	390,176	-2,923	387,253	342,914
	4,786,589	**-14,167**	**4,772,422**	**4,306,063**

The foreign currency position by investment class at the end of 2024 is:

	Property investments	Equities	Fixed-income securities	Derivatives	Other investments	Total
EUR	434,747	139,409	2,168,047	1,222,531	31,774	3,996,508
USD	40,871	1,229,189	296,676	-1,353,361	15,629	229,004
JPY	2,530	72,133	-	-74,450	315	528
GBP	432	42,337	4,024	-47,147	114	-240
HKD	2,682	56,998	-	-	49	59,729
CAD	285	38,069	-	1,398	70	39,822
CHF	308	37,952	-	-	92	38,352
AUD	2,603	18,649	-	-	214	21,466
Other	4,230	159,041	225,212	-2,922	1,692	387,253
	488,688	**1,793,777**	**2,693,959**	**-253,951**	**49,949**	**4,772,422**

At the end of 2023, the foreign currency position by investment class was distributed as follows:

	Property investments	Equities	Fixed-income securities	Derivatives	Other investments	Total
EUR	408,511	124,273	2,250,228	883,553	131,463	3,798,028
USD	33,370	896,316	97,837	-1,036,595	54,091	45,019
JPY	2,624	68,779	-	-71,988	391	-194
GBP	511	34,409	4,036	-64,713	23,366	-2,391
HKD	2,750	38,080	-	-	149	40,979
CAD	354	28,262	-	1,096	60	29,772
CHF	200	31,770	-	-	384	32,354
AUD	2,117	17,265	-	-	200	19,582
Other	2,878	126,038	189,580	116	24,302	342,914
	453,315	**1,365,192**	**2,541,681**	**-288,531**	**234,406**	**4,306,063**

The table below shows the contract size of the currency derivatives at the end of 2024:

Type of contract	Expiry date	Contract size
Forward foreign exchange contract EUR/USD	10-01-2025	1,350,347
Forward foreign exchange contract EUR/USD	13-03-2025	1,152
Forward foreign exchange contract EUR/GBP	10-01-2025	46,798
Forward foreign exchange contract EUR/JPY	10-01-2025	75,367
Forward foreign exchange contract EUR/CAD	13-03-2025	7

Credit risk (S5)

The risk that a counterparty may default on contractual or other agreed obligations (including credits given, loans, receivables) whether or not as a result of foreign payments being subject to restrictions.

The risk incurred is a desirable risk insofar as it is sufficiently compensated for in the form of higher returns.

Control measures:

- the strategic risk assessment based on the ALM contains an allocation to fixed-income securities with credit risk based on risk indicators; and
- within the investment portfolios, limits are included on credit ratings of investments in instruments, countries and/or sectors.

Credit risk also arises when entering into transactions with external parties (including derivative positions) involving exposure to such counterparties. A counterparty's insolvency may lead to losses. This is an undesirable risk that, within reasonable limits, should be minimised.

Control measures:

- when entering into new transactions, the counterparty's creditworthiness, existing exposure and other relevant aspects are assessed;
- depending on its creditworthiness, each counterparty may only account for a certain percentage of the total risk, collateral is stipulated and the quality and frequency of adjustment are recorded in advance and continuously monitored.

In order to hedge the settlement risk, the pension fund only invests in markets that have a sufficiently reliable clearing and settlement system in place. Before investing in new markets, research into the safeguards in this area is conducted. With regard to OTC derivatives, the pension fund only deals with counterparties with which ISDA/CSA agreements are in place, so that the positions of the pension fund are adequately collateralised. Daily valuations are used. Interest rate derivatives use centrally cleared interest rate swaps, with positions settled daily.

Specification of fixed-income securities by region	31-12-2024	in %	31-12-2023	in %
Europe	2,055,182	76.3	2,148,745	84.5
North America	289,625	10.8	229,548	9.0
Asia and Oceania	159,112	5.9	108,805	4.3
Developed markets	**2,503,919**	**93.0**	**2,487,098**	**97.8**
Emerging markets	190,040	7.0	54,583	2.2
	2,693,959	**100.0**	**2,541,681**	**100.0**

With regard to the creditworthiness of the debtors of the fixed-income portfolio, the following overviews can be given:

	31-12-2024	in %	31-12-2023	in %
AAA	930,633	34.5	1,000,394	39.4
AA	286,806	10.7	354,325	13.9
A	333,125	12.4	324,301	12.8
BBB	452,910	16.8	421,193	16.6
< BBB	198,898	7.4	163,836	6.4
No rating	491,587	18.2	277,632	10.9
	2,693,959	**100.0**	**2,541,681**	**100.0**

The ratings shown in the table above are based on the ratings issued by rating agencies S&P, Moody's and Fitch.

The 'No rating' class mainly includes investments in mortgage investment funds and corporate bonds.

Underwriting risk (S6)

The main underwriting risks for the Fund are life expectancy and occupational disability. If developments in these areas should lead to adjustments of the principles, the Fund will do so immediately.

Control measure:

- the underwriting risk is monitored using the Fund's annual actuarial analyses and national publications on life expectancy and occupational disability.

Longevity risk

Longevity risk is the risk that participants, former participants or pension beneficiaries live longer than assumed on average when determining the technical provision. As a result, the accrual of pension capital is not sufficient to pay the pension liability.

By applying Projections Life Table AG2024 with appropriate adjustments for mortality experience, the longevity risk has been discounted in the valuation of pension liabilities based on current insights.

Mortality risk

Mortality risk means that in the event of death, the pension fund may have to award a partner's pension for which no provision has been made by the pension fund.

Occupational disability risk

Occupational disability risk refers to the risk that the pension fund has to make provisions for non-contributory participation in case of occupational disability, i.e. a claims reserve. A risk premium is charged annually for this risk. The difference between the risk premium and actual costs is recognised through profit and loss. The actuarial assumptions for the risk premium are reviewed periodically.

The pension fund's policy is not reinsuring the mortality and occupational disability risk.

Liquidity risk (S7)

Liquidity risk is the risk that investments cannot be converted into cash in a timely manner and/or at an acceptable price. As a result, the pension fund may not be able to meet its obligations in the short term. Where the other risk components mainly concern the longer term, i.e. solvency, the focus here is on the shorter term. This risk is managed by maintaining sufficient room for liquidity positions in the strategic and tactical investment policies. Direct investment returns and other income such as premiums are also taken into account. In view of the fact that a large part of the investment portfolio is rapidly tradable and convertible into liquidity, the liquidity risk has been set at zero when applying DNB's standard model for determining the own capital requirement.

Concentration risk (S8)

Large items can be designated as a form of concentration risk. To determine which items are included, all the instruments with the same debtor must be totalled for each investment class. A large item is any item that represents more than 2% of the balance sheet total. Concentration risk is measured by concentration of a country or with a counterparty.

On 31 December 2024, this concerns the following items (percentage relative to the balance sheet total at year-end 2024: 10%, year-end 2023: 15%):

Fixed-income securities	31-12-2024	31-12-2023
Government bonds the Netherlands	254,039	306,462
Government bonds France	140,918	188,536
Government bonds Germany	125,833	145,830
European Union bonds	-	110,019

In general, the concentration risk may occur in the absence of adequate diversification of assets and liabilities.

Concentration risks may occur when the portfolio is concentrated in regions, economic sectors or counterparties. A portfolio of investments that is highly sector-specific may be at increased risk due to this sector concentration. If equities are held in the same sector, there is a cumulative concentration risk.

Control measure:

- concentrations are limited through the mandate guidelines imposed on the asset managers. Analyses are used to assess whether these are acceptable or need to be reduced.

In determining the own capital requirement, the pension fund applies DNB's standard model. In that model, the concentration risk is set at zero as yet.

The main form of concentration risk in the pension fund's liabilities is the demographic composition of participants, former participants and pension beneficiaries. Given its nature, this risk cannot be influenced. The provision-weighted average age is 62.5 years (2023: 62.6 years), with equal age distribution.

On this basis, the Board has concluded that there is no concentration in assets or liabilities and therefore no buffer for concentration risk is held.

Operational risk (S9)

Operational risk is the risk of incorrect settlement of transactions, data processing errors, loss of information, fraud and the like. These risks are controlled by the pension fund by setting high quality standards for the organisations involved in the pension administration.

The investment portfolio has been placed with several asset managers. Service level agreements (SLAs) and other agreements have been concluded with these parties. The dependency of these parties is controlled by the fact that the custody of portfolio securities is placed with custodian CACEIS. Pension administration has been outsourced to pension administrator APG. An outsourcing agreement and SLA have been signed with APG. The Board annually assesses the quality of the performance of the asset managers, custodian and pension administrator through performance reports (asset managers only), SLA reports, in-control statements and independently reviewed internal control reports (Standard 3402 reports). As this provides adequate control of operational risks, the pension fund does not take them into account in the solvency test.

Active management risk (S10)

When opting for an active investment policy with the objective of outperforming the benchmark, this entails additional risks compared to investing in the benchmark. An additional shock or a surcharge on the relevant standard shock in the standard model seems logical in this context. After all, the risk is higher and so the required buffer should be higher.

However, active management can also be used with objectives other than achieving a higher return than the benchmark. Possible strategies are:

- reducing the volatility of the tracked benchmark, thereby reducing the risk;
- reducing the volatility of the entire portfolio;
- investing in investment classes for which a developed benchmark is not or not yet available. For instance in the case of socially responsible investing.

There is no explicit requirement for handling active management within the standard model. For the determination of the required buffer for active management risk, DNB has developed a methodology (set of guidelines for active management risk (S10) standard model own capital requirement, Q&A 01673).

The Fund includes S10 if, for listed equities, the tracking error (TE) of the mandate relative to the benchmark exceeds 1%. The Fund then calculates the S10 for the additional risk exceeding the TE of 1% as per the set of guidelines.

6 Explanatory notes to the statement of income and expenditure

(Amounts in thousands of euros, unless stated otherwise)

7. Premium contributions at the risk of the pension fund (from employers and employees)

	2024	2023
Premium contributions from employers and employees	77,403	78,256
Amortisation of premium receivables	-10	-61
Movement provision for doubtful debts	-53	-5
	77,340	**78,190**

The total contribution from employer and employees is 24.5% (2023: 24.5%) of the pension base.

The pure cost-covering, smoothed and factual premiums under Article 130 of the Pensions Act are as follows:

	2024	2023
Pure cost-covering premium	88,556	77,333
Smoothed cost-covering premium	69,425	77,253
Factual premium	77,403	78,256

The pure cost-covering premium is based on the market interest rate (nominal interest rate term structure of 31 December 2023 published by DNB).

The factual premium has been recognised as income. The factual premium excludes movements in premium receivables and includes the premium surcharge for non-contributory participation of €2,205 (2023: €1,893).

The pension fund uses a smoothed cost-covering premium rate for the annual review of the level of cost-covering premium. Here, the smoothed cost-covering premium is set annually based on an expected real return.

The composition of the pure cost-covering premium is as follows:

	2024	2023
Actuarially required premiums	73,502	63,084
Surcharge for pension administration costs	1,383	1,695
Solvency surcharge (own capital requirement)	13,671	12,554
	88,556	**77,333**

The composition of the smoothed premium is as follows:

	2024	2023
Actuarially required premiums	34,174	39,324
Surcharge for pension administration costs	1,383	1,695
Solvency surcharge (own capital requirement)	6,356	7,825
Conditional elements	27,512	28,409
	69,425	**77,253**

For the smoothed premium, the methodology of the FTK for a smoothed premium based on expected returns was used: a surcharge equal to the amount of the own capital requirement and the costs for future supplements. Supplement costs are based on a supplement equal to the average of the price index. These costs are higher than the surcharge for the own capital requirement, so the excess (above the surcharge for the own capital requirement) has been incorporated into an additional premium for conditional elements.

8. Investment returns at the risk of the pension fund

2024	Direct investment returns	Indirect investment returns	Asset management costs	Total
Property investments	15,355	26,735	-568	41,522
Equities	24,147	414,827	-1,853	437,121
Fixed-income securities	50,214	34,172	-2,993	81,393
Derivatives	-21,639	-42,778	-379	-64,796
Other investments	12,170	15,547	-262	27,455
	80,247	**448,503**	**-6,055**	**522,695**
Overheads allocated from pension administration costs	-	-	-1,472	-1,472
	80,247	**448,503**	**-7,527**	**521,223**

2023	Direct investment returns	Indirect investment returns	Costs asset management	Total
Property investments	14,392	-37,436	-493	-23,537
Equities	22,950	264,160	-1,332	285,778
Fixed-income securities	44,565	99,597	-2,569	141,593
Derivatives	-14,910	45,920	-378	30,632
Other investments	9,337	-6,446	-235	2,656
	76,334	**365,795**	**-5,007**	**437,122**
Overheads allocated from pension administration costs	-	-	-1,375	-1,375
	76,334	**365,795**	**-6,382**	**435,747**

Asset management fees include fees charged directly to the Fund by the custodian and asset manager(s). The Fund's share of costs charged to investment funds by asset managers is part of the indirect investment returns. These amount to €6,036 (2023: €6,017).

Taking this into account, the investment costs total €13,563 (2023: €12,399). These costs consist of €10,452 from management fees (2023: €9,559), income of €15 in performance-related fees (2023: € 368 in costs), €1,654 in transaction costs (2023: €1,097) and €1,472 in overheads allocated from pension administration costs (2023: €1,375).

9. Other income

Other income comprises bank interest income €349 (2023: (386), refunded VAT €278 (2023: €1,407), interest income from collection €83 (2023: €63) and other income €10 (2023: €5) .

10. Pension benefit payments

	2024	2023
Retirement pension	116,186	106,480
Partner's pension	24,026	22,366
Occupational disability	363	367
Orphan's pension	165	156
Commutations	626	671
	141,366	**130,040**

The item commutations relates to the commutation of pensions lower than €592.51 (2023: €594.89) per annum in accordance with Article 66 of the Pension Act (amounts stated are denominated in euros).

Based on the policy funding ratio as at 30 September 2024, the Board decided to grant a 1.75% supplement in the financial year to all the participants, former participants and pension beneficiaries on 1 January 2025.

In 2023, the Board decided to make use of the extended statutory option to grant an additional supplement, as a result of which all the participants, former participants and pension beneficiaries were granted a 6.85% supplement on 1 January 2024.

11. Pension administration costs

	2024	2023
Administration costs regular	3,417	3,307
Administration costs Wtp	862	544
Governance costs	708	643
Costs of Executive Office	855	737
Costs of Accountability Body	52	80
Supervisory Board	57	54
Consultancy fees Wtp	535	568
Consultancy fees regular	97	104
Actuary fees	216	233
Accountant costs	98	102
De Nederlandsche Bank	336	341
Dutch Authority for Financial Markets	33	32
Federation of Dutch Pension Funds	45	30
Other costs	43	50
	7,354	**6,825**
Of which allocated to costs of asset management	-1,472	-1,375
	5,882	**5,450**

Independent auditor's fees

As in 2023, the external independent auditor is PricewaterhouseCoopers Accountants N.V.

The examination of the annual accounts includes both the statutory audit of the annual accounts under the Articles of Association and the reporting statements under the Pensions Act.

Pursuant to Section 382a Title 9 Book 2 of the Dutch Civil Code, the disclosure of the independent auditor's fees is as follows. The amounts include VAT and are based on the total fees allocated to the financial year to which the annual accounts relate, regardless of whether the work has already been carried out during the financial year.

	2024		2023	
	PwC* Accountants N.V.	Other PwC network**	PwC* Accountants N.V.	Other PwC network**
Examination of annual accounts and reporting statements	98	-	102	-
Other audit mandates	-	-	-	-
Tax advisory services	-	22	-	58
Other non-audit services	-	-	-	-
	98	**22**	**102**	**58**

* PricewaterhouseCoopers Accountants N.V.
** The Other PwC Network costs relate to costs in the context of VAT advice.

Remuneration of Board members

Neither in 2024, nor in 2023, the pension fund had staff. Management activities are performed on the basis of an pension administration agreement by staff employed by APG DWS en Fondsenbedrijf nv or the asset managers.

Board

Transactions with Board members relate to fees for work related to Board and committee meetings. In 2024, these costs were €348 (2023: €324).

Accountability Body

Members of the Accountability Body receive remuneration for their work. The fees in 2024 amounted to €52 (2023: €80).

Supervisory Board

Costs relating to the Supervisory Board consist of fees for internal supervision activities. In 2024, these costs were €57 (2023: €54).

Executive Office

The Executive Office deals with supporting the work of the Board, Accountability Body and Supervisory Board. The staff members of the Executive Office are either employed by Stichting Technisch Bureau Bouwnijverheid or hired externally. The Executive Office operates independently of the pension administration organisations. Statements of independence have been drawn up to ensure this independence. Executive Office staff are directly accountable to the Board.

12. Movement technical provisions at the risk of the pension fund

	2024	2023
Pension accrual	70,154	60,064
Granting of supplements	70,970	250,621
Interest addition	133,703	113,566
Withdrawal for pension benefits and pension administration costs	-145,104	-133,216
Movement in market interest rates	81,581	110,908
Movement in actuarial assumptions	-6,215	10,672
Movement from transfer of rights	-7,336	-13,790
Other movements in technical provisions	4,022	5,322
	201,775	**404,147**

Interest addition

In the financial year, interest was added to the provision for pension liabilities by 3.439% (2023: 3.264%). This is the one-year interest rate from the interest rate term structure published by DNB as at 31 December 2023.

Movement in market interest rates

The movement in the interest rate term structure resulted in an increase of €81,581 in the provision for pension liabilities (2023: €110,908). In 2023 there was a change of the UFR methodology (as of 1 January 2023), increasing the provision for pension liabilities in 2023 by €16,795. The regular movement in the interest rate term structure resulted in an increase of €93,933 in the provision for pension by €93.933 in 2023. On balance, the provision for pension liabilities increased by €110,908 in 2023.

Movement in actuarial assumptions

	2024	2023
Introduction of new survival tables	-7,869	-
Change in correction factors	1,654	-
Change in loading for disbursement costs	-	10,672
	-6,215	**10,672**

Other movements in technical provisions

	2024	2023
Change due to probability systems and other		
Mortality	2,091	2,631
Occupational disability	2,185	2,934
Movements	-254	-243
	4,022	**5,322**

13. Balance of transfers of rights

	2024	2023
Incoming value transfers	-1,151	-2,699
Outgoing value transfers	6,663	14,636
	5,512	**11,937**

This refers to the receipt from or payment to pension fund or pension insurer from the previous or new employer, respectively, of the present value of participants' non-contributory pension entitlements accrued up to the date of dismissal. The lump sums received are used to buy additional entitlements.

	2024	2023
Movement technical provision due to transfer of rights		
Addition to technical provisions	1,964	3,304
Withdrawal from technical provisions	-9,300	-17,094
	-7,336	**-13,790**

The result on value transfers is as follows:

	2024	2023
Incoming pension liability	-813	-605
Outgoing pension liability	2,637	2,458
	1,824	**1,853**

14. Other expenditure

In 2024, as in 2023, the balance of other expenditure was nil.

Taxes

The pension fund’s activities are exempt from taxation under corporation tax.

Adoption of the annual accounts by the Board

The Board of Stichting Pensioenfonds voor de Architectenbureaus adopted the 2024 annual accounts at its meeting on 4 June 2025.

On behalf of the Board and Supervisory Board,

4 June 2025, Harderwijk

Board
H. W. T. de Vaan, chair
G. T. J. Meulenbroek, vice-chair
E. Eelens
M. M. E. P. Groenen
P. de Groot
I. Slikkerveer
A. Soederhuizen

Supervisory Board
H. G. I. M Peters, chair
P. G. E. van Gent
F. R. Valkenburg

III. OTHER DETAILS

1. Rule under the Articles of Association on the appropriation of the balance of income and expenditure

There is no stipulation in the Fund's Articles of Association for the appropriation of the balance of income and expenditure. The appropriation is detailed in the actuarial and technical business memorandum.

The proposal for the appropriation of the balance of income and expenditure for 2024 has been included in the annual accounts.

2. Actuarial statement

Mandate

Milliman Pensioenen B.V. has been mandated by Stichting Pensioenfonds voor de Architectenbureaus in Harderwijk to issue an actuarial statement for the 2024 financial year as referred to in the Pensions Act.

Independence

As certifying actuary, I am independent of Stichting Pensioenfonds voor de Architectenbureaus as required by Article 148 of the Pensions Act. I do not perform any other work for the pension fund, other than the work under the actuarial function. This also applies to other actuaries and experts working at Milliman Pensioenen B.V.

Data

The data on which my examination is based was provided by and established under the responsibility of the pension fund Board. In reviewing the technical provisions and assessing the asset position, I have relied on the financial data underlying the annual accounts.

Coordination with accountant

Based on the set of guidelines used by me and the accountant, the work and expectations in the audit for the financial year were aligned. For the review of the technical provisions and for the assessment of the asset position as a whole, I have determined the materiality at €41,000,000. I arranged with the accountant to report any misstatements found above €2,000,000.

These arrangements were recorded and the results of my findings were discussed with the accountant.

I have further used the basic data examined by the accountant as part of the annual accounts audit. The pension fund's accountant informed me of their findings regarding the reliability (material accuracy and completeness) of the basic data and the other assumptions relevant to my opinion.

Activities

In fulfilment of the mandate, in accordance with my statutory responsibility as described in Article 147 of the Pensions Act, I have examined compliance with Articles 126 to 140 inclusive of the Pensions Act. The basic data provided by the pension fund is such that I have accepted that data as the starting point of the calculations I reviewed.
.

As part of the activities concerning the mandate, I examined, among other things, whether:

- adequate technical provisions have been established in respect of all the pension liabilities;
- the minimum own capital requirement and own capital requirement have been determined in accordance with the statutory provisions;
- the cost-covering premium meets the statutory requirements set;
- the investment policy is in accordance with the prudent person rule.

Furthermore, I have formed an opinion on the pension fund's asset position. In doing so, I took into account the liabilities entered into up to and including the balance sheet date and the funds available at that time, as well as the financial policy of the pension fund.

I conducted my examination in such a way that reasonable assurance is obtained that the results are free from material misstatement.

The activities described and its performance are in accordance with the standards and practices applicable within the Royal Dutch Actuarial Association and, in my opinion, provide a sound basis for my opinion.

Opinion

In accordance with the calculation rules and assumptions described, adequate technical provisions have been established in respect of the total pension liabilities.

The pension fund's own capital at the balance sheet date is higher than the statutory own capital requirement.

Subject to the foregoing, I am satisfied that Articles 126 to 140 inclusive of the Pensions Act have been complied with.

The pension fund's policy funding ratio at the balance sheet date is higher than the funding ratio for the own capital requirement.

My opinion on the asset position of Stichting Pensioenfonds voor de Architectenbureaus is based on the liabilities incurred up to and including the balance sheet date and the funds available at that time. In my opinion, the asset position is considered to be satisfactory.

The fact that the possibilities of realising the supplements are limited has been taken into consideration.

Amsterdam, 10 June 2025

drs. R. K. Sagoenie *AAG*
associated with Milliman Pensioenen B.V.

Independent auditor’s report

To: the Board of Stichting Pensioenfonds voor de Architectenbureaus

Report on the annual accounts 2024

Our opinion

In our opinion, the annual accounts of Stichting Pensioenfonds voor de Architectenbureaus ('the foundation') present a true and fair view of the size and composition of the foundation's assets as at 31 December 2024 and of the result for 2024 in accordance with Title 9, Book 2 of the Dutch Civil Code.

What we audited

We have audited the 2024 annual accounts of Stichting Pensioenfonds voor de Architectenbureaus, Harderwijk, included in this annual report.

The annual accounts comprise:

- the balance sheet as at 31 December 2024;
- the statement of income and expenditure for 2024;
- the explanatory notes with an overview of the accounting policies used and other explanatory notes.

The financial reporting framework used to prepare the annual accounts is Title 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, which includes the Dutch auditing standards. Our responsibilities on this basis are described in the paragraph ‘Our responsibilities for the audit of the annual accounts’.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Independence

We are independent of Stichting Pensioenfonds voor de Architectenbureaus as required by the Dutch Audit Firms (Supervision) Act (*Wta*), the Regulation on the independence of auditors in assurance engagements (*ViO*) and other independence rules in the Netherlands relevant to the mandate. Furthermore, we have complied with the Code of Ethics for Professional Accountants Regulation with respect to Rules of Professional Conduct (*VGBA*).

Information supporting our opinion

We determined our audit procedures relating to fraud and going concern the context of the audit of the annual accounts as a whole and in forming our opinion thereon. The information supporting our opinion, such as our findings and observations on the audit approach to fraud risks and the audit approach to going concern, should be considered in that context and not as separate opinions or conclusions.

Control approach to fraud risks

We have identified and estimated risks of a material misstatement in the annual accounts due to fraud. During our audit, we obtained an understanding of Stichting Pensioenfonds voor de Architectenbureaus and its environment and the components of the internal control system, including the risk assessment process and the way the Board responds to fraud risks and monitors the internal control system. We refer to section 'Integrated Risk Management' of the annual report, in which the Board has included its fraud risk analysis.

With regard to the risk of material misstatements due to fraud, we have evaluated the design and implementation of internal controls, including the Board's fraud risk analysis, integrity policy, code of conduct and whistleblower scheme, and tested the functioning of these internal controls insofar we considered necessary for our audit.

We requested information from members of the Board and Executive Office staff if they are aware of any actual, alleged or suspected fraud. We also reviewed the reports of the key role holders Internal Audit and the compliance officer. No signs of actual, alleged or suspected fraud that could lead to a material misstatement ensued.

As part of our fraud risk identification process, we considered fraud risk factors related to fraudulent financial reporting, improper appropriation of assets, and bribery and corruption. We assessed whether these factors were indicative of the presence of fraud risks.

The fraud risks we identified and specific work carried out are as follows:

Identified fraud risks	Our audit procedures and observations
Bypassing internal control measures by the board According to the auditing standards, the risk of the board breaching internal control measures is present in all entities. Inherently, the board of an entity is in a unique position to commit fraud because it is able to manipulate accounting records and prepare fraudulent financial overviews by breaching internal control measures that otherwise appear to work effectively. Therefore, in all our audits, we pay attention to the risk of breach of measures of internal control by the board relating to: • journal entries and other adjustments made during the preparation of the annual accounts; • estimates; • significant transactions outside the ordinary course of business. In doing so, we pay particular attention to tendencies due to possible board interests.	We evaluated the design and implementation of internal control measures in the procedures for generating and processing journal entries. We selected journal entries based on risk criteria and performed specific audit procedures where necessary. We have tested the acceptability of the journal entries and other adjustments made during the preparation of the annual accounts. We have also been alert to potentially significant transactions outside the ordinary course of business of the foundation or that otherwise appear unusual in the light of both our understanding of the foundation and its environment, and other information obtained during the audit. We did not identify any significant transactions outside the ordinary course of business. We evaluated the design and implementation of internal control measures for making estimates. We also tested the control measures with regard to access security in the IT systems by obtaining insight into the ISAE3402 reports of relevant service organisations. In our audit procedures, we pay attention to key estimation items, that are based on subjective inputs, such as fund-specific items in the valuation of technical provisions and the valuation of unlisted investments. As a result of our audit and the outcome thereof, we assessed these estimation items for indications of tendencies that might be a risk of a material misstatement due to fraud. In doing so, we carried out the following work, among other things: • We have validated the valuation for unlisted fund investments using the net asset value as per the audited 2024 annual accounts of the investment fund. Additionally, we have valued interest rate and currency derivatives independently. • Review of the actuarial principles used and any changes therein, the results of the actuarial analysis, and their discussion with the pension fund and the certifying actuary. • Knowledge of the explanatory notes to the financial position and testing against the requirements regarding the explanatory notes of the Accounting Standards. We did not identify any indications of tendencies due to Board interests in our audit of the estimation items. Our work did not reveal any specific indications or suspicions of fraud in respect of breaching internal control by the Board.

We have incorporated an element of unpredictability into our audit. Moreover, we took note of correspondence with regulatory bodies and remained alert to indications of fraud during the audit. We have taken note of the available information, including the SIRA (Systematic Integrated Risk Assessment) prepared by the pension fund. We also assessed the outcome of other audit procedures and considered whether there were any findings that were indicative of fraud or non-compliance with legislation and regulations.

Audit approach going concern

Pension funds are required by law to maintain adequate capital funding, i.e. the own capital requirement. The own capital requirement is determined on the basis of the financial assessment framework. If a pension fund's funding ratio is below the own capital requirement, a recovery plan must be drawn up showing how the pension fund will bring its own capital to the required level. If the pension fund cannot meet the recovery plan, additional measures will have to be taken. Where necessary, the rights of participants and former participants will have to be adjusted so that the own capital requirement is met again.

As explained in the chapter 'Foundation capital and reserves' of the annual accounts, the pension fund is not in a deficit situation regarding the reserves or otherwise on the balance sheet date. The Board expects the pension fund to have sufficient potential to keep a situation of reserve deficit at bay.

The Board has conducted the going concern assessment for at least twelve months from the date of preparation of the annual accounts, and has not identified any events or circumstances that may cast reasonable doubt on the entity's ability to continue as a going concern (hereinafter referred to as the going concern risks).

Our work to evaluate the Board's going concern assessment includes:

- considering whether the going concern assessment by the Board contained all the information of which we have become aware as a result of our audit and asking the Board about key assumptions and principles. In doing so, the Board considered, among other things:
  - the financial position of the pension fund relative to the (minimum) own capital requirement.
  - the sector pension administration agreement and agreements with outsourcing parties for pension management and asset management.
  - the continuous monitoring of the investment portfolio, (interest rate) hedging policy and liquidity risk.
  - political, demographic, geographical, as well as operational developments, insofar as they impact the pension fund.
- obtaining information from the Board on knowledge of going concern risks after the period of the going concern assessment carried out by the Board.

We also inspected correspondence with relevant regulatory bodies.

Our audit procedures did not reveal any information that conflicts with the Board's assumptions and principles on the going concern assumption used.

Opinion on the other information included in the annual report

The annual report also includes other information. This covers all information in the annual report other than the annual accounts and our audit opinion thereon.

Based on the work mentioned below, we believe that the other information:

- is consistent with the annual accounts and does not contain any material misstatements;
- comprises all the information required pursuant to Title 9 Book 2 of the Dutch Civil Code for the management report and the other data.

We have read the other information and, based on our knowledge and understanding obtained from the annual accounts audit or otherwise, considered whether the other information contains material misstatements.

With our work, we complied with the requirements of Title 9 Book 2 of the Dutch Civil Code and the Dutch Standard 720. This work does not have the same depth as our audit procedures on the annual accounts.

The Board is responsible for the preparation of the other information, including the management report and other data in accordance with Title 9 of Book 2 of the Dutch Civil Code.

Responsibilities relating to the annual accounts and audit

The Board's responsibilities for the annual accounts

The Board is responsible for:

- the preparation and true and fair presentation of the annual accounts in accordance with Title 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as it determines is necessary to enable the preparation of annual accounts that are free from material misstatements, whether due to error or fraud.

When preparing the annual accounts, the Board must consider whether the foundation is able to continue its operations on a going concern basis. Under said accounting regime, the Board must prepare the annual accounts on the basis of the going concern assumption, unless the Board intends to liquidate the foundation or cease operations or if termination is the only realistic alternative. The Board must explain events and circumstances in the annual accounts that might raise reasonable doubt as to whether the foundation can continue its activities as a going concern.

Our responsibilities for the audit of the annual accounts

Our responsibility is to plan and perform an audit mandate in such a way as to obtain sufficient and appropriate audit evidence for the opinion we issue.

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to express an audit report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and does not guarantee that an audit performed in accordance with the auditing standards will always detect a material misstatement when it occurs.

Misstatements may arise as a result of fraud or errors and are material if they can reasonably be expected to affect, individually or collectively, the economic decisions users make on the basis of these annual accounts. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the impact of recognised misstatements on our opinion.

A more detailed description of our responsibilities is included in the annex to our audit report.

Amsterdam, 10 June 2025
PricewaterhouseCoopers Accountants N.V.

Originally signed by *drs*. N. C. Doets *RA*

Annex to our audit report on the 2024 annual accounts of Stichting Pensioenfonds voor de Architectenbureaus

In addition to what is stated in our audit report, this annex contains our elaboration on our responsibilities for the audit of the annual accounts and on what an audit entails.

The responsibilities of the auditor for the audit of the annual accounts

We conducted this audit in a professional and critical manner and, where relevant, applied professional judgement in accordance with Dutch auditing standards, ethical rules and independence requirements. Our audit included:

- identifying and estimating the risks that the annual accounts contain material misstatements as a result of errors or fraud, determining and performing audit procedures in response to these risks and obtaining audit evidence that is a sufficient and appropriate basis for our opinion. With fraud, the risk of a material misstatement not being detected is higher than with errors. Fraud may involve collusion, forgery of documents, deliberate failure to record transactions, deliberate misrepresentation or breach of internal controls.
- obtaining an understanding of the internal control relevant to the audit for the purpose of selecting audit procedures appropriate in the circumstances. The purpose of these audit procedures is not to express an opinion on the effectiveness of the foundation's internal control.
- assessing the suitability of the accounting policies used and assessing the reasonableness of estimates made by the Board and the related explanatory notes in the annual accounts.
- determining that the going concern assumption used by the Board is acceptable. Also determining, based on the audit evidence obtained, whether there are events and circumstances that might cast reasonable doubt on whether the foundation can continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the relevant explanatory notes in the annual accounts. If the explanatory notes are inadequate, we must amend our report. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or circumstances may result in a organisation no longer being able to maintain its going concern.
- assessing the presentation, structure and content of the annual accounts and the disclosures contained therein and assessing whether the annual accounts give a true and fair view of the underlying transactions and events.

We discuss the planned scope and timing of the audit and on the significant findings revealed by our audit, including any significant weaknesses in the internal control with the Board.

IV. ANNEXES

1. Nominating organisations

The following organisations appoint members to the Board and/or the Accountability Body:

- Branchevereniging Nederlandse Architectenbureaus (BNA);
- De Unie;
- FNV;
- CNV;
- Central Cooperating Organisations for the Elderly (CSO);
- ANBO-PCOB

2. External parties

The Fund worked with the following external parties in 2024:

Pension administration organisation
Pension management
APG DWS & Fondsenbedrijf N.V.

Asset management
Amundi Asset Management
Achmea Real Estate
Bouwinvest Real Estate Investment Management B.V.
Columbia Threadneedle Netherlands B.V.
Fidelity (FIL(LUXEMBOURG) S.A.)
State Street Global Advisors Europe Limited
Schroder Investment Management
UBS Fund Management (Luxembourg) S.A.

Executive Office
Technisch Bureau Bouw & Infra
Ortec Finance B.V.
Sprenkels B.V.

Fiduciary management
Columbia Threadneedle Investments B.V.

Custodian
CACEIS

Monitoring property investments
Finance Ideas B.V.

Consulting actuary
Triple A - Risk Finance B.V.

Certifying actuary
Milliman Pensioenen B.V.

Independent external auditor
PricewaterhouseCoopers Accountants N.V.

Role holder key role Risk Management and Actuarial
Sprenkels B.V.

Role holder key role Internal Audit function

Forvis Mazars

Compliance work

Nederlands Compliance Instituut B.V.

Sprenkels B.V.

Confidential adviser

Nederlands Compliance Instituut B.V.

3. Pension scheme details

	2024	2023	2022	2021	2020
Defined-benefit agreement	Average wage	Average wage	Average wage	Average wage	Average wage
Retirement pension accrual rate	1.738%	1.44%	1.50%	1.390%	1.738%
Partner's pension accrual rate	1.3125%	1.3125%	1.3125%	1.3125%	1.3125%
Orphan's pension accrual rate	0.2625%	0.2625%	0.2625%	0.2625%	0.2625%
Target retirement age	67	67	67	67	67
Maximum wage	85,770	82,694	81,663	80,041	78,223
State pension offset	17,545	15,429	15,162	14,789	14,383
Maximum pension base	68,225	67,265	66,501	65,252	63,840
Factual pension premium compulsory scheme	24.5%	24.5%	24.5%	23.0%	23.0%
Employer share	13.475%	13.475%	13.48%	12.65%	12.65%
Employee share	11.025%	11.025%	11.03%	10.35%	10.35%
Increase of pensions in payment	6.85%	7.33%	1 January 2022: 1.20% 1 September 2022: 1.48%	0.00%	0.00%
Increase in pension rights participants and former participants	6.85%	7.33%	1 January 2022: 1.20% 1 September 2022: 1.48%	0.00%	0.00%

4. Ancillary positions

The Board members fulfilled the following relevant ancillary activities in 2024:

E. M. C. Eelens

- Pension fund Pensioenfonds Schilders-, Afwerkings- en Glaszetbedrijf
- Pension fund Bpf Particuliere Beveiliging
- Supervisory board pension fund Robeco Pensioenfonds

M. M. E. P. Groenen

- DGA MG Advies B.V.

P. de Groot

- Member of the advisory board Inbo architecten, adviseurs en stedenbouwkundigen
- Member of the board of pension fund Pensioenfonds DNB
- Chair of the supervisory board of pension fund Pensioenfonds Delta Lloyd
- Member of the supervisory board of Woningborg
- Chair of Vereniging Intern Toezichthouders Pensioensector (Association of internal regulators pension sector)
- Chair of audit committee PNO media
- Board member of Dutch Federation of Pension Funds

G. T. J. Meulenbroek

- Board member of pension fund Pensioenfonds Pon
- Board member of pension fund Pensioenfonds Geveke
- Board member op pension fund Pensioenfonds Gazelle

I. Slikkerveer

- Senior adviser on pensions at De Unie
- Member of the board of directors of pension fund ING CDC Pensioenfonds

A. Soederhuizen

- Member of investment advisory committee PH&C
- Member of investment advisory committee Unilever APF (2 sections)
- Advisor foundation Stichting Infinity

H. W. T. de Vaan

- Employed at CNV
- Member of the board of occupational pension fund Bedrijfstakpensioenfonds BPL
- Member stakeholders’ body Section D of pension fund De Nationale APF
- Member of ARE Client Council

Members of the Accountability Body fulfilled the following relevant ancillary activities in 2024:

E. Borgert
- Owner/architect at Aerde Borgert Architecten

M. Kuijt
- Independent trainer/coach at Juncta Juvant in Capelle aan den IJssel

H. Oonk
- Director-owner Oonk Management BV

D. Verweij
- Office manager at LEVS

W. E. Vester
- Guild dean of Jenevergilde Het Gulden Glaasje in Schiedam

Members of the Supervisory Board fulfilled the following relevant ancillary activities in 2024:

P. G. E. van Gent
- Member of the investment advisory committee of Pensioenfonds IBM Nederland
- Member of the investment advisory committee De Nationale APF
- Board member pension fund bfpBouw
- Member of the VITP audit committee
- Member of the board of Stichting administratiekantoor aandelen Onze Auto

H. G. I. M. Peters
- Executive director asset management of pension fund Pensioenfonds Citigroup
- Executive director of pension fund Nedlloyd pensioenfonds
- Member of the board of pension fund Pensioenfonds HaskoningDHV

F. R. Valkenburg
- Independent member of the board of United Pensions
- Member of the supervisory board of pension fund Pensioenfonds Mars
- Expert member of the Kifid Appeals Board
- Investor Vive Holding and Red to Blue
- Investor ValueQuest
- Chair of the board of Delrin European Pension Fund OPF
- Independent chair Investment Committee of Stichting Vermogensbeheer belangenbehartiging van de Vervoer- en Havenbedrijven (SVBPVH)

The independent members of the Complaints and Disputes Committee fulfilled the following relevant ancillary activities in 2024:

J. Bodewes

- Chair of disputes committee of occupational pension fund BPF Schilders

F. Prins

- Volunteer at cooperative Coöperatie Tuinderij WIJdehorst (part of Land van Ons)
- Mentor Monitoring Committee Code of the Dutch Pension Funds

E. Vijverberg

- Policy advisor Dutch Association of Insurers

5. Executive Office

Composition of Executive Office at the end of 2024:
R. van Asselt, Risk management specialist
H. Andringa, Asset management specialist
P. O. Bos, director
E. M. Bosman, Board consultant
M. Doelman, Pension management specialist
R. Goris, Asset management specialist
T. Hoefs, Risk management officer
M. Kemper, Asset management specialist
E. Lock, Risk management specialist
J. M. Rijnsburger, Communications specialist
J. Wisse, support Pension Committee
I. ter Weer, support Communications Committee

Not all of the persons above work full-time for the Fund or have been employed for the entire reporting year. The Executive Office has a workload of approx. 5 FTE.

6. Terms and abbreviations

Actuarial and Business Memorandum: Pension funds must operate in accordance with an actuarial and business memorandum. It substantiates the financial set-up of a pension fund and the principles on which it is based.

Actuarially required premium: This is the premium required to purchase a retirement pension and partner's pension in the relevant year.

Current funding ratio: Each month, the current funding ratio shows the ratio of the Fund's assets to its pension liabilities in a percentage. The pension liability is the amount needed to pay all the pensions for now and in the future. The funding ratio is considered an indicator of the degree of certainty that committed pensions can actually be paid out.

AFM (Dutch Authority for the Financial Markets): Supervisor of the behaviour of pension funds.

ALM (asset liability management): A method to determine the composition of the strategic investment portfolio and match it to liabilities.

Benchmark: Yardstick for comparison. Representative yardstick against which the performance of an investment portfolio is measured.

Policy funding ratio: The policy funding ratio is the average of the twelve current funding ratios of the last twelve months.

CPI all households from 1 October to 1 October: The overview showing the price evolution of a basket of goods and services purchased by an average Dutch household. The annual change in the consumer price index is an important indicator of inflation.

FTK (Financial Assessment Framework): The Financial Assessment Framework provides rules on the legal financial liabilities of pension funds and has been included in the Dutch Pensions Act.

Governance: Good entrepreneurship, including acting with integrity and transparency by the board, as well as proper supervision thereof. It also includes rendering account for and monitoring the policies pursued.

High yield: High-yield bonds issued by companies with low credit ratings.

Performance test: The performance test is an averaging of the Z-score over 5 years.

Premium smoothing: A pension fund is obliged to test the premium for a benefit agreement charged by a pension fund to employers and employees for cost recovery. To do so, the fund must first calculate the pure cost-covering premium. Since the pure cost-covering premium may fluctuate widely due to current market interest rates, the fund may use premium smoothing.

Premium loading for non-contributory participation: The non-contributory participation extension risk provision is calculated annually as the sum of the non-contributory participation loadings of the last two financial years. This will make the non-contributory participation loading of two financial years ago available to cover the costs of the start of the premium waiver due to occupational disability for participants with a first day of illness during two financial years ago.

Non-contributory participation in case of occupational disability: If a participant is fully or partially occupationally disabled within the meaning of the WAO or WIA, pension accrual will continue in full or in part for as long as WAO or WIA benefits are received. In the case of continued accrual, 100% of the salary that applied immediately prior to the commencement of non-contributory participation will be used for the annual determination of the pension base.

Private equity: Investments in unlisted companies.

Fictitious interest rate: Notional rate of return that invested assets are expected to yield in the future.

Interest rate term structure (RTS): The interest rate term structure reflects the relationship between the maturity of a fixed-income investment on the one hand and the market interest rate to be received thereon on the other.

Solvency: The capital that must be available in the longer term to meet liabilities.

Swap: Exchange of the return on a fixed reference value for a floating interest rate during a fixed term.

Supplement: The supplement by which the pension entitlements of participants and former participants and the pension rights of pension beneficiaries can be increased annually is in principle derived from the increase of the index figure based on the CPI all households of 1 October two years prior to the year of adjustment of the pension rights or pension entitlements to the CPI all households of 1 October of the year prior to the adjustment. Every year, after obtaining the advice of the consulting actuary in this respect, the Board determines whether the financial position of the Fund allows for granting a supplement. Any supplement to be granted is rounded to two decimal places.

UFR (Ultimate Forward Rate): To determine the interest rate term structure, the UFR is applied, among other things. Adopting the UFR means applying an adjusted yield curve for liabilities in a distant future.

Fixed-income securities: Class of investments that basically have a fixed interest rate and a fixed maturity, such as bonds and loans.

Value transfer: Moving the value of a pension entitlement accrued up to a certain point in time to another pension scheme, in case the participant changes employer or insurer.

Z-score: Degree to which the actual return of a pension fund differs from the return of the standard portfolio.

Template periodic disclosure for the financial products referred to in article 8(1), (2) and (2 bis) of Regulation (EU) 2019/2088 and article 6(1) of Regulation (EU) 2020/852

Product name: Stichting Pensioenfonds voor de Architectenbureaus
Legal Entity Identification Code or LEI: 5493007PYLOJEXV2U856

Sustainable investment: an investment in an economic activity that contributes to the achievement of an ecological or a social objective, provided that this investment does not seriously impair ecological or social objectives and the investee companies apply good governance practices.

The **EU taxonomy** is a classification system established by Regulation (EU) 2020/852. It involves a list of **ecologically sustainable economic activities.** That regulation does not contain a list of socially sustainable economic activities. Sustainable investments with an ecological objective may or may not be taxonomy-aligned.

Ecological and/or social characteristics (E/S characteristics)

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ This product has made the following **sustainable investments with an ecological objective:** ___%	☐ This product **promoted ecological/social (E/S) characteristics.** Although sustainable investing was not its goal, it had a minimum of __% sustainable investments
☐ in economic activities that qualify a ecologically sustainable according t EU taxonomy	☐ with an ecological objective in economic activities that qualify as ecologically sustainable according to EU taxonomy
☐ in economic activities that do not qualify as ecologically sustainable according to EU taxonomy	☐ with an ecological objective in economic activities that do not qualify as ecologically sustainable according to EU taxonomy
	☐ with a social objective
☐ This product has made the following **sustainable investments with a social objective** :____%	☒ This product promoted E/S features, but **did not invest sustainably**.

To what extent are the ecological and/or social characteristics met that are promoted by this financial product?

Stichting Pensioenfonds voor de Architectenbureaus (PfAB) has promoted the following ecological and social features:

1. Not contributing to controversial behaviour and activities through exclusions

PfAB has excluded investments that do not fit its investment policy. PfAB has virtually no direct investments

in companies substantially engaged in the following activities:

- Controversial weapons (chemical weapons, biological weapons, cluster munitions, landmines, white phosphorus, nuclear weapons and depleted uranium);

- Mining of thermal coal & bituminous sands;

- Manufacture of tobacco products or their distribution (the latter is subject to a 5% turnover threshold as an indication of a core activity).

PfAB also has virtually no direct investments in companies that exhibit controversial behaviour, by excluding very serious violators of the OECD Guidelines for Multinational Enterprises, of the Guiding Principles on Business and Human Rights and/or of the United Nations Global Compact principles. PfAB defines violation of these principles as achieving the lowest score according to external data provider MSCI, on compliance with at least one of these international standards.

PfAB also did not invest directly in government bonds of countries subject to sanctions by the UN Security Council and/or the European Union.

PfAB did not invest in excluded companies nor in investment funds with limited exposure to excluded companies.

PfAB's performance with regard to this characteristic was measured by sustainability indicator 1. The results have been included in the next question.

2. Encouraging companies to act in line with international conventions and codes of conduct

PfAB considers engagement (engaging in dialogue with companies) and voting as important tools for responsible investing activities.

Through active share ownership, the fiduciary manager on behalf of PfAB encouraged companies during the reference period to act in line with international conventions and codes of conduct, such as the UN Global Compact and the UN Guiding Principles. Active share ownership means voting at shareholder meetings and engaging in critical dialogue with some of the companies PfAB has invested in. In the relevant asset classes, active share ownership across the entire portfolio is carried out by Columbia Threadneedle Investments (CTI) from 1 January 2023.

PfAB's performance with regard to this characteristic was measured by sustainability indicators 2 and 3.
3. The results have been included in the next question.

3. Mitigating climate change

With regard to climate change, PfAB has set targets to align CO2 intensity of the main components of the portfolio with the international commitments of the Paris Climate Agreement. To achieve these objectives, PfAB applied different methodologies by asset class. These objectives were as follows:

- Equities and the credit-worthy corporate bond portfolio: PfAB aims for an initial 30% reduction in funded greenhouse gas emissions, followed by a 7% reduction per annum, with the aim of reaching net zero funded greenhouse gas emissions by 2050;

- High-yield corporate bond portfolio: a 30% reduction in funded greenhouse gas emissions in comparison to the regular market index. PfAB has communicated the requirements on reduction of funded greenhouse gas emissions to the external asset managers as being investment restrictions. PfAB's performance with regard to this characteristic was measured by sustainability indicators 4, 5 and 6. The results have been included in the next question.

4. Sustainable property and built environment

PfAB has chosen property managers who are making efforts to make existing property portfolios more sustainable, have assessed new projects for sustainability, are mindful of the position of key occupations in the rental market and are transparent about the process involved. In addition, PfAB has chosen mortgage managers who make efforts to encourage borrowers to make sustainable choices. On the one hand, the mortgage managers do this by offering so-called green mortgages, and, on the other hand, by educating borrowers about making their homes more sustainable. To this end, PfAB has outsourced the management of mortgages and property portfolio exclusively to asset managers who meet strict sustainability requirements. During the reference period, the external asset managers had to:

- be a signatory to UN PRI;

- have issued a net zero commitment;

- be members of Global Real Estate Sustainability Benchmark (GRESB) and have their products relevant here meet a minimum GRESB rating of 4 or 5 stars (for property only);

In addition, the relevant portfolio had to have an SFDR classification under article 8 of the SFDR and the investment fund had to have an ESG policy with associated reports.

PfAB continues to be in dialogue with external asset managers with regard to ESG integration in general and specifically with regard to SDG 7 (sustainable energy) and SDG 11 (safe and sustainable cities).

PfAB's performance with regard to this characteristic was measured by sustainability indicators 7 and 3.
8. The results have been included in the next question.

Sustainability indicators measure how the ecological or social features promoted by the financial product are achieved.

How did the sustainability indicators perform?

1. Number of investments in excluded companies and countries	0 As at 31/12/2024 for discretionary mandates.
2. Number of companies the engagement provider is in an engagement process with on behalf of PfAB	342
3. Number of engagement processes that achieved milestones towards improving corporate behaviour	105
4. CO2 intensity of the equity portfolio (weighted average carbon intensity: tonnes CO2e (scope 1 and 2)/million USD turnover)	Developed market portfolio: 55 Developed markets benchmark: 92 Emerging markets portfolio: 107 Emerging markets benchmark: 311 Developed markets and emerging markets portfolio jointly: 61 Developed markets and emerging markets benchmark: 119 As at 31/12/2024.
5. CO2 intensity of the corporate bond portfolio (weighted average carbon intensity: tonnes CO2e (scope 1 and 2)/million USD turnover)	Portfolio: 87 Benchmark: 91 As at 31/12/2024.
6. The CO2 intensity of the high-yield corporate bond portfolio relative to the benchmark (weighted average carbon intensity: tonnes of CO2e (scope 1 and 2)/million USD turnover)	Portfolio: 164 Benchmark: 211
7. Percentage of property funds PfAB invests in with a 4 or 5 star Global Real Estate Sustainability Benchmark (GRESB) score	100%. During the reference period, PfAB invested in three property funds and all three have a 5 star GRESB score.
8. Percentage of mortgage funds PfAB invests in that promote ecological and/or social features	100%. During the reference period, PfAB invested in one mortgage fund and it is classified as article 8 under SFDR.

...and compared to previous periods?

The number of investments in companies on the exclusion list for discretionary mandates remained 0. The number of companies with which engagement activities were conducted and number of milestones achieved is down from last year. There was a significant increase in 2023 compared to 2022 with regard to engagement activities. The CO2 intensity of the portfolios is lower than the benchmarks and decreases every year in line with the portfolio restrictions.

	2024	2023	2022
1. Number of investments in excluded companies and countries	0	0	0
2. Number of companies the engagement provider is in an engagement process with on behalf of PfAB	342	466	170
3. Number of engagement processes that achieved milestones towards improving corporate behaviour	105	144	15
4. CO_2 intensity of equity portfolio (weighted average carbon intensity: tonnes CO_2e (scope 1 and 2)/million USD turnover)	Developed market portfolio: 55 Developed markets benchmark: 92 Emerging markets portfolio: 107 Emerging markets benchmark: 311 Developed markets and emerging markets portfolio: 61 Developed markets and emerging markets benchmark: 119	Developed market portfolio: 55 Developed markets benchmark: 105 Emerging markets portfolio: 114 Emerging markets benchmark: 326 Developed markets and emerging markets portfolio: 63 Developed markets and emerging markets benchmark: 130	Developed market portfolio: 55 Developed markets benchmark: 321 Emerging markets portfolio: 74 Emerging markets benchmark: 141 Developed markets and emerging markets portfolio: 84 Developed markets and emerging markets benchmark: 163
5. CO_2 intensity of corporate bond portfolio (weighted average carbon intensity: tonnes CO_2e (scope 1 and 2)/million USD turnover)	Portfolio: 87 Benchmark: 91	Portfolio: 95 Benchmark: 97	Portfolio: 110 Benchmark: 123
6. The CO_2 intensity of the high-yield corporate bond portfolio relative to the benchmark (weighted average carbon intensity: tonnes CO_2e (scope 1 and 2)/ million USD turnover)	Portfolio: 164 Benchmark: 211	Portfolio: 208 Benchmark: 241	Portfolio: 200 Benchmark: 294
7. Percentage of property funds PfAB invests in with a 4 or 5 star Global Real Estate Sustainability Benchmark (GRESB) score	100%	100%	100%
8. Percentage of mortgage funds PfAB invests in that promote ecological and/or social features	100%	100%	100%

What were the objectives of the sustainable investments made by the financial product in part and how did the sustainable investment contribute to those objectives?

Not applicable. The pension fund did not pursue sustainable investments during the reporting period.

The **main adverse effects** are the main negative effects of investment decisions on sustainability factors related to ecological and social issues and labour conditions, respect for human rights and combating corruption and bribery.

How did the sustainable investments made in part by the financial product avoid significant harm to environmental or social sustainable investment objectives?

Not applicable. The pension fund did not pursue sustainable investments during the reporting period.

How were indicators of adverse impacts on sustainability factors taken into account ?

Not applicable. The pension fund did not pursue sustainable investments during the reporting period.

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

Not applicable. The pension fund did not pursue sustainable investments during the reporting period.

The EU taxonomy enshrines the 'do no significant harm' principle. This means that taxonomy-aligned investments should not significantly harm the objectives of the EU taxonomy and are accompanied by specific Union criteria.

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

Neither should other sustainable investments significantly harm ecological or social objectives.

How has this financial product taken the main adverse effects on sustainability factors into account?

The main tools to consider adverse effects of investment decisions on sustainability factors are:

- **Exclusions**. PfAB does not invest in companies related to controversial weapons, tobacco (with a 5% threshold for distribution and production) and thermal coal & tar sands mining. PfAB also does not invest in companies that violate the OECD Guidelines for Multinational Enterprises to a very serious extent. Finally, PfAB also does not invest in government bonds of countries subject to sanctions by the UN Security Council and/or the European Union.
- **Engagement**. PfAB has agreed with its engagement provider, Columbia Threadneedle Investments, to actively use engagement to visibly and concretely address climate change and the management of risks associated with corporate behaviour

relative to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. If adverse contributions from the underlying companies have occurred, PfAB asks the executor of the engagement programme to promote recovery and redress as part of engagement on the underlying company. This policy is applied to the equity and corporate bond portfolio.

- **Benchmark selection**. Climate transition benchmarks have been selected for the equity and corporate bond portfolios. These benchmarks follow a CO2 reduction pathway in line with the Paris climate agreement. For investments in high yield bonds, a regular benchmark has been selected, but a 30% lower carbon footprint than the benchmark is targeted.
- **Selection of asset managers**. For some asset classes (such as property and mortgages), manager selection is more important than strategy selection when it comes to socially responsible investing. PfAB therefore assesses managers' policies, process and results regarding socially responsible investing.
- **Sustainable bonds**. Within the matching portfolio, a target allocation is included towards Sustainable bonds (based on the Green Bond Principles or Social Bond Principles).

What were the largest investments of this financial product?

The list includes the investments that constitute the **largest proportion of investments** of the financial product during the reference period, namely: 2024

Largest investments	Sector	%	Country
Achmea Particuliere Hypotheken Investment Trust	Mortgages	8.75%	The Netherlands
Achmea Dutch Residential Fund	Property	4.94%	The Netherlands
Schroder Gaia Cat Bond	Financial sector	3.87%	Luxembourg
Apple Inc	Technology	1.82%	United States
Microsoft	Technology	1.54%	United States
Nvidia Corp	Technology	1.50%	United States
Dutch government bonds Gov3.75 42	Government	1.46%	The Netherlands
Amazon.Com	Technology	1.41%	United States
Tesla Motors Inc	Technology	1.40%	United States
Bouwinvest Residential Fund	Property	1.38%	The Netherlands
Achmea Dutch Retail Property	Property	1.16%	The Netherlands
Alphabet Inc	Technology	0.97%	United States
French government bonds Gov2.5 24sep26	Government	0.96%	France
Achmea Dutch Health Care Fund	Property	0.94%	United States
Dutch government bonds 15Jan26	Government	0.93%	The Netherlands
Lyxor Msci India Ucits Etf Eur Acc	Financial sector	0.82%	France
Dutch government bonds Gov 2.75 15jan47	Government	0.68%	The Netherlands
Broadcom Inc	Technology	0.68%	United States
Dutch government bonds Gov0.5 15jul26	Government	0.66%	The Netherlands
Meta Platforms Inc	Technology	0.60%	United States

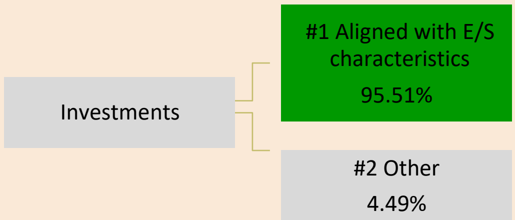
The percentages are based on the position as at 31-12-2024 and based on PfAB's total portfolio. Derivatives and cash are not included in the table. Investment funds were not looked through. If the investment in an investment fund was among the largest 15 investments, this fund is included in the overview above.

Asset allocation describes the proportion of investments in specific assets.

What was the proportion of sustainability-related investments?

PfAB promoted ecological and social characteristics without pursuing a sustainable investment objective. PfAB has not made a minimum allocation to sustainable investments within the meaning of the SFDR. The vast majority of PfAB's investments were aligned with ecological and/or social characteristics. These investments covered equities, corporate bonds, property and mortgage investments and government bonds. Other investments were not aligned with these characteristics and were invested in derivatives or liquid assets. No ecological or social minimum safeguards applied to them.

What did the asset allocation look like?



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

#2 Other includes the other investments of the financial product that have not been aligned with the ecological or social characteristics nor count as a sustainable investment.

Which economic sectors were invested in?

Sector	**%**
Other	25.58%
Government	20.78%
Financial sector	13.31%
Technology	11.04%
Consumer goods discretionary	6.83%
Healthcare	5.20%
Communication	4.93%
Basic consumer goods	4.42%
Energy	2.28%
Property	2.17%
Industry	1.60%
Materials	1.09%
Utilities	0.78%

To determine compliance with the EU taxonomy, the **natural gas** contain emission limits and the switch to renewable energy or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive rules on safety and waste management.

Facilitating activities directly enable other activities to make a substantial contribution to an ecological objective.

Transition activities are activities for which no low-carbon alternatives are available yet and that have emission levels consistent with the best performance possible within existing technology. This means that the activities contribute significantly to an ecological objective while aiming for the lowest possible greenhouse gas emissions at present.

The percentages are based on the position as at 31-12-2024. 'Other' includes certain derivatives and some investments in emerging markets, among other things. The sector breakdown was made on the basis of look-throughs of underlying investment funds to the extent data on these was available, which is usually the case for all liquid investments.

To what extent were ecologically sustainable investments aligned with the EU taxonomy?

Of the investments (excluding government bonds), 0.57% were aligned to one of the six ecological objectives of the EU taxonomy based on the turnover of the underlying investments. The alignment of investments to the EU taxonomy is not subject to an auditor's opinion of assurance or a third-party review.

Did the financial product invest in activities in the natural gas and/or nuclear energy sectors that comply with EU taxonomy[1]?

☐ Yes:

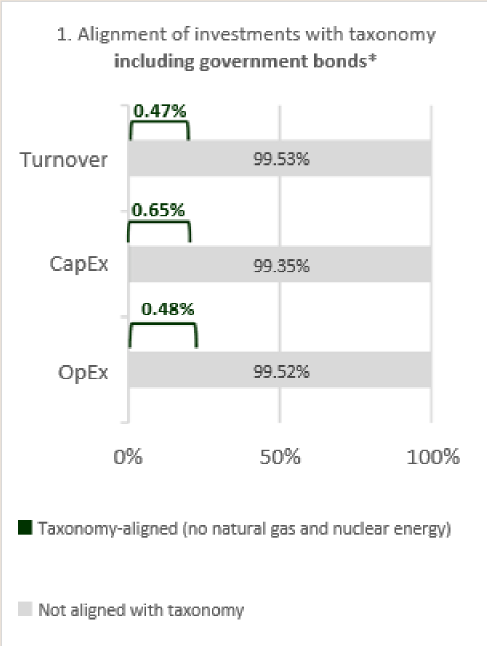
☐ In natural gas ☐ In nuclear energy

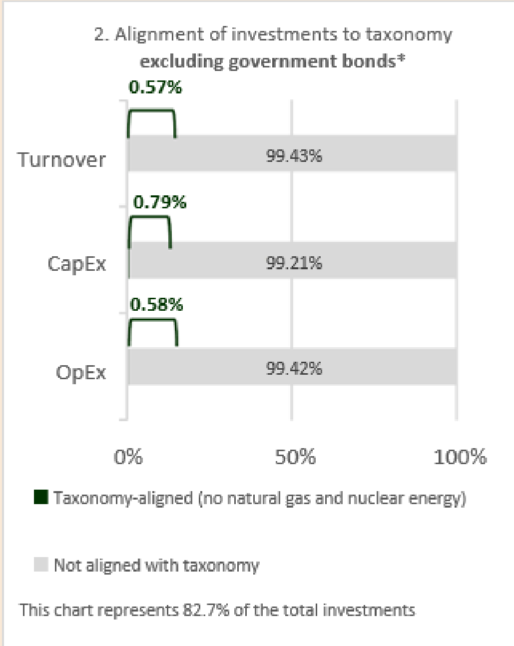
☒ No

[1] Activities in the natural gas and/or nuclear energy sectors only comply with the EU taxonomy if they contribute to climate change mitigation and do not significantly harm the objectives of the EU taxonomy - refer to the note in the left margin. The extended criteria for economic activities in the natural gas and nuclear energy sectors that comply with the EU taxonomy are set out in Delegated Regulation (EU) 2022/1214 of the Commission.

Taxonomy-aligned activities are expressed as a proportion of:
- **turnover** reflecting the share of revenues from green activities of investee companies;
- **capital expenditure,** or CapEx, showing green investments made by investee companies, e.g. for transition to a green economy;
- **operational expenditure**, or OpEx, showing green operational activities of investee companies.

The charts below show in green the percentage of EU taxonomy-aligned investments. There is no suitable method to determine the extent to which government bonds* are aligned with the taxonomy. Therefore, the first chart shows the degree of alignment for all investments of the financial product including government bonds, while the second chart, only for the investments of the financial product in other products than government bonds, shows the extent to which they are aligned with the taxonomy.





* *In these charts, 'government bonds' includes all exposures to governments.*

- ***What was the share of investments in transition and facilitating activities?***

The share of investments in transition activities was 0.00% and in facilitating activities 0.23%.

- ***How did the percentage of investments aligned with the EU taxonomy compare with previous reference periods?***

In the previous reference period, 0% of investments were aligned to the EU taxonomy. The percentage of investments aligned with the EU taxonomy has therefore increased. This is partly due to more available data.

are sustainable investments with an ecological objective that **do not take the criteria** for ecologically sustainable economic activities under the Regulation (EU) 2020/852 **into account**.

What was the proportion of sustainable investments with an ecological objective that were not aligned with the EU taxonomy?

Not applicable. PfAB did not commit to sustainable investments during the reference period and therefore did not measure whether it invested in sustainable investments in line with SFDR.

What was the proportion of socially sustainable investments?

Not applicable. PfAB did not commit to sustainable investments during the reference period and therefore did not measure whether it invested in sustainable investments in line with SFDR.

Which investments are included in the item ‘other’? What were these for, and were there ecological or social minimum safeguards?

The investments included in #2 Other were investments in derivatives and liquid assets. No ecological or social minimum safeguards applied to them. Derivatives were used to hedge major financial risks. Liquid assets are used to meet liabilities entered into, such as margin calls and pension benefits.

Which measures were taken during the reference period to meet the ecological and/or social characteristics?

PfAB has taken the following measures:

- Commissioned by PfAB, a third party has compiled a list of investments that are not allowed based on the exclusion criteria. This list was communicated to all underlying asset managers for implementation and was updated twice. Any overruns were reported by the external asset managers to PfAB and PfAB's fiduciary asset manager. PfAB's fiduciary investment manager periodically checked whether these investments were not made.

- Engagement is carried out by CTI. PfAB has been periodically updated on the progress of engagement processes.

- PfAB was periodically informed of the implementation of the investment policy, the reduction of funded emissions, and whether the portfolios were still managed within the agreed frameworks. The greenhouse gas emissions of the relevant investment portfolios were reported twice as part of the ESG risk report.

- PfAB was periodically informed of the GRESB score of the property funds and of the characteristics and performance of the mortgage funds in which investments were made.

How did this financial product perform against the reference benchmark?

Not applicable. PfAB has no reference benchmark to meet the ecological or social characteristics for the entire pension scheme.

Reference benchmarks are indices that measure whether the financial product realises the ecological or social characteristics the product promotes.