



March 2020
Newsletter 1

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Financial situation pension fund

Interest rates after rise, down again. Stock markets also considerably decreased.

Today's reality is that we are dealing with a new decrease of the interest rates and a decrease of the stock values too. The fall of the interest rates started again in January 2020. Consequently, the actual coverage ratio of the fund in January 2020 fell from 104,4% (31 December 2019) to 101,1% (31 January 2020). On top of that the stock markets started to decrease strongly during February, mainly as a reaction on the Covid-19 outbreak. It is obvious: stock markets have been hit considerably. In combination with the fallen interest rates, this has resulted in a decrease of the coverage ratio in February 2020 to approx. 95% (29 February 2020).

At this moment there are no consequences for pensions and accrued pension rights, the situation at the end of the year will have to point out if measures are necessary.

What will happen?

The year has just started, so the situation can change again: interest rates may rise and the stock markets may recover. That of course would have a positive impact on the financial situation of the pension fund. However, interest rates and/or the stock markets may also fall further. Much will depend as to whether the Covid-19 outbreak will spread or can be contained. The present circumstances once again show that the financial situation of pension funds remains extremely responsive to the interest rates and stock markets.

Indexation

The pension fund aims to grant indexation every year on your accrued pension, based on the increase in the price index, so your pension should follow the increase in prices.

Indexation is always conditional, it is no right. Indexation is funded by returns on investment. Whether indexation can be granted is determined by the running twelve-months average of the actual funding ratio on the reference date (December 31st of each year).

The running twelve-months average of the actual funding ratio was 102.2% on 31 December 2019, the reference date. This means that the financial situation is too fragile to grant indexation per 1 April 2020 on the pensions accrued. To be able to grant indexation the running twelve-months average of the actual funding ratio needs to be above 110% on the reference date. This is legally mandatory.

Participant survey 2020

This autumn you will receive an invitation to take part in our periodic survey among all active participants and pensioners. We are interested to hear from you whether you appreciate the pension fund's service towards you, how satisfied you are with our communication policy and how you think about our sustainable investment policy.

We will ask an independent market research agency to conduct the survey, like we did with previous surveys. And this year too, we will highly appreciate your participation! Further notice will follow.

Introducing

Johan Krijgsman, member of the board

Since 1993 I've been working for this organization, in the water sector. When water is the topic, I often have given my advices, especially when it concerns hydraulics, waste water and water management. In recent years I have contributed to many Nereda projects. The expansion and conversion of the wastewater treatment in Dublin to Nereda has been an extraordinary challenge and a great team performance. This so-called Ringsend-project has a hydraulic capacity of approx. 15 m³/s and reactors that are built stacked in 2 layers. During the renovation it was required that business could continue as usual.



I became interested in pensions when I joined the Central Works Council. I joined out of curiosity about all the issues that are relevant in an organization and of course about our terms of employment. Pension is an important part (insurance and income for the future) for which we work approx. one day per week. By the way: when I grew up, I learned a lot about the collective social system thanks to my father's involvement through his job in unemployment laws and sickness laws.

After the period I spent in the Central Works Council and the negotiations on working conditions I was involved in, I joined our company's pension fund's board; after a short time, I became a member of the board's management committee and since 2015 also chairman of the Investment Advisory Committee (IAC). The IAC advises the board about a robust investment strategy for our assets – nowadays more than 1.1 billion euros – and the selection of appropriate asset managers. The pension fund advocates a 100% sustainable investment policy, of which a part in so called impact investment: 7,5% in renewable energy and 2,5% in water related innovative companies. The process from proposed policy and participants survey to selection and implementation is almost completed now.

Actually pensions are not a complex issue at all but in The Netherlands, we've succeeded in turning it into a 'beautifully complicated issue' indeed, with complex rules, checks on checks and numerous supervisors. For me pensions are a very pleasant and varied mix of analyses, process guidance and people matter. Clear communication to the participants and a good relationship between the board and the Verantwoordingsorgaan (Accountability Body), the employer and the Works Council are important. The last two are the so called "social partners" who must agree on the arrangements in the pension scheme. The pension fund's board ensures a balanced policy and arranges for the implementation of the scheme. Fortunately, the administration and benefits have been carried out with great care by our pension desk for many years now.

The combination of water- and pension issues guarantee that my job is varied and challenging. I am proud of my special water projects and of our own pension fund.

Eric Pietersen, pension desk employee

I was born and raised in the city of Utrecht. Utrecht is a city with a visible history that dates to Roman times. After secondary school, it was my intention to study history initially. But after my military services I started working for a large insurance company. In the pension department I developed from an administrative employee to a pension specialist. I worked in an international department for ten years as a client manager. I also received a variety of trainings in pension matters. Although I happened to end up in pensions by chance, for me it turned out to be a varied, nice and fascinating work field.

After 28 years, due to a reorganization, I went to work for a pension consultancy firm in Rijswijk. One of the assignments they gave me, was at Pension Fund HaskoningDHV. I quickly felt at home and I was happy when they gave me the opportunity to join and get employed here. I have been working here for almost two years now, with great enthusiasm! The atmosphere amongst colleagues is excellent and I am really enjoying it.



Never a dull moment in pensions. Much will change in the coming years to ensure that the retirement system and pension schemes will remain affordable. Should you have any questions about your pension, please don't hesitate to contact us. My colleagues and I look forward to being helpful to you. Besides working I enjoy sports. My other interests are music, from classical to the eighties, politics, comics, city trips and gardening. I live together with my partner and our 2 children. Both our children are studying at MBO schools and I enjoy helping them with their studies.

Pension arrangement: surviving dependant's pension

Your pension plan also includes a surviving dependant's pension for your partner (partner's pension) and your children (orphan's pension). When is your partner / are your children entitled to receive a partner's / orphan's pension?

Definition partner:

The following persons are classed as a partner:

- the person you are married to,
- the person with whom you have a partnership registered in the Municipal Database,
- the person you are cohabiting with, without being married (if you have cohabited for at least six months and you have concluded a cohabitation contract, of which you are required to submit a copy of the notarial deed.)

Important: for the cohabiting partner to be entitled to a partner's pension, you must have this partner registered to the Pension Fund!

Partner's pension and temporary partner's pension (ANW shortfall)

If you die while employed by Royal HaskoningDHV, your partner will receive for life, as from the month following your death, the accrued partner's pension plus 70% of the future pension accrual up to the AOW state pension commencement date (max 68 years).

Additionally, if you die while employed by Royal HaskoningDHV, your partner will receive a temporary partner's pension referred to as ANW shortfall. This amounts to 10% of your last-earned salary with an annual gross minimum of € 9,595 (2020) for a 100% employment contract. The last-earned salary is gapped at € 110,111 (2020). The temporary partner's pension is terminated on the day before your partner's AOW state pension commencement date.

If you die after terminating your employment with Royal HaskoningDHV, for example due to changing employers or retirement, your partner will receive, for life, the accrued partner's pension as from the month following your death.

Definition child:

- your own child(ren) and your or your partner's unrecognized child(ren), for whom you had the duty to support them financially or for whom you had officially acknowledged the duty to support them financially, at the time of your death,
- child(ren) for whom you were, or your partner was carrying out foster care at the time of your death.

Orphan's pension

If you die while still employed by Royal HaskoningDHV, your children each receive from the month following your death annually 14% of the retirement pension you would have accrued if you would have worked until the AOW state pension commencement date (max 68 years). This is referred to as the orphan's pension. Your children will each receive the orphan's pension until age 21. Children who are students will receive a benefit as long as they study, latest up to age 27.

If you die after having terminated your employment with Royal HaskoningDHV, your children each will receive annually 14% of the retirement pension accrued from the month following your death until age 21. Children who are students will receive a benefit as long as they study, latest up to age 27.



Contact Any questions after reading this newsletter? Please let us know. You can reach us through +31 (0)88 - 348 2190 or at pensioenfondsrhdhv.com. Of course, you can also contact us for any other questions regarding your pension.