Stewardship Report 2024

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1 Executive summary

The PFZW Stewardship Report 2024 highlights our commitment to responsible investment and stewardship. It reflects our dedication to safeguarding the long-term value of our beneficiaries' pensions while contributing positively to society. PFZW engages with companies to tackle key environmental, social, and governance (ESG) issues, using our influence to promote sustainable business practices. This report summarizes our 2024 stewardship activities.

In 2024, we focused our engagement efforts on five themes: climate change, healthcare, nature & biodiversity, human rights, and corporate governance. These themes align with global sustainability challenges and reflect the evolving stakeholder expectations. Throughout the year, we conducted targeted dialogues with companies and participated in collaborative initiatives to hold companies accountable. Expressed in figures, we engaged with nearly 200 companies and had over 275 meetings.

Our approach includes escalating actions when companies fail on progress on our engagement asks. In such cases, we take actions such as voting against board members, filing shareholder proposals, or collaborating with other institutional investors to amplify our message. In 2024, we notably escalated our efforts by voting against the re-election of board members at 200 companies within carbon-intensive industries, as they failed to set credible emissions reduction targets.

Voting is key to accountability. Guided by our Voting Guidelines and PGGM (N.V.), we voted at over 5.200 Annual General Meetings (AGMs), addressing nearly 53.000 proposals. We evaluated each agenda item, dedicating particular focus on issues such as executive compensation, board composition, climate transition plans, and shareholder proposals related to social and environmental topics.

Despite the progress made, challenges persist, especially when companies lack ambition to meet international sustainability standards or fail to report transparently on sustainability risks. We maintain pressure through consistent engagement and escalate actions when needed. Examples include AGMs where we addressed excessive remuneration at Prosus and co-filed resolutions at Yara International for stronger decarbonization commitments (Paris Accord 1,5°C pathway). We supported climate proposals aligned with the Paris Accord and opposed vague strategies.

Looking to 2025, stewardship remains a core part of our investment strategy, but the context in which we operate is shifting. In the United States, political changes may weaken federal climate ambition, requiring stronger investor pressure. In Europe, regulatory pushes on climate and biodiversity continue, though recent delays and adjustments—like the EUDR and the Omnibus

Package—suggest caution. Meanwhile, access to healthcare remains under pressure from rising costs and reduced funding, especially in emerging markets. Human rights risks are expected to intensify amid ongoing conflicts, including in the Middle East and Central Africa. This demands supply chain vigilance. Corporate governance developments, like CSDDD and evolving shareholder rights, will continue to shape our dialogue with companies. Against this backdrop, we will tailor our engagement, adapt regionally, and escalate as needed to protect long-term value and drive positive influence.

2 Foreword

Joanne Kellerman
Chair of PFZW

Why engagement matters

The world is changing rapidly. In 2024 there was escalating instability—geopolitical tensions, climate extremes, and increasing inequality. For long-term investors like PFZW, these are not merely global headlines; they represent tangible risks that can affect the pensions of our participants.

This is where -for a pension investor- engagement plays an important role. Through dialogue with companies, we strive to mitigate long-term risks and instigate change where we deem necessary. In 2024, we engaged with almost 200 companies worldwide on topics such as climate change, human rights, biodiversity, healthcare, and corporate governance.

Our stewardship efforts in 2024

In collaboration with our asset manager, PGGM (N.V.), we have expanded and deepened our stewardship efforts in 2024. We initiated new engagement programs centered on biodiversity and nature and began addressing high-impact sectors on climate change, such as transportation. These sectors present significant sustainability challenges but also offer opportunities for positive change.

We also held companies accountable when progress fell short. The vast majority of oil and gas companies were excluded from our portfolio following a two-year engagement program. Concurrently, we continued to support those making credible strides towards the energy transition in sectors like mining, chemicals, utilities, and food. Across all sectors, we used our shareholder votes to advocate for progress on climate, social issues, and corporate governance.

Engagement is about support and influence

However, it is not limitless. If companies disregard our concerns or fail to make meaningful progress, we escalate our actions. This could include voting against management, supporting critical shareholder resolutions, or—if necessary—removing a company from our portfolio. Stewardship means standing up for the long-term interests of our participants. Engagement requires time, and with patience, it can lead to real change. We act with purpose and clarity, because stewardship supports the long-term value and sustainability of out participants' pensions.

3 Engagement

We engage in long-term, intensive dialogue with companies to improve management of issues that can have significant influence on the long-term value of pension, as well as environmental and societal well-being. Our thematic engagement programs cover climate change, access to healthcare, human rights, nature and biodiversity, and corporate governance. Our nature & biodiversity program is newly launched, with more details forthcoming in future reports.

The following sections offer an overview of our stewardship activities and explain how corporate governance principles support all dialogues. Appendix A1 details our engagements, including meeting frequency, key discussion topics, and progress assessments.

Climate change

Why we engage on climate change
Climate change is a systemic risk that affects the global economy and touches on many aspects of our lives, from public health to food security. For a pension fund like PFZW, it poses both financial and societal challenges. Extreme weather events can disrupt supply chains, volatile energy markets may increase costs to consumers, and shifting regulations can leave companies unprepared. These factors ultimately affect the long-term returns we strive to provide our participants.

That is why PFZW's climate engagement is not just about reducing emissions; it is about safeguarding the value of participants' pension in a rapidly changing world. Building on our commitments outlined in our 2024 Annual Report and the 2024 Stewardship Report, we focus our dialogues on companies in high-impact sectors—such as oil and gas, industrials, materials, utilities, real estate, and food and agriculture. Our goal is to encourage alignment with the Paris Agreement, ensuring companies set science-based targets and develop credible transition strategies for all relevant emissions, including those in the value chain (scope 3).

To track progress, we use proprietary assessment frameworks that are tailored to a company's sector. In general, these frameworks consider a company's high-level ambition, its intermediate decarbonization targets, and the approach, investments, and governance required to implement the strategy.

In 2024, PFZW has engaged with 131 companies on climate change and had 171 meetings in total. In the sections that follow, we outline our specific expectations per sector engaged, which are showcased with case studies.

Oil & Gas

Central to the energy transition is the shift from fossil fuels to low and zero carbon energy sources. Fossil fuels include oil, natural gas, and coal, while low carbon sources include solar, wind, and green hydrogen. Scaling the supply of these latter sources will be the critical challenge of the next decades.

Companies in the oil and gas sector have the scale, capital, and expertise to contribute to the energy transition. From 2022 to 2023, we implemented an engagement program for listed oil and gas companies, during which we encouraged leading companies to accelerate investments in low carbon energy. Any listed oil and gas investee that did not make sufficient progress in aligning with the Paris Agreement would be divested at the conclusion of the program.

In early 2024, we announced that only seven listed oil and gas companies remained investible. These seven companies (Cosan S.A., Galp Energia, Granuul Invest, Neste Oyj, OMV A.G., Raízen S.A., and Worley Limited) are leading the way in the oil and gas sector. They are working towards providing or facilitating low carbon solutions, which help consumers transition away from fossil fuels.

What do we expect from companies in this sector?

We are committed to the 2015 Paris Agreement and expect the same of our oil and gas investee companies. This entails the disclosure of a decarbonization plan in line with climate scenarios that support a 1,5°C reduction pathway, such as those published by the International Energy Agency and the Intergovernmental Panel on Climate Change.

The core expectation of our inclusion criteria is that at least 30% of an oil and gas company's energy production mix should be derived from low-carbon solutions by 2030. This threshold is derived from the energy mix found in the IEA's Net Zero Emissions by 2050 scenario. As such, it is an ambitious expectation, but one that we believe is and has proven to be achievable. This is because an energy mix target allows companies to decide for themselves how to combine reducing fossil fuel production and increase whatever low carbon solutions that are appropriate to their circumstance.

In appendix A1 an overview of all the companies we have engaged with can be found, including those from the oil and gas sector. A summary of our 2024 stewardship activities with oil and gas companies can be found below:

- Excluded all but seven oil & gas companies for not aligning with our climate-related expectations
- Engaged with three of the seven remaining oil and gas companies in our portfolio, namely: Galp Energia, Neste and OMV.
- Held five meetings with these three oil and gas companies, two of which via collaboration initiatives.
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Galp's alignment with Paris Agreement under pressure

PGGM engaged Galp Energia as part of the climate change stewardship program. Specifically, Galp is one of the seven oil and gas companies that remained in the portfolio after the 2022-2023 oil and gas program. Why? Because it showed its willingness to embrace the energy transition. Engagement with Galp in 2024 focused on ensuring that the company remained compliant with the Paris inclusion criteria developed for oil and gas companies.

PGGM had two meetings with Galp in 2024. The dialogue focused on the company's discovery and potential development of an oil field off the coast of Namibia, named Mopane. Galp has always been clear that it was still open to oil development if the right opportunity arose. We sought to understand the possible influence on their transition plan if they pursued the development of the field. For that scenario, we shared our expectations for Galp to show it remains aligned with the 2015 Paris Agreement.

Ahead of any potential changes to the strategy that may happen in 2025, PGGM and two other investors sent a letter to the chair of the company. In the letter, we outlined the expectations we would have if the company went ahead with the development of Mopane.

Although we still consider Galp a leader in the oil and gas sector, the discovery at Mopane causes us to have a negative outlook for the company. We will await how the strategy will be updated in 2025, how they will respond to our recommendations, and decide the course of action from there.

Utilities

After energy producers, the next step in the energy value chain is utilities companies. These companies generate the power that we use, the majority of which still comes from fossil fuel sources. As the International Energy Agency (IEA) predicts that global electricity demand will grow significantly between now and 2050, the goals of the Paris Agreement will not be reached without the decarbonization of the utilities sector.[1]

What do we expect from companies in this sector?
We ask electric utility companies to set company-wide emission reduction targets. Based on the IEA's Net Zero Emissions scenario, we want electricity generation emissions to reach net zero by 2035 in advanced economies and 2040 in emerging markets. Robust strategies and credible investments in low-carbon energy sources should support these targets.

In 2024, we had twelve meetings with nine utilities companies, such as Chubu Electric Power, E.ON, Engie and NextEra. Discussions focused primarily on companies' timelines for phasing out the use of natural gas in energy generation.

Materials

Companies in the materials sector produce the building blocks of our modern economy, from metals and minerals to plastics, cement, glass, and paper products. The production of all these materials requires the burning large quantities of fossil fuels, resulting in high emissions.

What do we expect from companies in this sector?
We expect from these companies to develop scope 1, 2 and 3 emission targets and a credible transitions strategy that align with the 2015 Paris Accord. We ask companies for interim emission reduction targets, for example for 2030, that are compatible with a 1,5° Celsius warming scenario. We also ask companies to develop targets to increase renewable energy and electricity consumption, use more recycled or other low-carbon feedstocks instead of fossil feedstocks and increase sales of sustainable products.

In 2024, we held fourteen meetings with ten companies in the materials sector. Amongst the companies we engaged with were Dow, Lyondell Basell, Rio Tinto and LG Chem. A full overview of our engagement in this sector can be found in appendix A1.

1. IEA. (2023). World Energy Outlook 2023. Available at: World Energy Outlook 2023 (windows.net)

Investors push for climate accountability at Yara International

PGGM, in collaboration with ShareAction and other investors, engaged with Yara International to advocate for science-based scope 3 greenhouse gas emission reduction targets. Yara, as one of the largest global fertilizer producers, is a major emitter of CO_2 and nitrogen. In the Netherlands it contributes significantly to the so-called “nitrogen crisis” that the country is going through. Scope 3 emissions make up approximately 75% of Yara’s total emissions, making it essential to adopt comprehensive reduction targets that align with a 2015 Paris Accord 1,5°C pathway.

Since joining the investor coalition led by ShareAction in 2023, PGGM has worked with three other institutional investors to encourage Yara to set science-based scope 3 targets. Despite ongoing dialogue and commitments from Yara to address scope 3 emissions, no clear timeline was provided. To escalate the issue, the coalition co-filed a shareholder resolution for Yara’s 2024 AGM, requesting comprehensive reduction targets that cover both upstream and downstream emissions. PGGM attended the AGM on May 28th 2024, and supported the resolution.

The resolution received 8% of total votes in favor, with 3% abstaining. Among non-state votes, 17% of investors supported the resolution and 8% abstained. Although the resolution did not pass, the result shows that enough investors are concerned about the issue and that pressure will continue on the company.

Although we were disappointed with the voting outcome, we will continue to advocate for comprehensive scope 3 emission targets at Yara, focusing on maintaining dialogue and encouraging stronger climate commitments.

Food and Agriculture

The food system plays a major role in both climate change and nature loss. According to the UN Food and Agriculture Organization, food and agricultural activities are responsible for roughly one-third of all human-induced greenhouse gas emissions. This impact stretches across the entire value chain—from farms and food processors to supermarkets, restaurants, and distributors.[2]

Reducing emissions from this sector is a complex task. Global food production is expected to rise by 50% by 2050 to feed a growing population. At the same time, this increase in output must be achieved without further harming ecosystems. The sector's footprint on nature is significant: data from the ENCORE database shows that food-related industries contribute heavily to key drivers of biodiversity loss, including land and water use, pollution, resource extraction, and climate change.[3]

Still, change is possible. By ending deforestation and the conversion of natural landscapes, limiting agricultural emissions, and shifting consumer demand toward more sustainable products, the sector can play a meaningful role in mitigating its environmental footprint. In addition, adopting regenerative farming practices—such as soil restoration, improved crop rotation, and reduced use of chemical inputs—can help restore biodiversity while ensuring long-term food security.

What do we expect from companies in this sector?

We actively engage with food value chain companies to set science-based climate targets. Specifically, targets aligned with the Paris Agreement, aiming for robust 2030 goals. This includes interim reduction goals for emissions across scopes 1, 2, and 3 (FLAG and non-FLAG). We also ask companies to set targets to reduce emissions from processing, manufacturing and locations by improving energy efficiency and operations, increasing renewable energy use, and collaborating with stakeholders across the value chain for system-wide action. Furthermore, companies should adopt strategies to minimize packaging, favour recycled materials, and move away from fossil-fuel-based plastic. Lastly, we ask companies to implement water management to conserve freshwater and adopt strategies to reduce food waste and loss.

2. United Nations. (2021). New FAO analysis reveals carbon footprint of agri-food supply chain. Available at: https://news.un.org/en/story/2021/11/1105172.
3. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposures) is an online tool that helps organisations explore their expose to nature-related risks. It was developed by Global Canopy, the UN Environment Programme Finance Initiative, and the UN environment Programme World Conservation Monitoring Centre.

For companies sourcing high-risk commodities like soy, palm oil, or rubber, we also expect full commitments to deforestation-free supply chains by 2030. These commitments must be backed by credible, transparent implementation plans, as well as capital expenditure strategies that support a genuine transition.

In 2024, we engaged with five food companies and had 13 meetings. We engaged with Bunge, Costco, Danone, Ahold Delhaize and McDonald's. Discussions with these companies centered on Paris-aligned emission reduction targets and validation of targets by the Science-Based Targets Initiative (SBTI).

Listed real estate

PFZW actively engages with listed real estate companies to address sustainability challenges, as the listed real estate sector is a significant consumer of energy and materials. Transforming operational and construction practices is essential for advancing the energy transition. PFZW collaborates with real estate companies to enhance energy efficiency and reduce dependence on fossil fuel-based energy sources.

What do we expect from companies in this sector?

PFZW considers setting corporate climate targets crucial for safeguarding the long-term value of real estate assets, particularly as sustainability increasingly influences investment and leasing decisions. We expect listed real estate companies to establish science-based carbon reduction targets, using frameworks like the Carbon Risk Real Estate Monitor (CRREM) or SBTi criteria. Setting these targets helps manage risks and demonstrates a commitment to the energy transition. Recognizing the diversity of building types, PFZW does not endorse a one-size-fits-all approach. However, reducing energy consumption remains a priority, as it is fundamental to the energy transition. We encourage integrating on-site renewable power generation and engaging in off-site power purchase agreements that promote new or additional renewable energy production. While renewable energy credits and carbon offsets are acknowledged, they are considered last-resort measures.

In 2024 PFZW engaged with 98 companies in the real estate sector and had 98 meetings in total. The most discussed issues with these companies have been 2015 Paris-aligned emission reduction targets and SBTi validation.

External collaboration initiatives on climate change

We believe that collaborating with like-minded asset managers and owners enhances engagement success. Together, we amplify our message (also in terms of share holdings). In 2024, PFZW participated in several different collaborative engagement initiatives through our asset manager PGGM.

Asia Energy Transition Platform

We joined the Asia Energy Transition Platform in 2021 to engage banks and utility companies in East and Southeast Asia. We consider it vital to extend our stewardship activities to emerging markets as they are set to play a significant role in the global economy in the coming decades. By targeting Asian banks, we aim to influence those financing fossil fuels, despite having sold most of our direct investments. The stewardship activities are managed by Asia Research & Engagement, based in Singapore. In 2024, the platform organized investor engagement meetings and had direct interactions with companies from the power, steel, cement and banking sectors, aiming to drive sustainable practices.

Carbon Disclosure Project (CDP)

CDP is a non-profit organization that operates a global disclosure system for investors, companies, cities, states, and regions to manage their environmental footprint. We strongly encourage companies to disclose environmental data annually through CDP, as it provides essential information regarding their emissions, footprint on nature, and water usage.

Dutch Climate Coalition (DCC)

In August 2022, PFZW (through PGGM) co-founded the DCC alongside MN and seven other founding members. The coalition serves as a platform to support its members' climate change stewardship activities, all of which are Dutch financial institutions with beneficiaries sharing similar values and objectives. DCC enables members to act swiftly and adopt uniform positions on climate change. It is designed to complement existing collaborative engagement initiatives, enhancing the influence of collective actions.

Eumedion

Eumedion is the representative body of institutional investors focusing on corporate governance and sustainability. PFZW, along with many other large Dutch institutional investors, participates in Eumedion. Together, we engage in dialogue with Dutch listed companies to improve corporate governance and accelerate sustainability efforts in the Netherlands.

Every year, Eumedion prepares a focus letter in consultation with its participants. This letter highlights the key points for the upcoming AGM season. In 2024, the key points were remuneration policies that support sustainable long-term value creation, and tax transparency and compliance with the Dutch Tax Governance Code. Furthermore, discussions were held with

Dutch companies on climate change, nature and biodiversity, and preparations for new European regulations like the Corporate Sustainability Reporting Directive (CSRD).

Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative

Launched in mid-2023, this initiative targets companies not included in the CA100+ list, focusing on fossil fuel consumers. The initiative aims to drive these companies towards net-zero commitments, emphasizing the reduction of fossil fuel consumption and promoting sustainable practices across their operations. PFZW actively participates and leads the engagements with six companies: Akzo Nobel N.V., Deutsche Lufthansa, Galp Energia, International Consolidated Airlines Group SA, Koninklijke Ahold Delhaize N.V., and Neste Oyj.

People & Health

Why we engage on People & Health

Access to healthcare is a basic human need and a vital driver of social and economic development. That's why we actively engage with healthcare companies—especially pharmaceutical firms—on their role in making medicines accessible and affordable around the world. When life-saving treatments are available to more people, entire communities benefit as their health improves, and societies have a better chance to thrive.

For companies, expanding access to healthcare is not only an ethical imperative; it is also a smart business strategy. Low- and middle-income countries represent important growth markets for the future. By addressing barriers to healthcare today, pharmaceutical companies can foster long-term trust and unlock new opportunities in these regions as they develop economically. A healthier population also contributes to more stable societies, which benefits everyone—including long-term investors like PFZW.

Over the past few years, we have seen encouraging developments. More pharmaceutical companies are taking meaningful steps to improve the availability and affordability of their medicines in underserved markets. These efforts are increasingly reflected in their rankings on initiatives such as the Access to Medicine Index, which highlights progress in areas like equitable pricing and responsible distribution.

Still, there is more work to be done. Many people around the world continue to face significant barriers to healthcare. Therefore we focus our engagement efforts on encouraging companies to expand their reach, ensure affordability, and consider access challenges not only in developing countries but also in wealthier nations where healthcare costs are rising. Ensuring medicines are accessible to all is at the heart of our stewardship in this sector.

What do we expect from healthcare companies?

For years, PFZW has supported the Access to Medicine Index[4], and we continue to be an active voice in the investor community on this issue. Through our long-standing engagement program, we advocate for pharmaceutical companies to develop comprehensive access strategies. We expect them to tailor pricing policies to local income levels, moving beyond ad-hoc donations to more sustainable solutions that increase the availability of essential medicines.

In recent engagements, we have pushed companies to go further—asking them to integrate access considerations early in the research and development process. For example, we encourage companies to design medicines that are suitable for use in challenging healthcare environments, where there may be limited infrastructure or trained medical staff. We also urge them to expand the number of countries where they make their treatments available, recognizing that global health challenges require global solutions.

Looking ahead, we are sharpening our focus. We are working with companies to establish clear, long-term targets that not only measure the number of patients treated but also the real-world impact—such as lives saved or years of life extended. In addition, we believe that companies should tie their access-to-healthcare commitments to executive pay. Linking remuneration to meaningful healthcare goals ensures that company leadership remains accountable for delivering positive outcomes over the long term.

By maintaining this focus on affordability and availability, we aim to contribute to a healthcare system that works better for everyone—now and in the future.

In 2024, we engaged with six companies on healthcare, namely: Bristol Myers Squibb, Eli Lilly, Merck, Novartis, Pfizer and Takeda. In total, we have had 11 meetings with these companies. Discussions mainly concerned: access to healthcare measurement, access to healthcare targets and inclusion of access to healthcare in executive remuneration. More information on these engagements can be found in appendix A1. PFZW has also engaged with the Gates Foundation to improve metrics to measure outcomes on access to healthcare.

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4. The Access to Medicine Index (AtMI) is a biennial index which evaluates the 20 largest pharmaceutical companies' performance regarding their policies and programmes on access to medicines. The objective of the Index and the AtM Foundation is to stimulate and guide pharmaceutical companies to improve access and affordability of medicines for people living in low- and middle-income countries. PGGM (on behalf of PFZW), along with a large number of investors, is a long-time signatory to the AtMI Investor Statement.

From ambition to accountability: developing metrics for access to healthcare

The purpose of this policy engagement was to create uniform metrics on measuring outcomes on access to healthcare.

In 2024 PGGM participated in two sessions organized by the Gates Foundation. The objective of these events was to gather tall relevant stakeholders (ranging from pharma companies, their investors, the WHO and the World Bank) in the field of Access to Healthcare and collect their views and ideas on what outcomes or impact on 'Access to Healthcare' comprises. Once that was established, we discussed how to measure this and then establish a commonly shared framework for the entire sector.

Our discussions have been very productive and insightful. The multi-stakeholder aspect of this initiative ensures that all relevant parties better understand each other's viewpoints.

In 2025 PGGM will participate in an investor working group which will develop a set of measurement indicators. At the end of the year all parties expect to have developed an outcome framework that can be adopted by the pharma sector, and which will generate relevant outcome data for investors as well.

Nature & Biodiversity

Why we engage on Nature & Biodiversity

As a responsible investor, PGGM is committed to addressing the pressing issue of biodiversity loss. We urge companies to implement targets and strategies that minimize their contribution to nature and biodiversity degradation. These strategies should be tailored to their specific business models and aligned with the goals of the Kunming-Montreal Global Biodiversity Framework. Our engagement efforts are driven by the belief that preserving biodiversity is not only crucial for the environment but also beneficial for long-term business sustainability.

What do we expect from these companies?

PGGM expects investee companies to minimize negative outcomes by embedding nature preservation into their core strategies. This includes adopting sustainable practices such as resource efficiency, circular design, and sustainable procurement. Beyond minimizing their ecological footprint, we encourage companies to increase their positive impacts on nature by adopting regenerative agricultural practices, implementing nature-based solutions, and investing in nature restoration. We focus our engagement efforts on nature and biodiversity in the food and agriculture and materials sector.

Our engagements focus on three of the science-based drivers of biodiversity loss, specifically:

- Land and Sea Use Change: activities such as agriculture, commodity production, and cattle raising lead to deforestation and land conversion. Urbanization, infrastructure development, and aquaculture further contribute to these changes.
- Direct Exploitation of Nature: overexploitation of animals, plants, and natural resources, often due to insufficient regulation, is a major cause of biodiversity loss.
- Pollution: chemical emissions, oil spills, unmanaged wastewater, and microplastics are significant contributors to soil, water, and air pollution, impacting biodiversity.

Within our engagement program, PGGM identifies high-risk companies that contribute to these drivers through their business activities. We utilize multiple data sources, including commercial providers and third-party benchmarks, to prioritize engagement with companies in high-risk sectors lacking appropriate policies.

In 2024, we started our nature and biodiversity engagement program and started engagement with nine companies. In total, we had 21 meetings with these companies and prioritized deforestation, nature-based targets and biodiversity management plans.

Advancing water stewardship at McDonald's

We are engaging with McDonald's corporation on their water risks and have been in discussion with the company over the past few years through the VWFI by Ceres. In 2023, PFZW, via PGGM, filed a shareholder resolution for the 2024 AGM of McDonald's, requesting on its water a feasibility assessment on the implementation of targets to reduce its water consumption in the supply chain.

In the lead up to the AGM we held a number of discussions with the company, which resulted in a signed withdrawal agreement: We withdrew our resolution in exchange for McDonald's agreeing to work together with us on improving their water-related disclosures over the coming few years.

In 2025, we will discuss the outcomes of a water risk assessment with the company and start working together on the implementation of these outcomes into their business strategy. We consider this initiative a success and appreciate the proactiveness that McDonald's in managing their water-related footprint.

External collaboration initiatives on Nature & Biodiversity

Finance for Biodiversity Pledge

PGGM is a signatory of the Finance for Biodiversity pledge and actively participates in the Finance for Biodiversity Foundation. We believe in developing shared best practices and standards with peers to address the complex and fragmented field of biodiversity. Through collaboration, we aim to foster development and drive corporate ambition to reverse biodiversity loss.

Nature Action 100

As part of Nature Action 100, a global investor engagement initiative, we work collectively to engage companies in key sectors critical to reversing biodiversity loss by 2030. We engage with multiple companies through this initiative, amongst other are Freeport-McMoran and Barrick Gold Corporation. In line with our ask, Freeport-McMoran has developed biodiversity management plans to further integrate nature in their decision-making.

Satellite-based engagement towards no-deforestation

In 2024, Cardano led a collaborative engagement group on deforestation using data from Satelligence, an external data provider. PFZW is part of this engagement group. Satelligence uses satellites to provide data on potential deforestation in the companies' supply chains in scope of the group. The group receives 25 company reports based on the locations of the plantations or mills of the companies related to palm oil. We use this information in our engagements with companies, asking them report back on the incidents and, if they are linked, how they will remedy the situation.

Valuing Water Finance Initiative

In August 2022, Ceres launched the Valuing Water Finance Initiative (VWFI) as a global investor-led effort to engage companies with a high-water footprint to value and act on water as a financial risk and drive the necessary large-scale change to protect water systems better. PFZW joined this initiative from the start and has been engaging on the topic of water with the support of Ceres before this initiative's launch. We joined the initiative as water risk is highly related to other topics of our engagement, such as climate. The initiative uses the developed benchmark and corporate expectations to engage with target companies.

Human rights

Why we engage on human rights

At PFZW, we believe that businesses have a responsibility to uphold human rights as part of their broader commitment to sustainable and ethical practices. As a long-term investor, we expect the companies we invest in to proactively identify, prevent, and address human rights risks within their operations and supply chains.

Our human rights engagements are grounded in the UN Guiding Principles on Business and Human Rights (UNGPs), which set the global standard for corporate accountability. By integrating human rights considerations into business strategies, companies can mitigate financial and reputational risks while contributing to a more just and resilient global economy. Human rights engagement is not limited to specific sectors. However, depending on the topic and context, there is a stronger focus on high-risk sectors. For example, collaborative engagement through the Platform Living Wage Financials targets the Garment and Footwear, and Food, Agriculture & Retail sectors.

The Zorg & Welzijn constituency attaches great importance to compliance with human rights. Unfortunately, there is an increasing number of conflict areas and human rights violations in the world. Companies in which we invest might also have activities in conflict areas. We believe it is important that companies take extra care to respect human rights in high-risk areas. This is in line with international standards, such as the UN Guiding Principles on Business and Human Rights.

In addition to the existing OECD program, we therefore started a specific engagement program for conflict areas and high-risk areas (CAHRA) in 2024 concerning 26 companies, and have engaged 18 companies. The CAHRA engagement program aims to help companies respect human rights and comply with international humanitarian law in conflict areas, with a focus on transparency and accountability. The program starts with one CAHRA (the Middle East), with the intention to expand to other high-risk areas in 2025.

What do we expect from these companies?

From these we expect the implementation of comprehensive policies that include thorough due diligence. We also expect clear remediation processes for any adverse impacts they may cause, contribute to, or be linked to. Transparency is essential, and we encourage companies to report openly on both their challenges and progress. We also advocate for strong governance structures that embed human rights considerations into high-level decision-making, as these efforts not only fulfill social responsibilities but also enhance long-term viability and stakeholder trust.

In 2024, we engaged with 14 companies in total and sent 'information request letters' to 13 companies. We primarily addressed issues concerning labour rights and issues in Conflict-Affected High-Risk Areas.

Accountability in the supply chain: engaging Nike on labor rights

Nike, one of the world's largest apparel companies, operates a vast and complex supply chain across 36 countries, involving over 1,1 million workers. The engagement, part of PGGM's broader efforts through the Platform Living Wage Financials (PLWF) to promote living wages in global supply chains, focused on addressing outstanding wage payments owed to more than 4.500 garment workers in Cambodia and Thailand, employed by Nike's largest international suppliers—the Ramatex Group and Hong Seng Knitting Group. These workers were collectively owed US$ 2,2 million in unpaid wages and benefits following factory closures in 2020. Despite investor efforts over several years, Nike had not yet provided a remedy, raising concerns about the company's approach to human rights due diligence and supply chain accountability.

In September 2023, a coalition of 70 investors including PGGM, sent a joint letter to Nike urging the company to resolve the outstanding wage payments. This letter, representing investors with over US$ 4 trillion in assets under management, underscored the importance of effective remedies for labor rights violations in Nike's supply chain.

Despite repeated efforts, Nike remained unresponsive to the letter and subsequent discussions during the annual PLWF engagement call. As a result, PGGM, alongside two other PLWF members and North American investors, and SHARE, escalated the engagement by filing a shareholder resolution at Nike's 2024 AGM. The proposal called on Nike to assess how adopting worker-driven social responsibility (WSR) principles and supporting binding agreements could enhance its ability to identify and address human rights risks in high-risk sourcing countries.

The shareholder resolution was included on the agenda of Nike's AGM on September 10, 2024, where it received 17% of the independent shareholder votes. While the resolution did not pass, the level of support signals growing investor interest in more robust human rights practices.

The 17% shareholder support provides leverage for ongoing investor engagement with Nike. PGGM is committed to continuing discussions with the company, advocating for greater outcome-oriented supply chain management. The engagement will focus on urging Nike to move beyond "tick-the-box" approaches and adopt more transparent, worker-centered practices aligned with evolving investor expectations and regulatory demands.

External collaboration initiatives on Human Rights

Platform Living Wage Financials
Earning a living wage or income is a human right. A living wage or income should fulfil elements of a decent standard of living, including food, water, housing, education, healthcare, transportation, clothing, and other essential needs, including provisions for unexpected events. In many countries, such a level of compensation exceeds the legally required minimum wage. Therefore, we ask companies to share responsibilities in promoting living wages and living incomes in their operations and supply chains.

As a Platform Living Wage Financials (PLWF) member, PFZW conducts collective engagement with like-minded peers. Over the years, the platform has evaluated a set of companies in the garment, agriculture, and food sectors that significantly impact living wages and living income. Although the assessment methodology differs per sector, PLWF's engagement strives to improve policy, stakeholder engagement, impact assessment, action plan, tracking performance, and remediation concerning living wages and income. We include the assessment results in our voting decisions.

Corporate governance

Why we engage on corporate governance
Corporate governance is fundamental to ensuring long-term value creation and safeguarding the interests of our beneficiaries. PFZW engages with companies to promote robust governance practices that align with our fiduciary duty and commitment to sustainability. Effective governance structures help mitigate risks related to unethical behavior, lack of transparency, and inadequate oversight, which can significantly impact shareholder value and corporate resilience. Moreover, well-governed companies are better positioned to manage environmental and social challenges, contributing to sustainable business practices and long-term performance.

Our governance engagement approach is grounded in internationally recognized principles and standards, such as the UN Global Compact, OECD Guidelines, and the Dutch Corporate Governance Code. These frameworks emphasize transparency, accountability, and stakeholder engagement as key elements of sound corporate governance. By advocating for strong governance practices, we aim to enhance the long-term stability and sustainability of the companies we invest in, while also protecting the value of our beneficiaries' pensions. As global regulatory landscapes evolve, staying committed to good governance practices helps companies remain resilient and adaptable.

What do we expect from these companies?
PFZW expects companies to adhere to high standards of corporate governance, guided by the principles outlined in the Dutch Corporate Governance Code. Our primary focus areas include board independence, diversity, executive remuneration, stakeholder engagement, and risk management.

- Board Independence and Structure: we expect boards to have a majority of independent non-executive members who can objectively oversee management decisions and ensure accountability. Ideally, the roles of CEO and Chair should be separate to maintain a clear division between leadership and oversight. Independent directors should be free from conflicts of interest and possess the necessary skills and experience to contribute effectively to strategic decision-making.
- Diversity and Inclusion: we advocate for diverse and balanced boards, not only in terms of gender but also regarding skills, expertise, and cultural backgrounds. Diversity enhances decision-making processes and contributes to more innovative and well-rounded strategies. We expect companies to disclose their diversity policies and report on progress in achieving a balanced board composition.
- Executive Remuneration: remuneration structures should align with long-term value creation and include performance metrics that reflect both financial and non-financial criteria, such as environmental and social sustainability goals. Variable compensation should not encourage excessive risk-taking, and long-term incentives should be structured to ensure alignment with shareholders' interests. We expect companies to be transparent about their remuneration policies, including the rationale for variable pay and the alignment between executive compensation and company performance. Excessive payouts or one-off awards should be well clarified and aligned with long-term value creation.
- Stakeholder Engagement and Accountability: we expect companies to maintain proactive and transparent engagement with stakeholders, including shareholders, employees, and local communities. Companies should regularly report on governance practices, including how stakeholder interests are considered in strategic decision-making. Annual General Meetings (AGMs) should serve as a platform for meaningful shareholder dialogue, with opportunities to vote on key governance issues such as executive compensation and board appointments.
- Risk Management and Ethical Conduct: sound governance also requires a robust risk management framework that identifies and addresses potential conflicts of interest, compliance risks, and environmental and social impacts. We encourage companies to adopt codes of conduct that promote ethical behavior at all levels of the organization. Reporting mechanisms should be in place for employees and stakeholders to raise concerns without fear of retaliation. By adhering to these governance principles, companies can build resilient structures that foster sustainable growth and long-term value. Through engagement, PFZW aims to encourage companies to strengthen their governance practices, thereby safeguarding investment stability and contributing to a sustainable global economy.

In 2024, we had 33 meetings with 17 listed companies. Examples of companies we have engaged are ING Groep, Koninlijke Philips B.V. and Prosus.

Prosus pay debate: Challenging the amended renumeration policy

The purpose of this engagement was to address concerns regarding the amended remuneration policy for Executive and Non-Executive Directors at Prosus, presented during the company's AGM. PGGM, on behalf of PFZW, engaged with Prosus to express concerns about the proposed policy, particularly a substantial 'moonshot' award of US$ 100 million for the new CEO.

During the AGM, PGGM voiced its concerns regarding the remuneration policy, focusing on the 'moonshot' award, which is contingent on two conditions:

- Doubling Prosus Group's aggregate market capitalization within four years (1 July 2024 - 1 July 2028) and maintaining that value for at least one year.
- Achieving net value creation above the median of the peer group, measured by total shareholder returns (TSR).

PGGM argued that the US$ 100 million award was excessive, risking setting a problematic precedent in the Dutch market. Additionally:

- The CEO-to-average-employee pay ratio at Prosus is among the highest in the AEX, around 217:1, even before including the moonshot award.
- The fair value of the award at the grant date was US$ 100 million, potentially much higher at vesting if the market value doubles.
- The necessity of the award was questioned, given existing incentives, and the removal of the CEO's shareholding requirement was seen as contrary to market practice.

As a result, PGGM voted against the remuneration policy.

Despite PGGM's opposition, the amended remuneration policy was approved with 83% of votes in favor. This outcome was expected, given Prosus' ownership structure, where the majority shareholder, Naspers, holds significant voting power.

Although the policy was approved, PGGM remains committed to promoting balanced executive compensation practices. PGGM will continue engaging with Prosus to advocate for responsible remuneration and will monitor the implementation of the moonshot award to assess its influence on governance standards among Dutch listed companies.

4 Escalation and voting

PFZW engages with companies to positively influence key sustainability issues. However, when companies fail to make adequate progress or meet expectations within a reasonable timeframe, escalation is necessary. This reinforces our commitment to responsible business practices and to signal the importance of addressing ESG challenges.

The primary goal of escalation is to increase pressure on companies to fulfill commitments and improve performance, especially when initial engagement is unsatisfactory. It underscores our responsibility to our beneficiaries, ensuring that the companies we invest in are held accountable for their actions and contribute to sustainable value creation.

Escalation is not automatic; it is carefully considered based on the company's situation, sector, and issue severity. This flexible approach ensures measurements are proportionate and tailored, avoiding a one-size-fits-all method.

Escalation

Escalation at PFZW follows a structured yet flexible approach, determined on a case-by-case basis by the engagement team. The escalation measures can vary significantly, depending on the thematic program, the company's responsiveness, and the nature of the issue. Below are the main escalation methods we employ:

- Broaden an engagement coalition: If initial engagement proves ineffective, we may collaborate with other like-minded investors to increase collective pressure. This approach amplifies our voice and can encourage companies to take the concerns more seriously.
- Private letters from investors: A more formal step involves sending a letter co-signed by multiple investors, directly addressing the company's leadership. This signals the seriousness of the issue and may include a request for a response from the CEO or Chair.
- Voting at Annual General Meetings (AGMs): We may vote against management proposals, board re-elections, or remuneration policies to express our discontent with insufficient progress. Additionally, pre-declaring our voting intentions can further increase pressure.
- Filing or co-filing a shareholder resolution: If dialogue fails to produce results, we may file a resolution, often in collaboration with other stakeholders. This formal mechanism requires the company to address our concerns publicly. As seen in this investor statement, we firmly believe in the right of investors to use filing as a means of providing feedback to investees.

- Public statements: When private measures do not suffice, we may issue a public statement, outlining our concerns and the lack of progress. This approach can bring media attention and stakeholder scrutiny to the issue.
- Collective shareholder proceeding
- Divestment: As a last resort, if engagement and escalation fail, PFZW may decide to divest from the company. This decision is typically made when there is no meaningful progress despite continued efforts.

There is no fixed sequence to escalation measures; the engagement team tailors the approach based on the specific context and prior engagement history. While escalation increases accountability, PFZW remains open to resuming dialogue if the company demonstrates progress. Among various escalation methods, voting is the most fundamental and widely used by investors. As shareholders, voting allows us to take a formal stance on key issues and hold companies accountable when engagement alone does not achieve sufficient results. In the next section, we present how PFZW exercised its voting rights at AGMs in 2024.

Voting

Voting at AGMs is a fundamental practice for PFZW to exert influence as a shareholder in the companies we invest in. As long-term investors, voting provides a platform to express our perspectives on strategic, financial, and societal issues, giving us a voice in important management decisions.

To guide our voting practices, PFZW collaborates with its asset manager, PGGM, to develop its Voting Guidelines. These guidelines outline our position on common voting items at shareholders' meetings. Due to the large number of AGMs, most voting is automated, following recommendations from our proxy voting service provider, Glass Lewis, which are based on the established Voting Guidelines. However, votes on shareholder proposals related to sustainability are cast manually to accommodate the diversity of topics.

In some cases, PFZW also participates in AGMs to reinforce our voting position and engage directly with company management. For instance, we delivered a statement at Prosus 2024 AGM. Additionally, PFZW may submit or co-file shareholder proposals, when necessary, as seen with Yara International this year.

Transparency is essential to how we exercise our voting rights. Therefore we publicly disclose all our votes on a dedicated PGGM website. In 2024, we voted on 53,530 proposals at 5,241 AGMs, of which 820 were shareholder proposals, with the remainder submitted by management.

Shareholders meetings and management proposals

In 2024 we voted at 5,241 meetings. Most were held in Asia (excluding Japan, 2,758), followed by Europe, Canada & United States and Japan, with respectively 657, 649 and 527 meetings. In Latin America and the Caribbean we voted at 334 meetings, in the MENA region 171 meetings and in Oceania and Africa, PFZW voted at respectively 103 and 42 meetings.

Management proposals typically include items such as director elections, approval of financial statements, and votes on remuneration policies. Of the management proposals where we cast a vote—whether in favor, against, or abstaining—we supported 73% (Figure 1). As shown in Figure 2, the most common instances where we voted against management recommendations involved board-related proposals, compensation and capital management. This trend reflects our strict guidelines on executive pay, such as not permitting the use of options, and our criteria for director independence, which take tenure into account.

Figure 1 Votes on management proposals[5]

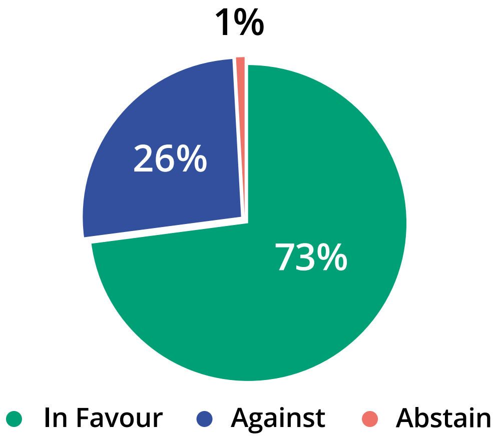
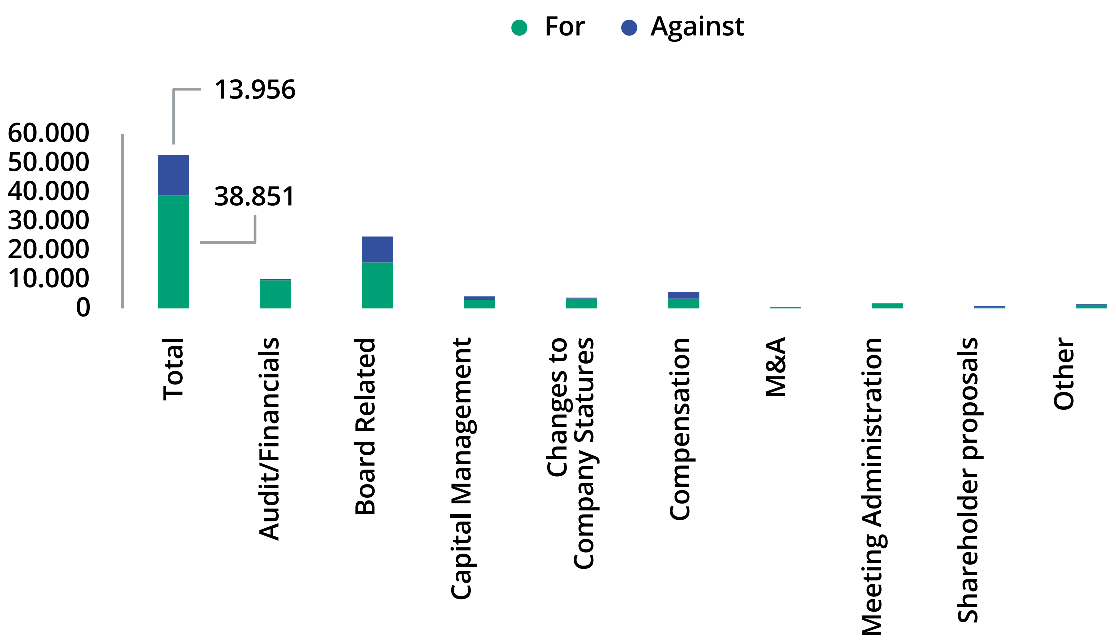


Figure 2 Votes With and Against Management on management proposals[6]



5. We only included the categories "For" (38.851 instances), "Against" (13.956), and "Abstain" (463) to ensure readability. We removed the other Glass Lewis categories "3 Years" (37), "Mixed" (72), "Take No Action" (135), and "Unvoted" (16). Therefore, the figure includes over 99% of all votes.
6. We only included the categories "With Management" (38.851) and "Against Management (13.956) to ensure readability. We did not include the Glass Lewis categories "Abstain" (463), "Take No Action" (135), "Unvoted" (16), and "Mixed" (72) and "3years" (37). As a result, the figures includes 98% of all votes.

Director elections

We expect boards in carbon-intensive industries to make climate action a strategic priority. When companies fall behind on climate transition, PFZW takes action by voting against the re-election of board members. In 2024, we voted against the boards of 200 companies within high-emission sectors such as Food, Energy, Industrials, Materials, and Utilities, as they lacked clear emissions reduction targets. Specifically, within the energy sector, we opposed boards whose targets significantly lagged behind their peers.

To ensure transparency, we send a letter to each company explaining our vote against their directors. The letter outlines our climate strategy, details our expectations, and encourages companies to accelerate their climate efforts. We specifically call on them to set science-based decarbonization targets and develop a robust energy transition plan. Through this approach, we aim to support meaningful climate action and encourage lagging companies to improve their climate commitments.

Say on climate

Sometimes, companies put their climate transition plans up for an advisory vote at the AGM, known as 'Say on Climate' proposals. These votes allow shareholders to express support or highlight areas for improvement in the company's climate strategy. PFZW votes in favor when a company has set emission reduction targets aligned with a 2015 Paris Agreement 1,5°C pathway, supported by a credible implementation plan. However, if we believe the proposed decarbonization plan does not adequately contribute to the Paris Agreement goals, we vote against it.

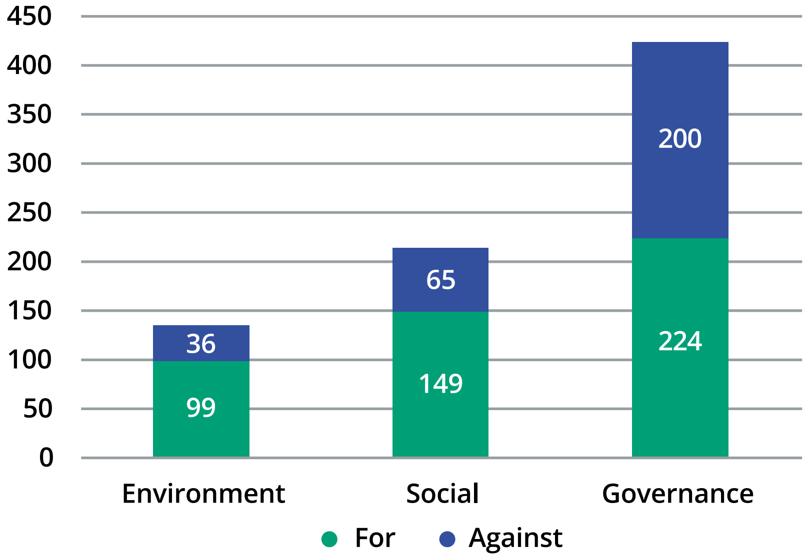
An effective decarbonization plan should include science-based emission reduction targets covering all material scope 1, scope 2, and scope 3 emissions, with minimal reliance on offsets and nature-based solutions. It should also outline a capital expenditures plan that supports emission reduction targets, demonstrate board oversight on climate issues (including climate-linked executive compensation), and disclose climate-related risks and opportunities, preferably via the TCFD framework.

In 2024, PFZW supported ten out of fourteen Say on Climate proposals. For instance, we have supported the plan of Unilever, as it included a 1,5°C Paris Agreement 1,5°C pathway and targets and Net Zero target by 2039. In contrast, we voted against Canada National Railway Co.'s plan because their interim emissions reduction target for 2030 is not 1,5°C aligned.

Shareholder proposals

In many markets, shareholders have the right to submit proposals for consideration at Annual General Meetings (AGMs). In recent years, shareholder proposals have increasingly focused on environmental, social, and governance (ESG) issues. It reflects growing investor expectations for corporate responsibility and transparency. These proposals give shareholders a platform to address key concerns, ranging from climate commitments to human rights practices, and to influence corporate policies directly. At PFZW, we carefully evaluate shareholder proposals to ensure they align with our commitment to sustainable long-term value creation. In 2024, we voted on 135 environmental shareholder proposals, 214 social shareholder proposals and 424 governance shareholder proposals. In total, we voted "With Management" on 304 shareholder proposals, and "Against Management" on 446 shareholder proposals.

Figure 3 Votes For and Against ESG shareholder proposals[7]



7. We only included the categories 'With Management' (474) and 'Against Management' (312) to ensure readability. We did not include the Glass Lewis categories 'Abstain' (23) and 'Mixed' (11). The figures include 96% of votes.

5 Looking ahead to 2025

We anticipate 2025 to be eventful. We expect the investment landscape to be shaped by geopolitical, economic, and regulatory developments that offer both opportunities and challenges for long-term investors. As PFZW we continuously evaluate the impact of these changes on our stewardship priorities, particularly within our key engagement themes.

This section explores expected regional and global developments influencing investment returns, risks, and engagement outcomes in the coming year. Our forward-looking approach aids in navigate uncertainties while remaining committed to promoting sustainable practices within our investment portfolio.

Climate change

Which investment opportunities and risks do we expect?
In 2025 climate change remains a key priority for long-term investors, but the global landscape is changing.

The recent political transition in the United States is expected to significantly alter federal climate policy. A rollback of green investment policies, such the Inflation Reduction Act, would weaken incentives for renewable energy projects and slow the pace of corporate climate commitments. This could create short-term volatility in the clean energy sector while reinforcing the resilience of the traditional energy sector. In contrast, Europe's regulatory trajectory remains firmly committed to decarbonization, with the EU's Green Deal implementation firmly in effect. As a result, European companies will likely face increased compliance costs, but those that adapt could gain a competitive edge. Meanwhile, China continues to balance economic growth with environmental commitments, but economic pressures may delay substantial climate action. In other emerging markets, where economic development often takes precedence over environmental objectives, balancing growth with sustainability remains challenging. Nevertheless, opportunities exist in sectors that proactively adopt to low-carbon technologies that are already economical, such as renewable electricity in mining.

For PFZW, the focus is on navigating these divergent approaches, expanding investments into companies and regions that are accelerating their transition, and managing its exposure to sectors at risk of being left behind.

What impact on investor stewardship do we expect?

The potential political shift in the United States poses a challenge for climate stewardship. If federal climate policies are weakened, corporate action may become less ambitious, requiring investors to put more pressure on companies to maintain their commitments or refocus their efforts elsewhere. State-level initiatives, however, especially in more climate-favored states like California, may still lead to viable engagement opportunities in the United States.

In Europe, regulatory consistency allows for systematic engagements in which investors can encourage alignment with EU-level goals. Stewardship collaboration initiatives remain a central component of most stewardship strategies for European-based investors.

In Asia, especially China and Japan, the focus remains on encouraging more transparent climate reporting and concrete emission reduction plans. As global climate frameworks like the Science Based Targets initiative (SBTi) gain traction, aligning corporate strategies with these standards will remain a central engagement theme. However, companies may face competing pressures from local regulations and international expectations.

Despite potential headwinds, in 2025 PFZW desires to stay adaptable yet persistent in pushing for climate accountability.

People & Health

Which investment opportunities and risks do we expect?

In 2025, the global healthcare sector is set to undergo significant shifts driven by political, demographic, and financial developments across key regions. In the United States, recent political shifts are expected to impact healthcare funding and regulation, with potential cuts to Medicaid and federal health programs making access to healthcare more challenging. Other developed markets will continue to have to balance innovation and affordability, both amongst others caused by demographic developments such as ageing populations. In lower middle-income countries, reduced international health aid—such as the recent cuts to USAID—means that private investment from companies and international NGOs becomes increasingly important to bridge healthcare gaps. These regions offer growth opportunities, but investors must navigate risks related to infrastructure deficiencies and political instability. For PFZW, balancing innovation, affordability, and regional disparities will be crucial to generating sustainable returns and improving accessibility globally.

What impact on investor stewardship do we expect?

The evolving healthcare landscape requires a dynamic engagement approach, tailored to the unique challenges of each region and sector. Availability and affordability will still be the center of our engagement approach, for both developed and emerging markets. We want to ensure the measurement of the healthcare impact made continues to be top of mind and we will contribute to several industry initiatives aimed at developing metrics for this. PFZW will also push for further collaboration between healthcare companies in developing markets, not only amongst themselves but also with local governments and healthcare systems. Lastly, we will further encourage companies to set targets on access and incorporate this both in their corporate strategy and compensation targets.

Nature & Biodiversity

Which investment opportunities and risks do we expect?

In 2025 we anticipate a decline in regulatory efforts to protect nature and biodiversity in developed markets.

In the United States, recent political changes have reduced environmental protections, including easing pollution and wetlands controls. While this may benefit industries like fossil fuels and agriculture short-term, it risks environmental degradation by companies neglecting biodiversity management and moves us away from a sustainable future in where people live in harmony with nature.

In Europe, the recent EU Omnibus Simplification Package aims to reduce administrative burdens by limiting mandatory sustainability reporting, including biodiversity-related disclosures. This may lower compliance costs but weaken transparency on outcomes and dependencies. Better insights into biodiversity risks and consequences help investors understand portfolio effects and develop strategies to reduce negative impacts.

Furthermore, the Dutch National Biodiversity Plan also shows slowed conservation efforts, raising challenges in maintaining biodiversity standards and reaching the EU Nature Restoration Law goals.

These shifts increase future (societal) costs for a more sustainable world. This demands that PFZW takes a stance and remains focused on nature restoration, halting biodiversity loss and adopts a cautious investment approach, balancing streamlined regulations with reduced environmental accountability risks.

What impact on investor stewardship do we expect?

To address the evolving nature and biodiversity landscape, PFZW's engagement will focus on encouraging companies to maintain robust biodiversity practices despite the weakening regulatory environment. In Europe, the reduced reporting requirements under the Omnibus Simplification Package means that investors should push for voluntary disclosures, particularly on nature-related impact. The delayed and potentially weakened European Regulation on Deforestation-free products (EUDR) poses challenges for ensuring deforestation-free supply chains, making it vital to advocate for consistent implementation and strong corporate policies on forest protection.

In other regions, engagement should address the risks associated with loosening environmental standards, particularly in the United States, where reduced regulations may lead to companies deprioritizing biodiversity initiatives. In Asia, where economic development often intersects with conservation efforts, the focus should be on maintaining transparent impact reporting and balancing growth with stewardship. By actively engaging with companies to address these region-specific challenges, PFZW aims to support biodiversity conservation while safeguarding long-term value. On behalf of PFZW, PGGM will remain focused on decreasing the impact of its investees on nature and biodiversity by focusing on the impacts of their value chains on deforestation, pollution, and water-use and supporting them in their journey to solutions to the drivers of biodiversity loss, including sustainable materials and regenerative agricultural practices.

Human rights

Which investment opportunities and risks do we expect?

In 2025, global conflicts and social challenges will continue to increase human rights risks for investors, leading to financial and reputational risks. Armed conflicts, political instability, and civil unrest have global impacts on business operations and supply chains. Companies operating in conflict areas, such as the Middle East, Africa, and Eastern Europe, risk being associated with human rights violations, such as abuse, forced displacement, or labor exploitation. Additionally, PFZW has a strong intrinsic motivation to encourage companies to respect human rights.

In the Middle East, companies active in the region, especially those involved in infrastructure, defense, or resource management, are subjected to additional risk analysis. Potential involvement in human rights violations in conflict areas can lead to legal and/or reputational challenges. Companies actually involved in human rights violations in conflict areas face increased reputational and compliance risks or even sanctions from governments, NGOs, consumers, and/or investors. In Africa, conflicts in Sudan and the Democratic Republic of Congo disrupt supply chains, especially in the mining sector, where control over critical minerals such as lithium and cobalt is often associated with armed groups.

In developed markets such as Europe and the United States, human rights issues often focus on labor rights and social justice. The upcoming EU Directive on Corporate Sustainability Due Diligence (CSDDD) will tighten compliance requirements but also provide investors with more transparency and assurance that companies actively manage human rights risks in their supply chains. In the United States, increasing awareness of workplace discrimination and wage issues shapes investor expectations. In Asia, particularly China, concerns about forced labor related to Xinjiang have led to stricter compliance. In emerging markets, political instability increases the risk of worker exploitation. Properly addressing these regional differences is essential for PFZW.

What impact on investor stewardship do we expect?
To effectively address human rights challenges, PFZW uses a dynamic, region-specific engagement approach. In conflict-affected areas, the emphasis is on ensuring that companies conduct extensive human rights due diligence, focusing on transparency and responsible sourcing, particularly in areas controlled by armed groups. In Europe, the implementation of the CSDDD creates opportunities to increase supply chain transparency and accountability.

In the United States, engagement should focus on labor practices, advocating for fair wages and safe working conditions amid increasing public pressure. In China, efforts are aimed at improving supply chain transparency and addressing forced labor risks. In Japan, the focus is on integrating social responsibility into corporate governance. In emerging markets, building local capacity and promoting human rights standards are crucial. Through targeted engagement, PFZW aims to safeguard investments and support responsible business practices worldwide.

Corporate governance

Which investment opportunities and risks do we expect?
In 2025, corporate governance practices are evolving across key regions, presenting both risks and opportunities for investors. In Europe, the proposed Omnibus Simplification Package aims to reduce sustainability reporting obligations, potentially decreasing the number of companies required to report by 80%. While this initiative aims to cut red tape and improve competitiveness, it may also reduce transparency, making it more challenging for investors to assess governance risks accurately.

In the United States, recent revisions to corporate governance laws in Delaware aim to protect founder-led companies from shareholder lawsuits, potentially weakening investor influence over corporate governance decisions. Additionally, major institutional investors, such as BlackRock, have recently scaled back their push for board diversity amid political resistance, signaling a potential slowdown in efforts to enhance board inclusivity.

In Asia, Japan is witnessing an increase in shareholder activism, supported by regulatory encouragement to improve capital efficiency and governance in underperforming companies. This trend could enhance returns but also create friction between traditional corporate culture and modern governance expectations. In China, governance practices remain complex, shaped by a combination of state control and international trade dynamics, which can create uncertainties for foreign investors.

In emerging markets, corporate governance continues to be shaped by geopolitical risks and inconsistent regulatory standards, heightening the possibility of corporate misconduct and investor disputes. For PFZW, it is crucial to stay attuned to these regional changes to manage governance risks while capitalizing on opportunities linked to improved corporate accountability.

What impact on investor stewardship do we expect?

Corporate governance engagement in 2025 requires a nuanced and regionally tailored approach. In Europe, the Omnibus Simplification Package may lead to reduced corporate transparency, making it essential to advocate for voluntary disclosures and encourage companies to maintain high reporting standards despite decreased regulatory requirements.

In the United States, where recent legal changes may limit shareholder influence, engagement should focus on maintaining board accountability and advocating for strong governance practices, particularly in founder-led companies. In Japan, the rise in shareholder activism presents an opportunity to support more transparent capital management practices while encouraging companies to modernize their governance structures.

In China, engagement must balance pushing for governance improvements with the realities of state involvement in corporate affairs. In emerging markets, the focus should be on strengthening local governance frameworks and advocating for better protection of shareholder rights, particularly in politically volatile environments. By actively engaging across these diverse regions, PFZW aims to safeguard investment value while promoting responsible corporate governance.

Appendices

A1 Overview of engaged companies

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	ANDRITZ AG	AT0000730007	1	Paris alignment targets	Neutral
Climate Change	Advanced Drainage Systems, Inc.	US00790R1041	2	SBTI targets, waste and chemical use disclosures	Negative
Climate Change	Aedifica SA	BE0003851681	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Agree Realty Corporation	US0084921008	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Albemarle Corporation	US0126531013	2	SBTI targets, Paris alignment targets	Negative
Climate Change	Alexandria Real Estate Equities, Inc.	US0152711091	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Allied Properties Real Estate Investment Trust	CA0194561027	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	American Homes 4 Rent Class A	US02665T3068	2	SBTI targets; Executive compensation; Board diversity; Board independence	Neutral
Climate Change	Americold Realty Trust, Inc.	US03064D1081	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Apartment Income REIT Corp	US03750L1098	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Apple Hospitality REIT Inc	US03784Y2000	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Atlas Copco AB	SE0017486889	1	Paris alignment targets	Neutral
Climate Change	Atrium Ljungberg AB Class B	SE0000191827	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	BASF SE	DE000BASF111	1	Strategy	Neutral
Climate Change	BHP Group Limited	AU000000BHP4	1	Disaster remediation	Positive
Climate Change	Boliden AB	SE0020050417	1	Strategy	Positive
Climate Change	Braskem S.A.	BRBRKMACNPA4	2	Science-based targets	Positive
Climate Change	Bunge Global SA	CH1300646267	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	CK Asset Holdings Limited	KYG2177B1014	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Camden Property Trust	US1331311027	3	SBTI targets; Executive compensation; Board independence; CEO duality	Neutral
Climate Change	Canadian Apartment Properties Real Estate Investment Trust	CA1349211054	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Centrica PLC	GB00B033F229	1	Decarbonization targets	Positive

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	Charter Hall Long WALE REIT	AU000000CLW0	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Chartwell Retirement Residences	CA16141A1030	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Cmanbu Electric Power Co Inc	JP3526600006	2	Disclosure	Neutral
Climate Change	Comforia Residential REIT, Inc.	JP3047540004	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Costco Wholesale Corporation	US22160K1051	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Cousins Properties Incorporated	US2227955026	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	CubeSmart	US2296631094	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Daiwa Office Investment Corporation	JP3046310003	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Derwent London plc	GB0002652740	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Deutsche Lufthansa AG	DE0008232125	1	Paris alignment targets	Positive
Climate Change	Douglas Emmett, Inc	US25960P1093	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Dow Inc	US2605571031	1	Scope 3 targets	Negative
Climate Change	Dream Industrial Real Estate Investment Trust	CA26153W1095	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	E.ON SE	XS2791959906	1	Decarbonization strategy	Positive
Climate Change	EPR Properties	US26884U1097	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Engie SA	FR001400MF86	2	Strategy	Positive
Climate Change	Entra ASA	NO0010716418	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Enágas	ES0130960018	1	Strategy	Positive
Climate Change	Equity LifeStyle Properties, Inc.	US29472R1086	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Essential Properties Realty Trust, Inc.	US29670E1073	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Essex Property Trust, Inc.	US2971781057	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Eurocommercial Properties NV	NL0015000K93	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Extra Space Storage Inc.	US30225T1025	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	First Capital Real Estate Investment Trust	CA31890B1031	2	SBTI targets, Paris alignment targets	Neutral

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	First Industrial Realty Trust, Inc.	US32054K1034	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Freeport-McMoran Inc	US35671D8570	1	Riverine Tailings Disposal, NA100 biodiversity engagement	Negative
Climate Change	GLP J-REIT	JP3047510007	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Galp Energia SGPS SA	PTGAL0AM0009	2	SBTI targets, Paris alignment targets	Negative
Climate Change	General Electric Co	US3696043013	1	Paris alignment targets	Neutral
Climate Change	Grainger plc	GB00B04V1276	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Granite Real Estate Investment Trust Stapled Units - 1 Granite RE Inc + 1 TU Granite REIT	CA3874371147	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Healthcare Realty Trust Incorporated Class A	US42226K1051	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Highwoods Properties, Inc.	US4312841087	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	HomeCo Daily Needs REIT	AU0000113136	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	InterRent Real Estate Investment Trust	CA46071W2058	2	SBTI targets, Governance	Neutral
Climate Change	International Consolidated Airlines Group SA	ES0177542018	1	Paris alignment targets	Positive
Climate Change	Invincible Investment Corp.	JP3046190009	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Invitation Homes, Inc.	US46187W1071	2	SBTI targets; Executive compensation	Neutral
Climate Change	JBG SMITH Properties	US46590V1008	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Japan Hotel Reit Investment Corporation	JP3046400002	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Keppel DC REIT	SG1AF6000009	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Keppel REIT	SG1T22929874	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Kojamo Oyj	FI4000312251	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	L G Chemical	KR7051910008	1	Scope 3 targets	Neutral
Climate Change	LXI REIT PLC	GB00BYQ46T41	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Lineage	US09066L1623	1	SBTI targets, Paris alignment targets	Neutral

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	LyondellBasell Industries NV	NL0009434992	1	Strategy	Neutral
Climate Change	Mapletree Industrial Trust	SG2C32962814	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Mapletree Logistics Trust	SG1S03926213	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Mapletree Pan Asia Commercial Trust	SG2D18969584	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Mid-America Apartment Communities, Inc.	US59522J1034	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Mobimo Holding AG	CH0011108872	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	NNN REIT, Inc.	US6374171063	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	National Storage REIT	AU000000NSR2	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Neste Oyj	FI0009013296	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	NextEra Energy Inc	US65339F1012	1	SBTi verification	Neutral
Climate Change	Nexus Industrial REIT	CA65344U1012	2	SBTI targets, Governance	Neutral
Climate Change	Nippon Accommodations Fund Inc.	JP3046440008	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Nippon Prologis REIT, Inc.	JP3047550003	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Nomura Real Estate Holdings, Inc.	JP3762900003	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Nomura Real Estate Master Fund, Inc.	JP3048110005	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Nyfosa AB	SE0011426428	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	OMV AG	XS2022093434	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Omega Healthcare Investors, Inc.	US6819361006	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Orbia Advance Corp SAB de CV	MX01OR010004	1	Strategy	Positive
Climate Change	PACCAR Inc	US6937181088	1	Paris alignment targets	Neutral
Climate Change	PSP Swiss Property AG	CH0018294154	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Park Hotels & Resorts, Inc.	US7005171050	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Pebblebrook Hotel Trust	US70509V1008	2	SBTI targets, Paris alignment targets	Neutral

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	Phillips Edison & Company, Inc.	US71844V2016	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Power Assets Holdings Ltd	HK0006000050	2	Scope 3 targets	Neutral
Climate Change	Primary Health Properties PLC	GB00BYRJ5J14	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Public Storage	US74460D1090	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Realty Income Corporation	US7561091049	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Region Group	AU0000253502	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Rio Tinto plc	GB0007188757	3	Scope 3 targets	Negative
Climate Change	RioCan Real Estate Investment Trust	CA7669101031	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Ryman Hospitality Properties, Inc.	US78377T1079	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	SL Green Realty Corp.	US78440X8873	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Safestore Holdings plc	GB00B1N7Z094	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Sasol Ltd	ZAE000006896	1	Strategy	Neutral
Climate Change	Scentre Group	AU000000SCG8	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Sempra	US8168511090	1	Strategy, RNG	Neutral
Climate Change	Shurgard Self Storage Limited	GG00BQZCBZ44	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	SmartCentres Real Estate Investment Trust	CA83179X1087	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Snam SpA	IT0003153415	1	Strategy	Positive
Climate Change	Stellantis NV	NL00150001Q9	1	Paris alignment targets	Neutral
Climate Change	Subaru Corp	JP3814800003	1	Paris alignment targets	Neutral
Climate Change	Sumitomo Realty & Development Co., Ltd.	JP3409000001	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	Sun Communities, Inc.	US8666741041	3	SBTI targets; Executive compensation; Board independence; CEO duality	Neutral
Climate Change	Sun Hung Kai Properties Limited	HK0016000132	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Sunstone Hotel Investors, Inc.	US8678921011	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Suntec Real Estate Investment Trust	SG1Q52922370	1	SBTI targets, Paris alignment targets	Neutral

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Climate Change	Swiss Prime Site AG	CH0008038389	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	TAG Immobilien AG	DE0008303504	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Terreno Realty Corporation	US88146M1018	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Tokyo Tatemono Co., Ltd.	JP3582600007	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Toyota Motor Credit Corp	JP3633400001	2	Paris alignment targets	Neutral
Climate Change	Turk Hava Yollari AO	TRATHYAO91M5	1	Paris alignment targets	Neutral
Climate Change	UDR, Inc.	US9026531049	2	Set SBT; Executive compensation; Board independence; CEO duality	Neutral
Climate Change	UOL Group Limited	SG1S83002349	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Unibail-Rodamco-Westfield SE Stapled Secs Cons of 1 Sh Unibail Rodamco + 1 Sh WFD Unib Rod	FR0013326246	2	SBTI targets, Paris alignment targets	Neutral
Climate Change	United Airlines Holdings Inc	US9100471096	1	Paris alignment targets	Neutral
Climate Change	United Parcel Service Inc	US9113121068	1	Paris alignment targets	Neutral
Climate Change	Urban Edge Properties	US91704F1049	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	W. P. Carey Inc.	US92936U1097	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Welltower Inc.	US95040Q1040	1	Executive compensation	Neutral
Climate Change	Wharf Real Estate Investment Company Limited	KYG9593A1040	1	SBTI targets, Paris alignment targets	Neutral
Climate Change	Yara International ASA	NO0010208051	2	Scope 3 targets	Negative
People & Health	Bristol Myers Squibb	US1101221083	1	Access to Healthcare targets, measurement and inclusion in remuneration	Positive
People & Health	Eli Lilly	US5324571083	1	Access to Healthcare targets, measurement and inclusion in remuneration	Neutral
People & Health	Merck	US58933Y1055	3	Access to Healthcare targets, measurement and inclusion in remuneration	Neutral
People & Health	Novartis	CH0012005267	2	Access to Healthcare targets, measurement and inclusion in remuneration	Positive

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
People & Health	Pfizer	US7170811035	2	Access to Healthcare targets, measurement and inclusion in remuneration	Neutral
People & Health	Takeda	JP3463000004	2	Access to Healthcare targets, measurement and inclusion in remuneration	Positive
Nature & Biodiversity	Barrick Gold Corp.	CA0679011084	2	NA100 biodiversity engagement	Neutral
Nature & Biodiversity	Carrefour SA	FR001400SID8	1	Incidents of deforestation	Neutral
Nature & Biodiversity	Corteva	US22052L1044	2	NA100 biodiversity engagement	Neutral
Nature & Biodiversity	Danone SA	FR001400SHQ2	1	SBTI targets, Paris alignment targets, incidents of deforestation	Neutral
Nature & Biodiversity	FMC	US3024913036	3	NA100 biodiversity engagement	Negative
Nature & Biodiversity	Koninklijke Ahold Delhaize N.V.	XS2780025511	4	SBTI targets, Paris alignment targets, nature-related targets	Neutral
Nature & Biodiversity	Marubeni Corp	JP3877600001	2	NA100 biodiversity engagement	Positive
Nature & Biodiversity	McDonald’s Corporation	US5801351017	5	SBTI targets, Paris alignment targets, water-related targets	Positive
Nature & Biodiversity	Yum China Holdings, Inc	US98850P1093	1	Incidents of deforestation	Neutral
Human rights	Alstom SA	FR0010220475	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Booking Holdings	US09857L1089	0	Conflict-Affected and High Risk Areas	Positive
Human rights	CNH Industrial	NL0010545661	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Carlsberg AS	DK0010181759	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Caterpillar Inc	US1491231015	1	SBTI targets, Paris alignment targets, CAHRA	Negative
Human rights	Cemex SAB de CV	US1512908898	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Constellation Brands Inc.	US21036P1084	1	Land rights	Neutral
Human rights	Construcciones y Auxiliar de Ferrocarriles (CAF)	ES0121975009	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Enel S.p.A.	IT0003128367	1	Conflict-Affected and High Risk Areas	Neutral
Human rights	Fast Retailing Co Ltd	JP3802300008	1	Labour rights	Positive
Human rights	Heidelberg Materials AG	DE0006047004	0	Conflict-Affected and High Risk Areas	Positive

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Human rights	Inner Mongolia Yili Industrial Group Co Ltd	CNE000000JP5	1	Labour rights	Positive
Human rights	Kyocera Corp	JP3249600002	1	Land rights	Neutral
Human rights	Meta Platforms Inc	US30303M1027	1	Conflict-Affected and High Risk Areas	Positive
Human rights	Motorola Solutions Inc.	US6200763075	1	Conflict-Affected and High Risk Areas	Negative
Human rights	Nike Inc	US6541061031	1	Conflict-Affected and High Risk Areas	Negative
Human rights	Orbia Advance Corp SAB de CV	MX01OR010004	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Prada S.p.A.	IT0003874101	1	Labour rights	Negative
Human rights	Puma SE	DE0006969603	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Siemens AG	DE0007236101	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Solvay S.A.	BE0003470755	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Starbucks Corp	US8552441094	1	Labour rights	Negative
Human rights	Target Corp	US87612E1064	1	Labour rights	Positive
Human rights	Unilever PLC	GB00B10RZP78	2	Labour rights	Positive
Human rights	VINCI S.A.	FR0000125486	0	Conflict-Affected and High Risk Areas	Positive
Human rights	Volvo AB	SE0000115446	0	Conflict-Affected and High Risk Areas	Positive
Human rights	adidas AG	DE000A1EWWW0	1	Labour rights	Positive
Corporate Governance	ABN AMRO Bank N.V.	NL0011540547	2	Eumedion focus letter 2024	Neutral
Corporate Governance	ASR Nederland NV	NL0011872643	2	Eumedion focus letter 2024	Neutral
Corporate Governance	Arcadis NV	NL0006237562	2	Remuneration policy	Negative
Corporate Governance	Brixmor Property Group, Inc.	US11120U1051	1	Executive compensation	Neutral
Corporate Governance	Fastighets AB Balder Class B	SE0017832488	2	SBTI targets, Paris alignment targets	Neutral
Corporate Governance	Federal Realty Investment Trust	US3137451015	1	Board independence; executive compensation	Neutral
Corporate Governance	Hain Celestial Group, Inc.	US4052171000	7	Remuneration policy	Neutral
Corporate Governance	Healthpeak Properties, Inc.	US42250P1030	1	Executive compensation	Neutral
Corporate Governance	IMCD N.V.	NL0010801007	2	Eumedion focus letter 2024	Neutral

Engagement theme	Engaged company	ISIN	# meetings	Engagement topics	Outlook
Corporate Governance	ING Groep N.V.	NL0011821202	3	Eumedion focus letter 2024	Neutral
Corporate Governance	Kilroy Realty Corporation	US49427F1084	1	Executive compensation	Neutral
Corporate Governance	Kimco Realty Corporation	US49446R1095	1	Executive compensation; board diversity; board independence	Neutral
Corporate Governance	Koninklijke Philips N.V.	NL0000009538	3	Eumedion focus letter 2024	Neutral
Corporate Governance	NN Group NV	NL0010773842	2	Eumedion focus letter 2024	Neutral
Corporate Governance	Regency Centers Corporation	US7588491032	1	Executive compensation; board independence	Neutral
Corporate Governance	Simon Property Group, Inc.	US8288061091	1	Executive compensation; board diversity; board independence	Neutral
Corporate Governance	Sunrun Inc.	US86771W1053	1	Remuneration policy	Positive
Other	AstraZeneca PLC	GB0009895292	4	Reporting metrics	Neutral
Other	Cellnex Telecom S.A.	ES0105066007	3	SDG impact metrics	Neutral
Other	Genmab A/S	DK0010272202	4	Reporting metrics	Neutral
Other	Infineon Technologies AG	DE0006231004	3	Reporting metrics	Neutral
Other	SAP	DE0007164600	1	Reporting metrics	Positive
Other	Shimano Inc.	JP3358000002	4	Reporting metrics	Negative
Other	argenx SE	US04016X1019	7	Reporting metrics	Neutral

A2 Glossary

Stewardship	We encourage companies to improve their sustainability performance through voting and/or engagement.
CAHRA	Conflict-Affected High-Risk Areas (CAHRA) refers to regions characterized by armed conflict, political instability, human rights abuses, or weak governance. Companies operating or sourcing from CAHRAs should conduct enhanced due diligence to mitigate legal, financial, and reputational risks.
Climate change	A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods (UNFCCC, 1992, Art. 1)
CO_2 (emissions)	When we talk about CO_2 (emissions) we almost always mean CO_2 equivalents (CO_2e). The greenhouse gas effect of the other greenhouse gases has been converted into a CO_2 equivalent to provide insight into the total effect. CO_2 equivalents include all greenhouse gases as recognized in the Kyoto Protocol: carbon dioxide, methane, nitrogen dioxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.
Engagement	Having a constructive dialogue with companies in the investment portfolio or market parties such as regulators, supervisors, and sector organizations. The aim of this dialogue is to realize a predetermined (behavioral) change.
ESG	Abbreviation for Environmental, Social, and Governance.
Long-term value creation	Creating long-term value. We are convinced that this is only possible if risk, return and sustainability are all taken into account in investment choices.
Net zero	Net zero means that the total global emissions of all greenhouse gases minus the total greenhouse gases removed amount to a maximum of zero. In the Paris Agreement it was agreed to limit global warming to well-below 2°C and to aim for a maximum temperature increase of 1,5°C. Global emissions must be net zero by 2050 to meet the 1,5°C target.

Paris Agreement	The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well-below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1,5°C.
Paris-alignment	The extent to which companies have a reduction target and/or plan to reduce their emissions in line with the agreements in the Paris Agreement. The exact criteria for this differ per category and sector.
Principle Adverse Impacts (PAI)	A Principal Adverse Impact (PAI) is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters. EU financial institutions are required to disclose an annual PAI statement that explains how the institution considers relevant PAIs in its investment decisions.
Scope 1, 2, and 3	A company's CO_2 footprint can be divided into scope 1, 2 and 3: • Scope 1: direct emissions from own sources or resources within the management of it company. • Scope 2: indirect emissions from the generation of purchased or consumed energy. • Scope 3: indirect emissions arising from the rest of the value chain. Here we follow the definition of the Greenhouse Gas Protocol (GHGP)
SDG	Sustainable Development Goals (SDG) are the 17 goals that the United Nations has set and that it wants to achieve by 2030.
Sustainable	In essence, 'sustainable' is a certain state that can continue for a long time. In the context of sustainable investing and/or a sustainable world, sustainable refers to a world or an investment that develops towards or contributes to an economic, social and environmental future for the earth and for current and future generations. We further concretize this definition by linking it to the United Nations Sustainable Development Goals (SDGs). We use the SDG framework as a framework for sustainability. 1 Oxford English Dictionary. (n.d.). Sustainable, adj. sense 3.a. Retrieved September 2023, Oxford English Dictionary (oed.com).

Sustainable Finance Disclosure Regulation (SFDR)	The Sustainable Finance Disclosure Regulation contains the sustainability requirements for EU financial institutions that apply from March 2021.
Sustainable or liveable world	A world in which the 17 United Nations Sustainable Development Goals have been achieved.

A3 Disclaimer

AFM Guideline on sustainability claims (d.d. 4 October 2023)
The data presented in this report may differ from other publications due to the use of different reference dates, definitions and/or methodologies. The deviations in definitions and/or methodologies may have several causes, including obligations under law and regulations or voluntary commitments that have been made.

Usage of the term 'theme'
When referring to themes in this report (climate change, people & health, nature & biodiversity, human rights and corporate governance), this solely refers to PFZW engagement programs/ themes and not official Sustainable Development Goals or other official ESG definitions.

Pensioenfonds

Zorg & Welzijn

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