

## PRESS RELEASE

### PFZW: fossil fuel companies should commit to 'Paris'

*'PFZW urges a rapid transition of the fossil fuel sector, without which we will not meet the climate targets,' said Joanne Kellermann, Chair of PFZW.*

**In the coming two years, Pensioenfonds Zorg en Welzijn (PFZW) will stop investing in companies in the fossil fuel sector that do not commit to the Paris Climate Agreement and the increased ambitions of COP26. The divestment will be gradual, with PFZW only remaining invested in fossil fuel companies that have a convincing and verifiable climate transition strategy in line with 'Paris' by 2024. PFZW has set a target of 1.5 degrees Celsius on a total portfolio level.**

Growing concerns about climate change and the role of the fossil fuel sector are leading to a further tightening of PFZW's investment policy. In recent years, the fund has successfully halved the carbon footprint of its listed equity portfolio by selling stakes in the most energy-intensive companies. PFZW will now require companies in the fossil fuel sector to make a concrete and demonstrable contribution to limiting global warming to no more than 1.5 degrees Celsius.

Joanne Kellermann, Chair of PFZW, explains: 'The PFZW Board feels a great responsibility to use the pension contributions of our three million members in such a way that their money yields a good return and makes a concrete contribution to a liveable world. When it comes to climate, we must bring investments in line with what 'Paris' demands: limit global warming to 1.5 degrees Celsius. From 2024 onwards, we will no longer invest in companies in the fossil fuel sector that do not act in accordance with this agreement. If they do make the desired transition, PFZW, as a committed and critical shareholder, will continue to encourage these companies to fulfil their role in society: actively contributing to a climate-neutral world by 2050. This new step is in line with our fund's long history of sustainable investment and the values of our participants.'

PFZW will apply the following deadlines in determining whether investments can be made in companies active in the fossil fuel sector:

- Companies must already have a reduction target for greenhouse gas emissions, otherwise we will no longer invest in them.
- Companies must make a clear commitment to 'Paris' by the end of 2022 and thus to the 1.5 degrees Celsius target. If they fail to do so, investments in these companies will be sold in 2023.
- Companies that committed themselves to 'Paris' must draw up a convincing and verifiable climate transition strategy to support their commitment by the end of 2023, which should

include short and medium-term targets in line with 'Paris'. If they do not, they will no longer be eligible for investment in 2024.

This timeline gives companies the opportunity to implement a viable plan to reform their business models. During this period, PFZW will intensify its shareholder dialogue with companies that are willing to make the transition. PFZW will use its voting rights more emphatically in climate-related resolutions and Board proposals. Specific attention will be paid to stopping extraction in Arctic areas. In addition, PFZW will insist on stopping investments in new fossil fuel supply. If necessary, a vote will be taken against the (re)appointment of directors who are making insufficient contribution to the transition of their company. To the extent possible, PFZW will join forces with like-minded parties to strengthen its influence.

PFZW will continue intensive shareholder dialogue with the companies in this sector that do qualify for investment in 2024.

Finally, the existing exclusion policy for coal and tar sands will be further tightened. Holdings in companies whose turnover depends on the production of coal for more than 5% or on tar sands for more than 1% will be sold. The thresholds were previously 30% (coal) and 10% (tar sands).

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### **PFZW profile**

PFZW is responsible for the pension policy and the pension capital of nearly 3 million current and former employees in the care and welfare sector. The pension fund manages the invested capital, which amounted to €277.5 billion at the end of December 2021.

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