

Generaties

#46

June 2024
volume 21

Looking back on 2023

“Stable funding ratio with significant movement beneath the surface”

Page 4

Share your thoughts

“Should we take climate objectives into account?”

Page 14

Foreword

Dear reader,

In this spring edition we look back at the past year, because our annual report has been published. Leo Uittenbroek and Anita Joosten of the Board of Trustees talk about the preparations we made last year to implement a new pension plan in 2026 that aligns with the new legal pension rules under the Dutch Future of Pensions Act (Wet toekomst pensioenen). At the time of those preparations, the social partners were still discussing the details of what type of pension plan it would be. In the meantime, it has become clear that we can use the years ahead to actively prepare for implementing a 'solidarity based contribution plan'. You can find out more in this issue of Generaties.

For example, the first item (beginning on page 8) describes the risk preference survey that we conducted in January of this year. That survey revealed what is important to you in connection with how the pension savings are invested. More than 85% of the respondents want their future pensions to follow rising prices at least to a partial degree. Even if, on the other hand, the pension may decrease in any year. We will use the findings from the survey to determine the investment policy for the solidarity based contribution plan.

While the survey was underway, we heard from respondents – particularly pension beneficiaries – that they are concerned about their future pensions.

We have mentioned before that your pension will fluctuate more than it does now. However, it is also important to be aware that we will take measures to minimise those fluctuations for everyone receiving a pension. In the did-you-know-article on page 17 we tell you how that works. And in this article you can also read about the video you can watch on this topic.

This edition also looks at how our investment decisions make allowance for the sustainable development goal of 'Climate Action'. Our members' responses to the question of whether they support this goal show how different their views are. Therefore, it is important that we share what we are and are not doing. Read more starting on page 11.

If you have any thoughts on the topics in this edition of Generaties, we would love to hear them. Call our Service Desk or send an email to algemeenbestuur.ppf@philips.com.

Jasper Kemme
Managing Director of Philips Pensioenfond



“It has become clear that we can use the years ahead to actively prepare for implementing a solidarity based contribution plan”

Contents June 2024



Foreword	2
Looking back on 2023	
“Stable funding ratio with significant movement beneath the surface”	4
‘Future of pensions & risk appetite’ survey	
“Very useful, but also very difficult to decide how much risk I’d be willing to take”	8
Responsible investment	
Investment decisions for ‘Climate Action’	11
Share your thoughts	
“Should we take climate objectives into account?”	14
Puzzle	16
10 did-you-knows about...	
Will my pension go up and down every month?	17
New pensionplan	
Three questions about the solidarity based contribution plan	18
New employees – Welcome to Philips Pensioenfond!	
In 3 steps your pension properly arranged	20
Candidates for the elections	
Board of Trustees wants candidates for the elections	22
Active retirement	
“The bigger the flywheel, the better”	24
Short notices	28

“Stable funding ratio with significant movement beneath the surface”

We join Leo Uittenbroek and Anita Joosten of the Board of Trustees to look back on the highlights of 2023 and the first few months of 2024. One of the Board's most important goals is to maintain healthy finances with the highest possible funding ratio. “We did this successfully in 2023. Although the funding ratio fell last year, that was mostly because of the indexation that we awarded on 1 April 2023. Given such a stable funding ratio, it might seem as if little happened. Beneath the surface, however, the finances moved considerably.” Another important topic for the Board is the new pension system. “The preparations for the Dutch Future of Pensions Act have been underway for a while now, but the new rules actually came into law on 1 July 2023. The most important implications for our members won't become clear until 2026, when we switch to a new pension that aligns with the new legislation. In the short term, however, effects of the Future of Pensions Act can also be seen: for example, under the new law, in 2024 we've been able to use the more lenient indexation rules under the transitional financial assessment framework.” Leo and Anita explain what the Board did during the past period.



Lower interest, higher returns

The current funding ratio, which reflects the health of Philips Pensioenfonds's finances, fell from 128.4% to 124.8% in 2023. The policy funding ratio, which is a key factor for matters such as the indexation decision, also fell, but by much less: from 128.7% at the end of 2022 to 127.0% at the end of 2023. The indexation that was awarded in 2023 was the largest contributing factor to the effects on the funding ratio. This seemingly stable development hides substantial financial movements during the year, however.

Leo explains: “The funding ratio is an indication of where the value of the pension fund's investments stands in relation to the pensions that we have to pay, now and in the future: the pension fund's assets versus the pension liabilities. To begin with the second of those, the pension liabilities changes under influence of various factors, including movements in interest rates and the life expectancy of our members. In recent years, the changing interest rates have had a particularly large effect. When interest rates go down, the pension liabilities go up. Over 2023 as a whole, interest rates fell. As a result, we need more money to be able to pay the same pensions in the future, since a lower interest rate means that the future interest income that we use for our calculations is also lower. The falling interest rates during the first calendar quarter of the year were the result of problems at banks. This was followed by a slight rise, after which interest fell sharply again in the fourth calendar quarter. That final fall was linked

“The combination of low interest rates and high returns meant that the situation at the end of the year was stable”

directly to the downward trend in inflation at the time. Over the year as a whole, the falling interest rates forced the pension liabilities up. The indexation in April 2023 meant that the pension benefits went up, and so the pension liabilities also increased.” Anita adds: “When interest rates are low, it becomes more interesting to invest in equities, i.e. shares. The returns on equities shot up, particularly during the fourth calendar quarter, and for the year as a whole this asset class yielded more than 16%. Investments in fixed-income securities also performed well. For 2023 overall, only real estate underperformed, with a return of -10.4%. On balance, the pension fund's assets saw a positive development with a total return of 6.7%. This means that the value of the assets was greater at the end of the year than at the beginning. Even so, because the pension liabilities rose by more than the pension fund's assets, for the year as a whole the current funding ratio fell, if only slightly. So essentially the combination of low interest rates and high returns meant that the situation at the end of the year was stable.”

Influence of our own measures

So what did the Board's policy decision contribute to the financial position? Anita replies: “As we explained just now, movements in interest rates can have a huge impact on our financial health. We respond with our investment decisions, for example by investing in fixed-income securities. Also, however, in previous periods the Board decided to purchase extra protection to hedge some of the risks of interest rate movements with a negative impact. We do this to protect the pension fund's financial buffer. Directly or indirectly, that buffer will be used for the benefit of our members when we switch to the new pension system, so it's in their interests for the buffer to be as high as possible at the time of the switch. As a result, the falling interest rates in 2023 affected the

Quick summary

- The policy funding ratio fell from 128.7% to 127.0% in 2023. The current funding ratio dropped from 128.4% to 124.8%.
- Pensions that are being drawn or are non-contributory went up by 2.4% on 1 April 2024, i.e. the full rate of price inflation over last year.
- Accrued pensions went up by 4.0% on 1 April 2024, i.e. the full rate of wage inflation over last year.
- The pension accrual rate in 2024 is 1.85%.

funding ratio less than they would have if we hadn't protected ourselves: thanks to the protection, the lower interest rates didn't hit us too hard."

Preparations for the new pension plan

The introduction of the Dutch Future of Pensions Act midway through 2023 brings Philips Pensioenfond another step closer to the new pension plan. All the pension fund's members will switch to the new pension plan in 2026. How will this affect them? Leo explains: "We won't know until relatively shortly before we make the switch in 2026 what the new plan means, in monetary terms, for the personal situation of our members. The Board has a great deal of work to do before then. We need to prepare and make a lot of decisions first." Anita adds: "We've been waiting: management and labour, meaning the employers and the unions, needed to negotiate and choose one of the two types of pension plan that are possible under the new legislation. The decision has now been made: they've opted for a

solidarity based contribution plan. In this plan, each member has their own personal pension savings, although all those pension savings together are invested collectively. A member's pension will depend chiefly on the investment results and interest rates. Now the pension fund has the task of preparing the new pension plan's implementation. This is a process that we began more than three years ago, and now we can give concrete shape to possibilities we'd considered earlier and flesh out the details." Leo continues: "A vital part of this is how we communicate with our members. We've examined what administrative systems and communication tools we can use to make sure that our members can understand the information about their new pension. However, this will be impossible without their involvement, so we've consulted our members' panel several times for their input on our ideas. They've provided loads of valuable feedback: what's easy to understand, and what isn't? What do they need, what information is redundant? We will take that feedback on board as we determine our approach. So plenty of preparation is happening in the background. At the moment our members don't see this, but hopefully they'll benefit from it further down the road."

Decision on indexation for 2024

One development that is of immediate benefit to members (and in particular pension beneficiaries) is the increase in the pensions on 1 April 2024. Leo explains: "This year we were able to make use of the more lenient indexation rules, in anticipation of the switch to the new pension system. This allowed the Board to grant full indexation on our members' pensions. However, compensatory indexation is only possible if the policy funding ratio passes a legal minimum, which for Philips Pensioenfond was 138.8% at the end of December 2023. Instead, it was 127.0%, which was nowhere near the required minimum." Anita adds: "It would be great if inflation continues to fall in 2024. This will make it more

Leo Uittenbroek (52)


Leo has been an employee representative on the Board of Trustees of Philips Pensioenfond since 1 July 2014. He works for Philips Intellectual Property & Standards, in the role of Senior IP Counsel.

Anita Joosten (49)

Anita has been an Executive Director of the Board of Trustees since late-2014. She is also the pension fund's Director of Investments.

likely that we'll be able to grant full indexation until the new pension plan is introduced. However, this isn't guaranteed in any way. Strange things happen on the financial markets – we've seen it often enough."

Looking ahead

The two Board members close with a look ahead. Leo notes: "Of course we understand that awarding the indexation has lowered the funding ratio a bit. We're still hedging the interest rate movements, so the value of the pension liabilities shouldn't have much effect there." Anita continues: "We can't do much to influence the returns on our investments. What we can influence, though, is how we make our investments more sustainable. A while ago, Philips Pensioenfond substantially improved the sustainability of its developed markets equities portfolio. For the other asset classes, we've looked at ways to make the portfolio more sustainable without compromising on our returns or assuming unacceptable risks. This year, we'll make the assets class of worldwide government bonds in developed markets more sustainable." Leo concludes: "The new pension system is the topic that will consume most of the Board's attention during the period ahead, of course. Countless details need to be sorted out, including defining new policies, drafting the new pension plan rules, making sure that the new pension plan can be administered and making arrangements with external partners. During the period ahead we'll look at how we communicate about the new pension plan, so that we can inform our members properly." 



"The decision has been made: management and labour have decided on a solidarity based contribution plan"



Download the annual report

The 2023 annual report of Philips Pensioenfond contains more information about the most important developments, backgrounds and other decisions of the Board of Trustees. You can find out more about the annual report at www.philippensioenfond.nl/en/annualreport, where you can also download a digital copy of the annual report.

“Very useful, but also very difficult to decide how much risk I’d be willing to take”

In January of this year, more than 7,000 members took part in our ‘Future of pensions & risk appetite’ survey. We are very pleased with this response rate, particularly since we initially suffered from some technical difficulties. According to the responses, you appreciate it very much that we take your opinions into account when we make decisions. At the same time, many of you replied that the subject matter is complicated. We also noticed that the survey has given rise to new questions about the Dutch Future of Pensions Act (Wet toekomst pensioenen). “Looking forward to seeing the feedback,” you told us. Generaties discusses the most important findings, and explains what the further process is for incorporating your input into our investment policy.

Investing is unavoidable for a good pension: a pension that increases to reflect rising prices

“I prefer a pension without any risks that is increased every year to reflect changing prices,” one of our members wrote in the survey. This one sentence describes precisely what factors every pension fund needs to balance when investing its members’ pension savings. A good pension – one that increases to reflect rising prices – is impossible to achieve without risk. That is why we invest our members’ pension savings. The returns of these investments contribute to a good pension that retains its purchasing power. Without investing, a good pension would be simply unaffordable. The purpose of the risk preference survey was to gauge our members’ views on finding the right balance.

An important conclusion was that the vast majority of the respondents (85%) felt that it was important for their pensions to follow rising prices at least to a partial degree. Understanding that this involves investing their pension savings, those members feel that it is acceptable if this means that their pensions drop in a particular year.

Our members’ preferences are important

When we invest our members’ pension savings, we must do this in a manner that is responsible, bearing in mind our ambition (a good pension that keeps pace with rising prices), and that aligns with our members. We asked large numbers of members across different age groups what they consider a desirable and acceptable level of risk for how their pension savings are invested. It is even more important than ever for us to understand whether different age groups have different preferences: under the new pension law, we will be able to align the investments better to the separate age groups.

No everyday subject matter

The survey asked members to choose between, on the one hand, the pension value that they expected to have and, on the other, the level of risk that this carried. The risk is reflected in how much the pension fluctuates: how much higher or lower will the projected pension be if the economy goes up or down? In the long term, more risk may yield higher returns, giving a higher projected pension.



“We will incorporate our members’ preferences into how we shape our (future) investment policy”

We are aware that these considerations are not an everyday subject matter for most of our members, and so we used a survey tool with which a lot of experience has already been gained. In an interactive ‘pension meter’ members could indicate their preferences using pension values that closely matched their personal situation. Before we began, we used a ‘pretest’ to complete the questionnaire with members to hear their feedback. This allowed us to clarify certain questions before we went live.

Translating the findings into policy

We will incorporate our members’ preferences into how we shape our investment policy. Some members asked questions about this: “You people are the experts, aren’t you?” Perhaps those members will be reassured by the knowledge that our policy is not based exclusively on the findings from the survey, but also on our members’ characteristics such as age. The survey included questions to determine what level of risk our members are in fact capable of bearing. Even aside from these factors, we also use scientific insights. Younger members can take more risk with their

pension savings, for example, because of the long horizon to their retirement: they have a whole working life ahead of them to accrue their pension. All these considerations serve as input for determining the most suitable investment policy that aligns with our members’ preferences and with our ambition: a good pension that increases sufficiently to reflect rising prices.

Bandwidth of acceptable outcomes

The survey revealed a wide spread in our members’ preferences. Age is a factor: the older a member is, the less willing they are to take risks. However, their preferences are also influenced by income and level of education. In our survey, we asked members to indicate what greater or lesser level of risk they considered acceptable compared with the preference that they had selected in the pension meter. The answers showed that most members had a bandwidth of acceptable outcomes.


Suitable investment mix

Now that we know what the separate age groups' risk preferences are, we can determine what a suitable investment policy is. To do this, we will calculate how particular investment policies will affect the members' projected pensions, using thousands of economic scenarios that DNB (the Dutch central bank) supplies for these purposes. This allows us to see whether a particular investment policy aligns with our members' preferences.

Investments will be collective under the new pension plan as well

For the new pension plan that you will switch to in 2026, the social partners have agreed on a 'solidarity based contribution plan'. As in the existing set-up, under the new pension plan all our members' pension savings will be invested collectively for us to derive benefits of scale. You will not make your own investment decisions. However, we will make allowances for your age. The returns that are added to your pension savings are linked to factors such as your age and the associated level of risk: the younger you are, the more risk we will take for you. You will be receiving further information about the new pension plan during the period ahead.

The new pension system

We conducted the survey in preparation for updating the pension plan to align with the new legal pension rules. The high response rate to the survey shows how important this matter is to many of our members. This was also reflected in the questions that were asked during the survey. For example, some pension beneficiaries shared that they do not feel comfortable, or are unhappy, with the idea that their pensions will fluctuate more than they do now. It is useful for those members to know that their pension savings will move up and down, but that we will take measures to minimise those fluctuations, and to avoid needing to lower the pensions if at all possible. You can visit our website www.philipspensioenfond.nl/en/newrulespensions for an extensive list of questions and answers about these matters. The same page also includes a series of short videos that discuss and answer various questions. 



Supervision of how the risk preference survey was conducted

In case you did not know this already, all pension funds fall under the supervision of the Dutch Authority for the Financial Markets and the Dutch central bank. The AFM and DNB keep a close eye on these risk preference surveys, to make sure that they are carried out properly. They also monitor whether the investment policy that the pension fund's board adopts draws on the findings

from the survey and makes sufficient allowance for scientific understanding and the members' characteristics. Those external authorities are not the only ones supervising: risk appetite is also discussed with the Accountability Body, which is made up of representatives of the stakeholders in Philips Pensioenfond: active members, pension beneficiaries and the employers.



Investment decisions for 'Climate Action'

When investing your pension savings, Philips Pensioenfond takes social aspects into account, such as the environment and human rights. Our responsible investment (RI) policy describes how we go about this. The composition of our investment portfolio is determined with consideration of several Sustainable Development Goals (SDGs). In earlier issues of this magazine, we discussed 'Good Health and Well-Being' (SDG3) and 'Responsible Consumption and Production' (SDG12). Read on to find out how we make investment decisions that contribute towards SDG13: 'Climate Action'.



Development Goal 13: 'Climate Action'

The United Nations has defined a total of 17 Sustainable Development Goals (SDGs), to help create an equitable and sustainable world by 2030. The SDGs give people all over the globe guidance in facing challenges such as poverty, healthcare and the climate change crisis. 'Climate Action' (SDG13) is one of the goals that Philips Pensioenfond considers when it makes investment decisions. The ultimate goal of 'Climate Action' is to take urgent or necessary action to counter climate change and its impacts.

Long-term policy and challenges

Climate change is having a major economic and worldwide impact, with physical changes such as rising sea levels and more extreme weather. These changes can cause infrastructural damage, for example, and affect companies' supply chains. To limit this climate change, an energy transition is underway, which involves switching from fossil sources of energy (natural gas, petroleum, coal) to sustainable sources (solar, wind). The impacts of climate change and the energy transition feature prominently on political and societal agendas.

Considerations relating to these themes are often complicated. Philips Pensioenfonds has a long-term policy for investments, for example. Moreover, the energy transition cannot take place from one day to the next, and companies may adapt over time. That is why we consider energy companies not only based on what they are doing now, but also look into their plans for the future. Because of this complexity, we constantly monitor our investment decisions as they relate to climate, and make adjustments as and when necessary.



How we select our investments

We review thousands of companies that might be eligible for inclusion in our equities portfolio. We use a variety of data sources to determine what they are contributing towards SDG13, 'Climate Action'. A specialist external organisation measures what proportion of the company's revenue comes from products and services that contribute to this SDG. This output is used to select companies that are suitable for investment towards achieving SDG13. We also consider several questions in our investment decisions, for example:

- How does the company manufacture the products that it sells? Do its methods align with the SDG?
- Will the risks and returns of our investments in equities continue to align with our financial ambition?

Companies that we invest more in

Since 2021, when we first started giving explicit consideration to SDG13 in our equities portfolio, our choices for the energy sector have focused more on companies that operate in the area of renewable energy or electric solutions. However, other sectors also offer solid investment opportunities that align with this SDG: efforts to update infrastructure by raising dikes, for example. The amounts given as examples below are based on the value of the total equities portfolio in early-April 2024, of around €4.2 billion.


- Stantec is a consultancy firm that provides project advice and other consultancy services on matters of climate change, for example coastal erosion. Stantec has gained extensive expertise and experience, and uses this to help create more infrastructure-based solutions to the impacts of climate change. Our current investment in this company is €4.4 million, compared with €455,000 before the change on the basis of the SDGs.
- First Solar in the US manufactures solar panels and is concerned with maintenance and recycling of old panels. Its purpose is to minimise the carbon and water footprint across the entire production process. Our current investment in this company is €8.6 million, compared with €808,000 before the change on the basis of the SDGs.



Considerations for energy companies

Our policy for investing in fossil energy companies is as follows: Philips Pensioenfonds does not invest in shares in companies that derive a large portion of their revenue from coal or oil, relative to renewable energy, without credible plans to make their operations more sustainable. Such companies do not align with the ambition to contribute more towards SDG13. We measure the ratio by reviewing their revenues against the following criterion: the proportion of revenue from coal or oil minus the proportion of revenue from renewable energy may not be more than 50%. If it is, we will only invest in the company if it has a properly thought-out plan to become more sustainable in the long term. This means that it must have a realistic climate plan in which the carbon emissions align with the existing understanding for achieving the goals of the Paris Climate Agreement. For an efficient review, Philips Pensioenfonds uses data from a research agency. The companies' plans are reviewed against criteria from an independent platform.

What companies we do and do not invest in now

Given the principles outlined above, we now do not invest in shares of most of the large 'oil companies'. Exxon Mobil, for example, derives approximately 80% or more of its revenue from oil, without a credible plan for the energy transition. If our monitoring during the years ahead shows that the company starts to meet our requirements, or if it adopts and implements a credible plan, we will start investing in its shares again. We do invest in energy companies that derive enough of their revenue from renewable energy or that have a credible plan for becoming a sustainable energy company in the future, for example Repsol and BP. 



Would you like to find more about how we make our sustainable investment decisions?

Go to www.philipspensioenfonds.nl/en/mvb

“Philips Pensioenfond’s investment policy should take into account what companies are doing in terms of climate and climate goals”

Earlier this year, we hosted a couple of sessions with members to talk about responsible investment (RI). During those sessions, Anita Joosten (Director of Investments) and Arian Borgers (Investment Manager) explained our RI policy and spoke with members about the factors we look at in our investment decisions in terms of the Sustainable Development Goals, or SDGs. The United Nations (UN) has defined those SDGs to create a sustainable world for everyone by 2030. One of the goals is linked to Climate Change. We presented four of the panel members with the question whether they felt it was important to consider climate and climate goals as a factor in our investment policy. Read on to find out what they said.

Zep Kleijweg (26)

Position: Scientist Electronics, Signify Research

“Besides the direct influence that companies have on society, I believe that sustainability and other social aspects are becoming increasingly important for companies to remain relevant in their



market. Where multiple companies offer similar products or services, more and more often it’s their social attitude that sets them apart. I expect that a strong sustainability policy will become more of a factor in people’s decision whether or not to do business with particular companies. So a company that gears its operations towards social responsibility early on, and with a broad focus, can gain an edge further along over companies that are less concerned with social responsibility. I believe not only that this is important in terms of society, but also that it’s possible to achieve good returns by investing in companies are more concerned with sustainability than the competition.”

Alexander Docters (60)

Position: Repair Quality Engineer, Philips Medical

“I believe that it’s important to look beyond my pension savings, and I expect Philips Pensioenfond to take this seriously and act accordingly: this means using our pension savings for



sustainable investments. The world has changed, and if we want proper funding we need to react. I also believe that we have a moral obligation to use our money for good and sustainable purposes, and I think that this aligns with the course that Philips Pensioenfond has taken. It’s useful to follow the ideas of organisations such as the UN and NGOs: by supporting sustainable innovations, our savings can make a difference and we can secure future-proof returns. I think that Philips Pensioenfond’s decision to invest less in fossil materials was one that needed to be made, and it aligns with what I expect from my pension fund.”

Cas Tuyn (61)

Most recent position: Technical Author & Back-End Developer

“Throughout our working lives we set aside about 25% of our income for later, for when we retire. That’s an enormous amount of money, and you hope that it’s handled responsibly. Unfortunately, social



organisations have discovered that you can use the money that pension funds’ members have saved to exert pressure. Surveys with leading questions create the impression that those members would love to change the world, even if they ‘might’ end up with less pension. But pension fund members like me just want a pension that increases alongside wage inflation, and we expect our pension fund to make sure that we get it. As soon as a pension fund decides to avoid certain sectors of the economy that could yield high returns, by definition that means a loss. Profits in the energy sector – which includes oil and gas – are high, for example, and the defence industry is also performing very well. At the same time, alternative ‘green’ investments are struggling with overcapacity, because the installed capacity for solar and wind energy is simply too much. The solution is to return to the only job that a pension fund has: to make investments that yield returns. In my opinion, that can best be done with an investment policy that’s linked to an index, without any woke influences.”

Aleksandar Ševo (56)

Position: Scientist Architect, Signify Research

“Climate is an important issue to me, and I believe that pension funds, with so much money at their disposal to invest, can exercise a huge influence over companies. I find it hard to rate



companies. I don’t think electric cars are at all environmentally friendly, for example, because the electricity is often generated from fossil fuels and producing lithium for the batteries causes terrible damage. Or a company might appear ‘green’ on the surface if it offsets its carbon emissions by buying certificates, for instance. At the same time, the climate is affected by far more factors than just fossil fuels. Reckless deforestation in the Amazon jungle to produce palm oil is worse, to my mind. I believe that companies that are driven mostly by profits will pursue those profits no matter what the cost. This might be different for companies that place a greater emphasis on the environment and social aspects. If I had to choose, I’d prefer my pension fund to promote human and environmental aspects at the cost of a lower rate of return.”

What factors do we consider in terms of climate and climate goals?

Our investment policy considers societal aspects such as the environment, labour rights and human rights. Climate is a factor in the portfolio for two reasons. First, we consider sustainability risks such as climate change, since those risks affect the value of the investments. Second, we look at what efforts companies undertake towards several of the UN’s Sustainable Development Goals. We invest more in companies that contribute towards renewable energy or climate solutions. We have stopped investing in companies that derive a large portion of their revenue from fossil fuels without credible plans to become sustainable in the long term. However, we still invest in companies that have reliable sustainability plans for the future. Lastly, we firmly believe that our approach to RI aligns perfectly well with our financial ambition.

Philips Pensioenfond excludes investments in companies that produce controversial arms (such as cluster bombs and land mines). However, it still invests in companies that produce other arms.

C L P R O M U L G A T E I
 T M D I S G R A C E F U L
 D E H S I R U O N L A M E
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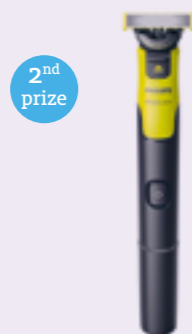
CHAMPIONED
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 MANUSCRIPT
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 SEMINARY
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 TENACIOUSLY
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 ULTRASONIC
 WRONGFUL

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1st prize
Performer Silent vacuum cleaner

This silent vacuum cleaner carefully captures dirt and fine dust particles with its advanced nozzle technology, making it ideal for households with pets.



2nd prize
OneBlade 360

The new OneBlade 360 lets you trim, shave and style any length of facial and body hair with a single shaver.



3rd prize
MoistureProtect auto curler

MoistureProtect auto curler

This auto curler has a unique open design with a longer barrel to style twice as much hair in half the time.

How to win

Send the solution to Philips Pensioenfonds before **31 July 2024**, referencing 'Generaties puzzle'. You can email us at generaties@philippensioenfonds.nl, or send a card to Philips Pensioenfonds, Afdeling Communicatie, P.O. Box 80031, 5600 JZ EINDHOVEN. Remember to include your name, address and client number! The solution to the puzzle in the previous issue was: **ROADMAP**. The winners have already received their prizes.

Will my pension go up and down every month?

Did you know...?

- 1 we have put together a series of short videos explaining various aspects of the new pension system? The series 'Philips Pensioenfonds explains' provides answers to our members' frequently asked questions.
- 2 under the new system, your monthly pension will be paid from your personal pension savings? We will invest those savings on your behalf.
- 3 when you start drawing your pension, it will not go up and down every month? Your pension will only change once per year – just as it does now.
- 4 your personal pension savings will be affected by shifts in the economy during the course of the year? If the returns are positive, your savings will go up. If they are negative, your savings will go down.
- 5 each year, we will calculate how much pension we can pay out to you, based on the value of your pension savings? This will depend on a number of factors, including life expectancy and interest rates.
- 6 together with the employers and unions we will decide what measures to take to minimise fluctuations in the pensions and avoid needing to lower pensions as much as possible?
- 7 we have several ways of doing this? For example by spreading investment returns across multiple years and by setting aside funds in a reserve.
- 8 your pension will no longer be indexed based on the rate of price inflation or wage inflation during the previous year? Instead, several factors will determine how your pension changes, including the returns on investments, the latest interest rates, as well as the measures mentioned above (at 6).
- 9 that MijnPPF in the future will include information about the value of your pension savings, and what factors have caused those savings to go up or down?
- 10 your pension savings will never run out? Even under the new system, you will be paid a pension for as long as you live. You do not need to worry that you will not have any money left for your pension if you live to be older than expected.



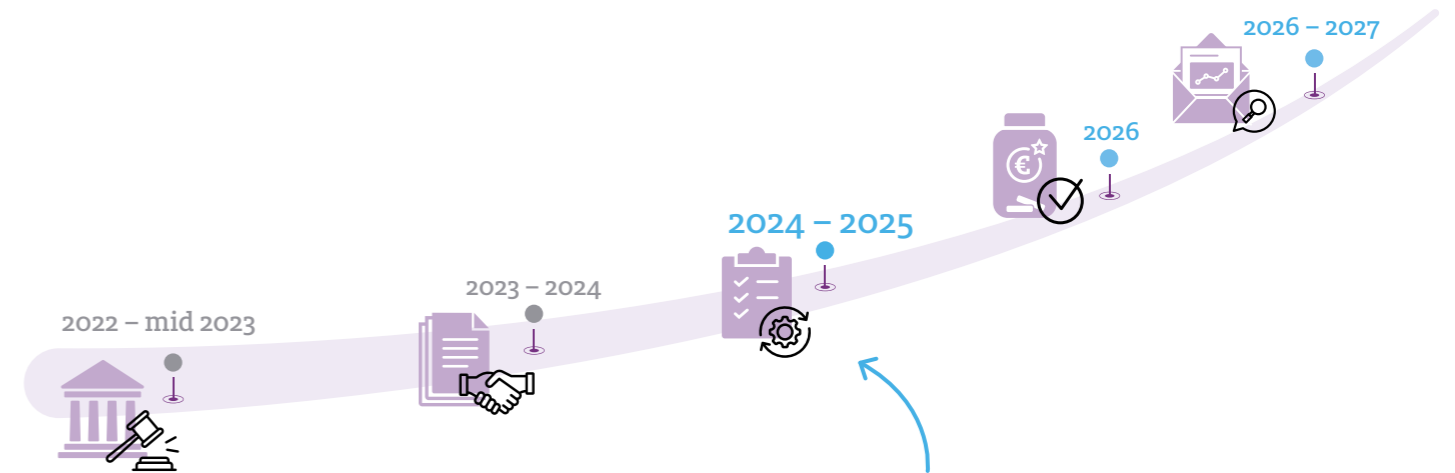
Watch the videos

Visit our website to watch all our explanations, as well as other information about the new pension system: www.philippensioenfonds.nl/en/newrulespensions

A new pension plan for all members of Philips Pensioenfonds in 2026

Three questions about the solidarity based contribution plan

Philips and the trade unions have reached an agreement about updating the pension plan that Philips Pensioenfonds administers for you. The existing pension plan needs to be updated to comply with the new legal rules for pensions that came into force on 1 July 2023. By 2028 at the latest, every pension plan in the Netherlands has to be compliant. The type of pension plan chosen is called a 'solidarity based contribution plan'. Philips Pensioenfonds will implement this plan for all retired members, active members and policyholders of the Fund. Although the details are still being decided, the three questions and answers below provide a rough idea of what this means for you. We will share more information as soon as it becomes available.



The trade unions still face plenty more choices about the new pension plan and how we will make the switch. Philips Pensioenfonds provides the social partners with as much support as possible, by running calculations and offering advice. At the same time, the Board of Trustees also has to make decisions of its own about the new pension plan and how we make the switch, in particular where it concerns making sure that the pension plan is practicable and finding the proper balance in the switch overall.

1 What are the basics of the solidarity based contribution plan?

The solidarity based contribution plan is a form of pension plan designed by the legislature to make pensions more personal, with every member having their own personal pension capital. It also offers protection in case of financial setbacks, in the form of a collective reserve. We can draw on that 'solidarity reserve' to avoid lowering the pensions of pension beneficiaries.

Under the solidarity based contribution plan, your pension savings will be invested collectively. You will not have the opportunity to make your own investment decisions. However, some choices will remain in place, for example about value transfer. You will also still be able to decide for yourself at what age you want to start drawing your pension, and you will have various preferences to choose from when your retirement begins.

2 What will not change?

Philips Pensioenfonds pays you an income after your retirement: your pension. You will continue to receive that pension for as long as you live, both now and under the new pension system. If you become disabled and are unable to work, your income will be supplemented and your pension accrual will continue. If you pass away, either before or after you retire, your partner will also receive a pension from Philips Pensioenfonds, unless you have actively chosen otherwise.

3 What will change?

Under the current pension plan, you accrue a set amount in pension every year. Under the new system, you will not accrue a traditional pension, but a personal capital – your pension savings. That capital consists of the contributions of you and your employer, plus the returns on investments. For policyholders and members actively accruing their pension, the investment policy is linked to their age. This means taking more risk for younger members, who have a longer period to accrue their pension. The closer a member is to their retirement age, the less risk we will take. For pension beneficiaries, a uniform investment policy is used.

You will be able to see the movements in your personal pension capital. How much pension you will be paid from that capital after your retirement is not established in advance: it will depend on various factors, including interest rates and life expectancy when you retire. However, future investment returns and movements in interest rates will also determine how your pension develops over time.

When you retire you will draw a pension from your own pension capital. We will update that pension once every year. However, it will not be indexed, as currently happens with the pensions: whether your pension goes up or down will depend in particular on the latest interest rates and the investment returns during the previous year. An important consideration here is that we will take measures to avoid lowering the pensions if possible. We will do this by spreading the investment results over time, to average out the ups and the downs, and by drawing on the solidarity reserve in the event of a financial setbacks.

Besides the arrangements about the solidarity based contribution plan, active members will also have the possibility to pay in higher contributions towards their pension. Furthermore it has been agreed that employees of Philips who earn more than a particular salary threshold may instead choose to contribute less. At the time of writing, it is not yet clear what arrangements will be made for employees of Signify and Versuni.



The latest information

This timeline is also available on our website at <https://philipspensioenfonds.nl/en/newrulespensions>. New information will be posted on the website as it becomes available.

In 3 steps your pension properly arranged

If you recently joined Philips, Signify or Versuni, you started accruing a pension with Philips Pensioenfonds as soon your employment began. You have automatically become a member of the Flex pension plan of Philips Pensioenfonds. If you have just started a new job, you will be faced with a lot of information, and the information from your new Pension Fund is perhaps not your highest priority. Even so, it is important not to leave it for too long. Some matters need your attention: matters that are important if you have a partner or if you worked for other employers before this. Read on to find out how to put your pension in order in three steps.

1 Review your personal information

MijnPPF is your personal pension environment. It includes a 'Profile' page where you can adjust many of the settings directly. First you need to make sure that the email address that is registered in the system is the correct one for us to send you information about your pension. By default, this will

be your work email, but if you prefer you can enter a private email address. Wherever possible, we send post about your pension in digital format, which is fast and sustainable. However, if you prefer you can choose to receive information by post. You



also have the option of receiving information in English. Bear in mind that your employer will not automatically pass on your language preference to us: to receive all your pension information in English, you will need to change the settings yourself. Lastly, this page is where you manage your subscriptions to our digital newsletter Gener@ties and our magazine Generaties.

2 Take care of your partner

Under the Flex pension plan, you automatically accrue a survivor's pension, which provides your partner with an income in the event of your death. If you are still actively accruing a pension with us at the time of your death, your partner will be paid the value of the survivor's pension that you accrued before you died, plus the amount that you could

have accrued if you had continued as a member of the pension plan on the same terms until you reached the pension reference age.

For your partner to be eligible for a survivor's pension, it is important for them to be registered with us. If you are married or in a civil partnership, no action is required from you. We will automatically receive your details from your local municipal authorities. If you are living together but not married or in a civil partnership, or if you are living together outside the Netherlands, it is your responsibility to register your partner with Philips Pensioenfonds. Your partner will only be entitled to a survivor's pension in the event of your death if we have a record of them in our system.

Besides a survivor's pension, your partner might also be entitled to government benefits under the Dutch Surviving Dependents Act (*Algemene Nabestaandenwet, 'Anw'*). Since entitlement to full or partial benefits is subject to a number of conditions, it is sometimes useful to take out Anw shortfall insurance with us for your partner. That way, in the event of your death your partner will receive an additional monthly amount until they reach state pension age.


"My pension wasn't a top-of-mind issue for me, but I started reading even so"

Chris Lemmens (34) joined Philips in November 2023, in the role of Data Management Consultant.

Generaties asked whether he had already put his pension in order. You can read his reply below.

"Philips Pensioenfonds sent me information about the pension plan soon after I came to work for Philips. My pension wasn't a top-of-mind issue, but I decided to look at the information straight away. I read in the letter that I needed to take action to register my partner, seeing as we aren't married. Together we discussed whether it was useful to take out an Anw shortfall insurance. In the end we decided that it was unnecessary in our situation. I've accrued a pension with something like four different pension administrators. I don't know exactly what the pros and cons are of transferring these pensions. I'll have to look into that at some point, but I understand that I can do that whenever I want. I logged in to MijnPPF one time, and I saw that I can use the Pension Planner to calculate the effects of various pension preferences. Right now I'm too young, but I imagine that it will be a useful tool later, to figure out my personal preferences."

3 Transfer your pension

If you also worked for other employers before this, you probably built up a pension there too. If you wish, you can transfer that pension to Philips Pensioenfonds. This is known as a value transfer. Whether or not you should do this depends on the differences between your previous employer's pension plan and the Philips Pensioenfonds Flex pension. You can only decide this if you know what those differences are, so study the pension plans carefully. If necessary, seek advice before making your decision. 



Would you like to know more about how you can properly arrange your pension?

Go to www.philipspensioenfonds.nl/en/welcome

Challenging period ahead as the Board prepares for switching to the new pension system

Board of Trustees wants candidates for the elections

Elections are scheduled for late-2024 for two seats on the Board of Trustees for representatives of the pension beneficiaries. Membership of the Board carries a great deal of responsibility: the Board frequently has to make decisions that affect the current or future income of every member of the pension fund. The period ahead will present additional challenges as well, as we switch to a new pension system. If you have a good understanding of what is happening in the world of pensions, or if you are willing to learn, and if you are capable of weighing the interests of everyone involved properly and fairly, then you might be the right candidate. Read on to find out more about this role, and the responsibilities and challenges that it brings.

Board of Trustees

Two seats on the Board of Trustees of Philips Pensioenfonds are reserved for representatives of the pension beneficiaries. Those representatives are elected (or re-elected) every four years. The elections are organised by Philips Pensioenfonds.

Will you be the new member of the Board?

Anyone who receives a pension from Philips Pensioenfonds can stand in the elections for the Board of Trustees. This role requires management skills, and preferably you should have experience in a management or supervisory role. You should also possess sufficient expertise in a number of areas. Official standards of suitability have been defined for all these requirements. You will be reviewed for this, including by the Dutch central bank. We will expect you to work on improving your expertise, if necessary, through courses and training, before taking up membership of the Board.

Lastly, you need certain competencies. A detailed profile description is available on our website:

www.philipspensioenfonds.nl/en/elections

It is important for the composition of the Board of Trustees to be as diverse as possible, and women in particular are urged to come forward as candidates.

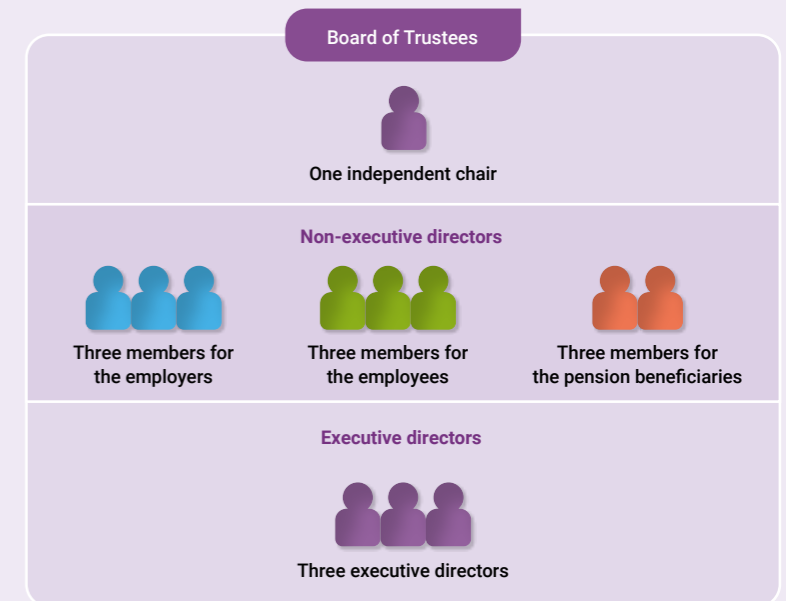
Expertise

Members of the Board of Trustees require a broad understanding, for example of the following areas:

- administrative organisation and internal controls
- relevant primary and secondary legislation
- pension plans and pension types
- finance, including actuarial aspects and funding, investment policy, asset management, reporting and balance sheet management
- outsourcing
- communication
- organisation management

Composition of the Board of Trustees

The Board of Trustees of Philips Pensioenfonds has twelve members: an independent chair, three members representing the employers, three members representing the employees, two members representing the pension beneficiaries, and three independent experts (the executive directors).




“The period ahead will present additional challenges as well, as we switch to a new pension system”

What is the procedure for candidates to sign up?

Representative organisations (including trade union federation FNV and FPVG, the federation of associations of retired Philips employees) may present a list of candidates. That list shows the names of everyone running on behalf of that organisation. If you are or become a member of one of those organisations, you can have your name added to its list. To date, all elected members have been candidates put forward by a representative organisation. However, you may also run as an independent candidate, as long as you receive a pension from Philips Pensioenfonds. To run as an independent candidate, you will need to satisfy a number of conditions. To find out more, visit our website: www.philipspensioenfonds.nl/en/elections. That page also contains details about the information session that we will organise later this year for anyone who is interested.

What is the procedure for the elections?

All pension beneficiaries have one vote. Everyone who receives a pension from Philips Pensioenfonds may vote for their representative on the Board of Trustees. The most important dates for the elections are listed on our website. 



Further information

Visit www.philipspensioenfonds.nl/en/elections for a complete overview of the information concerning the elections. If you want to run as a candidate, visit that page to sign up for the information session later this year. During that session we will provide further details of what membership of the Board of Trustees involves, and explain what expertise you need to possess and what information we need from you.



Kees Schrama builds miniature steam engines

“The bigger the flywheel, the better”

Generaties received an email from Kees Schrama (78). Kees explained that he builds miniature steam engines, and asked if we might be interested in writing an article about his hobby for our ‘Active retirement’ feature. ‘Active retirement’ has looked at quite a few passions and interests, but we know nothing about the tiny nuts and bolts of miniature steam engines. So we travelled to Rijssen, in the province of Overijssel, where Kees and his wife gave us a warm welcome and a hot stroopwafel.

“You can use those engines to operate mechanical devices by steam or pneumatic pressure. I love building them”

Ups and downs at Philips

Kees began his career after his higher technical education as a mechanical engineer at DAF in Eindhoven. “I didn’t stay there long. In 1985, I applied for a job at Philips’s UltraSonore factory in Eindhoven (Philips Usfa), where we developed day & night-vision devices for the military. I was involved in developing infrared goggles, but when the product was ready, the military suddenly cancelled the order.” After only a year and a half Kees was on the redundant list: the department had no work for him.

“I switched to a job as an assistant engineer in the battery factory, and later I worked for the department that made the tools for calibrating appliances. But again it wasn’t long before there wasn’t any work for me anymore. That’s how it was at Philips in the 1990s.” Kees’s final move at Philips was to a job assembling electron guns for use in manufacturing picture tubes. “I was never entirely happy there, so I wasn’t terribly upset when I had to leave Philips in 1994.”

Working for the Catholic church

After his time at Philips, Kees spent four years without a job. “I became a deacon for the Catholic church, and my wife and I lived in the rectory. We made a huge contribution to the parish during our time there.” After four years of unemployment Kees had to go looking for a job again. He was hired as a technical writer by a company that made instructions for appliances. “I travelled up and down to Tilburg three days a week until 2005. I really enjoyed that job. The rest of my time was devoted to the church. In 2005, I was asked whether we’d be willing to move to a different parish, and I started working for the diocese full-time. I was 72 by then, and after 48 years in Noord-Brabant we settled in Rijssen.”



A passion for steam engines

We ask Kees where his passion for steam engines came from, and his eyes light up. “My father was a miller, and used a horizontal diesel engine. The mill wasn’t powered by the wind: it was driven by horse power from the diesel engine. A friend of my brother’s once brought along a small steam engine, and I loved it. You can use those engines to operate mechanical devices by steam or pneumatic pressure. Later I built a small boiler from a sheet of copper, and added a little engine. Then I made my very first model, a miniature of a steam engine from 1881. I first showed the working version of that model to my in-laws in 1968.” What are these steam engines used for? Kees replies: “Not much. They’re miniature versions. They work, but that’s all. For me, the hobby is in building them, not how they turn out or what they can be used for. It’s just something to keep me busy.”

Drawing inspiration from materials

Kees shows off the various models that he has recreated down the years. He has a booklet that meticulously documents photos of the models and their technical information. Then he takes us to his living room, where the models are all neatly displayed in a cabinet that he built himself. He flicks a few switches and the engines turn on. "In the cabinet, I run them on pneumatic pressure. Steam would make the room very stuffy."

Kees explains where the inspiration comes from to build his engines. "I collect materials that could become parts. Other people know about my hobby too, so sometimes they'll present me with a cylinder or a flywheel, and I'll build something. The bigger the flywheel, the better. Occasionally someone will give me an entire engine, and I'll restore it or improve it."



Workshop in the attic

Kees spends much of his time in his attic, where he has set up a workshop to work on his steam engines. "This is where I decide what the machine's going to look like. I shape the materials and paint them to make them even prettier." The workshop boasts an impressive collection of tools and materials. On the way downstairs, Kees stops by a bookcase in the hall and shows us a book that he has bound. "This is a new hobby of mine: bookbinding. It's completely different. It keeps me busy, and it's nicer for my wife too. This is a hobby that I can do downstairs, at the table."



Are you retired? Do you have an unusual hobby?

Then you could feature here too! If you would like to share your passion with other retired Philips workers, send a quick email to communicatie@philipspensioenfondsnl

Worries about the new pensions act? The LBPG represents your interests!



Join the only official association for representing the interests of retired Philips employees and go to www.lbpg.nl/lid-worden (LBPG is part of FPVG, the federation of associations of retired Philips employees.) Membership costs only 1 euro per month.



Short notices

Personal meeting: on location or by video call

If you have questions that you would like to discuss in person, for example if you would like to know more about the possibilities for your pension when you retire or if you are struggling with MijnPPF, the members of our Service Desk are happy to help. To schedule a personal meeting on location or set up an appointment for a video call, go to www.philipspensioenfonds.nl/en/contact. That page contains all the contact details that you need, and includes an option for setting up a video call.

Uniform Pension Overview

By late-June, members who were working for one of the employers on 1 January 2024 will receive their Uniform Pension Overview 2024. Your overview shows how much pension you had accrued on 1 January, and how much pension income you can achieve based on your current data (e.g. salary and part-time percentage) under the existing pension plan. The overview also shows what your surviving relatives will be paid in the event of your death.

When your pension will be paid

Your pension payments for the next six months will be transferred on the following dates:

1 July – 1 Aug – 2 Sept – 1 Oct – 1 Nov – 2 Dec

The day and time when the payment is credited to your account depends on your bank.

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Generaties in English

Would you prefer to receive this magazine and other pension information from Philips Pensioenfonds in English? Simply go to your Profile page in MijnPPF (www.philipspensioenfonds.nl/en/mijnppf) and set your language preference to 'English'.

General pension information

Do you have questions about **pension matters**? Then call **Philips Pensioenfonds Service Desk** on working days from 9.00 - 17.00 hours on telephone number: +31 (0)88 – 015 79 00. You can also send us an email: info@philipspensioenfonds.nl. Please include your policy number and/or client number in your email.

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