

# RI ambition and risk appetite

*What follows is the complete text describing the RI ambition and risk appetite as adopted by the Board of Trustees (2026 version).*

## 1. RI ambition

Philips Pensioenfonds's goal is to provide its members with a proper pension, both financially (how much pension they have and what the risks are) and in terms of how the financial returns are achieved (reputational risks and responsible investment). Philips Pensioenfonds adopts a righteous approach to generating returns. It makes investments with due respect for societal values, while also contributing to societal issues that are important to its members. However, Philips Pensioenfonds does not wish its possibilities for achieving its financial ambition to be significantly different. To ensure that its members and the companies participating in the Pension Fund remain confident in how this is put into practice, Philips Pensioenfonds periodically surveys members about their views on responsible investment (RI) and Philips Pensioenfonds's choices in that area. It then uses the information from those surveys to give further shape to the RI policy.

Philips Pensioenfonds's definition of a proper pension in terms of RI is expressed in three goals:

### 1.1 **Compliance with internationally accepted standards by the companies and countries that Philips Pensioenfonds invests in**

Philips Pensioenfonds's investments must fit a series of parameters. This rules out anything that is prohibited by law or regulatory requirements, or to which Philips Pensioenfonds does not wish to contribute for being incompatible with commonly accepted ethical, societal or governance values. In concrete terms, Philips Pensioenfonds endeavours to reduce breaches of international guidelines for corporate responsibility to which Philips Pensioenfonds has committed. It does this through shareholder activism or other activities, for example by engaging or by not investing in companies or countries that cause such breaches.

### 1.2 **More investments that align with issues that are important to Philips Pensioenfonds and its members**

Philips Pensioenfonds wishes to be seen to invest in instruments that align closely with issues that are important to Philips Pensioenfonds and its members. This is guided by four of the seventeen United Nations Sustainable Development Goals (SDGs) that suit Philips Pensioenfonds's situation: SDG 3 'Good health and well-being', SDG 11 'Sustainable cities and communities', SDG 12 'Responsible consumption and production' and SDG 13 'Climate action'.

Philips Pensioenfonds pursues a substantially higher exposure to investments that align with its four chosen SDGs – 'SDG investments' – compared with a portfolio selected without an RI ambition, as long as this is possible within the requirements for risk and return. If a marked increase proves unfeasible, for example in light of the risk appetite (for financial risks and otherwise), Philips Pensioenfonds will seek to give this goal shape in an alternative form.

**1.3 Promotion of corporate responsibility to improve the long-term value of the investments**

As a long-term investor, Philips Pensioenfonds judiciously exercises the rights that being an investor carries. It does this chiefly by monitoring the companies and countries in its portfolio, engaging them in dialogue as necessary and exercising its voting rights during shareholder meetings. Philips Pensioenfonds firmly believes that this adds to the long-term value in financial terms, while also contributing to corporate responsibility towards ESG aspects such as the environment, human rights and shareholder rights.

**2. RI risk appetite**

Philips Pensioenfonds wishes to carefully control its RI-related risks, for example risks that could lead to lower returns or harm Philips Pensioenfonds's reputation. It does this by applying the following principles.

**2.1 Philips Pensioenfonds accepts that RI choices might lead to differences in the relative returns in the short term, but not in the long term**

Philips Pensioenfonds selects its SDG investments on the assumption that the projected risks and returns of the portfolio that includes the investments will not be significantly different compared with a portfolio selected without an RI ambition. Before selecting investments for a particular portfolio, Philips Pensioenfonds determines what proportion of the portfolio should be made up of SDG investments. It uses various approaches for this, for example taking market benchmarks and comparing them with the portfolio.

**2.2 Philips Pensioenfonds avoids RI risks that could lead to significantly lower long-term returns**

When making decisions about the investment chain, Philips Pensioenfonds gives due consideration to the environment, social factors and sound corporate governance. It does this from the firm belief that these matters have financial relevance, generally in the long term. For example, it is alert to risks that could affect large numbers of investments at once, such as external climate conditions or a widespread deterioration of shareholder rights. Philips Pensioenfonds limits RI-related risks that, if they manifest, would cause the expected pension benefits to go down.

**2.3 Philips Pensioenfonds minimises reputational risks**

Philips Pensioenfonds seeks broad support for its pension scheme among stakeholders, in particular its members. This demands a serious and pragmatic approach to RI factors that reflects the diverse views of the member population. Philips Pensioenfonds also seeks to minimise the risk of negative publicity that could cause loss of confidence in the pension scheme and result in additional work and costs. Philips Pensioenfonds limits its reputational risks as much as possible, while acknowledging that the need to diversify the investments makes those risks impossible to exclude entirely.