Periodic disclosure for the financial products referred to in Article 8(1), (2), and (2a) of Regulation (EU) 2019/2088 and Article 6, (1) of Regulation (EU) 2020/852

Product name: DPS: ‘beleggingsmandaat voor Pensioenfonds PDN’ (investment mandate for Pensioenfonds PDN)

Legal Entity Identifier (LEI): 5493003N1G9IUYI8BS44

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

Sustainable investment: an investment in an economic activity that contributes to achieving an environmental or social objective, provided such investment does not seriously harm environmental or social objectives and the investee companies implement good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. The Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ This product made the following **sustainable investments with an environmental objective**: ___%	☐ This product **promoted environmental/social (E/S) characteristics.** Although sustainable investment was not its objective, it had a minimum of ___% sustainable investments
☐ in economic activities that are considered to be environmentally sustainable according to the EU Taxonomy	☐ with an environmental objective in economic activities that are considered to be environmentally sustainable according to the EU Taxonomy
☐ in economic activities that are not considered to be environmentally sustainable according to the EU Taxonomy	☐ with an environmental objective in economic activities that are not considered to be environmentally sustainable according to the EU Taxonomy
	☐ with a social objective
☐ This product made the following **sustainable investments with a social objective**: ___%	☒ This product promoted E/S characteristics, but **did not invest sustainably.**

To what extent were the environmental and/or social characteristics met that this financial product promotes?

DPS has promoted the following environmental and social characteristics for the mandate (European Shares, IG Credits, Nominal Sovereign Bonds, Inflation Linked Bonds, European High Yield, and Listed Real Estate) that it manages for Pensioenfonds PDN:

1. **Using ESG factors and realizing positive impact:**

Where possible, DPS has used topics that relate to Environmental, Social and Governance (ESG) to manage and evaluate investments. The way in which social issues in the form of ESG aspects are embedded in the investment decisions differs for each investment category and mandate.

In its asset management mandates, DPS aims to achieve a better sustainability profile than the corresponding benchmark on the basis of the ESG Controversies. ESG Controversies provide a good indication of a company's sustainability risk profile, as they refer to incidents at companies or their suppliers that have a negative impact on stakeholders, the environment, or business operations. DPS has not invested in companies that have been classified in the worst ESG controversies score category (‘severe’ impact/category 5), based on information from Sustainalytics.

In addition, DPS has aimed to invest more in impact bonds within the sovereign and corporate bond portfolios than the benchmark (over 2.5% as an aggregate).

DPS’s performance with respect to this characteristic was measured according to sustainability indicators 1 and 2. The results are included in the following question.

2. **Mitigating climate change and carbon reduction:**

DPS contributed to mitigating climate change by aiming for a carbon reduction of 55% by 2030 compared with the 2016 benchmark and carbon data for the shares and investment grade credits investment categories, and a reduction of net zero (100% reduction) by 2050. With this objective, DPS supports the Paris Climate Agreement ambition to limit global warming to below 2°C compared with pre-industrial levels and is helping to achieve an even lower temperature rise of 1.5°C.

DPS’s performance with respect to this characteristic was measured according to sustainability indicator 3. The results are included in the following question.

3. **Exclusion based on the Ten Principles of the United Nations (UN) Global Compact:**

DPS has invested in such a way that its investment portfolio reflects its standards and values, which is why DPS has excluded companies and countries where there are risks of negative impact and where there is a conflict with its own norms and values.

DPS’s exclusion policy applies to DPS’s segregated mandates within the investment categories of shares, listed real estate, corporate bonds, and sovereign bonds.

DPS has excluded the following companies:

- Companies that conduct themselves in a manner not compatible with the United Nations (UN) Global Compact’s Ten Principles are excluded from investment.

DPS’s performance with respect to this characteristic was measured according to sustainability indicator 4. The results are included in the following question.

4. **Exclusion of socially controversial activities:**

DPS does not want to be involved in financing countries or companies that engage in inappropriate activities.

DPS has excluded the following companies:

- Tobacco producers;
- Companies that derive at least 5% of their turnover from coal or tar sands mining;
- Companies involved in the production of controversial weapons such as cluster munition, land mines, chemical and biological weapons, depleted uranium munition, white phosphorus munition, and nuclear weapons;
- Suppliers of products that are vital to the production of the aforementioned controversial weapons (key suppliers);
- Companies that are classified in the worst ESG controversies score category ('severe' impact/category 5), based on information from Sustainalytics;

DPS has also not invested in countries that do not adhere to international treaties or that are under UN, EU or Dutch government sanctions. In most cases, the sanctions relate to human rights, arms proliferation, and democratic rights.

DPS's performance with respect to this characteristic was measured according to sustainability indicators 4 and 5. The results are included in the following question.

Sustainability indicators measure how the environmental or social characteristics that the financial product promotes are attained.

How did the sustainability indicators perform?

Indicator	2022	2023
1. The number of companies that, based on Sustainalytics information, fall into the worst ESG controversies score category ('severe' impact/category 5) or if a company receives ESG controversies score 'high' impact/category 4.	Number of companies with an ESG controversies score 'severe' impact/category 5: 0 Benchmark: 9 Number of companies with an ESG controversies score 'high' impact/category 4: 16 Benchmark: 45	Number of companies with an ESG controversies score 'severe' impact/category 5: 0 Benchmark: 11 Number of companies with an ESG controversies score 'high' impact/category 4: 17 Benchmark: 37
2. A percentage of investments in impact bonds for the sovereign and corporate bond investment categories.	- Nominal sovereign bonds: 14.5% - Nominal sovereign bonds benchmark: 2.9% - Inflation-linked bonds: 18.1% - Inflation-linked bonds benchmark: 1.1% - Investment grade credits: 16.7% - Investment grade credits benchmark: 12.2% - High Yield EU: 13.6%	- Nominal sovereign bonds: 16.2% - Nominal sovereign bonds benchmark: 4.1% - Inflation-linked bonds: 17.7% - Inflation-linked bonds benchmark: 1.5% - Investment grade credits: 21.2% - Investment grade credits benchmark: 15.2% - High Yield EU: 16.7%

	- High Yield EU benchmark: 11.0%	- High Yield EU benchmark: 14.8%
3. Carbon intensity reduction for the shares and investment grade credits investment categories: relative to the benchmark[1]	- Shares: 110 (-37%) - Shares benchmark: 174 - Investment Grade Credits: 178 (-15%) - Investment Grade Credits benchmark: 210	- Shares: 90 (-48%) - Shares benchmark: 174 - Investment Grade Credits: 135 (-36%) - Investment Grade Credits benchmark: 210
4. Assets invested in excluded individual companies at year-end, excluding fund investments.	0	0
5. Assets invested in excluded countries at year-end excluding fund investments.	0	0

...and in comparison with previous periods?

The table above shows performance data based on the sustainability indicators from the past two reference periods. The following can be noted with respect to the indicators:

- The number of companies in the portfolio and benchmark that are assigned a controversies score of 4 or 5 at year-end 2023 is comparable to the situation in 2022. As required by the exclusion criteria, the portfolio contains no companies that have a controversies score of 5.

- The percentage of investments in impact bonds has risen in the benchmark and portfolio compared with 2023. The portfolio percentage also increased faster, leading to an even better score than the benchmark.

- The carbon intensity of shares and investment grade credits portfolio has further declined. Both portfolios now have a carbon intensity under the linear reduction pathway required to reach the 2030 target (-55%).

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable.

[1] The periodic disclosure for 2022 also reported on carbon reduction in the High Yield US portfolio. This portfolio is not managed by DPS and therefore no longer features in this document.

How did the sustainable investments that the financial product partially made do no significant harm to any environmental or social sustainable investment objective?

Not applicable.

How did this financial product take into account the principal adverse impact on sustainability factors?

Not applicable.

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

Not applicable.

The **principal adverse impacts** involve the most important negative impacts of investment decisions on sustainability factors that are related to environmental and social themes, employment conditions, respecting human rights, and combating corruption and bribery.

The EU Taxonomy establishes the principle of 'do no significant harm'. This implies that Taxonomy-aligned investments should not seriously harm the objectives of the EU Taxonomy and that this is accompanied by specific Union criteria.

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

Other sustainable investments may also not seriously harm environmental or social objectives.

How does this financial product take into account the principal adverse impacts on sustainability factors?

The principal adverse impacts of investments on sustainability factors are defined in legislation. Since December last year, DPS has been taking account of principal adverse impacts on sustainability factors by means of exclusions, votes, engagement, and ESG integration. DPS has also published a statement on its website providing more information on its policy of evaluating adverse impacts.

What were the largest investments of this financial product?

Largest investments	Sector	% assets	Country
DEUTSCHLAND I/L DBRI 0 1/2 04/15/30	Government	4.71%	DE
TSY INFL IX N/B TII 0 7/8 01/15/29	Government	3.22%	US
DEUTSCHLAND I/L DBRI 0.1 04/15/46	Government	2.74%	DE
FRANCE O.A.T.I/L FRTR 0.1 07/25/38	Government	2.41%	FR
US TREASURY N/B T 2 1/4 08/15/27	Government	1.61%	US
NETHERLANDS GOVT NETHER 0 07/15/30	Government	1.44%	NL
FRANCE O.A.T.I/L FRTR 0.7 07/25/30	Government	1.33%	FR
FRANCE O.A.T.I/L FRTR 0.1 07/25/47	Government	1.11%	FR
DEUTSCHLAND REP DBR 0 1/2 02/15/28	Government	1.10%	DE
DEUTSCHLAND REP DBR 2 1/2 08/15/46	Government	1.01%	DE
DEUTSCHLAND REP DBR 0 08/15/30	Government	0.96%	DE
NETHERLANDS GOVT NETHER 0 1/2 07/15/32	Government	0.91%	NL
US TREASURY N/B T 1 3/4 11/15/29	Government	0.87%	US
DEUTSCHLAND I/L DBRI 0.1 04/15/33	Government	0.80%	DE
NETHERLANDS GOVT NETHER 0 1/2 01/15/40	Government	0.75%	NL

The list contains the investments that form the **largest proportion of investments** of the financial product during the reference period, namely: **January 1, 2023 to**

The percentages are based on the four-quarter average ending balance of all mandates managed for PDN. Derivatives and cash were not included in the table. The mandates were considered.

What was the proportion of sustainability-related investments?

DPS promoted environmental and social characteristics without pursuing a sustainable investment objective as defined in the SFDR. DPS has no minimum allocation to sustainable investments as defined by the SFDR or investments in environmentally sustainable activities as defined by the Taxonomy Regulation. Most of PDN’s investments were aligned with environmental and/or social characteristics. These investments cover shares (including listed real estate), corporate bonds, and sovereign bonds. Other investments were not aligned with these characteristics and relate to derivatives and liquid assets. No minimum environmental or social safeguards were applied here.

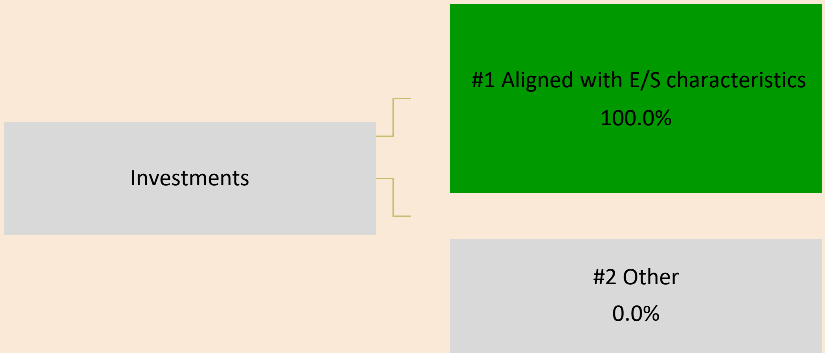
The asset allocation describes the proportion of investments in specific assets.

To determine compliance with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable energy or low-carbon fuels towards the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

How were assets allocated?



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

#2 Other includes the other investments of the financial product that are not aligned with the with environmental or social characteristics and also do not qualify as sustainable investments.

In which economic sectors were investments made?

Economic sector	*Sum of market value (%)*
Public administration and defence; mandatory social insurance	45.84%
Industry	19.43%
Financial activities and insurance	11.36%
Operation of and trade in property	10.95%
Total information and communication	3.90%
Production and distribution of electricity, gas, steam, and cooled air	2.33%
Transport and storage	1.36%
Construction	1.01%
Extraterritorial organizations and bodies	0.84%
Wholesale and retail; repair of cars and motorbikes	0.70%
Mining of minerals	0.61%
Human health and social services	0.58%
Liberal professions and scientific and technical activities	0.49%
Administrative and support services	0.47%
Distribution of water; waste management, wastewater management, and remediation	0.26%
Providing accommodation and meals	0.14%
Agriculture, forestry, and fishing	0.12%
Art, leisure, and recreation	0.11%
Other services	-0.50%

The percentages are based on the four-quarter average ending balance of all mandates managed for PDN. Derivates and cash come under the 'Other' category, as a result of which the market value is negative.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

4.8% of the investments excluding sovereign bonds (based on the turnover) were aligned with the EU Taxonomy. Investments' alignment with the EU Taxonomy is not subject to an accountant's statement of assurance or a third-party assessment.

Did the financial product invest in fossil gas and/or nuclear energy sector activities that comply with the EU Taxonomy[2]?

☒ Yes:

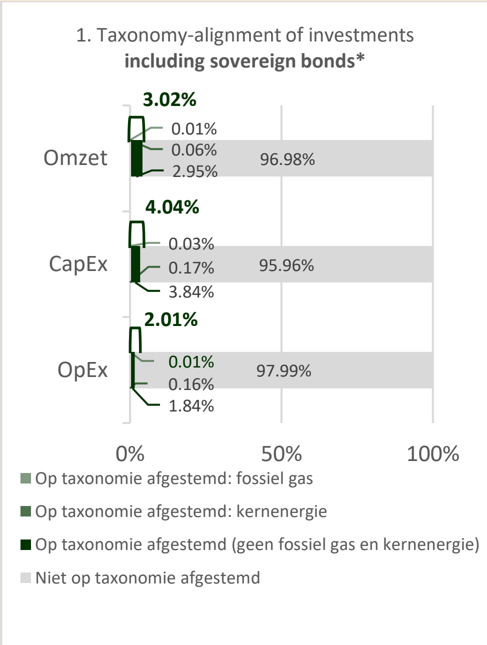
☒ In fossil gas ☒ In nuclear energy

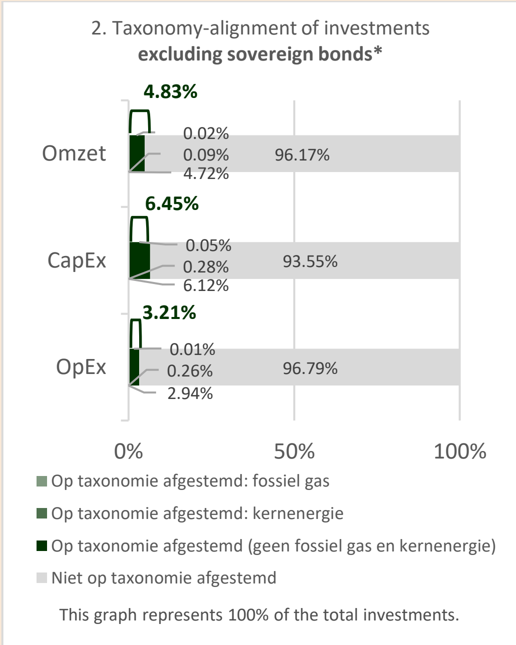
☐ No

[2] Activities in the fossil gas and/or nuclear energy sectors will only comply with the EU Taxonomy if they contribute to limiting climate change ('climate change mitigation') and do no significant harm to any EU Taxonomy objective – see explanatory note in the left-hand margin. The extensive criteria for fossil gas and nuclear energy sector economic activities that comply with the EU Taxonomy are laid down in the Commission Delegated Regulation (EU) 2022/1214.

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

The charts below show in green the percentage of investments aligned with the EU Taxonomy. There is no suitable method for determining the extent to which sovereign bonds* are aligned with the Taxonomy. The first chart therefore shows the Taxonomy-alignment for all the financial product's investments, including sovereign bonds, while the second chart shows the Taxonomy-alignment only for financial product investments other than in sovereign bond products.





*   ***In these graphs, 'sovereign bonds' comprise all exposure to governments.***

What was the proportion of investments in transitional and enabling activities?

Of the 4.8% of investments (excluding sovereign bonds) that were Taxonomy-aligned, 1.16% were designated as enabling activities and 0.02% as transitional activities.

How did the percentage of EU Taxonomy-aligned investments relate to previous reference periods?

This is the first period in which there has been a report on the percentage of EU Taxonomy-aligned investments. As a result, the percentage is higher than the 2022 report.

What was the proportion of sustainable investments with an environmental objective that was not aligned with the EU Taxonomy?

Not applicable. During the reference period, DPS has not committed to sustainable investments and has therefore not measured whether it has invested in sustainable investments in line with the SFDR.

What was the proportion of social sustainable investments?

Not applicable. During the reference period, DPS has not committed to sustainable investments and has therefore not measured whether it has invested in sustainable investments in line with the SFDR.

Which investments were included in ‘other’? What were they for and were there any minimum environmental or social safeguards?

Given the negative market value of derivates and liquid assets, these investments were not included in ‘Other’. Nevertheless, they are the only investments that have not included minimum environmental or social safeguards. PDN uses derivatives mainly to hedge financial risks and achieve efficient portfolio management within the limits set by the Board. The main derivatives are interest rate and currency derivatives. Liquid assets have been included to meet commitments, such as margin calls and pension payments.

Which measures were taken in the reference period to comply with the environmental and/or social characteristics?

DPS took the following measures:

- DPS monitored companies’ ESG controversies scores based on information from Sustainalytics. Companies classified in the worst ESG controversies score category (‘severe’ impact/category 5) were excluded. If a company received an ESG controversies score ‘high’ impact/category 4, a formal procedure was instigated.

- DPS used data originating from Bloomberg classifications to monitor the percentage of investments in impact bonds for the sovereign and corporate bond investment categories. Bloomberg labels a bond as a ‘green bond’, ‘social bond,’ or ‘sustainability-linked bond’ when the issuer clearly states that the proceeds of the loan will be used entirely for green, social/societal, or sustainable/environment-related activities, according to a definition accepted by the market.

- Weighted Average Carbon Intensity (WACI) scope 1 and 2 emissions were used to measure the weighted average carbon intensity as an amount of emissions (in tonnes) per million of turnover of the share, listed real estate, investment grade credits, and high yield US investment categories. DPS calculated the carbon intensity in line with TCFD recommendations.

- Sustainalytics conducted monitoring and analysis of whether companies and countries need to be added to the exclusion list.

How did this financial product perform compared with the reference benchmark?

Not applicable. DPS does not have a reference benchmark to comply with the environmental or social characteristics at the level of the mandate managed for PDN.

- ***How does the benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform in terms of sustainability indicators for determining the alignment of the reference benchmark with the promoted environmental and social characteristics?***

  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable.

- ***How did this financial product perform compared with the broad market index?***

  Not applicable.

Reference benchmarks are indices that measure whether the financial product achieves the environmental or social characteristics that the product promotes.